



County of Monterey

Item No.

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

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- a. Receive an update addressing the Unified Franchise Agreement Solid Waste Hauling commercial rate differences between the Salinas Valley Solid Waste Authority and Monterey Regional Waste Management District regions; and
- b. Provide direction to staff, as appropriate.

RECOMMENDATION:

It is recommended that the County of Monterey Board of Supervisors:

- a. Receive an update addressing the Unified Franchise Agreement Solid Waste Hauling commercial rate differences between the Salinas Valley Solid Waste Authority and Monterey Regional Waste Management District regions; and
- b. Provide direction to staff, as appropriate.

SUMMARY/DISCUSSION:

On December 3, 2024, the County of Monterey Board of Supervisors approved a new Unified Franchise Agreement (UFA) with Waste Management, DBA Carmel Marina Corporation, for waste hauling services in the unincorporated areas of the County. The Board also requested a cost analysis comparing commercial rates between the Salinas Valley Solid Waste Authority (East) and Monterey Regional Waste Management District (ReGen) (West) regions.

Waste Management conducted a cost comparison of commercial rates, and staff return today to present the results, seeking any further direction from the Board, as appropriate.

The UFA covers the West (ReGen) region, which spans 853 square miles and includes various cities and unincorporated areas, and the East (Salinas Valley Solid Waste Authority) region, covering 2,450 square miles. The rates were evaluated for all contributing factors that make up rates in both regions. These factors include commercial disposal rates, fuel costs, container and customer density, labor costs, and administrative expenses. The analysis compared the commercial West versus commercial East for Waste Management services.

The evaluation of Waste Management (WM) services across the West (ReGen) and East (Salinas Valley Solid Waste Authority) regions reveals significant differences in the factors that influence commercial disposal rates. The East region experiences a higher cost structure across multiple areas, including disposal rates, fuel costs, and labor costs. Specifically, the average disposal rate per ton in the East is \$123, compared to \$70 per ton in the West, representing a 44% higher cost in the East. Included in this difference is the pass-through cost AB939 fee incurred in the East representing \$22.48

per ton which is not charged in the West. The AB939 fee supports Salinas Valley Solid Waste Authority's outreach and education activities. The East area also incurs the cost of using Jolon Road Transfer Station, which incurs a transportation fee of \$19.75 per ton, in addition to the material disposal cost. Use of this transfer station is necessary due to the size of the area served and to avoid additional labor and fuel expenses that would result from hauling material to the Johnson Canyon Land Fill.

Additional costs in the East include higher fuel expenses due to a mix of CNG and Diesel usage, as well as the need for more routes due to a lower density of containers serviced per route. Waste Management leases the corporation yard located at the Jolon Road Transfer Station which does not have a CNG fueling station nor is there a CNG station for commercial use in South County, thus, the need to use a mix of CNG as well as Diesel fuels. Moreover, the East routes travel an additional 34,000 miles a year as compared to the West routes.

Labor costs and administrative expenses are also higher in the East by 21% and 26%, respectively, further driving up costs. Administrative expenses are allocated based on customer count, with East having 26% more customers thus 26% more costs are allocated. Labor costs are attributed to customer density due to the number of miles the East covers and number of customers in the area. A route in the East services 62% less containers per route; and 498 containers in East versus 807 containers in the West.

The lower efficiency in the East, reflected in the lower number of containers serviced per route and higher fuel consumption per route, and higher disposal costs contribute to the disparity in service costs. These components combine to justify the existing rate structure, with the East region incurring higher costs across multiple service factors.

Based on the analysis of contributing factors, it is recommended to maintain the current rate structure for both regions. A proposal to standardize rates across the West and East regions would result in a significant increase in costs for the West region, which would unfairly shift the burden of the East's higher operating costs onto West customers. This would not only introduce unsubstantiated costs but also diminish the efficiency gains achieved in the West's more densely populated service area. Maintaining separate rates for the West and East regions ensures fairness, as it aligns rates with the actual costs of providing services in each region.

This work supports the County of Monterey Health Department 2025-2028 Strategic Plan Goal 1. Build Community Power and Partners' Capacity to Increase Equity and Improve Health. It also supports the following of the ten essential public health services, specifically, 6., enforce laws and regulations that protect health and ensure safety.

OTHER AGENCY INVOLVEMENT:

Waste Management contributed the rate analysis. The Office of County Counsel has reviewed this report as to legal form.

FINANCING:

There are no fiscal provisions; therefore, there is no impact to the General Fund with the acceptance of

this analysis update.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Check the related Board of Supervisors Strategic Initiatives:

☐ Economic Development:

- Through collaboration, strengthen economic development to ensure a diversified and healthy economy.

☐ Administration:

- Promote an organization that practices efficient and effective resource management and is recognized for responsiveness, strong customer orientation, accountability and transparency.

☒ Health & Human Services:

- Improve health and quality of life through County supported policies, programs, and services; promoting access to equitable opportunities for healthy choices and healthy environments in collaboration with communities.

☒ Infrastructure:

- Plan and develop a sustainable, physical infrastructure that improves the quality of life for County residents and supports economic development results.

☐ Public Safety:

- Create a safe environment for people to achieve their potential, leading businesses and communities to thrive and grow by reducing violent crimes as well as crimes in general.

Prepared by: Robin Kimball, Management Analyst III, 755-1297

Approved by: Elsa Mendoza Jimenez, Director of Health Services, 755-4621

Attachment:

Board Report

District Map