

Preliminary Draft

WHITE PAPER

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

March __, 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 myriad of collection, processing, transportation, diversion, recycling and disposal facilities. In addition, California also has a complex framework of legislation and regulations to maximize the reduction, diversion, recycling, reuse and recovery of materials. To “do more to waste less”. To minimize the disposal of solid waste in interest of public health and the environment.

This White Paper is organized into two sections. The first section explores public policy and common practices of the solid waste management industry in California. It presents that most cities do not have their own solid waste landfill, transfer station, recycling facility, or composting facility. Yet, in California, there are public policies that require all cities to utilize such facilities to properly manage and dispose of the wastes generated by their community. This translates to waste being transported in and out of counties to be directed to appropriate waste management facilities. A solid waste industry practice that is common across the country in most states.

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

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 nonputrescible 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.

1.0 Summary of Municipal Solid Waste Management in Monterey County

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

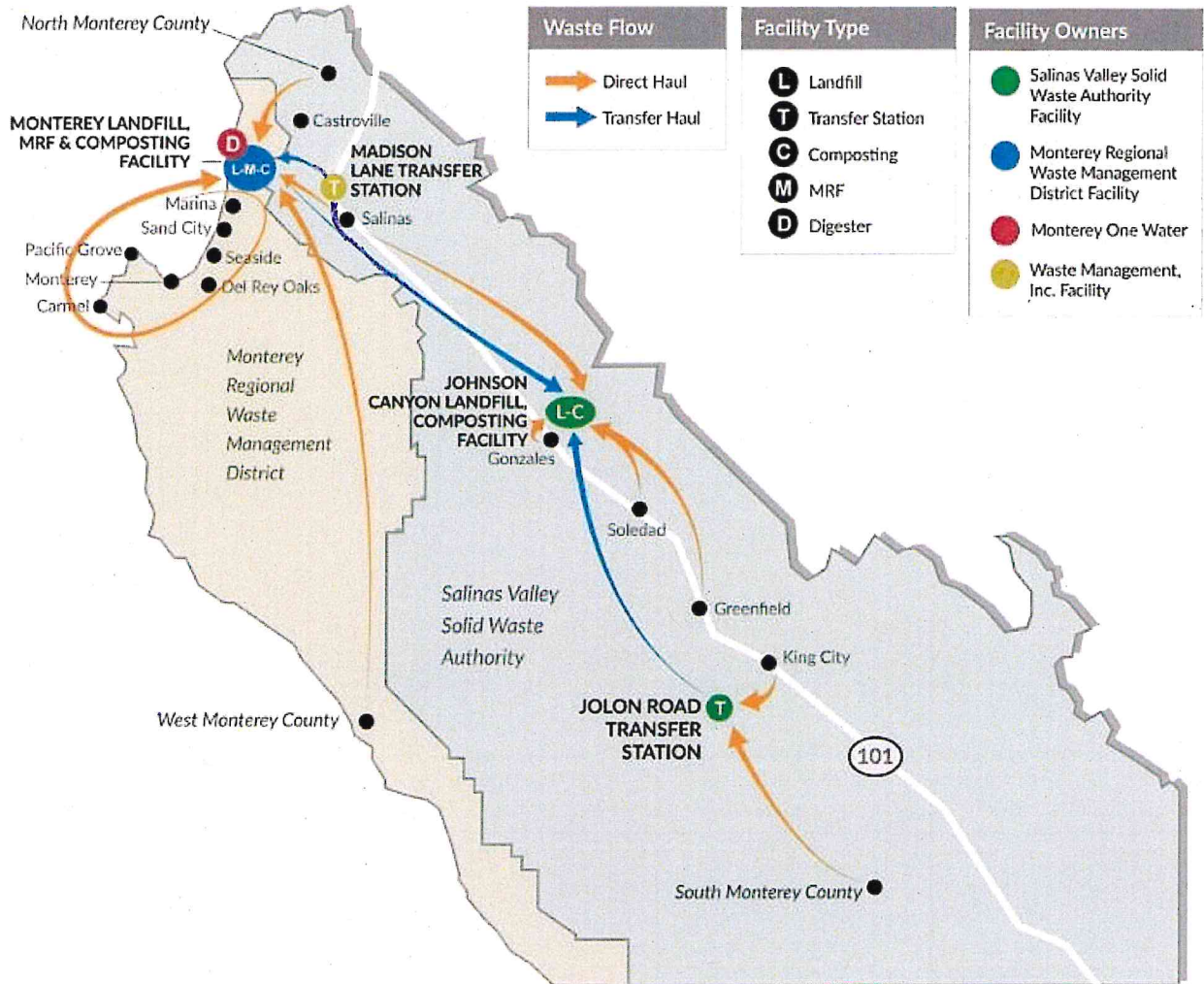
Edited by Guy R. Petraborg, P.E.

1.1 Introduction

The management of municipal solid waste (MSW) in California is a complex and interrelated system involving government, public agencies, the private sector and myriad 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 – and to minimize the disposal of solid waste into the environment – that is enforced in all cities and counties.

The Monterey Regional Waste Management District, a California Special District now also known as ReGen Monterey, provides solid waste facilities for processing, diversion, recycling and disposal services primarily for the western portion of the County of Monterey inclusive of the Monterey Peninsula and for much of Santa Cruz County excluding the City of Santa Cruz. ReGen Monterey’s stated mission is “*doing more to waste less.*” The majority of solid waste produced in Monterey County is also managed within the county – mostly at facilities operated by either ReGen Monterey or the Salinas Valley Solid Waste Authority (SVSWA). Refer to Figure 1 for a generalized illustration of solid waste ‘flow’ in Monterey County.

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



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

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

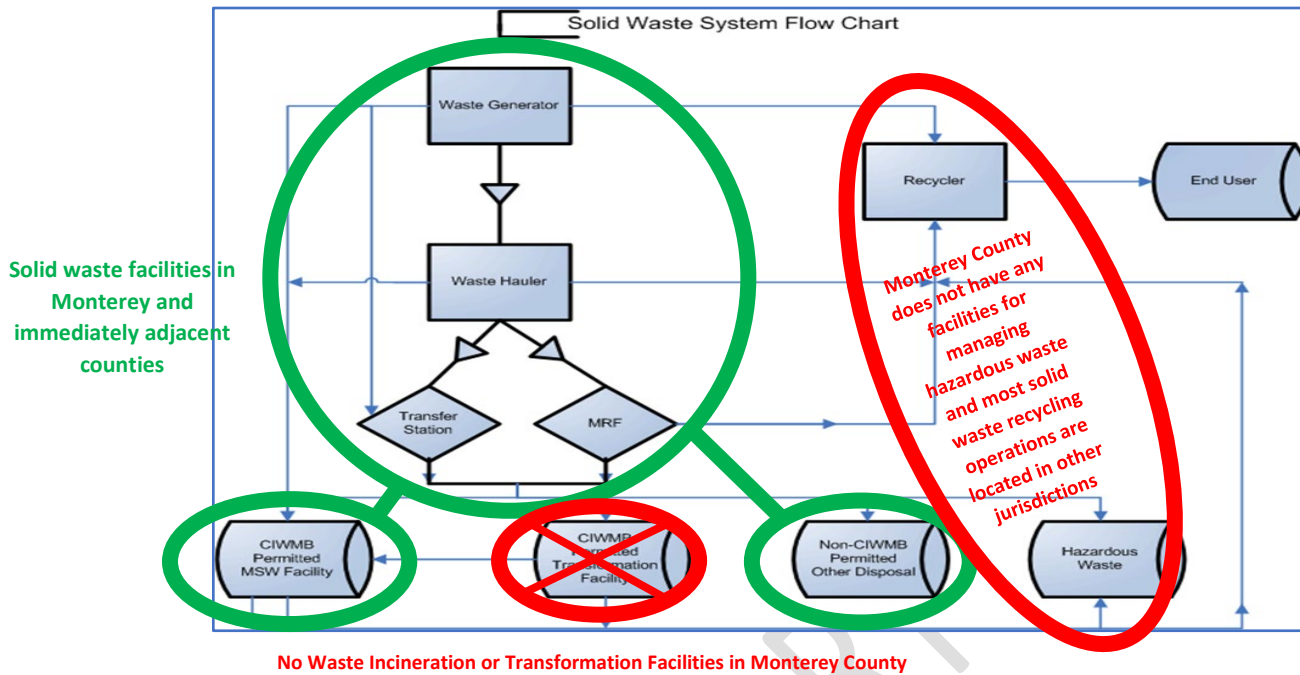
¹ Note that the SVR Sun Street Transfer Station (SSTS) in Salinas is not shown as it has been closed down and services primarily shifted to the Madison Lane Transfer Station currently operated by Republic Services Inc..

² Source: Monterey County – Evaluation and Analysis of Solid Waste Management System, R3 Consulting Group, April 18, 2020.

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

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

Figure 2: Background Flow Chart by CalRecycle³



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

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

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

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

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



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

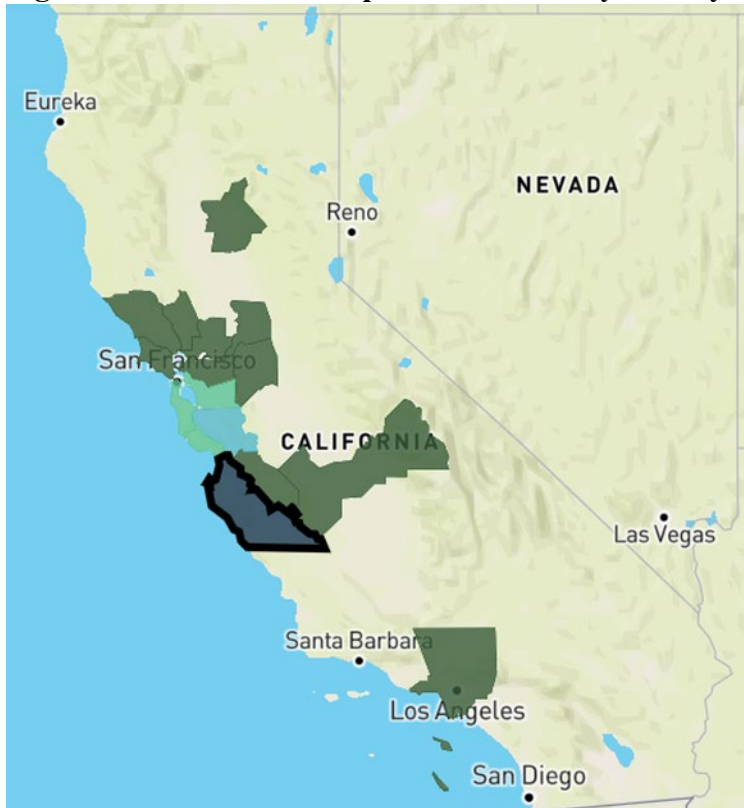
4. Source: <https://www2.calrecycle.ca.gov/LGCentral/DisposalReporting/Statewide/TransportedSolidWaste>. Note that exported total is rounded to nearest whole number and does not equal all entries in Table. Several very small exports to other counties are not included.

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	60.80	
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		8,320.00
Stanislaus	110	143.30	
Yolo	169	5.75	
Yuba	211	0.07	

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

Figure 4 shows the amount of solid waste disposed of in Monterey County in 2019 from all sources was 949,816 tons. Of that amount, 446,874 tons or 47% was received for disposal from other nearby adjacent jurisdictions – principally from San Benito, Santa Cruz, Santa Clara and San Mateo Counties (502,942 tons (53%) generated in Monterey County; approximately 325,000 tons associated with ReGen’s operations and 177,000 tons associated with SVSWA). Refer to Table 1 for a list of the counties involved. Note that many counties in California have similar solid waste tonnage figures/listings as that shown for Monterey County.

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



Total solid waste entering Monterey County for disposal (47%)	446,874 tons
Does not include waste generated within Monterey County (53%)	502,942 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/>.

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.

1.2 Standards and Benefits for Receiving Waste from other Jurisdictions

Standards for the Management of Waste in Monterey County

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

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

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

The Solid Waste Hauler program ensures that:

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

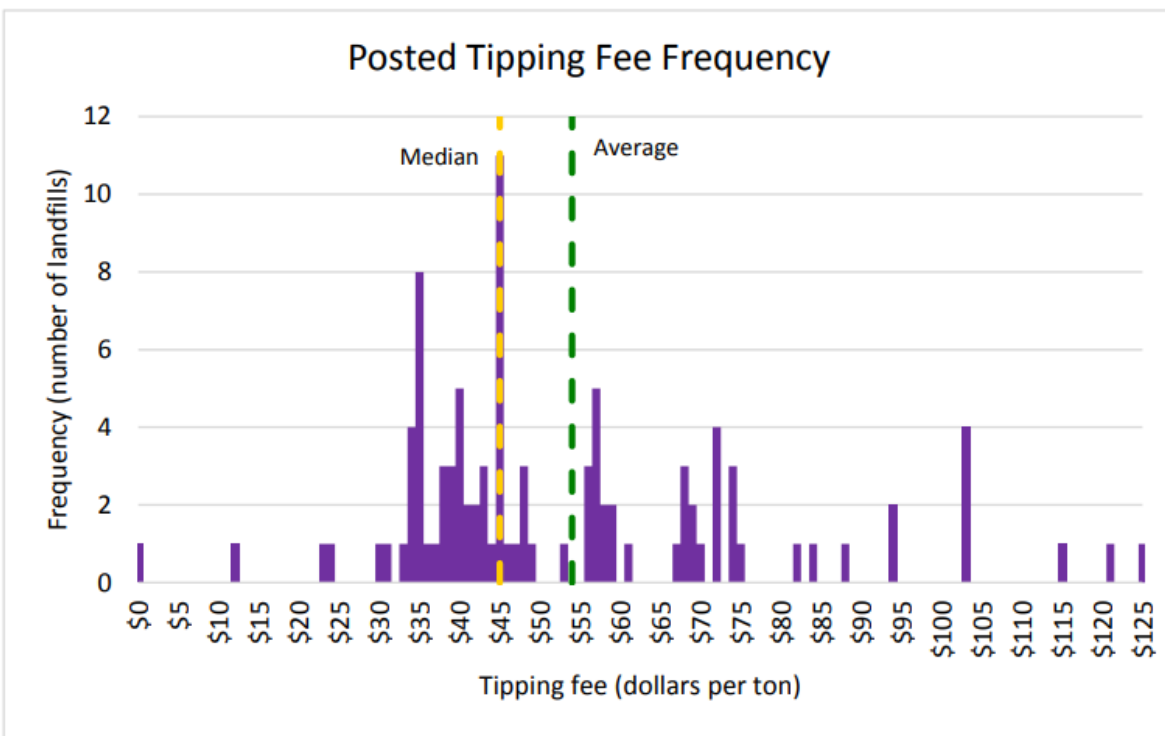
Benefits of Receiving Waste from other Jurisdictions

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

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

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

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



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

1.3 Restrictions on the Intrastate Flow of Solid Waste between Cities and Counties

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

1.4 Conclusions

The integrated Waste Management System in California is complex. Most cities (jurisdictions) do not have any, and certainly not all, of the necessary permitted facilities for managing solid waste generated within their own jurisdiction. Monterey County is no different. All of the hazardous waste generated within Monterey County must be exported to other jurisdictions for proper management because there are no hazardous waste management facilities in the county. At the same time Monterey County has sufficient disposal capacity to more than adequately manage the municipal solid waste generated within Monterey County and other nearby jurisdictions for the foreseeable future. Monterey County together with California has sufficient regulations to ensure that solid waste delivered to Monterey County is managed in accordance with all applicable regulations and requirements. Finally, the State of California has enacted sweeping legislation that requires all solid waste to be minimized, diverted, reduced and recycled to lessen the amount of waste requiring disposal in a landfill. The delivery of solid waste for disposal in Monterey County lowers the overall cost of waste management in Monterey County and provides benefits for the people and businesses of Monterey County.

2.0 Summary of ReGen Monterey’s Business Practices

Credits: Various ReGen Monterey records and staff records contributions

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

2.2 Historic Background

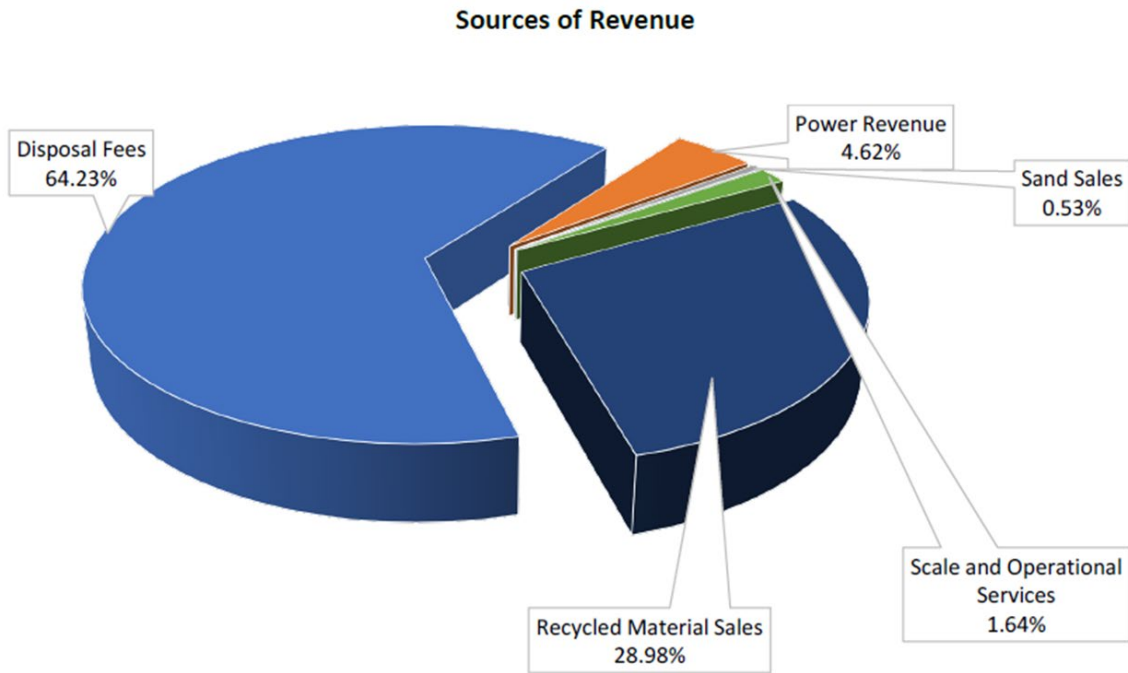
More than 100 years ago waste from the Monterey Peninsula was routinely dumped on the beach and into the ocean. Several decades later a private “dump” operated on the coastal area of what is now part of Sand City. City and County leaders knew there had to be a better way to manage refuse then on the 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). The first order of business was to find a suitable location for a sanitary landfill to replace the old “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 communities and other public and private customers.

Over the years ReGen Monterey has added programs to reduce, reuse, divert, and recycle materials. To ‘do more to waste less’ in other words. From early cardboard recycling starting in 1953, to supporting the first community collection of glass bottles in the early 1970’s, beneficial reuse of landfill gas (LFG) for renewable energy generation starting in 1983, to the diversion of yard debris (aka “green waste materials” and agricultural or food scrap materials to windrow composting in 1988, to the establishment of the Last Chance Mercantile in 1991 for retail sales of usable materials, to ReGen’s first Materials Recovery Facility (MRF) that came on-line in 1996 for the processing of construction and demolition (C&D) materials for recovery of recyclable or reusable materials, to the capital replacement of the C&D materials processing line and the addition of a recyclables processing line (aka “Single Stream Recycling (SSR)”) as part of the MRF 2.0 improvements in 2018; the integrated facilities that ReGen Monterey operates today are a unique resource for the tri-county region and embody our mission of “doing more to waste less” by turning waste into a beneficial resource.

2.3 Evolution of Business Practices

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

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

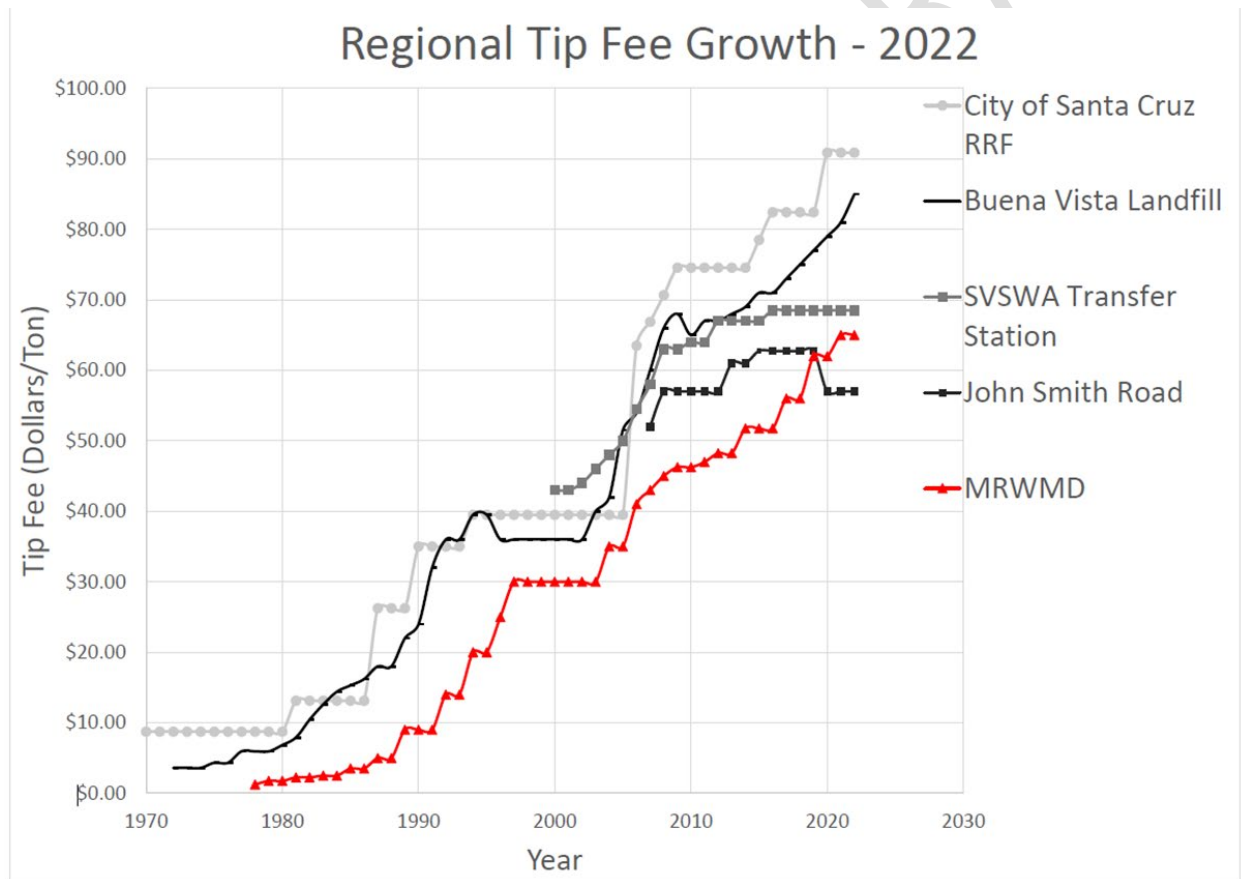


The evolution of business practices at ReGen Monterey were generally influenced by future trends being proposed and discussed in the solid waste management industry by service providers, regulators, and municipalities. Note that this evolution was from a ‘disposal only’ model to a ‘reduce, divert, recycle, reuse, and disposal’ model. It takes a strong will and vision to successfully modify a ‘disposal only’ model to that of an integrated waste management facility like ReGen Monterey. ReGen Monterey has had that in their Board of Directors and Staff leadership over much of its history. ReGen has been an early adopter of technology to improve reuse and recycling of materials so as to lessen waste disposal. This brings additional costs to the organization and often limited ability for additional revenues; which often results in using the disposal ‘tip fee’ to collect the needed revenue to cover the additional expenses. By 2004, the Board had formalized their practices in a “Guiding Principles” document (October 15, 2004) and was engaged with staff leadership to pursue business practices that would maintain relatively low service fees and manage annual fee increases in a sustainable manner. These discussions led to revisions to the “Guiding Principles” document on September 16, 2005 and November 16, 2007. Refer to Appendix A for all three versions of the “Guiding Principles” documents.

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

recommendations for the annual escalation 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 develop a plan with recommendations to reduce operational costs and to identify new customers and other sources of revenue. By 2007, ReGen Monterey was engaging with new municipal customers in Santa Cruz County for possible long-term (30 year) disposal service agreements. Ultimately, by 2009, Capitola, Scotts Valley, Watsonville, and County of Santa Cruz had signed long-term disposal agreements with ReGen Monterey. By 2013, a long-term agreement for disposal of residual materials (waste) following recycling processing at two MRFs in the City of San Jose; a MSW processing MRF and a SSR materials MRF.

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



Between 2000 and 2007, ReGen Monterey’s expense budget grew from about \$9.1 million per year to \$17.5 million per year (92%). In the same time period, the expense rate of cost per disposal ton grew from \$50/ton to \$91/ton. Note that there was considerable capital investment in the 1990s for the LFGTE plant, the first MRF, Last Chance Mercantile store, HHW Facility, Shop Maintenance facility, and Truck Entrance Scale and Administration offices that helped

influenced, in part, the expense increases. Refer to Figure 8 for revenue and expense budget data at various points in time between the years 2000 and 2017.

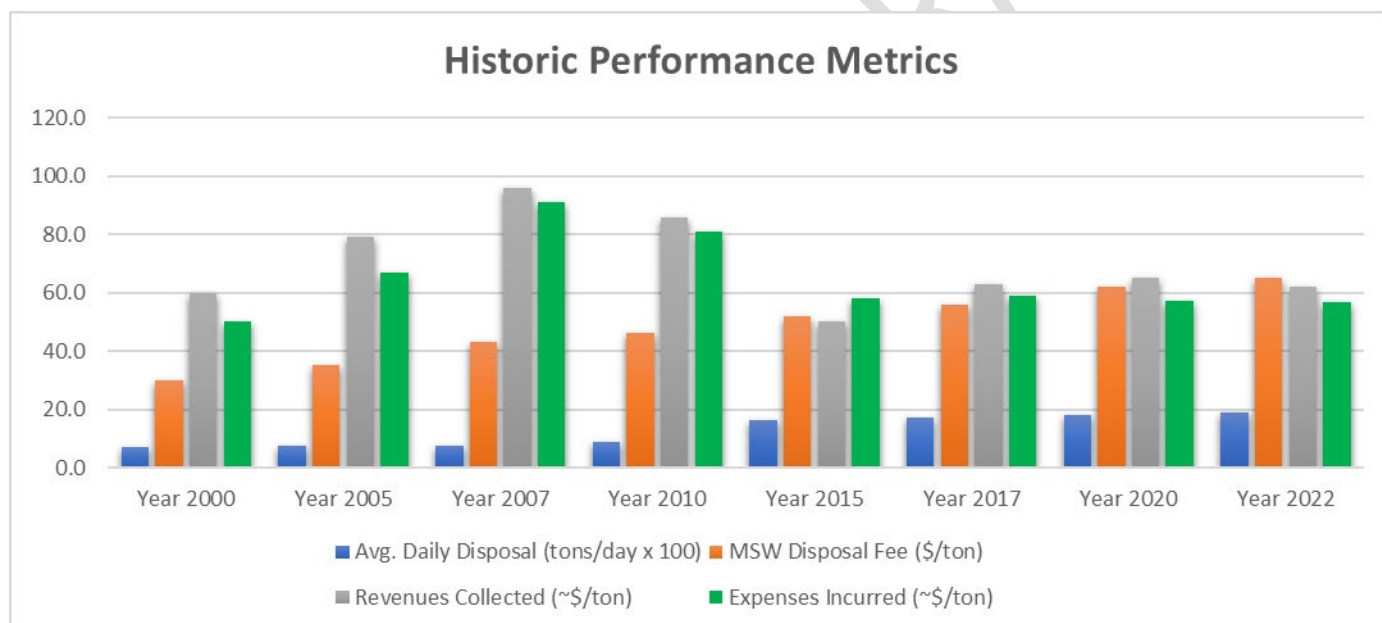
As the addition of new municipal customers and expansion of non-disposal revenue sources began to occur in the 2007 to 2009 period and later, the financial metrics began to improve. Between 2007 and 2010, expenses per disposal ton decreased from \$91/ton to \$81/ton (>10% reduction). Between 2010 and 2017, 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. Refer to Figure 9 for a graphical representation of this information which illustrates that revenues collected per disposal ton and expenses per disposal ton were near their highest points around 2007 and began to decline as ReGen grew its customer base and diversified its sources of revenues.

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

Figure 9. ReGen’s Budget Historic Performance Metrics Chart (2000 - 2017)

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



2.4 Influence of Regulatory Policy

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

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

These public policies align with solid waste regulatory principles to manage waste in a designated management unit that is properly sited and permitted to protect the public health and the environment. As a result, many cities and some counties do not have solid waste facilities in their jurisdictions and are required to use facilities located in other jurisdictions. There are two active solid waste landfills in Monterey County, neither are located in any one of the 28 cities in Monterey County. Yet all those cities, and every city, requires such facilities to receive the wastes generated by each community. These public policies result in solid wastes facilities to be sited and permitted in areas of less population density and often in areas of lower property value. Once the solid waste facilities have been properly sited, the public policy challenge then becomes the protection of those zoning designations and the prevention of residential growth around existing solid waste facilities. For example, the City of Marina, which was incorporated in 1975 about 12 years after ReGen's landfill had been sited, has an Urban Growth Boundary on its northern boundary immediately abutting the Unincorporated County lands that have Agricultural Zoning designation and contain the two public works waste management properties of ReGen and M1W. Those facilities have been properly developed to provide regional public services in an area located a couple miles away from the City of Marina. This is why the northern city limits of Marina should never be changed to prevent the city getting any closer to these public works facilities. For that to occur, it would be necessary that the public policies and plans that are designed to appropriately site waste management facilities away from cities and residential areas would have to be undone and abandoned, and the good public practice principles of such policies 'thrown out the window' and discarded.

2.5 Influence of Public Policy

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

management agencies responsible for enacting plans and implementing programs to divert 25 percent of their solid waste by 1995 and 50 percent by year 2000. Later legislation mandated that the 50 percent diversion requirement be achieved every year. Or be it the Mandatory Commercial Recycling measures that were adopted in the Assembly Bill 32 Scoping Plan by the California Air Resources Board (CARB) pursuant to the California Global Warming Solutions Act (Chapter 488, Statutes of 2006). The Mandatory Commercial Recycling Measure focuses on increased commercial waste diversion as a method to reduce GHG emissions. It is designed to achieve a reduction in GHG emissions of 5 million metric tons of carbon dioxide (CO₂) equivalents. To achieve this objective, an additional 2 to 3 million tons of materials annually will need to be recycled from the commercial sector by the year 2020 and beyond. Or be it the more recent methane emissions reduction targets for California (SB 1383 Lara, Chapter 395, Statutes of 2016) in a statewide effort to reduce emissions of short-lived climate pollutants (SLCP) by reducing and diverting organic materials to non-disposal processing facilities (e.g., not for disposal in landfills). The SB 1383 targets are to reduce organic waste disposal in 2025 and beyond by at least 75% of 2014 organic waste levels, to rescue edible food for people to eat at a rate of at least 20% of currently disposed surplus food by 2025, and to reduce the generation of food waste in the first place. ReGen Monterey staff tracks these public policy and regulatory topics over time and consider their impacts to permits, operations, and business practices; and develops recommendations to address possible changes to permits, business plans, and operational practices.

2.6 Conclusions

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

APPENDIX A

“Guiding Principles” Documents

October 15, 2004

September 16, 2005

November 16, 2007



Memorandum

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

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

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

- **District Governance Structure**

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

- **Labor Policy**

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

- **Reserve Policy and Debt Service Ratios**

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

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

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

- **Landfill Capacity and Service Area**

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

- **Rate Policies**

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

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GUIDING PRINCIPLES FOR ACCEPTANCE OF REGIONAL WASTE

September 16, 2005

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

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

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

Monterey Regional Waste Management District

GUIDING PRINCIPLES FOR ACCEPTANCE OF REGIONAL WASTE

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

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

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

1. Regional waste received will be from public agencies only, by written agreement.
2. The primary need of the public agency will be for short to intermediate-term landfill space while they work to find a long-term solution to their solid waste disposal needs.
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8. The negotiated landfill disposal fee will include an escalation clause to compensate the MRWMD for future annual increases in costs. The regional waste will be transported to the MRWMD in either large transfer-trailer type trucks or waste collection packer trucks to minimize the impact on public roads and maximize the efficiency of transportation and landfill operations.

APPENDIX B

Select History of ReGen's Evolution of Business Practices

PRELIMINARY DRAFT

Select History of Evolution of Business Practices:

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

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

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

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

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

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

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

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

Select History of Evolution of Business Practices (continued):

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

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

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

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

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

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

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