

Where Waste Travels

WHITE PAPER

**High-Level Summary of
Municipal Solid Waste Management Practices
in California and of the
Monterey Regional Waste Management District
DBA ReGen Monterey**

**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 ~~document's~~ ~~document's~~ purpose of the White Paper. Section 2 summarizes ~~California's and Monterey County's~~ the municipal solid waste management system and practices of California and Monterey County. ~~Section 3 summarizes details~~ ReGen Monterey's business practices, ~~and~~ Section 4 ~~summarizes~~ explores some of the effects of ReGen Monterey's business practices on ~~areas of interest~~ matters such as ~~Service~~ service Rates rates and ~~Landfill Disposal~~ Disposal Capacity capacity. The White Paper's purpose is briefly described further in the following paragraphs of this Executive Summary.

~~In more detail,~~ 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 facilities, ~~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~~ each community. ~~As a result,~~ This results in wastes ~~being~~ are transported in and out of counties ~~so that the waste can be directed to reach the~~ appropriate waste management facilities. ~~These~~ transportation of solid waste to an appropriate permitted facility is a common industry practice across the country. In most states, this includes ~~both~~ interstate transportation ~~in addition to and~~ intrastate transportation ~~in and out of between~~ counties. Every community requires such public services, yet very few cities or counties own the necessary facilities — ~~and~~ yet even fewer restrict business exclusively to their own community. ~~That there are~~ Two purposeful privatization trends have contributed to a relatively small number of ~~City-city-~~ or ~~County-county-~~ owned solid waste facilities ~~has occurred over in recent~~ decades: ~~as the result of a purposeful privatization trend to~~

- i) ~~A purposeful privatization trend to~~ achieve ongoing infrastructure development (private capitalization capacity)

— and ii) ~~A purposeful privatization trend toward~~ efficiency of operations, ~~due to~~ ~~with~~ economies of scale and lower rates, relatively speaking (~~to reach~~ more customers than ~~are exclusively available in~~ any one ~~exclusive~~ community basis).

ii) _____

Section 3 of this White Paper explores the history of ReGen Monterey and ~~the-its~~ evolution from a “disposal-only” facility to ~~an that of an~~ integrated waste management facility ~~that promoting-promotes~~ waste reduction and ~~offering-offers~~ 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 which are~~ represented on the Board of Directors). That ~~s~~ ~~-has occurred~~ because ~~there is a requirement in the communities’~~ Member Agency agreements ~~s~~ with ReGen Monterey ~~state~~ that each Member Agency ~~must~~ include a requirement in ~~their-its Franchise franchise Waste-waste Collection collection~~ contracts ~~to-that~~ directs non-hazardous solid waste materials to ReGen Monterey. ~~Such f~~ 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. ~~These operations and~~ require a secure ‘revenue stream’ to ~~maintain sufficient financial means for the~~ ~~keep~~ owners/operators ~~to stay~~ in business. The ~~Franchise franchise Waste-waste~~ contract requirement ~~placed on each Member Agency as part of its participation with ReGen Monterey~~ 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~~ ~~is not requirement required~~ to exclusively serve only the Member Agency communities. ~~Establishing such a requirement The would take a Board majority, of the Board would need to establish such a requirement for such a requirement to exist and, presumably, there would be a~~ ~~would be the result of a significant issue, warranting That’s because~~ In reality, such a change ~~as that changewould~~ conflicts with basic economic principles and solid industry business practices for financial security and sustainability.

Section 4 presents some ~~of the effects of interest results that are~~ associated with ~~an~~ increasing ~~number of~~ disposal customers and their ~~shared 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~~ shows greater tip fee rate changes by percent in the first 40 years, when there ~~was~~ were fewer customers in addition to the Member Agencies. ~~At that time, and the~~ Member Agency franchise waste disposal revenue ~~was made up~~ was made up 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 became~~ is about a quarter of total disposal revenues. A 1:3 ratio ~~that is illustrative~~ illustrates that many others are contributing, with ~~the Member Agency Agencies to share~~ the Member Agencies 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~~ creates lower rates and slower rate increases ~~compared to the alternative to~~ than without revenue and customer diversification. While ~~it is predicted~~ predictions suggest that ~~the~~ increased landfill disposal ~~during the period of~~ between 2009 ~~through and~~ 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 remains. (~~That is~~ That is greater than the Board-assigned 75 years of exclusive disposal capacity reserved for the Member Agencies).

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 customer base and revenue sources for greater shared benefit and
- ii) Public policies influencing improvements for waste reduction, diversion, recycling and reuse measures.

ReGen has 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 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 various 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:

- ~~M~~ maximize the reduction, diversion, recycling, reuse and recovery of materials;
- ~~M~~ minimize the disposal of solid waste; and
- ~~M~~ 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), and 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.

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

- ~~S~~ solid waste industry practices in California and Monterey County (Section 2);
- ~~G~~ general solid waste management practices at ReGen Monterey (Section 3);
- ~~A~~ a historical summary of more specific practices at ReGen Monterey (Section 4).

There is a presentation of the ~~effects~~ impact of diversifying revenues and customers to include new contracted non-Member Agency customers. Adding new customers ~~results in~~ addings more recycling and disposal tons relative to “baseline operations” levels. That, in turn, affects financial aspects such as operating expenses, ~~and~~ revenues, and various service fee rates. It also ~~affects~~ shapes operational aspects such as the type and scale of ReGen’s 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~~ Explaining the relationship between increased waste disposal quantities ~~by~~ from serving more communities and ~~its effects~~ the impact on revenue, customer rates, and landfill lifespan is ~~the one~~ objective associated with the of this 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

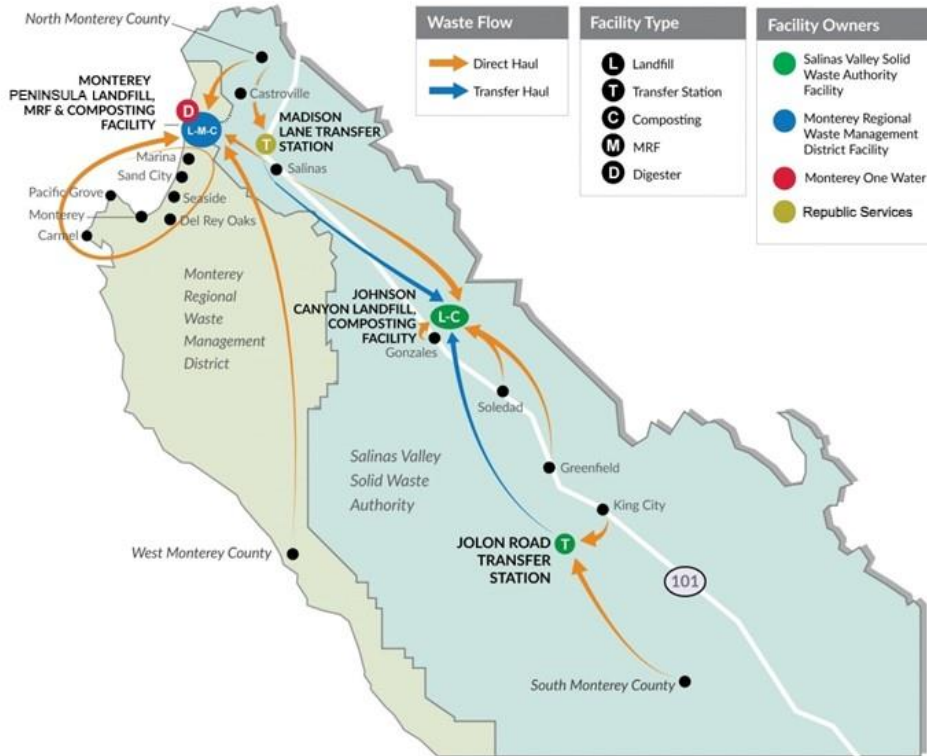
The management of municipal solid waste (MSW) in California is a complex and interrelated system involving government, public agencies, the private sector and many of collection, processing, transportation, recycling and disposal facilities. In addition, the state of California also has a complex framework of legislation and regulations intended to maximize the reduction, diversion, recycling, reuse and recovery of materials – all (e.g., with the goal of minimize minimizing 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. These facilities primarily for serve 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." The mission is consistent with principles to refuse waste creation, to reduce, reuse, re-purpose and recycle wastes, and to (e.g., for the goal to minimize overall waste disposal). The majority of Most solid waste produced in Monterey County is also managed within the county – mostly typically 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, which is 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, ~~the~~ Salinas Valley Solid Waste Authority (~~DBA~~~~a.k.a.~~ Salinas Valley Recycles) and the Monterey Regional Waste Management District (~~a.k.a.~~~~DBA~~ ReGen Monterey).

Figure 1- Solid Waste Facilities and Waste Flow within Monterey County ^{1 2}



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 DBA~~ Salinas Valley Recycles (SVR). The LAFCO sphere of influence determination figures is depicted [in the about section](#) at:

¹ 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..

² 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.

ReGenMonterey.org

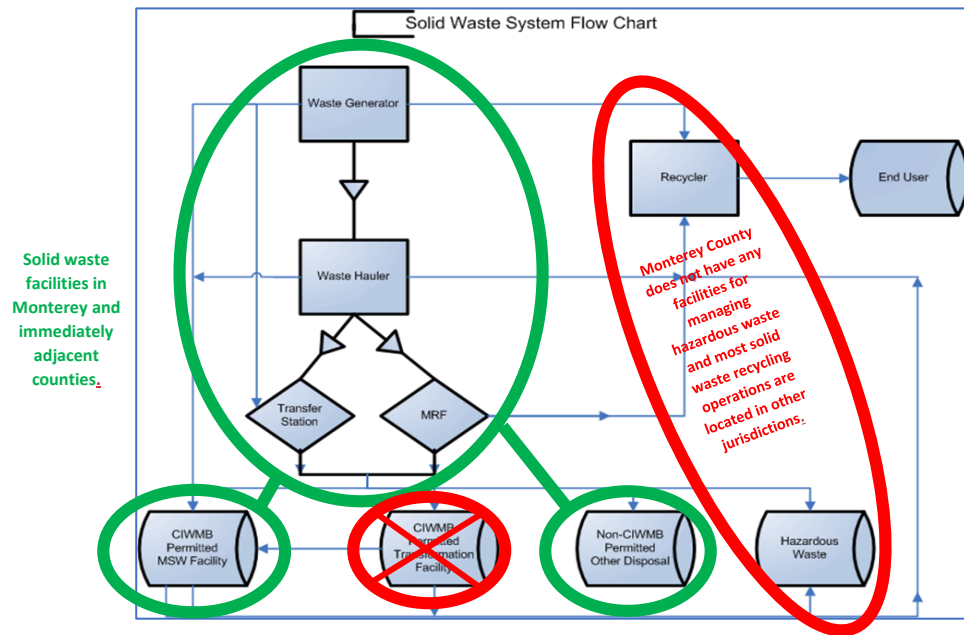
~~Where necessary, s~~Some waste produced in Monterey County, and processed at ReGen Monterey's recyclable materials ~~facility~~~~ies for recyclable materials,~~ is transported from ReGen Monterey to permitted facilities ~~located~~ in other jurisdictions for further recycling, treatment and disposal, ~~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/recyclable materials from ReGen Monterey ~~(recyclable materials)~~ include those facilities that are needed for the recycling of glass, plastic, metals, paper, cardboard, ~~and other materials. 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~~will be discussed later in this document ~~and will not be discussed further here~~. Batteries, e-wastes, and other "universal waste items" ~~are get to be~~ received by Household household h Hazardous Waste waste (HHW) facilities or permitted, dedicated drop-off locations. These materials are not to be disposed in/collected by the three3-cCart collection system of the Member Agency Franchise franchise Agreements agreements. Monterey County's ~~The two solid waste management agencies in Monterey County,~~ ReGen Monterey and Salinas Valley RecyclesVR, ~~both each~~ have HHW facilities for public 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 within the county must be delivered out-of-county to other jurisdictions that provide for offer 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) Ffacility, and it 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. However, ~~although the amount of hazardous waste generated in, and exported from,~~ Monterey County generated and exported approximately 12,000 tons of hazardous waste in 2020 (the most recent year in which with available 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. ~~A of hazardous — all of that hazardous waste 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 ~~withinside of~~ Monterey County.

Figure 2: Background Flow Chart by CalRecycle³



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~~No waste incineration or transformation facilities exist in Monterey County.~~

There is only one registered medical waste facility located in Monterey County. ~~It that~~ is operated by Altius Medical in the City of Monterey, and ~~it's~~ 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.

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

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 various~~ reasons, municipal solid waste generated in Monterey County ~~is known to have has~~ been transported ~~for disposal~~ to 18 other California ~~Counties~~counties for disposal.- 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 ~~that requiring required~~ 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(the~~ most recent year ~~for which thiswith available~~ 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 belowthose of~~ for Monterey County.

Figure 3: — Solid Waste Disposal from Monterey County to other Counties (2019) ⁴



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.

Total **leaving** Monterey County for disposal elsewhere (3%) 13,595 tons
 Does not include waste disposal in Monterey County

TABLE 1: Solid Waste Tonnage "FROM" / "TO" Monterey County & other named County (2019)

Name of County	Travel Distance (Miles)	Tonnage "FROM" Monterey County (Tons)	Tonnage "TO" Monterey County (Tons)
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	
		Total "Sent From" MoCo = 13,595.32 tons	Total "Sent To" MoCo = 446,873.8 tons
Net Total Tonnage = ("Sent To") - ("Sent From") MoCo = 433,278.48 tons into MoCo			
Total Tonnage Generated Inside MoCo = 502,942.16.48 tons			
Total Tonnage Disposed in MoCo = (446,873.8) + (502,942.16) = 949,815.96 tons			

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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 That's~~ because 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~~ Plus, there

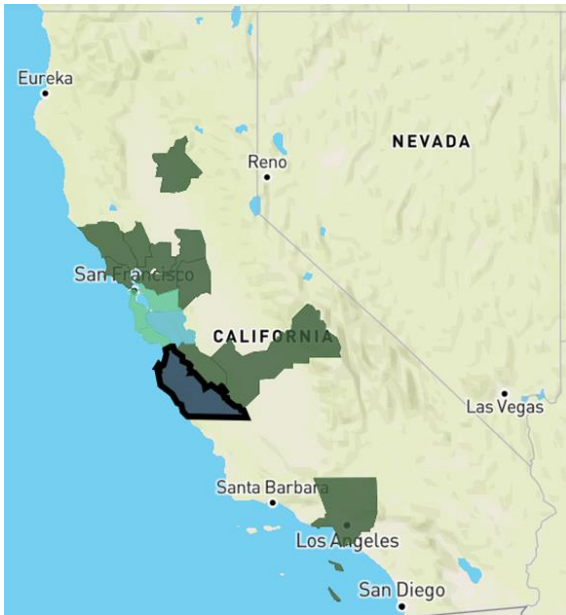
has been a significant reduction in waste requiring disposal – both within Monterey County and ~~other in~~ nearby counties – due to Assembly Bill 939 (AB 939—1989), the Integrated Waste Management Act. ~~This has more recently been enhanced due to the enactment of~~ More recently, significant California legislation ~~has that requires~~ that all cities and counties ~~achieve a~~ reduce solid waste disposal by 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~~ of the past 30+ years, ~~go to: see~~ <https://www.cawrecycles.org/caw-history>. -This website is maintained by Californians Against Waste (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) show ~~that~~ the amount of solid waste disposed of in Monterey County in 2019 ~~from totaled all sources was~~ 949,816 tons ~~from all sources~~. Of that amount, 446,874 tons, ~~or (47%),~~ ~~were~~ received from other counties/jurisdictions – principally from San Benito, Santa Cruz, Santa Clara and San Mateo ~~Counties~~ 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 its~~ service responsibilities associated with five ~~Regional regional Customer customer~~ contracts (e.g., ~~that includes the~~ 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 regional Customer customer~~ contracts ~~in the between~~ 2009 ~~through and~~ 2013 ~~time period~~. -In 2019, there ~~was were~~ 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 Salinas Valley Recycle’s~~ 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 the~~ counties that received waste from Monterey County. Note that many counties in California have similar solid waste tonnage figures/listings as ~~that those~~ shown for Monterey County.

Figure 4: Solid Waste Disposed in Monterey County from all Jurisdictions (2019) ⁵

⁵ 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.



Total solid waste entering 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/ReGenMonterey.org>.

2.2 Standards and Benefits for Receiving Waste from ~~other Jurisdictions~~ other Jurisdictions

Standards for the ~~Management~~ management of ~~Waste~~ 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~~ local Enforcement ~~enforcement Agencies~~ agencies. Cal/EPA has delegated authority to administer ~~Federal~~ federal solid waste regulations. Solid waste transporters (a.k.a. "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 manage the 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. That order stands 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 and 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. 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~~ 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 ~~located~~ found in rural areas. These public policies align with solid waste regulatory principles ~~to that involve~~ manage-managing 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~~ elsewhere. The solid wastes

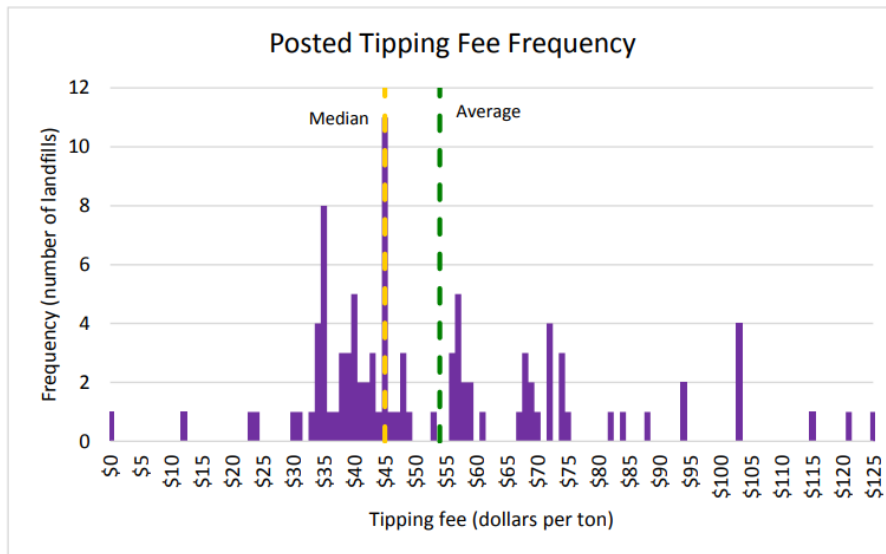
facilities are sited and permitted in areas of less population density, using zoning designations to properly site such facilities. Once the solid waste facilities are properly sited, the public policy challenge then becomes the protecting ion of those zoning designations and the prevention of residential 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 elsewhere.
- **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, and to contained wastes in the managed unit in a way that controls the waste 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 between 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 that 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 service costs than would otherwise have occurred they would have without had they not joined together to address this public service need. In a historically, when addition, it has been the history of both agencies in Monterey County agencies that when the agency also provides the

same solid waste services to other jurisdictions, the fixed costs of the each agency's facilities are shared by the other jurisdictions. This and thus, lowers the cost of for each of the agency's member cities and the Countycounty.

- 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.*



Source: Landfill Tipping Fees in California, CalRecycle, February 2015

- **Increased 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, which that are significant costs for Monterey County's solid waste management facilities.

2.3 Restrictions on the Intrastate Flow of Solid Waste ~~between~~ 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 California cities and counties ~~of California~~. Any limitation on ~~the solid waste~~ 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, while ensuring ~~and~~ that the communities and environments where the wastes are generated are not ~~unduly~~ unacceptably 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 solid waste~~ delivery and disposal ~~of solid~~ from outside ~~of~~ Monterey County ~~for disposal in Monterey County~~. Historically, these practices have been; as this has been a consistent ~~consistent historical practice~~ under existing State ~~state~~ and Federal ~~federal~~ law. For example ~~Overall~~, 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. In theory, it ~~and~~ would not pose any additional public health, public safety or environmental harm different than the County's ~~county's~~ own solid waste.

2.4 Section Summary

The integrated ~~Waste-waste Management-management System-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-Cthe~~ 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 to the county~~ is managed in accordance with all applicable regulations and requirements. ~~And-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 ~~landfill disposal in a landfill~~.

The delivery of solid waste for disposal in another county, such as Monterey County, lowers the overall cost responsibility of ~~local~~ waste management ~~in that county~~. Thus, ~~the one~~ benefits of sharing ~~the use of~~ a limited number of solid waste facilities between communities ~~include, but are not limited to, is~~ reducing the 'per share' cost ~~to anyone of each~~ jurisdiction or Member Agency. This is a basic 'economy of scale ~~premise that's~~ fundamental ~~of to~~ financial business practices. In ReGen's case, the revenues ~~that were in addition to the collected beyond~~ Member Agency franchise contract revenues ~~have been a play a~~ significant ~~factor role~~ in the development of ~~ReGen's the~~ recycling and diversion facilities ~~at ReGen~~. ~~These Recycling-recycling~~ and diversion facilities and ~~related~~ services ~~that all are available to all~~ customers ~~can have access to~~, including Member Agency communities, ~~for which the, and the~~ costs are shared ~~by a greater number of more~~ customers ~~as - not just opposed to by~~ Member Agencies ~~only~~. This ~~provides a benefits for the people and businesses of~~ Monterey County ~~residents and businesses by expanding to have proximate~~ access to such non-disposal facilities, ~~such as~~ (recycling facilities ~~that are, -periodically~~ improved ~~ments to recycling facilities~~, HHW facilities, compost facilities ~~and more, etc.~~).

Reducing the disposal of recyclable materials helps preserve landfill 'airspace' capacity for future use, and, ~~in a case where~~when 'excess' capacity ~~is present~~exists, ~~allows for the ability to provide~~opens service to more communities. ~~This is~~ a basic public service that every community has a needs, ~~and it's for and~~one that most communities do not have access to ~~their own facility for their own use~~within their own ~~jurisdictions~~jurisdictions.

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, along with 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. The site was being used for waste disposal primarily through the process of burning trash. City

and ~~County-county~~ leaders knew there had to be a better way to manage refuse than by disposing of or burning it 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. The contracts included (a requirement of that each Member Agency to direct their-its community'sies non-hazardous solid wastes to ReGen's landfill, which as-providea financial assurance purpose for the organization (ReGen. This type of assurance in this case) and the exact situation that is what 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 "~~Outout-of-District~~" areas or "Regional" customers). These customers are served in addition to the Member Agency franchise contract hauler(s) customer(s). In other words, ReGen there has never been a situation at ReGen where the served only its Member Agency franchise haulers have been the and no other nly customers served by ReGen. In-Additionally, there has never been a situation at ReGen where ReGen's its 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-have always been other customers originating from within and outside of Member Agency community areas who accessing ReGen's facilities and services.

Since about 1970, an evolution of recycling and diversion services began to occurring at ReGen's 470-acre property have evolved. It is an evolution that continues today, as ReGen endeavors to works hard to continue "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 advocating for increased ReGen of recycling services

provided by ReGen. As a result, ReGen Monterey has developed significant operations support facilities and recycling/diversion facilities, such as the: ~~such as the~~

- Heavy Equipment Maintenance Shop, ~~the~~
- Franchise Hauler Truck Yard Lease Facility, ~~the~~
- Material Recovery Facilities (including MRF 1.0 in the mid-1990's, used for construction and demolition debris (C&D) recycling, metal/glass containers, and newspaper/paper/cardboard recycling; and the MRF 2.0, with 2018 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. ~~:-~~

It is known to be quite costly to develop, own, operate and maintain infrastructure for these types of 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. in support of its "Doing ~~doing~~ more to waste less" in other words. Examples include:

- 1953: From eEarly cardboard recycling starting in 1953, to
- 1970s: Supporting the first community collection of glass bottles
- 1983: Beneficial reuse of landfill gas (LFG) for renewable energy generation
- 1988: Diversion of yard debris (a.k.a. green waste materials) and agricultural or food processing plant scrap materials to windrow composting in 1988, to
- 1991: Ethe establishment of the Last Chance Mercantile in 1991 for retail sales of usable materials
- 1996: Introduction of, to ReGen's first Materials Recovery Facility (MRF), which that came on-line in 1996 for the processing of construction and demolition (C&D) materials ~~for~~ and recovery of recyclable or reusable materials
- 2018: T, to the capital replacement of the C&D materials processing line and the addition of a recyclables processing line - (a.k.a. "Single-s-Stream rRecycling (SSR) —d") as part of the MRF 2.0 improvements.

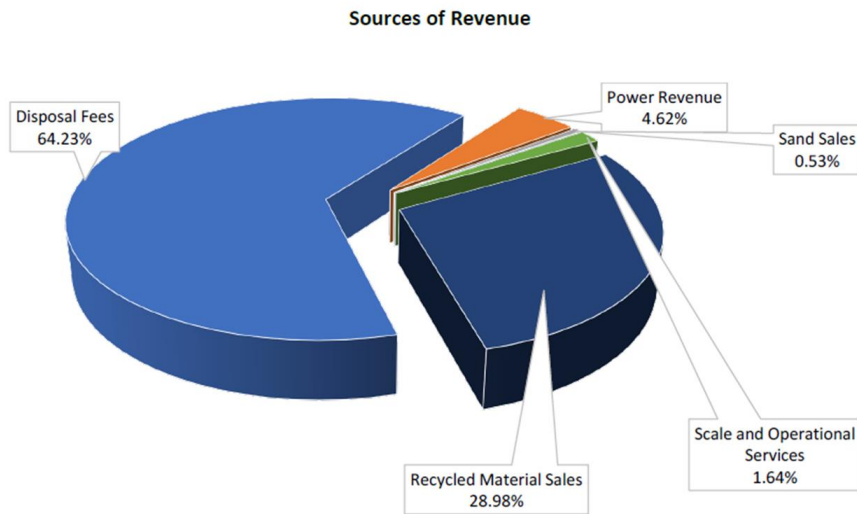
The in 2018, the integrated facilities that ReGen Monterey operates today are a unique resource for the tri-county region and embody our the organization's mission of "doing more to waste less" by turning waste into a beneficial resource.

3.3 Evolution of Business Practices

In 1965, when ReGen began landfill operations, fees for waste disposal, or the "aka" ("Tip Fees") 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, as a result, led 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~~ was generally influenced by future trends that service providers, regulators and municipalities in the solid waste management industry 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-transition a 'disposal-only' model to that of an integrated waste management facility like ReGen Monterey. This was the case ~~That's~~ because waste disposal has historically been where most revenues are collected; ~~as it~~. It is an essential public service and critical to accomplish the public policy goal of the protection of ing public health and the environment.

The ReGen Monterey ~~has had strong will and vision in their~~ Board of Directors and ~~Staff~~ staff leadership leaders have had strong will and vision over much of ~~its~~ the organization's history. ReGen has been an early adopter of technologies that lessen waste disposal by y ~~to~~ improving thee reuse and recycling of materials ~~to lessen waste disposal~~. This bringsese developments means 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 offset the additional expenses of non-disposal activities.

By October 15, 2004, the ReGen Board had formalized ~~their-its~~ 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 sustainably 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 on~~ 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 that would be:

"...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 stating of which parties ~~the the~~ "excess capacity" could be sold to ~~as defined~~ in the 2004 Guiding Principles version was eliminated in the 2005 version ~~of the "Guiding Principles"~~ (The current 2007 version remains ~~"as revised in 2005,"~~ in the current version (2007)).

ReGen Monterey has long had the goal ~~to of~~ maintaining relatively low disposal tip fees, year over year (refer to Figure 7). By around 2000 or so, prevailing economic conditions ~~had showed~~ a growth trend with rising costs (inflation) and the Board of Directors ~~were~~

was reluctant to raise service fees. At that time, ReGen had a ~~d~~Disposal Tip tip Fee fee rate of \$30 per ton disposal tip fee rate and SVR-Salinas Valley Recycles had a \$40 per ton Tip tip Fee fee rate. Even though ReGen had the lowest Tip tip Fee 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:

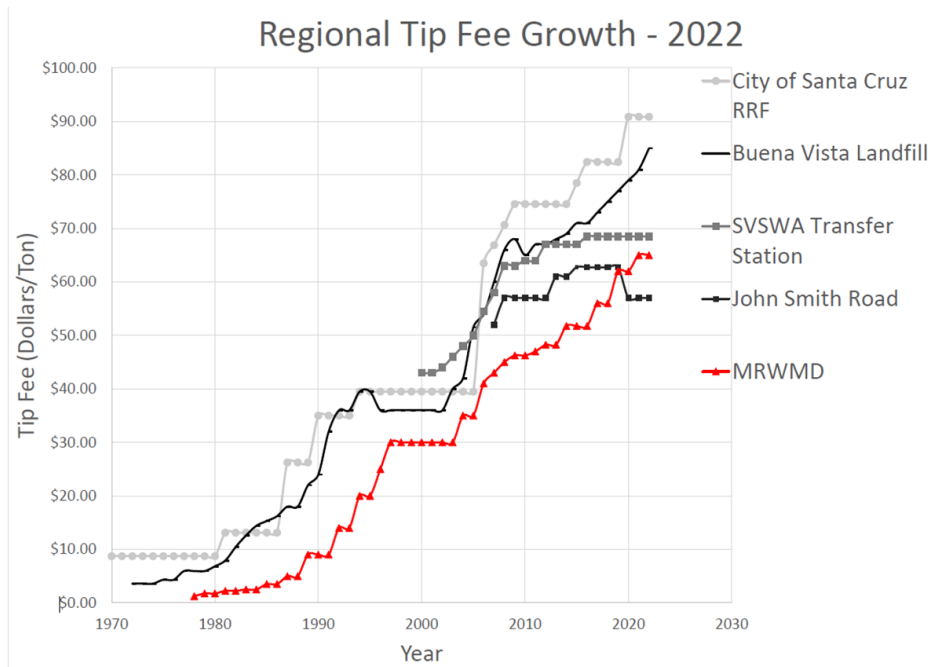
- i) ~~i) c~~Control expenses and
- ii) ~~ii) Dii) d~~develop a plan with recommendations to reduce operational costs, and to identify new customers and other sources of revenue.

By 2007, ReGen Monterey was engaging with new, non-Member Agency 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 the County of Santa Cruz had signed long-term disposal agreements with ReGen Monterey. ~~By In~~ 2013, ReGen signed a long-term agreement for disposal of residual materials (waste) following recycling processing at two MRFs-materials recovery facilities (MRF) in the City of San Jose; a MSW-municipal solid waste processing MRF and a SSR-single-stream recycling 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	TBD - Based on April CPI
						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	

Figure 7: Summary of ReGen Monterey'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., approximatesing total expenses distributed over (only) total disposal tons). Note that there was considerable capital investment in the 1990s for the [ReGen Landfill Gas-to-Energy Facility \(LFGTE\) plant](#), [Materials Recovery Facility \(the first MRF \(MRF\) 1.0\)](#), Last Chance Mercantile store, [Household Hazardous Waste \(HHW\) 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-With](#) the addition of new municipal customers and expansion of non-disposal revenue sources [between began-to-occur-in-the-2007-to-and-2009 period-and](#)

later beyond, 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)

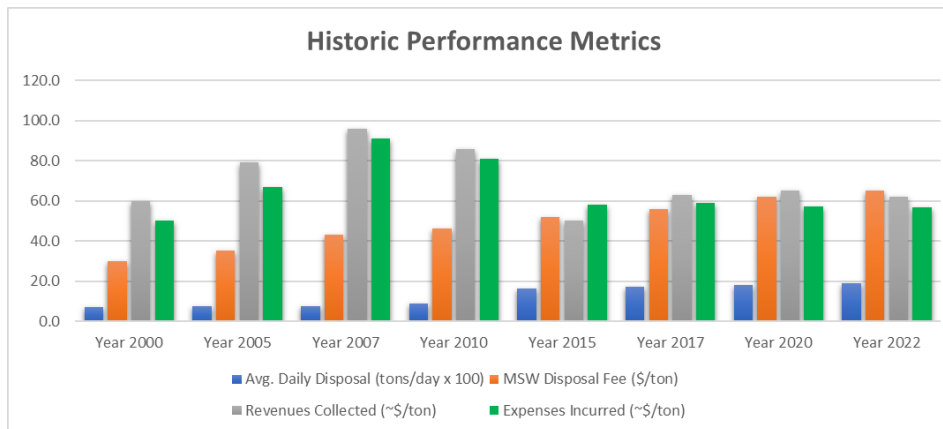
YEAR 2000		YEAR 2005		YEAR 2007	
MSW Tip Fee (\$/ton)	30.00	MSW Tip Fee (\$/ton)	35.00	MSW Tip Fee (\$/ton)	43.00
Daily Tons (avg)	700	Daily Tons (avg)	750	Daily Tons (avg)	735
Annual Tons (avg)	182,000	Annual Tons (avg)	195,000	Annual Tons (avg)	191,100
Budget - Revenues	\$10,836,000	Budget - Revenues	\$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. They 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 to cover the replacement upgrade of the MRF 2.0 recycling facility (MRF 2.0 in(-2018)).

Figure 9: ReGen Monterey'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. ~~Because of these these regulatory restrictions, m~~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 havethat lack~~ 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 ~~that supports in order to properly waste~~ management ~~waste~~ in a designated waste management unit that protects public health and the environment.

For nonhazardous solid wastes, ~~this~~ is the role of ReGen Monterey's permitted operations. For non-hazardous liquid wastes, ~~that it~~ is the role of Monterey One Water's (M1W) 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-agricultural Zoning-zoning Area-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.

~~Again, t~~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, ~~but~~ neither ~~are is~~ located in ~~any~~ one of the ~~county's~~ 28 cities ~~in Monterey County~~. Yet ~~all~~ those cities, ~~and like all every cities,~~ requires such facilities to receive the waste generated by each community. These public policies result in solid waste 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 are~~ properly sited, the public policy challenge then becomes ~~the~~ protection ~~ng of~~ those zoning designations and ~~the~~ prevention ~~ng 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. ~~It~~ has an ~~u~~Urban Growth ~~growth~~ Boundary ~~boundary~~ on its northern boundary, immediately abutting the ~~Unincorporated-unincorporated County-county~~ lands that have ~~Agricultural-agricultural Zoning-zoning~~ designation and contain the two public works waste management properties of ReGen and M1W. 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 – the goal is to prevent the city from getting any closer to these public works facilities. For that ~~to occur~~ kind of growth to occur, it would be necessary that the public policies and plans ~~that are~~ designed to keep appropriately site waste management facilities appropriately far away from cities and residential areas would have to be undone and abandoned, ~~and the~~. The good public practice principles of such policies would have to be 'thrown out the window' and discarded.

3.5 Influence of Public Policy

Local, ~~State~~ state, and ~~Federal~~ 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 to the practices used in the solid waste management systems.

Public pPolicy has been one of the primary 'drivers' for changes in ~~business practices at~~ ReGen Monterey business practices. ~~Be it the~~ That includes policies such as:

- ~~The~~ California Integrated Waste Management Act (AB 939, Sher, Chapter 1095, Statutes of 1989 as amended [IWMA]), ~~which 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 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-greenhouse gas (GHG) emissions. It is designed to achieve a reduction in GHG emissions of 5 million metric tons of carbon dioxide (CO2) equivalents. To ~~achieve this objective~~ make that happen, ~~an additional~~ 2 to 3 million tons of materials more annually will need to be recycled from the commercial sector each year, by the year 2020 and beyond.
- —

- ~~Or be it the~~The more recent methane emissions reduction targets for California (SB 1383 Lara, Chapter 395, Statutes of 2016), ~~part of in~~ a statewide effort to reduce emissions of short-lived climate pollutants (~~SLCP~~) by reducing and diverting organic materials to non-disposal processing (~~or non-landfill~~) 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 considers ~~their~~ impacts ~~to on~~ permits, operations, and business practices. ~~Staff members also~~ ~~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) ~~e~~Common good business practices of diversifying ~~one’s the~~ customer base and ~~revenue sources of revenues, and~~
- i) _____
- ii) ~~ii) P~~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, ~~as~~ ~~(Member Agency franchise waste contract revenues represent 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 ~~acting~~ 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 standards have basic economic underpinnings that can influence the success of an organization. Be it, whether that is financial success and/or the successful in delivering of the breadth a range of recycling and disposal services established by 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 of 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. It presented presents the following information characterizing the privatization trend of landfill ownership: Forty years ago, in (1984), 83% of landfills were publicly owned (17% privately owned). By In 1998, 64% of landfills were publicly owned (36% privately owned). By 2018, about 50% of landfills were publicly owned. However, m 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 as they~~ compete with privately owned and operated landfills in the same region. ~~Those p~~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~~with discretionary requirements ~~or~~ (possible limitations) imposed by their decision-making bodies, ~~especially when those requirements 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, ~~when demand~~ (increasinges, 'demand') and decrease during market slowdowns (~~decreasingor moments of decreasing~~ falling 'demand'). The 'law' of supply and demand ~~also is present in~~influences the disposal capacity sales market-behavior. "Excess" capacity tends to get sold for lower prices and ~~that~~ 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 ~~landfill's remaining~~ disposal capacity is an ever-decreasing quantity ('status quo' conditions assumed). ~~As such, that~~ the ratio of supply-to-demand ~~for disposal capacity~~ is ~~also~~ an ever-decreasing ratio. ~~S and, said another way, an ever-increasing demand to use disposal capacity and its increases the~~ pressure on the tip fee rates and landfill economics. That is the 'base case' unless:

- i) ~~i)~~ New landfill capacity is developed; ~~and/or, or~~
- ii) ~~ii)~~ a combination of decreased waste generation rates and improved recycling and diversion processes are adopted.

Both reduced 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 ~~in~~ Figure 7, ReGen's landfill disposal tip fee has been the lowest in the region. While that's ~~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-regional Waste-waste Disposal-disposal~~ contracts, the customer base consisted of Member Agency franchise waste. ~~That includes;~~ Member Agency residential, commercial, and governmental 'self-haul' customers, and non-Member Agency residential, commercial, and governmental 'self-haul' customers. ~~It was~~ ~~d~~During that time, ~~that~~ ReGen saw its greatest rate of tip fee increases. ~~ReGen's disposal tip fee rate doubled b~~Between 1986 and 1989, and then again between 1991 and 1994, ~~ReGen's disposal tip fee rate doubled each time.~~ The disposal tip fee ~~than~~ ~~later~~ increased by 50% between 1995 and 1997, ~~and then again increased again~~ by 30% between 2003 and 2006.

The magnitude of these rate increases ~~were was due,~~ in part, to the relatively low number of customers present at those times. ~~At that time there were~~With 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 in the form of higher rates -)~~ than ~~they~~ would have ~~been the case had there been~~with 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~~The AB 939-influenced construction and demolition (C&D) debris recycling facility, ~~(MRF 1.0~~
- ~~)~~The Household Hazardous Waste ~~(HHW) collection~~ ~~Collection~~ Facility
- ~~T~~the new ~~L~~andfill ~~gas~~Gas-to-energy ~~Energy~~ (LFGTE) Facility
- ~~T~~the Maintenance Shop ~~Addition~~addition
- ~~T~~the new Last Chance Mercantile store
- ~~T~~the Public Recycling Drop-off Facility
- ~~T~~the entrance Scale House Facility
- ~~T~~the new Administration Office ~~b~~Building, ~~and~~ ~~r~~
- ~~R~~elated campus-area vehicle parking.
-

Notably, ~~a significant amount of much of this~~ infrastructure development ~~as well as~~ representative of ~~a~~involved considerable investments in recycling and diversion facilities. ~~A – another example of ReGen “doing more to waste less” example.~~

~~It was b~~etween 1997 and 2003, ~~that~~ the ReGen Board took a series of actions that ~~diversified the customer base by~~ have ever since influenced the increasing of communities served, ~~(customer diversification)~~ and ~~also diversified revenue sources through~~ continued investments in non-disposal facilities and services. ~~These influences (revenue source diversification) that makemade~~ 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 diverse new sources of non-disposal revenues (revenue source diversification; such as recycling and beneficial reuse), etc.) and new sources of disposal revenue through (customer diversification.)~~

At ~~the its~~ October 15, 2004, ~~Board M~~meeting, the Board agreed on the initial version of the ~~G~~guiding ~~P~~principles ~~document~~, which included the following:

- > ~~Maintain Governance-governance Structure-structure~~ of the nine-member Board of Directors
- > ~~Maintain labor policy of primary recycling/disposal services performed by ReGen staff~~
- > ~~Maintain Operating-operating Reserve-reserve~~ (25% of OPEX at that time)
- > ~~Maintain Debt-debt Service-service Ratio-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 and~~ 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 about~~ the purpose ~~for the~~

~~'guiding of these~~ 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 County 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 h~~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 cuts 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 that, 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 Monterey'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

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~~ the organization 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 similar to that of 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 r~~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) ~~that using use~~ ReGen's disposal services. This is a relatively significant factor to the depletion of landfill 'airspace' (~~a.k.a.~~ 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 Monterey'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
	ADC + MSW Tonnage Total =	498,280	461,745	452,635	446,187	502,385	478,715

The disposal revenues collected from the regional customer waste disposal ~~is-are~~ presented in Table 4 below, and ~~they~~ amount to about \$15,000,000 per year, or almost 30% of total revenues. ~~A-That is a significant contribution to ReGen’s finances. That~~ ~~The~~ \$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-received~~ the same level of service ~~as they had been receiving~~ were used to, ~~it would require an approximately \$25 to \$30 per ton tip fee increase~~ ~~would not be unexpected to be required.~~

Table 4: Summary of ReGen Monterey’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
	Total Revenue =	\$ 12,302	\$ 12,007	\$ 11,816	\$ 12,068	\$ 14,562	\$ 15,531

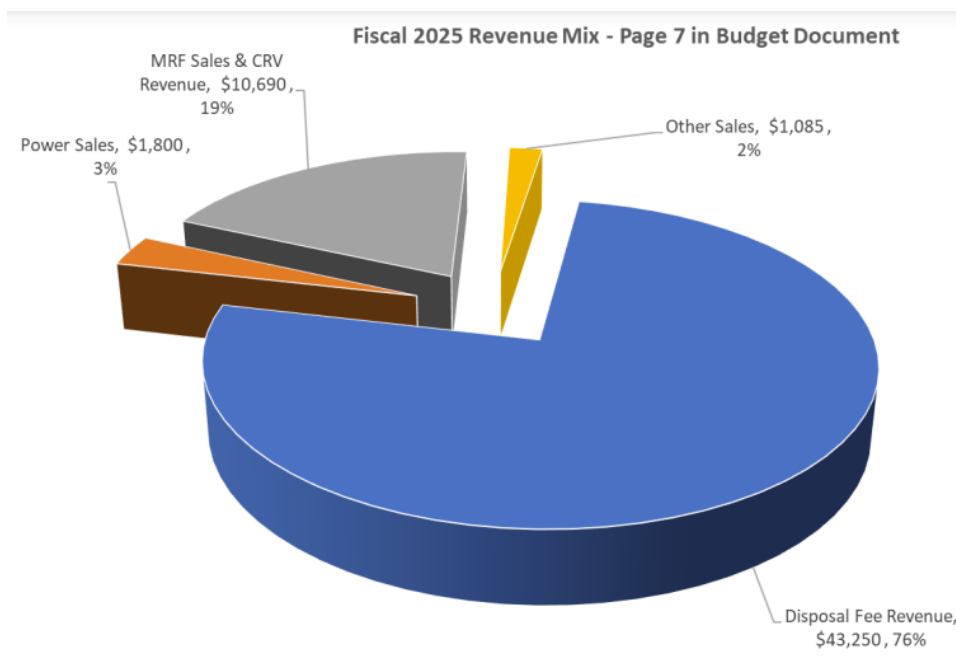
4.2.2 Revenue Diversification

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 revenue sources of revenues,~~ with the intention ~~to-of reduce-reducing~~ ~~the degree of dependency~~ upon disposal revenues.

Figure 10 below illustrates that revenues projected for ~~Fiscal Year~~ ~~the FY-2024-25~~ budget ~~come~~ 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 (including 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 FY-2024-25 budget. Revenues from regional customers represent the single largest source of disposal

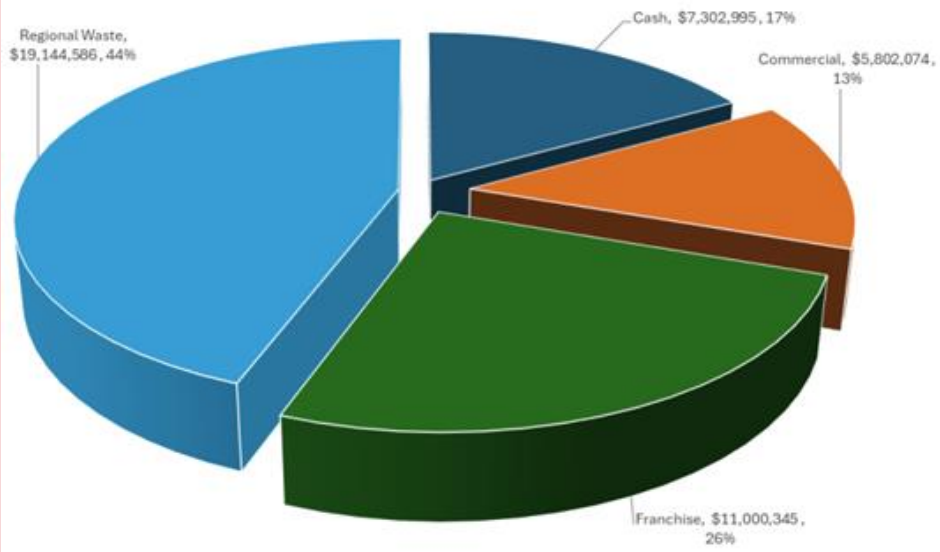
revenues at about \$19,000,000 (44%) of all disposal revenues. This illustrates the importance of the regional customer's waste disposal in its contribution of revenue support to ReGen's activity. About \$15,000,000 (~~or~~ almost 80%) of that source is from regional customers that have contracts with 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-cash~~ customers comprise about \$13,000,000 (30%) of total disposal revenues, ~~which is~~ more than the Member Agency franchise waste contribution. Notably, the Member Agency franchise waste revenues are about a quarter of total disposal revenues; ~~which~~. This 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 a~~ reduction in operating expenses preliminarily ~~judged to be on the order of~~ ~~about~~ ~~estimated around~~ \$4,000,000. ~~This will or so~~ likely ~~leaving-leave needed~~ ~~revenues of 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 ~~scenario~~ 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., in~~ December ~~31,~~ 2036).

Figure 11: ReGen Monterey's Disposal Revenue by Customer Type – FY2025 Preliminary Budget

F2025 Disposal Revenue by Customer Type



Commented [ZS3]: For clarity, should it be noted that "commercial" refers to ReGen account holders rather than commercial customers of the franchise haulers?

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 ~~the~~ 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-occurred~~ 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).

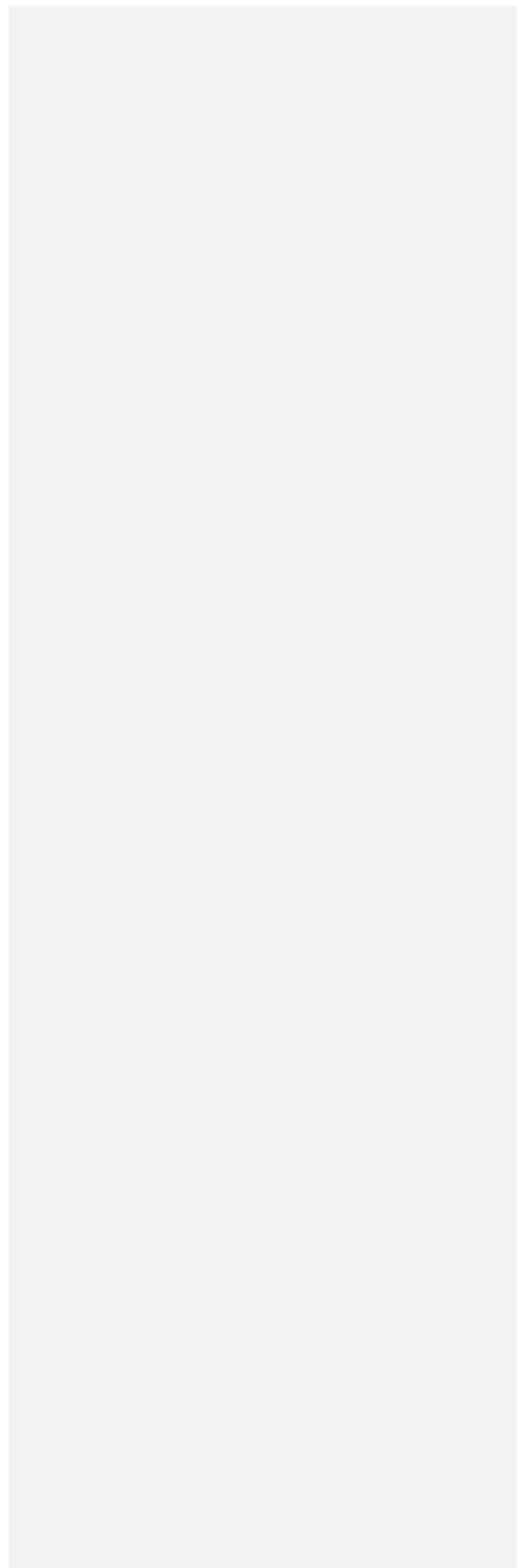
With the addition of the GreenWaste Recovery—San Jose MRFs regional contract in 2013, the actual volume of waste being received by ReGen exceeds the rate assumed for the 2010 JTD scenario. Thus, staff developed two scenarios with greater volumes of waste assumed in each. ~~They intended to; with the intent to~~ bracket ~~the~~ actual volumes anticipated to be received between 2009 and December 31, 2036. Scenario A ~~is intended to have estimates~~ slightly less than actual volumes of waste delivered, and Scenario B ~~is intended to have estimates~~ slightly ~~greater-more~~ than actual volumes of waste delivered in that 28-year ~~time~~ period. Refer to Table 5 below for the summary of predicted ~~Closure-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).

|

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The regional waste delivery Scenario A assumptions ~~resulted in the~~predict 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 A predicted Closure-closure Year-year is ~~predicted as Year of~~ 2152,~~±~~ 129 years from 2024

The regional waste delivery Scenario B assumptions ~~resulted in~~predict 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 A predicted Closure-closure Year-year is ~~predicted as Year of~~ 2142,~~±~~ 119 years from 2024

All three of the closure year estimates presented in Table 5 ~~indicate that~~meet the Board-~~assigned~~ criteria ~~that there be of~~ 75 years of disposal ~~capacity~~-capacity reserved 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~~s that there remainings "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 ~~is full's disposal capacity is eventually reached~~. Once a landfill is closed, the customers that were using that landfill ~~have to~~-must 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-closure Year-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

The ReGen’s Board’s decisions to diversify customers and revenue sources in the mid-2000’s, and the subsequent accomplishment of securing the of regional customer contracts for limited-term disposal capacity, has have 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 a~~ 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~~ higher disposal revenues results in greater consumption of landfill 'airspace' capacity, ~~that has been accomplished while ReGen still~~ maintaining more than ~~the~~ Board-assigned 75 years of exclusive disposal capacity for ~~the~~ Member Agencies. ~~What has transpired at ReGen's experience is similar to that of 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~~ such as landfill development, operations and maintenance, closure, and post-closure care responsibilities. The ReGen's Board's decisions have secured ~~that~~ revenue streams 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). Advanced planning and action will be necessary to mitigate the financial impacts ~~of the loss of these~~ of losing those regional customer revenues and to avoid a decrease in ~~decreasing~~ service 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

APPENDIX C

Select History of ReGen's Monterey's
Evolution of Business Practices

Select History of ReGen Monterey's Evolution of Business Practices:

Circa 2004 – Board declines a \$5/ton ~~d~~Disposal ~~T~~ip ~~f~~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 ~~P~~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 ~~c~~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 [GreenWaste Recovery](#) (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 [single-stream recycling \(SSR\)](#) 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 [Veterans Transition Center of California \(VTC\)](#) 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 [single-stream recycling \(SSR\)](#) processing contracts with new customers via their franchise hauler for temporary processing services during operational 'outages' of their primary recycling and/or transfer facilities.