

# MEMO

Discussion/Action  
Item #: 7.d



Meeting Date: July 19, 2024

To: Board of Directors  
From: Director of Engineering & Compliance, Guy R. Petraborg  
Approved by: General Manager, Felipe Melchor

**Subject: Receive White Paper – “High Level Summary of Municipal Solid Waste Management Practices in California and of the Monterey Regional Waste Management District Monterey County, California”**

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**RECOMMENDATION:** That the Board receive the White Paper titled “High Level Summary of Municipal Solid Waste Management Practices in California and of the Monterey Regional Waste Management District Monterey County, California”.

## **BACKGROUND**

During the past couple years, ReGen Monterey’s (ReGen) Board and staff have been engaged in a series of discussions and reviews of progressive drafts of the White Paper to incorporate Board and public comments. The White Paper generally seeks to convey common practices of the solid waste industry at the State, Monterey County, and ReGen specific levels. This pertains to how/where communities receive recycling and disposal services, the benefits or impacts to the service provider’s business operations, and related consequences to those facilities that provide these essential public services to both ‘member agency’ and ‘non-member agency’ communities, and other private and public waste generators.

## **DISCUSSION**

The management of municipal solid waste in California is a complex and interrelated system involving government, public agencies, the private sector and many of collection, processing, transportation, diversion, recycling and disposal facilities. In addition, California also has a complex framework of legislation and regulations to maximize the reduction, diversion, recycling, reuse and recovery of materials. To “*do more to waste less*” one might say. To minimize the disposal of solid waste in the interest of public health and the environment.

The White Paper explores public policy and common practices of the municipal solid waste management system in California. Most cities do not have their own solid waste landfill, transfer station, recycling facility, or composting facility. Yet, in California, there are public policies that require all cities to utilize such facilities to properly manage and dispose of the waste generated by their community. This causes waste to be transported in and out of counties to be directed to

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*Let’s not waste this.*



appropriate waste management facilities and, sometimes, in and out of states. A common solid waste industry practice across the country in most states.

ReGen Monterey has evolved from a “disposal only” facility in 1965 to that of an integrated waste management facility promoting waste reduction and offering diversion, recycling, and beneficial reuse services in addition to non-hazardous solid waste disposal. The review of ReGen’s history reveals that its business practices have been Board directed and approved. It is evident that ReGen’s Board governance has been influenced by i) common good business practices of diversifying one’s customer base and sources of revenues and ii) public policies influencing improvements for waste reduction, diversion, recycling and reuse measures. This has resulted in expanded recycling services and a more reliable and sustainable public works organization in the interests of the Member Agencies and all the communities and customers served by ReGen Monterey.

### **FINANCIAL IMPACT**

None – Information Only

### **CONCLUSION**

The White Paper’s purpose is intended to provide the reader with a summary of the following:

- a summary of solid waste industry practices in California & Monterey County
- general solid waste management practices at ReGen Monterey, and
- a historical summary of more specific business practices at ReGen Monterey

The effects of diversifying revenues and customers to include new contracted non-Member Agency customers is presented in the White Paper. Adding new customers results in adding more recycling and disposal tons relative to ‘baseline operations’ level. That in turn affects financial aspects such as operating expenses and revenues, various service fee rates. It also affects operational aspects such as the type and scale of both recycling and disposal services performed by ReGen. These services are accessible to all customers including the Member Agency communities. With increasing disposal quantities, the consumption of landfill ‘airspace’ capacity increases and the remaining service life of the landfill decreases. The relationship between increased waste disposal quantities by serving more communities and its effects on revenue, customer rates, and landfill lifespan is presented in the White Paper.

Based on the series of discussions and reviews that have been completed by the Board and staff during the past couple years to develop the White Paper, it is recommended that the Board receive the attached White Paper titled “High Level Summary of Municipal Solid Waste Management Practices in California and of the Monterey Regional Waste Management District



Monterey County, California”. Staff recommends that the Board Directors use the attached White Paper as reference for themselves, their Member Agency colleagues, and engagement with community members when appropriate.

**ATTACHMENT:**

White Paper titled “High Level Summary of Municipal Solid Waste Management Practices in California and of the Monterey Regional Waste Management District Monterey County, California” dated July 19, 2024

**WHITE PAPER**

**High Level Summary**  
**of**  
**Municipal Solid Waste Management Practices**  
**in California and of the**  
**Monterey Regional Waste Management District**  
**Monterey County, California**

**July 19, 2024**



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# Executive Summary

The management of municipal solid waste in California is a complex and interrelated system involving government, public agencies, the private sector and many collection, processing, transportation, diversion, recycling and disposal facilities. In addition, California also has a complex framework of legislation and regulations to maximize the reduction, diversion, recycling, reuse and recovery of materials. Their objectives are to minimize the disposal of solid waste in the interest of public health and the environment.

This White Paper is organized into four sections, the first of which discusses the purpose of the White Paper. Section 2 summarizes California's and Monterey County's municipal solid waste management system and practices; Section 3 summarizes ReGen Monterey's business practices; and Section 4 summarizes some of the effects of ReGen Monterey's business practices on areas of interest such as Service Rates and Landfill Disposal Capacity. The White Paper's purpose is briefly described further in the following paragraphs of this Executive Summary,

Section 2 summarizes public policy and common practices of the solid waste management industry in California and Monterey County. It presents that most jurisdictions do not own solid waste landfills, transfer stations, recycling facility, or composting facilities. Yet, in California, there are public policies that require all jurisdictions to utilize such facilities to responsibly manage and dispose of the solid wastes generated by their community. This results in wastes being transported in and out of counties so that the waste can be directed to appropriate waste management facilities. The transportation of solid waste to an appropriate permitted facility is a common industry practice across the country. In most states this includes interstate transportation in addition to intrastate transportation in and out of counties. Every community requires such public services yet very few cities or counties own the necessary facilities and yet fewer restrict business exclusively to their own community. That there are a relatively small number of City or County owned solid waste facilities has occurred over decades as the result of a purposeful privatization trend to i) achieve ongoing infrastructure development (private capitalization capacity) and ii) efficiency of operations with economies of scale and lower rates relatively speaking (more customers than any one exclusive community basis).

Section 3 of this White Paper explores the history of ReGen Monterey and the evolution from a "disposal only" facility to that of an integrated waste management facility promoting waste reduction and offering diversion, recycling, and beneficial reuse services. During its entire history, ReGen Monterey has provided solid waste management services to the franchise waste collection companies for ReGen's Member Agency communities (those represented on the Board of Directors). That has occurred because there is a requirement in the Member Agency

agreement with ReGen Monterey that each Member Agency include a requirement in their Franchise Waste Collection contracts to direct non-hazardous solid waste materials to ReGen Monterey. Franchise waste contracts are common in the solid waste industry. They are critically important because solid waste industry infrastructure and operations/maintenance are very expensive and require a secure 'revenue stream' to maintain sufficient financial means for the owner/operator to stay in business. The Franchise Waste contract requirement provides a level of financial surety and assurance. Specifically, this is a requirement that is placed on each Member Agency by ReGen Monterey as part of the Member Agency's participation with ReGen Monterey. In contrast, ReGen Monterey does not have a requirement to exclusively serve only the Member Agency communities. The majority of the Board would need to establish such a requirement for such a requirement to exist and, presumably, there would be a significant issue warranting such a change as that change conflicts with basic economic principles and solid industry business practices for financial security and sustainability.

Section 4 presents some of the effects of interest that are associated with increasing disposal customers and their contribution in sharing the financial support of ReGen's integrated recycling and disposal facilities. ReGen Monterey has consistently served other public customers (both Member Agency and non-Member Agency customers) and governmental, private commercial and residential customers from both Member Agency and non-Member Agency communities. The record illustrates greater tip fee rate changes by percent in the first 40 years when there was fewer customers in addition to the Member Agencies and the Member Agency franchise waste disposal revenue was a greater share of total revenue. With the Board's subsequent decisions for diversification of disposal customers and revenue sources, Member Agency disposal revenue share is about a quarter of total disposal revenues. A 1:3 ratio that is illustrative that many others are contributing with the Member Agency to share the financial support that is required to own, operate, and maintain ReGen's integrated solid waste recycling and disposal facility. This circumstance influences lower rates and slower rate increases compared to the alternative to revenue and customer diversification. While it is predicted that the increased landfill disposal during the period of 2009 through 2036 (28 years) will equate to 54 to 64 years of consumed capacity at the pre-existing 'baseline' fill rate, there remains a predicted 119 to 129 years of disposal capacity (greater than the Board assigned 75 years of exclusive disposal capacity reserved for the Member Agencies).



The review of ReGen's history reveal that its business practices have been Board directed and approved. It is evident that ReGen's Board governance has been influenced by i) common good business practices of diversifying one's customer base and sources of revenues for greater shared benefit and ii) public policies influencing improvements for waste reduction, diversion, recycling and reuse measures. evolved from a "disposal only" model. This has resulted in a more reliable and sustainable public works organization in the interests of the Member Agencies and all the communities and customers served by ReGen Monterey.

# 1.0 Purpose

The California municipal solid waste (MSW) system involves government, public agencies, the private sector and a myriad of collection, processing, transportation, recycling and disposal facilities primarily owned by private companies. The system functions within a complex framework of legislation and regulations and is intended to:

- maximize the reduction, diversion, recycling, reuse and recovery of materials,
- minimize the disposal of solid waste, and
- manage solid waste disposal in discrete waste management units (e.g., landfills) for the protection of public health and the environment.

All jurisdictions (cities and counties), their communities, businesses, and industries require these collection, processing, transportation, recycling and disposal services to properly manage solid waste consistent with local, state, and federal regulations. In California and the United States, these solid waste management services are primarily provided by private for-profit companies as opposed to public entities such as cities and counties (jurisdictions) or joint power authorities (JPA) organizations.

The purpose of this White Paper is multi-faceted and is intended to provide the reader with a high-level summary of following information:

- solid waste industry practices in California & Monterey County (Section 2)
- general solid waste management practices at ReGen Monterey (Section 3)
- a historical summary of more specific practices at ReGen Monterey (Section 4).

There is a presentation of the effects of diversifying revenues and customers to include new contracted non-Member Agency customers. Adding new customers results in adding more recycling and disposal tons relative to 'baseline operations' level. That in turn affects financial aspects such as operating expenses and revenues, various service fee rates. It also affects operational aspects such as the type and scale of both recycling and disposal services performed by ReGen. These services are accessible to all customers including the Member Agency communities. With increasing disposal quantities, the consumption of landfill 'airspace' capacity increases and the remaining service life of the landfill decreases. The relationship between increased waste disposal quantities by serving more communities and its effects on revenue, customer rates, and landfill lifespan is the objective associated with the White Paper's purposes.

## 2.0 Summary of Municipal Solid Waste Management in Monterey County

*Credits: Primary contributions from Manatt, Phelps & Phillips, LLP*

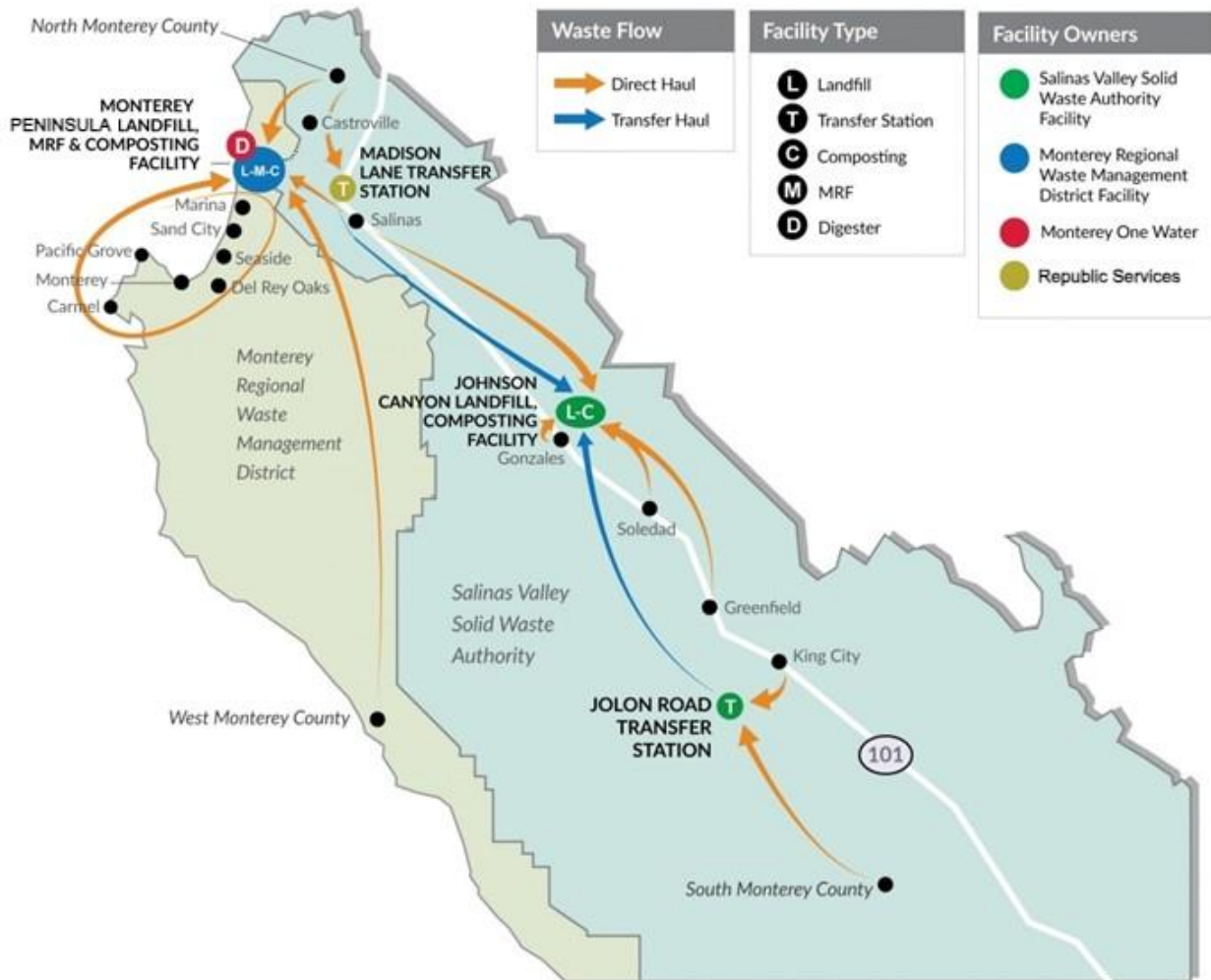
*Edited by Guy R. Petraborg, P.E.*

### 2.1 Introduction

The management of municipal solid waste (MSW) in California is a complex and interrelated system involving government, public agencies, the private sector and many of collection, processing, transportation, recycling and disposal facilities. In addition, the state of California also has a complex framework of legislation and regulations intended to maximize the reduction, diversion, recycling, reuse and recovery of materials (e.g., to minimize solid waste disposal).

The Monterey Regional Waste Management District, a California Special District now also known as ReGen Monterey, provides solid waste facilities for processing, diversion, recycling and disposal services primarily for the western portion of the County of Monterey inclusive of the Monterey Peninsula and for much of Santa Cruz County excluding the City of Santa Cruz. ReGen Monterey's stated mission for providing these valuable public services is for ***“doing more to waste less”***, consistent with principles to refuse waste creation, reduce, reuse, re-purpose and recycle wastes (e.g., for the goal to minimize waste disposal). The majority of solid waste produced in Monterey County is also managed within the county – mostly at facilities operated by either ReGen Monterey or the Salinas Valley Solid Waste Authority (SVSWA). Refer to Figure 1 for a generalized illustration of solid waste ‘flow’ in Monterey County. There is also transportation of solid waste ‘into’ and ‘out of’ of the county; a common solid waste industry practice in California and across the nation. In Monterey County, solid waste collection services are provided by private companies (e.g., GreenWaste Recovery, Monterey City Disposal Service, Republic Services, WM). The Monterey County solid waste recycling and disposal services are provided by two public entities: Salinas Valley Solid Waste Authority (aka Salinas Valley Recycles) and the Monterey Regional Waste Management District (aka ReGen Monterey).

**Figure 1. Solid Waste Facilities and Waste Flow within Monterey County<sup>1 2</sup>**



The above figure does not illustrate ReGen Monterey’s sphere of influence for the City of Salinas and North County areas as approved in 2015 by the Monterey County Local Agency Formation Commission (LAFCO). Those larger areas include the City of Salinas and North County areas which are currently served by SVSWA, also known as Salinas Valley Recycles (SVR). The LAFCO sphere of influence determination figures is depicted at:

<https://regenmonterey.org/wp-content/uploads/2018/12/sphere-of-influence-map-2014.pdf>

<sup>1</sup> Note that the SVR Sun Street Transfer Station (SSTS) in Salinas is not shown as it has been closed down and services primarily shifted to the Madison Lane Transfer Station currently operated by Republic Services Inc..

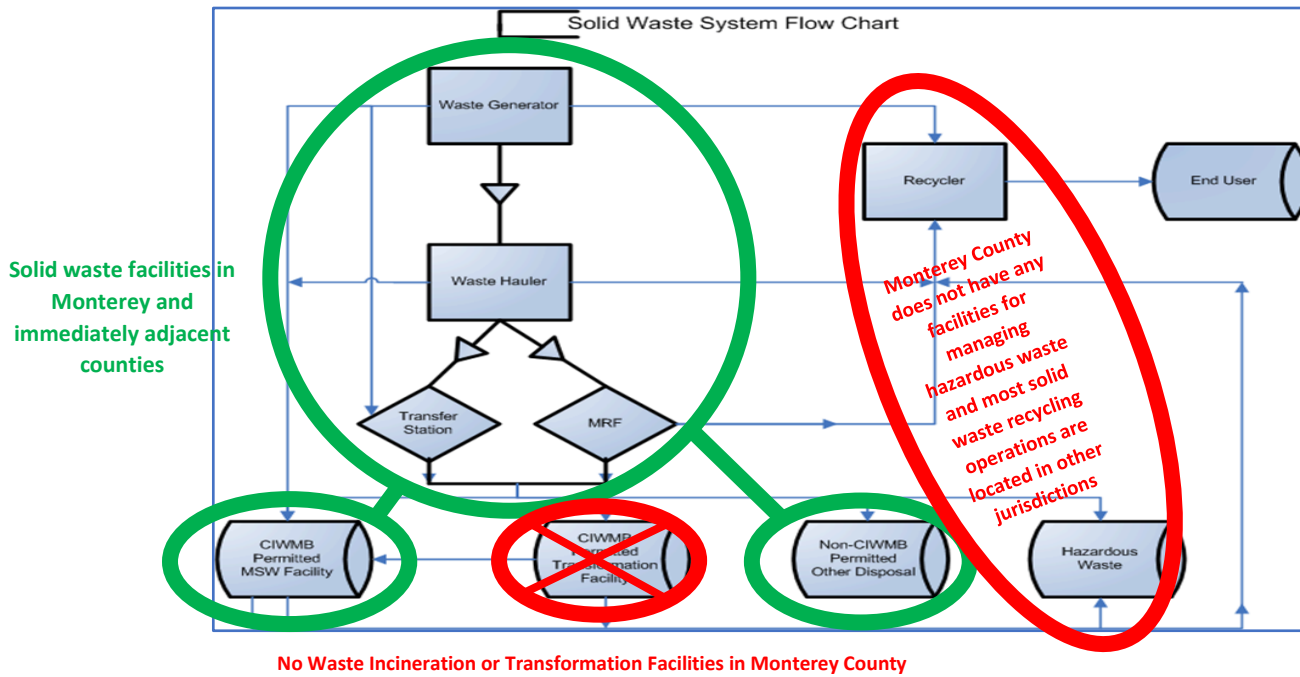
<sup>2</sup> Modified by ReGen (2024) to update MLTS ownership; North County direct haul; Transfer Haul from MLTS to JCL. Original Source: Monterey County – Evaluation and Analysis of Solid Waste Management System, R3 Consulting Group, April 18, 2020.

Some waste produced in Monterey County, and processed at ReGen Monterey's facilities for recyclable materials, is transported from ReGen Monterey to permitted facilities located in other jurisdictions for further recycling, treatment and disposal, where necessary. In fact, most facilities that actually process and recycle Monterey's solid waste into new reusable materials are located outside of Monterey County in other jurisdictions. The recycling facilities in other jurisdictions that receive processed solid waste from ReGen Monterey (recyclable materials) include those that are needed for the recycling of glass, plastic, metals, paper, cardboard, etc.

Waste in California is regulated in four different categories: solid waste, universal waste, hazardous waste (HW) and radioactive waste (Refer to Appendix A for select definitions). The management of "solid waste" is presented later in this document and will not be discussed further here. Batteries, e-wastes, and other "universal waste" are to be received by Household Hazardous Waste (HHW) facilities or permitted, dedicated drop-off locations. These materials are not to be disposed in/collected by the 3-Cart collection system of the Member Agency Franchise Agreements. The two solid waste management agencies in Monterey County, ReGen Monterey and SVR, both have HHW facilities for use by the public.

There are no hazardous waste facilities located in Monterey County. All hazardous waste generated within Monterey County by residents and business must be delivered out-of-county to other jurisdictions that provide for hazardous waste treatment, storage and disposal. Incidental hazardous waste is authorized to be removed from the solid waste stream by ReGen Monterey's Household Hazardous Waste (HHW) facility and is transported out-of-county to permitted hazardous waste facilities. According to the Department of Toxic Substances Control (DTSC) the amount of HW delivered yearly to other jurisdictions is about 9,600 tons per year – although the amount of hazardous waste generated in, and exported from, Monterey County in 2020 (the most recent year in which data was available) was approximately 12,000 tons. In 2020 there were 276 generators of hazardous waste within Monterey County producing more than one ton of HW, 104 generators producing more than five tons, 74 generators producing more than 10 tons and 48 generators producing more than 20 tons of hazardous – all of which had to be delivered for proper management in other jurisdictions outside of Monterey County. Figure 2 generally portrays how solid and hazardous waste is managed inside of Monterey County.

**Figure 2: Background Flow Chart by CalRecycle<sup>3</sup>**



There is only one registered medical waste facility located in Monterey County that is operated by Altius Medical in the City of Monterey and is regulated by the California Department of Public Health. Altius only provides medical waste removal and collection services. All collected medical waste is transported to permitted medical waste treatment and disposal services located in other jurisdictions.

There are no permitted radioactive facilities located in Monterey County. Radioactive waste is collected in accordance with the requirements of the California Department of Public Health and transported out of Monterey County for disposal.

In addition, for a variety of reasons, municipal solid waste generated in Monterey County is known to have been transported for disposal to 18 other California Counties. The approximately 13,600 tons of waste transported from Monterey County in 2019 represent about three percent (3%) of the total waste generated in Monterey County requiring disposal. The following Figure 3 illustrates the destination of municipal solid waste that was transported for disposal from Monterey County to other California counties in 2019 – the most recent year for which this data was available. Similar numbers are available for the immediately preceding years. Refer to Table 1 for the list of solid waste tonnage by county. Note that many counties in California have similar figures/listings as that shown below for Monterey County.

<sup>3</sup> Basic Flow Chart provided by CalRecycle: <https://calrecycle.ca.gov/lgcentral/wastestream/swsflwchart/>

**Figure 3: Solid Waste Disposal from Monterey County to other Counties (2019) <sup>4</sup>**



Total <b><i>leaving</i></b> Monterey County for disposal elsewhere ( 3% )	13,595 tons
<i>Does not include waste disposal in Monterey County</i>	

4. Source: <https://www2.calrecycle.ca.gov/LGCentral/DisposalReporting/Statewide/TransportedSolidWaste>. Note that exported total is rounded to nearest whole number and does not equal all entries in Table. Several very small exports to other counties are not included.

<b>TABLE 1: Solid Waste Tonnage "FROM" / "TO" Monterey County &amp; other named County (2019)</b>			
<b>Name of County</b>	<b>Travel Distance</b>	<b>Tonnage "FROM" Monterey County</b>	<b>Tonnage "TO" Monterey County</b>
	<b>(Miles)</b>	<b>(Tons)</b>	<b>(Tons)</b>
Alameda	99	154.76	27,769.87
Butte	238		16.85
Contra Costa	114	345.01	3,167.99
Fresno	141	3,793.54	113
Kern	205	102.11	
Kings	149	4,783.98	
Los Angeles	303	16.36	178.6
Madera	118	2.65	
Marin	121		1,909.48
Merced	107	60.8	
Napa	142		11.98
Sacramento	174	1.56	206.12
San Benito	28	2,693.26	6,816.34
San Francisco	107		15,999.05
San Joaquin	129	40.14	72.79
San Luis Obispo	126	75.62	
San Mateo	81	23.36	55,135.28
Santa Clara	60	203.71	259,022.10
Santa Cruz	36.8	700.94	66,808.83
Shasta	302	3.61	
Solano	133	444.79	1,325.52
Sonoma	157		8,320
Stanislaus	110	143.3	
Yolo	169	5.75	
Yuba	211	0.07	
		<b>Total "Sent From" MoCo = 13,595.32 tons</b>	<b>Total "Sent To" MoCo = 446,873.8 tons</b>
		Net Total Tonnage = ("Sent To") - ("Sent From") MoCo = 433,278.48 tons into MoCo	
		Total Tonnage Generated Inside MoCo = 502,942.16.48 tons	
		<b>Total Tonnage Disposed In MoCo = (446,873.8) + (502,942.16) = 949,815.96 tons</b>	

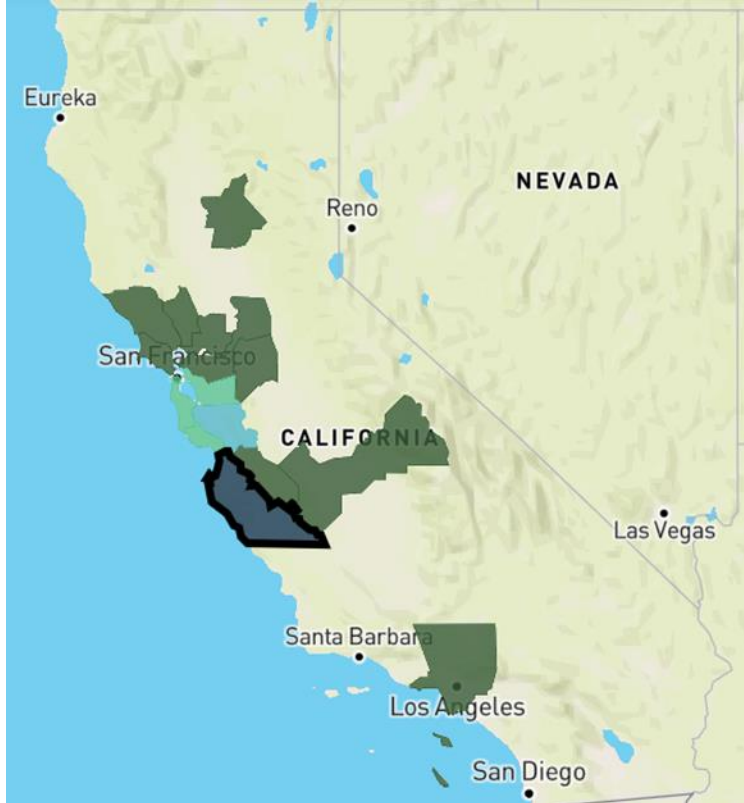
ReGen Monterey also receives solid waste from other jurisdictions, primarily post-processing residuals for disposal. This is in large part due to the fact that most cities do not have their own recycling and disposal facilities given the scarcity of appropriately zoned land areas in cities and the significant capital costs to design, permit, construct, operate and maintain such facilities. In addition, there has been a significant reduction in waste requiring disposal – both within Monterey County and other nearby counties due to Assembly Bill 939 (AB 939 – 1989), the Integrated Waste Management Act. This has more recently been enhanced due to the enactment of significant California legislation that requires that all cities and counties achieve a 75% reduction in solid waste disposal by 2025 through enhanced waste reduction, diversion, recycling and resource recovery activities. For a complete summary of major solid waste reduction and recycling legislation currently for the past 30+ years, go to: <https://www.cawrecycles.org/caw-history>. This website is maintained by Californians Against Waste ([www.cawrecycles.org](http://www.cawrecycles.org)) which has been the leading solid waste reduction and recycling advocacy organization in California.

Table 1 (and the summary below Figure 4) shows the amount of solid waste disposed of in Monterey County in 2019 from all sources was 949,816 tons. Of that amount, 446,874 tons, or 47%, was received from other counties/jurisdictions – principally from San Benito, Santa Cruz, Santa Clara and San Mateo Counties. ReGen Monterey received almost 92% (~410,000 tons) of the solid waste materials sent from those other communities. ReGen received those materials to fulfill their service responsibilities associated with five Regional Customer contracts (e.g., City of Capitola, City of Scotts Valley, City of Watsonville, County of Santa Cruz, and San Jose area



communities via the franchise agreement with GreenWaste Recovery-San Jose operations). ReGen’s Board of Directors initially approved those Regional Customer contracts in the 2009 through 2013 time period. In 2019, there was also 502,942 tons (53%) generated in Monterey County; approximately 325,000 tons sent to ReGen’s facilities, and 177,000 tons directed to the SVR Johnson Canyon Landfill east of Gonzales. Refer to Table 1 for a list of the counties involved in sending waste to Monterey County and those counties that received waste from Monterey County. Note that many counties in California have similar solid waste tonnage figures/listings as that shown for Monterey County.

**Figure 4: Solid Waste Disposed in Monterey County from all Jurisdictions (2019) <sup>5</sup>**



Total solid waste <b>entering</b> Monterey County for disposal ( 47% )	446,874 tons
Does not include waste generated within Monterey County ( 53% )	502,942 tons
2019 Total disposed in Monterey County Landfills = 949,816 tons	

For more information about ReGen Monterey’s history, facilities, organization, and operations, go to: <https://www.regenmonterey.org/about/> and <https://www.regenmonterey.org/services/>.

<sup>5</sup> Source: <https://www2.calrecycle.ca.gov/LGCentral/DisposalReporting/Statewide/TransportedSolidWaste>. Note that total is rounded to nearest whole number and may not equal all entries in Table 1. Several very small tonnages entering Monterey County from other counties are not included.

## **2.2 Standards and Benefits for Receiving Waste from other Jurisdictions**

### Standards for the Management of Waste in Monterey County

- The California Environmental Protection Agency (Cal/EPA) administers and enforces the solid waste rules for the entire state of California through the Department of Resources Recycling and Recovery (CalRecycle) with the assistance of Local Enforcement Agencies. Cal/EPA has delegated authority to administer Federal solid waste regulations. Solid waste transporters (aka “haulers”) are regulated by local enforcement agencies.
- Monterey County does not have any permitted hazardous waste facilities and all hazardous waste generated within Monterey County must be transported out-of-county and delivered to appropriately permitted facilities in other counties to manage that waste in accordance with applicable laws. All medical and radioactive waste must similarly be exported from Monterey County for proper management.
- ReGen Monterey ensures that municipal solid waste received for disposal from other jurisdictions meets and exceeds applicable standards for the reduction and recycling of solid waste prior to disposal in Monterey County.
- California regulations for the collection and transport of solid waste involve meeting local vehicle and equipment standards enforced by Monterey County and ReGen Monterey contract provisions.
- A person shall not collect, haul or transport refuse for hire in Monterey County/City without first obtaining a health permit from Monterey County Health Department (HD).
- The County of Monterey Health Department’s Solid Waste Services (HD) is the local enforcement agency that is responsible for administering and enforcing the County of Monterey Code of Ordinance to all persons and businesses with vehicle(s) that haul solid waste in the County of Monterey area. The HD oversees the registration requirements and annual inspections for all solid waste haulers (vehicles) operating in Monterey County.

The purpose of these programs is to ensure proper containment of solid waste (including refuse) and leachate (liquid generated from solid waste or that has contacted solid waste) within a waste management unit (landfill). Solid waste shall only be disposed at a permitted disposal facility (landfill), processing facility (transfer station), compost operation and/or recycling facility.

Any openings, cracks, splits, holes, or breaches identified in the solid waste storage compartments, tanks, trailers, truck bed, bins, lids and/or covers from either an inspection or complaint inspection will result in a cease-and-desist order to discontinue any solid waste hauling-related-activities for the vehicle(s) of interest until the issue has been repaired and the business has received approval from the HD inspector, ensuring solid waste will be properly contained during storage and transport.

The Solid Waste Hauler program ensures that:

- Solid waste is properly disposed, recycled and/or reused at an authorized a permitted disposal facility (landfill), processing facility (transfer station), compost operation and/or recycling facility.
- All vehicles, storage compartments, tanks, trailers, truck bed, bins, lids and/or covers are watertight and free of any openings, cracks, splits, holes or breaches, preventing uncontrolled littering/disposal of solid waste during transport.

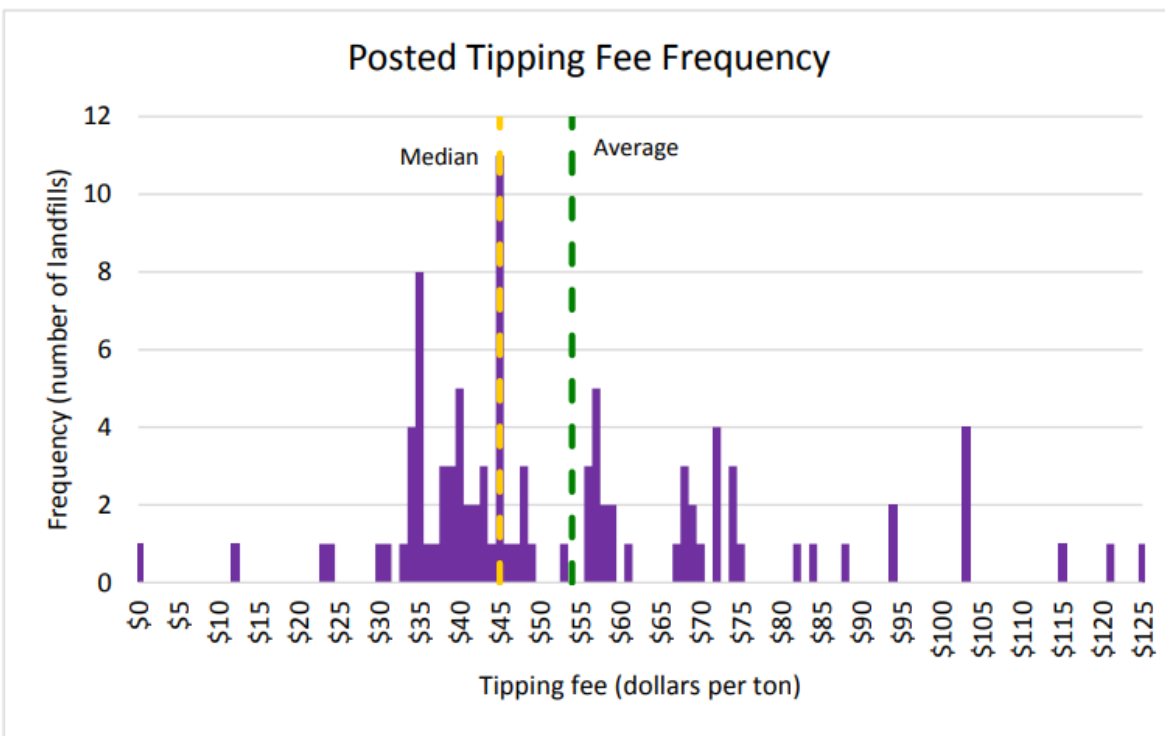
## **Benefits of Receiving Waste from other Jurisdictions**

- **Public Health:** City and County planning policies and practices, such as zoning requirements, have been designed to protect public health by preventing or limiting the development of solid waste facilities in urban and suburban areas, and in residential or commercial developments found in rural areas. These public policies align with solid waste regulatory principles to manage waste in a designated management unit that is properly sited and permitted to protect the public health and the environment. As a result, many jurisdictions do not have solid waste facilities in their jurisdictions and are required to use facilities located in other jurisdictions. The solid wastes facilities are sited and permitted in areas of less population density using zoning designations to properly site such facilities. Once the solid waste facilities are properly sited, the public policy challenge then becomes the protection of those zoning designations and the prevention of residential growth around existing solid waste facilities.
- **Environmental Health:** City and County planning policies and practices, such as zoning requirements, have also been designed to protect environmental health in most cases. The zoning designations for solid waste facilities often take into account the local natural resources that exist and provide for some degree of separation from and consideration for those natural resources so as to reduce or prevent environmental impacts. Together with requirements of the National Environmental Protection Act (NEPA) and the California Environmental Quality Act (CEQA), these public policies are used to properly site and permit solid waste facilities. As a result, many jurisdictions do not have solid waste facilities in their jurisdictions and are required to use facilities located in other jurisdictions.
- **Regulatory Requirements:** For jurisdictions that do not have solid waste facilities within their boundaries, there is an absolute regulatory requirement that the wastes generated in that jurisdiction be collected, processed, transported, recycled and disposed at a properly sited and permitted solid waste facility that is located outside of their jurisdiction. This is a central principle of solid waste regulations to properly manage wastes in a designated waste management unit that is actively operated and maintained to contain wastes in the managed unit that controls the exposure of waste that would otherwise impact public health and the environment.
- **Lower Costs:** For jurisdictions that do not have solid waste facilities within their boundaries, the cost of developing, operating, and maintaining such facilities is very large independent of whether or not such facilities can be sited and permitted in that jurisdiction in the first place. This stark reality influences jurisdictions to coordinate with other jurisdictions to address their common public service needs for solid waste

management via an inclusive approach. In Monterey County, various cities came together with the County at different times to form two different agencies to manage solid waste in Monterey County: namely the Monterey Regional Waste Management District in 1951 for western Monterey County and its sphere of influence areas; and the Salinas Valley Solid Waste Authority (1997) for eastern Monterey County areas. These cities and the County have experienced lower costs for solid waste management services than would otherwise have occurred had they not joined together to address this public service need. In addition, it has been the history of both agencies in Monterey County that when the agency also provides the same solid waste services to other jurisdictions the fixed costs of the agency's facilities are shared by the other jurisdictions and thus, lowers the cost of each of the agency's member cities and the County.

- Lower Service Fees:** Receiving solid waste from other jurisdictions helps reduce the unit cost of solid waste recycling and disposal services for the owner/operator of the solid waste facility and the communities and customers served by the facility. This is a basic economic principle; the fixed costs are shared by more parties (jurisdictions or customers) and the variable cost increase for adding a new party (jurisdiction or customer) is small so that all parties (jurisdictions or customers) have a lower unit cost. Lower tip fees equate to lower service costs, which is a financial benefit for the Monterey County communities and their residents and businesses.

**Figure 5. All landfills accepting public disposal in California, by tipping fee.** The yellow dashed line represents the median of the data set, and the green line represents the average of the data set. *Source: Landfill Tipping Fees in California, CalRecycle, February 2015.*



- **Increase revenues.** The increased revenues from receiving waste from other jurisdictions also accrue to supporting investments in technology and infrastructure. This in turn reduces the amount needed from in-county revenues to support the planned and permitted capital development and equipment replacement/maintenance that are significant costs for Monterey County's solid waste management facilities.

## **2.3 Restrictions on the Intrastate Flow of Solid Waste between Cities and Counties**

There are currently no state or local provisions that either restrict, or allow the restriction of, the movement of solid waste between cities and counties of California. Any limitation on the delivery of solid waste from other jurisdictions would be controversial and would have to be based on a need to protect the people and environment of the receiving area and that the communities and environments where the wastes are generated are not unduly harmed. Given that solid waste recycling and disposal is strictly regulated by the State of California, it would likely be very difficult to justify a limitation on the delivery of solid from outside of Monterey County for disposal in Monterey County; as this has been a consistent historical practice under existing State and Federal law. For example, solid waste received from another jurisdiction is likely to be very similar in nature to municipal solid waste requiring disposal produced from within Monterey County and would not pose any additional public health, public safety or environmental harm different than the County's own solid waste.

## 2.4 Section Summary

The integrated Waste Management System in California is complex. Most cities (jurisdictions) do not have any, and certainly not all, of the necessary permitted facilities for managing solid waste generated within their own jurisdiction. Monterey County is no different. All of the hazardous waste generated within Monterey County must be hauled out-of-county to other jurisdictions for proper management because there are no hazardous waste management facilities in the county. At the same time Monterey County has sufficient disposal capacity to more than adequately manage the municipal solid waste generated within Monterey County and other nearby jurisdictions for the foreseeable future. Monterey County together with California has sufficient regulations to ensure that solid waste delivered to Monterey County is managed in accordance with all applicable regulations and requirements. Finally, the State of California has enacted sweeping legislation that requires all solid waste to be minimized, diverted, reduced and recycled to lessen the amount of waste requiring disposal in a landfill. The delivery of solid waste for disposal in another county, such as Monterey County, lowers the overall cost responsibility of waste management in that county. Thus, the benefits of sharing the use of a limited number of solid waste facilities between communities include, but are not limited to, reducing the 'per share' cost to anyone jurisdiction or Member Agency. This is a basic 'economy of scale' fundamental of financial business practice. In ReGen's case, the revenues that were in addition to the Member Agency franchise contract revenues have been a significant factor in the development of the recycling and diversion facilities at ReGen. Recycling and diversion facilities and services that all customers can have access to, including Member Agency communities, for which the costs are shared by a greater number of customers as opposed to Member Agencies only. This provides a benefit for the people and businesses of Monterey County to have proximate access to such non-disposal facilities (recycling facilities, periodic improvements to recycling facilities, HHW facilities, compost facilities, etc.). Reducing the disposal of recyclable materials helps preserve landfill 'airspace' capacity for future use and, in a case where 'excess' capacity is present, allows for the ability to provide service to more communities; a basic public service that every community has a need for and one that most communities do not have access to their own facility for their own use.

## **3.0 Summary of ReGen Monterey’s Business Practices**

*Credits: Various ReGen Monterey records and staff records contributions*

### **3.1 Introduction**

The management of municipal solid waste (MSW) in California is a complex and interrelated system involving government, public agencies, the private sector and many of collection, processing, transportation, recycling and disposal facilities. ReGen Monterey is one of those public agencies performing a limited role in the solid waste management system in the tri-county area consisting generally of the Monterey, San Benito, and Santa Cruz counties. ReGen Monterey was formed as a California Special District in 1951 to serve a solid waste management role for the interests of its Member Agencies. The Member Agencies consist of the cities of Carmel-by-the Sea, Del Rey Oaks, Marina, Monterey, Pacific Grove, Sand City, and Seaside, the County of Monterey, and the Pebble Beach Community Services District (PBCSD). In addition to its management role, ReGen Monterey also provides non-hazardous solid waste processing, diversion, recycling, transfer, and composting services to the member agency communities, other cities and counties, private businesses, and private individuals (either ‘by contract’ with ReGen or by direct ‘self-haul’ to ReGen).

### **3.2 Historic Background**

More than 100 years ago waste from the Monterey Peninsula was routinely dumped on the beach and into Monterey Bay and the ocean. Several decades later a private “dump” operated on the coastal area of what is now part of Sand City was being used for waste disposal primarily through the process of burning trash. City and County leaders knew there had to be a better way to manage refuse than on the Monterey Bay shoreline. In 1951, the Monterey County Board of Supervisors established the Monterey Peninsula Garbage and Refuse Disposal District, now known as ReGen Monterey (Legal Name: Monterey Regional Waste Management District, a California Special District with management responsibilities for non-hazardous solid waste). The first order of business was to find a suitable location for a sanitary landfill to replace the old “burn dumps” then in operation. An interim landfill was developed and operated in the vicinity of the Laguna Seca area until October 1965. At that time, ReGen Monterey opened the Monterey Peninsula Landfill as a Class III Landfill for non-hazardous solid waste disposal for its Member

Agency franchise collection contracts (a requirement of each Member Agency to direct their communities non-hazardous solid wastes to ReGen's landfill; as a financial assurance purpose for the organization (ReGen in this case) and the exact situation that successful owners/operators pursue diligently to achieve business sustainability from an economic/financial perspective).

Since 1965, ReGen has provided disposal services to many different public and private customers originating from both Member Agency jurisdictional areas (sometimes referred to as "In District" areas) as well as non-Member Agency jurisdictional areas (sometimes referred to as "Out of District" areas or "Regional" customers). These customers are in addition to the Member Agency franchise contract hauler(s) customer(s). In other words, there has never been a situation at ReGen where the Member Agency franchise haulers have been the only customer served by ReGen. In addition, there has never been a situation at ReGen where the customers served by ReGen only came from the Member Agency communities. The fact of the matter is that the Member Agency franchise haulers are the only customers that are required to access and use ReGen facilities and services; and there has always been other customers originating from within and outside of Member Agency community areas accessing ReGen's facilities and services.

Since about 1970, an evolution of recycling and diversion services began to occur at ReGen's 470-acre property. It is an evolution that continues today as ReGen endeavors to "**doing more to waste less**". Director Gary Bales, who served on ReGen's Board of Directors for 52 years, was a key contributor to influence the increase of recycling services provided by ReGen. As a result, ReGen Monterey has developed significant operations support facilities and recycling/diversion facilities such as the Heavy Equipment Maintenance Shop, the Franchise Hauler Truck Yard Lease Facility, the Material Recovery Facilities (MRF 1.0 in the mid-1990's for construction and demolition debris (C&D) recycling and the MRF 2.0 recapitalization upgrades in 2018 for both C&D and source separated recyclables (SSR) processing), the Household Hazardous Waste (HHW) Facility, the Compost Facility, and Modules 2 through 7. Infrastructure for solid waste facilities is known to be quite costly to develop and also quite costly to own, operate, and maintain.

Over the years ReGen Monterey has added programs to reduce, reuse, divert, and recycle materials. "**Doing more to waste less**" in other words. From early cardboard recycling starting in 1953, to supporting the first community collection of glass bottles in the early 1970's, beneficial reuse of landfill gas (LFG) for renewable energy generation starting in 1983, to the diversion of yard debris (aka "green waste materials" and agricultural or food scrap materials to windrow composting in 1988, to the establishment of the Last Chance Mercantile in 1991 for retail sales of usable materials, to ReGen's first Materials Recovery Facility (MRF) that came on-line in 1996 for the processing of construction and demolition (C&D) materials for recovery of recyclable or reusable materials, to the capital replacement of the C&D materials processing line and the addition of a recyclables processing line (aka "Single Stream Recycling (SSR)") as

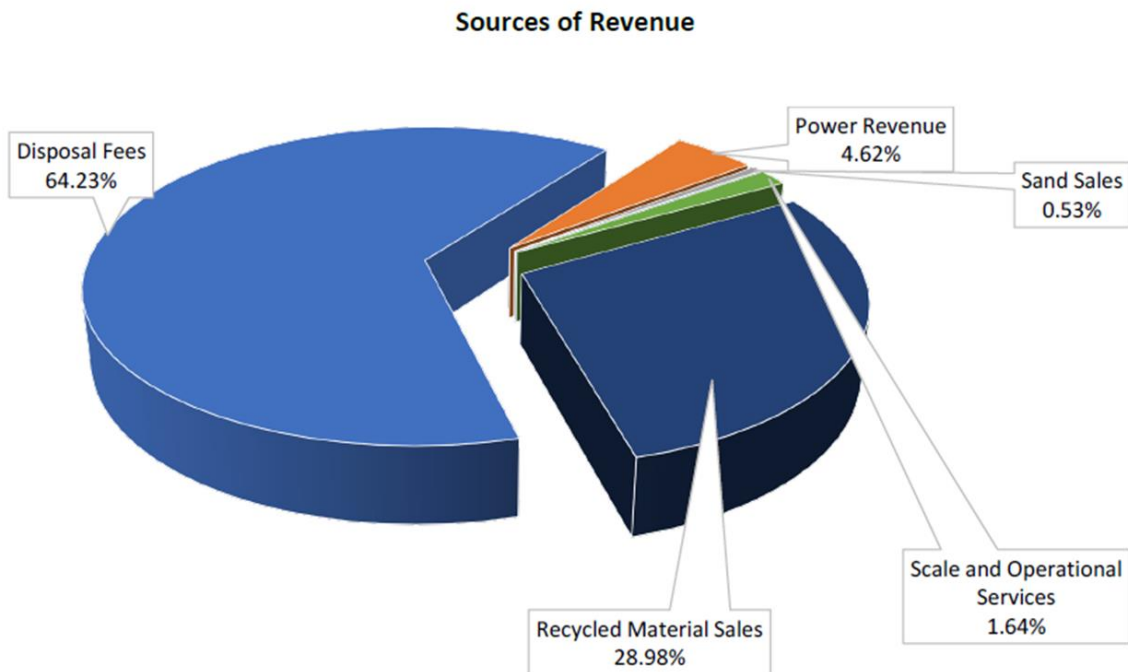


part of the MRF 2.0 improvements in 2018; the integrated facilities that ReGen Monterey operates today are a unique resource for the tri-county region and embody our mission of “**doing more to waste less**” by turning waste into a beneficial resource.

### 3.3 Evolution of Business Practices

In 1965 when ReGen’s landfill began operations, fees for waste disposal (aka “Tip Fee”) were charged to customers delivering waste to the landfill. The customers consisted of the member agency communities and other public and private “self-haul” customers from the nearby Salinas and North County areas. The disposal revenues represented 100% of ReGen’s revenues and were collected to cover the landfill operations expenses, administrative expenses, and other permit or ancillary service expenses. As new diversion and recycling services were added over time, these added services typically had some level of revenue collection which resulted in the landfill disposal fees no longer representing 100% of ReGen’s revenue collection. This basic business practice is referred to as revenue diversification. For example, by FY2008/09, the landfill disposal fees represented about 76% of all revenues. Figure 6 below illustrates the distribution of revenue sources in FY2021/22 at about 64%.

**Figure 6. Summary of ReGen’s Revenue Sources (FY2021/22)**



The evolution of business practices at ReGen Monterey were generally influenced by future trends being proposed and discussed in the solid waste management industry by service

providers, regulators, and municipalities. Note that this evolution was from a ‘disposal only’ model to a ‘reduce, divert, recycle, reuse, and disposal’ model. It takes a strong will and vision to successfully modify a ‘disposal only’ model to that of an integrated waste management facility like ReGen Monterey. This was the case because waste disposal has historically been where most revenues are collected; as it is an essential public service and critical to accomplish the public policy goal of the protection of public health and the environment. ReGen Monterey has had strong will and vision in their Board of Directors and Staff leadership over much of its history. ReGen has been an early adopter of technology to improve reuse and recycling of materials to lessen waste disposal. This brings additional costs to the organization. Many organizations have a limited ability for additional revenues; which often results in using the disposal ‘tip fee’ to collect the needed revenue to cover the additional expenses of non-disposal activities.

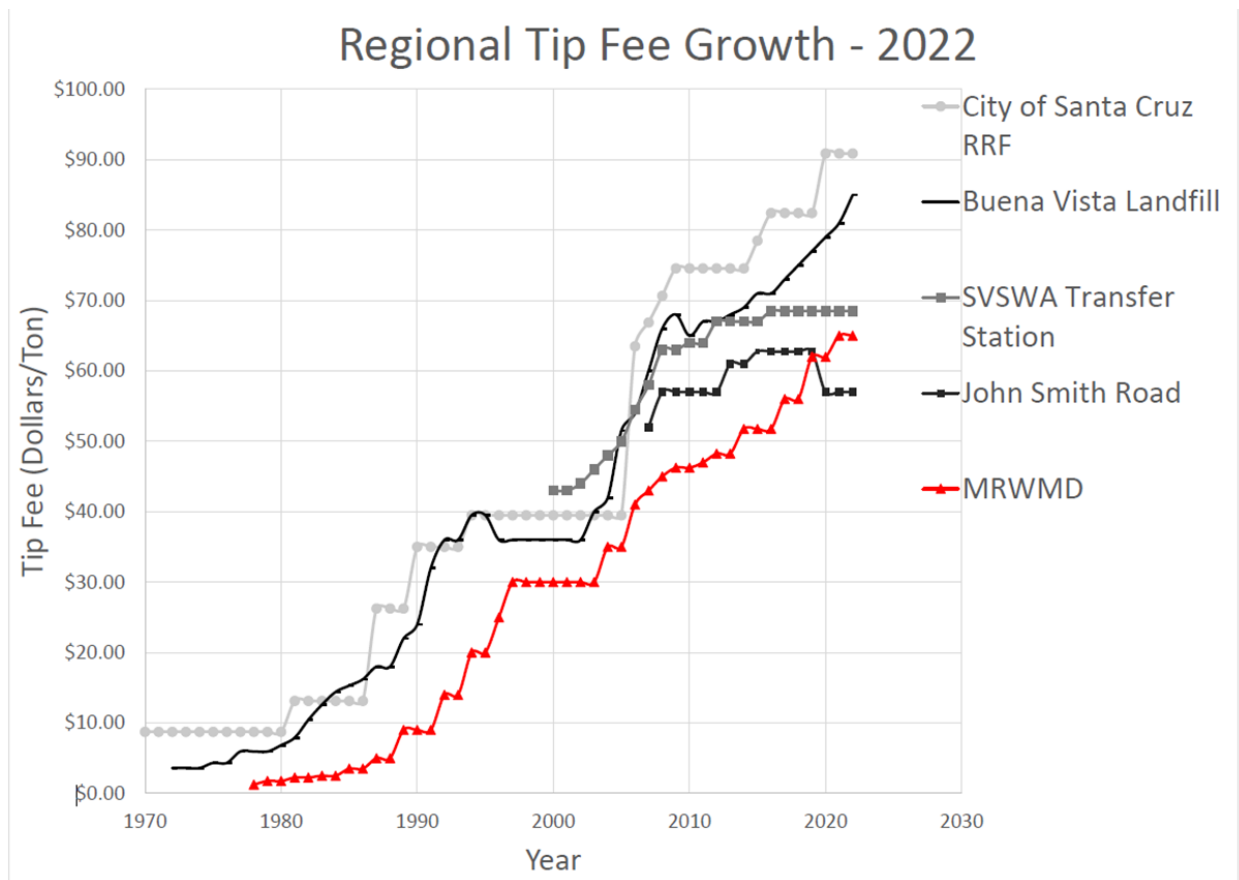
By 2004, the ReGen Board had formalized their practices in a “Guiding Principles” document (October 15, 2004) and was engaged with staff leadership to pursue business practices that would maintain relatively low service fees and manage annual fee increases in a sustainable manner. These discussions led to revisions to the “Guiding Principles” document on September 16, 2005 and later in November 16, 2007. Refer to Appendix B for all three versions of the “Guiding Principles” documents. Of note, the 2004 version of the Guiding Principles proposed that the Board consider a policy *“establishing a minimum 75 to 80 year landfill life to serve projected waste streams exclusively generated by the MRWMD member agencies. Certified landfill capacity exceeding the 75 to 80 years would be considered excess capacity, which could be considered for sale to the County of Santa Cruz and the Salinas Valley Solid Waste Authority (SVSWA) at "market rates". The purpose of the sale of the excess capacity is to mitigate further rate increases to the MRWMD member agencies and to permit the SVSWA and the County of Santa Cruz adequate time to identify and develop additional long term landfill capacity within their respective jurisdictions.”* This was revised in 2005 to read as follows: *“The sale of the MRWMD excess landfill capacity will be subject to a contract approved by the MRWMD Board of Directors.”* and that *“A "reserve landfill capacity" shall be established to provide an initial 75 year landfill life which will serve projected waste streams generated by the MRWMD member agencies to at least the year 2080. In other words, the amount of regional waste to be accepted will not reduce the MRWMD's certified landfill capacity below 75 years (to 2080). Certified landfill capacity exceeding 75 years would be considered to be "excess landfill capacity", which could be made available for sale to public agencies, such as the County of Santa Cruz and the SVSWA.”* Note that the exclusivity of the definition of which parties the “excess capacity” could be sold to as defined in the 2004 version was eliminated in the 2005 version of the “Guiding Principles” (remains ‘as revised in 2005’ in the current version (2007)).

ReGen Monterey has long had the goal to maintain relatively low disposal tip fees year over year (refer to Figure 7). By 2000 or so, prevailing economic conditions had a growth trend with rising costs (inflation) and the Board of Directors were reluctant to raise service fees. At that time, ReGen had a Disposal Tip Fee rate of \$30 per ton and SVR had a \$40 per ton Tip Fee rate. Even though ReGen had the lowest Tip Fee rate at that time, staff recommendations for the annual increases of service fees (aka ‘fee increases’) were deferred by the Board on one or more occasions around that time. Instead, the Board directed staff to i) control expenses and ii) develop a plan with recommendations to reduce operational costs and to identify new customers and other sources of revenue. By 2007, ReGen Monterey was engaging with new municipal customers (non-Member Agencies) in Santa Cruz County for possible long-term (30 year) disposal service agreements. Ultimately, by 2009, Capitola, Scotts Valley, Watsonville, and County of Santa Cruz had signed long-term disposal agreements with ReGen Monterey. By 2013, a long-term agreement for disposal of residual materials (waste) following recycling processing at two MRFs in the City of San Jose; a MSW processing MRF and a SSR materials MRF. Refer to Table 2 below for a summary of the current Regional Customer contracts.

**Table 2: Summary of ReGen’s Regional Customer Contract Information (2024)**

COUNTY	REGIONAL CUSTOMER	CONTRACT		TERMS		DISPOSAL RATE	
		Start Date	End Date	Base (yrs)	Extension (yrs)	FY 2023/24	FY 2024/25
Santa Cruz	City of Capitola	10/14/2020	10/13/2050	30	N/A	\$55/ton	TBD 95% of Posted Rate for Refuse Disposal
	City of Scotts Valley	7/22/2022	7/21/2052	30	N/A		
	City of Watsonville	8/26/2020	8/25/2050	30	N/A		
	County of Santa Cruz	5/25/2021	5/24/2051	30	N/A		
Santa Clara	GreenWaste Recovery - San Jose MRF's	11/19/21 Amendment #3	12/31/2036	25	N/A	Tiered	
						0-75K tons	\$30.08/ton
						75K-125K tons	\$29.39/ton
	Waste Solution Group of San Benito, LLC (Gilroy & Morgan Hill communities)	3/31/2022	3/30/2026	4	Month to Month - 30 day notice	\$35/ton	\$37.50/ton
						125K + tons	\$28.68/ton
						TBD - Based on April CPI	

**Figure 7. Summary of ReGen’s (MRWMD) Disposal Tip Fee History (2022)**



Between 2000 and 2007, ReGen Monterey’s expense budget grew from about \$9.1 million per year to \$17.5 million per year (92%). In the same time period, the expense rate of cost per disposal ton grew from \$50/ton to \$91/ton (e.g., approximates total expenses distributed over (only) total disposal tons). Note that there was considerable capital investment in the 1990s for the LFGTE plant, the first MRF (MRF 1.0), Last Chance Mercantile store, HHW Facility, Shop Maintenance facility, and Truck Entrance Scale and Administration offices. The development and breadth of services provided by these facilities has helped influenced, in part, the expense increases. Refer to Figure 8 for revenue and expense budget data at various points in time between the years 2000 and 2017.

As the addition of new municipal customers and expansion of non-disposal revenue sources began to occur in the 2007 to 2009 period and later, the financial metrics began to improve. Between 2007 and 2010, total expenses per disposal ton decreased from \$91/ton to \$81/ton (>10% reduction). Between 2010 and 2017, total expenses per disposal ton decreased from \$81/ton to \$59/ton (27% reduction). This is illustrative of both increased waste volumes and associated revenues from new customers and diversification of revenue sources.

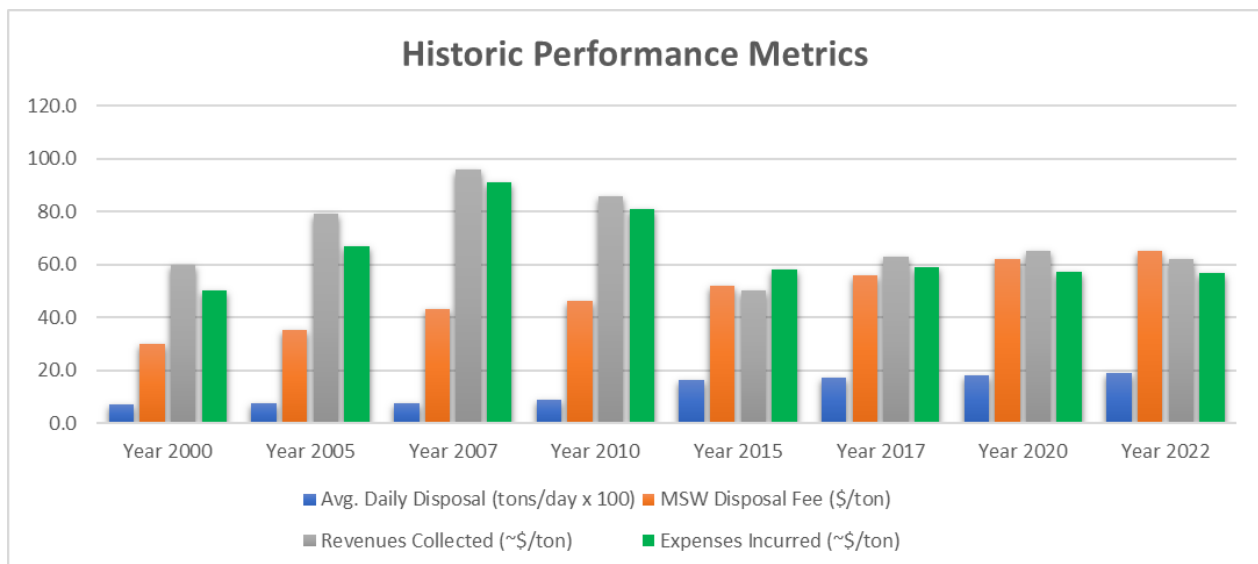
**Figure 8. ReGen’s Revenue and Expense Budget Snapshots (2000 - 2017)**

YEAR 2000		YEAR 2005		YEAR 2007	
MSW Tip Fee (\$/ton)	30.00	MSW Tip Fee (\$/ton)	35.00	MSW Tip Fee (\$/ton)	43.00
Daily Tons (avg)	700	Daily Tons (avg)	750	Daily Tons (avg)	735
Annual Tons (avg)	182,000	Annual Tons (avg)	195,000	Annual Tons (avg)	191,100
Budget - Revenues	\$10,836,000	Budget - Revenues	\$15,455,000	Budget - Revenues	\$18,420,000
Revenues/ton	\$60	Revenues/ton	\$79	Revenues/ton	\$96
Budget - Expenses	\$9,110,000	Budget - Expenses	\$13,039,000	Budget - Expenses	\$17,485,000
Expenses/ton	\$50	Expenses/ton	\$67	Expenses/ton	\$91
Staff - FTE	119	Staff - FTE	123	Staff - FTE	145
YEAR 2010		YEAR 2015		YEAR 2017	
MSW Tip Fee (\$/ton)	46.25	MSW Tip Fee (\$/ton)	51.75	MSW Tip Fee (\$/ton)	56.00
Daily Tons (avg)	888	Daily Tons (avg)	1,633	Daily Tons (avg)	1,700
Annual Tons (avg)	230,864	Annual Tons (avg)	424,507	Annual Tons (avg)	442,000
Budget - Revenues	\$19,956,000	Budget - Revenues	\$21,235,000	Budget - Revenues	\$27,745,000
Revenues/ton	\$86	Revenues/ton	\$50	Revenues/ton	\$63
Budget - Expenses	\$18,802,000	Budget - Expenses	\$24,776,000	Budget - Expenses	\$25,858,000
Expenses/ton	\$81	Expenses/ton	\$58	Expenses/ton	\$59
Staff - FTE	130 est.	Staff - FTE	123 est.	Staff - FTE	115

Refer to Figure 9 for a graphical representation of this information which illustrates that total revenues collected per disposal ton and total expenses per disposal ton were near their highest points around 2007 and began to decline as ReGen grew its customer base and diversified its sources of revenues. By 2013, the cumulative increase in new revenue sources became an important ‘foundational support’ for the improvement of ReGen’s debt rating and its ability to bond approximately \$45,000,000 in debt to develop the Franchise Truck Yard Lease Facility (2016) and the replacement upgrade of the recycling facility (MRF 2.0 in 2018).

**Figure 9. ReGen’s Budget Historic Performance Metrics Chart (2000 - 2022)**

Monterey Peninsula Landfill - Historic Performance Metrics				
	Avg. Daily Disposal (tons/day x 100)	MSW Disposal Fee (\$/ton)	Revenues Collected (~\$/ton)	Expenses Incurred (~\$/ton)
Year 2000	7.0	\$30.00	\$60	\$50
Year 2005	7.5	\$35.00	\$79	\$67
Year 2007	7.4	\$43.00	\$96	\$91
Year 2010	8.9	\$46.25	\$86	\$81
Year 2015	16.3	\$51.75	\$50	\$58
Year 2017	17.0	\$56.00	\$63	\$59
Year 2020	18.0	\$62.00	\$65	\$57
Year 2022	19.0	\$65.00	\$62	\$57



### 3.4 Influence of Regulatory Policy

Local, State, and Federal regulations restrict not only how waste is managed and disposed of but also where waste management facilities can be located, built, and operated. Most cities do not have a landfill, waste transfer facility, or a recycling facility. This is due to those regulatory restrictions. All communities generate waste that requires there to be waste management facilities. For jurisdictions that do not have solid waste facilities within their boundaries, there is an absolute regulatory requirement that the wastes generated in that jurisdiction be collected, processed, transported, recycled and disposed of at a properly sited and permitted solid waste facility that is located outside of their jurisdiction. This is a central principle of solid waste

regulations in order to properly manage waste in a designated waste management unit that protects public health and the environment. For nonhazardous solid wastes, that is the role of ReGen Monterey's permitted operations. For non-hazardous liquid wastes, that is the role of Monterey One Water's (MIW) permitted operations at the wastewater treatment facility located adjacent to ReGen's facilities. These two waste management facilities are approved conditional uses in an Agricultural Zoning Area of unincorporated Monterey County. One of the goals of that zoning designation is to separate such facilities from residential and commercial developments that are common to incorporated cities and certain areas in rural settings.

These public policies align with solid waste regulatory principles to manage waste in a designated management unit that is properly sited and permitted to protect the public health and the environment. As a result, many cities and some counties do not have solid waste facilities in their jurisdictions and are required to use facilities located in other jurisdictions. There are two active solid waste landfills in Monterey County, neither are located in any one of the 28 cities in Monterey County. Yet all those cities, and every city, requires such facilities to receive the waste generated by each community. These public policies result in solid wastes facilities to be sited and permitted in areas of less population density and often in areas of lower property value. Once the solid waste facilities have been properly sited, the public policy challenge then becomes the protection of those zoning designations and the prevention of residential growth around existing solid waste facilities. For example, the City of Marina, which was incorporated in 1975 about 12 years after ReGen's landfill had been sited, has an Urban Growth Boundary on its northern boundary immediately abutting the Unincorporated County lands that have Agricultural Zoning designation and contain the two public works waste management properties of ReGen and MIW. Those facilities have been properly developed to provide regional public services in an area located a couple of miles away from the City of Marina. This is why the northern city limits of Marina should never be changed to prevent the city getting any closer to these public works facilities. For that to occur, it would be necessary that the public policies and plans that are designed to appropriately site waste management facilities away from cities and residential areas would have to be undone and abandoned, and the good public practice principles of such policies 'thrown out the window' and discarded.

### **3.5 Influence of Public Policy**

Local, State, and Federal regulatory permits are required for ReGen Monterey to operate and deliver its non-hazardous solid waste management and processing services to the municipalities and their communities that generate the waste materials requiring the services. Over time public policy initiatives can be adopted and cause changes not only to regulations and regulatory permits but also the practices used in the solid waste management systems. Public Policy has been one of the primary 'drivers' for changes in business practices at ReGen Monterey. Be it the California Integrated Waste Management Act (AB 939, Sher, Chapter 1095, Statutes of 1989 as amended [IWMA]) that made all California cities, counties, and approved regional solid waste

management agencies responsible for enacting plans and implementing programs to divert 25 percent of their solid waste by 1995 and 50 percent by year 2000. Later legislation mandated that the 50 percent diversion requirement be achieved every year. Or be it the Mandatory Commercial Recycling measures that were adopted in the Assembly Bill 32 Scoping Plan by the California Air Resources Board (CARB) pursuant to the California Global Warming Solutions Act (Chapter 488, Statutes of 2006). The Mandatory Commercial Recycling Measure focuses on increased commercial waste diversion as a method to reduce GHG emissions. It is designed to achieve a reduction in GHG emissions of 5 million metric tons of carbon dioxide (CO<sub>2</sub>) equivalents. To achieve this objective, an additional 2 to 3 million tons of materials annually will need to be recycled from the commercial sector by the year 2020 and beyond. Or be it the more recent methane emissions reduction targets for California (SB 1383 Lara, Chapter 395, Statutes of 2016) in a statewide effort to reduce emissions of short-lived climate pollutants (SLCP) by reducing and diverting organic materials to non-disposal processing facilities (e.g., not for disposal in landfills). The SB 1383 targets are to reduce organic waste disposal in 2025 and beyond by at least 75% of 2014 organic waste levels, to rescue edible food for people to eat at a rate of at least 20% of currently disposed surplus food by 2025, and to reduce the generation of food waste in the first place. ReGen Monterey staff tracks these public policy and regulatory topics over time and consider their impacts to permits, operations, and business practices; and develops recommendations to address possible changes to permits, business plans, and operational practices.

### **3.6 Section Summary**

This review of ReGen's history reveals that its business practices have been Board directed and approved. It is evident that ReGen's Board governance has been influenced by i) common good business practices of diversifying one's customer base and sources of revenues and ii) public policies influencing improvements for waste reduction, diversion, recycling and reuse measures. This is ReGen's evolution from a "disposal only" model that has happened over the past 50 to 55 years. The financial support that allowed the development of ReGen's recycling and diversion facilities and services was largely funded by the additional disposal customers revenues (Member Agency franchise waste contract revenues only about a quarter of disposal revenues). This investment in non-disposal alternatives (largely funded by disposal revenues) has resulted in a more reliable and sustainable public works organization in the interests of all Member Agencies and non-Member Agency customers and communities served by ReGen Monterey in the tri-county area.



## **4.0 Summary Effects of ReGen Monterey's Business Practices**

*Credits: Various ReGen Monterey records and staff records contributions*

### **4.1 Introduction**

The management of municipal solid waste (MSW) in America has advanced during the past 100 years and provides some general conclusions that assist today's owners/operators and governmental bodies. Many have basic economic underpinnings that can influence the success of an organization. Be it financial success and/or success in delivering the breadth of recycling and disposal services that governmental policies have established. The record indicates that city and county owned and operated landfills are challenged by cost of services, ability to influence revenue growth, and difficulty in raising capital for continued development of a landfill. Private owners and joint power authority public entities like ReGen have business practices and policies that enable them to address the significant financial needs of landfill ownership, development, operations and maintenance, closure, and post-closure care for 30 years after cessation of disposal (and disposal revenues).

A Waste360 article dated September 18, 2018 and titled "Why Some Landfills are Becoming Privatized, While Others Remain Public", and referencing a 2017 Solid Waste Association of North America (SWANA) study, presented the following information characterizing the privatization trend of landfill ownership. Forty years ago (1984), 83% of landfills were publicly owned (17% privately owned). By 1998, 64% of landfills were publicly owned (36% privately owned). By 2018, about 50% of landfills were publicly owned. However, more notably, the 50% of landfills that are privately owned are reported to have 85% to 90% of permitted disposal capacity. That circumstance represents a significant challenge to public entity landfill owners/operators to compete with privately owned and operated landfills in the same region. Those public entity landfills that conduct business in a similar fashion as private owners (as delivered by their required public transparency and decision making process) tend to have better financially sustainable characteristics than those public entities that have discretionary requirements (possible limitations) imposed by their decision making bodies which restrict or interfere with basic economic business practices.

Basic economic conditions impact the solid waste industry similarly to other businesses. Waste disposal quantities tend to increase in volume during ‘growth’ cycles (increasing ‘demand’) and decrease during market slowdowns (decreasing ‘demand’). The ‘law’ of supply and demand is present in the disposal capacity sales market behavior. “Excess” capacity tends to get sold for lower prices and tends to lower the pace of tip fee rate increases. The opposite occurs where disposal capacity is limited or in high demand. As people and businesses continue to generate waste, the disposal capacity is an ever-decreasing quantity (‘status quo’ conditions assumed) such that the ratio of supply to demand is an ever-decreasing ratio and, said another way, an ever increasing demand and its pressure on the tip fee rates and landfill economics. That is the ‘base case’ unless i) new landfill capacity is developed or ii) a combination of decreased waste generation rates and improved recycling and diversion processes are adopted. Both reduce waste generation and improved recycling and diversion processes help reduce the rate of decline in landfill disposal capacity.

## **4.2 Effects of ReGen Monterey’s Business Practices**

As illustrated by the disposal tip fee history presented on Figure 7, ReGen’s landfill disposal tip fee has been the lowest in the region. While that characteristic exists in part because not all future financial liabilities are being ‘captured’ or ‘monetized’ in the tip fee rate, it is nonetheless a characteristic of ReGen’s business practice and one that tends to indicate a favorable condition from the ratepayer’s perspective. An inspection of Figure 7 tip fee history reveals other information to those who know the history of ReGen’s Board decisions. The following paragraphs will elaborate on that history, identify Board decisions that changed ReGen’s business practices, and present some effects of those decisions on financial matters and landfill disposal service capacity.

Between late 1965 when ReGen’s landfill opened for business and 2009 when the Board approved Regional Waste Disposal contracts, the customer base consisted of Member Agency franchise waste; Member Agency residential, commercial, and governmental ‘self-haul’ customers, and non- Member Agency residential, commercial, and governmental ‘self-haul’ customers. It was during that time that ReGen saw its greatest rate of tip fee increases. Between 1986 and 1989, and then again between 1991 and 1994, ReGen’s disposal tip fee rate doubled each time. The disposal tip fee then increased by 50% between 1995 and 1997; and then again by 30% between 2003 and 2006. The magnitude of these rate increases were due in part to the relatively low number of customers present at those times. At that time there were fewer customers, and the Member Agencies represented a larger share of the financial responsibility. This in turn also means that Member Agency customers contributed proportionally more (e.g., via higher rates) than would have been the case had there been a greater number of customers present at those times. Nonetheless, it is important to recognize the reasons for these disposal tip fee increases. The primary cause of the rate increases was the design and development of non-

disposal facilities that included the following: the AB939 influenced construction and demolition (C&D) debris recycling facility (MRF 1.0), the Household Hazardous Waste (HHW) collection facility, the new landfill gas-to-energy (LFGTE) facility, the Maintenance Shop Addition, the new Last Chance Mercantile store, the Public Recycling Drop-off Facility, the entrance Scale House Facility, the new Administration Office Building, and related campus area vehicle parking. Notably a significant amount of infrastructure development as well as representative of a considerable investment in recycling and diversion facilities. A **“doing more to waste less”** example.

It was between 1997 and 2003 that the Board took a series of actions that have ever since influenced the increase of communities served (customer diversification) and continued investment in non-disposal facilities and services (revenue source diversification) that make ReGen the well-integrated solid waste recycling, diversion, and disposal facility that it is today. Notable Board actions that occurred between 1997 and 2007 consist, in part, of the following:

- Delaying tip fee increases for six years
- Directing staff to control expenses to the extent possible
- Directing staff to develop guiding principles that would guide the subsequent development of a business plan
- Directing staff to develop a business plan that when implemented would result in new sources of non-disposal revenues (revenue source diversification; such as recycling, beneficial reuse, etc.) and new sources of disposal revenue (customer diversification)

At the October 15, 2004 Board Meeting the Board agreed on the initial version of the “guiding principles”, which included the following:

- Maintain Governance Structure of the nine-member Board of Directors
- Maintain labor policy of primary recycling/disposal services performed by ReGen staff
- Maintain Operating Reserve (25% of OPEX at that time)
- Maintain Debt Service Ratio of any debt covenant
- Consider a policy establishing 75 to 80 years of landfill disposal life reserved exclusively for waste generated by the Member Agencies
- Consider a \$3 to \$5 per ton disposal tip fee increase in 2005 with annual increases thereafter of \$1 per ton to “ensure fiscal solvency and financing of the ongoing range waste and recycling services provided...”

This was revised in 2005 and again in 2007, to be titled “Guiding Principles for Acceptance of Regional Waste”. Refer to Appendix B for the three different versions of ‘guiding principles’. The Board was relatively clear of the purpose for the ‘guiding principles’ as illustrated by the opening paragraph in the most recent version of the document (2007), which states the

following: “ *The "Guiding Principles for the Acceptance of Regional Waste" were developed to address the parameters for offering certain limited, excess landfill capacity to public agencies for the disposal of regional ("out-of-District") waste at the Monterey Peninsula Landfill. Three potential buyers of this excess landfill capacity include the City of Watsonville, the Salinas Valley Solid Waste Authority (SVSWA) and the County of Santa Cruz. The purpose of the sale of excess capacity is to stabilize disposal rates to the Monterey Regional Waste Management District (MRWMD) member agencies, provide funding for future expansion of the MRWMD's diversion and recycling programs, and to permit the City of Watsonville, the SVSWA and the County of Santa Cruz adequate time to identify and develop additional long-term disposal capacity within their respective jurisdictions”.*

### 4.2.1 Regional Customer Contracts

By 2013, four regional customers from Santa Cruz County and one from the City of San Jose area of Santa Clara were under contract to deliver waste to ReGen for landfill disposal. At that time, the contract rates were about half of the posted disposal tip fee paid by the Member Agencies and ‘self-haul’ customers. Recognize that had this regional customer revenue not been secured by contract or otherwise received by ReGen, the disposal tip fee paid by the Member Agencies would have been higher and there would also have been some cut to labor and maintenance expenses resulting in reduced service capacity. By 2022 the four Santa Cruz County regional customer contracts had been re-negotiated to include a step tip fee increase over five years that will reach 95% of the disposal tip fee paid by the Member Agencies and ‘self-haul’ customers in FY2024-25 (Table 2).

**Table 2-repeated: Summary of ReGen’s Regional Customer Contract Information (2024)**

COUNTY	REGIONAL CUSTOMER	CONTRACT		TERMS		DISPOSAL RATE		
		Start Date	End Date	Base (yrs)	Extension (yrs)	FY 2023/24	FY 2024/25	
Santa Cruz	City of Capitola	10/14/2020	10/13/2050	30	N/A	\$55/ton	TBD 95% of Posted Rate for Refuse Disposal	
	City of Scotts Valley	7/22/2022	7/21/2052	30	N/A			
	City of Watsonville	8/26/2020	8/25/2050	30	N/A			
	County of Santa Cruz	5/25/2021	5/24/2051	30	N/A			
Santa Clara	GreenWaste Recovery - San Jose MRF's	11/19/21 Amendment #3	12/31/2036	25	N/A	Tiered	TBD - Based on April CPI	
						0-75K tons		\$30.08/ton
						75K-125K tons		\$29.39/ton
	125K + tons	\$28.68/ton						
Waste Solution Group of San Benito, LLC (Gilroy & Morgan Hill communities)	3/31/2022	3/30/2026	4	Month to Month - 30 day notice	\$35/ton	\$37.50/ton		

The contract tip fee rates for the two Santa Clara County regional customers (Table 2 above) are more than half as much as the disposal tip fee for others. Those contract rates were negotiated by ReGen staff and approved by the Board. ReGen did have ‘market feedback’ to contract tip fee rates in 2015 when ReGen submitted a disposal rate for the Milpitas Request for Proposal (RFP). ReGen quoted a similar contract tip fee rate for waste disposal services as was the GreenWaste Recovery (San Jose MRFs) tip fee rate at that time. ReGen was not successful in securing the Milpitas disposal contract and it is understood that costs were one of the factors affecting the award of that RFP to a service provider.

The regional customer disposal volumes (tonnage) are presented in Table 3 below. The regional customers deliver about twice as much waste as the remaining customers (including Member Agencies) using ReGen’s disposal services. This is a relatively significant factor to the depletion of landfill ‘airspace’ (aka ‘available disposal capacity’). Obviously, the disposal tonnage is the unit of measure for which the tip fee is charged to, and which generates the revenues from disposal of those waste materials.

**Table 3: Summary of ReGen’s Regional Customer Contract Disposal Tonnage (2024)**

COUNTY	REGIONAL CUSTOMER	FY 2018/2019	FY 2019/2020	FY 2020/2021	FY 2021/2022	FY 2022/2023	FY 2023/2024
		ACTUAL ANNUAL DATA	ACTUAL ANNUAL DATA	ACTUAL ANNUAL DATA	ACTUAL ANNUAL DATA	ACTUAL ANNUAL DATA	FORECASTED ANNUAL DATA
		Tons	Tons	Tons	Tons	Tons	Tons
Santa Cruz	City of Capitola	7,201	6,532	6,414	6,318	6,289	6,353
	City of Scotts Valley	6,337	6,344	5,914	5,780	5,985	5,671
	City of Watsonville	27,131	29,395	32,419	36,159	35,107	34,307
	County of Santa Cruz	3,880	9,602	15,722	14,705	20,128	30,575
Santa Clara	GreenWaste Recovery - San Jose MRF's	MSW	MSW	MSW	MSW	MSW	MSW
		408,553	375,259	331,814	275,620	270,072	271,590
		ADC	ADC	ADC	ADC	ADC	ADC
		45,178	34,613	60,352	92,323	106,070	70,098
	Waste Solution Group of San Benito, LLC (Gilroy & Morgan Hill communities)	-	-		15,282	58,714	60,121
	<b>ADC + MSW Tonnage Total =</b>	<b>498,280</b>	<b>461,745</b>	<b>452,635</b>	<b>446,187</b>	<b>502,365</b>	<b>478,715</b>

The disposal revenues collected from the regional customer waste disposal is presented in Table 4 below and amount to about \$15,000,000 per year or almost 30% of total revenues. A significant contribution to ReGen’s finances. That \$15,000,000 in revenue is about 36% more than the disposal revenue collected from the Member Agency franchise contract waste disposal. Hypothetically speaking, “if” the regional customer revenue were to be eliminated and the remaining customers were to receive the same level of service as they had been receiving, a \$25 to \$30 per ton tip fee increase would not be unexpected to be required.

**Table 4: Summary of ReGen’s Regional Customer Contract Disposal Revenue (2024)**

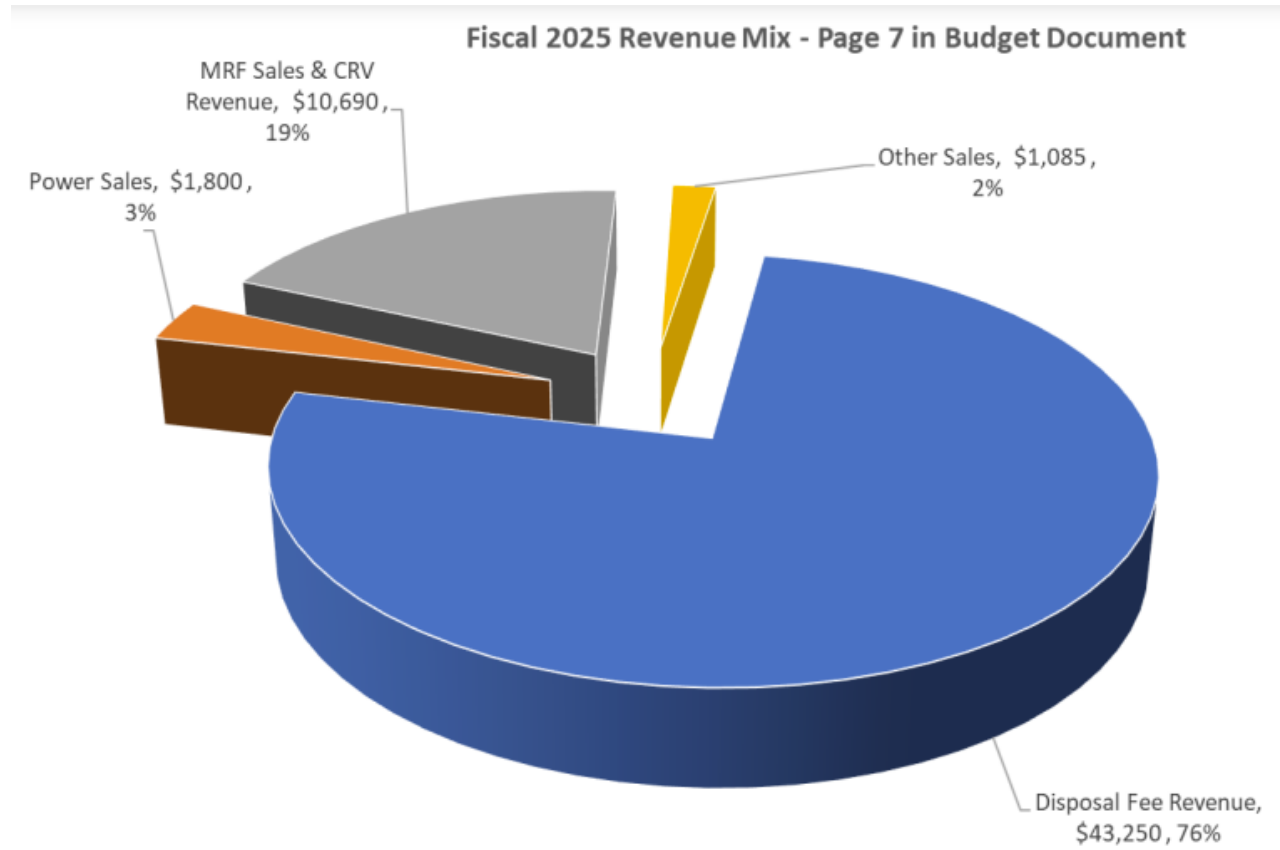
COUNTY	REGIONAL CUSTOMER	FY 2018/2019	FY 2019/2020	FY 2020/2021	FY 2021/2022	FY 2022/2023	FY 2023/2024
		ACTUAL ANNUAL DATA	ACTUAL ANNUAL DATA	ACTUAL ANNUAL DATA	ACTUAL ANNUAL DATA	ACTUAL ANNUAL DATA	FORECASTED ANNUAL DATA
		Revenue (\$000)	Revenue (\$000)	Revenue (\$000)	Revenue (\$000)	Revenue (\$000)	Revenue (\$000)
Santa Cruz	City of Capitola	\$ 258	\$ 243	\$ 257	\$ 284	\$ 315	\$ 349
	City of Scotts Valley	\$ 225	\$ 234	\$ 221	\$ 260	\$ 299	\$ 312
	City of Watsonville	\$ 963	\$ 1,084	\$ 1,297	\$ 1,627	\$ 1,756	\$ 1,887
	County of Santa Cruz	\$ 138	\$ 354	\$ 591	\$ 662	\$ 1,006	\$ 1,701
Santa Clara	GreenWaste Recovery - San Jose MRF's						
		\$ 10,062	\$ 9,581	\$ 8,551	\$ 7,322	\$ 7,532	\$ 7,973
		\$ 656	\$ 511	\$ 899	\$ 1,416	\$ 1,709	\$ 1,176
	Waste Solution Group of San Benito, LLC (Gilroy & Morgan Hill communities)	\$ -	\$ -	\$ -	\$ 497	\$ 1,945	\$ 2,133
<b>Total Revenue =</b>		<b>\$ 12,302</b>	<b>\$ 12,007</b>	<b>\$ 11,816</b>	<b>\$ 12,068</b>	<b>\$ 14,562</b>	<b>\$ 15,531</b>

#### 4.2.2 Revenue Diversification

The disposal revenues from regional customers presented in the preceding section above illustrates the Board’s goal of increasing revenues. The Board also had a goal of diversifying the source of revenues with the intention to reduce the degree of dependency upon disposal revenues. Figure 10 below illustrates that revenues projected for Fiscal Year 2024-25 budget from the four leading sources. Disposal revenues are estimated at \$43,250,000 and represent about 76% of all revenues projected for the next fiscal year. While there has been a little improvement in developing non-disposal revenues (MRF sales, Power sales, and Other sales), Figure 10 illustrates that disposal revenues remain the largest revenue source for ReGen. Please note that disposal service expenses are not 76% of all expenses and thus, ‘net disposal revenues’ continue to pay for a portion of the ‘non-disposal’ expenses such as recycling and diversion services. This is a common scenario in the solid waste industry across America and has been the

constant scenario that has existed at ReGen to some degree since 1965 when the landfill opened, and waste disposal services began.

**Figure 10. ReGen’s Revenue Summary – FY2025 Preliminary Budget**

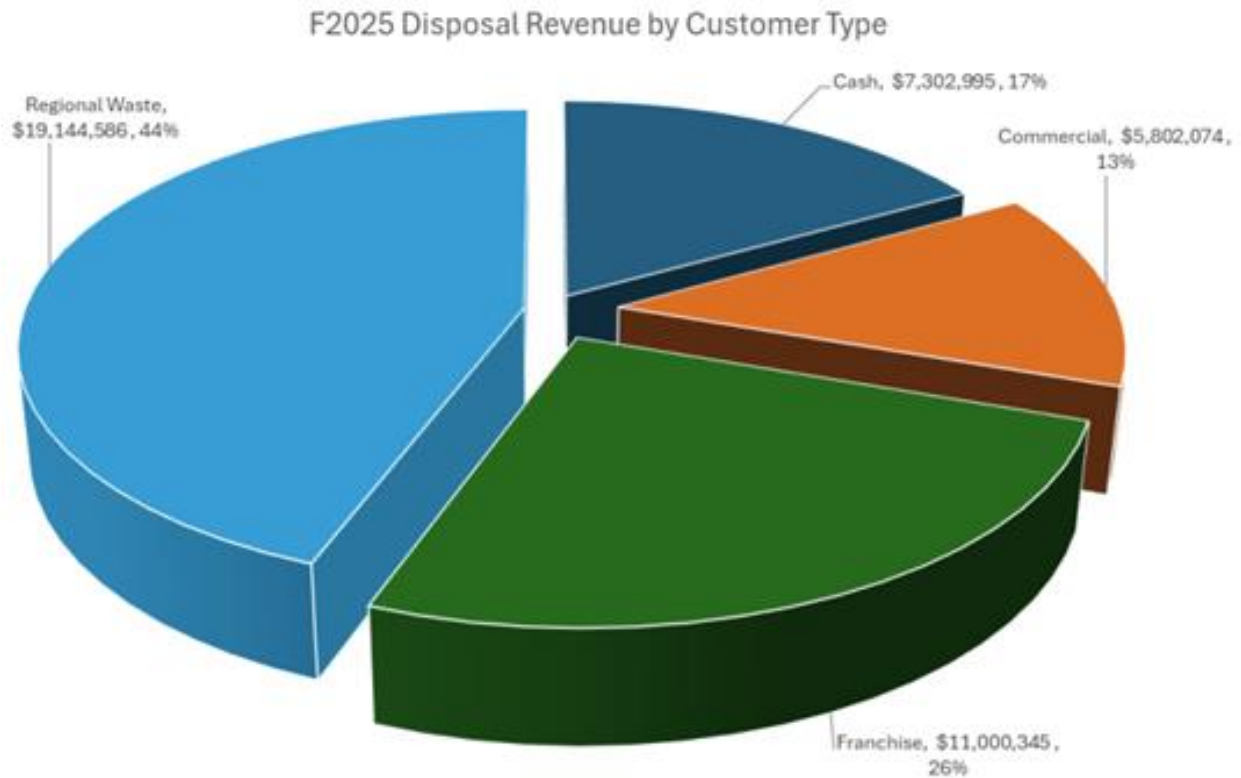


Looking at only disposal revenue sources, Figure 11 below illustrates the four major sources of disposal revenues as projected for the Fiscal Year 2024-25 budget. Revenues from regional customers represent the single largest source of disposal revenues at about \$19,000,000 (44%) of all disposal revenues. This illustrates the importance of the regional customer’s waste disposal in its contribution of revenue support to ReGen’s activity. About \$15,000,000 or almost 80% of that source is from regional customers that have contracts with ReGen (refer to Table 2). The regional contracts have rates that range from a low of about 35% to 40% of the Member Agency tip fee rate to a high of 95% of the Member Agency tip fee rate. The GreenWaste Recovery – San Jose MRF residuals contract is the single largest regional customer disposal revenue source at about \$9,000,000 (60%) of contracted regional customer disposal revenue. The other \$4,000,000 of \$19,000,000 in regional disposal revenues are from non-Member Agency

residential, commercial, and governmental ‘self-haul’ customers who pay the Member Agency tip fee rate. The Member Agency franchise waste disposal revenues are the second largest disposal revenue source at approximately \$11,000,000 (26%) of total disposal revenues. Commercial and Cash customers comprise about \$13,000,000 (30%) of total disposal revenues; more than the Member Agency franchise waste contribution. Notably, the Member Agency franchise waste revenues are about a quarter of total disposal revenues; which illustrates the significantly greater extent that other customers are supporting the delivery of services to all customers in addition to the Member Agencies.

The \$9,000,000 in annual disposal revenues from the GreenWaste Recovery – San Jose MRFs regional customer contract is anticipated to end on December 31, 2036. The loss of \$9,000,000 in disposal revenues will likely occur in association with some reduction in operating expenses preliminarily judged to be on the order of about \$4,000,000 or so; likely leaving on the order of about \$5,000,000 in needed revenue to offset the net loss of this specific disposal revenue source. As a rough estimate, that would likely translate to about a \$20 per ton (25%) increase in tip fee rate for Member Agency franchise waste and ‘self-haul’ customers for that scenario. Staff considers this specific contract to represent a significant risk of loss to plan for and mitigate before the planned date of the loss (e.g., December 31, 2036).

**Figure 11. ReGen’s Disposal Revenue by Customer Type – FY2025 Preliminary Budget**





### 4.2.3 Landfill Capacity and Remaining Disposal Service Life

Increasing the number of disposal customers (independent of their location) leads to increased quantities (volume) of waste for landfill disposal, an increased rate of disposal capacity consumption (loss), and a corresponding reduction in the remaining disposal service life of the landfill. Following ReGen’s Board of Director’s approval of the regional contracts (circa 2009), staff prepared an estimate of the impact of more waste being disposed than had been recently occurring just prior to that time. That estimate is referred to as the “2010 Joint Technical Document (JTD)” scenario and it predicted a Closure Year of 2160 (137 years from now). With the addition of the GreenWaste Recovery – San Jose MRFs regional contract in 2013, the actual volume of waste being received by ReGen exceeds the rate assumed for the 2010 JTD scenario. Thus, staff developed two scenarios with greater volumes of waste assumed in each; with the intent to ‘bracket’ actual volumes anticipated to be received between 2009 and December 31, 2036. Scenario A is intended to have slightly less than actual volumes of waste delivered, and Scenario B is intended to have slightly greater than actual volumes of waste delivered in that 28-year time period. Refer to Table 5 below for the summary of predicted Closure Years and remaining landfill disposal service life.

**Table 5: Estimate of Landfill Closure Year and Remaining Disposal Service Life (2024)**

Source of Remaining Service Landfill Capacity Estimate	Approximate Remaining Landfill Capacity (circa 2009)	Estimated Remaining Landfill Life from 2009	Estimated Closure Year {Remaining Disposal Service Life - 2024}	Scenario Description
	(CY)	(YEARS)	( DATE & {YEARS} )	
2010 Joint Technical Document (JTD)	72,300,000	152	2160 (137 years)	Assume ~330,000 tpy Total (Baseline + Regional Customer). Somewhat elevated Regional Customer disposal tonnage through 2036 is ~235,000 tpy on average. For Year 2037 going forward - return to lower (Baseline + Regional Customer) disposal rate of ~225,000 tpy (~75,000 tpy +/- Regional).
2024 Staff Estimate - Scenario A	72,300,000	144	2152 (129 years)	Assume ~580,000 tpy Total (Baseline + Regional Customer). Elevated Regional Customer disposal tonnage through 2036 is ~350,000 tpy on average. For Year 2037 going forward - return to new lower (Baseline + Regional Customer) disposal rate of ~350,000 tpy ( ~75,000 tpy +/- Regional Customers).
2024 Staff Estimate - Scenario B	72,300,000	134	2142 (119 years)	Assume ~665,000 tpy Total (Baseline + Regional Customer). Elevated Regional Customer disposal tonnage through 2036 is ~435,000 tpy on average. For Year 2037 going forward - return to new lower (Baseline + Regional Customer) disposal rate of ~350,000 tpy ( ~75,000 tpy +/- Regional Customers).

The regional waste delivery Scenario A assumptions resulted in the following predictions:

- 26 additional years of disposal capacity would be consumed (relative to prior 'baseline' disposal capacity consumption rate) during the 28-year time period of regional waste deliveries assumed
- The Closure Year is predicted as Year 2152; 129 years from 2024

The regional waste delivery Scenario B assumptions resulted in the following predictions:

- 36 additional years of disposal capacity would be consumed (relative to prior 'baseline' disposal capacity consumption rate) during the 28-year time period of regional waste deliveries assumed
- The Closure Year is predicted as Year 2142; 119 years from 2024

All three of the closure year estimates presented in Table 5 indicate that the Board assigned criteria that there be 75 years of disposal capacity exclusively for the Member Agencies has been achieved. Because the predicted 119 to 129 years of remaining disposal service life exceeds the 75-year requirement, this would indicate that there remains "excess capacity" available for use by the Member Agencies and/or available for sale to other communities in need of disposal capacity.

As time elapses and waste disposal continues, a landfill's disposal capacity decreases until the landfill's disposal capacity is eventually reached. Once a landfill is closed, the customers that were using that landfill have to find a new landfill to serve their disposal needs. Often that landfill is not located nearby or as close as the landfill that was closed. This leads to increased demand for a scarcer resource; landfill disposal capacity. Table 6 presents a list of landfills in the region and their estimated Closure Year (Source: CalRecycle Solid Waste Information System (SWIS)). By the Year 2037, when the GreenWaste Recovery – San Jose MRFs contract with ReGen is scheduled to end, five (5) landfills in the region are predicted to have closed. Within 20 years, nine landfills in the region are predicted to have closed.

**Table 6: Landfill Closure Year of Regional Landfills**

LANDFILL NAME and COUNTY NAME	CLASSIFICATION	LANDFILL CLOSURE DATE (est.)	PERMIT DAILY TON LIMIT	TOTAL PERMIT AREA	PERMIT DISPOSAL AREA
	Class I, II, or III	(yyyy)	(tons/day)	(acres)	(acres)
John Smith Road Landfill- San Benito	Class III	2025	1,000	90.4	58
City of Watsonville Lanfill - Santa Cruz	Class III	2029	275	103	48
Buena Vista Drive Sanitary Landfill - Santa Cruz	Class II, III	2031	838	126	61
Corinda Los Trancos Landfill - San Mateo	Class III	2034	3,598	2786	173
City of Santa Cruz Resource Recovery Facility- Santa Cruz	Class III	2037	535	100.00	67
Chicago Grade Landfill - San Luis Obispo	Class III	2039	500	188	77.07
Cold Canyon Landfill, INC - San Luis Obispo	Class III	2040	1,650	209	121

**Table 6: Landfill Closure Year of Regional Landfills (continued)**

LANDFILL NAME and COUNTY NAME	CLASSIFICATION	LANDFILL CLOSURE DATE (est.)	PERMIT DAILY TON LIMIT	TOTAL PERMIT AREA	PERMIT DISPOSAL AREA
	Class I, II, or III	(yyyy)	(tons/day)	(acres)	(acres)
Newby Island Sanitary Landfill - Santa Clara	Class III	2041	4,000	342	298
Guadalupe Sanitary Landfill - Santa Clara	Class III	2043	3,650	411	115
Camp Roberts Landfill - San Luis Obispo	Class III	2045	618	85.4	13.34
City of Paso Robles Lanfill- San Luis Obispo	Class III	2051	450	80	65
Kirby Canyon Recycl. & Disp. Facility - Santa Clara	Class III	2059	2,600	743	311
Johnson Canyon Landfill - Monterey	Class III	2066	1,694 thru 2025; increasing thereafter	163	96.3
Monterey Peninsula Landfill - Monterey	Class III	>100 years	3,500	460	315

### 4.3 Section Summary

ReGen’s Board decisions to diversify customers and revenue sources in the mid-2000’s, and the subsequent accomplishment of securing the regional customer contracts for limited term disposal capacity, has provided the financial support that allowed the development of ReGen’s recycling and diversion facilities. This investment in non-disposal alternatives (largely funded by disposal revenues) helps decrease the amount of waste landfilled and provides an integrated facility with more reliable and sustainable public works services. This is squarely in the interests of all Member Agencies and non-Member Agency customers and communities served by ReGen

Monterey in the tri-county area. Having the larger customer base distributes a relatively smaller share of financial responsibility in the form of lower rates and smaller rate increases. While the increased disposal amounts associated with the increased disposal revenues results in greater consumption of landfill 'airspace' capacity, that has been accomplished while maintaining more than Board assigned 75 years of exclusive disposal capacity for the Member Agencies. What has transpired at ReGen has been experienced by other solid waste landfill owners and is associated with basic good business practices. Secure 'revenue streams' are a fundamental requirement for capital intensive businesses such as is represented by landfill development, operations and maintenance, closure, and post-closure care responsibilities. The ReGen's Board decisions have secured that revenue stream through December 31, 2036 when the GreenWaste Recovery – San Jose MRFs contract ends and to a lesser extent through about 2050 for the four Santa Cruz County regional customer contracts (Table 2). Advance planning and action will be necessary to mitigate the financial impacts of the loss of those regional customer revenues and avoid decreasing services associated with labor and expense reductions.

# APPENDIX A

## Definitions

CA. Public Resource Code (PRC) CHAPTER 2. Definitions [40100 – 40201]

### 40141. “Hazardous waste”

(a) “Hazardous waste” means a waste, defined as a “hazardous waste” in accordance with Section 25117 of the Health and Safety Code, or a combination of wastes, which because of its quantity, concentration, or physical, chemical, or infectious characteristics may do either of the following:

(1) Cause, or significantly contribute to, an increase in mortality or an increase in serious irreversible, or incapacitating reversible, illness.

(2) Pose a substantial present or potential hazard to human health or environment when improperly treated, stored, transported, or disposed of, or otherwise managed.

(b) Unless expressly provided otherwise, “hazardous waste” includes extremely hazardous waste and acutely hazardous waste.

### 40191. “Solid waste”

(a) Except as provided in subdivision (b), “solid waste” means all putrescible and non-putrescible solid, semisolid, and liquid wastes, including garbage, trash, refuse, paper, rubbish, ashes, industrial wastes, demolition and construction wastes, abandoned vehicles and parts thereof, discarded home and industrial appliances, dewatered, treated, or chemically fixed sewage sludge which is not hazardous waste, manure, vegetable or animal solid and semisolid wastes, and other discarded solid and semisolid wastes.

(b) “Solid waste” does not include any of the following wastes:

(1) Hazardous waste, as defined in Section 40141.

(2) Radioactive waste regulated pursuant to the Radiation Control Law (Chapter 8 (commencing with Section 114960) of Part 9 of Division 104 of the Health and Safety Code).

(3) Medical waste regulated pursuant to the Medical Waste Management Act (Part 14 (commencing with Section 117600) of Division 104 of the Health and Safety Code). Untreated medical waste shall not be disposed of in a solid waste landfill, as defined in Section 40195.1. Medical waste that has been treated and deemed to be solid waste shall be regulated pursuant to this division.

*(Amended by Stats. 1996, Ch. 1041, Sec. 9. Effective January 1, 1997.)*

**CCR-Title 22, § 66261.9 - Requirements for Universal Waste**

(a) The hazardous wastes listed in this section are exempt from the management requirements of chapter 6.5 of division 20 of the Health and Safety Code and its implementing regulations except as specified in chapter 23 and, therefore, are not fully regulated as hazardous wastes. The wastes listed in this section are subject to regulation pursuant to chapter 23 and shall be known as **"universal wastes."**

- (1) Batteries, as described in section 66273.2, subsection (a);
  - (2) Electronic devices, as described in section 66273.3, subsection (a);
  - (3) Mercury-containing equipment, as described in section 66273.4, subsection (a);
  - (4) Lamps, as described in section 66273.5, subsection (a) (including, but not limited to, M003 wastes);
  - (5) Cathode ray tubes, as described in section 66273.6, subsection (a);
  - (6) Cathode ray tube glass, as described in section 66273.7, subsection (a);
  - (7) Aerosol cans, as specified in Health and Safety Code section 25201.16; and
  - (8) Photovoltaic modules, as described in section 66273.7.1, subsection (a).
- (b) Unless specified otherwise in section 66273.60, universal wastes shall be managed as hazardous wastes pursuant to chapters 10 through 16, 18, and 20 through 22 of this division upon arrival at a destination facility.

# **APPENDIX B**

## **“Guiding Principles” Documents**

**October 15, 2004**

**September 16, 2005**

**November 16, 2007**





# Memorandum

## MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

DATE: December 10, 2004  
TO: Board of Directors  
FROM: General Manager  
SUBJECT: Guiding Principles as Revised on October 15, 2004

At the October 15, 2004 meeting the Board agreed on the following Guiding Principles that were proposed by the MRWMD AdHoc Advisory Task Force which met this summer.

- **District Governance Structure**

Maintain existing governance structure. Do not expand current District boundaries or increase the size of the current nine-member Board of Directors.

- **Labor Policy**

Continue to operate District facilities with District staff. Do not use outside contractors to provide primary District services.

- **Reserve Policy and Debt Service Ratios**

Maintain District policy of retaining 25% of the operating expense budget in reserve. Maintain debt service ratios as required in bond covenant.

- **Range of Waste Management Services and Recycling/Diversion Rates**

Continue to provide existing recycling and landfill services, while maintaining diversion rates of at least 50% for member agencies. Service levels could be increased if additional revenue becomes available and additional programs, such as food waste composting, could be added.

- **Landfill Capacity and Service Area**

Consider a policy establishing a minimum 75 to 80 year landfill life to serve projected wastestreams exclusively generated by the MRWMD member agencies. Certified landfill capacity exceeding the 75 to 80 years would be considered excess capacity, which could be considered for sale to the County of Santa Cruz and the Salinas Valley Solid Waste Authority (SVSWA) at "market rates". The purpose of the sale of the excess capacity is to mitigate further rate increases to the MRWMD member agencies and to permit the SVSWA and the County of Santa Cruz adequate time to identify and develop additional long-term landfill capacity within their respective jurisdictions. The Board authorized staff to meet with the SVSWA and the County of Santa Cruz to discuss the parameters for the possible acceptance of additional waste.

- **Rate Policies**

The Board discussed rate policies including a \$3-5 per ton increase in 2005 with an annual increase thereafter of \$1/ton to ensure fiscal solvency and financing of the ongoing range of waste and recycling services provided by the District. Staff was asked to provide additional information regarding rate increase options for the Board at their November meeting.

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**GUIDING PRINCIPLES FOR ACCEPTANCE OF REGIONAL WASTE**

September 16, 2005

The "Guiding Principles for the Acceptance of Regional Waste" were developed to address the parameters for offering certain limited, excess landfill capacity to public agencies for the disposal of regional ("out-of-District") waste at the Monterey Peninsula Landfill. Two potential buyers of this excess landfill capacity include the Salinas Valley Solid Waste Authority (SVSWA) and the County of Santa Cruz. The purpose of the sale of excess capacity is to stabilize disposal rates to the Monterey Regional Waste Management District (MRWMD) member agencies, provide funding for future expansion of the MRWMD's diversion and recycling programs, and to permit the SVSWA and the County of Santa Cruz adequate time to identify and develop additional long-term disposal capacity within their respective jurisdictions.

**Guiding Principles for Acceptance of Regional (Out-Of-District) Waste**

1. Regional waste received will be from public agencies only, by written agreement.
2. The primary need of the public agency will be for short to intermediate-term landfill space while they work to find a long-term solution to their solid waste disposal needs.
3. The sale of the MRWMD excess landfill capacity will be subject to a contract approved by the MRWMD Board of Directors.
4. A "reserve landfill capacity" shall be established to provide an initial 75 year landfill life which will serve projected waste streams generated by the MRWMD member agencies to at least the year 2080. In other words, the amount of regional waste to be accepted will not reduce the MRWMD's certified landfill capacity below 75 years (to 2080). Certified landfill capacity exceeding 75 years would be considered to be "excess landfill capacity", which could be made available for sale to public agencies, such as the County of Santa Cruz and the SVSWA.
5. The regional waste brought to the MRWMD will have been subject to recycling and diversion programs acceptable to meet the State-mandated diversion goals.
6. The MRWMD will have the ability to shorten the contract term should the public agency not demonstrate adequate progress in meeting its long-term solution to solid waste disposal.
7. The acceptance of regional waste will utilize only MRWMD landfill operations and airspace. The regional waste will not require the use of any of the following MRWMD services: materials recovery facility, public recycling drop-off facility, Last Chance Mercantile reuse facility, household hazardous waste collection program, composting facility, and public awareness program.
8. The negotiated landfill disposal fee will include an escalation clause to compensate the MRWMD for future annual increases in costs.
9. The regional waste will be transported to the MRWMD in large transfer-trailer-type loads to minimize the impact on public roads and maximize the efficiency of transportation and landfill operations.

Monterey Regional Waste Management District

**GUIDING PRINCIPLES FOR ACCEPTANCE OF REGIONAL WASTE**

September 16, 2005  
(Rev. 11/16/07)

The "Guiding Principles for the Acceptance of Regional Waste" were developed to address the parameters for offering certain limited, excess landfill capacity to public agencies for the disposal of regional ("out-of-District") waste at the Monterey Peninsula Landfill. Three potential buyers of this excess landfill capacity include the City of Watsonville, the Salinas Valley Solid Waste Authority (SVSWA) and the County of Santa Cruz. The purpose of the sale of excess capacity is to stabilize disposal rates to the Monterey Regional Waste Management District (MRWMD) member agencies, provide funding for future expansion of the MRWMD's diversion and recycling programs, and to permit the City of Watsonville, the SVSWA and the County of Santa Cruz adequate time to identify and develop additional long-term disposal capacity within their respective jurisdictions.

**Guiding Principles for Acceptance of Regional (Out-Of-District) Waste**

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2. The primary need of the public agency will be for short to intermediate-term landfill space while they work to find a long-term solution to their solid waste disposal needs.
3. The sale of the MRWMD excess landfill capacity will be subject to a contract approved by the MRWMD Board of Directors.
4. A "reserve landfill capacity" shall be established to provide an initial 75 year landfill life which will serve projected waste streams generated by the MRWMD member agencies to at least the year 2080. In other words, the amount of regional waste to be accepted will not reduce the MRWMD's certified landfill capacity below 75 years (to 2080). Certified landfill capacity exceeding 75 years would be considered to be "excess landfill capacity", which could be made available for sale to public agencies, such as the County of Santa Cruz and the SVSWA.
5. The regional waste brought to the MRWMD will have been subject to recycling and diversion programs acceptable to meet the State-mandated diversion goals.
6. The MRWMD will have the ability to shorten the contract term should the public agency not demonstrate adequate progress in meeting its long-term solution to solid waste disposal.
7. The acceptance of regional waste will utilize only MRWMD landfill operations and airspace. The regional waste will not require the use of any of the following MRWMD services: materials recovery facility, public recycling drop-off facility, Last Chance Mercantile reuse facility, household hazardous waste collection program, composting facility, and public awareness program.
8. The negotiated landfill disposal fee will include an escalation clause to compensate the MRWMD for future annual increases in costs. The regional waste will be transported to the MRWMD in either large transfer-trailer type trucks or waste collection packer trucks to minimize the impact on public roads and maximize the efficiency of transportation and landfill operations.

# **APPENDIX C**

## **Select History of ReGen's Evolution of Business Practices**

## **Select History of Evolution of Business Practices:**

Circa 2004 – Board declines a \$5/ton Disposal Tip Fee increase and encourages cost control and development of guidance measures to generally increase customer base and new sources of revenue. Board adopts a “Guiding Principle” document October 15, 2004.

2006 – Financial recession signals are present and decreasing disposal tons forecasted in future years associated with predicted declining market conditions. Board directs development of a strategic plan inclusive of a financial strategy to diversify revenue sources, broaden customer base, and seek operational efficiencies.

2007 – Strategic Plan drafted. Guiding Principles are updated to provide services to Regional Waste customers (cities/counties outside of Monterey County (direct or via Franchise Hauler)).

2008 – Operational efficiency for sand excavation adopted inclusive of material sale royalties and asphalt/concrete recycling services (Tenant Contract with Don Chapin Company, Inc.).

2009 – Contracts approved with Regional Waste customers in Santa Cruz County.

2010 – Preliminary concept plans developed for District-wide Collection Services RFP, a Franchise Contract Truck Yard Facility onsite, and renovation of the MRF to improve C&D recycling process and to add a new processing line for batch processing of either Single Stream Recycling (SSR) or mixed-municipal solid waste materials.

Circa 2013 – Board approves disposal services contract with franchise hauler GreenWaste Recovery (GWR) for MRF post-processing residuals from the San Jose/South Bay communities.

2014 – District-wide Collections Services RFP issued and Franchise Lease Truck Yard Facility identified as being available to all service providers submitting proposals for this solicitation.

**Select History of Evolution of Business Practices (continued):**

2015 – Seven (7) of the nine (9) Member Agencies approve new franchise collection contracts with GWR (peninsula) and Board approves construction of the Franchise Lease Truck Yard Facility and CNG Fueling Facility. City of Monterey and Monterey County retained their respective existing franchise collections contracts.

2017 – Board approves construction of MRF 2.0 and facility begins new recycling operations in 2018 for processing of Single Stream Recyclable (SSR) materials for all Member Agencies and Construction & Demolition (C&D) materials for all customers visiting the facility.

2019 – Board approves additional SSR processing contracts with new customers including City of Salinas via their franchise hauler Republic Services Inc..

2020 – Board approves RFP solicitation for Last Chance Mercantile operations.

2021 – Board approves contract with VTC for Last Chance Mercantile operations.

2022 – Board approves short-term nonhazardous solid waste disposal contract for the cities of Gilroy and Morgan Hill via their franchise collections contractor Waste Connections Inc.

2022-23 – Board approves additional SSR processing contracts with new customers via their franchise hauler for temporary processing services during operational ‘outages’ of their primary recycling and/or transfer facilities.