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MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

Home of the Last Chance Mercantile

January 26, 2009

Felipe Melchor, District Manager
Waste Management, Inc.
11240 Commercial Parkway
Castroville, CA 95012

Dear Felipe:

At the Monterey Regional Waste Management District's (District) January 16th Board Meeting, District staff was directed to contact you to request a summary of recycling activity for member agencies. The Board would also like Waste Management, Inc. (WMI) to quantify, for each Peninsula city, the impact on residential and commercial rates of a \$5 per ton tipping fee increase (from \$46.25 per ton to \$51.25) should this become necessary to help cover the cost of unfunded mandates and other expenses. The same information is being requested of Monterey City Disposal Service.

This information will be shared with the District Board and will be used for the California Integrated Waste Management Board (CIWMB) AB 939 Annual Updates, which the District submits for each of the jurisdictions. With the recently enacted AB 1276, the reporting deadline for the 2007 Annual Update is March 15th, and the 2008 Annual Update will be due in August. A template that can be used for reporting is attached and an electronic copy will be sent as well.

In addition to the summary of curbside and commercial recycling tonnage, District Board members were also interested to know about the end-markets for curbside recyclables, specifically plastic bags. With WMI's new plastic bag recycling program extended throughout the District service area, please describe how the bags are marketed and what type of product(s) they are recycled into. Recent news reports have described plastic bag shipments to China where some bags may be burned in waste to energy plants. Practices such as this are of concern to District member agencies who seek to ensure that curbside recyclables are processed by reputable recyclers.



February 19, 2009

William Merry, General Manager
12401 Del Monte Blvd
Marina, Ca 93933-1670

WASTE MANAGEMENT

11240 Commercial Parkway
Castroville, CA 95012-3206
(831) 384-5000
(831) 796-2200
(831) 632-0181 Fax



Dear William,

USA Waste of California Inc, dba Carmel Marina Corporation (Waste Management) is in receipt of the January 26th, 2009 correspondence letter that includes the following request for information:

1. Request for recycling activity for member agencies.
2. Practice of end product recycling of new "Bag in Bag" program.
3. Quantification of impact of \$5.00 rate increase posed by MRWMD for residential and commercial collection.

1. Recycling Activity for Member Agencies Hauled by CMC (Waste Management) to CMC Material Recycling Facility for calendar year 2008:

Franchise Agreement	RCY Tons
Carmel	1,985.92
Del Rey Oaks	723.44
Sand City	327.67
Marina	1,703.03
Pacific Grove	2,421.09
Pebble Beach	1,887.75
Seaside	2,812.71

2. "Bag in Bag" Recycling Practice by Waste Management

Currently the plastic "bag in bag" film is being collected by Waste Management, dropped at Castroville MRF and then exported. Waste Management does not ship the loose film and plastic bags overseas to China as seen on 60 minutes.

However, the film is shipped to India, is then melted and turned back in grocery bags and other film material to be sold in the United States and India at a 99% success rate recovery.

From everyday collection to environmental protection, Think Green® Think Waste Management.

Waste Management believes in sustainability offering and promoting bring along non-disposable bags that are made out of recycled content to increase sustainability awareness and help eliminate generation of loose plastic and plastic bags from the consumer's that still consistently use them. WM intends to keep putting the outreach of not only non-disposable bags but help eliminate the problem of "bag-in-bag" not being recycled and being put in the refuse containers for landfill disposal.

3. Quantification of Impact to Waste Management and Waste Management Service Area Customers of \$5 per ton Disposal Fee Increase

Waste Management believes that a \$5 per ton Disposal Fee increase on top of a \$1.25 per ton increase already imposed this calendar year would have a detrimental effect on our customers as well as further erode the Company's expected contractual returns. Indeed, an additional \$5 per ton Disposal Fee increase on top of earlier increases will result in a nearly 14 percent rate increase since 2007, which is difficult to justify in difficult economic times. Further, under the rate adjustment mechanisms in place under our current municipal franchises, Waste Management has been forced to in effect subsidize a portion of any disposal fee increases due to the timing of the imposition of those increases relative to the time for overall price adjustments.

The table below illustrates this fact. In 2008 the disposal fee was increased by \$2.00 from \$43/ton to \$45/ton representing a difference of 4.65%, but due to time of rate increases and recovery of the newly implemented tip fee, WM was able to only recover a 1.29% increase.

If \$5/ton plus \$1.25 per ton is approved (causing a 13.89% increase since 2007) the result would be a \$3,132,820 cost to Waste Management if tons stay flat compared to calendar year 2007.

Franchise Agreement	07' Disposal Cost	08' \$2 (4.65%increase)	09' \$6.25 (13.89%increase)
County West	\$ 9,078,982	\$ 422,173	\$ 1,261,071
Carmel	\$ 1,607,774	\$ 74,761	\$ 223,320
Del Rey Oaks	\$ 274,573	\$ 12,768	\$ 38,138
Sand City	\$ 506,151	\$ 23,536	\$ 70,304
King City	\$ 1,362,026	\$ 63,334	\$ 189,185
Marina	\$ 2,199,010	\$ 102,254	\$ 305,442
Pacific Grove	\$ 2,475,481	\$ 115,110	\$ 343,844
Pebble Beach	\$ 1,349,101	\$ 62,733	\$ 187,390
Seaside	\$ 3,701,404	\$ 172,115	\$ 514,125
Totals	\$ 22,554,502	\$ 1,048,784	\$ 3,132,820

Consequently, Waste Management cannot support such an increase. Indeed, we are taking actions now that hopefully will reduce economic impacts on our customers. For example, Waste Management has implemented a scale house system at its MRF, which eliminated the need for a scale house attendant as the upgrades provide a system where payments and

billings are generated on their own. We have also hired another Recycling Coordinator and expanded the role of the current Contracts Compliance and Municipal Relations Manager to increase recycling awareness in the community. These measures proved very successful in 2008 and could possibly help reduce District costs now spent on marketing and community awareness. Unfortunately, we would not be able to take on these types of initiatives if our financial base were further eroded, which in turn could result in higher costs for consumers.

Therefore, Waste Management does not support the \$5.00 increase for year of 2009 and would like to see a different type of solution take affect rather than keep putting fee increases on the residents.

I look forward to the continued collaborative effort of community refuse, recycling and yard waste disposal at the MRWMD facility. If I can be of assistance to you, please do not hesitate to contact me directly at your convenience.

Sincerely,

Keith Carriveton on behalf of Felipe Melchor

Felipe Melchor
District Manager
USA Waste of California Inc. dba Carmel Marina Corporation
11240 Commercial Parkway
Castroville, CA 95012
Office: (831) 796-2296
Cell: (831) 970-6835
Fax: (831) 633-3523

Cc: MRWMD Board Members
Rich Guillen, City of Carmel-by-the-Sea
Heidi Birch, City of Carmel-by-the-Sea
Dewey Evans, City of Del Rey Oaks
Anthony Altfeld, City of Marina
Christi di Iorio, City of Marina
Charlene Wiseman, City of Pacific Grove
Celia Perez Martinez, City of Pacific Grove
Steve Matarazzo, City of Sand City
Richard Simonitch, City of Sand City
Ray Corpuz, City of Seaside
Diana Ingersoll, City of Seaside
Allen Stroh, Monterey County Environmental Health Division
John Ramirez, Monterey County Environmental Health Division
Mike Niccum, Pebble Beach Community Services District
Suha Kilic, Pebble Beach Community Services District

Felipe Melchor
January 26, 2009
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With the March CIWMB reporting deadline coming up, staff would appreciate receiving a reply by February 6th. Thank you for your assistance. Please call Jeff Lindenthal or me at 384-5313 if additional information needs to be provided.

Sincerely,



William Merry, P.E., BCEE
General Manager

Attachment

cc: MRWMD Board Members
Rich Guillen, City of Carmel-by-the-Sea
Heidi Burch, City of Carmel-by-the-Sea
Dewey Evans, City of Del Rey Oaks
Anthony Altfeld, City of Marina
Christi di Iorio, City of Marina
Charlene Wiseman, City of Pacific Grove
Celia Martinez, City of Pacific Grove
Steve Matarazzo, City of Sand City
Richard Simonitch, City of Sand City
Ray Corpuz, City of Seaside
Diana Ingersoll, City of Seaside
Allen Stroh, Monterey County Environmental Health Division
John Ramirez, Monterey County Environmental Health Division
Mike Niccum, Pebble Beach Community Services District
Suha Kilic, Pebble Beach Community Services District

WMI Reporting Summary for Monterey Peninsula Cities

Jurisdiction	2007		2008	
	Curbside Recycling In Tons	Commercial Recycling In Tons	Curbside Recycling In Tons	Commercial Recycling In Tons
Carmel-by-the-Sea				
Del Rey Oaks				
Marina				
Pacific Grove				
Pebble Beach (PBCSD)				
Sand City				
Monterey County				

Impact of \$5 per ton Disposal Fee Increase on Residential Trash Rates (incremental increase to residential service rates)

Jurisdiction	20 Gallon Cart	32 Gallon Cart	64 Gallon Cart	96 Gallon Cart
Carmel-by-the-Sea				
Del Rey Oaks				
Marina				
Pacific Grove				
Pebble Beach (PBCSD)				
Sand City				
Monterey County				

Impact of \$5 per ton Disposal Fee Increase on Commercial Trash Rates (incremental increase to commercial service rates) *

Jurisdiction	2 Yard Bin	3 Yard Bin	4 Yard Bin	6 Yard Bin
Carmel-by-the-Sea				
Del Rey Oaks				
Marina				
Pacific Grove				
Pebble Beach (PBCSD)				
Sand City				
Monterey County				

* Above assumes one commercial pick up per week