

MEMO



Meeting Date: March 21, 2025

To: Board of Directors
From: Director of Finance & Administration, Helen Rodriguez
Approved by: General Manager, Felipe Melchor

Subject: Request for FY 2025-26 Preliminary Budget Direction and Authorize GM to send notification to Haulers of Proposed Rate Increase

RECOMMENDATION

That the Board provide support for the proposed Municipal Solid Waste (MSW) Disposal Fee rate increase, proposed Single Stream Recycling processing rate increase, and changes to fees for other material types for Fiscal Year 2025/2026 so that Staff can move forward with the budget process. And, that the Board authorize the General Manager to send notification to Haulers of the potential rate increase subject to Board approval in May 2025.

BACKGROUND AND DISCUSSION

The annual budget is typically presented to the Board in May of year. To facilitate the preparation of the budget, the budget presentation to the Committees and the Board is scheduled as follows:

- March, 2025 – discussion of proposed rate changes to be used to prepare the budget and authorize General Manager to send notification to haulers of proposed increase subject to Board final approval in May, 2025
- April, 2025 - discussion of proposed preliminary budget and schedule public hearing
- May, 2025 – public hearing and Board approval of final budget

Staff is requesting feedback on the proposed rate fee changes for the purpose of developing the preliminary budget FY 2024/25 for review by the Board next month as follows:

- A \$4/ton increase for MSW Disposal Fee from \$77/ton to \$81/ton or ~ 5.2% increase, is requested.
- A \$4/ton increase for Construction and Demolition Debris Fee from \$77/ton to \$81/ton or ~ 5.2% increase, is requested.
- A \$2/ton increase for Residential Organics (Yard Trimmings & Food Scraps) Fee from \$47/ton to \$49/ton or ~ 4.3% increase, is requested.
- A \$2/ton increase for Commercial Organics Fee from \$67/ton to \$69/ton or ~ 3.0% increase, is requested.
- A \$2/ton increase for Organics (Clean Wood) Fee from \$47/ton to \$49/ton or ~ 4.3% increase, is requested.

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Let's not waste this.

Monterey Regional Waste Management District
Proposed Disposal Fee Increases to be Effective July 1, 2025

Material	Current Rate	Proposed New Rate	% Increase
Solid Waste	\$77.00	\$81.00	5.2%
Construction and Demolition Debris	\$77.00	\$81.00	5.2%
Clean Wood	\$47.00	\$49.00	4.3%
Residential Organics (Yard Trimmings & Food Scraps)	\$47.00	\$49.00	4.3%
Commercial Organics (Food Scraps)	\$67.00	\$69.00	3.0%

* All fees are on a per ton basis

Staff requests increasing the Single Stream Recycling processing fee for services \$40/ton to \$41/ton ~2.5%.

Material	Current Rate	Proposed Rate @3.5%	Date of last increase
GreenWaste Recovery Monterey Peninsula	\$40.00	\$41.00	N/A
Republic Services of Salinas	\$40.00	\$41.00	7/1/2024
Waste Management	\$40.00	\$41.00	7/1/2024
Recology South Valley	\$40.00	\$41.00	7/1/2024
City of Watsonville	\$40.00	\$41.00	7/1/2024

The proposed rate changes would contribute ~\$1.6M in revenues to fund anticipated costs such as:

- Funding of Capital Infrastructure and Capital Equipment Reserves established on June, 2022
- Funding of Closure and Post-Closure Liability Reserves established on September, 2024

- Anticipated annual prepayment of a CalPers Unfunded Liability approved by Board on November, 2024
- Keep pace with CPI for employment cost and labor negotiations with Allies Unit
- Rising cost of capital expenditures
- Keeping pace with cost of ongoing regulatory mandates and compliance
- Prepare for financial impact of major regional contract expiration in FY 2036.

The impact of the \$4 increase in MSW tip fee to the Member Jurisdiction rates is as follows:

\$ increase per month of service attributable to ReGen proposed MSW rate increase			
	RESIDENTIAL		COMMERICAL
	30-35 Gallon		1 Cubic Yd/wk
Carmel by the Sea	\$ 0.31		\$ 1.69
Del Rey Oaks	\$ 0.31		\$ 1.91
Marina	\$ 0.23		\$ 1.34
Pacific Grove	\$ 0.29		\$ 1.17
Pebble Beach CSD	\$ 0.27		\$ 0.98
Sand City*	\$ 0.19		\$ 0.88
Seaside	\$ 0.30		\$ 1.27

* Sand City 32-gallon rate is not available. 64-gallon rate is shown

FISCAL IMPACT

The associated financial impact resulting from the above request on the Fiscal 2025-26 budget is an estimated \$1.6M in revenue.

CONCLUSION

Staff request that the Board provide direction on the proposed rate increases and that the Board authorize the General Manager to send out notification of proposed increase to haulers subject to final Board approval in May 2025.

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