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Director of Communications

ROBERT WELLINGTON
Legal Counsel

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

Home of the Last Chance Mercantile

PERSONNEL COMMITTEE MEETING

AGENDA

Wednesday, May 6, 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/88475535340>, 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: 884 7553 5340.

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, May 5, 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. Update on State of the District Finances.
3. Discussion on Fiscal Year 2020/21 Budget Planning.

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



Memorandum

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

DATE: May 1, 2020
TO: Personnel Committee
FROM: General Manager
SUBJECT: Personnel Committee Meeting of May 6, 2020

1. **Update on COVID-19 Planning, Procedures, & Impacts**

Monterey County has issued a mandatory face covering ordinance that became effective on April 30th. The District is already in compliance with the face covering requirement since all staff are required to wear masks or a face cover. Notification signs for visitors, vendors, and customers were also posted around the site in accordance with the County's order. Staff will provide a brief verbal update at the Committee meeting.

Recommendation: Informational Only.

2. **Update on State of the District Finances.** Staff will provide additional information at the meeting.

Recommendation: Informational Only.

3. **Discussion on Fiscal Year 2020/21 Budget Planning.** Please refer to the enclosed report on District finances and budget from Director of Administration and Finance, Peter Skinner. Staff has projected significant reductions in revenue for FY 20/21. This projection aligns with other similar entities' budget estimates from across the country and with the projections made by the local franchise hauling companies. A combination of both revenue enhancements and significant cost reductions will most likely prove to be the only way to balance the District's budget for FY 20/21.

Recommendation: Provide Direction to Staff.

4. **General Manager Comments.**

- **Discovery of Deceased Infant in MRF (April 28, 2020).** Staff previously communicated to the full Board most of the details as we know of them surrounding the discovery of the deceased infant on Tuesday. Staff was able to arrange counseling services provided by County Mental Health Department for staff when they returned to work on Thursday. The County Sheriff's Department went out of their way to thank me for both the cooperation of our staff and their generosity of spirit as we assisted as best, we could in their investigation. This has certainly been a challenging week for everyone on-site and our thoughts and prayers go out to the soul of the infant.
- **Permanent Closure of Buy-Back Center** Staff does not intend to reopen the CRV Bottle & Can Buy-Back Center when the Shelter in Place orders in Monterey County are lifted or relaxed. We will provide a 30-day public notice on our website and other appropriate venues and intend to provide CalRecycle the requisite 30-day notice as well.

The Buy Back Center was originally opened to provide a community convenience service for those that were coming to the District's site for other services, and to hopefully spur more visits and sales at the Last Chance Mercantile (LCM). However, as all other Buy Back Centers on the Monterey Peninsula closed due to inadequate funding from CalRecycle and the diminished scrap value of commodities, the District began to service large volumes of customers, who were only coming out to redeem bottles, and were not participating in the other disposal or LCM services. Staffing time now exceeds two (2) FTE's and we estimate our costs exceed revenues by \$80-100,000 a year. We are experiencing significant safety concerns with several overloaded bicycles and trailers riding down Charlie Benson Road each day, which conflicts with the truck and semi-tractor traffic, posing a condition that cannot be remedied without significant additional roadway investments to separate those two uses.

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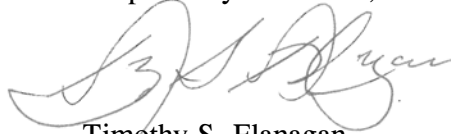
RETURN TO OPEN SESSION WITH ANY REQUIRED ANNOUNCEMENTS FROM CLOSED SESSION

Please note: A report out and announcement concerning the closed session will be posted on the District's website following the Board meeting, or provided to anyone requesting same by emailing baguilar@mrwmd.org.

ADJOURNMENT

NEXT MEETING DATE: Wednesday, June 3, 2020 at 9:00 a.m.

Respectfully submitted,



Timothy S. Flanagan

District Finances & FY 20/21 Budget Update

May 1, 2020

Peter Skinner
Dir. of Finance & Administration



Contents & summary

Contents

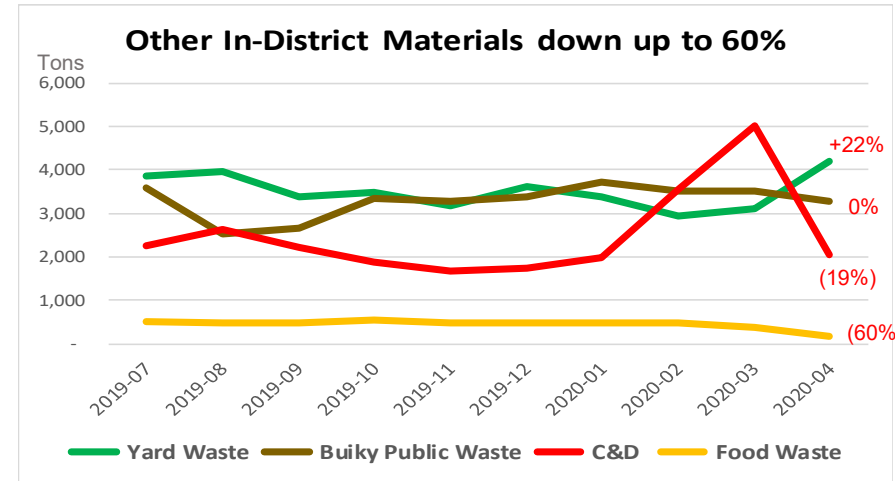
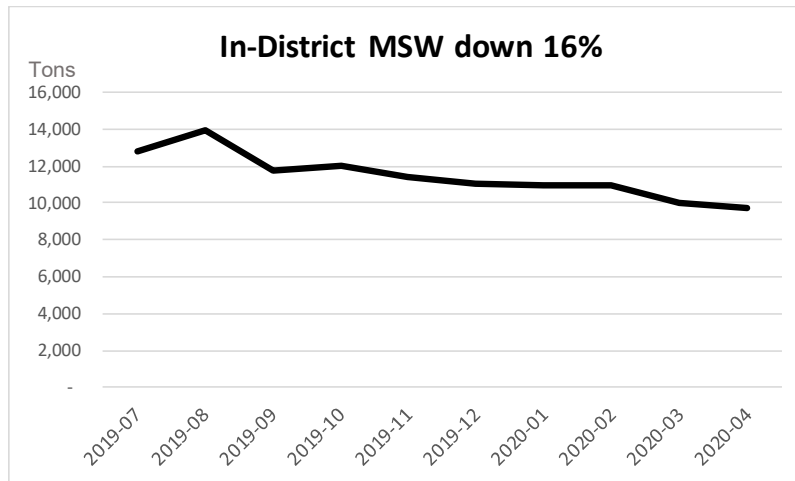
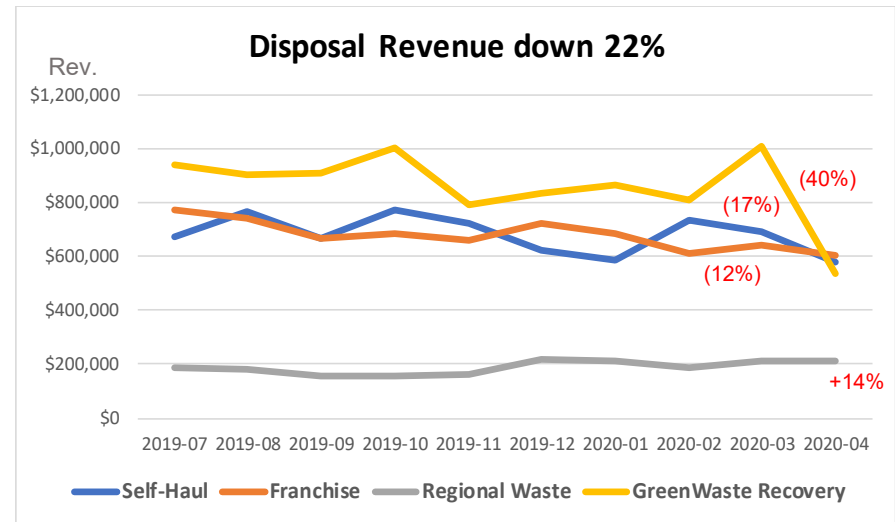
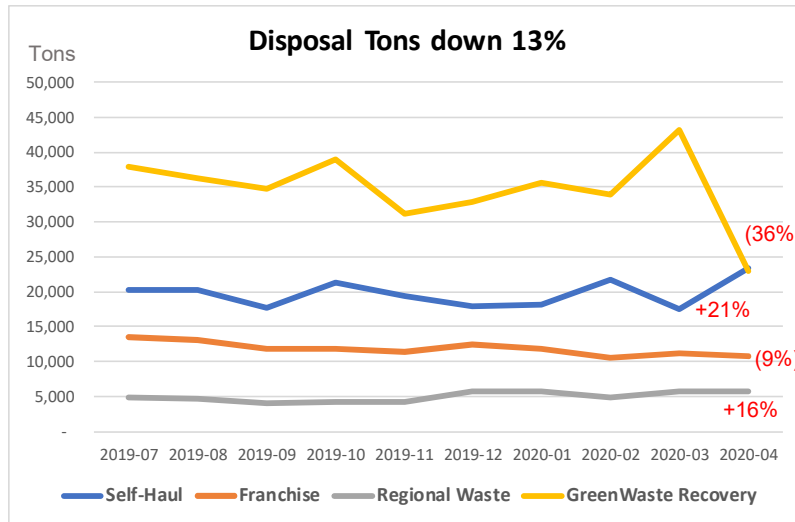
1. Financial impact of COVID-19 on April and the current fiscal year
 - April revenue results
 - Current projections for remainder of FY19/20
2. Budget planning update
 - Revenue estimates
 - Expense reduction requirements
 - Strategies for aligning expenses with revenues

Summary

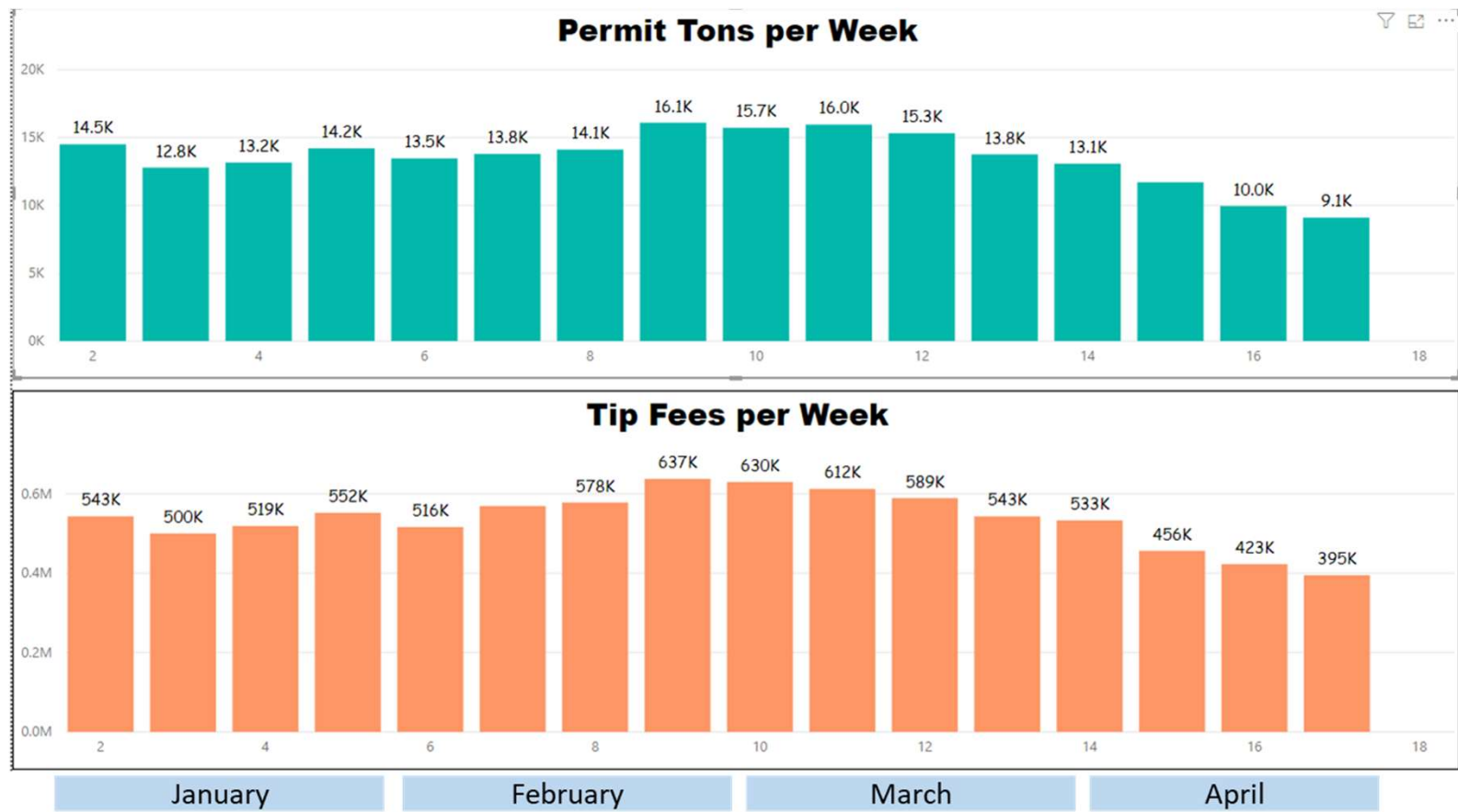
- Staff projects current fiscal year to end above budget, thanks to a strong first 9 months. April's downturn is expected to continue for the remainder of FY19/20.
- Current draft FY20/21 budget shows a \$5.5M reduction in revenue compared to the pre-COVID-19 draft. This results in a need to reduce operating costs by close to \$4M.
- Staff is pursuing multiple cost reduction strategies to lower both personnel and non-personnel operating costs.
- The FY19/20 projections and the current draft budget are based on assumptions that shelter in place constraints will be lifted slowly and elements of the District's business will respond differently. Staff makes no assumptions about the timing of an economic recovery, V-shaped, U-shaped or otherwise. Staff will monitor developments and recommends that the Board plan to re-visit the budget at least quarterly and adjust to changes in market conditions when appropriate.



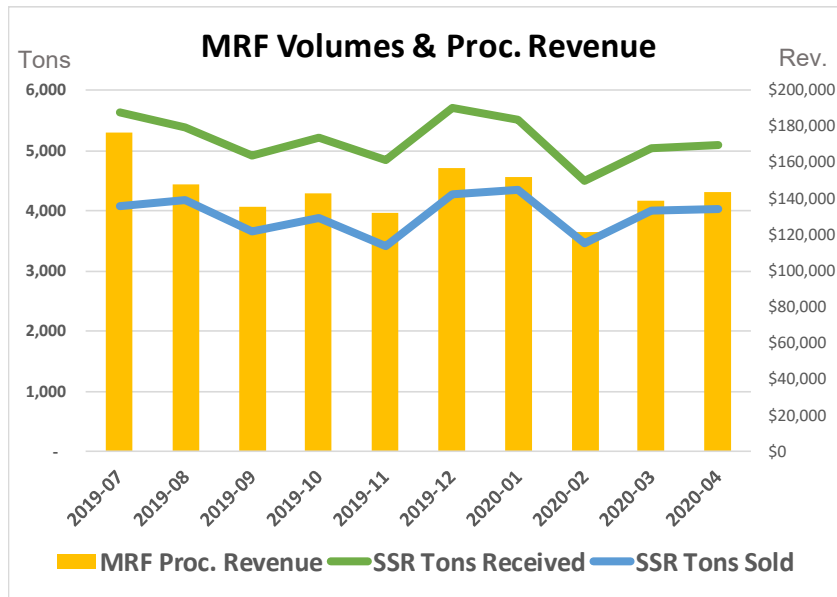
Current FY: Disposal tons & fees decline in April



Current FY: April trends suggest further declines may be coming



Current FY: MRF business mostly steady; scrap prices mixed; other revenue sources down



MRF operations

- April SSR volumes near normal; off 2%, likely due to drop in commercial volumes
- Total MRF Proc revenue off 1% compared to previous 9-mo. average
- Commodities prices mixed:
Metals values down
Fiber values up
- MRF expected to underrun revenue target by ~22%, mostly due to weak commodities pricing prevalent throughout year

Other District revenue sources

Last Chance Mercantile

- Closed since 3/24; expected year revenue loss of ~\$200k
- Some operating cost savings

Power sales

- Underrunning budget by 25% due to lower energy prices and drop in engine output

Other material sales and services expected to end year above budget

- Sand sales, landscape products, misc. services



Current FY: End of year projection

FY 19/20	BUDGET	PROJECTION	VAR \$	VAR %
REVENUES				
Disposal Revenue	25,536	28,000	2,464	10%
MRF Revenues	7,401	6,400	(1,001)	-14%
Other Revenues	3,612	3,100	(512)	-14%
TOTAL REVENUES	36,549	37,500	951	3%
OPERATING EXPENSES				
Personnel Exp.	15,971	16,100	129	-1%
Other Operating Exp.	17,611	16,300	(1,311)	7%
TOTAL OPERATING EXP.	33,582	32,400	(1,182)	4%
Other Rev/Expenses	(1,838)	(50)	1,788	97%
NET	1,129	5,050	3,921	347%
CAPITAL SPEND	14,481	10,000	(4,481)	31%
CASH FLOW				
Beginning Cash	31,729	31,334		
Change in Cash	(7,192)	(4,000)		
Ending Cash	25,422	27,334		



FY 20/21 budget: development update

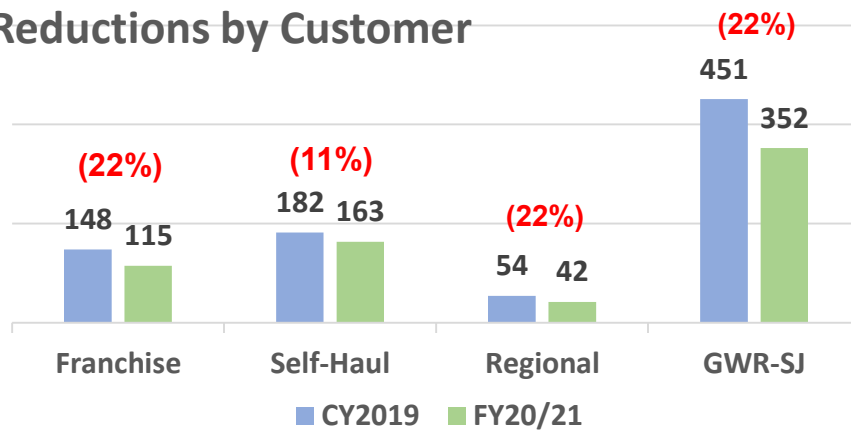
- Current revenue assumptions
 - Disposal volumes and fees
 - Single Stream Recycling volumes and MRF processing fees
 - LCM and other operating assumptions
 - Other potential revenue opportunities
- Draft budget roll-up
- Cost reduction strategies



FY 20/21 budget: Disposal volumes expected to vary by customer and material type

Volume estimates based on customer type (origin) and material type (activity) compared to CY 2019

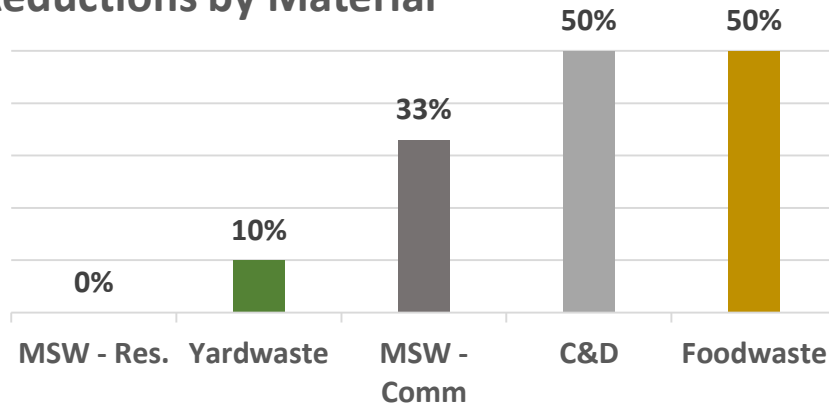
Reductions by Customer



Assumptions:

1. Gradual lifting of COVID-19 Shelter-in-Place constraints.
2. No Y-o-Y change in residential MSW volumes.
3. Slower recovery of District and Regional commercial sector MSW due to impact on hospitality industry.
4. Faster commercial recovery for non-construction volumes originating in the San Jose area.
5. Partial recovery of C&D volumes due to construction trade re-start.

Reductions by Material



FY 20/21 budget: Total disposal tons projected to average 20% below CY 2019

(000)		HISTORICAL-CURRENT FY				FY 20/21 PROJECTIONS			
		CY2019	Apr-20	Apr 2020 - CY2019 Ave.	Apr 2020 - FY19/20 Prev. 9	CHANGE FROM CY19	TONS	RATE	REVENUE
1	2	3	4	5	6	7	8	9	10
FRANCHISE									
	Refuse								
	Residential	36	2.6	(15%)	(13%)	0%	36.4	\$65.00	\$2,366
	Commercial	68	4.8	(15%)	(13%)	(33%)	45.3	\$65.00	\$2,944
	Yardwaste	26	2.9	34%	45%	(10%)	23.4	\$42.00	\$983
	C&D	10	0.3	(64%)	(63%)	(50%)	5.0	\$65.00	\$325
	Foodwaste	5	0.1	(76%)	(75%)	(50%)	2.5	\$57.00	\$143
	Other	2.5	0.1	(52%)	(36%)	0%	2.5	\$17.00	\$43
		147.5	10.8	(12%)	(9%)	(22%)	115		\$6,803
SELF-HAUL									
	Bulky Pub	37	3.3	(7%)	(3%)	(10%)	33.3	\$65.00	\$2,165
	Refuse	37	2.4	22%	(23%)	(10%)	33.3	\$65.00	\$2,165
	C&D	17	1.6	(13%)	(6%)	(50%)	8.5	\$65.00	\$553
	Yardwaste	21	1.1	37%	(21%)	(10%)	18.9	\$42.00	\$794
	Sludge	12	0.4	60%	(60%)	(10%)	10.8	\$37.00	\$400
	Other	57.7	8	(66%)	(6%)	0%	57.7	\$15.00	\$866
		181.7	16.8	(11%)	(11%)	(11%)	163		\$6,940
REGIONAL									
	Refuse								
	Residential	16.8	1.5	8%	(2%)	0%	16.8	\$40.00	\$672
	Commercial	31.2	2.8	7%	(2%)	(33%)	20.9	\$40.00	\$836
	Yardwaste	2	0.3	80%	50%	(10%)	1.8	\$42.00	\$76
	C&D	2	0.05	(70%)	(50%)	(25%)	1.5	\$65.00	\$98
	Foodwaste	2	0.1	(40%)	(50%)	(50%)	1.0	\$57.00	\$57
		54	4.8	6%	(3%)	(22%)	42		\$1,066
GWR-SJ									
	ADC	24	3.6	80%	38%	(10%)	21.6	\$15.00	\$324
	SJ-MRF	160	7.9	(41%)	(35%)	(10%)	144.0	\$26.00	\$3,744
	ZM-MRF	135	1.0	(91%)	(90%)	(50%)	67.5	\$26.00	\$1,755
	ZL-LANDFILL	82	1.4	(80%)	(79%)	(10%)	73.8	\$26.00	\$1,919
	Other	50	6.7	61%	43%	(10%)	45.0	\$26.00	\$1,170
		451	20.6	(45%)	(43%)	22%	352		\$8,912
TOTAL DISPOSAL REV.		834					671		\$23,721

Notes:

1. Column 1 – Customer type
2. Column 2 – Material type
3. Column 3 – CY 2019 tons received
4. Column 4 – April 2020 tons received
5. Column 5 – April 2020 drop in volume compared to CY2019 average
6. Column 6 – April 2020 drop in volume compared to previous 9 months of FY19/20
7. Column 7 – Projected reduction in FY20/21 volumes compared to CY2019
8. Column 8 – Calculated FY20/21 tons
9. Column 9 – Material rates; assumes 5% tip fee increase for District tons and increase in Regional rate as part of current contract re-negotiations.
10. Column 10 – Calculated FY20/21 disposal revenue



FY 20/21 budget: Disposal fee increase proposal

Proposed rate changes:

Material	Current Rate	Proposed Rate	% Increase	Date of last increase
Solid Waste (Refuse, C&D & Bulky 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

Estimate contribution to FY 20/21 revenue:

\$600k

Impact on collection ratepayers:

<1% increase

Impact on Self-Haul customers:

~5% increase

Why now:

- Catch up with 2 years of inflation costs
- Off-set anticipated revenue shortfall
- Keep pace with on-going regulatory mandates



FY 20/21 budget: MRF revenue assumptions

Revenues from MRF operations

Single Stream Recycling volume	57k tons
• Assumes 5% reduction	
Commodities and CRV revenue	\$3.0M
• Average basket value estimated at \$80/ton vs. \$85/ton	
MRF processing revenue	\$2.3M
• Addition of 7 GWR Franchise cities	
• Addition of \$5/ton all other customers	
Contamination disposal revenue	\$0.5M
• Assumes no change to contamination levels	
TOTAL MRF REVENUES	\$5.8M



FY 20/21 budget: MRF processing fee increase proposal

Proposed rate changes:

Material	Current Rate	Proposed Rate	% Increase	Date of last increase
GREEN WASTE MONTEREY PENINSULA	\$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 SOUTH VALLEY	\$35.00	\$40.00	14.3%	7/1/2019
CITY OF WATSONVILLE	\$35.00	\$40.00	14.3%	7/1/2019

Estimated contribution to FY 20/21 revenue: \$720k Total increase
 - \$500k GWR franchise cities
 - \$220k Other SSR customers

Impact on Franchise ratepayers: 3.5% increase
 Impact on self-haul customers: None

Why now:

- Addresses actual cost of MRF operations, based on current volumes and market values for sold commodities
- Phases in application of fee to 7 Franchise jurisdictions, as planned



FY 20/21 budget: Combined impact of disposal and MRF fee increases

Averages across all customers

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

Summary

Average ratepayer increase: 4.4%
 Average mo. increase – Res. \$1.01
 Average mo. increase – Com. \$1.40-\$5.00
 Est. revenue to District: \$1.3M

 District tip fees are second-lowest in tri-county areas

Average District residential and commercial collection rates are lowest in Tri-County/Bay Area region

Impact by jurisdiction – all increases

	\$ increase per month of service			% increase per month of service		
	RESIDENTIAL	COMMERCIAL		RESIDENTIAL	COMMERCIAL	
	30-35 Gallon	1 Cubic Yard 1/week	Organics 65 gal	30-35 Gallon	1 Cubic Yard 1/week	Organics 65 gal
Carmel	\$1.59	\$8.76	\$2.31	3.7%	3.7%	3.7%
Del Rey Oaks	\$1.16	\$7.20	\$1.42	4.3%	4.3%	4.3%
Marina	\$0.69	\$3.96	\$1.06	4.8%	4.8%	4.8%
Pacific Grove	\$1.18	\$4.74	\$1.70	4.1%	4.1%	4.1%
Pebble Beach CSD	\$0.90	\$3.27	\$1.24	3.4%	3.4%	3.4%
Sand City	\$0.65	\$3.05	\$0.52	6.3%	6.3%	6.3%
Seaside	\$0.90	\$3.82	\$1.45	4.4%	4.4%	4.4%



FY 20/21 budget: Other revenues

Other current revenues	<u>FY20/21 Est.</u>
Last Chance Mercantile <ul style="list-style-type: none">• expected reduction of 25-30%	\$0.6M
Power Sales <ul style="list-style-type: none">• No material change	\$1.7M
Other revenues (sand, landscape products, services) <ul style="list-style-type: none">• No material change	\$0.3M
Potential new revenue sources*	<u>FY20/21 Pot.</u>
Power sales to M1W <ul style="list-style-type: none">• Assumes mid-year project completion	\$0.6M
Additional recycling tonnage <ul style="list-style-type: none">• Based on market opportunities	TBD
Off-set to CNG expense <ul style="list-style-type: none">• From early completion of gas conversion project	\$0.3M

* All projects subject to high degree of uncertainty; not in draft budget.



FY 20/21 budget: Revised revenue projection creates need for nearly \$4M in cuts

FY 20/21 BUDGET PLANNING	Pre-COVID DRAFT	CURRENT DRAFT	
REVENUES			
Disposal Revenue	28,356	23,700	
MRF Revenues	6,374	5,779	
Other Revenues	3,610	3,410	
TOTAL REVENUES	38,340	32,888	(5,452) -14%
OPERATING EXPENSES			
Personnel Exp.	17,297	TBD	
Other Operating Exp.	17,960	TBD	
TOTAL OPERATING EXP.	35,257	31,522	(3,735) -11%
Other Rev/Expenses	(1,306)	(1,306)	
NET	1,777	60	
CAPITAL SPEND	10,991	8,451	(2,540) -23%
CASH FLOW			
Beginning Cash*	22,850	27,300	
Change in Cash	(7,192)	(6,399)	
Ending Cash	15,658	20,901	5,243
DEBT SERVICE COVERAGE	1.63	1.26	
(Minimum Requirement: 1.25)			

* Includes unrestricted and bond funds



FY 20/21 budget: Ways to reduce costs

COST REDUCTION APPROACHES

Non- Personnel Operations **\$1.1M-\$1.5M**

Personnel Expenses

Early Retirement **\$500k-\$1M**

Payroll Actions:

General Manager & Directors (5 people)

COLA Freeze	\$40
Step Freeze	\$30
10% Salary Reduction	\$115
	<hr/>
	\$185

Managers (9 people)

COLA Freeze	\$51
Step Freeze	\$22
Salary Reduction	TBD
	<hr/>
	\$73

OE3 + Non-Rep. Members (131 people)

COLA Freeze	\$360
Step Freeze	\$140
	<hr/>
	\$500

Other Actions

Reduction in hours	TBD
Layoffs	TBD

