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MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

Home of the Last Chance Mercantile

PERSONNEL COMMITTEE MEETING AGENDA

Wednesday, January 13, 2021
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/86404996981>, 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: 864 049 96981**

Public Comments: if you are unable to participate via telephone or virtually, you may also submit your comments by e-mailing them to igonzales@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, January 12, 2021. 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. Draft Amendment to FY20/21 Budget
2. Update on Keith Day Composting Site Lease Agreement
3. CARB/MBARD Air Compliance Update
4. Update on Last Chance Mercantile Re-Opening Project
5. COVID-19 Update
6. General Manager Communications

ADJOURNMENT

NEXT MEETING DATE: Wednesday February 3, 2021 at 10:30 a.m.



Memorandum

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

DATE: January 8, 2021
TO: Personnel Committee
FROM: General Manager
SUBJECT: Personnel Committee Meeting of January 13, 2021

1. Draft Amendment to FY20/21 Budget

The Draft Amendment to FY 20/21 Budget is enclosed. Staff will present a summary of the year-to-date finances and will bring forward several recommended changes to the remainder of the fiscal year budget. This has been a unique year, with several unanticipated challenges that have occurred during the first six months of the fiscal year. Staff has managed to control costs for the most part and we have performed better than budget in a couple of areas from a revenue standpoint – primarily in recyclable material sales and landfill volumes. That being said, staff expects to increase spending in the areas of compliance in the landfill gas system in the collection and distribution system and control systems. Staff is recommending a couple of personnel changes as well to help fill areas where staff feels we require additional personnel to continue to operate safely and in an environmentally compliant manner.

Recommendation: Support Board Amendment to FY 20/21 Budget.

2. Update on Keith Day Composting Lease Agreement

District staff, after a thorough review of public comments received during the December Board meeting, is recommending a couple of substantial changes to the original lease agreement that was brought before the Board in December. First, staff is recommending a change from a ten-year agreement to a two year agreement with the possibility of three (3) one year extensions by mutual agreement. Both KDC and staff feel that the shorter-term agreement will provide an adequate time for an evaluation of the best practices for continued composting operations if that is the direction chosen by the Board of Directors. Secondly, staff has inserted additional language in the lease agreement itself around the issue of odor control and response to observations of odors. We believe this language reflects the concerns brought by the members of the Marina community who participated in the December meeting. Staff will also be working with City of Marina staff and community members to hold a community meeting later in January. District staff and City of Marina staff and other stakeholders will also begin working on the development of an odor attribution study which the District will participate in with these stakeholders.

Recommendation: Information Only

3. **CARB/MBARD Air Compliance Update** Please refer to the enclosed letter the District submitted to MBARD. District staff are undertaking a series of actions around these compliance issues and will be contracting with consultants to provide third party evaluations of our landfill gas system and processes to help develop better practices and ensure compliance.

Recommendation: Information Only.

4. **Update on Last Chance Mercantile Re-Opening Project**
District staff will present a summary of their work to date on the re-opening of the LCM and begin the process to hopefully allow the Board of Directors to make a decision about the future of the LCM at the February Board meeting.

Recommendation: Information Only.

5. **COVID-19 Update** Enclosed staff memo District staff has done an exceptional job in minimizing the impacts of COVID-19 on our workplace. Minimal disruption has occurred by absences related to the COVID-19 virus. To date, the District does not have any instance of transmission occurring through the workplace. All instances of transmission has been from off-site contacts.

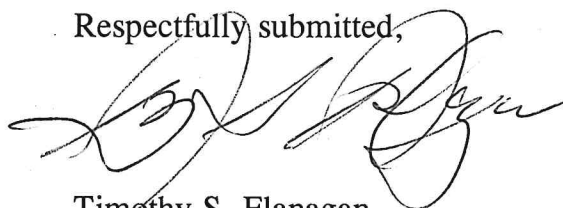
Recommendation: Information Only

6. **General Manager Comments.**
- TAC committee – District staff has been working with the local haulers city and county staff on the development of an approach to allow our local jurisdictions to comply with the challenging requirements of SB 1383. District staff will make themselves be available to brief your individual councils on the challenging aspects of SB 1383 compliance and the results of our planning efforts to date.

ADJOURNMENT

NEXT MEETING DATE: February 3, 2021 at 10:30 a.m.

Respectfully submitted,



Timothy S. Flanagan



**MONTEREY REGIONAL WASTE
MANAGEMENT DISTRICT**

AMENDED BUDGET - DRAFT

FISCAL YEAR 2020/2021

*Presented to the Finance and the Personnel Committees
January 8, 2020*

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DRAFT Memorandum – Director of Finance & Administration

DATE: January 8, 2021
TO: Board of Directors
FROM: Director of Finance & Administration
SUBJECT: Amendment to Budget for Fiscal Year 2020/2021

RECOMMENDATION: That the Board approve this Amendment to the Budget for Fiscal Year 2020/2021.

Enclosed for your review is an Amended Budget for Fiscal Year (FY) 2020/2021. Staff is requesting that the Board of Directors approve this budget amendment. This budget document re-casts financial statements and projections and provides descriptions of material changes to the original budget. Please refer to the *Final Budget for Fiscal Year 2020/2021* approved by Board of Directors on June 19, 2020 for a complete picture of the District's operating plan.

Staff created the current fiscal year budget during the outset of the COVID-19 pandemic when its impact on the District's future business was unknowable. Consequently, staff proposed a conservative approach that included lowering both revenue projections and spending expectations. In actuality, the pandemic has affected parts of the District's business in different ways. In the first half of the year, most disposal volumes have been lower than last year's volumes. Nevertheless, these volumes have consistently exceeded the original budget. Other revenue sources have also out-performed budget. At the same time, during the first half of the year, the District has strived to keep spending within budget targets. This has been possible, in part, by the avoidance of a large-scale outbreak of COVID-19 infections among District employees.

Staff is proposing this mid-year budget amendment to recognize the impact of higher than budgeted disposal and MRF processing volumes experienced in the first half of the year and align the budget with second half operational needs. Below is a summary of key elements of this amendment.

Revenue

Budgeted revenues are increased by \$3.9M (12%) for the year – from \$32.5M to \$36.4M. Revenue projections are based on the following:

- First half revenues have exceeded budget by 23%, over \$3.9M. Over half of this increase has come from higher than budgeted disposal volumes, while 44% has been come from the processing of higher MRF volumes and receiving better scrap prices. Additionally, power revenue in the first six months has exceeded both past years experiences and the original budget due to better than planned engine uptime.
- Second half revenues are unchanged from the original budget. Notwithstanding the over-performance experienced during the first half of the year, staff proposes continued caution. Deference to the potential of further setbacks related to the spread of the coronavirus informs this approach. In

addition, the District has been notified that Greenwaste Recovery, Inc. will be reducing delivery of volumes coming from Santa Clara County by 10% due to changes in their own customer contracts.

Personnel Costs

Budgeted personnel costs are increased by \$629,000 (4%) for the year – from \$14.1M to \$14.7M. This increase is due primarily to the following modifications:

Staffing changes – To meet current business needs, staff is proposing an increase of 3.75 FTE from original budget. These increases are:

- Addition of one MRF Maintenance position – previously Authorized by Board in September 2020
- Reclassification of one MRF Maintenance position – previously Authorized by Board in October 2020
- Conversion of one Deputy Weighmaster (PT) to one Weighmaster (FT)
- Addition of one Director-level Compliance officer (budgeted beginning April 2021)
- Expansion of Safety & Compliance Assistant position from 75% to 100% time
- Filling of one vacant (previously un-budgeted) Site & Facilities Assistant position

Compensation changes – The financial strength of the first half-year enables the District to begin to reverse the wage concessions made by certain employees according to the methodology agreed-upon at the outset. Staff is also proposing recognizing the District’s diligent and safety-conscious employees with a reward program that is described below.

- Wage concessions reversed based on a pre-determined methodology that measures the District’s financial performance by the end of the calendar year.
 - Effective January 1: For Managers – COLA (1.5%) reinstated; for Directors – COLA (1.5%) reinstated and 5% pay cut reversed.
 - Back pay for reversed concessions paid out in January for the period of October-December.
 - June-September back pay payout dependent upon District performance; paid out at the end of the fiscal year. Full wage concession reversal payout is assumed in this budget’s total compensation costs.
 - Total cost of wage concession reversal: \$75,000.
- FY 20-21 COVID-19 Essential Employee Safety and Attendance Reward

Staff is proposing this reward program to acknowledge and thank those who have routinely reported to work on site throughout the pandemic, have practiced prescribed safety behaviors while at work (and while off work) designed to prevent infections, and have enabled the District to maintain operations without interruption or added costs.

The structure of this reward program is under review with legal counsel, due to complex public sector compensation law considerations. Staff estimates the full cost of this recognition program to be \$225,000.

At this time, the District can afford this program due to the strong financial performance experienced during the first six months of the fiscal year. Should the District experience a significant downturn financially during the second half, the reward program, if it is determined to be legally compliant and implemented, would be modified or discontinued.

Non-personnel expenses

Budgeted non-personnel operating costs are increased by \$1.0M (6%) for the year – from \$16.6M to \$17.6M. Department expense budgets have been adjusted to align with year-to-date spending and remainder of year expectations. Costs categories with the largest budget increases include contract services, environmental services, operating supplies, repairs and maintenance and recycling services. Cost reductions have been planned in some other cost categories. Further details on these budget changes can be found on page 7 of this budget.

Staff has made no assumptions about costs related to the re-opening of the Last Chance Mercantile, beyond those identified in the original budget. Once the District determines the re-opening plan and timing, staff may bring further fiscal year budget change requests to the Board.

Capital outlays

Total capital spending costs for the year are increased by \$661,000 (8%). This change is due to capital spending authorized by the Board in September 2020 to address compost site water regulation compliance; increased investment required for the management of landfill gas emissions; and the deferral to future periods the investment in certain other mobile equipment and capital improvement projects.

Net income, cash flow and bond compliance

Net income for this budget amendment equals \$2.8M, an increase from \$509,000 in the original budget. Cash flow from operations equals \$7.3M, \$2.2M greater than the original budget. The end of year unrestricted cash balance increases by \$662,000, from \$24.7M to \$25.3M. Finally, higher revenues and careful cost management have resulted in the bond compliance metric – the Debt Service Coverage ratio – growing from 1.36 to 1.83, above the bond covenant requirement of 1.25.



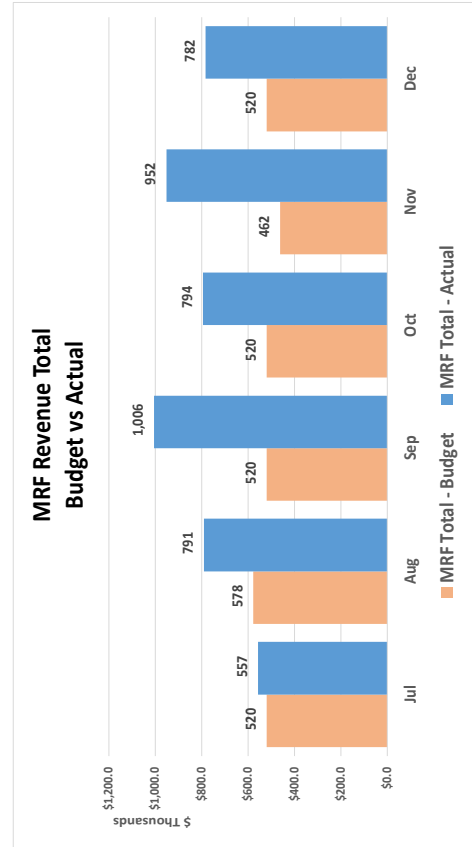
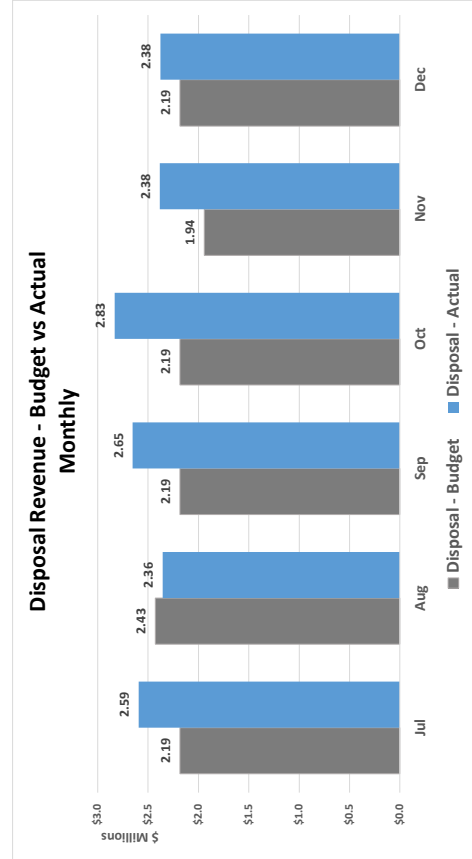
Peter K. Skinner
Director of Finance & Administration

Budget Summary

| FY 2020-21 BUDGET | AMENDED-DRAFT | | |
|--|--------------------------|----------------------------------|---------------------------------|
| <i>(All dollars in thousands)</i> | 19/20 Audited | 20/21 Budget Approved | 20/21 Budget Amended |
| INCOME SUMMARY | | | |
| Operating Revenues | 39,631 | 32,464 | 36,409 |
| Operating Expenses | 36,003 | 30,649 | 32,312 |
| Operating Income (Loss) | 3,628 | 1,815 | 4,097 |
| Non-Operating Expenses | 131 | (1,306) | (1,306) |
| NET INCOME (LOSS) | 3,758 | 509 | 2,791 |
| CASH SUMMARY | | | |
| Beginning Unrestricted Cash | 34,209 | 29,853 | 28,894 |
| Cash from Operations | | | |
| Net Income (Loss) | 3,758 | 509 | 2,791 |
| Adjustments to Cash | 4,435 | 4,570 | 4,519 |
| Change in Cash from Operations | 8,193 | 5,079 | 7,310 |
| Cash from Financing Activities | | | |
| Capital Outlay | (11,116) | (7,686) | (8,297) |
| Deferred Maintenance - Cash Outlay | | (80) | (80) |
| Bond and Debt Reduction | (2,392) | (2,498) | (2,498) |
| Change in Cash from Financing Activities | (13,508) | (10,264) | (10,875) |
| Change in Unrestricted Cash | (5,315) | (5,185) | (3,564) |
| Ending Unrestricted Cash | 28,894 | 24,668 | 25,330 |
| Designations/Reserves | | | |
| Cash Operating Reserve | 6,314 | 5,216 | 5,558 |
| 2018 Bond Funds | 13,654 | 5,968 | 5,358 |
| Undesignated Cash | 8,927 | 13,484 | 14,414 |
| Total Designations/Reserves | 28,894 | 24,668 | 25,330 |
| Restricted cash as of June 30 | | | |
| 2015 Bond Rate Stabilization Fund/in Trust | 2,350 | 2,350 | 2,350 |
| Closure/Post Closure Care Costs | 1,500 | 1,500 | 1,500 |
| Environmental Impairment Fund | 1,000 | 1,000 | 1,000 |
| TOTAL CASH AS OF JUNE 30 | 33,744 | 29,518 | 30,180 |
| DEBT COVERAGE RATIOS | | | |
| Ratio of Net Current Rev. to Debt Service | 1.7 | 1.36 | 1.83 |

Revenue

| FY 2020-21 BUDGET | | AMENDED-DRAFT | | | | | | | | | |
|---------------------------------|---------------|---------------|----------------|-------------------|------------|---------------|------------------|-----------------------|----------------------|------------|-------|
| All \$\$ in Thousands | | 19/20 Audited | Jul-Dec Budget | Jul-Dec Estimated | Var \$ | Var % | Jan-Jun Proposed | 20/21 Budget Approved | 20/21 Budget Amended | Var \$ | Var % |
| OPERATING REVENUES | | | | | | | | | | | |
| DISPOSAL FEES | | | | | | | | | | | |
| Franchise + Self haul | 16,744 | 7,421 | 8,478 | 1,057 | 14% | 6,322 | 13,743 | 14,800 | 1,057 | 8% | |
| Out of District | | | | | | | | | | | |
| GWR - San Jose | 10,092 | 4,813 | 5,490 | 678 | 14% | 4,100 | 8,912 | 9,590 | 678 | 8% | |
| Other Regional | 1,993 | 878 | 1,170 | 293 | 33% | 748 | 1,625 | 1,918 | 292 | 18% | |
| SUBTOTAL | 28,828 | 13,111 | 15,138 | 2,027 | 15% | 11,169 | 24,280 | 26,307 | 2,027 | 8% | |
| MRF OPERATIONS | | | | | | | | | | | |
| MRF Revenue | 7,872 | 3,120 | 4,880 | 1,760 | 56% | 2,658 | 5,779 | 7,538 | 1,759 | 30% | |
| SUBTOTAL | 7,872 | 3,120 | 4,880 | 1,760 | 56% | 2,658 | 5,779 | 7,538 | 1,759 | 30% | |
| OTHER REVENUES | | | | | | | | | | | |
| Power Sales | 1,324 | 729 | 910 | 181 | 25% | 621 | 1,350 | 1,531 | 181 | 13% | |
| Last Chance Mercantile + HHW | 594 | 73 | 53 | (20) | (27%) | 50 | 135 | 103 | (32) | (24%) | |
| Other Sales | 1,013 | 497 | 507 | 10 | 2% | 423 | 920 | 930 | 10 | 1% | |
| SUBTOTAL | 2,931 | 1,299 | 1,470 | 171 | 13% | 1,094 | 2,405 | 2,564 | 159 | 7% | |
| TOTAL OPERATING REVENUES | 39,631 | 17,530 | 21,488 | 3,958 | 23% | 14,921 | 32,464 | 36,409 | 3,945 | 12% | |



Operating Expenses

| FY 2020-21 BUDGET | | AMENDED-DRAFT | | | | | | | | | |
|--|---------------|---------------|----------------|-------------------|-------------|---------------|------------------|-----------------------|----------------------|-----------|-------|
| All \$\$ in Thousands | | 19/20 Audited | Jul-Dec Budget | Jul-Dec Estimated | Var \$ | Var % | Jan-Jun Proposed | 20/21 Budget Approved | 20/21 Budget Amended | Var \$ | Var % |
| OPERATING EXPENSES | | | | | | | | | | | |
| SALARY EXPENSES | | | | | | | | | | | |
| Wages | 12,244 | 4,527 | 4,732 | 205 | 5% | 4,688 | 9,008 | 9,419 | 412 | 5% | |
| COVID-19 Essential Service Safety and Attendance Award | | | | | | 220 | | 220 | | | |
| Taxes & Benefits | 3,120 | 1,057 | 921 | (136) | (13%) | 1,143 | 2,080 | 2,064 | (17) | (1%) | |
| Healthcare | 2,675 | 847 | 787 | (60) | (7%) | 879 | 1,684 | 1,666 | (18) | (1%) | |
| CalPERS | 753 | 325 | 302 | (23) | (7%) | 328 | 645 | 630 | (15) | (2%) | |
| Workers Compensation | 147 | 68 | 52 | (16) | (23%) | 78 | 136 | 131 | (5) | (4%) | |
| Taxes | 239 | 253 | 111 | (142) | (56%) | 446 | 505 | 557 | 52 | 10% | |
| Other Benefits | 6,933 | 2,549 | 2,173 | (377) | (15%) | 2,874 | 5,050 | 5,047 | (3) | (0%) | |
| Total Taxes & Benefits | 19,177 | 7,076 | 6,904 | (172) | (2%) | 7,783 | 14,058 | 14,687 | 629 | 4% | |
| NON-SALARY EXPENSES | | | | | | | | | | | |
| Amortization & Depreciation | 4,080 | 2,100 | 2,042 | (58) | (3%) | 2,100 | 4,200 | 4,142 | (58) | (1%) | |
| Closure/Post Closure Costs | 355 | 185 | 192 | 7 | 4% | 185 | 370 | 377 | 7 | 2% | |
| Contractual Services | 384 | 195 | 266 | 71 | 37% | 387 | 389 | 653 | 264 | 68% | |
| Environmental Services | 331 | 184 | 279 | 95 | 51% | 248 | 369 | 527 | 158 | 43% | |
| Gasoline, Oil & Fuel | 918 | 627 | 451 | (175) | (28%) | 627 | 1,253 | 1,078 | (175) | (14%) | |
| Hazardous Waste Disposal | 305 | 154 | 115 | (39) | (25%) | 154 | 308 | 269 | (39) | (13%) | |
| Insurance | 466 | 288 | 287 | (0) | (0%) | 288 | 575 | 575 | (0) | (0%) | |
| Office Expense | 554 | 116 | 126 | 10 | 9% | 182 | 233 | 308 | 75 | 32% | |
| Operating Supplies | 1,077 | 552 | 843 | 291 | 53% | 609 | 1,103 | 1,452 | 348 | 32% | |
| Professional Services | 788 | 596 | 421 | (175) | (29%) | 794 | 1,193 | 1,215 | 22 | 2% | |
| Public Awareness | 163 | 75 | 28 | (47) | (63%) | 116 | 151 | 144 | (7) | (5%) | |
| Recycling Services | 2,322 | 821 | 943 | 122 | 15% | 871 | 1,643 | 1,815 | 172 | 10% | |
| Repairs & Maintenance | 3,221 | 1,403 | 1,487 | 84 | 6% | 1,698 | 2,806 | 3,185 | 379 | 14% | |
| Safety Equip/Supplies/Training | 258 | 123 | 114 | (9) | (7%) | 123 | 246 | 237 | (9) | (4%) | |
| Taxes & Surcharges | 1,393 | 719 | 649 | (70) | (10%) | 783 | 1,437 | 1,432 | (5) | (0%) | |
| Training/Meetings/Education | 77 | 91 | 11 | (79) | (87%) | 62 | 181 | 74 | (108) | (59%) | |
| Utilities | 109 | 58 | 65 | 7 | 12% | 58 | 116 | 123 | 7 | 6% | |
| Other Expense | 26 | 10 | 14 | 4 | 42% | 7 | 20 | 21 | 2 | 8% | |
| SUBTOTAL | 16,826 | 8,295 | 8,334 | 39 | 0% | 9,290 | 16,591 | 17,625 | 1,034 | 6% | |
| TOTAL OPERATING EXPENSES | 36,003 | 15,371 | 15,239 | (132) | (1%) | 17,073 | 30,649 | 32,312 | 1,663 | 5% | |

OPERATING EXPENSES

Budgeted operating costs are increased by \$1.66M (5%) for the year – from \$30.6M to \$32.3M. The following items highlight areas of material change to the original FY 2020/21 budget.

1. Wages

Wages increase by \$412,000, or 5%, due to the combination of staffing changes outlined in page 2 of this budget document, the reversal of negotiated wage concessions (discussed further below) and the timing of certain position vacancies and hiring.

Wage concessions reversal

During the FY 2020/21 budget process, the District negotiated a COLA freeze with the Management Unit and non-affiliated employees; and a COLA freeze plus wage cuts with all directors and the general manager. The District agreed with the Management Unit to reverse concessions “upon evidence of sustained financial performance that is above budget”, according to following process:

- Evaluate Q1 results in October. If revenue exceeds budget and operating margin equals or exceeds 8%, then:
- Begin 3 month waiting period (Q2: October – December). If year to date results through Q2 exceed targets, then:
- Eliminate concessions and pay backpay to the start of the waiting period (October 1st.)
- At year end, if financial results continue to meet targets, then true up pay to reverse the Q1 (July – September) concessions.

It is the District’s practice to apply terms negotiated with the Management Unit to non-affiliated employees and directors. This budget assumes that practice is continued in this case. Reversal of the general manager’s reductions is not included in this budget.

2. FY 20-21 COVID-19 Essential Employee Safety and Attendance Reward

Purpose: To acknowledge and thank those who have routinely reported to work on site throughout the pandemic, have practiced prescribed safety behaviors while at work (and while off work) designed to prevent infections, and have enabled the District to maintain operations without interruption or added costs.

Reward program structure: Staff is working with legal counsel to determine an appropriate structure for this recognition. Staff currently envisions this as a series of spot bonuses totaling up to \$2,000 per employee, subject to 1) continued avoidance of on-site outbreaks resulting in more than 10% of employees being off work at any one time due to COVID-19 illnesses or required quarantines (group goal); and 2) individuals are vaccinated as soon as a vaccination becomes available to District employees (individual goal).

Managers and Directors will be ineligible, as will employees who primarily perform their work remotely.

If the program is determined to be legally compliant and implemented, it would apply to the current fiscal year only. Should the District experience a significant financial downturn during the second half of the year, the program would be modified or discontinued.

Staff estimates the full cost of such reward program would be \$225,000.

3. Health Care Benefits

In January 2021, the District's health care premiums rose by 19%. This far exceeds the 6% increase assumed in the original budget and the District's experience of health care costs over the past decade. The increase results in an additional cost to the District of about \$70,000 for the remainder of the fiscal year. This rate change follows two years of either no change or a small decrease in premium costs. The average annual premium growth for the past three years, inclusive of 2021, is 5%.

4. Contract Services

Contract services increase by \$264,000 (68%). These increases arise from higher utilization of temporary employees in the MRD caused by higher volumes being processed than budgeted; Site roadway sweeping costs that originally were anticipated to be eliminated but has not been due to staffing constraints; and previously unbudgeted spending required for support in maintaining air regulation compliance.

5. Environmental Services

Environmental services increase by \$158,000 (43%) due to increased costs associated with planning and implementing landfill gas systems improvements and maintenance.

6. Operating Supplies

Operating supplies costs increase by \$348,000 (32%). Much of this increase is due to the seasonal purchase of roadbed materials required for the preparation of wet weather landfill roads and tipping decks for use during the winter. Another area contributing to this increase is the expected increase in the use of H2S filtering media required for the treatment of landfill gas extracted from the landfill.

7. Recycling Services

Recycling services costs increase by \$172,000 (10%) due to the fact that a higher volume of glass is being extracted in the MRF, resulting in higher hauling costs; and higher third-party yardwaste processing fees for yardwaste disposal volumes that exceed originally budgeted volumes.

8. Repairs and Maintenance

Repairs and maintenance supplies costs increase by \$379,000 (14%) primarily due to MRF tip floor and building maintenance expenses; parts and supplies used by the Equipment Maintenance Shop; and costs for general maintenance required elsewhere on the site.

9. Other expense categories

All other non-personnel expense categories result in a total decrease in cost of \$288,000 compared to the original budget.

Non-Operating Revenue & Expenses; Debt

| FY 2020-21 BUDGET | | | | | AMENDED-DRAFT | |
|---|---------------|----------------|-------------------|------------------|-----------------------|----------------------|
| All \$\$ in Thousands | 19/20 Audited | Jul-Dec Budget | Jul-Dec Estimated | Jan-Jun Proposed | 20/21 Budget Approved | 20/21 Budget Amended |
| NON-OPERATING REVENUE & EXPENSES | | | | | | |
| Interest Income | 753 | 225 | 225 | 225 | 450 | 450 |
| Rents & leases | 343 | 218 | 218 | 218 | 435 | 435 |
| Finance charges | 0 | 5 | 5 | 5 | 9 | 9 |
| Other Income | 28 | 0 | 0 | 0 | 0.1 | 0 |
| Equipment Purchases - Interest Expens | (50) | (18) | (18) | (18) | (36) | (36) |
| Revenue Bonds - Interest Expense | (945) | (1,082) | (1,082) | (1,082) | (2,164) | (2,164) |
| TOTAL NON-OPERATING EXPENSES | 131 | (653) | (653) | (653) | (1,306) | (1,306) |

1. Non-Operating Revenues & Expenses

Non-operating Revenue & Expenses are expected to track with original budget estimates. No changes are made in this amendment.

2. Debt and bond compliance

Debt and debt service assumptions are also unchanged in this budget amendment. However, due to the District’s improved financial position, the bond compliance metric – the Debt Service Coverage ratio – grows from 1.36x to 1.83x.

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 and the purchase of new equipment not previously used in operations. Capital Improvements include investments in improving existing infrastructure and the development of new facilities or assets.

| FY 2020-21 BUDGET - CAPITAL OUTLAY PLAN | | | | | | AMENDED-DRAFT | | | |
|---|---------------|-------------------|------------------|-----------------------|----------------------|---------------|--------------|--------------|--------------|
| All \$\$ in Thousands | 19/20 Audited | Jul-Dec Estimated | Jan-Jun Proposed | 20/21 Budget Approved | 20/21 Budget Amended | 21/22 | 22/23 | 23/24 | 24/25 |
| CAPITAL OUTLAY PLAN | | | | | | | | | |
| Mobile Equipment | 1,257 | 1,557 | 311 | 1,986 | 1,868 | 3,220 | 1,370 | 2,250 | 2,120 |
| Capital Improvements | 8,433 | 1,824 | 4,605 | 5,700 | 6,429 | 11,975 | 5,400 | 6,200 | 7,250 |
| TOTAL CAPITAL INVESTMENT | 9,690 | 3,381 | 4,916 | 7,686 | 8,297 | 15,195 | 6,770 | 8,450 | 9,370 |

Capital Outlay – Mobile Equipment

| FY 2020-21 BUDGET - CAPITAL OUTLAY PLAN | | AMENDED-DRAFT | | | | | | | | | |
|---|--|---------------|-----------|----------|--------------|--------------|-------|-------|-------|-------|----|
| All \$\$ in Thousands | | | | | | | | | | | |
| | | 19/20 | Jul-Dec | Jan-Jun | 20/21 Budget | 20/21 Budget | 21/22 | 22/23 | 23/24 | 24/25 | |
| | | Estimate | Estimated | Proposed | Approved | Amended | | | | | |
| Dept | | | | | | | | | | | |
| MOBILE EQUIPMENT | | | | | | | | | | | |
| | Board Room - Furniture and AV Upgrade | | - | | | | | | | | 25 |
| | Replace 2000 Dodge Van AD06 with Pub Ed tour van | ADM | - | | | | | | | | |
| | Replace 2000 Dodge Van AD06 with Rav 4 SUV | ADM | - | | | | | | | | |
| | 1 Computer Hardware/Software | ADM | - | 25 | 25 | 25 | 50 | 25 | 50 | 25 | |
| | 2 Replace Copier, Document Management & other office hardware | ADM | - | 10 | 10 | 10 | 10 | 10 | 10 | 10 | |
| | 3 Replace Office Furniture | ADM | - | 30 | 30 | 30 | 30 | 30 | 30 | 30 | |
| | AD07 2001 Ford F-150 4x4 Pickup - Replace | ADM | - | | | | 30 | | | | |
| | Replace Accounting System | ADM | - | | | | | | | | |
| | Replace 2006 Toyota Highlander AD10 | ADM | - | | | | | | | | |
| | Miscellaneous Admin. Replacements | ADM | - | | | | 30 | 30 | 30 | 30 | |
| | Replace LC14 Forklift | LCM | - | | | | | | | | |
| | Replace 2002 LC09 Forklift | LCM | - | | | | | | | 60 | |
| | Used Box Truck for LCM | LCM | - | | | | | | | | |
| | Replace 2001 8336G Compactor - LF11 | LFO | - | | | | | | | | |
| | Replace 1999 D6R Dozer - LF06 | LFO | - | | | | 575 | | | | |
| | Replace Tarpomatic 2004 - LF15 | LFO | - | 70 | | 70 | | | | | |
| | Replace 2006 John Deere 6415 Ag Tractor LF18 | LFO | - | | | | | | | | |
| | Replace Box Scraper - LF19 | LFO | - | | | | | | | | |
| | Replace S131 Allmand Light Tower 2000 | LFO | - | | | | | | | | |
| | Replace 1999 D9R Dozer - LF10 with D8 Dozer | LFO | - | | | | | | | | |
| | 4 Replace 2007 8336H Compactor - LF22 | LFO | 1,275 | | 1,300 | 1,275 | | | | | |
| | Replace 2002 CAT 740 Articulated Haul Truck LF12 | LFO | - | | | | 900 | | | | |
| | Replace 1997 966 Wheel Loader LF13 | LFO | 496 | | | | | | | | |
| | Replace 2005 D9T Dozer - LF16 - with D8 | LFO | - | | | | | | | | |
| | Replace 2001 627G Scraper LFO2 with articulating ejector truck | LFO | - | | | | | | | 750 | |
| | Replace 1996 D8R Dozer - LF09 | LFO | - | | | | | | | | |
| | (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 | - | | | | | | | | |
| | LF27 836K Compactor 2016 - Replace Wheels | LFO | - | 85 | | 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 | - | | | | | | | | |
| | (LF) S152 Genie Light Tower 2004 - Replace | LFO | - | | | | | | | | |

Mobile Equipment – Continued

| FY 2020-21 BUDGET - CAPITAL OUTLAY PLAN | | AMENDED-DRAFT | | | | | | | | | |
|---|---|---------------|--------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| All \$\$ in Thousands | | 19/20 | Jul-Dec | Jan-Jun | 20/21 Budget | 20/21 Budget | 21/22 | 22/23 | 23/24 | 24/25 | |
| Dept | Estimate | Estimated | Proposed | Approved | Amended | | | | | | |
| MOBILE EQUIPMENT | | | | | | | | | | | |
| LFG | Engine 1 - 2006 Caterpillar 3520 Major overhaul (every 93,000 hrs.) | - | - | - | - | - | - | - | - | - | - |
| LFG | Kubota RTV for LFG (Gas field work) | 19 | - | - | - | - | - | - | - | - | - |
| MRF | Bin/Box replacement | 15 | - | - | - | 25 | 25 | 25 | 25 | 25 | 25 |
| MRF | MRF new Roll-off Box purchases (10 40yd) | 85 | - | - | - | - | - | - | - | - | - |
| 5 | MR18 PV500 Pacific Tec 1998 - Liquid vacuum unit - Replace | | | | 65 | - | 65 | - | 65 | - | - |
| MRF | Replace 2009 Volvo Roll-Off Truck MR37 | - | - | - | - | 265 | 265 | 265 | 265 | 265 | 265 |
| MRF | Replace 2009 Volvo Roll-Off Truck MR38 | - | - | - | - | 265 | 265 | 265 | 265 | 265 | 265 |
| 6 | MR42 324DL Excavator 2010 - Replace | | | | 350 | 277 | 277 | 277 | 277 | 277 | 277 |
| MRF | Replace 2011 324DL Excavator MR43 | - | - | - | - | - | - | - | - | - | - |
| MRF | 2005 938G Wheel Loader with 950BR (MR27) | 412 | - | - | - | - | - | - | 350 | - | - |
| MRF | Replace MR44 2008 IHC Semi Truck (MRF) w/new CNG unit | - | - | - | - | 150 | 150 | 150 | 150 | 150 | 150 |
| MRF | Replace MR45 2008 IHC Semi Truck (MRF) w/new CNG unit | - | - | - | - | 150 | 150 | 150 | 150 | 150 | 150 |
| MRF | (MRF) MR55 938M Wheel Loader 2018 (Replacement 29/30 \$300K) | - | - | - | - | - | - | - | - | - | 85 |
| MRF | 2011 or Newer Used Water Truck for MRF Fire Protection (2,000 to 3,000 gal) | - | - | - | - | - | - | - | - | - | - |
| MRF | 2011 or Newer Used Semi Truck for MRF | 72 | - | - | - | - | - | - | - | - | - |
| 7 | Miscellaneous MRF Equipment purchases/replacements | | | | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| MRF | Replace 2011 324DL Excavator MR43 | - | - | - | - | 20 | 20 | 20 | 20 | 20 | 20 |
| SHO | 8 Replace Sterling Service Truck - SH07 | - | - | - | 90 | - | 190 | - | - | - | - |
| SHO | 9 Replace 2007 Ford F-150 2WD (SHOP) - SH13 | - | - | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 |
| SHO | Outer year equipment purchase/replacement contingency | - | - | - | - | - | - | - | - | - | 2,000 |
| SIT | 10 Replace 2006 Genie Light Tower - S157 | - | 5 | - | 6 | 5 | 5 | 5 | 5 | 5 | 5 |
| SIT | Genie Light Tower - New | - | - | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| SIT | 11 Box Scraper - New | - | - | - | 25 | - | 75 | - | - | - | - |
| SIT | 289D Compact track loader | 100 | - | - | - | - | - | - | - | - | - |
| SIT | Replace 2007 Site Ford F-150 4x4 Pick up S148 | 29 | - | - | - | - | - | - | - | - | - |
| SIT | Replace 2007 Ford F-150 2WD Site Pick up S149 | - | - | - | - | - | - | - | - | - | - |
| SIT | Replace 1998 Chev 2500 4x4 Site Pick up S153 | - | - | - | - | - | - | - | - | - | - |
| SIT | 12 Replace 2002 Ford F-150 4x4 (LF) - S154 | 29 | - | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 |
| SIT | Replace 2010 Volvo Water Truck S158 | - | - | - | - | - | 240 | - | 240 | - | - |
| SIT | Replace 2011 Dump Truck S165 | - | - | - | - | - | - | - | 40 | - | - |
| TOTAL MOBILE EQUIPMENT EXPENSES | | 1,257 | 1,557 | 311 | 1,986 | 1,868 | 3,220 | 1,370 | 2,250 | 2,120 | 2,120 |

Capital Outlay – Capital Improvement Projects

| FY 2020-21 BUDGET - CAPITAL OUTLAY PLAN | | | | | | | | | | | | AMENDED-DRAFT | | | |
|---|--------------------|----------------------|---------------------|--------------------------|-------------------------|---------|-------|-------|-------|------------------------------|-------|---------------|-------|--|--|
| All \$\$ in Thousands | | | | | | | | | | | | | | | |
| Dept. | 19/20 Estimated | Jul-Dec Estimated | Jan-Jun Proposed | 20/21 Budget Approved | 20/21 Budget Amended | 21/22 | 22/23 | 23/24 | 24/25 | CAPITAL IMPROVEMENT PROJECTS | | | | | |
| | | | | | | | | | | | | | | | |
| Admin Building | ADM | - | - | 75 | - | 175 | - | - | - | - | 175 | - | - | | |
| Truck Yard | ADM | - | - | - | - | 150 | 350 | - | - | - | 150 | 350 | - | | |
| HHW Facility | LCM | - | 25 | 25 | 25 | - | - | - | - | 25 | - | - | 150 | | |
| LCM Retail Store | LCM | - | 45 | 150 | 45 | 200 | - | - | - | 45 | 200 | - | - | | |
| Public Recycling Drop-off | LCM | - | 35 | 35 | 35 | - | - | - | - | 35 | - | - | 25 | | |
| LFGTE Facility | LFG | - | 180 | - | 180 | 75 | 75 | 75 | 75 | 180 | 75 | 75 | 75 | | |
| LFG Building roof and gutter repairs | LFG | - | - | 80 | - | - | - | - | - | 80 | - | - | - | | |
| LFG Engine room air flow improvements | LFG | - | - | 60 | - | - | - | - | - | 60 | - | - | - | | |
| Replace Versa-Ruptor switch gear cabinet | LFG | - | - | 20 | - | - | - | - | - | 20 | - | - | - | | |
| LFGTE Plant Flow Meters | LFG | - | 25 | 25 | 25 | - | - | - | - | 25 | - | - | - | | |
| LFG Flare - Zone B Flow Control Auto-Valve | LFG | - | - | 15 | - | - | - | - | - | 15 | - | - | - | | |
| LFG Supply Maintenance Control Valves (3) | LFG | - | - | 25 | - | - | - | - | - | 25 | - | - | - | | |
| Grounding Resister - | LFG | - | - | 25 | - | - | - | - | - | 25 | - | - | - | | |
| LFG Blower #3 Supply | LFG | - | - | - | - | - | - | - | - | - | - | - | - | | |
| ENG #2 Radiator | LFG | - | - | - | - | - | - | - | - | - | - | - | - | | |
| LFG Chiller - (mng w/CEC Project as Change Order if | LFG | - | - | - | - | - | - | - | - | - | - | - | - | | |
| H2S Treatment - (mng w/CEC Project \$1MM) | LFG | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Misc. LFG - CEC Grant | LFG | 1,188 | 1,148 | 450 | 450 | 1,598 | - | - | - | 1,598 | - | - | - | | |
| CEC Grant H2S Treatment System | LFG | - | - | 350 | 350 | 350 | - | - | - | 350 | - | - | - | | |
| CEC Grant Reimbursements | LFG | - | - | (1,800) | (1,800) | (1,800) | - | - | - | (1,800) | - | - | - | | |
| Energy & Organic Waste Proc. Tech. Assess. | LFG | - | - | 50 | 250 | 250 | 250 | 250 | 250 | 50 | 250 | 250 | 250 | | |
| Compost Site | LFO | - | 124 | 2,200 | - | - | - | - | - | 2,324 | - | - | - | | |
| Module 6 Development | LFO | 3,717 | 116 | 174 | - | 290 | - | - | - | 290 | - | - | - | | |
| Module 7 Development | LFO | 234 | - | 175 | 3,000 | 175 | 8,500 | - | - | 175 | 8,500 | - | - | | |
| Module 8 Development | LFO | - | - | - | 75 | - | - | - | - | 75 | 225 | 3,000 | 5,500 | | |
| Leachate Management | LFO | - | - | 100 | 100 | 100 | 75 | 75 | 75 | 100 | 75 | 75 | 150 | | |
| LFG Management | LFO | - | - | 1,300 | 350 | 1,300 | 175 | 375 | 375 | 1,300 | 175 | 375 | 375 | | |
| LFG Condensate Management | LFO | - | - | 75 | 75 | 75 | 75 | 75 | 75 | 75 | 75 | 75 | 75 | | |
| Misc. Landfill | LFO | - | - | 350 | 65 | 350 | 75 | 75 | 75 | 350 | 75 | 75 | 75 | | |
| Storm Water Management - (Design, Permit, Con. | LFO | - | - | - | 75 | - | - | - | - | - | - | 3,000 | - | | |

Capital Improvement Projects – Continued

| FY 2020-21 BUDGET - CAPITAL OUTLAY PLAN | | | | | | | | | | AMENDED-DRAFT | | | | | | | | | | | |
|---|--------------------|----------------------|---------------------|--------------------------|-------------------------|-------|-------|-------|-------|-----------------------|-------|-----|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|
| Dept. | 19/20 Estimated | Jul-Dec Estimated | Jan-Jun Proposed | 20/21 Budget Approved | 20/21 Budget Amended | 21/22 | 22/23 | 23/24 | 24/25 | | | | | | | | | | | | |
| | | | | | | | | | | All \$\$ in Thousands | | | | | | | | | | | |
| CAPITAL IMPROVEMENT PROJECTS | | | | | | | | | | | | | | | | | | | | | |
| | MRF | | | | | | | | | | | | | | | | | | | | |
| Materials Recovery Facility 2.0 | MRF | | | | | | | | | | | | | | | | | | | | |
| MRF 2.0 Capital Equipment Replacement | MRF | | | 50 | 100 | 50 | | | | | 50 | | | | | | | | | | 450 |
| MRF OCC Disc Screen Project | MRF | 3,212 | 39 | 205 | 175 | 244 | | | | | | | | | | | | | | | |
| MRF Fall Protection Equipment | MRF | | | | | | | | | | | | | | | | | | | | |
| MRF Lock Out-Tag Out Optimization | MRF | | | | | | | | | | | | | | | | | | | | |
| MRF 2.5 C&D Concept Design/Evaluation | MRF | | | | | | | | | | | 150 | | | 250 | | | | | | |
| Miscellaneous MRF Investment | MRF | 9 | | | | | | | | | | | | | | | | | | | |
| Scales - 4 New Below-Grade Decks (FY20/21) | | | | | | | | | | | | | | | | | | | | | |
| Scales Software Upgrade - Paradigm | SCL | | 68 | 330 | 300 | 398 | | | | | | | | | 300 | | | | | | |
| Scale House Add. (Concept & Final Des.-Function & | SCL | 38 | | 75 | 250 | 75 | | | | | | | | | | | | | | | |
| Maintenance Shop Building | SHO | | 19 | 36 | | 55 | | | | | | | | | | | | | | | 250 |
| Old Shop Building | SHO | | | | 50 | | | | | | | | | | | | | | | | 250 |
| Wash Pad Facility | SHO | | | | | | | | | | | | | | 100 | | | | | | |
| Site Entrance Upgrade | SIT | | | | | | | | | | | | | | | | | | | | |
| Paved Roads | SIT | 7 | 225 | 175 | 1,100 | 400 | | | | | 1,500 | | | | 150 | | | | | | 2,000 |
| Misc. Site | SIT | 18 | 85 | | 50 | 85 | | | | | 50 | | | | 50 | | | | | | 50 |
| Misc. Facilities | SIT | | | | 50 | | | | | | 50 | | | | 50 | | | | | | 50 |
| TOTAL CAPITAL IMPROVEMENT EXPENSES | | | | | | | | | | | | | 8,433 | 1,824 | 4,605 | 5,600 | 6,429 | 11,975 | 5,400 | 6,200 | 7,250 |

Mobile Equipment Changes

The following items describe proposed changes to the Mobile Equipment plan for FY20/21 through FY 24/25.

Replace Tarpomatic: Add purchase of new Tarpomatic landfill covering equipment to supplement existing equipment.

LF27 836K Compactor 2016 - Replace Wheels: Add purchase of new compactor wheels due to accelerated wear caused by high use.

MR18 PV500 Pacific Tec 1998 - Liquid vacuum unit: Defer unit replacement to FY 21/22.

Replace Sterling Service Truck - SH07: Defer truck replacement to FY 21/22. Increase cost by \$100,000.

Genie Light Tower - New: Add purchase of new light tower for after dark work.

Box Scraper - New: Defer purchase to FY 21/22. Increase cost by \$50,000 to include additional tractor unit.

Capital Improvement Project Changes

The following items describe proposed changes to the Capital Improvement Projects plan for FY20/21 through FY 24/25.

LFGTE Facility: Revise FY Budget to \$205k (reduced \$45k) and focus spend on new hardware for monitoring and control of the enclosed flare for Air Permit Compliance (3-hr Avg. Temp, SU/SD control).

CEC Grant & H2S Treatment System: Adjust budget to incorporate change orders to scope of work and capital not recognized in prior fiscal year.

Compost Site Improvements: Adjust budget to include both the Board approved site improvements \$2.2M (less electrical portion deferred to next fiscal year when operation's needs are better defined) and \$124k Permit costs reimbursed to the operator (Revised Budget \$2.34M).

Module 6: Adjust budget to include improvements associated with wet weather controls and startup of a portion of the module.

Module 7: Defer module construction start to next fiscal year per Board's January 2020 approval of the three new equipment elements to the MRF.

LFG Management: Expansion of the landfill's Gas Collection & Control System (GCCS) to resolve fugitive emissions thru the landfill surface. Add ~15 new collection wells to the 25 new wells previously approved by the Board. Expand the subheader system to reduce vacuum losses and increase flow volume transmission.

Misc. Landfill: Adjust budget to \$350k (from \$65k) to incorporate a remote monitoring system of leachate and condensate storage systems and flare/gas plant equipment operations.

MRF OCC Disc Screen Project: This item contains the three (3) major additions to the MRF as approved by the Board in January 2020. Budget adjusted primarily to incorporate Sales Tax amount.

Scales: Budget adjusted to incorporate cost changes to the installation of Scale A multi-cell equipment and new Scale E with automated kiosk.

Maintenance Shop Building: Add \$36k for new roll-up door capital replacement to YTD costs of \$19k (\$55k for fiscal year not budgeted). Eliminate \$50k fiscal year budget for Old Shop Building.

Paved Roads: Revise design of 4-way intersection on Charlie Benson Road to address right turns towards compost site and M1W; and left turns exiting from compost site/M1W locations. Anticipate \$175k for current fiscal year which results in deferring \$925k of construction related costs to next fiscal year.

Five-Year Outlook

| FY 2020-21 BUDGET | | AMENDED-DRAFT | | | | |
|--|------------------|-------------------------|---------------|---------------|---------------|---------------|
| (All dollars in thousands) | 19/20 Audited | 20/21 Budget Amended | 21/22 | 22/23 | 23/24 | 24/25 |
| INCOME SUMMARY | | | | | | |
| Operating Revenues | 39,631 | 36,409 | 39,287 | 40,929 | 41,833 | 42,763 |
| Operating Expenses | 36,003 | 32,312 | 31,985 | 33,347 | 34,773 | 36,265 |
| Operating Income (Loss) | 3,628 | 4,097 | 7,302 | 7,581 | 7,060 | 6,498 |
| Non-Operating Expenses | 131 | (1,306) | (1,655) | (1,540) | (1,426) | (1,321) |
| NET INCOME (LOSS) | 3,758 | 2,791 | 5,647 | 6,041 | 5,634 | 5,177 |
| CASH SUMMARY | | | | | | |
| Beginning Unrestricted Cash | 34,209 | 28,894 | 27,310 | 26,394 | 28,442 | 27,763 |
| Cash from Operations | | | | | | |
| Net Income (Loss) | 3,758 | 2,791 | 5,647 | 6,041 | 5,634 | 5,177 |
| Adjustments to Cash | 4,435 | 4,519 | 4,738 | 4,880 | 5,027 | 5,177 |
| Change in Cash from Operations | 8,193 | 7,310 | 10,385 | 10,922 | 10,660 | 10,355 |
| Cash from Financing Activities | | | | | | |
| Capital Outlay | (11,116) | (6,317) | (8,690) | (6,395) | (9,000) | (9,070) |
| Deferred Maintenance - Cash Outlay | | (80) | | | | |
| Bond and Debt Reduction | (2,392) | (2,498) | (2,612) | (2,478) | (2,340) | (2,440) |
| Change in Cash from Financing Activities | (13,508) | (8,895) | (11,302) | (8,873) | (11,340) | (11,510) |
| Change in Unrestricted Cash | (5,315) | (1,584) | (917) | 2,049 | (680) | (1,155) |
| Ending Unrestricted Cash | 28,894 | 27,310 | 26,394 | 28,442 | 27,763 | 26,607 |
| Designations/Reserves | | | | | | |
| Cash Operating Reserve | 6,314 | 5,558 | 5,437 | 5,681 | 5,936 | 6,204 |
| 2018 Bond Funds | 13,654 | 7,338 | | | | |
| Undesignated Cash | 8,927 | 14,414 | 20,956 | 22,761 | 21,826 | 20,403 |
| Total Designations/Reserves | 28,894 | 27,310 | 26,394 | 28,442 | 27,763 | 26,607 |
| 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 |
| Closure/Post Closure Care Costs | 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 |
| TOTAL CASH AS OF JUNE 30 | 33,744 | 32,160 | 31,244 | 33,292 | 32,613 | 31,457 |
| DEBT COVERAGE RATIOS | | | | | | |
| Ratio of Net Current Rev. to Debt Service | 1.7 | 1.83 | 2.6 | 2.8 | 2.9 | 2.8 |

| FY 2020-21 BUDGET | | | | AMENDED-DRAFT | | |
|---------------------------------|---------------|----------------------|---------------|---------------|---------------|---------------|
| All \$\$ in Thousands | 19/20 Audited | 20/21 Budget Amended | 21/22 | 22/23 | 23/24 | 24/25 |
| OPERATING REVENUES | | | | | | |
| DISPOSAL FEES | | | | | | |
| Franchise + Self haul | 16,744 | 14,800 | 17,044 | 17,556 | 18,082 | 18,625 |
| Out of District | | | | | | |
| GWR - San Jose | 10,092 | 9,590 | 10,060 | 10,317 | 10,580 | 10,850 |
| Other Regional | 1,993 | 1,918 | 2,454 | 3,313 | 3,413 | 3,515 |
| SUBTOTAL | 28,828 | 26,307 | 29,559 | 31,186 | 32,075 | 32,989 |
| MRF OPERATIONS | | | | | | |
| MRF Revenue | 7,872 | 7,538 | 6,182 | 6,197 | 6,211 | 6,227 |
| SUBTOTAL | 7,872 | 7,538 | 6,182 | 6,197 | 6,211 | 6,227 |
| OTHER REVENUES | | | | | | |
| Power Sales | 1,324 | 1,531 | 1,491 | 1,491 | 1,491 | 1,491 |
| Last Chance Mercantile + HHW | 594 | 103 | 935 | 935 | 935 | 935 |
| Other Sales | 1,013 | 930 | 1,120 | 1,120 | 1,120 | 1,120 |
| SUBTOTAL | 2,931 | 2,564 | 3,546 | 3,546 | 3,546 | 3,546 |
| TOTAL OPERATING REVENUES | 39,631 | 36,409 | 39,287 | 40,929 | 41,833 | 42,763 |

NOTES TO FIVE-YEAR PROJECTIONS:

Revenue

- Disposal tonnage projected to return to prev. levels beginning FY21/22
- Disposal rate increases of 3% per year in outer years
-

Expenses

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

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.

| FY 2020-21 BUDGET | | AMENDED-DRAFT | | | | |
|--|---------------|----------------------|----------------|----------------|----------------|----------------|
| All \$\$ in Thousands | 19/20 Audited | 20/21 Budget Amended | 21/22 | 22/23 | 23/24 | 24/25 |
| OPERATING EXPENSES | | | | | | |
| SALARY EXPENSES | | | | | | |
| Wages | 12,244 | 9,419 | 9,638 | 10,120 | 10,626 | 11,158 |
| COVID-19 Essential Service Safety and Attendance Award | | 220 | | | | |
| Taxes & Benefits | | | | | | |
| Healthcare | 3,120 | 2,064 | 2,184 | 2,294 | 2,408 | 2,529 |
| CalPERS | 2,675 | 1,666 | 2,217 | 2,429 | 2,657 | 2,901 |
| Workers Compensation | 753 | 630 | 690 | 724 | 761 | 799 |
| Taxes | 147 | 131 | 145 | 153 | 160 | 168 |
| Other Benefits | 239 | 557 | 215 | 225 | 237 | 248 |
| Total Taxes & Benefits | 6,933 | 5,047 | 5,451 | 5,825 | 6,222 | 6,645 |
| SUBTOTAL | 19,177 | 14,687 | 15,089 | 15,945 | 16,849 | 17,803 |
| NON-SALARY EXPENSES | | | | | | |
| Amortization & Depreciation | 4,080 | 4,142 | 4,410 | 4,542 | 4,679 | 4,819 |
| Closure/Post Closure Costs | 355 | 377 | 389 | 400 | 412 | 425 |
| Contractual Services | 384 | 653 | 408 | 421 | 433 | 446 |
| Environmental Services | 331 | 527 | 387 | 399 | 410 | 423 |
| Gasoline, Oil & Fuel | 918 | 1,078 | 791 | 814 | 839 | 864 |
| Hazardous Waste Disposal | 305 | 269 | 323 | 333 | 343 | 353 |
| Insurance | 466 | 575 | 604 | 622 | 641 | 660 |
| Office Expense | 554 | 308 | 244 | 252 | 259 | 267 |
| Operating Supplies | 1,077 | 1,452 | 1,159 | 1,193 | 1,229 | 1,266 |
| Professional Services | 788 | 1,215 | 1,252 | 1,290 | 1,329 | 1,368 |
| Public Awareness | 163 | 144 | 158 | 163 | 168 | 173 |
| Recycling Services | 2,322 | 1,815 | 1,725 | 1,776 | 1,830 | 1,885 |
| Repairs & Maintenance | 3,221 | 3,185 | 2,946 | 3,035 | 3,126 | 3,219 |
| Safety Equip/Supplies/Training | 258 | 237 | 258 | 266 | 274 | 282 |
| Taxes & Surcharges | 1,393 | 1,432 | 1,509 | 1,554 | 1,601 | 1,649 |
| Training/Meetings/Education | 77 | 74 | 190 | 196 | 202 | 208 |
| Utilities | 109 | 123 | 121 | 125 | 129 | 133 |
| Other Expense | 26 | 21 | 21 | 21 | 22 | 23 |
| SUBTOTAL | 16,826 | 17,625 | 16,895 | 17,402 | 17,924 | 18,462 |
| TOTAL OPERATING EXPENSES | 36,003 | 32,312 | 31,985 | 33,347 | 34,773 | 36,265 |
| NON-OPERATING REVENUE & EXPENSES | | | | | | |
| Interest Income | 753 | 450 | 95 | 95 | 95 | 95 |
| Rents & leases | 343 | 435 | 325 | 325 | 325 | 325 |
| Finance charges | 0 | 9 | 15 | 15 | 15 | 15 |
| Other Income | 28 | 0 | 0 | 0 | 0 | 0 |
| Equipment Purchases - Interest Expens | (50) | (36) | (22) | (8) | - | - |
| Revenue Bonds - Interest Expense | (945) | (2,164) | (2,068) | (1,967) | (1,861) | (1,756) |
| TOTAL NON-OPERATING EXPENSES | 131 | (1,306) | (1,655) | (1,540) | (1,426) | (1,321) |
| NET INCOME | 3,758 | 2,791 | 5,647 | 6,041 | 5,634 | 5,177 |

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MONTEREY REGIONAL
WASTE MANAGEMENT DISTRICT
Home of the Last Chance Mercantile

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PETER SKINNER
Director of Finance & Administration
TIM BROWNELL
Director of Operations
ROBERT WELLINGTON
Legal Counsel

December 24, 2020

Mr. Richard Stedman, Executive Officer
Monterey Bay Air Resources District
24580 Silver Cloud Court
Monterey, CA 93940

RE: Monterey Peninsula Landfill Air Quality Action Plan

Dear Richard,

First of all, let me thank you and your staff for your patience in working with the MRWMD as we work on our internal processes to drive to better compliance. With that in mind, I had suggested that the District would provide you with this update of Monterey Regional Waste Management District's (MRWMD) Action Plan to address shortcomings in LFG fugitive emission control and related air compliance monitoring, recordkeeping, and reporting for the Monterey Peninsula Landfill. The Action Plan being implemented consists of the following:

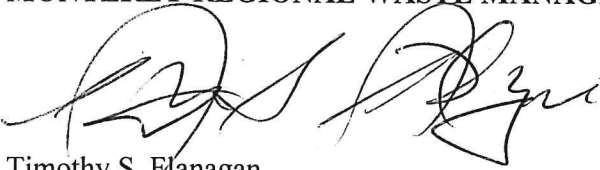
1. Third-party internal audit of Air Compliance monitoring, recordkeeping, and reporting activities. This endeavor is currently in-progress.
2. Separate third-party independent peer review of the third-party internal Air Compliance audit (noted in item #1). Scheduled to follow the internal audit documentation. This 3rd party review of this process will be developed to make sure we are adopting "best practices" not currently being practiced.
3. Implementation of the recommendations received from Items #1 and 2 above including, but not limited to, the addition of internal employee resource(s) and external consultant resource(s).
4. Documentation of the third-party recommendations and other Best Management Practices (BMPs) in a site-specific Air Compliance Plan.
5. Operations review of the landfill's Gas Collection and Control System (GCCS) by an experienced third-party which will include, but will not be limited to, the internal combustion engine-generator sets and the enclosed LFG flare. Implementation of recommendations resulting from the GCCS operations review.
6. Operations review of the solid waste disposal operations by an experienced third-party. Implementation of recommendations resulting from the solid waste disposal operations review.
7. Completion of drilling of 13 new vertical LFG extraction wells between December 9th and December 13th. These 13 extraction wells are part of the planned installation of 25 new vertical landfill gas collection wells approved by the Board of Directors in March 2020. These LFG extraction wells include a new feature consisting of a membrane added to the upper bore seal for enhanced surface emission control (2019 design) around the well. The remaining 12 extraction wells are planned for installation in January. This funding is present in our FY 20/21 Capital Budget Plan adopted by our Board.

CLOSING

MRWMD recognizes the significant importance of air compliance in the success of our goals and responsibility as a public entity serving the community. MRWMD will continue to coordinate with MBARD on these important matters and provide reports of progress of our Action Plan.

Sincerely,

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

A handwritten signature in black ink, appearing to read 'Timothy S. Flanagan', is written over the printed name and title.

Timothy S. Flanagan
General Manager



Memorandum

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

Reviewed by: DA Date: 1/8/2021
General Manager

DATE: January 8, 2021
TO: Personnel Committee and Finance Committee
FROM: Peter Skinner, Director of Finance and Administration
SUBJECT: Update on COVID19 Impact on District and Proposal for COVID-19 Safety Incentive

RECOMMENDATION: Informational Only

1. IMPACT OF FFCRA ON THE DISTRICT

In response to the COVID-19 pandemic, the federal government enacted the Families First Coronavirus Response Act (FFCRA) in mid-March 2020, requiring certain employers to provide their employees with emergency paid sick leave and expanded family and medical leave for five specified reasons related to COVID-19. Depending on the qualifying reasons for an employee's absence, the regulation required employers to pay an employee's wages – either 2/3rds or 100% of their regular wages for each day off. Qualifying reasons included absences due to employee or family member illness and childcare issues related to the closure of schools or daycare centers. The District was required to comply with this regulation and while certain employers qualified for tax credits for dollars spent in its implementation, the District does not qualify for the tax credits, as a special district.

Since the start of the pandemic in March 2020, there have been 58 instances of employee absences related to COVID19, ranging from a few days to three months (the maximum required by the regulation for school/ childcare closures). Of those, thirteen (13) employees were granted a leave of absence due to their own illness. Fortunately, none of the confirmed cases was traced to exposures at the District and we believe that this is due in part to the District's early implementation of safety protocols as well as the immediate isolation of confirmed cases encouraged by providing emergency paid sick leave.

The FFCRA expired on December 31, 2020. However, the new COVID-19 relief package that was recently passed by Congress and signed by the President provided employers with the option of voluntarily continuing those programs. Under the new law, employers are not required to continuing providing paid leave, but may choose to continue providing the paid leave that would have been required by the FFCRA from January 1 through March 31, 2021. Employers who were covered by the FFCRA in 2020 who choose to continue providing paid leave can continue to claim a tax credit to cover the cost of voluntarily providing the FFCRA leaves through March 31, if they were eligible for the tax credit. Again, Special Districts are not eligible.

In consideration of the current surge in infections in the state and locally, the Staff intends to continue the program to encourage employees to stay home and self-quarantine if they have symptoms of COVID-19 or have been exposed to a confirmed case. The extension will continue as long as the need continues to exist, or until a majority of employees have been vaccinated and the District is able to afford it. We believe the risks and cost of shutting operations due to an outbreak at work would be much higher than to continue to pay employees to stay home if they meet the eligibility criteria for emergency paid sick leave.

Staff will be available to provide further clarification and to answer any questions you may have regarding the above-referenced policy and process.

2. NEW CalOSHA COVID-19 REPORTING REQUIREMENTS

On 11/30/2020 an emergency Cal OSHA regulation went into effect requiring employers create a written COVID-19 Prevention Plan; conduct COVID-19 workplace evaluations & risk assessments; and implement COVID-19 preventive measures, inspections, and training for all employees. This regulation defines a COVID-19 workplace outbreak as 3 cases within 14-days and a major outbreak as 20 cases at a workplace in 30-days. Workplaces experiencing either an outbreak or major outbreak require: 1) weekly COVID-19 testing of all employees present at the workplace during working hours; and 2) COVID-19 case investigations, with additional corrective actions that include evaluating operating hour reductions, installing engineering controls, etc. to reduce COVID-19 exposure risk in the event of a major outbreak. The District has incorporated these requirements in its policies and procedures, provided training to all employees, and is actively monitoring the COVID-19 case counts and frequency in accordance with the new requirements. The District has yet to experience case counts that qualify as an outbreak under these regulations.

3. PROPOSAL FOR FY 20-21 COVID-19 ESSENTIAL EMPLOYEE SAFETY AND ATTENDANCE REWARD

Staff is proposing this reward program to acknowledge and thank those who have routinely reported to work on site throughout the pandemic, have practiced prescribed safety behaviors while at work (and while off work) designed to prevent infections, and have enabled the District to maintain operations without interruption or added costs.

The structure of this reward program is under review with legal counsel, due to complex public sector compensation law considerations. Staff estimates the full cost of this recognition program to be \$225,000.

At this time, the District can afford this program due to the strong financial performance experienced during the first six months of the fiscal year. Should the District experience a significant downturn financially during the second half, the reward program, if it is determined to be legally compliant and implemented, would be modified or discontinued.

Respectfully,



Peter Skinner