

NOTICE & AGENDA



Finance Committee Meeting

June 7, 2023, 9:00 a.m.

In-Person: Bales Board Room

Virtually: <https://us02web.zoom.us/j/89500411368>

Meeting ID: 895 0041 1368

Board Members will be attending this meeting in-Person: Bales Board Room (or otherwise virtually via applicable teleconferencing provisions set forth in the Brown Act). The public may attend this meeting under either option of a hybrid format: In-person, as noted above, or virtually.

Please see the meeting information notice at the end of this agenda for more details.

Call to Order

Just Cause Notifications and Emergency Circumstance Requests (AB 2449)

Roll Call & Establishment of Quorum

Committee Chair: Leo Laska, Pebble Beach Community Services District

Directors: Kim Shirley, City of Del Rey Oaks
Bill Peake, City of Pacific Grove

Public Communications

Anyone wishing to address the Board 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. For information about submitting public comments in writing in advance of the meeting, please see the Meeting Information section of this agenda.

Discussion/Action

1. Approve May 3, 2023 Finance Committee Minutes.

Recommendation: Approve May 3, 2023 Finance Committee Minutes

2. Presentation of Draft Final Budget for FY 2023/24.

Recommendation: Support Board Approval

3. Discuss Drafting Closure and Post Closure Reserve Policy.

Recommendation: Provide Direction to Staff

4. Update on Draft White Paper.

Recommendation: Provide Direction to Staff

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Let's not waste this.



5. Declaration of Surplus Equipment

Recommendation: Support Board Approval

6. Review Waste Connections Cold Canyon Processing Facility Agreement

Recommendation: Support Board Approval

General Manager Communications

Discuss Future Agenda Items

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, real property negotiations or to confer with the ReGen Monterey's Meyers-Milias-Brown Act representative.

Return to Open Session

Please note: A report out and announcement concerning the closed session will be provided. Anyone requesting a report out of closed session items may contact the board clerk.

Adjournment

Next Meeting Date: July 5, 2023

MEETING INFORMATION

Virtual & Regular Meeting Notice: The meeting will be held (1) as a regular in-person meeting and (2) virtually via Zoom.

To join the Zoom webinar: Click on this link: <https://us02web.zoom.us/j/89500411368> 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: 895 0041 1368**

Public Comments: If you are unable to participate virtually or via telephone, you may also submit your comments by e-mailing the board clerk at IGonzales@ReGenMonterey.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 p.m. on the day prior to the scheduled meeting. All submitted comments will be provided to the Board and may be read into the record or compiled as part of the record.

Posting Information

This agenda was posted at the ReGen Monterey administrative offices at 14201 Del Monte Blvd, Salinas, CA, 93908. The agenda, including staff reports and additional information regarding these items, are available on our website at ReGenMonterey.org and our administrative office during regular business hours (additional fee may apply for copying).



This agenda is subject to revision and may be amended prior to the scheduled meeting. If amended, a final agenda will be reposted.

Accessibility

All meetings are open to the public. ReGen Monterey does not discriminate against persons with disabilities and the boardroom is wheelchair accessible. In compliance with the Americans Disabilities Act, if you need special assistance to participate, please contact Board Clerk, Ida Gonzales at 831-384-5313 or email IGonzales@ReGenMonterey.org. Notification 48 hours prior to the meeting will enable us to make reasonable arrangements to ensure accessibility to this meeting. Later requests will be accommodated to the extent feasible. Recordings of meetings can be provided upon request.

DRAFT MINUTES



The Finance Committee met on May 3, 2023, at 9:00 a.m., at the District administrative offices and via Zoom virtual conference. Committee members in attendance were Directors Laska, Shirley and Peake. Staff members in attendance were Felipe Melchor, Guy Petrabor, Helen Rodriguez, Jay Ramos, Garth Gregson and Ida Gonzales. Legal counsel Rob Wellington was also in attendance.

1. Discussion of FY 2023/24 Proposed District Fee Increase and Preliminary Budget

Staff presented the preliminary budget for FY 2023/24 and reviewed the assumptions made in the budget along with expected revenue and expenditures for the next fiscal year. There was discussion and questions and comments from the Committee. This preliminary budget will be presented at the Board meeting on May 19.

2. Construction Quality Control (CQC) and Construction Quality Assurance (CQA) for Monitoring of Module 7 Landfill Liner Construction.

Staff presented information about the Construction Quality Control and Construction Quality Assurance for the construction of Module 7. Staff is proposing the monitoring to be done by a third-party engineering services firm Geo-Logic Associates. This firm was involved in the development of modules 4 through 6 and is familiar with District operations. There was discussion and the Committee recommended presenting the report at the May Board meeting.

3. Discuss Draft Lease and Feasibility Study Agreement for the Sitos Group and Biochar Pilot Study.

Staff presented information about a draft lease with the Sitos Group regarding the operation of their biochar equipment on District property. This term of the pilot study that would run until June 20, 2024 and there would be an option to extend the lease for an additional year. There was discussion and the Committee recommended presenting the draft lease at the May Board meeting.

4. Discuss Compost Facility Permit Transfer to District.

The compost facility that is on District property is currently operated by Keith Day Company. There is a facility permit issued by the State and a permit issued by the County. Keith Day Company owns the State permit and the District owns the local permit. There is a desire by both parties to have the District own both permits. District staff has investigated the process to transfer the State issued permit to the District and found it would take 60-90 days to complete the transfer. There was discussion and questions from the Committee and the Committee recommended presenting the permit transfer request at the May Board meeting.

5. Update on Draft White Paper

Staff presented information on the status of the White Paper. Part 1 is completed and addresses solid waste practices in the entire industry. Part 2 of the White Paper will address the solid waste practices at the District. There was discussion with the Committee. This item is being presented for information only. An updated draft of the White Paper will be presented at the June committee meeting.

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6. Discuss Remodel/Improvements to Shop Addition Second Floor and the Administration Building.

Staff presented information about the proposed remodel and additions to the administration and shop buildings. Staff is requesting that a site plan be prepared for the proposed modifications to the two buildings. Staff estimates the cost of the site plan would be \$100,000. There was discussion with the Committee and this item will be included in the Fiscal 2024 District budget.

General Manager Communications

The General Manager gave information on the following items.

- a) **Microgrid Conference:** Some District staff will be attending a microgrid conference in May.
- b) **Leadership Sessions:** District Directors, managers and supervisors are continuing with the leadership training sessions.

The meeting adjourned at 10:33am.

Next Meeting Date: June 7, 2023 at 9:00am.



Draft Final Budget

Fiscal Year 2023/2024

**Presented to the Finance & Personnel
Committees**

June 7, 2023

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Memorandum – Accounting Manager

DATE: June 2, 2023
TO: General Manager
FROM: Accounting Manager
SUBJECT: Draft Final Budget for Fiscal Year 2023/24

RECOMMENDATION: That the Board approve the Draft Final Budget for Fiscal Year 2023/24.

Enclosed for your review is the Final Budget for Fiscal Year (FY) 2023/24.

For FY23/24, staff estimates Revenues to be \$51,150,400. This is an increase of \$2,769,000 (5.7%) compared to the FY22/23 Budget and is due to the following factors:

- \$6,408,000 increase (19.3%) in disposal fees, due to a 5% increase in disposal fees and increase in material volumes originating from within and outside of Monterey County.
- \$4,734,000 decrease (38.1%) in MRF revenues, including commodities sales, processing fees and CRV revenue due to lower commodity prices.
- \$1,080,000 increase (60.0%) in projected power revenue resulting from a recalibration of estimates to align more accurately with recent experiences.

Operating Expenses for FY23/24 are projected to be \$42,133,000. This is an increase of \$5,297,000 (14.4%) from the FY22/23 Budget. Personnel expenses increase by \$2.5M (15.5%). Please see the accompanying memorandum from the HR Manager for details on personnel changes. Non-personnel expenses are projected to increase \$2.7M, or 13.5% compared to the FY22/23 Budget. Fuel costs are projected to increase \$1,200,000 due to fuel prices continuing to be high. Property and liability insurance expense is projected to increase \$350,000 (33.3%). Recycling services are projected to increase \$975,000 (43.8%) due to higher volume of material and higher processing fees.

Non-Operating Expenses for FY23/24 equals \$461,000, which includes interest expense on the 2018 and 2021 Revenue Bonds at \$1,265,000, partially offset by income from leases, investments and other charges equal to \$805,000.

Capital Outlay requests for FY23/23 equals \$22,137, a decrease of over \$550,000 from the FY22/23 Budget. Mobile Equipment requests of \$3,197,000s for the year include the replacement of a 2001 Cat 627G scraper (\$1,200,000), replacement of a 2002 Deere T3 loader (\$350,000) and a shop service truck (\$200,000). Capital Improvement projects include completion of the M1W-AWPF power connection (\$3,500,000), MRWMD-M1W Joint Agency microgrid (\$900,000), Development work on landfill Module 7 (\$4,200,000), Scale house additions and modifications to meet ADA standards (\$1,000,000), modifications to MRF equipment (\$950,000), an above scale to be placed at the MRF (\$600,000), road paving and road improvements (\$2,250,000), compost site improvements (\$1,000,000).

Net Income is projected at \$8,556,000.

Cash provided by operations for FY23/24 is estimated at \$14,076,000 (Net Income less Depreciation and

Amortization and Closure/Post Closure Costs). Unrestricted Cash Reserves are projected to total \$15,281,000, which includes a cash operating expense reserve of \$8,427,000. The District will meet the 20% operating expense reserve in FY23/24 that has been established by the District.

The Bond Debt Service

The debt service Ratio calculated for FY23/24 is 3.46, which is above the Bond Covenant of 1.25.

Garth Gregson – Accounting Manager



Memorandum – Human Resources Manager

DATE: May 26, 2023
TO: General Manager
FROM: Director of Human Resources
SUBJECT: Draft Final FY 2023/24 Employee Compensation & Benefits Budget

RECOMMENDATION: That the Board Approve the Employee Compensation & Benefits Expenses included in the FY 2023/24 Budget.

BACKGROUND AND DISCUSSION

Based on a review of current staffing levels, workloads, department effectiveness, projections of tonnage increases and operational changes, staff informed the Board of it’s intent to increase employee headcount by five (5) positions, or 5.5 FTEs for fiscal year 2023/24. At the regular Board of Directors meeting on March 24, 2023, the Board approved adding two (2) of these positions ahead of final budget approval, based on immediate need.

The approved headcount for FY 2022/23 is 130.7 full-time equivalent (FTE) positions. The proposed headcount for FY 2023/24 is 134.20 FTEs and include the following changes:

- 1. ENGINEERING & COMPLIANCE DEPARTMENT–Add Project Manager, Regulatory Compliance Technician and Incoming Director of Engineering & Compliance. Eliminate Solid Waste Engineer position. (Net change is +2.0 FTEs. Board approved addition of 1.0 FTE on March 24, 2023.)**

Project Manager (+1): The scale of project work and operations support activities that is increasingly present at the District as it continues to grow in its breadth of diversion and disposal services to the community exceeds the current capacity of the Engineering & Compliance department. The District’s engineers are responsible for managing numerous projects that are in various stages at any given time, small and large-scale and that consume considerable time to oversee and manage properly, and which are in addition to numerous compliance and operations support activities provided to other departments. The addition of a Project Manager to the team will better align business function with appropriate talent, i.e., create bandwidth for the department engineers to focus on the technical aspect of construction and capital improvement projects and delegate project management responsibilities to a Project Manager including, but not limited to, facility maintenance projects. The appropriate classification for the Project Manager position is the OE3 Support Unit.

Regulatory Compliance Technician and Solid Waste Engineer (Net 0 FTE): The Solid Waste Engineer position was added to the organization one year ago. This position had primary responsibility for regulatory compliance tracking and reporting in addition to limited technical engineering tasks. The position became vacant in March 2023 and after careful evaluation of the department functions and staffing needs, Staff is recommending eliminating the Solid Waste Engineer and replacing it with a Regulatory Compliance Technician to perform the regulatory tracking and

reporting functions only. The Regulatory Compliance Technician role is a lower-level classification. The appropriate classification for the Regulatory Compliance Technician is the OE3 Support Unit.

Incoming Director of Engineering & Compliance (+1 FTE): Additionally, Staff proposes to hire a successor Director of Engineering to work alongside the present incumbent for period of transition of 12 months prior to the incumbent's retirement and to ensure the District has the expertise necessary to move forward the numerous high-impact, large-scale projects currently underway and support a smooth transition for ongoing support of the GM and leadership team in operations, compliance, business development, development of the District's short and long-term goals and objectives. Some of the larger-scale projects include the Module 7-Phase 3 Liner Permit/Design/Construction, the CalRecycle ORG 6 Grant for composting operations change (Windrow to CASP method), and the WMD-AWPF Medium Voltage Transmission line to the M1W drinking water purification facility and the Board's recent approval to modify the project's design to establish microgrid functionality. More importantly, there are planning endeavors that are underway that have the potential to yield significant infrastructure projects in the future. Namely, the Joint Feasibility Study with M1W (microgrid expansion and organic-to-energy studies) and the landfill permit modification/master planning {associated with an external stormwater storage facility and related stormwater conveyance/control infrastructure; a 500-year engineered flood control levee for environmental protection and liability reduction purposes; master planning and phased development of leachate/condensate/groundwater collection, storage, transfer, and possibly treatment systems for the entire 315-acre landfill; and possibly new renewable energy opportunities that might be associated with M1W needs and/or the adjacent property owners who have expressed interest for power (CalAM Desal Plant, Marina Coast Water District, Dole Storage Facility, and RAMCO).

2. LANDFILL OPERATIONS DEPARTMENT – Add Heavy Equipment Operator (HEO) (+ 1.0 FTE. Board approved March 24, 2023):

The District entered into an agreement with Waste Connection, Ltd., for an additional 250 tons per day of MSW from out of District, effective April 2022. The increase in tonnage was estimated to generate approximately \$2.15M in additional revenue per year for the duration of the four-year contract. In anticipation of this increase, one additional Heavy Equipment Operator (HEO) was added to last year's budget and while that helped manage the increase in tonnage to some extent, it has proven to be insufficient for the current disposal needs. Additionally, the recent closure of the Salinas Valley Solid Waste Authority's facility in Salinas, has resulted in an increase in vehicles and tonnage coming to the District. The YTD tonnage is 67K more than last year and while daily vehicle counts of 800+ rarely occurred in the past, it has now become the norm.

Additionally, the team includes eight (8) HEO's and one (1) supervisor and one (1) manager. Most of the department staff are earning the highest annual vacation accrual in accordance with their length of service and collective bargaining agreement. The team's combined paid time off accrual is approximately seven (7) months per year – the impact of which is that the team is often short staffed, either because of scheduled PTO or unexpected absences due to illness or other reasons.

The addition of one HEO will provide flexibility to allow long-time staff to take their much-deserved vacations and allow for the staff to better manage the workload.

3. MATERIAL RECOVERY DEPARTMENT (MRF) DEPARTMENT – Add MRF Operator (+ 1 FTE):

The reason for the addition of one MRF Operator is the same as above (HEO Operator)

4. SCALES DEPARTMENT – Add part-time Deputy Weighmaster (+ 0.5 FTE):

The construction of the scale house is soon to be underway with expected completion in the Fall 2023. The new scale house will include one additional weighmaster kiosk – an increase from four (4) to five (5) kiosks. The increase is intended to support activities that is increasingly present at the District as it continues to grow in its breadth of diversion and disposal services offered to the community. The Deputy Weighmaster position will be filled only if business needs warrant.

The overall FTE count for FY 2023/24 will increase from 130.7 to 135.2, with the changes discussed above and as shown on the graph below and on the attached organizational chart ([Attachment A](#)):

Full Time Equivalent (FTE)	
DEPT	FY 2023/24
ADMIN	4.00
COMM/PUB ED	4.00
ENG	6.00
FIN/ACCT	5.00
HR	3.00
HHW	5.00
LANDFILL	11.00
LFG	3.00
MAINT SHOP	11.00
MRF MAINT	9.00
MRF OPS	51.00
SAFETY	2.00
SCALES	6.20
SITE OPS	15.00
	135.2

COST OF LIVING ADJUSTMENT (COLA):

The Employee Compensation and Benefits Budget also include cost of living (COLA) pay increases as prescribed by the MOUs:

- Operating Engineers Local 3 Operations Unit: 4.2%
- Operating Engineers Local 3 Support Unit: 4.0% (projected, based on MOU)
- Operating Engineers Local 3 Allies Unit: 10.0% (5% COLA, plus 5% Living Wage Adjustment)
- Non-affiliated, Non-Exempt Positions: 4.0% (based on past-practice to match OE3 Support Unit)
- Management Unit: 4.2%
- Non-affiliated, Exempt Positions: 4.2% (based on past-practice to match Management Unit)

The final budget also includes a 4.2% COLA pay increase for the General Manager, based on the assumption that the Board will follow past practice of granting the incumbent the same COLA pay increase that is given to all other District managers.

EMPLOYMENT TAXES AND BENEFITS:

Please refer to the *Operating Expense Accounts, Section 2. Taxes and Benefits*, found on page 14 of this budget document for all other personnel-related expenses that are included in the Employee Total Compensation Budget.

FINANCIAL IMPACT

The financial impact to the District's FY 2023/24 Employee Compensation & Benefits budget is estimated to be a \$2,549,000 increase in personnel costs compared to FY 2022/23.

CONCLUSION

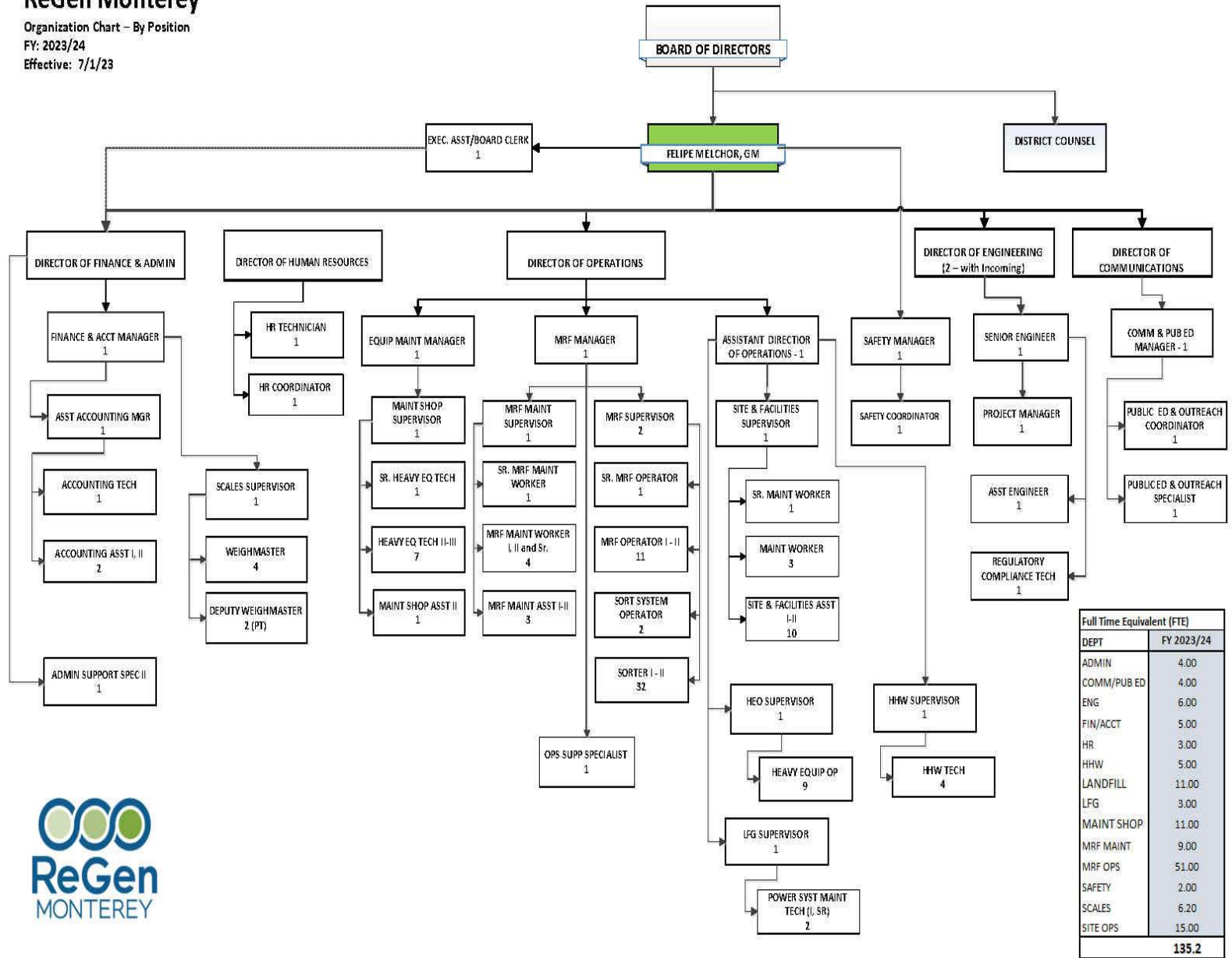
Staff requests the Board approve the Final Employee Compensation and Benefits Expenses in the amount of \$19,003,000 that are included in the FY 2023/24 Budget.

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ReGen Monterey

Organization Chart -- By Position
 FY: 2023/24
 Effective: 7/1/23



Budget Summary

Fiscal 2024 Draft Final Budget Summary ('000)

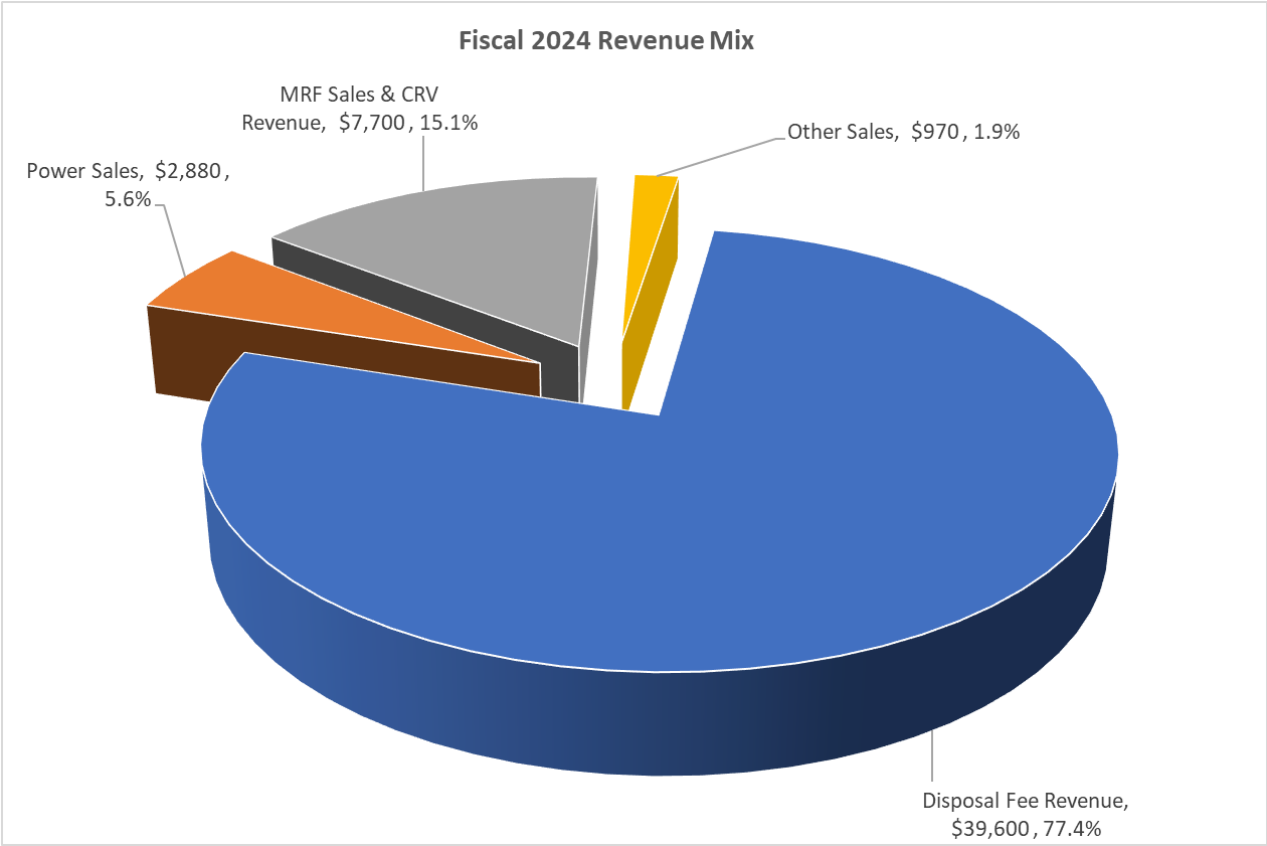
	F24 Budget	F23 Budget	F23 Est	F22 Actual
Income & Expense Summary				
Operating Revenues	\$ 51,150	\$ 48,381	\$ 46,899	\$ 39,602
Operating Expenses	42,133	36,836	36,701	35,622
Operating Income	9,017	11,545	10,198	3,980
Non-operating Expenses	(461)	(1,588)	(585)	(33)
Net Income	\$ 8,556	\$ 9,957	\$ 9,613	\$ 3,947
Cash Summary				
Beginning Unrestricted Cash	\$ 26,118	\$ 37,476	\$ 37,476	\$ 34,209
Cash from Operations				
Net Income (Loss)	8,556	9,957	9,613	3,627
Adjustments to Cash	5,520	4,800	5,195	4,435
Change in Cash from Operations	14,076	14,757	14,808	8,062
Cash from Financing Activities				
Capital Outlay	(22,137)	(22,687)	(8,705)	(11,116)
Bond and Debt Reduction	(2,710)	(2,645)	(2,645)	(1,306)
Interest Paid on Bonds and Capital Leases	(1,266)	(1,983)	(1,379)	(942)
Changes in assets and liabilities	1,200	1,200	1,200	1,025
Decrease (Increase) Restricted Reserves	-	-	-	-
Change in Cash from Financing Activities	(24,913)	(26,115)	(11,529)	(12,339)
Change in Unrestricted Cash	(10,837)	(11,358)	3,279	(4,277)
Ending Unrestricted Cash	15,281	26,118	40,755	29,932
Designations/Reserves				
Cash Operating Reserve	7,323	6,407	6,301	5,898
Other Cash	7,958	19,711	34,454	24,035
Total Unrestricted/Designated Cash	15,281	26,118	40,755	29,932
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	1,500
Environmental Impairment Fund	1,000	1,000	1,000	1,000
TOTAL CASH AS OF JUNE 30	\$ 17,781	\$ 30,968	\$ 45,605	\$ 34,782
Ratio of Net Current Rev. to Debt Service	3.46	2.59	2.59	4.02

Revenue

Total District revenues are projected to increase by 5.7% compared to the FY22/23 Budget and by about 9.3% from current fiscal year estimates. Several factors have contributed to the increase in FY23/24, including:

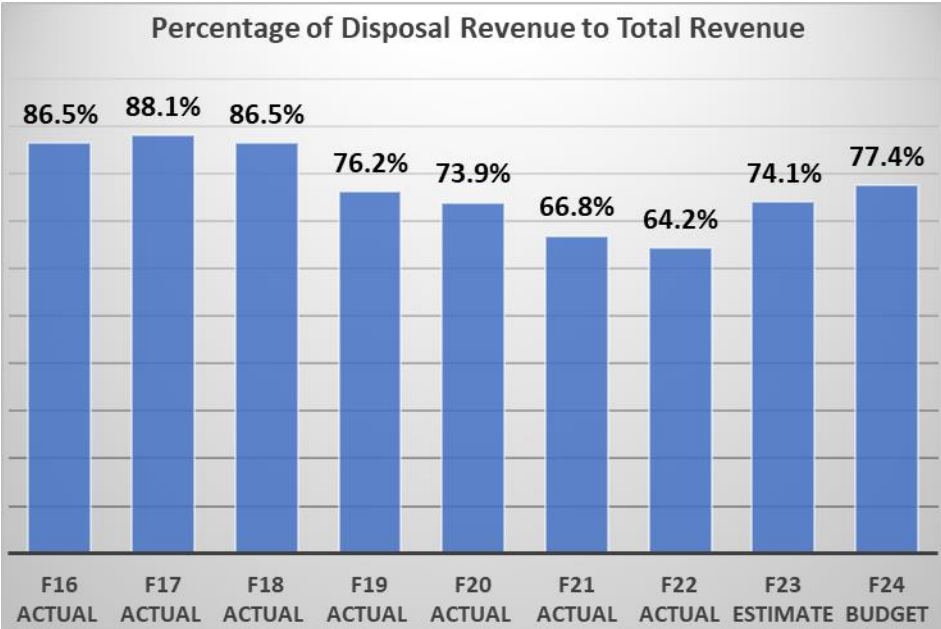
- A 5% increase to the District’s standard material disposal rates for all materials, this increase will contribute approximately \$2,100,000 in new revenue.
- An increase to the MRF processing fee for Single Stream Recyclables (SSR), contributing \$154,000 in new revenue.
- Contractual rate increases for existing regional waste customers, including the cities of Capitola, Scotts Valley and Watsonville, and the County of Santa Cruz to \$55 per ton. This will add approximately \$338,000 of revenue.
- An assumption of a modest 2% increase in material volume from all customers.

Fiscal 2024 Draft Final Budget									
All \$\$ in thousands	F24 Budget	F23 Budget	F23 Est	F22 Actual	F24 vs F23 Budget \$	F24 vs F23 Budget %	F24 vs F23 Estimate \$	F24 vs F23 Estimate %	
* Operating Revenues *									
Disposal Fee Revenue	\$ 39,600	\$ 33,192	\$ 34,749	\$ 29,330	\$ 6,408	19.3%	\$ 4,851	14.0%	
Other Sales Revenue:									
Power Sales	2,880	1,800	2,846	2,109	1,080	60.0%	34	1.2%	
MRF Sales & CRV Revenue	7,700	12,434	8,349	13,231	(4,734)	-38.1%	(649)	-7.8%	
Other Sales	970	955	955	991	15	1.6%	15	1.6%	
Total Other Sales Revenue	11,550	15,189	12,150	16,331	(3,639)	-24.0%	(600)	-3.7%	
* Total Operating Revenues *	\$ 51,150	\$ 48,381	\$ 46,899	\$ 45,661	\$ 2,769	5.7%	\$ 4,251	9.3%	



REVENUE ACCOUNTS

The District has been working to reduce dependance on disposal fees as its primary source of revenues. The second largest revenue source after disposal fees is Material Recovery Facility (MRF) revenue followed by revenue from power generation. The percentage of revenue from disposal fees had been declining from Fiscal 2016 to Fiscal 2022 however due to the decline in prices for MRF commodities in Fiscal 2023 the percentage of disposal revenue to total revenue is expected to increase in Fiscal 2024. Below is the percentage of disposal revenue to total revenue from Fiscal 2016 through Fiscal 2024.



1. Disposal Fees

Disposal Fees are projected to increase by 19%, or \$6.4M compared to the FY22/23 budget. Disposal fees make up about 77% 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 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 or Commercial customers, made up of private individuals and businesses such as construction and landscaping; 3) Regional customers located in Santa Cruz, Santa Clara and San Benito counties, whose waste is delivered by various hauling companies; and 4) GreenWaste Recovery’s (GWR) operations in Santa Clara county, which deliver post-processed waste for landfilling.



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, the Fiscal 2024 revenue projections include a 5% rate increase including the five main material types.

Material Type	Current Rate	New Rate	% Increase	Date of last increase
Solid Waste	\$70.00	\$74.00	5.7%	7/1/2022
Yard Waste	\$45.00	\$47.00	4.4%	7/1/2022
Problem Waste	\$102.00	\$107.00	4.9%	7/1/2022
Biosolids (Sewage Sludge)	\$40.00	\$42.00	5.0%	7/1/2022
Food Waste	\$61.00	\$64.00	4.7%	7/1/2022

Impact of disposal rate increases on District ratepayers

These tip fee increases are estimated to have a 1-2% 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 \$0.29 per month, or approximately \$3.50 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 one of the lowest cost disposal alternatives in the region.

2. Material Recovery Facility (MRF) Revenue

Total MRF revenue is projected to decrease by 38%, or \$4.7M. MRF revenue is derived from commodity sales, processing fees and CRV rebates. Commodity prices have decreased throughout FY22/23 and the F23/24 budget is not expecting commodity prices to fully recover to the prices in the prior two years. Staff is projecting Single Stream Recyclables (SSR) volume will be comparable to estimated volumes in FY22/23.

Projections for total MRF tons processed are as follows: Franchise Single Stream Recyclables – 14,000 tons; Other Single Stream Recyclables – 49,000 tons; Construction & Demolition processed – 42,000 tons. No MSW will be processed under the current budget assumptions.



3. 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 remain volatile due to continued market disruption caused by changing quality and quantity demands from both offshore and domestic buyers. 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 approximately 40% of total MRF material sales revenue at current projections. Total commodity sales, inclusive of CRV payments, are projected to be \$6.3M.

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 \$2.5M in revenue.

For FY23/24, the District is raising the processing fee by 5-7% per ton for some regional customers. The intent of the District is to increase the processing fee for all regional customers to \$40 per ton in FY24/25.

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 among the 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. The estimated power revenue in FY22/23 is estimated to be more than \$2M however due to the unpredictability of when the engines will be out of service due to engine repairs and maintenance staff is projecting power sales for this budget to be \$2.9M to reflect experience more accurately. Electricity prices are not expected to change from FY22/23. The Monterey One Water electrical connection from their Advance Water Purification Facility to the District's power plant may be completed during the second half of FY23/24.



4. Household Hazardous Waste & Other Sales

Household Hazardous Waste (HHW) revenues have increased in recent years to approximately \$150,000. No change in HHW drop-offs or costs are expected in FY23/24. Other Sales are not expected to change from FY19/20. These include the sale of sand, CNG for use in the truck yard fueling station and miscellaneous Operational Services - loading fees, push-offs, and certified weights.

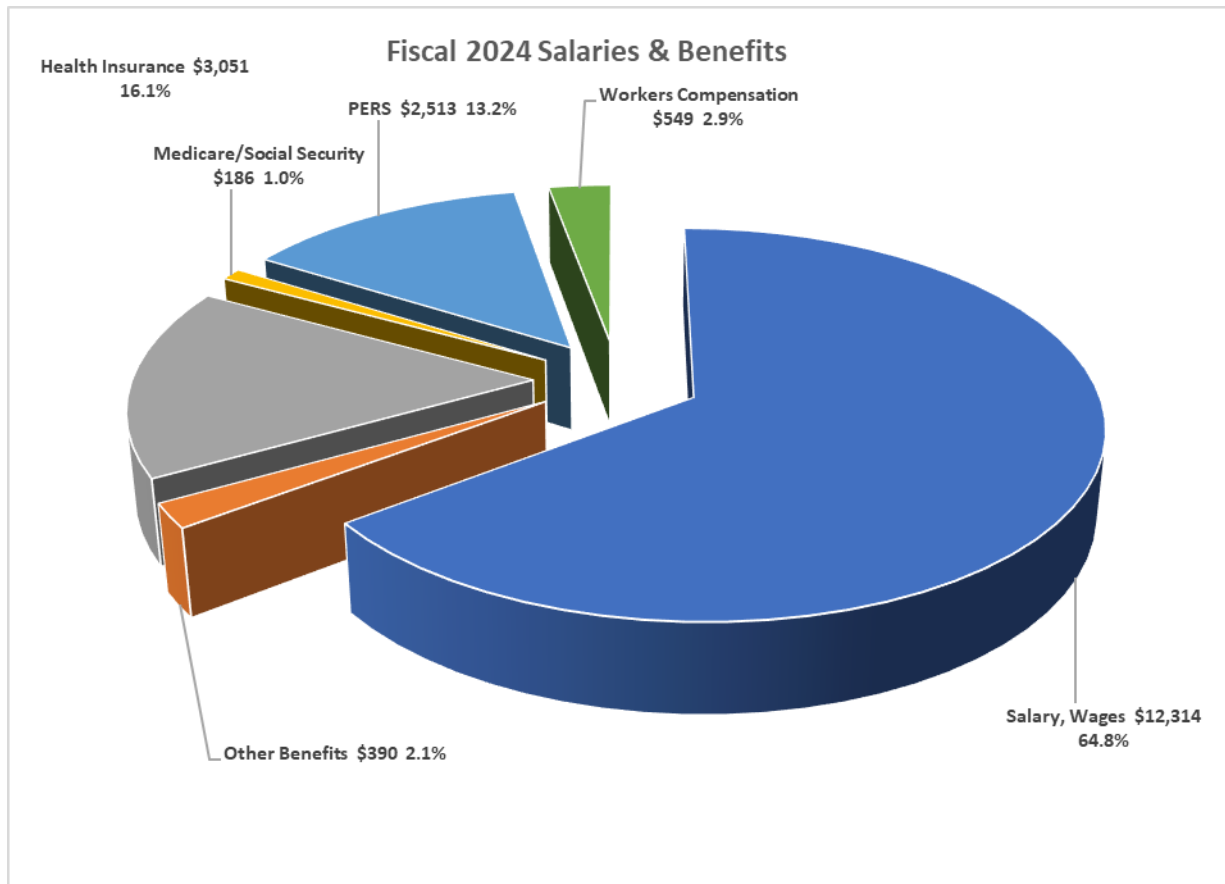


Expenses

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All \$\$ in thousands	F24 Budget	F23 Budget	F23 Est	F22 Actual	F24 vs F23 Budget \$	F24 vs F23 Budget %	F24 vs F23 Estimate \$	F24 vs F23 Estimate %
* Operating Revenues *								
Disposal Fee Revenue	\$ 39,600	\$ 33,192	\$ 34,749	\$ 29,330	\$ 6,408	19.3%	\$ 4,851	14.0%
Other Sales Revenue:								
Power Sales	2,880	1,800	2,846	2,109	1,080	60.0%	34	1.2%
MRF Sales & CRV Revenue	7,700	12,434	8,349	13,231	(4,734)	-38.1%	(649)	-7.8%
Other Sales	970	955	955	991	15	1.6%	15	1.6%
Total Other Sales Revenue	11,550	15,189	12,150	16,331	(3,639)	-24.0%	(600)	-3.7%
* Total Operating Revenues *	\$ 51,150	\$ 48,381	\$ 46,899	\$ 45,661	\$ 2,769	5.7%	\$ 4,251	9.3%
* Operating Expenses *								
Salary Expenses:								
Salary, Wages	\$12,314	\$10,846	\$11,147	\$10,036	\$1,468	13.5%	\$1,167	10.5%
Other Benefits	390	165	161	164	225	136.4%	229	142.2%
Health Insurance	3,051	2,709	2,424	2,285	342	12.6%	627	25.9%
Medicare/Social Security	186	199	157	146	(13)	-6.5%	29	18.5%
PERS	2,513	2,025	2,076	1,519	488	24.1%	437	21.1%
Workers Compensation	549	510	506	607	39	7.6%	43	8.5%
Total Salary Expenses	19,003	16,454	16,471	14,757	2,549	15.5%	2,532	15.4%
Non-Salary Expenses:								
Amortization & Depreciation	5,100	4,400	4,800	5,310	700	15.9%	300	6.3%
Closure/Post Closure Costs	420	400	395	347	20	5.0%	25	6.3%
Outside Services	769	735	701	725	34	4.6%	68	9.7%
Environmental Services	1,000	900	1,033	749	100	11.1%	(33)	-3.2%
Gasoline, Oil & Fuel	2,400	1,198	1,661	1,465	1,202	100.3%	739	44.5%
				935		64%		
Hazardous Waste Disposal	332	405	258	334	(73)	-18.0%	74	28.7%
Insurance	1,400	1,050	1,121	915	350	33.3%	279	24.9%
Office Expense	528	403	475	458	125	31.0%	53	11.2%
Operating Supplies	1,077	1,367	1,098	927	(290)	-21.2%	(21)	-1.9%
Other Expense	86	40	70	32	46	115.0%	16	22.9%
Professional Services	1,064	1,131	1,016	964	(67)	-5.9%	48	4.7%
Public Awareness	418	442	129	83	(24)	-5.4%	289	224.0%
Recycling Services	3,200	2,225	3,036	1,886	975	43.8%	164	5.4%
Repairs & Maintenance	3,467	3,483	2,658	3,372	(16)	-0.5%	809	30.4%
Safety Equip/Supplies/Training	252	355	235	224	(103)	-29.0%	17	7.2%
Taxes & Surcharges	1,189	1,411	1,219	1,408	(222)	-15.7%	(30)	-2.5%
Training/Meetings/Education	244	245	140	86	(1)	-0.4%	104	74.3%
Utilities	184	192	185	168	(8)	-4.2%	(1)	-0.5%
Total Non-Salary Expenses:	23,130	20,382	20,230	20,388	2,748	13.5%	2,900	14.3%
* Total Operating Expenses *	42,133	36,836	36,701	35,145	5,297	14.4%	5,432	14.8%
** Operating Income (Loss) **	9,017	11,545	10,198	10,516	(2,528)	-21.9%	(1,181)	-11.6%
* Nonoperating Revenues (Expenses) *	(461)	(1,588)	(585)	(33)	1,127	-71.0%	124	-100.6%
*** Change in Net Position ***	\$8,556	\$9,957	\$9,613	\$10,483	(\$1,401)	-14.1%	(\$1,057)	-11.0%

OPERATING EXPENSE ACCOUNTS

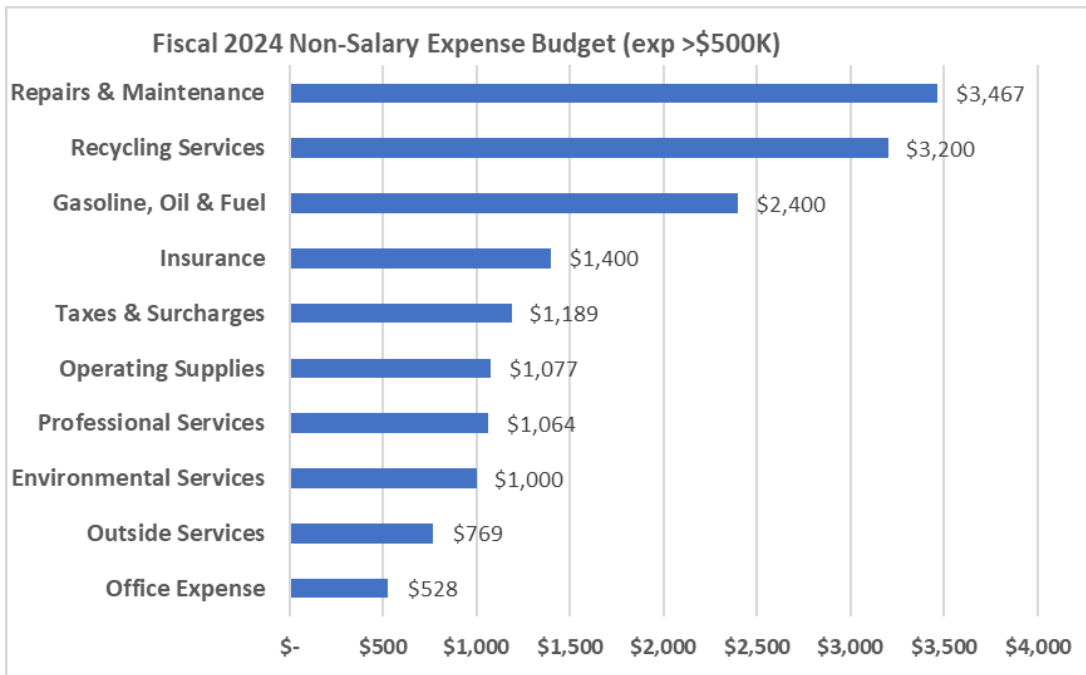


1. Wages

Total Wages increase by 13.5% compared to the FY22/23 budget, from \$10.8M to \$12.3M. 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 2023/24 memorandum found earlier in this budget document for further information.

2. Taxes & Benefits

Taxes and benefits increase by 8.8%, due mostly to staffing additions and 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 15% on January 1, 2023. The District's healthcare premiums have increased over the past three years. The District's annual CalPERS costs are projected to increase 24.1% to \$2.5M. The total pension cost as a percentage of total wages is assumed to equal 20%. Workers' Compensation costs are projected to increase to \$549,000, a 7.5% increase due to a negotiated 3-year cap on the District's experience modifier (EMOD), and no change to rates.



3. Amortization & Depreciation

This Fiscal 2024 expense reflects the District’s capital investment in equipment and facilities. Staff is projecting a 15.9% increase compared to the FY22/23 budget due to capital investments made in the past 12 months and the completion of projects that have in progress in prior years. 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 FY23/24 budget projects a small increase from the previous year.



5. Contractual Services

Contractual services costs increase to \$759,000 from \$735,000, a change of 4.6%. 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 \$1,000,000 in FY23/24, an increase of \$100,000 over the FY22/23 budget. 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 (\$36,000); surface methane monitoring (\$300,000). Landfill Gas to Energy compliance expenditures amount to \$500,000 for the year.

7. Fuels & Oils

The Fuels & Oils expense is expected to be \$2.4M which is an increase of \$1.2 million over the FY22/23 budget and \$935,000 higher than the actual FY21/22 fuel costs. Fuel prices have risen steadily over the past couple of years and are expected to remain high in Fiscal 2024. The cost of CNG fuel purchased and sold to GreenWaste Recovery for use in collection vehicles is projected to be \$600,000. 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 lamp tubes and compact florescent lamps, etc.). The projected cost for FY23/24 is \$332,000, an 18.0% decrease from the F22/23 budget.



9. Insurance

The District is projecting an increase in insurance costs from \$1.1M to \$1.4M, or 33.3%. based on information provided by the District insurance carrier (SDRMA). Insurance rate increases are the result of higher premiums in the global insurance markets in the past couple of years.

10. Office Expenses

Office Expenses are projected to increase 30.9% (\$125,000) year-over-year to \$528,000. Over \$250,000 of this total is for technology: software and related services for Administration, Accounting, Scales, MRF, Public Education & Communications and the Maintenance Shop; website development and maintenance; support services by third parties, including on-site support. Memberships, subscriptions and conference costs (\$90,000); Office supplies (\$120,000) that includes miscellaneous office costs and copier supplies and upkeep.

11. Operating Supplies

Operating Supplies have decreased by 21.2% (\$290,000) compared to the prior year, from \$1.4M to \$1.1M. The MRF Operating Supplies budget includes \$240,000 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 \$50,000, mostly for landfill site maintenance and the Landfill Gas to Energy facility includes \$50,000 for landfill gas cleanup maintenance. The Scales and the Site departments expenses make up the remainder of this expense category.

12. Professional Services

Professional Services expenses decline by 6.0% (\$67,000) to \$1.1M compared to the FY22/23 budget. Professional Services include expenditures for on-going attorney fees (\$80,000), additional legal and other services related to labor relations (\$80,000); financial service fees for auditors, payroll processing, banking and bond compliance (\$120,000); human resources spending on hiring and recruiting (\$30,000); credit card processing fees for the Scales Operations (\$125,000); Engineering-related services, such as grant administration, power project analyses, AD feasibility study, MRF & biogas enhancement analyses (\$200,000); LFG costs for power sales scheduling; and other related professional services (\$100,000).

13. Public Education & Awareness

Public Awareness expenses have decreased by \$24,000 (5.47%) from last year's budget to \$417,000. Public Awareness expenditures include funds for advertising and publications, other promotion and education activities, compliance with regulatory legislation and participating with District jurisdictions in information sharing activities.

14. Recycling Services

The Recycling Services category includes costs for processing various materials that are not handled by District staff. Recycling Services related to the processing of yard waste, wood waste, food waste and comingled food and green waste. All recycling services for those materials are performed by Keith Day & Co. and make up over 80% of recycling services category. 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 (\$350,000).

15. Repairs & Maintenance

Repair & Maintenance expenses are budgeted at \$3.5M and is essentially the same as the F21/22 budget.

The major areas of spending are in the Equipment Maintenance Shop (\$1.0M), the Landfill Gas to Energy facility (\$1.2M), and the MRF Maintenance departments (\$450,000). Other costs include maintenance of all District facilities.

16. Safety Equipment, Supplies & Services

Safety Equipment, Supplies & Service expenses are projected to decrease from the FY22/23 budget by \$102,000 to \$252,000. This expense line includes the cost of employee uniforms and safety footwear. 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 and the Monterey County Health Department fee. Both fees are based on tons landfilled and are estimated at \$1.0M; 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).

18. Training, Education & Meetings

The training budget of \$244,000 is essentially the same as the FY22/23 budget. Training is focused on job certifications and job skills development.

19. Utilities

Utilities expenses are projected to be \$184,000 in FY23/24 and this is \$9,000 (4.6%) lower than the FY22/23 budget. Utilities include miscellaneous electricity usage throughout the site in areas that cannot be served by District-generated power, and supplemental power purchased from PG&E when District power is off-line and telephone and data services.

20. Other Expenses

Other Expenses reflect FY22/23 budget 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. Expenses are the interest expense associated with the District's 2018 and 2021 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 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 2024 BUDGET - CAPITAL SPEND PLAN

All \$\$ in Thousands	21/22 Budget	22/23 Budget	23/24 Proposed	24/25	25/26	26/27	27/28
CAPITAL OUTLAY PLAN							
Mobile Equipment	2,370	5,777	3,197	2,932	2,652	2,450	1,000
Capital Improvements	14,775	16,910	18,940	15,005	10,590	11,675	16,690
TOTAL CAPITAL INVESTMENT	17,145	22,687	22,137	17,937	13,242	14,125	17,690

FY23/24 Capital Outlay Highlights

Mobile Equipment replacement and new purchases:

- Replace LF02 2001 627G T2_Scraper - \$1,200,000
- Replace SI26 2002 744 John Deere T3_Loader - \$350,000
- SH07 Sterling Shop Service Truck - \$200,000

Capital Improvement Projects:

- M1W-AWPF power connection – \$3.5M
- Module 7 development (Landfill) - \$4.2M
- Roadway paving and improvements (Site) - \$2.25M
- Scale and scale house improvements (Scales) - \$1M
- LFG management - \$800,000
- MRF 2.0 Capital Equipment Adds/Replacement - \$850,000
- Above ground scale at the MRF - \$600,000

Capital Outlay – Mobile Equipment

FY 2024 FINAL BUDGET - MOBILE EQUIPMENT CAPITAL SPEND PLAN

	21/22 Budget	22/23 Budget	23/24 Budget	24/25	25/26	26/27	27/28
MOBILE EQUIPMENT							
(AD) AD09 2005 Ford Expedition			80	-			
(LC) LC12 1999 GMC Flatbed - Chassis only			50	50			
Replace 1999 D6R Dozer - LF06		610					
Replace 2002 CAT 740 Articulated Haul Truck LF12		900					
Replace 2001 627G Scraper LF02 with articulating ejector truck		900					
(LF) LF26 D8T Dozer 2016 (Replacement FY 25/26 \$1,000,000)	110						
SI79 2006 Chev LF Sup Truck				30			
Replace LF02 2001 627G T2_Scraper			1,200				
Replace LF26 D8T T4_Dozer 2016						1,275	-
Genie Light Tower - Used			12	12	12		
MRF Bin/Box replacement	25	25					
MR18 PV500 Pacific Tec 1998 - Liquid vacuum unit - Replace	65						
Replace 2011 324DL Excavator MR43	35						
Replace 2012 966K Wheel Loader MR46 (hand down for LF26)	575	575					
Replace MR44 2008 IHC Semi Truck (MRF) w/CNG unit	150	240					
Replace MR45 2008 IHC Semi Truck (MRF) w/CNG unit	150	240					
MR47 Clark C50SL - Replace with electric forklift		135					
Miscellaneous MRF Equipment purchases/replacements	20	20					
(MR) MR37 2009 Volvo Roll-Off Truck MR37 with CNG fueled unit	325	366	-				
(MR) MR38 2009 Volvo Roll-Off Truck MR38 with CNG fueled unit	325	366	-				
Replace MR54 2014 Tractor with CNG fueled unit				300			
Replace MR57 2016 Tractor with CNG fueled unit					315		
Replace LF17 627G 2005 T3_Scraper (Eng Upgrade or Replace)					1,200		
MRF Bin/Box replacement			25	25	25	25	
MR49 Caterpillar GPC50N - 2016 Forklift Replace w/electric			100	-			
(SH) SH07 Sterling Shop Service Truck -	190		200				
Outer year equipment purchase/replacement contingency 1,000		1,000	1,000	1,000	1,000	1,000	1,000
SI54 2002 Ford F-150 4x4				40			
SI81 1998 Chev HEO Truck			30			-	
Pickup truck for site security		30					
Replace 2010 Volvo Water Truck SI58	325	370	-				
Replace SI26 2002 744 John Deere T3 Loader (Used)			350	-			
Replace SI64 2008 Volvo T3_Water truck				1,275	-		
Replace SI12 670 John Deere T1_Grader (USED)				200			
Replace SI66 2008 CAT T3_Backhoe (USED)					-	150	
Box Scraper - New	75						
CS56B Vibratory Single Drum Roller (used)			150				
305 Track Mini Excavator (used)					100		
TOTAL	2,370	5,777	3,197	2,932	2,652	2,450	1,000

Capital Outlay – Capital Improvement Projects

FY 2024 FINAL BUDGET - CAPITAL IMPROVEMENTS SPEND PLAN

	21/22 Budget	22/23 Budget	23/24 Budget	24/25	25/26	26/27	27/28
All \$\$ in Thousands							
CAPITAL IMPROVEMENT PROJECTS							
Admin Building	55	75	125	25	175	2,000	2,000
Truck Yard	50	25	50	50	350	25	25
HHW Facility	75	15	50	20	20	20	20
LCM Retail Store	120	10	150	20	20	20	20
Public Recycling Drop-off	15	15	60			75	
LFGTE Facility	75	75	75	75	75	75	75
ENG #1 - Replacement					75	2,750	
ENG #2 - Replacement						75	2,750
ENG #3 - Replacement				75	2,750		
ENG #4 - Replacement			75	2,750			
Exhaust System - LFGTE Plant ENG #1			90				
RMC Integration - LFGTE Plant Elec Meters		30					
RMC Integration - H2S Analyzer Auto System		150	125				
Blower #302 - Major			75				
Engine Room Ventilation			125				
Misc. LFG - CEC Grant	450		250			250	
M1W - AWP Power Connection	500	2,500	3,500	500			
MRWMD-M1W Joint Agency Microgrid & RE		750	900				
Energy & Organic Waste Proc. Tech. Assess.	250	250					
Compost site	2,500						
Compost Site - CASP (ORG 4 Grant)		500					
Module 7 Development	8,500	6,500	4,200				
Module 8 Development			-		250	250	9,000
Leachate Management	75	200	275	75	200	75	100
LFG Management	175	800	750	400	150	425	750
LFG Condensate Management	50	75	175	75	250	75	100
Misc. Landfill	75	150	175	75	75	100	150
Storm Water Management	75	75	250	250	250	250	250
SWFP/WDR - Permit Amendment		150	275	250	225		
Tarp machine		85					
GPS system		500					
MRF 2.0 Capital Equipment Adds/Replacement	50		850	450		150	100
MRF C&D Tip Pad - external			100	1,750			
MRF Fall Protection Equipment		80					
MRF 2.5 C&D Concept Design/Evaluation				250	150		
MRF EQUIP OPT Investment	75			750	750		
MRF Fire Sprinkler Capital Replacement		150	175				500
Scales -Above ground at the MRF			600				
Scales - 3 New Below-Grade Decks		15	15	15	300	300	300
Scale House Add. + ADA + Restrooms	350	900	1,000				
Maintenance Shop Building - planning		50		125	3,000		50
Shop - Air Compressor			50				
Shop Addition BLDG - 2nd Level Office		-	75	750			50
Old Shop Building - planning					125	1,500	50
Wash Pad Facility			25			10	150
Site Entrance Upgrade		50					
Paved Roads - Entrance + 4-way Intersection	1,160	2,150					
Windrow Compost - Permit Transfer			75				
Windrow Compost - Air Permit			75				
Compost Site - CASP (ORG 6 Grant)			1,000	6,000			
Energy & Organic Waste Proc. Tech. Assess.			250				
Domestic Water Treatment / Meters			75				
Site Appearance Upgrade - LS design +			75	175	150	150	150
Paved Roads - Entrance + 4-way Intersection		150	2,250		150	2,000	
Paved Roads - site					1,000	1,000	
Misc. Site - ('22/'23 stripping)	50	45	50	50	50	50	50
Misc. Facilities - ('22/'23 signage)	50	45	50	50	50	50	50
Campus Electrification - PG&E NG Termination		345	400				
TOTAL	14,775	16,910	18,940	15,005	10,590	11,675	16,690

Mobile Equipment Descriptions

The following items describe proposed Mobile Equipment investments by department for FY22/23 through FY 27/28.

Administration

FY23/24: \$80,000 – Replacement of 2005 Ford Expedition.

Landfill Operations

FY23/24: – Replacement of 2001 627G scraper.

Materials Recovery Facility

FY23/24: \$25,000 – MRF bin/boxes.

Total outer year investments: \$1,890,000 – Replace 2011 324D excavator

Equipment Maintenance Shop

FY23/24 investment: \$200,000 - Replacement of 2000 Sterling service truck. The service truck has to be replaced with a 2011 model or newer service truck to avoid enforcement action by CARB.

Total outer year investments: \$4M – For FY23/24 to FY27/28 contingency funds have been set set aside to fund expected, but as-yet unspecified, mobile equipment investments necessary to support all District operations.

Site and Facilities

FY23/24 investment: \$350,000 - Replacement of 2002 John Deere T3 loader (\$350,000), purchase of used pick-up truck for site and LCM security.

Total outer year investments: \$1,665,000 – Outer year investments include replacement of a 2008 water truck, John Deere T1 grader, Cat T3 backhoe, and a small dump truck (1.28M).

Capital Outlay – Capital Improvements

The five-year projection of Capital Improvement Projects presented in the referenced budget table reflects expected investments required to continue existing operations, meet known regulatory obligations, develop five new infrastructure projects, capital improvements to the main entrance road; at the front gate area and at the 4-way intersection before the entrance truck scales. The five significant infrastructure projects include the Landfill Module 7 development; expansion of the landfill gas collection and control system (GCCS) for the abandonment and replacement of old collection wells; the renovation of the scale house inclusive of accessibility features for ADA compliance and replacement of the exterior common area restroom at the Administration Building; permitting-construction of a medium voltage (4160V) electrical transmission line to Monterey One Water's (M1W) Advanced Water Purification Facility (AWPF); and design-permitting-construction of a Covered Aerated Static Pile (CASP) Composting System to replace the standard windrow compost method. The FY23/24 capital improvements plan addresses 1) deferred capital spending on capital maintenance or replacement of aging infrastructure since the 2005 time period following rate increase deferrals and a significant economic recession, 2) delayed and deferred projects since mid-2020 as impacted by the COVID-19 pandemic, and 3) the increase in business activity resulting in higher recycling and disposal volumes; and the recent decision to provide disposal service to the Gilroy and Morgan Hill communities due to capacity restrictions at the John Smith Road Landfill in San Benito County. The doubling of disposal volumes over the past decade causes the increasing rate and frequency of capital improvement projects for the landfill and its environmental control systems.

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 2018 and 2021 Revenue Bonds. The minimum required ratio is 1.25.

All \$\$ in Thousands	Fiscal 2024 Final Budget								
	20/21 Actual	21/22 Actual	22/23 Est	22/23 Budget	23/24 Budget	24/25	25/26	26/27	27/28
DEBT SCHEDULE									
DEBT ISSUANCE									
Refinancing									
Revenue Bond Financing 2021		24,910							
Total Debt Proceeds	-	24,910	-	-	-	-	-	-	-
2018 Revenue Bonds									
Interest Expenses	1,070	1,031	990	990	947	902	854	804	752
Principal	780	820	860	860	905	950	1,000	1,045	1,100
Total 2018 Bond Debt Service	1,850	1,851	1,850	1,850	1,852	1,852	1,854	1,849	1,852
2021 Revenue Bonds									
Interest Expenses	-	-	121	428	415	396	371	343	312
Principal	-	-	1,605	1,785	1,805	1,820	1,845	1,905	1,905
Total 2021 Bond Debt Service	-	-	1,726	2,213	2,220	2,216	2,216	2,248	2,217
Capital Equipment - Interest									
2016/17 Compactor	12	6	-	-	-	-	-	-	-
2017/18 Dozer & Loader	32	24	16	8	-	-	-	-	-
Capital Equipment - Principal									
2016/17 Compactor	236	241	-	-	-	-	-	-	-
2017/18 Dozer & Loader	236	244	252	-	-	-	-	-	-
Total Debt Service									
Total Interest	1,106	1,054	1,119	1,418	1,362	1,298	1,225	1,148	1,064
Total Principal	1,252	1,306	2,717	2,645	2,710	2,770	2,845	2,950	3,005
Total Debt Service	2,358	2,359	3,836	4,063	4,072	4,068	4,070	4,098	4,069
TOTAL NET FROM FINANCING	(2,358)	22,551	(3,836)	(4,063)	(4,072)	(4,068)	(4,070)	(4,098)	(4,069)
DEBT SERVICE RATIOS									
Current Revenue	36,505	45,661	46,899	48,381	51,150	51,718	53,210	54,746	56,328
Less: Total Expenses	27,921	34,209	36,701	37,861	37,074	40,621	42,079	43,552	45,076
Net Current Revenue	8,584	9,476	10,198	10,520	14,076	11,097	11,131	11,194	11,252
Debt Principal & Interest	2,358	2,359	3,836	4,063	4,072	4,068	4,070	4,098	4,069
Ratio Net Current Rev. to Debt Service	3.64	4.02	2.66	2.59	3.46	2.73	2.73	2.73	2.77

Five-Year Outlook

Fiscal 2024 Draft Final Budget Summary ('000)

	F22 Actual	F23 Budget	F23 Est	F24 Budget	F24/25	F25/26	F26/27	F27/28
Income & Expense Summary								
Operating Revenues	\$ 45,661	\$ 48,381	\$ 46,899	\$ 51,150	\$ 51,718	\$ 53,210	\$ 54,746	\$ 56,328
Operating Expenses	34,209	36,837	36,701	42,131	43,546	45,072	46,653	48,292
Operating Income	11,452	11,544	10,198	9,019	8,172	8,138	8,093	8,037
Non-operating Expenses	132	(1,306)	(993)	(461)	(1,528)	(1,396)	(1,281)	(1,148)
Net Income	\$ 11,584	\$ 10,238	\$ 9,205	\$ 8,558	\$ 6,644	\$ 6,741	\$ 6,812	\$ 6,888
Cash Summary								
Beginning Unrestricted Cash	34,209	27,472	27,472	30,027	17,946	14,182	12,187	7,697
Cash from Operations								
Net Income (Loss)	3,627	9,956	9,608	8,558	6,644	6,741	6,812	6,888
Adjustments to Cash	4,435	4,800	5,195	5,520	5,686	5,856	6,032	6,213
Change in Cash from Operations	8,062	14,756	14,803	14,078	12,329	12,597	12,844	13,101
Cash from Financing Activities								
Capital Outlay	(11,116)	(8,217)	(8,745)	(22,652)	(12,586)	(11,086)	(13,826)	(9,766)
Bond and Debt Reduction	(2,409)	(2,502)	(2,502)	(2,616)	(2,616)	(2,616)	(2,616)	(2,616)
Interest Paid on Bonds and Capital Leases	(2,299)	(2,201)	(2,201)	(2,091)	(2,091)	(2,091)	(2,091)	(2,091)
Changes in assets and liabilities	1,025	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Decrease (Increase) Restricted Reserves	-	-	-	-	-	-	-	-
Change in Cash from Financing Activities	(14,799)	(11,720)	(12,248)	(26,159)	(16,093)	(14,593)	(17,333)	(13,273)
Change in Unrestricted Cash	(6,737)	3,036	2,555	(12,081)	(3,764)	(1,996)	(4,489)	(172)
Ending Unrestricted Cash	27,472	30,508	30,027	17,946	14,182	12,187	7,697	7,526
Designations/Reserves								
Cash Operating Reserve	5,710	6,407	6,301	7,322	7,572	7,843	8,124	8,416
Undesignated Cash	21,762	24,101	23,726	10,624	6,610	4,344	(427)	(890)
Total Unrestricted/Designated Cash	27,472	30,508	30,027	17,946	14,182	12,187	7,697	7,526
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	2,350
Closure/Post Closure Care Costs	1,500	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	1,000
TOTAL CASH AS OF JUNE 30	\$ 32,322	\$ 35,358	\$ 34,877	\$ 22,796	\$ 19,032	\$ 17,037	\$ 12,547	\$ 12,376
Ratio of Net Current Rev. to Debt Service	4.02	2.59	2.66	3.46	2.73	2.73	2.73	2.77



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 85% of total Operating Expenses, the remainder being Amortization & Depreciation and Closure/Post-Closure costs.

Finance & Administration

Account	F24 Budget	F23 Budget	Higher/Lower F23 Budget	F23 Estimate	Higher/Lower F23 Estimate
Administration					
SALARIES	\$ 648,169	\$ 576,150	\$ 72,019	\$ 510,786	\$ 137,383
EMPLOYER PAYROLL TAXES	10,937	10,434	504	7,202	3,735
EMPL. BENF.-DEFERRED COMP (457)	15,131	7,471	7,660	9,304	5,828
HEALTH INSURANCE	107,320	106,212	1,108	117,637	(10,317)
EMPL. BENF.-PERS	133,172	110,862	22,310	103,550	29,622
EMPL. BENF.-WORKERS COMP.	8,728	7,917	811	4,320	4,408
AMORT/DEP	5,100,000	4,400,000	700,000	4,800,000	300,000
MEETING SUPPLIES	20,000	10,000	10,000	18,000	2,000
MEMBERSHIPS/CONFERENCES	50,000	17,000	33,000	50,000	-
TRAVEL EXPENSE	8,000	8,000	(0)	6,000	2,000
GOVERNMENTAL FEES	180,000	200,000	(20,000)	160,000	20,000
OFFICE SUPPLIES	60,000	25,000	35,000	85,000	(25,000)
INSURANCE	1,400,000	1,050,000	350,000	1,121,000	279,000
INFO SYS SUPPLIES/SERVICES	130,000	120,000	10,000	130,000	-
OUTSIDE SERVICES	25,000	40,000	(15,000)	26,000	(1,000)
UTILITIES	100,000	120,000	(20,000)	72,000	28,000
EE RECOGNITION/GOODWILL	5,000	2,000	3,000	4,000	1,000
DONATIONS/SPONSORSHIPS	1,000	-	1,000	1,000	-
MEDICAL SERVICES	5,000	10,000	(5,000)	3,000	2,000
TRAINING/EDUCATION	10,000	28,000	(18,000)	20,000	(10,000)
LEGAL FEES	100,000	140,000	(40,000)	55,000	45,000
PROFESSIONAL SERVICES	75,000	125,000	(50,000)	125,000	(50,000)
EQUIPMENT R&M	2,000	2,000	(0)	-	2,000
EQUIPMENT RENTAL	2,000	1,000	1,000	19,000	(17,000)
FACILITIES MAINTENANCE	100,000	100,000	0	132,000	(32,000)
DIESEL & GAS	-	7,500	(7,500)	25,000	(25,000)
OPERATING SUPPLIES	40,000	25,000	15,000	51,000	(11,000)
SAFETY SUPPLIES	15,000	8,000	7,000	21,000	(6,000)
CLOSURE/POST CLOSURE COSTS	420,000	400,000	20,000	395,000	25,000
SALARIES-BOARD	20,000	32,000	(12,000)	15,000	5,000
EMPLOYER PAYROLL TAXES-BOARD	2,000	103	1,897	212	1,789
EMPL. BENF.-WORKERS COMP-BOARD	500	-	500	103	397
TRAVEL EXPENSE-BOARD	2,000	129	1,871	2,000	-
Administration Total	\$ 8,795,959	\$ 7,689,780	\$ 1,106,179	\$ 8,089,114	\$ 706,845

Account	F24 Budget	F23 Budget	Higher/Lower F23 Budget	F23 Estimate	Higher/Lower F23 Estimate
Human Resources					
SALARIES	\$ 354,877	\$ 332,387	\$ 22,489	\$ 334,048	\$ 20,829
EMPLOYER PAYROLL TAXES	6,991	4,820	2,171	4,710	2,281
EMPL. BENF.-DEFERRED COMP (457)	77,680	8,329	69,351	4,847	72,832
HEALTH INSURANCE	5,146	72,125	(66,979)	64,378	(59,232)
EMPL. BENF.-PERS	77,703	66,141	11,562	65,519	12,184
EMPL. BENF.-WORKERS COMP.	4,216	3,950	265	3,924	292
MEETING SUPPLIES	2,000	2,000	(0)	-	2,000
MEMBERSHIPS/CONFERENCES	10,000	8,000	2,000	5,000	5,000
TRAVEL EXPENSE	3,000	3,000	-	1,000	2,000
SOCIAL COMMITTEE EXPENSE	13,500	12,500	1,000	10,000	3,500
OFFICE SUPPLIES	6,000	7,200	(1,200)	6,000	-
INFO SYS SUPPLIES/SERVICES	5,000	5,000	(0)	4,000	1,000
OUTSIDE SERVICES	75,000	15,000	60,000	4,000	71,000
EE RECOGNITION/GOODWILL	40,000	20,000	20,000	26,000	14,000
EMPLOYEE WELLNESS	20,000	20,012	(12)	24,000	(4,000)
MEDICAL SERVICES	1,000	1,000	0	200	800
TRAINING/EDUCATION	56,000	56,000	(0)	11,000	45,000
LEGAL FEES	50,000	40,000	10,000	26,000	24,000
PROFESSIONAL SERVICES	100,000	50,000	50,000	7,000	93,000
OPERATING SUPPLIES	1,000	1,000	0	-	1,000
SAFETY SUPPLIES	500	500	(0)	-	500
Human Resources Total	\$ 909,612	\$ 728,965	\$ 180,647	\$ 601,627	\$ 307,986

Account	F24 Budget	F23 Budget	Higher/Lower F23 Budget	F23 Estimate	Higher/Lower F23 Estimate
Accounting					
SALARIES	\$ 527,291	\$ 498,038	\$ 29,254	\$ 510,786	\$ 16,505
EMPLOYER PAYROLL TAXES	9,907	46,883	(36,976)	7,202	2,705
EMPL. BENF.-DEFERRED COMP (457)	138,760	8,770	129,990	9,304	129,456
HEALTH INSURANCE	7,646	92,644	(84,998)	117,637	(109,991)
EMPL. BENF.-PERS	115,846	99,464	16,382	103,550	12,295
EMPL. BENF.-WORKERS COMP.	4,117	4,107	10	4,320	(203)
MEMBERSHIPS/CONFERENCES	2,000	500	1,500	250	1,750
TRAVEL EXPENSE	1,000	-	1,000	-	1,000
OFFICE SUPPLIES	10,000	5,000	5,000	12,000	(2,000)
INFO SYS SUPPLIES/SERVICES	30,000	14,000	16,000	47,000	(17,000)
OUTSIDE SERVICES	5,000	7,500	(2,500)	4,000	1,000
EE RECOGNITION/GOODWILL	2,000	1,000	1,000	3,000	(1,000)
MEDICAL SERVICES	200	500	(300)	100	100
TRAINING/EDUCATION	2,000	1,000	1,000	3,000	(1,000)
BANK FEES	30,000	18,000	12,000	30,000	-
PROFESSIONAL SERVICES	60,000	38,000	22,000	9,000	51,000
PAYROLL SERVICES	60,000	49,500	10,500	57,000	3,000
OPERATING SUPPLIES	1,000	1,000	0	-	1,000
Accounting Total	\$ 1,006,766	\$ 885,905	\$ 120,862	\$ 918,149	\$ 88,617

Engineering & Compliance, Safety

Account	F24 Budget	F23 Budget	Higher/Lower F23 Budget	F23 Estimate	Higher/Lower F23 Estimate
Engineering					
SALARIES	\$ 982,793	\$ 692,382	\$ 290,411	\$ 641,443	\$ 341,350
EMPLOYER PAYROLL TAXES	14,250	10,040	4,211	9,044	5,206
EMPL. BENF.-DEFERRED COMP (457)	23,285	10,883	12,401	11,620	11,665
HEALTH INSURANCE	137,289	101,662	35,627	62,613	74,676
EMPL. BENF.-PERS	213,368	137,278	76,089	128,400	84,967
EMPL. BENF.-WORKERS COMP.	14,054	3,567	10,487	2,074	11,980
MEETING SUPPLIES	500	500	(0)	500	-
MEMBERSHIPS/CONFERENCES	7,500	7,500	-	3,000	4,500
TRAVEL EXPENSE	8,000	7,500	500	6,000	2,000
GOVERNMENTAL FEES	3,000	2,500	500	3,000	-
OFFICE SUPPLIES	3,500	6,000	(2,500)	2,000	1,500
INFO SYS SUPPLIES/SERVICES	9,000	6,000	3,000	24,000	(15,000)
EE RECOGNITION/GOODWILL	200	150	50	-	200
MEDICAL SERVICES	200	1,000	(800)	200	-
TRAINING/EDUCATION	3,000	2,500	500	4,000	(1,000)
ENVIRONMENTAL SERVICES	250,000	400,000	(150,000)	189,000	61,000
PROFESSIONAL SERVICES	250,000	150,000	100,000	149,000	101,000
OPERATING SUPPLIES	1,000	5,000	(4,000)	-	1,000
Engineering Total	\$ 1,920,938	\$ 1,544,462	\$ 376,476	\$ 1,235,894	\$ 685,044

Account	F24 Budget	F23 Budget	Higher/Lower F23 Budget	F23 Estimate	Higher/Lower F23 Estimate
Safety & Risk Management					
SALARIES	\$ 220,922	\$ 196,842	\$ 24,080	\$ 210,433	\$ 10,490
EMPLOYER PAYROLL TAXES	3,203	2,854	349	2,967	236
EMPL. BENF.-DEFERRED COMP (457)	4,015	1,262	2,753	2,940	1,075
HEALTH INSURANCE	35,617	30,081	5,535	31,979	3,638
EMPL. BENF.-PERS	48,339	39,128	9,210	41,917	6,422
EMPL. BENF.-WORKERS COMP.	2,829	975	1,854	1,588	1,241
MEMBERSHIPS/CONFERENCES	9,820	7,000	2,820	6,287	3,533
TRAVEL EXPENSE	6,000	3,500	2,500	7,000	(1,000)
OFFICE SUPPLIES	1,200	150	1,050	2,000	(800)
MEDICAL SERVICES	2,500	5,000	(2,500)	200	2,300
TRAINING/EDUCATION	25,400	21,900	3,500	8,000	17,400
PROFESSIONAL SERVICES-WC SERV	66,126	78,000	(11,874)	61,000	5,126
OPERATING SUPPLIES	57,800	60,000	(2,200)	9,000	48,800
SAFETY SUPPLIES	9,500	8,000	1,500	9,000	500
Safety & Risk Management Total	\$ 493,272	\$ 454,693	\$ 38,579	\$ 394,310	\$ 98,961

Communications & Public Education

Account	F24 Budget	F23 Budget	Higher/Lower F23 Budget	F23 Estimate	Higher/Lower F23 Estimate
Public Education					
SALARIES	\$ 462,306	\$ 416,650	\$ 45,656	\$ 407,870	\$ 54,436
EMPLOYER PAYROLL TAXES	6,703	6,041	662	5,751	952
EMPL. BENF.-DEFERRED COMP (457)	4,255	2,817	1,437	3,313	942
HEALTH INSURANCE	90,008	97,940	(7,932)	72,289	17,719
EMPL. BENF.-PERS	101,179	82,946	18,233	87,066	14,113
EMPL. BENF.-WORKERS COMP.	5,925	2,064	3,861	1,523	4,403
MEETING SUPPLIES	500	500	(0)	100	400
MEMBERSHIPS/CONFERENCES	9,000	8,000	1,000	6,382	2,618
TRAVEL EXPENSE	2,000	3,500	(1,500)	-	2,000
OFFICE SUPPLIES	2,500	2,500	0	3,000	(500)
INFO SYS SUPPLIES/SERVICES	60,000	60,000	-	11,000	49,000
EE RECOGNITION/GOODWILL	1,000	600	400	2,000	(1,000)
DONATIONS/SPONSORSHIPS	17,000	-	17,000	15,000	2,000
MEDICAL SERVICES	500	500	(0)	-	500
TRAINING/EDUCATION	3,000	2,000	1,000	4,000	(1,000)
OPERATING SUPPLIES	1,000	1,000	0	-	1,000
SAFETY SUPPLIES	500	500	(0)	-	500
PUBLIC AWARENESS	330,000	350,000	(20,000)	90,000	240,000
PA ADVERTISEMENTS	40,000	40,000	0	22,000	18,000
EVENTS	6,300	6,500	(200)	5,000	1,300
PA PROMOTIONAL ITEMS	30,000	30,000	-	10,000	20,000
PA SCHOOL PROGRAM	10,000	15,000	(5,000)	-	10,000
Public Education Total	\$ 1,183,677	\$ 1,129,059	\$ 54,618	\$ 746,294	\$ 437,383

Materials Recovery Facility (MRF)

Account	F24 Budget	F23 Budget	Higher/Lower F23 Budget	F23 Estimate	Higher/Lower F23 Estimate
MRF Operations					
SALARIES	\$ 3,451,042	\$ 3,124,838	\$ 326,204	\$ 3,358,829	\$ 92,213
EMPLOYER PAYROLL TAXES	50,040	45,310	4,730	47,359	2,681
EMPL. BENF.-DEFERRED COMP (457)	43,408	45,938	(2,530)	42,151	1,258
HEALTH INSURANCE	1,187,850	1,060,741	127,109	858,630	329,220
EMPL. BENF.-PERS	705,277	580,651	124,627	607,928	97,349
EMPL. BENF.-WORKERS COMP.	202,991	205,071	(2,079)	209,037	(6,046)
MEMBERSHIPS/CONFERENCES	35,000	30,000	5,000	30,000	5,000
TRAVEL EXPENSE	3,000	3,000	-	1,000	2,000
GOVERNMENTAL FEES	2,400	2,400	-	2,000	400
OFFICE SUPPLIES	3,600	3,600	-	3,000	600
INFO SYS SUPPLIES/SERVICES	20,000	12,500	7,500	2,000	18,000
OUTSIDE SERVICES	250,000	204,000	46,000	275,000	(25,000)
UTILITIES	600	600	-	-	600
EE RECOGNITION/GOODWILL	10,000	5,100	4,900	8,000	2,000
MEDICAL SERVICES	12,000	12,000	-	7,000	5,000
TRAINING/EDUCATION	10,000	15,000	(5,000)	10,000	-
PROFESSIONAL SERVICES	5,000	169,987	(164,987)	5,000	-
EQUIPMENT RENTAL	6,000	6,000	-	3,000	3,000
FACILITIES MAINTENANCE	530,000	525,000	5,000	298,000	232,000
DIESEL & GAS	450,000	262,500	187,500	257,000	193,000
OPERATING SUPPLIES	300,000	341,250	(41,250)	314,000	(14,000)
SAFETY SUPPLIES	100,000	100,000	0	88,000	12,000
HW DISPOSAL	25,000	50,000	(25,000)	-	25,000
CONTRACT RECYCLING	600,000	525,000	75,000	574,000	26,000
MRF Operations Total	\$ 8,003,209	\$ 7,330,485	\$ 672,724	\$ 7,000,934	\$ 1,002,275



MRF Maintenance

Account	F24 Budget	F23 Budget	Higher/Lower F23 Budget	F23 Estimate	Higher/Lower F23 Estimate
MRF Maintenance					
SALARIES	\$ 690,236	\$ 635,454	\$ 54,782	\$ 533,899	\$ 156,337
EMPLOYER PAYROLL TAXES	10,008	9,214	794	7,528	2,480
EMPL. BENF.-DEFERRED COMP (457)	2,916	4,373	(1,457)	2,894	22
HEALTH INSURANCE	210,590	202,350	8,240	170,534	40,056
EMPL. BENF.-PERS	140,054	116,996	23,058	115,715	24,340
EMPL. BENF.-WORKERS COMP.	57,586	38,286	19,301	37,609	19,978
MEMBERSHIPS/CONFERENCES	2,000	5,000	(3,000)	-	2,000
TRAVEL EXPENSE	1,000	2,500	(1,500)	-	1,000
MEDICAL SERVICES	1,500	2,700	(1,200)	1,000	500
TRAINING/EDUCATION	10,000	20,000	(10,000)	2,000	8,000
EQUIPMENT R&M	300,000	472,000	(172,000)	165,000	135,000
EQUIPMENT RENTAL-	5,000	25,000	(20,000)	4,000	1,000
FACILITIES MAINTENANCE	20,000	-	20,000	15,000	5,000
OPERATING SUPPLIES	60,000	75,000	(15,000)	43,000	17,000
TOOL EXPENSE	10,000	-	10,000	3,000	7,000
SAFETY SUPPLIES	25,000	25,000	0	19,000	6,000
MRF Maintenance Total	\$ 1,545,892	\$ 1,633,873	\$ (87,981)	\$ 1,120,178	\$ 425,714

Landfill Operations, Site & Facilities, Scales

Account	F24 Budget	F23 Budget	Higher/Lower F23 Budget	F23 Estimate	Higher/Lower F23 Estimate
Landfill Operations					
SALARIES	\$ 1,232,524	\$ 922,771	\$ 309,753	\$ 1,086,786	\$ 145,738
EMPLOYER PAYROLL TAXES	17,872	13,380	4,491	15,324	2,548
EMPL. BENF.-DEFERRED COMP (457)	15,366	14,547	819	15,168	198
HEALTH INSURANCE	324,539	215,370	109,168	208,919	115,620
EMPL. BENF.-PERS	254,361	171,544	82,817	182,949	71,412
EMPL. BENF.-WORKERS COMP.	58,071	47,285	10,786	53,311	4,759
MEMBERSHIPS/CONFERENCES	3,000	3,000	-	480	2,520
COUNTY/STATE DISPOSAL FEES	1,000,000	1,200,000	(200,000)	1,050,000	(50,000)
OUTSIDE SERVICES	3,000	3,000	-	-	3,000
EE RECOGNITION/GOODWILL	2,000	2,000	(0)	2,000	-
MEDICAL SERVICES	500	1,000	(500)	1,000	(500)
TRAINING/EDUCATION	5,000	3,000	2,000	-	5,000
PROFESSIONAL SERVICES	50,000	50,000	(0)	259,000	(209,000)
EQUIPMENT RENTAL	75,000	125,000	(50,000)	106,000	(31,000)
FACILITIES MAINTENANCE	5,000	5,000	(0)	9,000	(4,000)
DIESEL & GAS	450,000	200,000	250,000	374,000	76,000
OPERATING SUPPLIES	100,000	200,000	(100,000)	114,000	(14,000)
SAFETY SUPPLIES	1,000	52,000	(51,000)	8,000	(7,000)
PA - ADOPT A HIGHWAY	1,500	-	1,500	2,000	(500)
Landfill Operations Total	\$ 3,598,732	\$ 3,228,898	\$ 369,834	\$ 3,487,937	\$ 110,795

Account	F24 Budget	F23 Budget	Higher/Lower F23		
			Budget	Estimate	
Site & Facilities					
SALARIES	\$ 968,440	\$ 946,729	\$ 21,711	\$ 908,193	\$ 60,247
EMPLOYER PAYROLL TAXES	14,042	13,728	315	12,806	1,237
EMPL. BENF.-DEFERRED COMP (457)	14,007	13,214	793	10,808	3,200
HEALTH INSURANCE	334,006	227,582	106,424	203,390	130,616
EMPL. BENF.-PERS	197,947	175,778	22,168	169,669	28,278
EMPL. BENF.-WORKERS COMP.	61,721	61,906	(185)	53,612	8,109
MEETING SUPPLIES	1,000	1,000	0	-	1,000
MEMBERSHIPS/CONFERENCES	3,000	3,000	-	1,000	2,000
TRAVEL EXPENSE	2,000	2,000	-	1,000	1,000
GOVERNMENTAL FEES	-	100	(100)	-	-
OFFICE SUPPLIES	5,000	500	4,500	1,000	4,000
INFO SYS SUPPLIES/SERVICES	1,000	1,500	(500)	-	1,000
OUTSIDE SERVICES	350,000	350,000	(0)	324,000	26,000
UTILITIES	70,000	60,000	10,000	101,000	(31,000)
EE RECOGNITION/GOODWILL	2,000	3,000	(1,000)	2,000	-
MEDICAL SERVICES	1,500	3,000	(1,500)	2,000	(500)
TRAINING/EDUCATION	5,000	3,000	2,000	6,000	(1,000)
PROFESSIONAL SERVICES		5,000	(5,000)	200	(200)
LEACHATE R&M		15,000	(15,000)	-	-
EQUIPMENT RENTAL	45,000	50,000	(5,000)	84,000	(39,000)
FACILITIES MAINTENANCE	60,000	100,000	(40,000)	65,000	(5,000)
DIESEL & GAS	900,000	225,000	675,000	371,000	529,000
CNG FUEL	600,000	480,000	120,000	591,000	9,000
OPERATING SUPPLIES	75,000	150,000	(75,000)	79,000	(4,000)
SAFETY SUPPLIES	15,000	50,000	(35,000)	14,000	1,000
Site & Facilities Total	\$ 3,725,663	\$ 2,941,037	\$ 784,626	\$ 3,000,677	\$ 724,986

Account	F24 Budget	F23 Budget	Higher/Lower F23		
			Budget	Estimate	
Scales					
SALARIES	\$ 528,500	\$ 459,100	\$ 69,400	\$ 452,953	\$ 75,546
EMPLOYER PAYROLL TAXES	7,663	6,657	1,006	6,387	1,277
EMPL. BENF.-DEFERRED COMP (457)	8,761	7,720	1,041	8,108	654
HEALTH INSURANCE	134,450	88,799	45,651	119,205	15,245
EMPL. BENF.-PERS	91,824	85,325	6,500	84,820	7,005
EMPL. BENF.-WORKERS COMP.	19,074	15,259	3,815	15,786	3,287
MEMBERSHIPS/CONFERENCES	1,000	2,000	(1,000)	-	1,000
GOVERNMENTAL FEES	4,000	2,500	1,500	4,000	-
OFFICE SUPPLIES	3,000	2,500	500	3,000	-
INFO SYS SUPPLIES/SERVICES	25,000	15,000	10,000	29,000	(4,000)
OUTSIDE SERVICES	5,000	12,000	(7,000)	-	5,000
EE RECOGNITION/GOODWILL	2,500	2,000	500	4,000	(1,500)
MEDICAL SERVICES	1,000	-	1,000	1,000	-
TRAINING/EDUCATION	2,500	2,000	500	1,000	1,500
CREDIT CARD FEES	135,000	125,000	10,000	123,000	12,000
EQUIPMENT R&M	30,000	25,000	5,000	34,000	(4,000)
FACILITIES MAINTENANCE	20,000	15,000	5,000	29,000	(9,000)
OPERATING SUPPLIES	2,000	-	2,000	2,000	-
SAFETY SUPPLIES	3,000	3,500	(500)	3,000	-
Scales Total	\$ 1,024,273	\$ 869,360	\$ 154,913	\$ 920,259	\$ 104,014

Organics Management

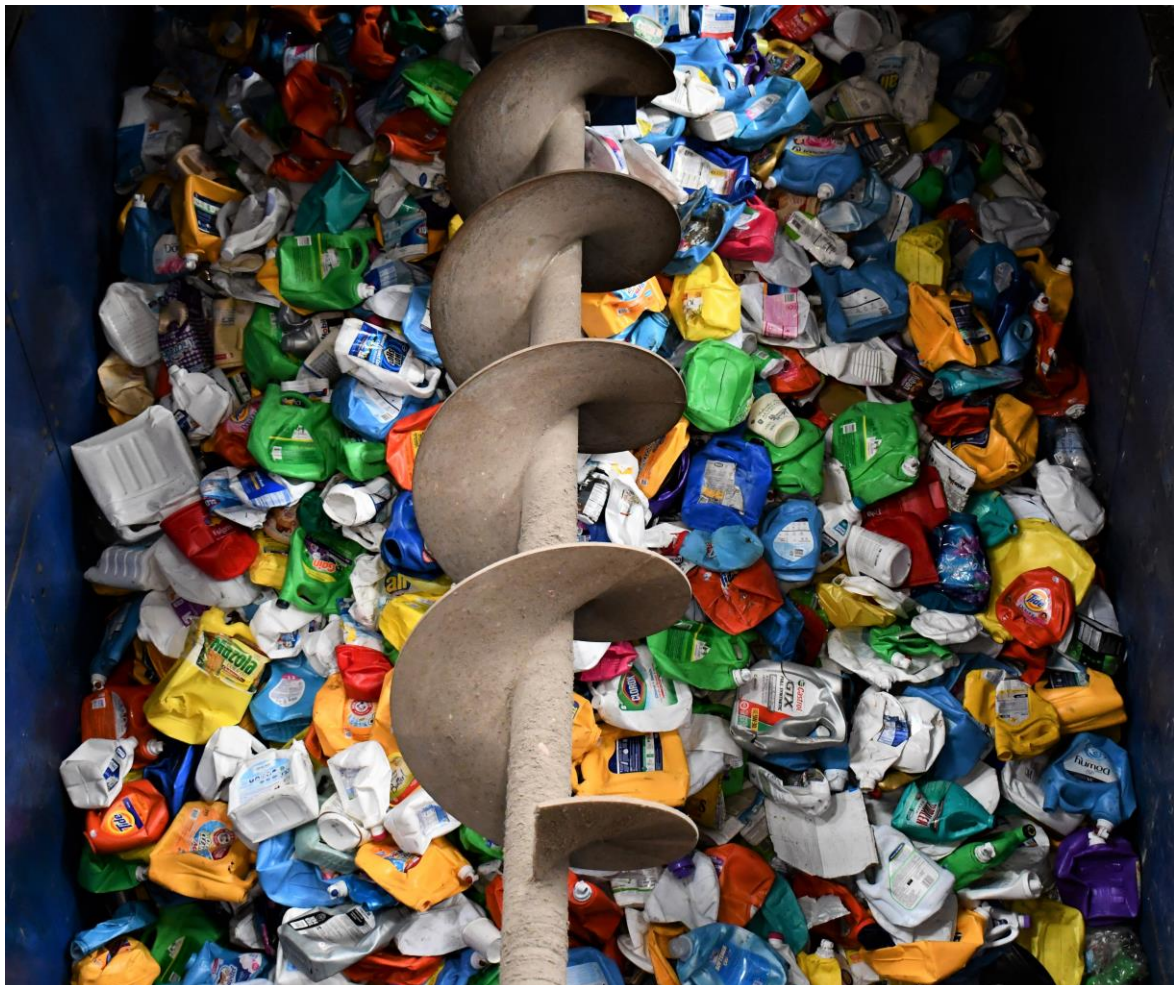
Account	F24 Budget	F23 Budget	Higher/Lower F23 Budget	F23 Estimate	Higher/Lower F23 Estimate
Organics					
CONTRACT RECYCLING	\$ 2,600,000	\$ 1,700,000	\$ 900,000	\$ 2,462,000	\$ 138,000

Landfill Gas to Energy

Account	F24 Budget	F23 Budget	Higher/Lower F23 Budget	F23 Estimate	Higher/Lower F23 Estimate
Landfill Gas					
SALARIES	\$ 488,088	\$ 398,363	\$ 89,724	\$ 485,089	\$ 2,998
EMPLOYER PAYROLL TAXES	7,077	5,776	1,301	6,840	238
EMPL. BENF.-DEFERRED COMP (457)	9,683	9,230	452	9,225	458
HEALTH INSURANCE	68,600	77,716	(9,116)	50,546	18,053
EMPL. BENF.-PERS	73,730	54,359	19,371	60,504	13,226
EMPL. BENF.-WORKERS COMP.	12,607	21,241	(8,634)	20,000	(7,393)
MEMBERSHIPS/CONFERENCES		5,000	(5,000)	350	(350)
TRAVEL EXPENSE	2,000	2,000	(0)	2,000	-
GOVERNMENTAL FEES		4,000	(4,000)	-	-
OFFICE SUPPLIES	1,000	500	500	1,000	-
INFO SYS SUPPLIES/SERVICES	2,000	2,000	(0)	-	2,000
OUTSIDE SERVICES	2,000	2,000	(0)	1,000	1,000
UTILITIES	12,000	12,000	-	11,000	1,000
EE RECOGNITION/GOODWILL	300	300	-	-	300
MEDICAL SERVICES	250	500	(250)	200	50
TRAINING/EDUCATION	10,000	5,000	5,000	5,000	5,000
ENVIRONMENTAL SERVICES	750,000	500,000	250,000	844,000	(94,000)
PROFESSIONAL SERVICES	10,000	20,000	(10,000)	1,000	9,000
POWER SALES SCHEDULING SERVICE	50,000	50,000	(0)	50,000	-
EQUIPMENT RENTAL	25,000	50,000	(25,000)	21,000	4,000
FACILITIES MAINTENANCE	10,000	20,000	(10,000)	6,000	4,000
DIESEL & GAS	-	3,000	(3,000)	15,000	(15,000)
OPERATING SUPPLIES	60,000	100,000	(40,000)	66,000	(6,000)
TOOL EXPENSE	2,000	-	2,000	1,000	1,000
SAFETY SUPPLIES	7,000	11,000	(4,000)	8,000	(1,000)
HW DISPOSAL	7,000	5,000	2,000	7,000	-
LFG GAS FIELD	10,000	25,000	(15,000)	5,000	5,000
LFG GAS SKID	100,000	70,000	30,000	38,000	62,000
R&M LFG CATERPILLAR #1	300,000	275,000	25,000	312,000	(12,000)
R&M LFG JENBACHER #2	300,000	175,000	125,000	134,000	166,000
R&M LFG JENBACHER #3	300,000	175,000	125,000	357,000	(57,000)
R&M LFG JENBACHER #4	200,000	275,000	(75,000)	147,000	53,000
LFG SWITCHGEAR	90,000	50,000	40,000	-	90,000
Landfill Gas Total	\$ 2,910,335	\$ 2,403,987	\$ 506,348	\$ 2,664,755	\$ 245,580

Household Hazardous Waste

Account	F24 Budget	F23 Budget	Higher/Lower F23 Budget	F23 Estimate	Higher/Lower F23 Estimate
Household Hazardous Waste					
SALARIES	\$ 435,942	\$ 411,013	\$ 24,930	\$ 449,468	\$ (13,526)
EMPLOYER PAYROLL TAXES	6,321	5,960	362	6,337	(16)
EMPL. BENF.-DEFERRED COMP (457)	12,214	12,217	(4)	11,835	378
HEALTH INSURANCE	108,150	82,328	25,823	80,436	27,714
EMPL. BENF.-PERS	95,802	82,203	13,599	87,008	8,793
EMPL. BENF.-WORKERS COMP.	32,918	33,086	(168)	33,532	(614)
TRAVEL EXPENSE	3,000	-	3,000	3,000	-
OFFICE SUPPLIES	500	500	(0)	1,000	(500)
INFO SYS SUPPLIES/SERVICES		500	(500)	-	-
OUTSIDE SERVICES	1,000	1,000	0	1,000	-
EE RECOGNITION/GOODWILL	600	1,000	(400)	-	600
MEDICAL SERVICES	250	1,000	(750)	-	250
TRAINING/EDUCATION	3,000	3,000	-	3,000	-
PROFESSIONAL SERVICES	2,500	2,500	0	35,000	(32,500)
EQUIPMENT R&M		1,000	(1,000)	-	-
EQUIPMENT RENTAL	1,000	-	1,000	4,000	(3,000)
FACILITIES MAINTENANCE	5,000	30,000	(25,000)	1,000	4,000
DIESEL & GAS	-	1,000	(1,000)	4,000	(4,000)
OPERATING SUPPLIES	10,000	6,000	4,000	9,000	1,000
SAFETY SUPPLIES	20,000	32,000	(12,000)	22,000	(2,000)
HW DISPOSAL	300,000	350,000	(50,000)	251,000	49,000
Household Hazardous Waste Total	\$ 1,038,197	\$ 1,056,306	\$ (18,109)	\$ 1,002,618	\$ 35,580



Last Chance Mercantile

Account	F24 Budget	F23 Budget	Higher/Lower F23 Budget	F23 Estimate	Higher/Lower F23 Estimate
Last Chance Mercantile					
HEALTH INSURANCE	\$ -	\$ -	\$ -	\$ 5,665	\$ (5,665)
OUTSIDE SERVICES	50,000	100,000	(50,000)	64,000	(14,000)
FACILITIES MAINTENANCE	10,000	50,000	(40,000)	1,000	9,000
SAFETY SUPPLIES	-	-	-	-	-
Last Chance Mercantile Total	\$ 60,000	\$ 150,000	\$ (90,000)	\$ 70,665	\$ (10,665)

Equipment Maintenance

Account	F24 Budget	F23 Budget	Higher/Lower F23 Budget	F23 Estimate	Higher/Lower F23 Estimate
Maintenance Shop					
SALARIES	\$ 1,302,400	\$ 1,203,150	\$ 99,250	\$ 1,241,528	\$ 60,872
EMPLOYER PAYROLL TAXES	18,885	17,446	1,439	17,506	1,379
EMPL. BENF.-DEFERRED COMP (457)	20,748	18,183	2,565	19,897	850
HEALTH INSURANCE	299,364	252,974	46,389	259,692	39,672
EMPL. BENF.-PERS	264,855	222,402	42,454	237,090	27,765
EMPL. BENF.-WORKERS COMP.	63,372	65,486	(2,114)	65,519	(2,147)
MEMBERSHIPS/CONFERENCES	2,400	2,400	-	1,500	900
TRAVEL EXPENSE	6,000	6,000	-	-	6,000
OFFICE SUPPLIES	3,000	3,000	-	-	3,000
INFO SYS SUPPLIES/SERVICES	12,000	12,000	-	5,000	7,000
OUTSIDE SERVICES	2,500	-	2,500	2,000	500
UTILITIES	1,500	300	1,200	1,000	500
EE RECOGNITION/GOODWILL	2,400	2,400	-	3,000	(600)
MEDICAL SERVICES	1,800	1,800	-	2,000	(200)
TRAINING/EDUCATION	15,000	15,000	-	5,000	10,000
EQUIPMENT R&M	1,000,000	1,000,000	0	862,000	138,000
EQUIPMENT RENTAL	10,000	10,000	0	3,000	7,000
FACILITIES MAINTENANCE	75,000	78,000	(3,000)	48,000	27,000
DIESEL & GAS	-	19,200	(19,200)	24,000	(24,000)
OPERATING SUPPLIES	185,000	135,000	50,000	159,000	26,000
TOOL EXPENSE	2,500	-	2,500	4,000	(1,500)
SAFETY SUPPLIES	27,500	24,000	3,500	25,000	2,500
Maintenance Shop Total	\$ 3,316,223	\$ 3,088,740	\$ 227,483	\$ 2,985,731	\$ 330,492

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

MEMO

Discussion / Action Item #: 5



Meeting Date: June 7, 2023

To: Finance Committee
From: Director of Operations, Jay Ramos
Approved by: General Manager, Felipe Melchor

Subject: Declaration of Surplus Equipment: Four HUSS Exhaust, Two DCL Mufflers, Portable Upright Electric Lift,

RECCOMENDATION

That the Board declare asset surplus and authorizes the disposition of multiple District assets by selling them for scrap, seal bid solicitation or third-party auction.

BACKGROUND

As in past practice, the request to declare certain District assets as surplus generally consists of identifying those assets that have reached the end of their useful life cycle service to the district operations. The assets defined below have been determined to meet the criteria.

FINANCIAL IMPACT

<u>ASSET #</u>	<u>Unit #</u>	<u>Description</u>	<u>Purchase Date</u>	<u>Purchase Cost</u>	<u>Net Book Value</u>	<u>Est. Market Value</u>
00934		HUSS EXHAUST ON JD 6415	1/31/2009	\$14,294.16	\$ -	Scrap Value
00937		HUSS EXHAUST ON CAT 938G	2/27/2009	\$19,314.74	\$ -	Scrap Value
00953		CAT 627G SCRAPER DCL MUFFLER	2/25/2010	\$25,668.34	\$ -	Scrap Value
00956		CAT 627G SCRAPER DCL MUFFLER	3/11/2010	\$26,360.81	\$ -	Scrap Value
00988		HUSS EXHAUST VOLVO ROLLOFF	7/01/2011	\$18,070.71	\$ -	Scrap Value
00989		HUSS EXHAUST ON JD 230LC	7/01/2011	\$18,070.72	\$ -	Scrap Value
00689	SI39	PORTABLE UPRIGHT ELECTRIC LIFT	11/3/1999	\$6,180.93	\$ -	\$400.00

CONCLUSION

It is therefore recommended that the Board declare the listed assets as surplus and authorize the disposition of the District's surplus asset by selling them for scrap, seal bid solicitation or third-party auction.

Physical Address

14201 Del Monte Blvd.
Salinas, CA 93908

Mailing Address

P.O. Box 1670
Marina, CA 93933

Phone / Fax

831-384-5313 PHONE
831-384-3567 FAX

Web / Social

ReGenMonterey.org
@ReGenMonterey

Let's not waste this.



RECYCLING AGREEMENT

THIS RECYCLING AGREEMENT (the "Agreement") is made this ____ day of June, 2023, by and between Cold Canyon Landfill, Inc., for the Cold Canyon Processing Facility ("Cold Canyon Processing Facility"), and Monterey Regional Waste Management District dba ReGen Monterey ("ReGen") with a location at 14201 Del Monte Blvd. in unincorporated Monterey County, CA 93908 (the "Facility".)

WHEREAS, ReGen owns and operates the Facility for the processing of recyclables; and

WHEREAS COLD CANYON PROCESSING FACILITY desires to sell to ReGen certain recyclable materials and ReGen wants to buy such recyclable materials.

NOW, THEREFORE, the parties, for themselves, their successors, and assigns, in consideration of their respective undertakings and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, hereby covenant, and agree as follows:

1.0 Term: The term of this Agreement shall commence July 1, 2023, and end on June 30, 2024. This Agreement shall terminate at that time, unless either party provides the other party with written notice at least thirty (30) days prior to the expiration of the then current term requesting a proposed extension of this Agreement. Acceptance of the proposed extension by the other party shall cause there to be an issuance of an amendment to the Agreement and, once approved by both parties, shall amend this Recycling Agreement. Notwithstanding the preceding conditions, either party may terminate this Agreement with a minimum sixty (60) days written notice to the other party.

2.0 Services and Rebates.

2.1 ReGen shall purchase from COLD CANYON PROCESSING FACILITY the entire quantity of loose single stream recyclable materials ("Recyclables") received from COLD CANYON PROCESSING FACILITY's recycling route collections.

2.2 ReGen shall pay COLD CANYON PROCESSING FACILITY for the Recyclables as stated below:

2.2.1 COLD CANYON PROCESSING FACILITY shall transfer the Recyclables into transfer vehicles and ReGen shall thereafter be responsible for the transportation of the Recyclables from the COLD CANYON PROCESSING FACILITY to the ReGen Facility.

2.2.2 From July 1, 2023 through June 30, 2024, the price will be \$ 10.00 per ton of Recyclables.

2.2.3 During the term of this Agreement, the Recyclables price will remain \$ 10.00 per ton until such time as an alternate price is either mutually agreed upon in writing or the Agreement is terminated.

2.3 By the 5th of each month, ReGen will provide a detailed summary of all Recyclables transferred by or on behalf of COLD CANYON PROCESSING FACILITY in the previous month. Such report shall include an itemized listing of receipts showing date and time of delivery, truck number, net weight, price per ton and extended amount payable.

2.4 ReGen shall pay COLD CANYON PROCESSING FACILITY the amount owed on or before the 15th of the month following the month of receiving the transfer of Recyclables.

2.5 Title and risk of loss of the Recyclables shall become ReGen's at time of transfer of the Recyclables to the transfer vehicle for delivery to ReGen's Facility.

2.6 During the term of the Agreement, ReGen will prepare and submit all reports required by the State of California for all jurisdictions from which Recyclables are collected by COLD CANYON PROCESSING FACILITY.

3.0 Quality.

3.1 COLD CANYON PROCESSING FACILITY warrants that at the time of transfer to ReGen, all Recyclables shall be of the type of single stream recyclable material collected from residential and commercial locations ("Specifications"). In the event a load of Recyclables fails to meet such Specifications, then ReGen shall promptly notify COLD CANYON PROCESSING FACILITY. Prior to rejecting or downgrading any Recyclables, ReGen shall immediately notify COLD CANYON PROCESSING FACILITY of such rejection, and hold such load (the "Questioned Load") for two (2) business days after such notification for COLD CANYON PROCESSING FACILITY's visual inspection. ReGen's shall also digitally photograph the Questioned Load being 'held', forward such photographs to COLD CANYON PROCESSING FACILITY via email. If a Questioned Load is determined by both ReGen and COLD CANYON PROCESSING FACILITY not to meet the Specifications, and the parties are unable to reach agreement as to an adjustment in price, COLD CANYON PROCESSING FACILITY shall, at its own cost and expense, cause the rejected load to be either transported to a location designated by COLD CANYON PROCESSING FACILITY or be disposed of by ReGen by the least costly means reasonably available to ReGen. If the parties are unable to agree or COLD CANYON PROCESSING FACILITY fails to respond in a timely manner, ReGen may reject the load and COLD CANYON PROCESSING FACILITY shall, at its own cost and expense, cause the rejected load to be either transported to a location designated by

COLD CANYON PROCESSING FACILITY or be disposed of by ReGen by the least costly means reasonably available to ReGen. If a Questioned Load was improperly rejected, all transportation and other fees or costs incurred by COLD CANYON PROCESSING FACILITY to transfer and dispose of the Questioned Shipment shall be borne by the ReGen. Failure to timely provide such notification, provide photographs, or processing of the Recyclables shall be deemed acceptance and the amount owed as set forth above shall be paid in full of no deductions.

3.2 EXCEPT AS SET FORTH ABOVE, COLD CANYON PROCESSING FACILITY HAS NOT MADE AND DOES NOT MAKE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED WITH RESPECT TO THE RECYCLABLES, THEIR MERCHANTABILITY AND/OR FITNESS FOR A PARTICULAR PURPOSE. COLD CANYON PROCESSING FACILITY SHALL NOT BE LIABLE FOR DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL, OR SPECIAL DAMAGES, INCLUDING WITHOUT LIMITATION, DAMAGES FOR LOST PROFITS OR LOST SALES, OR ANY DUTY TO DEFEND, BY REASON OF ANY DEFECTS IN THE RECYCLABLES, OR BREACH BY COLD CANYON PROCESSING FACILITY OF ITS WARRANTY. ReGen’s sole remedy for claims related to quality of the Recyclables shall be as set forth in Section 3.1 above.

4.0 Operations.

4.1 COLD CANYON PROCESSING FACILITY shall transfer (or cause to be delivered) the Recyclables to ReGen. ReGen guarantees that the wait time at its facility for deliveries shall be no more than fifteen (15) minutes. Facility shall accept Recyclables delivered by COLD CANYON PROCESSING FACILITY Monday through Friday during its normal receiving hours or as otherwise agreed by the parties. The Facilities will be closed for the following Holidays: New Year’s Day, July 4th, Thanksgiving and Christmas.

4.2 ReGen will provide all necessary equipment and supplies associated with weighing trucks under this Agreement. ReGen agrees to weigh all inbound deliveries and outbound trucks on a State Certified Scale with a current State Certified Seal.

4.3 ReGen assumes the legal obligation to ensure that all its employees are legally authorized to work in the United States pursuant to all applicable immigration laws, child labor laws, and any other applicable labor or employment law. ReGen warrants that it operates in accordance with and complies with the Immigration Reform and Control Act of 1986, and all other citizenship and immigration laws and regulations and complies with all other state and federal employment laws. Specifically, ReGen warrants that all its employees have validated identity and authorization-to-work documents pursuant to U.S. Immigration and Naturalization laws and to maintain Employment Eligibility Verification Forms (“I-9’s”) on all its employees.

4.4 ReGen shall handle, store and process the Recyclables in accordance with all applicable laws, rules and regulations promulgated by any government authority having jurisdiction over ReGen as it relates to ReGen’s obligations set forth herein, including, but not limited to all health and environmental laws, 40 CFR parts 257 and 258 (Subtitle D. Regulations), 49 CFR (Federal Transportation Regulations), and 29 CFR (OSHA Regulations). ReGen shall obtain and keep in effect any and all governmental licenses or permits required by law and provide COLD CANYON PROCESSING FACILITY copies evidencing compliance with those laws upon request.

4.5 COLD CANYON PROCESSING FACILITY makes no commitment or guarantee to the minimum or maximum quantity of Recyclables to be delivered under this Agreement.

4.6 ReGen shall recycle the Recyclables for reuse and shall not deposit any Recyclables in landfills, except such residue left after appropriate processing of such Recyclables. Unless specifically authorized in writing by COLD CANYON PROCESSING FACILITY, all material shall be Recycled and not Remarketed. “Recycled” means prior to resale or reuse all materials are (a) rendered unfit for their original use or (b) dismantled into component materials such as plastic, steel, aluminum, and glass. “Remarketed” means the resale as a product or as an operating component of a product or reuse of the material for use as it was originally intended. ReGen shall sell 100% of the Recyclables for use by pulp processing mills and other markets for non-fiber Recyclables and shall not sell for any other purpose, including but not limited to use as animal bedding.

5.0 Insurance. ReGen shall procure and maintain at its own expense, during the term of this Agreement at least the following insurance covering ReGen’s activities performed under this Agreement.

<u>Coverage</u>	<u>Limits</u>
Workers’ Compensation	Statutory
Employer’s Liability	\$1 Million each occurrence
Commercial Gen. Liability	\$2 Million per occurrence
(Including Completed Operations, Contractual Liability, Broad Form Property Damage)	\$3 Million annual aggregate
Automobile Liability	\$2 Million per occurrence \$3 Million annual aggregate

Umbrella/Excess Liability

\$5 Million per occurrence

The policy shall be endorsed to name COLD CANYON PROCESSING FACILITY, its parent company, subsidiaries and affiliates, as additional insureds to the extent of liability assumed hereunder and shall provide for thirty (30) days prior written notice of termination, cancellation or material change in coverage.

6.0 Indemnification. Each party agrees to indemnify, save harmless, and defend the other, its affiliates, officers, directors, shareholders, employees and agents (each an "indemnitee") from and against any and all liabilities, claims, penalties, forfeitures, suits, and the costs and expenses incident thereto (including costs of defense, settlement, and reasonable attorney's fees), which an indemnitee may hereafter incur, become responsible for, or pay out as a result of death or bodily injuries to any person, destruction or damage to any personal property, or any violation of governmental laws, regulations, or order to the extent caused by the other's breach of this Agreement or by any negligent act, negligent omission or willful misconduct of the other, its agents, employees or subcontractors in the performance of this Agreement. The obligations described in this paragraph shall survive termination/expiration of this Agreement.

7.0 Default. If a party defaults in the performance of any warranty, representation, term, condition or provisions contained in this Agreement, the non-defaulting party shall notify the defaulting party of the default. The defaulting party shall have thirty (30) days to remedy the default, except that if the default is in the payment of money, the defaulting party shall have ten (10) days to remedy the default. In the event of an uncured default, in addition to any other remedies available under law, the non-defaulting party may terminate this Agreement immediately upon written notice. In addition, if a party fails to pay any sums when due hereunder more than two (2) times during the term hereof, the other party shall not be required to allow the defaulting party to remedy the default and can terminate the Agreement immediately upon written notice.

8.0 Insolvency. If a party or if any Cold Canyon Processing Facility owning more than fifty (50%) percent of such party: (i) does not pay its debts as they become due; or (ii) admits in writing its inability to pay its debts; or (iii) becomes insolvent; or (iv) makes a general arrangement or assignment for the benefit of creditors; or (v) undertakes any action or other proceedings seeking relief as a debtor or otherwise under any law relating to bankruptcy, insolvency, reorganization, or relief of debtors or any such action or proceedings is brought against it; or (vi) seeks appointment of a receiver, liquidator, trustee, custodian or similar official for it or for all or any substantial part of its property or such a receiver, trustee, custodian, or similar official is appointed, whether sought by it or not, in addition to any other remedies available to it at law or otherwise, the other party may immediately terminate this Agreement by giving written notice to such party.

9.0 Notices. All notices, requests, demands and other communications hereunder (including notices of all asserted claims or liabilities) shall be in writing and shall be either delivered personally, or mailed by certified U.S. Mail, postage prepaid, return receipt requested, or sent by reputable overnight courier to the addresses herein designated or such other address as may be designated in writing by notice given in the manner provided herein, and shall be effective upon personal delivery thereof or upon receipt if sent by certified mail or 24 hours after deposit with an overnight courier.

To the address set forth below,

Attn.: John Ryan
COLD CANYON LANDFILL, INC.
c/o COLD CANYON PROCESSING FACILITY
2112 Carpenter Canyon Road
San Luis Obispo, California 93401

And To:

Attn.: General Manager
REGEN MONTEREY
14201 Del Monte Blvd., Monterey County (Salinas), CA 93908 (Physical Address)
P.O. Box 1670, Marina, California, 93933-1670 (Mailing and Billing Address)

Either party may change its contract person or address by giving the other notice thereof in the manner provided in this Section.

10.0 Miscellaneous.

10.1 Assignment. This Agreement is not assignable by either party without the prior written consent of the other party, which consent shall not be unreasonably withheld. A transfer by a party of substantially all of its assets to another entity (whether in one transaction or a series of transactions), or the merger or consolidation of a party with another entity, or the transfer of a controlling ownership interest of such party, will be deemed to constitute an assignment of this Agreement. Subject to the foregoing, this Agreement is binding upon the successors and assigns of each party.

10.2 Force Majeure. Neither party to this Agreement shall be responsible for any delays, losses, damages, or failures of performances of any of its obligations under this Agreement where such delays, losses, damages or failures are due to causes beyond the control of either party. Force Majeure events include, without limitation, acts of God, act of public enemy, riot, disorder, epidemic, landslide, lightning, earthquake, fire, storm, flood, civil disturbance, explosion, interference by civil or military authorities, strike, statute, ordinance, government order or ruling or similar cause beyond the control of either party. Force Majeure shall not include financial inability to perform.

10.3 Relationship of Parties. Nothing contained in this Agreement shall be intended to create, or does create, a partnership, joint venture, fiduciary or agency relationship.

10.4 Waiver. Except as otherwise provided herein, neither party’s waiver of any default or failure to enforce, the observance and performance of any term or condition of this Agreement at any time shall in any way affect, limit or waive such party’s right thereafter to enforce or compel strict compliance herewith and with every such term and condition. No course of dealings between the parties, no waiver by COLD CANYON PROCESSING FACILITY or ReGen, and no refusal or neglect of COLD CANYON PROCESSING FACILITY or ReGen to exercise any right hereunder or to enforce compliance with the terms of this Agreement shall constitute a waiver of any provision herein with respect to any prior or subsequent breach, actions or omissions hereunder, unless such waiver is expressed in writing and signed by the waiving party.

10.5 Rights and Remedies. Any specific right or remedy provided in this Agreement shall not be exclusive but will be cumulative of all other rights and remedies set forth herein or allowed by law.

10.6 Litigation. If there is any litigation between the parties with respect to this Agreement, then the prevailing party (the party entitled to recover costs of suit at such time as all appeals have been exhausted or the time for making such appeals has expired) shall be entitled to recover court costs and reasonable attorneys’ and experts’ fees in addition to such other relief as the court may award. These rights and obligations will survive the expiration and termination hereof.

10.7 Survival. Any term or condition of this Agreement intended by its terms to be observed or performed by either party after the expiration or termination hereof shall survive such expiration or termination and continue thereafter in full force and effect.

10.8 Governing Law. This Agreement shall be governed by and construed according to the laws of the state of California.

10.9 Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which together shall be deemed an original, and all of which together shall constitute one and the same instrument.

10.10 Entirety of Agreement; Modification. This Agreement constitutes the entire agreement and understanding between the parties with respect to the matter contained herein. This Agreement may be modified or amended by a written instrument executed by both parties hereto. If any provision of this Agreement is declared invalid or unenforceable, then such provision shall be severed from and shall not affect the remainder of this Agreement, however, the parties shall amend this Agreement to give effect, to the maximum extent allowed, to the intent and meaning of the severed provision.

10.11 Confidentiality. Neither party shall disclose the terms of this Agreement or any proprietary and other confidential information in connection with this Agreement (including without limitation financial, volume or pricing data) to a third party (other than such party’s employees, lenders, attorneys, accountants or advisors who have a need to know such information and have agreed to keep such terms confidential), except in order to comply with any applicable law (including the Calif. Public Records Act, to which ReGen as a local public agency is subject, with ReGen here agreeing to give Cold Canyon ten (10) days advance notice of any disclosure under the Act) , regulation or rule or in connection with any court or regulatory proceeding; provided, however, each party shall, to the extent practicable, use reasonable efforts to prevent or limit any such required disclosure. The parties shall be entitled to all remedies available at law or in equity to enforce, or to seek relief regarding, this confidentiality obligation.

Monterey Regional Waste Management District

Cold Canyon Landfill, Inc.

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____