Special Rate Study for the 2024 Calendar Year

Solid Waste Rate Disparity

Salinas Valley (East) & ReGen (West)

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Overview

This independent Special Rate Study evaluates the commercial solid waste collection rates charged by Waste Management under the County's Unified Franchise Agreement (UFA) for the 2024 calendar year. The study's primary objective was to determine if the rate disparity between the **Salinas Valley (East)** and **ReGen (West)** regions is supported by factual operational and cost drivers.

Key Findings

The analysis demonstrates that the East region faces a higher cost structure across all primary service categories. These differences are driven by the following factors:

- **Higher Disposal Costs:** The average disposal rate in the East is **$123.24 per ton**, compared to **$69.58 per ton** in the West. This 77% difference is largely due to the **AB 939 fee** and transfer costs unique to the East.
- **Lower Material Density:** The East region services 20.83% more cubic yard volume but collects 6.56% less total mass than the West. This means the East must perform more container "lifts" and travel more miles to collect the same amount of waste.
- **Operational Inefficiency & Geography:** The East region covers a significantly larger geographic area (2,450 sq. miles vs. 850 sq. miles). Consequently, the East region records **37.55% more route miles** and **56.51% higher fuel costs** monthly.
- **Service Configuration:** A route in the East services **62% fewer containers** than a route in the West, reflecting lower route density and increased labor effort per unit of service.

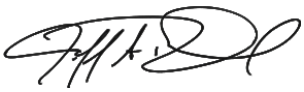
Summary of Regional Data (2024)

Metric	Salinas Valley (East)	ReGen (West)	% Difference
Pounds per Cubic Yard	91.35 lbs.	117.63 lbs.	-22.34% (Lighter)
Avg. Disposal Fee (w/ AB 939)	$123.24 /ton	$69.58 /ton	+77.12%
Monthly Fuel Costs	$12,388.42	$7,915.33	+56.51%
2-C.Y. Bin Service Rate	$426.40	$277.20	+53.82%

Conclusion

The study concludes that the identified rate disparities are fully supported by documented operational and cost factors provided by WM. Standardizing rates across both regions would unfairly shift the burden of the East's higher operating costs onto West customers. The current two-region rate structure aligns with the actual costs of providing service in these geographically and operationally distinct areas.

Jeff A. Duhamel



Principal
MuniEnvironmental, LLC

Section A: Background and County Documentation Received

On or about August 19, 2025, the Monterey County Environmental Health Bureau requested that MuniEnvironmental, LLC commence a Special Rate Study of the 2024 solid waste collection rates charged by Waste Management under the Unified Franchise Agreement. The study applies to the unincorporated areas of the Salinas Valley (East) and ReGen (West) regions.

At the time of the request, County staff provided MUNI with a set of documents to support initiation of the review process. Upon receipt, MUNI conducted an initial review of all submitted materials, prepared a catalog of the documents received, and began developing a list of additional information anticipated to be necessary for a comprehensive evaluation.

TABLE #1: COUNTY SUBMITTED DOCUMENT CATALOG

Document ID # and Name	Doc Date	Description
1. ATTACHMENT B - AB939 FEE COMPUTATION	7/1/2013	Exhibit A - Salinas Valley Solid Waste Authority Disposal Fees & Rates
2. ATTACHMENT C - SVSWA AND MRWMD BOUNDARIES		Boundary Map w/Solid Waste Facilities
3. ATTACHMENT D - EXHIBIT 2 REFUSE RATE INDEX		Refuse Rate Index Exhibit from Unified Agreement pages 109-110
4. ATTACHMENT E - REFUSE RATE INDEX CALCULATIONS	11/20/2013	WM, Inc 'Financial Statement Format' calculations worksheet for RRI (Eff. 01/01/2014)
5. ATTACHMENT F - SUMMARY OF RATE INCREASES EXHIBIT 1		Summary of Across-the-Board Rate Increases per District and Service Sector (Eff. 01/01/2014)
6. ATTACHMENT G - PROPOSED RESOLUTION	12/10/2013	Proposed Amendment #3 'Approved Rates and Charges' Exhibit 1 modify Sect 13.13
7. Board Report-2025-08-11T152642.308	4/22/2025	Re: WMI cost comparison of commercial rates with certain findings as to disparity (East/West) Rates.
8. BR USA Waste Amend. #3 (December 10, 2013)	12/10/2013	Amend #3 rate adjustment recommendations to Board (Rate increases for AB 939, tip fees, and retroactive adjustments)
9. Commercial Rate Analysis for Monterey County UFA 2015	6/20/2025	Copy of Item 12 below: Included in the Outlook email from R. Patrick Mathews (GM/CAO) Salinas Valley Waste Authority, w/attachments.
10. Amendment #4 to UFA for 2015 rates	1/1/2015	Amendment 4 amending Sections 6.06.7, 706.7, 12.13, 13.13, 13.15 signed 11/21/14

11. Summary of WM Audited Financial used for RRI weighting 2014-2016	11/10/2015	Includes WM submitted tables and RRI calculations.
12. 2015 Commercial Rate Analysis for County UFA	2015	Rate analysis narrative report. Extensive dive into the rates and disparities between districts
13. MoCo UFA Award presentation 2/2/2010	2/2/2010	Award Recommendations w/Timelines, Provisions, Enhancements, Rate Factors, Action
14. Outlook Email from Mr. Mathews	No Date	Cover email of Items submitted by Mr. Mathews. Itemizing relevant documents.
15. Completed Board Order and Resolution	12/23/2013	Reso. #13-366 Amend #3 (RRI Index changes, Rate Increase MRWMD 2.46%, SVSWA 8.03%)
16. Completed Board Order Item No. 14	4/28/2025	
17. Presentation Item 14		PowerPoint Presentation Regarding 'Unified Franchise Agreement Rate Analysis'.
18. District Map		Salinas SVWA: 2,450 Sq. Miles; Monterey Regional Waste Management District (ReGen) 853 Sq. Miles

Section B: Review of County Documents Submitted

Following its review of the initial documents provided by the County, MUNI identified several items containing the most relevant and substantive information for purposes of the rate study. While the full document set provided important historical background, certain items were determined to be central to understanding the evolution of commercial rate disparity between the two service regions.

Focused Fact-Finding

After reviewing all information provided and following direction from Environmental Health Bureau staff responsible for commissioning and overseeing this independent third-party review, MUNI determined that its fact-finding analysis should focus on prior investigations and publicly documented findings contained in a limited set of reports, studies, and presentations.

The following documents were identified as primary sources informing this focused review:

- **Item #8:** BR USA Waste Amendment No. 3 to the Unified Franchise Agreement (December 10, 2013)
- **Item #7:** 2025 County of Monterey Board Report No. 25-246

- **Item #12:** 2015 Commercial Rate Analysis for the County Unified Franchise Agreement
- **Item #17:** Unified Franchise Agreement Commercial Rate **Analysis** (County staff presentation)

Each of these items is introduced below and summarized with respect to its relevance to the issue of commercial rate disparity.

Item #8: BR USA Waste Amendment No. 3

Amendment No. 3 provides early documentation of Board-level discussion regarding emerging rate divergence between the two service regions and reflects actions taken to address disposal-related cost differences through rate adjustments.

AB 939 Fee
As part of Amendment No. 3, the Board addressed a proposed rate modification associated with a new AB 939 fee approved by the Salinas Valley Solid Waste Authority (SVSWA), effective July 1, 2013. The AB 939 fee was assessed to the franchisee as a surcharge to the tipping fee and structured as a pass-through cost.

Board approval was required to authorize rate adjustments compensating the franchisee for AB 939 fees incurred during 2013 and for the posted fee applicable to the 2014 calendar year. The fee was incorporated into customer rates through the annual Refuse Rate Index process.

The AB 939 fee applies across all customer sectors, including residential, multi-family, and commercial services. For the 2013–2014 period, the County's share was established as a flat annual amount of $369,500. When evaluated on a per-ton basis, the fee increased disposal costs by approximately $11.15 per ton delivered to the SVSWA facility. The fee is adjusted annually and passed through to ratepayers as part of the Refuse Rate Index.

Rate Disparity: "Substantial Divergence"
The Board of Supervisors directly addressed concerns regarding the substantial divergence between disposal fees charged by the two solid waste authorities and the resulting issue of fairness associated with a unified rate structure.

> *"One of the goals of the original Unified Franchise Agreement was to provide a standardized set of services and rates for residential customers county-wide. To accomplish this goal, the new rates blended the different tipping fees charged by SVSWA and Monterey Regional Waste Management District (MRWMD) and distributed the combined costs across all unincorporated county residential, multi-family and commercial cart rates. However, due to the substantial divergence which has developed between the fees charged by these two agencies since the UFA was advanced, it has become an issue of fairness to again create two rate structures for*

residential, multi-family and commercial cart services according to the SVSWA and MRWMD boundaries (Attachment C) so that the service rate reflects the tipping fees charged by the agency serving the customer's location. This proposed change is accomplished by splitting the residential, multi-family and commercial cart disposal category of Exhibit 2 Refuse Rate Index, Section 4 RRI into two rate indexes: one for customers within the boundaries of MRWMD's service area and the other for customers within the boundaries of SVSWA's service area (Attachments D and E)."

This represents the first documented instance identified by MUNI in which the Board explicitly addressed the issue of rate disparity between the two regions, indicating that the issue had been recognized prior to December 2013.

Item #7: 2025 County of Monterey Board Report #25-246

The 2025 Board Report provides a comparative analysis of commercial solid waste rates between the East and West regions and identifies operational, disposal, fuel, labor, and administrative factors contributing to observed rate differences. The report advises maintaining separate regional rate structures, concluding that standardizing rates would shift costs unfairly to the West region.

Stated in the" Summary/Discission" section of the report:

"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.

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 Landfill.

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 and ensures safety."

TABLE #2: BOARD REPORT NOTABLE COST IMPACTS

Cost Item	East (SVSWA)	West (ReGen)	Difference
Area (in square miles)	2,450	850	
Disposal (per ton)	$123.00 (inc. AB 939 fee)	$70.00	44%
Transfer Costs (per ton)	$19.75	N/A	
Fuel	Mix CNG & Diesel	CNG	
Route Miles (Approx.)	123,701	89,943	East< 33,774 miles
Containers per Route	498	807	
Labor & Admin (Based on customer count)			East < 21%-26%

The second documented reference to rate disparity provided to MUNI appears in the fourth through sixth paragraphs on page two of the referenced Board Report. In these sections, the report recommends that the Board of Supervisors maintain the existing two-region rate structure. It concludes, that standardizing rates across both regions would significantly increase costs for the West (ReGen) Region.

Item #12: 2015 Commercial Rate Analysis for County Unified Franchise Agreement

Of all documents reviewed, the **2015 Commercial Rate Analysis for the County Unified Franchise Agreement** is the most directly relevant to the issue of commercial rate disparity. The analysis relies heavily on cubic-yard service levels, service rates, and disposal costs.

The report traces the rebid of the Eastern franchise in 2002 to implement a three-cart collection system (recycling, organics, and residue), while the Western region retained a multi-franchise system that was not consistent with the Eastern service configuration. Between 2007 and 2009, the County initiated an additional request for proposals to consolidate all unincorporated service areas under a unified franchise agreement with a single rate structure.

When the Unified Franchise Agreement was approved in 2010, commercial rates were structured as a base collection rate plus disposal costs that varied depending on whether service was provided in the SVSWA (East) or MRWMD (West) region. Rate differences reflected dissimilar disposal costs and additional transfer costs incurred by the Eastern region following closure of the Crazy Horse Landfill in 2009, which required waste to be transported to the Johnson Canyon Landfill.

The 2015 analysis notes that Salinas Valley Solid Waste Authority staff disputed certain disposal and transfer cost assumptions presented by County staff.

Note: *For purposes of the current MuniEnvironmental rate review, pass-through disposal costs associated with historic or current tipping fees are not evaluated. This analysis focuses solely on operational cost components attributable to the waste hauler.*

During the December 9, 2014 rate approval hearing, questions were again raised regarding the magnitude of disparity between operational and disposal costs in the East and West regions. The 2015 County Commercial Rate Analysis attributes higher East region rates to service area configuration, rural service characteristics, and difficult-to-serve areas. Salinas Valley staff, however, contended that alternative disposal options could have reduced travel distances and improved efficiency.

Note: *MuniEnvironmental was not provided documentation regarding alternative disposal options and did not evaluate infrastructure costs or usage.*

In 2015, the Salinas Valley Solid Waste Region Authority conducted a secondary rate disparity analysis using cost-per-cubic-yard metrics based on audited financial data provided by WM during the Refuse Rate Index process. WM later asserted that these financial inputs were misapplied.

Note: *The 2015 Rate Analysis included cost elements related to inherited landfill liabilities and infrastructure obligations associated with the formation of the SVR in 1997. While these factors affect disposal tipping fees, they are outside the scope of the current rate review study.*

Item #17: Presentation Item 14 "Unified Franchise Agreement Commercial Rate Analysis"

The **Unified Franchise Agreement Commercial Rate Analysis** was provided in the form of a thirteen-page PowerPoint presentation prepared by Monterey County Environmental Health staff. The presentation includes the following sections:

1. Cover
2. Recommendations
3. UFA Approval Overview
4. Districts and Density Covered Under the UFA
5. Regional Breakdown
6. Comparison Methodology
7. Disposal Rate Comparison
8. Fuel and Transportation Costs
9. Labor and Administrative Costs
10. Summary of Cost Drivers in the East
11. Conclusion

While MUNI finds the information presented in this PowerPoint to be valuable, additional factual context, analysis, and explanatory detail would enhance understanding of the underlying cost drivers. Information from this presentation is

incorporated, where applicable, into later sections of this report, along with additional operational data and analysis.

Section C: WM Document Submittal

Following execution of the Non-Disclosure Agreement, WM submitted its initial response to MUNI's Request for Further Information on November 17, 2025. The response was provided in the form of an Excel workbook titled **"Comparison of Monterey East vs West"**, which included multiple tabs detailing itemized operational and disposal cost components.

The submitted workbook included data addressing tip fees, fuel costs, containers per route, number of routes, routing characteristics, container counts by waste stream, pounds per yard, customer counts, collection miles, and fuel type by region. Additional spreadsheets addressing 2024 disposal accruals, landfill and transfer station costing, tonnage by waste stream, and disposal cost comparisons between the East and West regions were also provided.

TABEL #3: MONTEREY COUNTY EAST VS WEST (COMMERCIAL) COMPARISON

Tab Name	Descriptions
ME vs MW Muni	1. Cost components for Tip Fees, Fuel Costs per Route, Containers per Route, and Number of Routes. Each item per Region. 2. Monterey County Map with Stops per Region
Summary	1. East & West Commercial Rate Table for 1-yard 1xWeek. 2. Additional Disposal Rates with AB 939 Fees. 3. Additional Route Costs 4. Pounds per Yard, per Region. 5. Container Counts per Region. 6. Collection Miles per Week
Routes	1. Specific Routing Information
Containers	1. Container Counts per Waste Stream, per Region
PPY	1. Account Count 2. Yards, Tons and Pounds per Yard Collected per Waste Stream
Fuel	1. Fuel Costs per Region with Fuel Type.

TABLE #4: OPERATION DISPOSAL ACCRUAL 2024

Tab Name	Descriptions
LOB	1. Table of Route Acronyms
Pivot	1. Landfill & Transfer Station Costing per Region & Waste Stream
2024	1. 3,330 row table with all routes, tickets, weights & material Info.
Comm	1. 2024 Tonnage Table per Waste Stram, by Landfill and Transfer Station
Comm Disp. Cost	1. 2024 Disposal Cost Comparison East vs West, per Waste Stream

Over the subsequent five-week period, WM submitted multiple supplemental and revised Excel tables to clarify questions raised by MUNI. During November and

December 2025, MUNI and WM participated in three video conference calls to discuss the submitted data and to provide further clarification regarding the operational and disposal information provided.

WM played a significant role in the document submittal process by providing detailed data necessary for analysis of 2024 commercial rates and operational costs. While certain internal operational costs, methods, and processes are typically considered confidential, WM was responsive to information requests and provided the data required for this review. Throughout the process, WM's representatives engaged professionally and cooperatively in support of the County-requested analysis.

Section D: MUNI: Data Analysis & Methods

After reviewing all documents and spreadsheets provided by the County and WM, MUNI structured its analysis to align, where appropriate, with the format and analytical approaches used in prior County-commissioned reports and presentations addressing commercial solid waste rates.

The 25-page **"2015 Commercial Rate Analysis for County Unified Franchise Agreement,"** identified in this report as Item #12, served as an important reference document. That analysis includes tables and narrative employing cubic-yard conversion methodologies to compare collection service levels, service rates, and certain operating and disposal costs across the two service regions. While such methodologies are commonly used in solid waste rate analysis, they are only reliable when all cost and service components are accurately defined and consistently applied.

2015 SCSWA Rate Impact Analysis

MUNI reviewed the **"2015 SVSWA Rate Impact Analysis for County Commercial Bin Rate Payers under Unified Franchise Agreement (UFA) – Expense Based,"** including its associated tables. This review identified certain assumptions within the analysis that warranted further examination.

Without disputing the numerical outputs presented in the tables titled **"Costs of Service with Disposal Costs," "Cost of Services without Disposal Costs,"** and **"Sample Commercial Rate Differences based on Audited Costs of Services,"** which compare one-, two-, and three-cubic-yard service levels, MUNI determined that specific assumptions embedded in the tables labeled **"Salinas Valley Recycles"** and **"Monterey Regional Waste Management"** required clarification.

Scope and Basis of the MUNI Rate Study

Before addressing those assumptions, MUNI clarified the foundational scope of this rate study. The County requested that MUNI perform a rate analysis of commercial solid waste services in the two identified regions. Following a comprehensive review of the documents provided and discussions with County staff and WM, MUNI determined that

the analysis should focus on **2024 commercial rates**, consistent with the Board of Supervisors' request.

To conduct this analysis, MUNI evaluated how commercial services were characterized in prior studies and identified differences between service classifications used in the 2015 analysis and those available for 2024 data.

Commercial services generally include permanent or regularly scheduled collection services using commercial carts, front-loader bins, and roll-off containers. In addition, cost-of-service information contained in hauler financial reports must be categorized by service type in order to support accurate comparisons.

During this review, and in consultation with WM, MUNI determined that the financial reporting framework used in the 2015 analysis could not be reliably replicated for the 2024 data set. Specifically, the aggregation of commercial carts, multi-family bin services, and roll-off services used in the 2015 analysis to calculate total commercial cubic yards serviced could not be consistently reproduced using 2024 operational and financial records.

Commercial Cart Services

MUNI determined that the operational and disposal costs associated with commercial cart services are not allocated to the commercial sector in WM's financial or disposal reporting. Commercial carts used for refuse and recycling are collected using residential side-loader vehicles, and the associated collection and disposal costs are allocated to residential service categories rather than commercial accounts.

While this allocation approach is not uncommon in industry practice, it limits the ability to isolate the true cost of service for commercial cart operations. Absent a comprehensive audit of WM's collection and accounting systems, MUNI is unable to accurately segregate commercial cart costs. Accordingly, **commercial cart services are excluded from this analysis**.

Roll-Off Services

Roll-off services present similar analytical challenges. Review of WM's 2015 and 2024 disposal and diversion tonnage reports indicated that all roll-off services—including temporary, construction, on-call, and permanent services—are combined within a single roll-off disposal category. As a result, isolating tonnage and pounds-per-cubic-yard data associated specifically with permanent commercial roll-off services is not reliable.

Given these limitations, MUNI determined that roll-off collection and disposal costs could not be confidently allocated to the commercial sector for purposes of this study. **Roll-off services are therefore excluded from the analysis**, consistent with the treatment of commercial cart services.

Commercial Cubic Yard Bin Services

As a result of the data limitations described above, MUNI proceeded with the commercial rate analysis by focusing exclusively on **permanent commercial front-loader bin services**. These services are clearly distinguished within WM's operational and disposal data and allow for reliable identification of customer counts, bin counts, cubic yards serviced, pounds per cubic yard collected, route activity, and disposal tonnage.

Cubic Yard Methodology

In evaluating commercial bin service levels and rates, MuniEnvironmental, LLC (MUNI) examined generator service configurations, total cubic yards serviced, pounds per cubic yard, and associated operational costs.

Route time and travel distance are fundamental cost drivers in solid waste collection. For comparative analysis, however, the **weight of material collected per container** is equally important, as material density directly affects compaction, disposal costs, and the operational effort required per unit of service.

With the introduction of compaction technology, the relationship between container volume and collected weight varies by waste type. Typical industry compaction ratios are summarized in the Table below.

TABLE #5: TRUCK COMPACTION RATIOS

Waste Type	Industry Standard Compaction Ratio
Residential	4:1
Commercial (Wet)	3:1
Recyclables	6:1
Heavy Commercial/Industrial	2:1

As illustrated, a commercial route with a 3:1 compaction ratio can compress three cubic yards of loose material into one cubic yard of space. Because disposal costs are incurred on a weight basis, accurately estimating pounds per cubic yard at the point of generation is critical to evaluating cost per unit of service.

Using these principles, MUNI analyzed Waste Management's 2024 commercial bin operations to compare collection and disposal costs between the East and West regions. The resulting findings are presented in the following section of this report.

TABLE #6: 2024 BASIC COMMERCIAL REGIONAL DATA AND DIFFERENCES

Commercial Services (Excluding Roll-Off)	Salinas Valley (East)	ReGen (West)	Difference	Percentage Difference
Accounts	1,030	764	266	34.82%
Customer Bin Counts	1,386	1,347	39	2.90%
Bins per Cust.	1.35	1.76	- 0.42	-23.67%
Total C.Y. Serviced Mo.	3,361	2,781.50	579.50	20.83%
Tons Collected Mo.	645.95	691.28	- 45.33	- 6.56%
Lbs. Collected Mo.	1,291,900	1,382,560	- 90,660	- 6.56%
Pounds Per Yard	91.35	117.63	- 26.28	- 22.34%
Miles per Mo.	10,309.73	7,495.23	2,815.50	37.55%
Fuel per Mo.	$12,388.42	$7,915.33	$4,473.08	56.51%
Routes Mo.	23.73	17.28	6.45	37.34%
Hours Route Mo.	804.59	638.55	166.04	26.00%
Region Tip Fee Avg. (Including AB 939 Fee)	$123.24	$69.58	$53.66	77.12%
2-C.Y. Bin Service Rate (1 pick-up per Week)	$426.40	$277.20	$149.20	53.82%
2-C.Y. Bin Service Rate/per Yard *(1 pick-up per Week)*	$213.20	$138.30	$74.90	

As shown in **Table #6** *(2024 Basic Commercial Regional Data and Differences)*, the Salinas Valley (East) region services **3,361 cubic yards per month**, compared to **2,781.50 cubic yards** in the ReGen (West) region—an increase of **579.50 cubic yards**, or **20.83 percent** more service volume in the East.

Despite servicing more cubic yard capacity, the East region collects **less total material**. Monthly tonnage totals **645.95 tons** in the East versus **691.28 tons** in the West, a difference of **45.33 tons**, or **6.56 percent**. This same difference is reflected in total pounds collected per month.

These figures indicate a **lower material density** in the East. Average pounds per cubic yard are **91.35 lbs./CY** in the East, compared to **117.63 lbs./CY** in the West—approximately **22.34 percent lighter material per cubic yard**. As a result, the East must service more container volume to collect a comparable amount of material.

Operational metrics further illustrate these differences. The East region services **34.82 percent more commercial accounts** and operates **37.34 percent more routes per**

month, while averaging **fewer bins per customer** (1.35 in the East versus 1.76 in the West). These conditions reflect lower route density and increased operating effort per cubic yard of service.

Route mileage and fuel usage are also higher in the East. Monthly route mileage averages **10,309.73 miles** in the East, compared to **7,495.23 miles** in the West—an increase of **37.55 percent**. Correspondingly, monthly fuel costs are **$12,388.42** in the East versus **$7,915.33** in the West, a **56.51 percent** difference.

Disposal pricing further distinguishes the two regions. The average regional disposal rate, including the AB 939 fee, is **$123.24 per ton** in the East and **$69.58 per ton** in the West, a **77.12 percent** difference. Although the East's waste stream is lighter on a per-cubic-yard basis, the higher per-ton disposal rate results in a higher disposal cost per cubic yard of service.

The table also reflects the most common commercial service level evaluated: **2-cubic-yard bin service with one pickup per week**. The monthly rate for this service is **$426.40** in the East and **$277.20** in the West, a difference of **$149.20**, or **53.82 percent**. When evaluated on a per-cubic-yard basis, the rate differential remains substantial.

Taken together, the data in Table #6 demonstrates clear differences in service volume, material density, routing activity, fuel usage, and disposal pricing between the East and West regions. These operational characteristics provide context for the rate differentials observed and are examined analytically in **Section E**, which evaluates how these factors combine to influence cost per cubic yard of service.

TABLE #7: CUBIC YARD BIN RATE DIFFERENCES

Percentage Difference	SVSWA is more Expensive by the following Percentages					
CUBIC YARDS	1x	2x	3x	4x	5x	6x
1	48.05%	48.05%	48.05%	48.05%	48.05%	48.05%
1.5	50.53%	50.53%	50.53%	50.53%	50.53%	50.53%
2	53.82%	53.82%	53.82%	53.82%	53.82%	53.82%
3	48.05%	48.05%	48.05%	48.05%	48.05%	48.05%
4	48.04%	48.04%	48.04%	48.04%	48.04%	48.04%
6	48.05%	48.05%	48.05%	48.05%	48.05%	48.05%
8	48.03%	48.03%	48.03%	48.03%	48.03%	48.03%

Section E: Findings: East vs. West Rates Diverge per Cubic Yard of Service

This section evaluates the factors driving differences in **cost per cubic yard (CY) of service** between the Salinas Valley (East) and ReGen (West) regions. Each finding presents the applicable calculation followed by an explanation of its operational and cost significance.

1. Material Density (Pounds per Cubic Yard) Is Lower in the East

Calculation:

Pounds per Yard:
East = **91.35** lbs./CY
West = **117.63** lbs./CY

East − West = −26.28 lbs./CY

Explanation:
The East region's waste stream is approximately **26.28 pounds lighter per cubic yard** than that of the West. This means the East must service more container volume to collect an equivalent amount of material. Although rates are billed by cubic yard, lighter material density increases the number of container lifts, route miles, and service hours required per ton collected, thereby increasing the operating cost per cubic yard.

2. Disposal Cost per Cubic Yard Is Higher in the East (Despite Lighter Waste)

Calculation:

East disposal per CY ≈ **$5.63**
(= $123.24/ton × 91.35 lbs./CY ÷ 2,000)

West disposal per CY ≈ **$4.09**
(= $69.58/ton × 117.63 lbs./CY ÷ 2,000)

Difference (East − West) ≈ +$1.54 per CY

Explanation:
Although the East's waste stream is lighter on a per-cubic-yard basis, the substantially higher per-ton disposal rate—driven largely by the AB 939 fee—results in a higher disposal cost per cubic yard. This **$1.54 per-CY differential** represents the single largest individual cost component contributing to the overall rate disparity between the two regions.

3. Fuel Cost per Cubic Yard Is Higher in the East

Calculation:

East fuel per CY ≈ **$3.69**
(= $12,388.42 ÷ 3,361 CY)

West fuel per CY ≈ **$2.85**
(= $7,915.33 ÷ 2,781.50 CY)

Difference (East – West) ≈ +$0.84 per CY

Explanation:
Fuel costs per cubic yard are higher in the East due to greater route mileage, lower route density, and a mixed fuel profile that includes both CNG and diesel usage. These conditions increase fuel consumption per unit of service delivered, contributing an additional **$0.84 per CY** to East region operating costs.

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

Calculation:

Miles per CY:
East ≈ **3.07** miles/CY
West ≈ **2.69** miles/CY

Difference ≈ +0.37 miles/CY

Hours per CY:
East ≈ **0.239** hours/CY
West ≈ **0.230** hours/CY

Difference ≈ +0.0098 hours/CY

Explanation:
The East region requires more travel distance and service time per cubic yard due to its larger geographic area and more dispersed customer base. Even modest increases in miles and hours per cubic yard compound across routes and service cycles, increasing labor, vehicle, and overhead costs on a per-CY basis.

5. Workload Distribution and Service Configuration

Calculation:

Accounts:
East = **1,030**
West = **764**

Difference = +266 (+34.82%)

Routes per Month:
East = **23.73**
West = **17.28**

Difference = +6.45 (+37.34%)

Bins per Customer:
East = **1.35**
West = **1.76**

Difference = −0.42 (−23.67%)

Explanation:
The East services more customers while averaging fewer bins per customer and operating more routes. This configuration reflects lower route density, resulting in more stops and travel per cubic yard of service. These structural characteristics increase operational effort per unit of service, even when total cubic yards serviced are higher.

6. Volume Serviced Versus Mass Collected

Calculation:

Cubic Yards per Month:
East = **3,361** CY
West = **2,781.50** CY

Difference = +579.50 CY

Tons Collected per Month:
East = **645.95** tons
West = **691.28** tons

Difference = −45.33 tons

Pounds Collected per Month:
East = **1,291,900** lbs.
West = **1,382,560** lbs.

Difference = −90,660 lbs.

Explanation:
The East region services more cubic yards each month while collecting less total mass. This confirms that East operations require servicing greater container volume to remove less material, reinforcing the finding that operating effort per cubic yard is higher in the East.

Synthesis: Cost Drivers Underlying the Rate Differential

When evaluated together, the formulas above demonstrate that higher commercial rates in the East region are driven by:

- Higher disposal cost per cubic yard, largely attributable to higher per-ton disposal rates and the AB 939 fee
- Higher fuel cost per cubic yard due to increased mileage and lower route density
- Higher labor and vehicle effort per cubic yard resulting from longer travel distances and service times
- Service configurations that increase stops and travel per unit of service

These factors align with the observed rate differences between the East and West regions. The most common commercial service level—**2-cubic-yard bin service with one**

pickup per week—reflects this relationship, with East region rates approximately **54 percent higher** than those in the West.

The 2024 Basic Commercial Regional Data and Differences table confirms that East (SVSWA) serves more cubic yards per month but lifts less mass per yard**—East is ~**26.28 lbs./CY** lighter than West—requiring more stops and travel per unit of service. This lower material density, coupled with East's higher disposal price (including AB 939), increases disposal cost per CY by about **$1.54**, and fuel cost per CY by about **$0.84**. Route miles and hours per CY are also higher in East (**+0.37 miles**, **+0.0098 hrs.**), directly raising the cost-to-serve per yard. After correcting the 2-C.Y. pricing lines, East's weekly and per-yard rates are **~53.8–54.2%** higher than West's, consistent with these operational and fee drivers.

AB 939 Fee Impact

The AB 939 fee is a structural, unavoidable cost unique to the East region. It directly raises the cost per ton, which raises the cost per cubic yard, which raises the final commercial rates — contributing substantially to the **53.8%–54.2% rate difference** between the regions.

- This alone creates a **77% higher disposal cost** in the East.

Section F: Conclusion

This report evaluated commercial solid waste service rates in the Salinas Valley (East) and ReGen (West) regions under the Unified Franchise Agreement, with specific attention to the percentage differences in rates identified in the comparative rate tables. The purpose of the analysis was not to assess rate policy or recommend rate changes, but rather to determine whether the observed rate differentials are supported by documented operational and cost factors.

As presented in Sections D and E, the analytical review demonstrates that the East and West regions operate under materially different service conditions that directly affect cost per cubic yard of service. These differences include variation in material density, disposal pricing, route mileage, fuel consumption, service configuration, and geographic service characteristics.

The analysis shows that the East region services a greater volume of cubic yards while collecting less total material, reflecting lower pounds per cubic yard and requiring increased operational effort per unit of service. When combined with higher per-ton disposal costs—driven in part by the AB 939 fee—and higher fuel and routing costs associated with lower route density and longer travel distances, these factors increase the cost to serve each cubic yard in the East region relative to the West.

The mathematical calculations and comparative metrics presented in Section E quantify how these operational differences translate into higher per-cubic-yard costs in the East. These quantified cost drivers align with the percentage differences observed in

commercial service rates, including the approximately 54 percent differential for the most common service level evaluated *(2-Cubic Yard container once per week).*

Based on the data reviewed and the analytical methods applied, the rate disparities identified in the comparative rate tables are supported by the underlying operational and cost factors documented in this report. The findings indicate that the differences in commercial rates between the East and West regions are consistent with the differing costs required to provide service in each region under current conditions.

Section G: Study Limitations

This study was conducted for the limited purpose of evaluating whether the commercial rate disparities identified in the comparative rate tables are supported by the operational and cost-related information available in the documents provided to MuniEnvironmental, LLC (MUNI). The analysis relied on County-supplied background materials, prior rate studies, Board of Supervisors reports, and operational and disposal data submitted by Waste Management for the 2024 calendar year.

The scope of this review was focused on identifying and explaining the fundamental factors contributing to differences in cost per cubic yard of service between the East and West regions. The analysis examined service characteristics, material density, disposal pricing, routing metrics, fuel usage, and service configuration as reflected in the data provided.

This study did not include an audit of Waste Management's financial records, nor did it evaluate internal operational, labor, or administrative cost structures beyond the information disclosed in the submitted documentation. MUNI did not perform a cost-of-service audit, validate accounting allocations, or assess the reasonableness of individual expense line items.

Accordingly, the findings and conclusions presented in this report are based on the evidence reviewed and are intended to explain the underlying factors associated with the observed rate disparity, rather than to independently verify or recalculate franchisee costs. The conclusions should be interpreted within the context of this defined scope and the information made available for review.

Closing Statement

MuniEnvironmental, LLC appreciates the opportunity to assist the County of Monterey with this commercial rate disparity review. We thank the County for entrusting MuniEnvironmental with this analysis and for the cooperation and information provided throughout the review process. We look forward to continuing to support the County in future solid waste rate, operational, recycling program implementation and policy-related evaluations as needed.