

MEMO



Meeting Date: July 18, 2025

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

Subject: Authorize the General Manager to Execute the First Amendment to Disposal Agreement with Waste Solutions Group of San Benito, LLC

RECOMMENDATION

That the Board of Directors authorize the General Manager to execute the First Amendment to the Disposal Agreement between the Waste Solutions Group of San Benito, LLC (Waste Connection) extending the term to June 30, 2030.

BACKGROUND

In 2022, ReGen entered a disposal agreement with Waste Connection to accept waste from Gilroy and Morgan Hill. The original agreement with Waste Connection is set to expire on March 30, 2026. The original agreement provides the option for the parties to continue the agreement on a month-to-month basis thereafter. The original agreement is for a four-year term with an effective starting rate of \$32.50/ton. The rate escalates by a fixed amount (\$2.50/ton) in Year 2 and 3, and by CPI in Year 4.

DISCUSSION

Staff negotiated a First Amendment to the agreement with Waste Connections (Attachment A). The amendment notes the following rates for a fixed term of 5 years and 3 months ending on June 30, 2030:

Effective Date	Rate/ton	%Increase
4/1/2025	\$ 38.40	
4/1/2026	\$ 41.00	6.8%
4/1/2027	\$ 43.00	4.9%
4/1/2028	\$ 45.00	4.7%
4/1/2029	\$ 47.00	4.4%
4/1/2030	\$ 49.00	4.3%

The amendment stipulates that Waste Connection deliver to ReGen 100% of acceptable waste delivered by Recology via the San Martin transfer station not to exceed 77,000 tons per contract year. Currently, ReGen accepts approximately 60,000 tons per contract year. The initial rate adjustment is \$2.60 from \$38.40/ton to \$41/ton, approximately 6.8% increase. Thereafter, the agreement includes a \$2/ton fixed price annual rate increase.

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Let's not waste this.

FISCAL IMPACT

At approximately 60,000 tons per contract year, the fiscal impact for the first year of the extended term under the contract would be \$2.46M.

CONCLUSION

That the Board of Directors authorize the General Manager to execute the First Amendment to the Disposal Agreement between the Waste Solutions Group of San Benito, LLC (Waste Connection) extending the term to June 30, 2030, with fixed rate increase per annum.

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