



Memorandum

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

DATE: March 26, 2010
 TO: Board of Directors
 FROM: Leo Laska, Finance Committee Chair
 SUBJECT: Summary of Finance Committee Meeting of March 25, 2010

The Finance Committee met on March 25th at 9:30 a.m., at the District Administrative Offices. Committee members Pendergrass, Bales and Downey attended the meeting. The purpose of the meeting was to discuss matters related to preparation of the Fiscal Year (FY) 2010/2011 Budget, Unrestricted Cash Reserves and Revenue Enhancements. Discussion is summarized below and followed the attached agenda.

FY 2010/11 Budget Preparation and Unrestricted Cash Reserves

The Committee received a report from Finance Manager on the status of the preparation of the FY 2010/11 Budget which continued the discussion begun last month on assumptions and considerations in preparing the FY 2010/11 Budget. The packet contained a Draft Preliminary Budget and descriptions of each line item contained in the Operating Revenues and Expenditures. Staff presented a review of Operating Revenues, Operating Expenses, Non-Operating Revenues/Expenses and Capital Outlay for Equipment and Facilities. There was discussion on each item, with notations of significant variances from FY 2009/10. The Finance Manager noted that the packet contained projections through FY 2014/15 that assumed no cost of living, no increase in Salaries, and no increases in Health Insurance premiums. It was noted that the Unrestricted Cash Reserves would drop below the target of 20% of Cash Operating Expenses in FY 11/12 without some form of revenue enhancement.

There was discussion regarding the reduction of incoming waste, increased costs for unfunded mandates and delays in investment in critical District infrastructure. Staff will review and propose adjustments to the Miscellaneous Fee Schedule and the Committee directed staff to prepare a Draft Preliminary Budget that contains a tip fee increase of \$2.50 as of January 1, 2011, along with a summary of how the tip fee increase will be used, and present it at the next Finance Committee meeting.

The next meeting of the Finance Committee is scheduled for April 26, 2010 at 10:00 a.m.

Leo Laska

Attachment

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VICE CHAIR

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DISTRICT ENGINEER

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ASST. GENERAL MANAGER

RICHARD SHEDDEN, P.E.
SENIOR ENGINEER

RICHARD NORTON
ADMIN. SERVICES MGR.

ROBERT WELLINGTON
COUNSEL

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

Home of the Last Chance Mercantile

MEETING OF THE MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT FINANCE COMMITTEE

Thursday
March 25, 2010
9:30 a.m.

Conference Room
MRWMD Offices
14201 Del Monte Blvd., Marina CA

Attending: Board Chair Laska; Directors Bales, Pendergrass, and Downey
William Merry, General Manager
Tim Flanagan, Assistant General Manager
Chuck Rees, Finance Manager
Rich Norton, Administrative Services Manager
Don Prescott, Information Systems Manager

AGENDA

1. FY 2010/11 Budget Assumptions
 - a. Revenue
 - b. Expenses
 - c. Capital Outlay

2. Unrestricted Cash Reserves
 - a. Revenue Enhancements

3. Next Meeting Date: April 26, 2010, 10 a.m.

FACT SHEET

Rate Increase Effective January 1, 2011

Effective January 1, 2011, the Monterey Peninsula Landfill and Recycling Facility will increase the Basic Rate for Solid Waste Disposal from \$46.25/ton to \$___/ton. The minimum charge will remain at \$15. This increase would cost the average household about ___ cents on their monthly garbage bill. The following information is provided as background for the __% increase:

- 1) At \$___/ton, the District rate will still be the lowest in the area. The Salinas Valley Solid Waste Authority is charging \$63/ton (\$69/ton for Salinas Franchise Hauler) and the County of Santa Cruz rate is \$68/ton (\$136/ton if containing more than 5% recyclable material) plus a solid waste parcel fee.
- 2) This is the first tipping fee increase in two years. Over the past five years, refuse tonnage has decreased by 31% as a result of changes to economy and increased recycling efforts. This loss of tonnage equates to a loss of approximately \$5 million in revenues.
- 3) Recent Unfunded State Mandates have added costs to the District's operations of more than \$1 million a year or \$5 per ton of refuse received:
 - AB32 CARB Air Emissions – diesel particulate filters and Freon capture from refrigeration systems
 - Landfill Gas Monitoring (migration probes, collection wells and surface monitoring)
 - Waste screening of hazardous and prohibited materials
 - Household Hazardous Waste Program (batteries, fluorescent tubes and bulbs, and prescription drugs)
- 4) Since 2007, the District has worked to reduce cash shortfalls with:
 - Revenue Enhancements
 - Regional waste disposal contracts with Santa Cruz County and Cities of Watsonville and Scotts Valley
 - Increased emphasis on recovering cash value recyclables
 - Increased sales at Last Chance Mercantile Reuse Store
 - Negotiation of new Renewable Power Sales Contracts for Landfill Gas Power Project
 - Cost Savings
 - Hiring freeze – staff reduction of 22 employees (16% of workforce)
 - Realignment of work schedules to cover existing gate hours
 - Contracting out operations (bird abatement, litter pickup, sand sales and street sweeping)
 - Deferral of more than \$2 million in Capital Outlays
- 5) The proceeds from this increase will be used to maintain:
 - Community Recycling Levels
 - Services and programs (Household Hazardous Waste, Last Chance Mercantile, Public Education, etc)
- 6) A delay in implementing the tipping fee increase would force the District to consider:
 - Reduced Staffing Levels
 - Shorter Hours of Operations
 - Lower Recycling Rates
 - Fewer Services and Programs
 - Lower Cash Reserves
- 7) Other steps the District is considering in order to minimize any future rate increases:
 - Investigating Alternative Funding to the Basic Tipping Fee
 - Actively Pursuing Additional Regional Waste Processing and Disposal Contracts

Any questions regarding this rate increase or the information contained in this fact sheet should be directed to:
 William Merry, MRWMD General Manager
 PO Box 1670, Marina, CA 93933
 Phone: 831-384-5313
 Email: wmerry@mrwmd.org

Costs of Unfunded State Mandates Per Ton of Refuse

<u>Unfunded State Mandate</u>	<u>\$/Ton of Refuse</u>
Batteries & Fluorescent Tubes	\$0.25
Appliances and White Goods	\$0.16
AB 32 CARB	\$3.00
Gas Migration Monitoring Probes	\$0.60
LFG Collection/Site Monitoring	\$0.70
Waste Screening	\$0.50
Total	<u>\$5.21</u>

Additional Unfunded State Mandated programs include:
Special handling for Treated Lumber, Tires, E-Waste, HHW
(prescription drugs and sharps). Staff is currently evaluating
these costs.

DRAFT