

Unified Franchise Agreement Commercial Rate Analysis

Monterey County Environmental Health

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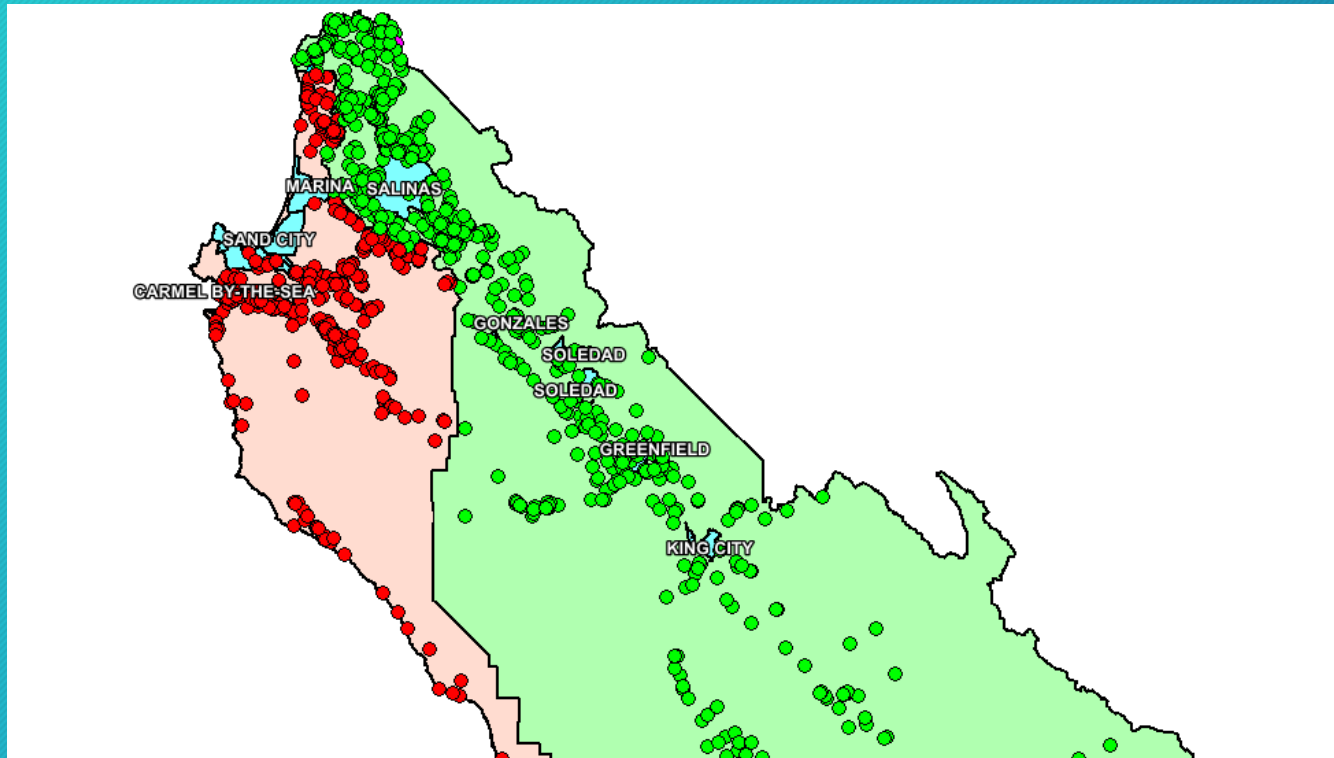
Recommendation

- a. Receive an update addressing the Unified Franchise Agreement (UFA) Solid Waste Hauling commercial rate differences between the Salinas Valley Solid Waste Authority (SVSWA) and Monterey Regional Waste Management District (ReGen) regions based on an independent Special Rate Study; and
- b. Provide directions to staff, as appropriate.

UFA Approval Overview

- New UFA Agreement was approved: December 3, 2024
- Franchisee: Waste Management (DBA Carmel Marina Corporation)
- Area Covered: Unincorporated Monterey County
- Board Direction: Conduct commercial rate cost comparison - East vs. West regions

Districts and Density Covered Under the UFA



Regional Breakdown

- **West Region (ReGen):**
 - Covers 853 square miles
 - Includes Peninsula cities & unincorporated areas
 - ReGen Monterey
- **East Region (SVSWA):**
 - Covers 2,450 square miles
 - Includes Valley cities and unincorporated areas
 - Salinas Valley Solid Waste Authority

Documentation used for analysis

Muni received a total of 18 documents to support initiation of the review process:

- Waste Management
- Salinas Valley Solid Waste Authority (SVSWA)
- County of Monterey Environmental Health

Comparison Methodology

Cubic Yard Methodology

- Focused on permanent commercial front-loader bin services.
- **Factors Evaluated:**
 - generator service configurations
 - total cubic yards serviced
 - pounds per cubic yard
 - associated operational costs.

Key Findings

1. Lower Material Density in the East

- East waste stream averages approximately 91 pounds per cubic yard.
- West waste stream averages approximately 118 pounds per cubic yard.
Because East material is lighter, more container volume must be serviced to collect comparable amounts of material, increasing lifts, route miles, and service hours per ton collected.
 - Increased number of Routes: East = 23.73 / West = 17.28 (*Trucks/Drivers*)
 - Containers per Route: East = 498 ea. / West = 807

2. Higher Disposal Cost per Cubic Yard in the East

- East average disposal rate (including AB 939 fee): approximately \$123 per ton.
- West average disposal rate: approximately \$70 per ton.

Even with lighter material, the higher per-ton disposal rate in the East results in an estimated \$1.54 higher disposal cost per cubic yard compared to the West. This is the single largest individual contributor to the rate differential.

Key Findings

3. Higher Fuel Cost per Cubic Yard in the East

- East fuel cost per CY \approx \$3.69
- West fuel cost per CY \approx \$2.85

Higher route mileage, lower route density, and mixed CNG/diesel fueling contribute to approximately \$0.84 higher fuel cost per CY in the East.

4. Greater Route Miles and Hours per Cubic Yard in the East

The East requires more travel distance (33,774 miles) and time per cubic yard of service due to its larger geographic area and dispersed customer base, increasing labor, vehicle, and overhead costs, material density.

East (Approx.) Miles Driven 2024 - 123,717

West (Approx.) Miles Driven 2024: 89,943

Key Findings

5. Service Configuration Differences

- East services more accounts, averages fewer bins per customer, and operates more routes.
- This reflects lower route density and more stops per cubic yard of service, increasing cost per unit of service.

6. More Volume Serviced, Less Mass Collected

- The East region services more total cubic yards per month but collects less total tonnage than the West, confirming that East operations require more service effort to remove less material.

Summary of Cost Drivers in the East

- Lower Material Density in the East
- Higher Disposal Cost per Cubic Yard in the East
- Higher Fuel Cost per Cubic Yard in the East
- Greater Route Miles and Hours per Cubic Yard in the East
- Service Configuration Differences
- More Volume Serviced, Less Mass Collected

Conclusion

- Analysis supports regional rate structure
- Maintaining separate East and West commercial rate structures reflects the actual cost of providing service in each region
- Standardizing rates would shift East's higher operating costs to West customers, resulting in inequitable cost allocation

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Questions?