A Public Agency

BOARD OF DIRCTORS/ TECHNICAL ADVISORY COMMITTEE STUDY SESSION

THURSDAY, September 12, 2019 at 2:00 p.m.

San Carlos Librarv. Conference Room A/B

AGENDA

1. **Call to Order/Roll Call**

2. **Public Comment**
Persons wishing to address the Board on matters NOT on the posted agenda may do so. Each speaker is limited to two minutes. If there are more than five individuals wishing to speak during public comment, the Chairman will draw five speaker cards from those submitted to speak during this time. The balance of the Public Comment speakers will be called upon at the end of the Board Meeting. If the item you are speaking on is not listed on the agenda, please be advised that the Board may briefly respond to statements made or questions posed as allowed under The Brown Act (Government Code Section 54954.2). The Board's general policy is to refer items to staff for attention, or have a matter placed on a future Board agenda for a more comprehensive action or report and formal public discussion and input at that time.

3. **Executive Director's Update** **p. 3**

4. **Approval of Consent Calendar**
Consent Calendar item(s) are considered to be routine and will be enacted by one motion. There will be no separate discussion on these items unless members of the Board, staff or public request specific items be removed for separate action. *Items removed from the Consent Calendar will be moved to the end of the agenda for separate discussion*.
   A. Approval of Minutes from the June 6, 2019 TAC Meeting **p.7**
   B. Approval of the 2020 TAC Meeting Calendar **p.13**
   C. Approval of Board/TAC Study Session on November 7, 2019(2-4PM) **p.15**
      - SB1383 Action Plan Presentation by HF&H Consultants
      - Review of 2020 Long-Range Plan
      - Review and Discussion on Amendment One to the Model Amended and Restated Franchise Agreement with Recology San Mateo County

5. **Review of the SBWMA Draft Report Reviewing the 2020 Recology San Mateo County Compensation Application Including:** **p.19**
      - Service Level Adjustments for Rate Year 2021 Mock Calculations
      - Rate Year 2021 Restated and Amended Franchise Agreement Cost Projections

6. **Review of the SBWMA DRAFT Report Reviewing the 2020 South Bay Recycling Compensation Application** **p. 42**

7. **MRF Phase I BHS Equipment Review** **p. 72**

8. **Contractor Updates**
   A. Recology
   B. South Bay Recycling **p. 74**

9. **TAC Member Comments**

10. **Adjourn**

EXECUTIVE DIRECTOR'S REPORT

Agenda Item 3

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Agenda Item 3

Executive Director's Update

No Staff Report:

Verbal Presentation Only at the 09/12/2019 Board/TAC Study Session

A Public Agency

CONSENT CALENDAR

Agenda Item 4

4A

DRAFT MINUTES

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
SPECIAL MEETING OF THE TECHNICAL ADVISORY COMMITTEE
June 6, 2019 – 2:00PM.
San Carlos Library Conference Room A

Call to Order: 2:04PM

1. Roll Call

Agency	Present	Absent	Agency	Present	Absent
Atherton	X		Menlo Park		X
Belmont	X		Redwood City	X	
Burlingame	X		San Carlos	X	
East Palo Alto	X		San Mateo	X	
Foster City	X		County of San Mateo	X	
Hillsborough	X		West Bay Sanitary District		X

2. Public Comment

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None

3. Executive Director's Update

Executive Director La Mariana welcomed the committee and public to the meeting and made the following announcements:

On Tuesday the County approved the bonds, and their Franchise Agreement Extension, which makes 11 of 12 Member Agency Franchise Agreements approved. Lastly, they authorized a $1M grant to the SBWMA for the OREX Press.

He asked Member Agencies to send copies of their fully executed copies of the resolutions and the actual agreement for Agency records. TAC Chair Oskoui asked staff to send an email reminding them to forward those items.

Last week senior staff had meetings with the bond rating agencies, Standard & Poors and Moody's. Their ratings will be distributed in a week and the bonds will go to market on June 20.

AB1509 has passed out of the Assembly on the strength of a 63-0 vote, and will now move on to the process in the Senate, and the week of July 4, he will be testifying. He noted that strong opposition has emerged, and a bunch of electronic product manufacturers have signed an opposition letter.

SB 54/AB1080 have both passed their own houses and are moving to the other houses, these bills target the reduction of single-use plastic packaging.

The Long-Range Plan is in the TAC packet in draft form, and staff will be looking for more feedback at agenda item 7.

There is a planned study session on the June Board agenda to discuss the SBR contracting options, and at the May TAC meeting the TAC discussed this item, and there was a consensus to move forward with the 3-year extension. He confirmed with the TAC that via straw poll they recommend to the Board the 3-year extension.

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A. Approval of Minutes from the May 9, 2019 TAC Meeting

Member Lorenz made a change to the minutes, noting that Foster City was absent from the May 9 meeting.

Motion/Second: Cooke/Adrian Lee
Voice Vote: All in Favor (Atherton absent for the vote)

5. Update on CalRecycle Electronic Annual Reports

by Nanette Hansel- Ascent Environmental via phone

SBWMA Contractor Nanette Hansel from Ascent Environmental noted that she started the 2018 Cal Recycle reports for each of the Member Agencies and explained what the Cal Recycle reports are, and what they cover. She asked TAC members to reply to her with any new policies or programs that are outside of the JPA that have been implemented by the Member Agencies. On June 15 CalRecycle will release the annual report form and, at that point, there will be a better understanding of the changes and any new information required from the Member Agencies.

Alternate Member Tong noted that the County will send info on their regional programs that are run through the County to Nanette and the Member Agencies for inclusion in each member agency's 2018 EAR.

Member Danielle Lee asked Nanette to make sure the reports no longer use Recycle Works but use the County's Office of Sustainability instead.

6. Staff Update on SB1383

Staff Au gave an update on SB1383, also known as the Short-Lived Climate Pollution Reduction Act. She noted that the SBWMA has hired HF&H to help with planning. June 18, revised 1383 regulations will be released, and a 14-day comment period will commence and SBWMA staff is commenting. Final 1383 regulations will be out by the end of the year.

Julia noted that HF&H has sent a request for information that is in the staff report in your packet that will be used as a baseline and a gap analysis report, to help us implement actions to meet the 1383 requirements. There is information requested of the Member Agencies in the staff report, and HF&H is requesting the information by June 19.

Many of the TAC Members expressed concern over the timeline. Executive Director La Mariana explained the timeline and asked TAC Members to get the information to HF&H at their earliest convenience. He noted that at the November Board meeting there will be a presentation on where the Agency is and HF&H's recommendations for meeting SB 1383 regulations.

7. Final TAC Discussion on Long Range Plan

Staff Ligon gave an overview for the draft Long Range Plan (LRP). He went over that table of contents and overall structure of the document.

The TAC Members gave their feedback. Chair Oskoui suggested an executive summary highlighting the 3 sections of the plan, operational, capital and policy.

The TAC discussed "can" versus "will" language in the documents, and the consensus was to change the language to "will" because it's an action document.

The TAC discussed the proposed LRP guiding principles. Member Lorenz suggested that carbon emissions language was too narrow and a more general term would be "all green house gasses". Staff Ligon noted that carbon emissions were noted on the next page, and the TAC discussed dividing the guiding principles -there are only two in the current version, and possibly there should be 4, with one for compliance and one for disaster planning added. Member Danielle Lee thought the guiding principles should be broader and higher, and the way they were written now, they were longer term goals.

Member Lorenz expressed concern that bulky items and C&D were a separate waste category and that they may be counted twice. Executive Director La Mariana noted that C&D is a separate category that is tracked separately, and staff would look into bulky items to ensure they were not double counted.

The TAC discussed the icons in the document. Member Tong noted there were a lot of icons and looking down the page it gets confusing as to what each of the icons means. Member Lorenz liked the bolding better than the icons. Member Adrian Lee thought that for items with multiple icons the icons should be put on one line.

Member Cooke summarized that she liked the idea of an Executive Summary to highlight the action items that will come out of the plan, but liked that the plan had solutions.

The TAC discussed how the Long Range Plan would get distributed. Chair Oskoui suggested a brochure for the public with a link to the full document.

8. Presentation by San Mateo County on the proposed Disposable Food Service Ware Ordinance
by Eun-Soo Lim, Senior Sustainability Coordinator

Eun-Soo Lim gave a PowerPoint presentation on the County's disposable food service ware ordinance and asked for feedback on the ordinance that is being developed. She noted that they are hoping for adoption around the end of the summer, and once adopted the ordinance will go into effect about a year later.

Member Daher asked why bio plastics were not an acceptable substitute through the ordinance, and why aluminum was allowed.

Ms. Lim answered that bio plastics confuse consumers; they don't know what to do with a bio plastic utensil and they end up in the wrong bin. She added that they don't break down in commercial compost facilities. Regarding aluminum; there is a market for it and it's easily recycled so it's allowed through the ordinance.

Member Tong noted that the proposed ordinance is currently for unincorporated San Mateo County restaurants, but they hope to make it County wide, and would like to work with all the Member Agencies to bring it to all city councils.

Member Daher noted that the maintenance burden of trash capture devices is huge, so she suggested noting how this ordinance would help with that maintenance cost burden when bringing it to city councils.

Member Rodericks asked about mobile food vendors that go across jurisdictions, and if private schools' cafeterias were considered a restaurant under the ordinance.

Ms. Lim answered if the mobile food vendors operate in unincorporated county they would need to comply, but it is tricky to enforce.

Chair Oskoui, suggested sending the information to the City Managers to encourage cities to look at it more as a County wide initiative, rather than focus on unincorporated. Member Lee noted that the County would send the list out to the TAC of who in each City they've been working with, and if any one else wanted to join that would be great, because the goal all along is to make it County wide.

Vice Chair Murray asked what the cost differential for the merchant would be for acceptable service ware items versus plastic.

Ms. Lim answered that paper straws cost about $0.02 more than the plastic straw, wood utensils are about a penny more than plastic. Clam shell prices vary to $.04-$.24 more than plastic. She noted that there are grants available up to $500 to get them to switch.

Staff Gans asked for research on what other cities and counties are doing would help.

Staff Hashizume asked how chain businesses would be handled, knowing that their corporate policy required standardization. Ms. Lim noted that chains would not be exempt, because those fast food chains are a large portion of the trash.

Member Lorenz suggested some way to make joining the ordinance a value to the cities to increase participation.

9. Feedback on Community Shred and E-Scrap events

Staff Hashizume asked for TAC feedback on how theShred and E-Scrap events are going so far this year. She also noted that staff has discussed whether we should seeknew shred vendors, and she asked for feedback on vendor performance.

Chair Oskoui noted that TAC members should ask their city staff involved in these events about their feedback and get back to Ms. Hashizume.

Vice Chair Murray noted that City of San Mateo has had positive experiences, and noted that they have 1200 people at their events, at least 15 staff and San Mateo PD working the events as well.

Member Lorenz noted that her experience with the shred vendor has been mixed, but knows they are far and away the least expensive. But, she suggested more requirements and performance metrics in the contract, to make them held more accountable when things happen. She also noted that the ewaste vendors have been great to work with.

10. Contractor Updates

A. Recology – No Report
B. South Bay Recycling – No Report

11. TAC Member Comments

12. Adjourn 3:34PM

4B

STAFF REPORT

To: SBWMA TAC Members
From: Cyndi Urman, Board Secretary
Date: September 12, 2019 TAC Meeting
Subject: Approval of 2020 TAC Meeting Calendar

Recommendation
It is recommended that the SBWMA Technical Advisory Committee approve the proposed 2020 Board of Directors meeting calendar (attached).

Summary
Staff recommends a second Thursday of the month meeting in March, June and September 2020 from 2-4PM.

Analysis
To use the TAC resource at its highest and best use, staff recommends this proposed 3 times a year meeting schedule. The March meeting will focus on legislative priorities for the Agency, the June meeting will focus on Cal Recycle reporting, and the September meeting will focus on the Contractor compensation application process.

Background
In 2018 the number of TAC meetings decreased from monthly to 4 per year due to several TAC meetings being cancelled during 2016 and 2017. Staff is recommending scheduling 3 meetings in 2020.

Fiscal Impact
Effective July 1, 2019 here is small rental fee of $61 charged for use of the library conference room, the total fiscal impact of the 2020 TAC meetings will be $183.

Attachments

Attachment A – Proposed 2020 Board Meeting Dates

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
2020 TAC MEETING SCHEDULE

Meetings of the South Bayside Waste Management Authority Technical Advisory Committee are held on the second* Thursday of the following months from 2:00 pm to 4:00 pm

Location: City of San Carlos Library, 2nd Floor, Conference Room A, 610 Elm St., San Carlos, CA 94070

March	12	2020
June	11	2020
September	10	2020

4C

STAFF REPORT

To:	**SBWMA Board and TAC Members**
From:	**Cyndi Urman, Board Secretary**
Date:	**September 12, 2019 Board/TAC Study Session**
Subject:	**Approval of Additional 2019 Study Session on November 7, 2019**

Recommendation

It is recommended that the SBWMA Board of Directors and Technical Advisory Committee approve a proposed November 7, 2019 joint Study Session.

Summary

Staff recommends a study session on November 7, 2019 to discuss:

- SB1383 Action Plan with a Presentation by HF&H Consultants
- Review of the 2020 Draft Long-Range Plan
- Review and Discussion of Amendment One to the Model Amended and Restated Franchise Agreement with Recology San Mateo County.

Analysis

Staff feels it is necessary to review these items jointly with Board and TAC together before they are presented for approval at the November 21, 2019 Board Meeting.

Fiscal Impact

There will be a $61 charge for use of the library conference room associated with this meeting.

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STUDY SESSION

Review of the SBWMA Draft Report Reviewing the 2020 Recology San Mateo County Compensation Application

Agenda Item 5

5

STAFF REPORT

To:	**SBWMA Board Members and TAC Members**
From:	**Joe La Mariana, Executive Director**
	John Mangini, Senior Finance Manager
Date:	**September 12, 2019 Board/TAC Study Session**
Subject:	**Review of the SBWMA Draft Report Reviewing the 2020 Recology San Mateo County Compensation Application**

Recommendation

This staff update is for discussion purposes only and no action is requested.

Summary

The Recology Compensation Application for 2020 has been thoroughly reviewed by SBWMA staff to ensure that the proscribed process as delineated in the Collection Agreement is being followed, and for mathematical and formulaic accuracy. The result is a recommended 2.7% increase in Recology's compensation for 2020.

Analysis

The SBWMA Draft Report Reviewing the 2020 Recology Compensation Application issued to the TAC and Board on August 9, 2019 addresses Recology's compensation due for 2020 and the Total Revenue Requirement for our 12 member agencies to meet their contractual obligations. The Member Agencies are contractually obligated to set rates to generate revenue to match the 2020 Total Revenue Requirement. Any shortfall in net revenue to Recology may result in an interest payment to Recology in the subsequent rate year (e.g., 2019 final surplus or shortfall is determined in 2020 and included in 2021 revenue requirement). NOTE: Interest only applies if Member Agencies fail to set rates to match the total annual revenue requirement.

The Member Agencies were requested to submit comments on the Draft Report back to the SBWMA by August 26. The Draft Report will be revised based on the feedback received from the Member Agencies and the Final Report will be issued to the Board on September 19, 2019, for the Board's consideration at the September 26, 2019 Board of Director's meeting.

SBWMA Review of 2020 Recology Compensation Application

The results of implementing the cost adjustment methodology prescribed in the Member Agency's Franchise Agreements for Solid Waste, Recyclable Materials and Organic Materials Collection Service (Agreements) with Recology to determine the Rate Year Ten (i.e., 2020) compensation results in Total 2020 Contractor's Compensation of $59,521,224, which is an increase of $1,552,148 (2.7% increase from prior year) due primarily to the following:

- Annual Cost of Operations increase of 3.7% over prior year, which includes a 18.8% increase in fuel and a reduction in contractors compensation of $209,612 for Zero Waste Specialists. Under the Amended and Restated Agreement, Recology's compensation for Zero Waste Specialist staff is reduced by 2 FTE retroactive to rate year 2018.

- A scheduled reduction in Interest Expense that is 63% lower than prior year.
- Decreased payment to Recology of diversion-based Performance Incentive/Disincentives.
- $107,290 Member Specific decrease for 2020 depreciation compensation. 2020 depreciation is stipulated under the Amended and Restated Agreement which has been approved by 11 member agencies.This matter is still under consideration with the Town of Atherton.

Recology's 2020 compensation is compared to 2019 in **Table 1** below.

Table 1

Total Contractor's Compensation	**Recology Compensation**			
	2019 Cost	**2020 Cost**	**Change**	**%**
Base Compensation	$57,890,585	$59,494,688	**$ 1,604,103**	**2.8%**
Incentives / Disincentives	$78,590	$26,535	**$ (52,055)**	**-66.2%**
Total Contractor's Compensation	**$57,969,175**	**$59,521,223**	**$ 1,552,048**	**2.7%**

The adjustments to compensation for 2020 represent an increase in the total net compensation of 2.7% or $1,552,048 from 2019. The results of the adjustment process are detailed by expense category in Table 3 of the Draft Report.

Rate Setting and Approval Process

This SBWMA Final Report and recommendation is to determine the compensation owed to Recology for collection services in 2020. This Report also provides Table 8 (**Exhibit A**) which establishes the final Revenue Requirement that will be used as the basis for recommending the 2020 rate adjustments. The Revenue Requirement includes compensation to Recology for solid waste, recyclables and organic materials collection and Pass-Through costs, which include Agency fees, and disposal and processing costs at the Shoreway Environmental Center as well as prior year surplus/shortfall balances owed to/from the Member Agency and Recology.

Article 11 of the Franchise Agreements states the following:

- Each Member Agency is obligated to set rates as necessary to generate annual gross revenues billed by Recology equal to the approved compensation amount plus all approved pass-through costs.
- If an Agency sets a rate that is below the approved recommendation contained in the Final Report, or if an Agency delays imposing a rate increase effective January 1, 2020, and net revenues billed by Recology in 2020 are less than needed to cover the approved total contractor's compensation delineated in the Final Report, the Agency will be obligated to pay interest to Recology on the difference.

Background

In 2005, the SBWMA and its Member Agencies initiated a five and a half year collection services contractor selection process that resulted in Recology and the Member Agencies executing Franchise Agreements ("Agreements") for Collection Services. The compensation adjustment methodology provisions in the Member Agency Agreements are contained in Article 11, Attachment K and Attachment N. Article 11 provides an overview of the methodology and describes the process by which aspects of the compensation adjustment process shall be implemented.

Note: In this staff report and all attachments, the term “cost” and “compensation” are intended to have the same meaning. The term “cost” is not intended to mean Recology’s true operating cost which is unknown, but rather what the company is paid to perform the services.

Fiscal Impact

Variance Analysis

Rate revenue from the total SBWMA Member Agencies is calculated to require a weighted average decrease of 3.9% (**Exhibit A**, Table 8, row F.3) for 2020 rates to cover the Total Revenue Requirement for the Recology cost, pass through costs, and the prior year’s revenue reconciliation surplus/shortfall. Tables comparing 2020 costs to 2019 costs and showing the components of the 2020 rate adjustments by Member Agency are included in the Draft Report as Appendix D – Member Agency Variance Analysis of Total Collection Cost and Rate Impact.

2021 Recology Compensation Projections

It is strongly recommended that Member Agencies consider Recology’s 2021 Compensation Projections (**Exhibit C**) in conjunction with their 2020 Total Rate Adjustment Percentage (**Exhibit A**, Table 8, row F.3) when setting their jurisdciation’s rates in 2020 and 2021. Most Member Agencies have a projected surplus for 2020 in row F.3, but Recology is projected to have a marked increase in compensation from 2020 to 2021 due to the transition into the new contract period to address significant necessary new capital investment and other related major program expenditures. Each Member Agency has a different 2020 surplus/shortfall and a different projection for Recology’s 2021 compensation increase. The projected increase in **Exhibit C** is comprised of the 2021 Negotiated Base Compensation per the Amended and Restated Agreement over the 2020 Base Contractors Compensation, plus an estimated Service Level Adjustment and estimated Fuel Index Adjustment.

- Service Level Adjustment (SLA) Calculation for 2021 reflects the change in average statistics for Accounts (Single Family), Lifts (Commercial/MFD) and Pulls (Drop Box) for 2014, 2015 and 2016 compared to the same average statistics for 2018, 2019 and 2020. The percentage change is multiplied by an adjustment factor of 75%, which is applied to **only** direct cost in each cost category. For the purpose of estimating the SLA in **Exhibit C**, 2019 statistics were used to populate the 2020 data.

- Fuel Index Adjustment Calculation for 2021 reflects the change in the average CPI-U-Motor Fuel Index from May 2015 through April 2016 compared to May 2019 through April 2020. The percentage change is applied to Direct Fuel compensation. May 2018 through April 2019 data was used for the purpose of estimating the SLA in **Exhibit C**.

Total Collection Rate Adjustment

The total rate adjustment is provided in **Table 8 (Exhibit A)**. This table presents the Total Collection Rate Adjustment from all sources that impact rates by Member Agency, as follows:

- **__Section A__** - This section provides the estimated 2020 Collection Revenue using 2019 rates (**A.1**), the 2020 Total Recology Compensation (**A.2**) and Pass-Through Expenses (**A.6**) used to determine the 2020 Revenue Requirement (**A.7**), the estimated 2020 Surplus/Shortfall balance with Recology (**A.8**), Agency

Fees on shortfalls (**A.9**), and the Rate Adjustment Percentage (**A.10**). *The overall SBWMA rate adjustment is a **0.1.% increase**; however, each Member Agency has a different adjustment percentage.*

- **Section B** – This section provides the results of the 2018 Recology Revenue Reconciliation surplus/shortfall that must be added to the 2020 rate adjustment. *The overall SBWMA rate adjustment is a **0.8% decrease**; however, each Member Agency has a different adjustment percentage.*

- **Section C** – This section provides the cumulative 2020 Required Rate Adjustment which is the sum of sections A and B. *The overall total SBWMA rate adjustment is **a 0.7% decrease**; however the rate adjustment percentage varies between the Member Agencies*.

- **Section D** – This section provides the "2019 estimated surplus/(shortfall)" balance with Recology (**D.1**), including the adjusted 2017 surplus/shortfall (**D.2**) and the associated Agency Fees on any net estimated shortfall (**D.4**). The 2019 Revenue Reconciliation will be finalized in 2021, similar to how the 2018 Revenue Reconciliation was finalized in 2020.

- **Section E** – This section includes an adjustment for Belmont's unique agreement with Recology.

- **Section F** – This section provides the "Cumulative Revenue Requirement" of $108,518,694 (**F.1**)" and the cumulative surplus of $4,385,166 (**F.2**) which includes the result of Sections C, D and E. **The overall SBWMA recommended rate adjustment is on line (F.3). Each Member Agency is obligated to set rates to generate its respective revenue needed as denoted in Section F per the MOU between Recology and SBWMA. Agencies that set rates lower than delineated in Section F and experience a shortfall in revenue are liable for future interest charges from Recology.**

Attachments:
Attachment A – **Table 8** (from the August 9, 2019 SBWMA Draft Report Reviewing the 2020 Recology San Mateo County Compensation Application).

Attachment B – Member Agency Refunds from Recology for Surpluses and Payments to Recology for Shortfalls

Attachment C – Recology's 2021 Compensation Projections

Attachment D – SBWMA Draft Report Reviewing the 2020 Recology San Mateo County Compensation – Available online only at www.rethinkwaste.org

Attachment E – Presentation on the 2020 Recology Compensation Application to be presented at the September 12, 2019 Board/TAC Study Session

SBWMA

TOTAL COLLECTION RATE ADJUSTMENT BY MEMBER AGENCY

as of 08/09/2019 **2020 Rate Year**

		Total	Atherton	Belmont	Burlingame	East Palo Alto	Foster City	Hillsborough	Menlo Park
A.	**2020 RATE YEAR**								
A.1	**2020 Collection Revenue @ 2019 Rates**	**$112,903,860**	**$3,159,495**	**$7,115,550**	**$11,665,532**	**$5,302,958**	**$6,214,896**	**$3,141,757**	**$13,002,104**
A.2	**Total Recology Compensation**	$59,521,224	$1,308,264	$3,814,813	$5,742,257	$2,602,716	$3,671,314	$2,102,591	$6,293,486
A.3	**Pass-Through Costs**								
A.4	**Disposal & Processing Fees**	$37,480,719	$1,377,453	$1,895,321	$4,362,895	$2,024,796	$2,184,190	$1,079,528	$4,722,723
A.5	**Agency Franchise Fees**	$15,882,621	$325,362	$1,872,092	$1,933,859	$706,305	$395,085	$287,590	$2,207,345
A.6	**Total Pass-Through Costs**	$53,363,340	$1,702,815	$3,767,412	$6,296,754	$2,731,101	$2,579,275	$1,367,118	$6,930,068
A.7	**2020 Revenue Requirement**	**$112,884,564**	**$3,011,079**	**$7,582,225**	**$12,039,011**	**$5,333,817**	**$6,250,589**	**$3,469,709**	**$13,223,554**
A.8	**2020 Surplus/(Shortfall) estimated**	**$19,296**	**$148,417**	**($466,676)**	**($373,479)**	**($30,859)**	**($35,693)**	**($327,952)**	**($221,449)**
A.9	**Agency Fees on A.8 Shortfall**	**($125,280)**			**($52,287)**	**($2,946)**	**($1,785)**	**($32,795)**	**($30,117)**
A.10	**Rate Adjustment Percentage (Associated with 2020 estimated Surplus/Shortfall)**	**0.1%**	**-4.7%**		**3.6%**	**0.6%**	**0.6%**	**11.5%**	**1.9%**

See Appendix D - Rate Variance Analysis for detail.

		Total	Atherton	Belmont	Burlingame	East Palo Alto	Foster City	Hillsborough	Menlo Park
B.	**2018 Final Surplus/(Shortfall)**								
B.1	**Surplus/(Shortfall) 2018 FINAL (incl. Interest)**	**$897,411**		($945,960)		$118,513	$188,516	$512,679	$317,600
B.2	**Agency Fees on B.1 Shortfall**	**($9,358)**							
B.3	**Rate Adjustment Percentage (Associated with 2018 Final Surplus/Shortfall)**	**-0.8%**				**-2.2%**	**-3.0%**	**-16.3%**	**-2.4%**
C.	**2020 REQUIRED REVENUE ADJUSTMENT**	*$782,069*							
C.1	**Cumulative Revenue Requirement (A.7-A.9-B.1-B.2)**	**$112,121,791**	**$3,011,079**	**$8,528,185**	**$12,091,298**	**$5,218,251**	**$6,063,857**	**$2,989,825**	**$12,936,071**
C.2	**Subtotal Surplus/(Shortfall) (A.1 - C.1)**	**$782,069**	**$148,417**	**($1,412,636)**	**($425,766)**	**$84,708**	**$151,039**	**$151,932**	**$66,034**
C.3	**Rate Adjustment Percentage (C.2 / A.1)**	**-0.7%**	**-4.7%**		**3.6%**	**-1.6%**	**-2.4%**	**-4.8%**	**-0.5%**
D.	**2019 Estimated Surplus/(Shortfall)**								
D.1	**Surplus/(Shortfall), 2019 estimated**	**$1,623,830**	$53,032	($254,649)	($329,508)	$111,455	$16,244	($190,252)	$166,832
D.2	**Surplus/(Shortfall) 2017 FINAL (incl. Interest)**	**($1,282,712)**		($1,654,671)		($101,548)	$41,260	$480,114	($97,201)
D.3	**Net Estimated 2019 Surplus/Shortfall**	**$341,118**	$53,032	($1,909,320)	($329,508)	$9,907	$57,504	$289,862	$69,631
D.4	**Agency Fees on D.3 Estimated Shortfall**	**($59,978)**			**($46,131)**				
D.5	**Rate Adjustment Percentage (Associated with 2019 Estimated Surplus/Shortfall)**	**-0.2%**	**-1.7%**	**26.8%**	**3.2%**	**-0.2%**	**-0.9%**	**-9.2%**	**-0.5%**
E.	**Adjustments**								
E.1	**Miscellaneous Adjustment/Payment**	**$3,321,956**		$3,321,956					
F.	**TOTAL RATE IMPACT**								
F.1	**Cumulative Revenue Requirement (C.1-D.3+E.1)**	**$108,518,694**	**$2,958,047**	**$7,115,550**	**$12,466,937**	**$5,208,343**	**$6,006,353**	**$2,699,963**	**$12,866,439**
F.2	**Total Surplus/(Shortfall) (A.1 - F.1)**	**$4,385,166**	**$201,448**		**($801,405)**	**$94,615**	**$208,543**	**$441,794**	**$135,665**
F.3	**Total Rate Adjustment Percentage (F.2 / A.1)**	**-3.9%**	**-6.4%**		**6.9%**	**-1.8%**	**-3.4%**	**-14.1%**	**-1.0%**

Table 8

SBWMA

TOTAL COLLECTION RATE ADJUSTMENT BY MEMBER AGENCY

as of 08/09/2019

		North Fair Oaks	Redwood City	San Carlos	San Mateo	West Bay	Unincorporated County - Total
		2020 Rate Year					
A.	**2020 RATE YEAR**						
A.1	**2020 Collection Revenue @ 2019 Rates**	**$3,135,374**	**$20,407,500**	**$9,097,975**	**$25,436,606**	**$1,726,390**	**$3,497,723**
A.2	**Total Recology Compensation**	$1,690,610	$10,523,847	$5,219,461	$13,212,194	$1,028,762	$2,310,910
A.3	**Pass-Through Costs**						
A.4	**Disposal & Processing Fees**	$1,069,904	$6,942,759	$2,675,627	$7,528,421	$542,709	$1,074,393
A.5	**Agency Franchise Fees**	$144,824	$2,837,996	$1,224,454	$3,681,231	$98,824	$167,654
A.6	**Total Pass-Through Costs**	$1,214,728	$9,780,756	$3,900,080	$11,209,652	$641,534	$1,242,047
A.7	**2020 Revenue Requirement**	**$2,905,338**	**$20,304,603**	**$9,119,541**	**$24,421,847**	**$1,670,296**	**$3,552,957**
A.8	**2020 Surplus/(Shortfall) estimated**	**$230,037**	**$102,897**	**($21,567)**	**$1,014,759**	**$56,094**	**($55,233)**
A.9	**Agency Fees on A.8 Shortfall**			**($2,588)**			**($2,762)**
A.10	**Rate Adjustment Percentage (Associated with 2018 estimated Surplus/Shortfall)**	**-7.3%**	**-0.5%**	**0.3%**	**-4.0%**	**-3.2%**	**1.7%**
	See Appendix D - Rate Variance Analysis for detail.						
B.	**2018 Final Surplus/(Shortfall)**						
B.1	**Surplus/(Shortfall) 2018 FINAL (incl. Interest)**	$170,430	($68,556)	$489,857	$10,639	$86,117	$17,576
B.2	**Agency Fees on B.1 Shortfall**		($9,358)				
B.3	**Rate Adjustment Percentage (Associated with 2018 Final Surplus/Shortfall)**	**-5.4%**	**0.4%**	**-5.4%**	**0.0%**	**-5.0%**	**-0.5%**
C.	**2020 REQUIRED REVENUE ADJUSTMENT**						
C.1	**Cumulative Revenue Requirement (A.7-A.9-B.1-B.2)**	**$2,734,908**	**$20,382,517**	**$8,632,272**	**$24,411,208**	**$1,584,179**	**$3,538,142**
C.2	**Subtotal Surplus/(Shortfall) (A.1 - C.1)**	**$400,467**	**$24,984**	**$465,702**	**$1,025,398**	**$142,211**	**($40,419)**
C.3	**Rate Adjustment Percentage (C.2 / A.1)**	**-12.8%**	**-0.1%**	**-5.1%**	**-4.0%**	**-8.2%**	**1.2%**
D.	**2019 Estimated Surplus/(Shortfall)**						
D.1	**Surplus/(Shortfall), 2019 estimated**	$176,019	$119,792	$64,747	$1,548,027	$70,285	$71,807
D.2	**Surplus/(Shortfall) 2017 FINAL (incl. Interest)**	($9,174)	($221,233)	$11,948	($123,050)	$54,284	$336,559
D.3	**Net Estimated 2019 Surplus/Shortfall**	$166,845	($101,441)	$76,695	$1,424,977	$124,569	$408,366
D.4	**Agency Fees on D.3 Estimated Shortfall**		**($13,847)**				
D.5	**Rate Adjustment Percentage (Associated with 2019 Estimated Surplus/Shortfall)**	**-5.3%**	**0.6%**	**-0.8%**	**-5.6%**	**-7.2%**	**-11.7%**
E.	**Adjustments**						
E.1	**Miscellaneous Adjustment/Payment**						
F.	**TOTAL RATE IMPACT**						
F.1	**Cumulative Revenue Requirement (C.1-D.3+E.1)**	**$2,568,063**	**$20,497,805**	**$8,555,577**	**$22,986,231**	**$1,459,610**	**$3,129,777**
F.2	**Total Surplus/(Shortfall) (A1 - F1)**	**$567,312**	**($90,304)**	**$542,398**	**$2,450,375**	**$266,780**	**$367,947**
F.3	**Total Rate Adjustment Percentage (F.2 / A.1)**	**-18.1%**	**0.4%**	**-6.0%**	**-9.6%**	**-15.5%**	**-10.5%**

Table 8

Refunds from Recology to Member Agencies

		Rate Year						
Member Agency	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**Total**
Atherton		($895,936)	($279,189)	($340,737)	($177,245)	($211,891)		($1,904,998)
Belmont								
Burlingame		($1,223,751)						($1,223,751)
East Palo Alto								
Foster City								
Hillsborough								
Menlo Park								
North Fair Oaks								
Redwood City		($1,294,907)						($1,294,907)
San Carlos								
San Mateo								
West Bay Sanitary District		($32,545)	($35,586)					($68,131)
County Unincorporated								
Total	$0	($3,447,139)	($314,775)	($340,737)	($177,245)	($211,891)	$0	($4,491,787)

Payments from Member Agencies to Recology

		Rate Year						
Member Agency	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**Total**
Atherton								
Belmont								
Burlingame			$5,222	$177,230	$127,920	$232,878		$543,250
East Palo Alto								
Foster City								
Hillsborough								
Menlo Park	$160,011	$176,439	$23,550					$360,000
North Fair Oaks								
Redwood City								
San Carlos								
San Mateo								
West Bay Sanitary District								
County Unincorporated								
Total	$160,011	$176,439	$28,772	$177,230	$127,920	$232,878	$0	$903,250

Total Estimated 2021 Contractor's Compensation Increase from 2020

Member Agency	2020 Base Compensation	2021 Base Compensation *Negotiated*	Estimated 2021 Fuel Index Adjustment *	Estimated 2021 Service Level Adjustment *	Total 2021 Estimated Compensation
Atherton **	$1,415,554	$1,593,158	$17,718	**$1,699**	**$1,612,575**
% Increase		12.5%	1.1%	**0.1%**	**13.9%**
Belmont	$3,814,813	$4,105,137	$41,905	**$86,906**	**$4,233,948**
% Increase		7.6%	1.0%	**2.1%**	**11.0%**
Burlingame	$5,742,257	$6,286,129	$60,789	**$87,479**	**$6,434,396**
% Increase		9.5%	1.0%	**1.4%**	**12.1%**
East Palo Alto	$2,602,716	$2,726,530	$27,477	**$27,727**	**$2,781,734**
% Increase		4.8%	1.0%	**1.0%**	**6.9%**
Foster City	$3,671,314	$3,907,631	$38,698	**$5,689**	**$3,952,017**
% Increase		6.4%	1.0%	**0.1%**	**7.6%**
Hillsborough	$2,102,591	$2,021,219	$22,581	**$7,484**	**$2,051,284**
% Increase		-3.9%	1.1%	**0.4%**	**-2.4%**
Menlo Park	$6,293,486	$6,608,325	$71,907	**$246,803**	**$6,927,035**
% Increase		5.0%	1.1%	**3.7%**	**10.1%**
North Fair Oaks	$1,690,610	$1,977,205	$20,097	**$17,532**	**$2,014,833**
% Increase		17.0%	1.0%	**0.9%**	**19.2%**
Redwood City	$10,523,847	$11,458,072	$114,502	**$136,295**	**$11,708,869**
% Increase		8.9%	1.0%	**1.2%**	**11.3%**
San Carlos	$5,219,461	$5,766,877	$59,612	**$95,174**	**$5,921,663**
% Increase		10.5%	1.0%	**1.7%**	**13.5%**
San Mateo	$13,212,194	$14,255,139	$141,905	**$238,453**	**$14,635,497**
% Increase		7.9%	1.0%	**1.7%**	**10.8%**
West Bay	$1,028,762	$1,083,844	$11,501	**$12,690**	**$1,108,035**
% Increase		5.4%	1.1%	**1.2%**	**7.7%**
County Franchise	$2,310,910	$2,436,377	$24,904	**$17,962**	**$2,479,243**
% Increase		5.4%	1.0%	**0.7%**	**7.3%**
SBWMA Total	**$59,628,514**	**$64,225,644**	**$653,593**	**$981,893**	**$65,861,129**
% Increase		**7.7%**	**1.0%**	**1.5%**	**10.5%**

** % Increase from Negotiated 2021 Base Compensation*

*** 2020 Compensation includes depreciation as stipulated under the Amended and Restated Agreement, which Atherton is still considering*

Z:\Rate Work\Recology\2021 Estimate\2021 Estimated Recology Compensation Increase 9/4/2019

2020 Recology San Mateo County Compensation Adjustment Application

Board/TAC Study Session
September 12, 2019

Recology Compensation Adjustment Application

Table 1

Total Contractor's Compensation	Recology Compensation			
	2019 Cost	**2020 Cost**	**Change**	**%**
Base Compensation	$57,890,585	$59,494,688	**$1,604,103**	**2.8%**
Incentives / Disincentives	$78,590	$26,535	**$ (52,055)**	**-66.2%**
Total Contractor's Compensation	**$57,969,175**	**$59,521,223**	**$1,552,048**	**2.7%**

Contractor's compensation increase is primarily due to:

- **Cost of Ops** (Index based) = +3.7% vs. LY
- **Interest Expense:** Scheduled reduction = -63% vs. LY
- **Recology's Performance Incentive/Disincentives =** -66% vs. LY
- **Member Specific** decreased depreciation of $107,290

Timeline in Completing SBWMA Final Report

Date	Action
15-Feb	**Annual Reports** issued by Recology and SBR
31-Mar	**2018 Revenue Reconciliation** issued by Recology
6-Jun	**Letters to all Member Agencies** requesting 2020 estimated franchise fees
14-Jun	**2020 Annual Compensation Application** submitted by Recology
19-Jun	**Third Party Audit Report** of Recology and SBR Annual Reports issued
27-Jun	**Board Approved FY19/20 Budget** including estimated tip fees
28-Jun	**Comments sent to Recology** from Member Agencies and SBWMA
5-Jul	**2020 Annual Compensation Application** submitted by SBR
19-Jul	**Revised 2020 Annual Compensation Application** submitted by Recology
22-Jul	**Revenue, Disposal and Franchise Fee Projections** issued by SBWMA
9-Aug	**Draft Report reviewing Recology's 2020 Compensation Adjustment Application** submitted by SBWMA
16-Aug	**Draft Report reviewing SBR's 2020 Compensation Adjustment Application** submitted by SBWMA
26-Aug	Member Agencies Written Comments on SBWMA Draft Reports (Recology and SBR)
12-Sep	**SBWMA TAC Meeting:** Staff Update and Discussion
19-Sep	**SBWMA Final Report** (SBR and Recology Comp and Recommended Collection Rate Adj.)
26-Sep	**SBWMA Board Meeting:** Final Report (SBR and Recology Comp and Recommended Collection Rate Adj.)

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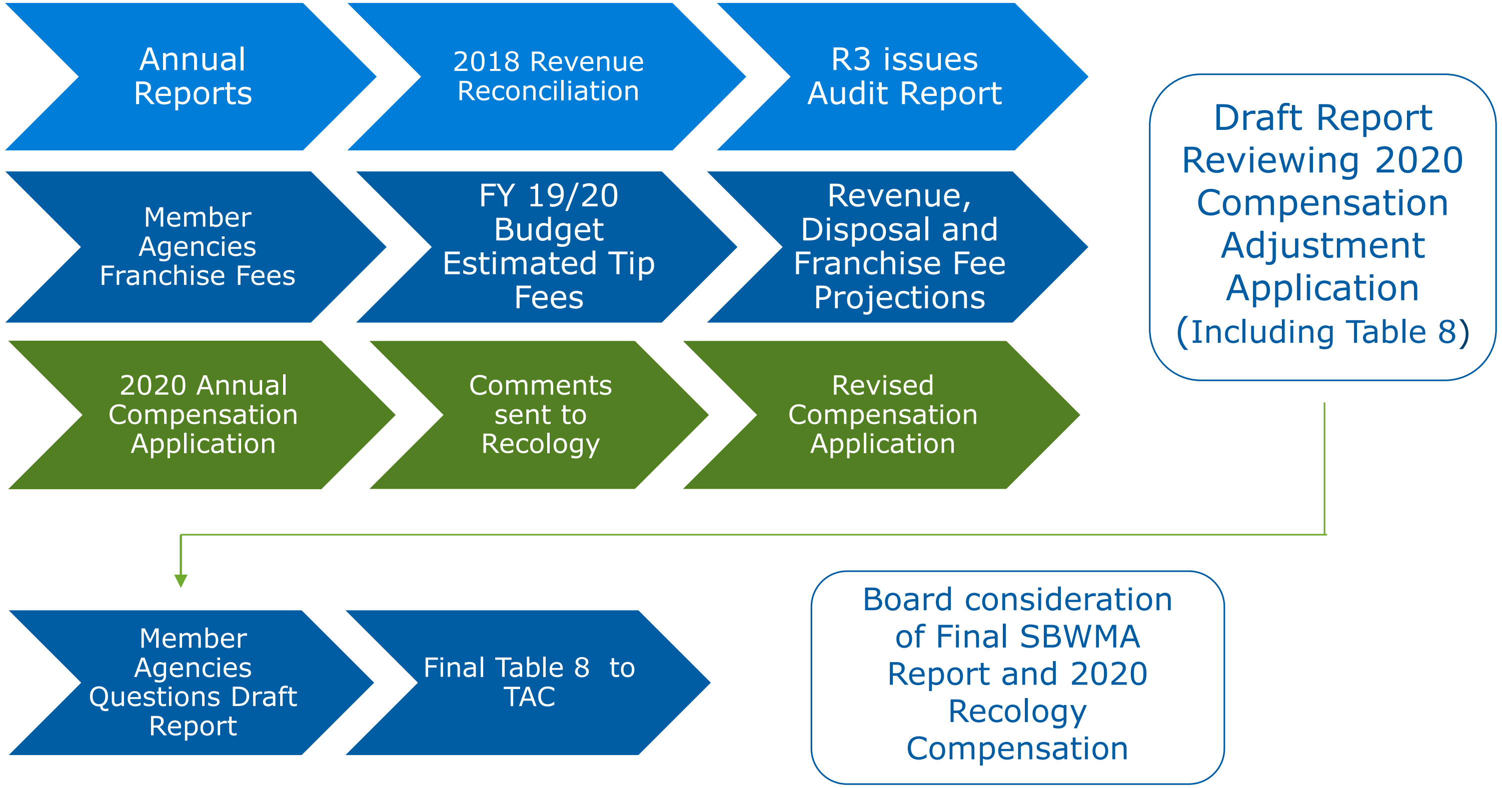
Process Followed in Completing SBWMA Final Report



Recology Compensation Adjustment Application

Table 8

SBWMA								
TOTAL COLLECTION RATE ADJUSTMENT BY MEMBER AGENCY								
as of 08/09/2019	**2020 Rate Year**							
	Total	**Atherton**	**Belmont**	**Burlingame**	**East Palo Alto**	**Foster City**	**Hillsborough**	**Menlo Park**
C. 2020 REQUIRED REVENUE ADJUSTMENT								
C.1 Cumulative Revenue Requirement (A.7-A.9-B.1-B.2)	$112,121,791	$3,011,079	$8,528,185	$12,091,298	$5,218,251	$6,063,857	$2,989,825	$12,936,071
C.2 Subtotal Surplus/(Shortfall) (A.1 - C.1)	$782,069	$148,417	($1,412,636)	($425,766)	$84,708	$151,039	$151,932	$66,034
C.3 Rate Adjustment Percentage (C.2 / A.1)	-0.7%	-4.7%		3.6%	-1.6%	-2.4%	-4.8%	-0.5%
D. 2019 Estimated Surplus/(Shortfall)								
D.1 Surplus/(Shortfall), 2019 estimated	$1,623,830	$53,032	($254,649)	($329,508)	$111,455	$16,244	($190,252)	$166,832
D.2 Surplus/(Shortfall) 2017 FINAL (incl. Interest)	($1,282,712)		($1,654,671)		($101,548)	$41,260	$480,114	($97,201)
D.3 Net Estimated 2019 Surplus/Shortfall	$341,118	$53,032	($1,909,320)	($329,508)	$9,907	$57,504	$289,862	$69,631
D.4 Agency Fees on D.3 Estimated Shortfall	($59,978)			($46,131)				
D.5 Rate Adjustment Percentage (Associated with 2019 Estimated Surplus/Shortfall)	-0.2%	-1.7%	26.8%	3.2%	-0.2%	-0.9%	-9.2%	-0.5%
E. Adjustments								
E.1 Miscellaneous Adjustment/Payment	$3,321,956		$3,321,956					
F. TOTAL RATE IMPACT								
F.1 Cumulative Revenue Requirement (C.1-D.3+E.1)	$108,518,694	$2,958,047	$7,115,550	$12,466,937	$5,208,343	$6,006,353	$2,699,963	$12,866,439
F.2 Total Surplus/(Shortfall) (A.1 - F.1)	$4,385,166	$201,448		($801,405)	$94,615	$208,543	$441,794	$135,665
F.3 Total Rate Adjustment Percentage (F.2 / A.1)	-3.9%	-6.4%		6.9%	-1.8%	-3.4%	-14.1%	-1.0%

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Recology Compensation Adjustment Application

Table 8

SBWMA

TOTAL COLLECTION RATE ADJUSTMENT BY MEMBER AGENCY

as of 08/09/2019 — **2020 Rate Year**

		North Fair Oaks	Redwood City	San Carlos	San Mateo	West Bay	Unincorporated County - Total
C.	**2020 REQUIRED REVENUE ADJUSTMENT**						
C.1	Cumulative Revenue Requirement (A.7-A.9-B.1-B.2)	$2,734,908	$20,382,517	$8,632,272	$24,411,208	$1,584,179	$3,538,142
C.2	Subtotal Surplus/(Shortfall) (A.1 - C.1)	$400,467	$24,984	$465,702	$1,025,398	$142,211	($40,419)
C.3	Rate Adjustment Percentage (C.2 / A.1)	-12.8%	-0.1%	-5.1%	-4.0%	-8.2%	1.2%
D.	**2019 Estimated Surplus/(Shortfall)**						
D.1	Surplus/(Shortfall), 2019 estimated	$176,019	$119,792	$64,747	$1,548,027	$70,285	$71,807
D.2	Surplus/(Shortfall) 2017 FINAL (incl. Interest)	($9,174)	($221,233)	$11,948	($123,050)	$54,284	$336,559
D.3	Net Estimated 2019 Surplus/Shortfall	$166,845	($101,441)	$76,695	$1,424,977	$124,569	$408,366
D.4	Agency Fees on D.3 Estimated Shortfall		($13,847)				
D.5	Rate Adjustment Percentage (Associated with 2019 Estimated Surplus/Shortfall)	-5.3%	0.6%	-0.8%	-5.6%	-7.2%	-11.7%
E.	**Adjustments**						
E.1	Miscellaneous Adjustment/Payment						
F.	**TOTAL RATE IMPACT**						
F.1	Cumulative Revenue Requirement (C.1-D.3+E.1)	$2,568,063	$20,497,805	$8,555,577	$22,986,231	$1,459,610	$3,129,777
F.2	Total Surplus/(Shortfall) (A1 - F1)	$567,312	($90,304)	$542,398	$2,450,375	$266,780	$367,947
F.3	Total Rate Adjustment Percentage (F.2 / A.1)	-18.1%	0.4%	-6.0%	-9.6%	-15.5%	-10.5%

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2021 Recology Compensation Projections

2021 Service Level Adjustment Calculation

Average **2014, 2015, 2016**		Average **2018, 2019, 2020**
MSW Accounts Single Family	vs.	**MSW Accounts** Single Family
Lifts Commercial/MFD	vs.	**Lifts** Commercial/MFD
Pulls Drop Box	vs.	**Pulls** Drop Box

Percent Increase

Percent Increase x **75%**

Applied to Direct Costs

- **2021 Indirect Cost** – No Service Level Adjustment
- **Depreciation** - Fixed at the 2021 negotiated amount
- **Fuel Increase** - based on CPI – 2015/2016 vs. 2019/2020

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Estimated 2021 Contractor's Service Level Adjustment

(from the 2021 Negotiated Base Compensation)

Member Agency	2021 Base Compensation (Negotiated)	Estimated 2021 Service Level Adjustment	% Increase
Atherton	$1,593,158	$1,699	0.1%
Belmont	$4,105,137	$86,906	2.1%
Burlingame	$6,286,129	$87,479	1.4%
East Palo Alto	$2,726,530	$27,727	1.0%
Foster City	$3,907,631	$5,689	0.1%
Hillsborough	$2,021,219	$7,484	0.4%
Menlo Park	$6,608,325	$246,803	3.7%
North Fair Oaks	$1,977,205	$17,532	0.9%
Redwood City	$11,458,072	$136,295	1.2%
San Carlos	$5,766,877	$95,174	1.7%
San Mateo	$14,255,139	$238,453	1.7%
West Bay	$1,083,844	$12,690	1.2%
County Franchise	$2,436,377	$17,962	0.7%
SBWMA Total	**$64,225,644**	**$981,893**	**1.5%**

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Total Estimated 2021 Contractor's Compensation Increase from 2020

Total Estimated 2021 Contractor's Compensation Increase from 2020

Member Agency	2020 Base Compensation	2021 Base Compensation *Negotiated*	Estimated 2021 Fuel Index Adjustment *	Estimated 2021 Service Level Adjustment *	Total 2021 Estimated Compensation
Atherton **	$1,415,554	$1,593,158	$17,718	$1,699	$1,612,575
% Increase		12.5%	1.1%	0.1%	13.9%
Belmont	$3,814,813	$4,105,137	$41,905	$86,906	$4,233,948
% Increase		7.6%	1.0%	2.1%	11.0%
Burlingame	$5,742,257	$6,286,129	$60,789	$87,479	$6,434,396
% Increase		9.5%	1.0%	1.4%	12.1%
East Palo Alto	$2,602,716	$2,726,530	$27,477	$27,727	$2,781,734
% Increase		4.8%	1.0%	1.0%	6.9%
Foster City	$3,671,314	$3,907,631	$38,698	$5,689	$3,952,017
% Increase		6.4%	1.0%	0.1%	7.6%
Hillsborough	$2,102,591	$2,021,219	$22,581	$7,484	$2,051,284
% Increase		-3.9%	1.1%	0.4%	-2.4%
Menlo Park	$6,293,486	$6,608,325	$71,907	$246,803	$6,927,035
% Increase		5.0%	1.1%	3.7%	10.1%
North Fair Oaks	$1,690,610	$1,977,205	$20,097	$17,532	$2,014,833
% Increase		17.0%	1.0%	0.9%	19.2%
Redwood City	$10,523,847	$11,458,072	$114,502	$136,295	$11,708,869
% Increase		8.9%	1.0%	1.2%	11.3%
San Carlos	$5,219,461	$5,766,877	$59,612	$95,174	$5,921,663
% Increase		10.5%	1.0%	1.7%	13.5%
San Mateo	$13,212,194	$14,255,139	$141,905	$238,453	$14,635,497
% Increase		7.9%	1.0%	1.7%	10.8%
West Bay	$1,028,762	$1,083,844	$11,501	$12,690	$1,108,035
% Increase		5.4%	1.1%	1.2%	7.7%
County Franchise	$2,310,910	$2,436,377	$24,904	$17,962	$2,479,243
% Increase		5.4%	1.0%	0.7%	7.3%
SBWMA Total	**$59,628,514**	**$64,225,644**	**$653,593**	**$981,893**	**$65,861,129**
% Increase		**7.7%**	**1.0%**	**1.5%**	**10.5%**

** % Increase from Negotiated 2021 Base Compensation*

*** 2020 Compensation includes depreciation as stipulated under the Amended and Restated Agreement, which Atherton is still considering*

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2021 Additional Increases

	2020		SBWMA Total	2021
A.	2020 RATE YEAR			
A1	2020 Collection Revenue @ 2019 Rates		$112,903,860	Increase Notes
A2	Total Recology Compensation		$59,521,224	Estimates per previous slides
A3	Pass-Through Costs			
A4		Disposal & Processing Fees	$37,480,719	6% estimated increase over 2020
A5		Agency Franchise Fees	$15,882,621	May increase with revenue increase
A6	Total Pass-Through Costs		$53,363,340	
A7	2020 Revenue Requirement		$112,884,564	

2022 Service Level Adjustment Calculation

Direct Cost

Average 2018, 2019, 2020		Average 2019, 2020, 2021
MSW Accounts Single Family	vs.	**MSW Accounts** Single Family
Lifts Commercial/MFD	vs.	**Lifts** Commercial/MFD
Pulls Drop Box	vs.	**Pulls** Drop Box
Percent Increase		
Percent Increase x 100%		
Applied to Direct Costs		

Indirect Cost

Average 2018, 2019, 2020		Average 2019, 2020, 2021
MSW Accounts Single Family	vs.	**MSW Accounts** Single Family
Lifts Commercial/MFD	vs.	**Lifts** Commercial/MFD
Pulls Drop Box	vs.	**Pulls** Drop Box
Percent Increase		
Percent Increase x **65%**		
Applied to Indirect Costs		

- **Depreciation** - Fixed at the 2022 negotiated amount
- **Fuel Increase** – Service Level Adjustment applies at 100%

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Recology Cost Allocation to Member Agencies

General Cost Category	Specific Cost Category	Operational Statistic
Costs of Operation		
	Wages for Direct Labor	Annual Route Labor Hours
	Benefits for Direct Labor	Annual Route Labor Hours
	Payroll Taxes	Annual Route Labor Hours
	Worker's Compensation Expense	Annual Route Labor Hours
	Direct Fuel Costs	Annual Route Hours
	Other Direct Costs	Annual Route Hours
	Route Vehicles	Annual Route Hours
	Collection Containers	Containers in Service
	Other	Annual Route Hours
Allocated Indirect Costs Excluding Depreciation and Interest		
	General and Administrative	Number of Customer Accounts
	Vehicle Maintenance	Annual Route Hours
	Container Maintenance	Number of Containers in Service
	Operations	Annual Route Hours
Implementation	Implementation	Annual Route Hours
Allocated Indirect Depreciation	Allocated Indirect Depreciation	Annual Route Hours

Rethink waste
South Bayside Waste Management Authority
A Public Agency

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6

STUDY SESSION

Review of the SBWMA DRAFT Report Reviewing the 2020 South Bay Recycling Compensation Application

Agenda Item 6

A Public Agency

Agenda Item 6

Review of the SBWMA DRAFT Report Reviewing the 2020 South Bay Recycling Compensation Application

No Staff Report – Attachments Only for Discussion at the September 12, 2019 Board/TAC Study Session

Attachments:

Attachment A - SBWMA DRAFT Report Reviewing the 2020 South Bay Recycling Compensation Application
Attachment B – APPENDIX A to the SBR 2020 Compensation Application

SBWMA DRAFT

REPORT REVIEWING THE 2020 SOUTH BAY RECYCLING COMPENSATION APPLICATION

Redline from version issued on August 15th

September 5, 2019

TABLE OF CONTENTS

SECTION 1. OVERVIEW

A. Shoreway Operations Agreement Terms

South Bay Recycling, LLC (SBR) was selected as the facility operator in 2009 and is paid on a fee per ton basis for three services: processing materials at the Transfer Station (TS), processing materials at the Materials Recovery Facility (MRF) and transporting materials to the disposal and processing facilities. The Shoreway Operations Agreement ("Agreement") with SBR prescribes that the SBWMA is responsible for conducting the annual review and analysis of SBR's compensation application which sets the fees each year. The application is reviewed for completeness, accuracy and that the prescribed compensation adjustment methodology is followed to arrive at the recommended 2020 fees per ton contained in this report. The SBR Compensation Application is also reviewed and approved by the SBWMA Board of Directors.

B. Calculation of Total Collection Revenue Requirement

The approved 2020 compensation for SBR will be bundled with all other SBWMA operating budget expenses (e.g., disposal expense, franchise fees paid to the City of San Carlos, debt service, SBWMA program budget, etc.) to set the 2020 Shoreway Tip Fees. The 2020 Shoreway Tip Fees are the basis for setting the Shoreway Disposal and Processing expense that becomes part of the total Revenue Requirement for each Member Agency upon which solid waste rates are set for 2020. SBR compensation is approximately 18% of the total Revenue Requirement. These costs are the result of the Shoreway tipping fees charged on the solid waste and organics tons delivered to Shoreway. The Flow Diagram of SBWMA Budget and Collection Rate Setting Process, **Table 1** below, describes this process and relationship.

Table 1

FLOW DIAGRAM OF SBWMA BUDGET & COLLECTION RATE SETTING PROCESS

SBWMA Agency Budget

(Shoreway Operations, Programs & Admin.)

SBR Operations Expense
(MRF, TS, Trans Exp)

+

Offsite Disposal & Processing
Garbage, Organics, C&D)

+

SBWMA Program & Administration
(Oversight, Outreach, Admin.)

+

Capital Expenditures
(Shoreway Maint & Enhancement)

+

City of San Carlos Fee
(5% Gross Tip Fee Revenues)

+

Other Expenses
(Bond P&I Payment, Pass-through)

+

Commodity Revenues

+

* **Franchise Tip Fee Revenue** =

Note: non-Franchise budget not shown

Member Agency Rate Setting

Disposal and Processing Expense

+

Recology Collection Services
(Commercial and Residential)

+

Member Agency Franchise Fees
(MA's Set Franchise Fees)

=

Total Collection System Revenue Requirement
(Member Agency's Set Rates)

* *Tip Fees Revenue Goals*
- *Meet Bond Covenant Tests*
- *Meet Board Reserve Balances*
  - *Rate Stabilization Reserve*
  - *Emergency Reserve*
  - *Undesignated Reserve (Capital Projects)*

C. Description of SBR Fees and Cost Components

The process for adjusting SBR's compensation is detailed in the Operations Agreement in Article 7.03 and Attachment 13-A of the Agreement. All costs are adjusted based on various US Department of Labor indices (except depreciation which is not adjusted).

The fees for the three services are each comprised of distinct cost components:

A. Labor Costs
B. Fuel and Power Costs
C. Depreciation Cost
D. Other Operating and Maintenance Costs

The above cost components have the following subcomponents:

A. Labor Costs
    - Wages for CBA labor (*index*)
    - Benefits for CBA labor (*index*)
    - Workers' compensation insurance (CBA labor) (*index*)
    - Payroll taxes (CBA labor) (*non-index*)
    - Outside contracted workers from third-party sources (VRS) (*index*)
B. Fuel and Power Costs
    - Electricity (*based on actuals/non-index*)
    - Fuel (*index*)
C. Depreciation Cost (*no adjustment*)
D. Other Operating and Maintenance Costs (*index*)
    - Wages and benefits for non-CBA employees
    - Wages and benefits for CBA clerical
    - Repair and maintenance expenses
    - Equipment rental expenses
    - Other vehicle-related expenses (e.g. licensing, taxes)
    - Insurance, safety and claims
    - Other general & administrative expense

D. Compensation Adjustment Process

The compensation adjustment methodology is the basis for SBR's Rate Application submittal and the SBWMA staff's subsequent review. The compensation adjustment process uses the approved 2019 SBR fees as the basis for the adjustment to the new 2020 fees. As detailed in the Agreement, the adjustment process for the 2020 fees is illustrated in **Table 2** below.

Table 2

SBR ANNUAL COST ADJUSTMENT PROCESS				
BASE COST - 2019		**ADJUSTMENT**		**2020 CONTRACTORS COMPENSATION**
CBA: TS/MRF, Mechanics, Drivers, & Clerical (wages and benefits)	+	Index	=	Base plus Adjustment
Other Cost	+	Index	=	Base plus Adjustment
Power	+	Blend of actual PG&E rate & ISH Solar rate	=	Base plus Adjustment
Depreciation	+	No Change	=	Last Year's Depreciation
Profit	+	Based on operating ratio in Proposal	=	Base plus Adjustment
Pass-Through Cost				
Interest	+	Interest is fixed on sliding scale	=	Annual Interest Expense per Interest Schedule
Other	+	Actual cost reimbursed to Buyback customers	=	Actual Cost
Total 2019 Compensation	+	**Total Adjustments**	=	**Total 2020 Conpensation**

E. Commodity Revenue Sharing

A portion of SBR's compensation comes from the sale of commodities through the "Commodity Revenue Share" program where the commodity revenue from the recyclable materials processed at the Shoreway MRF are split between SBWMA and SBR above the Revenue Guarantee of $5,555,409. The Revenue Share available to SBR is an incentive to maximize recovery and obtain the best commodity sale prices. The current Commodity Revenue Share above the Guarantee is 25% to SBR and 75% to the SBWMA.

Note: the actual value of the revenue share is not shown in this report, since it is based on the actual tonnage and commodity revenue for the full calendar year of 2020.

SECTION 2. SBR 2020 COMPENSATION APPLICATION

A. Analysis of SBR 2020 Compensation Application

SBWMA staff conducted the review of the Compensation Application submitted by SBR and worked closely with the company to ensure that questions and concerns were answered. Their application was modified as necessary to address any changes. Staff recommends two additional adjustments to SBR's 2020 Compensation Adjustment Application request per the items identified by bullet below, subject to review by SBR prior to the final staff recommendation to the Board at the September 26th, 2019 BOD Meeting. The below adjustments represent a total reduction of $2.18 per ton from SBR's 2020 Compensation Adjustment Application Submission.

- Staff is recommending that SBR adjust their Compensation Application for Third Party (VRS) Supervisory cost to the Labor CPI index of 3% per Contractual Agreement ($0.23/ton).

- Staff is recommending that SBR adjust the profit share calculation for the VRS Program Costs (**Appendix A, L. VRS Program Costs**), as profit is applied on **Appendix A, D. Comp Adjustment MRF** ($1.95/ton).

Table 3 below illustrates the Total Compensation for SBR in 2020 **with the adjustments above reflected in the total compensation.** Total Compensation is estimated to be $19,760,836 which is $378,677 **(2.0%) higher** than in 2019.

Table 3

2019 Costs & Fees vs. 2020 Costs & Fees					
SOUTH BAY RECYCLING	**2019**		**Adjustment**	**2020**	
Operating Cost	**Total Cost**	**Fee/Ton**	**%**	**Total Cost**	**Fee/Ton**
Transfer Station	$ 4,844,789	$ 13.54	3.0%	$ 4,990,800	$ 13.95
Recyclable Materials Processing, net of Residue	$ 6,817,455	$ 92.10	0.8%	$ 6,868,913	$ 92.80
Transportation (*cost/ton-mile*)	$ 6,834,758	$ 1.13	3.2%	$ 7,054,511	$ 1.16
Transport (cost/ton)	-	*$ 19.11*	3.2%	-	*$ 19.72*
Total Operating Cost	$ 18,497,002		2.3%	$ 18,914,224	
Contractor Pass-Through Costs					
Total Interest	$ 60,158		-64.1%	$ 21,612	
Buyback Payments	$ 825,000		0.0%	$ 825,000	
Total Contractor Pass-Through Cost	$ 885,158		-4.4%	$ 846,612	
Total Compensation	**$ 19,382,160**		**2.0%**	**$ 19,760,836**	

B. Description of 2020 Compensation Adjustments

Costs in the SBR Compensation Application are adjusted primarily based on changes in indexes. The specific results of the index-based cost adjustments for 2020 are presented in **Table 4** on the following page.

Cost categories are adjusted based on the following criteria:

- *Labor & Benefits Cost* – adjusted by CPI index (U.S. Department of Labor, Bureau of Labor Statistics, Private Industry Employment Cost Index for Service-Producing Industries (seasonally adjusted, total compensation, series # cis201s000000000i).

- *VRS Labor* – adjusted based on SBR's VRS contract changes with the County of San Mateo. VRS Supervisor costs are adjusted by a predetermined annual schedule developed in a prior year which provides for a larger percentage increase than CPI. SBR's actual supervisor percentage cost increase is greater than the predetermined schedule by approximately 9 percentage points. Staff recommends that SBR adjust their Compensation Application for Third Party (VRS) Supervisory cost to the Labor CPI Index per Contractual Agreement.
- *Power Cost* - adjusted based on the actual change in the blended power rates (PG&E and Solar)
- *Fuel Cost* - adjusted by a fuel index. (U.S. Department of Labor, Bureau of Labor Statistics, Producer Price Index - Commodity Index for #2 diesel fuel (not seasonally adjusted, fuels and related products and power, series# wpu057303).
- *Other Operating Costs* – adjusted by CPI index (U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index – All Urban Consumers, U.S. city average (not seasonally adjusted, all items, base period: 1982-84=100, series# cuur0000sa).
- *Depreciation Cost* - not adjusted
- *Interest Expense* - based on fixed schedule

<u>Pass-Through Costs</u>

Pass-through costs are not subject to profit but are reimbursed to SBR at actual cost. The pass-through costs in the Facility Operations Agreement (Article 7.09) are as follows:

- Payments to Buyback customers for purchase of recyclables based primarily on state CRV rates. (SBR's buyback payments to public customers are reimbursed monthly).
- Interest expense on allowed capital per a fixed schedule for the ten-year life of the contract on a sliding scale.

<u>Member Agency Questions on Draft Report issued on August 15</u>

The County of San Mateo submitted questions on the August 15 Draft Report. The questions were addressed by the SBWMA and resulted in part to the recommended profit adjustment noted in this staff report.

Table 4

Results of Cost Adjustments			
Cost Component	**Adjustment**	**Basis**	**Description**
Labor - (all CBAs)			
Wages & Benefits	3.00%	Index	CBA wages compensation adjustment based on index change.
Worker's Comp Insurance	2.55%	Index	Workers compensation adjustment based on index change.
Payroll Tax	3.00%	Wages & tax rate change	The payroll tax rate changes with any changes in federal or state payroll tax rates.
VRS Labor (non-CBA)	-4.08%	Non-Index	Non-CBA (VRS) compensation adjustment based on VRS contract changes with County.
Power	2.43%	PG&E & Solar Rates	Power is adjusted by the blend of actual PG&E electricity rates and the Solar Power rate.
Fuel	18.8%	Index	Fuel expense is adjusted by the actual change in the fuel index.
Depreciation	0.0%	n/a	There is no adjustment to depreciation.
Other O&M	1.81%	Index	Other O&M expense includes non-CBA personnel, maintenance parts, insurance, general office expense, safety, etc. Other O&M expense is adjusted by 80% of an index.

SECTION 3. SBR FEE PER TON ADJUSTMENTS FOR 2020

After review of the SBR Compensation Adjustment Application, staff recommends the following Fees (shown in **Table 3,** prior page) be paid to SBR on a per-ton basis for 2020:

- Transfer Station Processing Fee. The 2020 Transfer Station fee is $13.95 per ton.

- MRF Processing Fee. The 2020 MRF Processing fee is $98.73 per ton (note the Contractor pays for MRF residue transportation and disposal which is deducted from MRF Processing Fee resulting in an *Estimated Net MRF Processing Fee of $92.80*).

- Transportation Fee. There are multiple transportation fees for each material type and destinations (i.e., solid waste, inerts, construction and demolition, and organics). The average 2020 Transportation Fee is $1.16 per ton mile which is 3.2% increase over prior year (the transportation rate detail for each material type and destination are presented in the **Appendix A** – SBR Compensation Adjustment Application Worksheets).

SOUTH BAY RECYCLING, LLC

Compensation Adjustment Application for Rate Year 2020

A. Summary of Fees and Estimated Cost

SUMMARY	Year 9	Year 10		SBWMA Recommended Adjustment Year 10	
	2019	2020	% Increase	2020	% Increase
Annual % Change					
TS	2.86%	3.01%		3.01%	
MRF	3.30%	3.12%		0.75%	
Transport	3.16%	3.22%		3.22%	
Cost per Ton Fees					
Transfer Station	$ 13.54	$ 13.95	3.0%	$ 13.95	3.0%
MRF (net residue)	$ 92.10	$ 94.98	3.1%	$ 92.80	0.8%
Transportation (cost / ton-mile)	$ 1.13	$ 1.16	3.2%	$ 1.16	3.2%
Total Cost Estimate by LOB					
Transfer Station	$ 4,844,789	$ 4,990,800	3.0%	$ 4,990,800	3.0%
MRF (net residue)	$ 6,817,455	$ 7,030,493	3.1%	$ 6,868,913	0.8%
Transportation	$ 6,834,758	$ 7,054,511	3.2%	$ 7,054,511	3.2%
Total Operating Cost	**$ 18,497,002**	**$ 19,075,804**	3.1%	**$ 18,914,224**	2.3%
Pass-Through Costs					
Total Interest	$ 60,158	$ 21,612	-64.1%	$ 21,612	-64.1%
Buyback Payment (estimate)	$ 825,000	$ 825,000		$ 825,000	
Total Pass-Through Cost	**$ 885,158**	**$ 846,612**	-4.4%	**$ 846,612**	-4.4%
Total Estimated Compensation	**$ 19,382,160**	**$ 19,922,416**	2.8%	**$ 19,760,836**	2.0%

Detail Transportation Fees	Year 9	Year 10	
	2019	2020	% Increase
Cost/Ton-Mile			
MSW to OX Mtn.	$ 1.274	$ 1.314	3.2%
Inert to OX Mtn.	$ 1.307	$ 1.348	3.2%
C&D to Zanker Road	$ 0.947	$ 0.979	3.4%
Plant Materials to Newby	$ 0.764	$ 0.790	3.4%
Plant Materials to Grover	$ 0.466	$ 0.484	3.9%
Organics to Newby	$ 0.937	$ 0.969	3.4%
Organics to Grover	$ 0.521	$ 0.542	3.9%
Plant Materials to Zanker	$ 0.764	$ 0.790	3.4%

SOUTH BAY RECYCLING, LLC

Compensation Adjustment Application for Rate Year 2020

B. Cost Detail Transfer Station and MRF

SBWMA Recommended Adjustment

TRANSFER STATION	tons	Year 9		Year 10	
Base Tonnage	357,725	% Adjustment	2019 Cost / Ton	% Adjustment	2020 Cost / Ton
Direct Labor - CBA					
Wages		2.6%	$ 5.25	3.0%	$ 5.41
Benefits		2.6%	$ 2.65	3.0%	$ 2.73
W/C		2.3%	$ 0.71	2.6%	$ 0.73
PR Tax		2.6%	$ 0.46	3.0%	$ 0.47
Total CBA Labor Cost		2.6%	**$ 9.06**	3.0%	**$ 9.33**
Power		2.8%	$ 0.83	2.4%	$ 0.85
Fuel		31.5%	$ 0.26	18.8%	$ 0.30
Depreciation		0.0%	$ 0.29	0.0%	$ 0.29
Other O&M		1.7%	$ 1.82	1.8%	$ 1.85
Clerical CBA Wages & Benefits		2.6%	$ 0.40	3.0%	$ 0.41
Total Operating		**2.9%**	**$ 12.67**	**3.0%**	**$ 13.05**
Profit		2.9%	$ 0.88	3.0%	$ 0.90
Profit %			6.9%		6.9%
Total Transfer Station Fee		2.9%	**$ 13.54**	3.0%	**$ 13.95**

MATERIALS RECOVERY FACILITY (MRF)	tons	Year 9		Year 10		Year 10 (SBWMA Recommended Adjustment)	
Base Tonnage	74,022	% Adjustment	2019 Cost / Ton	% Adjustment	2020 Cost / Ton	% Adjustment	2020 Cost / Ton
Direct Labor - CBA							
Wages		2.6%	$ 19.76	3.0%	$ 20.35	3.0%	$ 20.35
Benefits		2.6%	$ 10.47	3.0%	$ 10.78	3.0%	$ 10.78
W/C		2.3%	$ 2.80	2.6%	$ 2.87	2.6%	$ 2.87
PR Tax		2.6%	$ 1.90	3.0%	$ 1.96	3.0%	$ 1.96
Total CBA Labor Cost		**2.6%**	**$ 34.91**	**3.0%**	**$ 35.95**	**3.0%**	**$ 35.95**
Non-CBA Wages		5.5%	$ 24.03	4.4%	$ 25.08	-4.1%	$ 23.05
Power		2.8%	$ 4.86	2.4%	$ 4.98	2.4%	$ 4.98
Fuel		31.5%	$ 0.55	18.8%	$ 0.66	18.8%	$ 0.66
Depreciation		0.0%	$ 1.91	0.0%	$ 1.91	0.0%	$ 1.91
Other O&M		1.7%	$ 17.32	1.8%	$ 17.64	1.8%	$ 17.64
Clerical CBA Wages & Benefits		2.6%	$ 1.94	3.0%	$ 2.00	3.0%	$ 2.00
Total Operating		**3.3%**	**$ 85.53**	**3.1%**	**$ 88.20**	**0.8%**	**$ 86.18**
Profit		3.3%	$ 6.57	3.1%	$ 6.78	0.8%	$ 6.62
Profit %			7.7%		7.7%		7.7%
Total MRF Fee		**3.3%**	**$ 92.10**	**3.1%**	**$ 94.98**	**0.8%**	**$ 92.80**

SOUTH BAY RECYCLING, LLC

Compensation Adjustment Application for Rate Year 2020

C. Compensation Adjustment - Transfer Station

		Year 9		Year 10	
		2019		2020	
		Cost / Ton		Cost / Ton	
SUMMARY OF ANNUAL FEE ADJUSTMENTS					
Direct Labor - CBA					**Increase**
Wages	$	5.25	$	5.41	3.00%
Benefits	$	2.65	$	2.73	3.00%
W/C	$	0.71	$	0.73	2.55%
PR Tax	$	0.46	$	0.47	3.00%
Total CBA Labor Cost	**$**	**9.06**	**$**	**9.33**	2.96%
Power	$	0.83	$	0.85	2.43%
Fuel	$	0.26	$	0.30	18.81%
Depreciation	$	0.29	$	0.29	0.00%
Other O&M	$	1.82	$	1.85	1.81%
Clerical CBA Wages & Benefits	$	0.40	$	0.41	3.00%
Total Operating	**$**	**12.67**	**$**	**13.05**	3.01%
Profit	$	0.88	$	0.90	3.01%
Profit %		6.9%		6.9%	0.00%
Total TS Fee	**$**	**13.54**	**$**	**13.95**	3.01%
% Increase		2.86%		3.01%	

DETAIL OF ANNUAL FEE ADJUSTMENTS				
Labor Cost Component Adjustment Factors				
Wages for Direct Labor				
Updated direct labor cost per ton	$	5.25	$	5.41
Adjustment Factor for Wages Direct Labor		1.026		1.030
% Increase		2.61%		3.00%
Benefits for Direct Labor				
Updated annual benefit cost per ton	$	2.65	$	2.73
Adjustment Factor for Benefits		1.026		1.030
% Increase		2.61%		3.00%
Workers Compensation Insurance for Direct Labor				
Updated annual benefit cost per ton	$	0.71	$	0.73
Adjustment Factor		1.023		1.026
% Increase				2.55%

SOUTH BAY RECYCLING, LLC

Compensation Adjustment Application for Rate Year 2020

C. Compensation Adjustment - Transfer Station

		Year 9		Year 10
		2019 Cost / Ton		2020 Cost / Ton
Payroll Taxes for Direct Labor				
Updated Payroll Tax cost per Ton	$	0.46	$	0.47
Adjustment Factor for payroll taxes shall equal the change		8.70%		8.70%
Federal Social Security & Medicare Tax Cost		7.65%		7.65%
Adjustment Factor		1.000		1.000
% Increase				0.00%
Fuel and Power Cost Component Adjustment Factors				
Power Adjustment				
Updated Power cost per ton	$	0.83	$	0.85
Adjustment Factor		1.028		1.024
% Increase				2.43%
Fuel Adjustment				
Updated Fuel cost per ton	$	0.26	$	0.30
Adjustment Factor		1.315		1.188
% Increase				18.81%
Depreciation				
Updated Depreciation cost per ton	$	0.29	$	0.29
Adjustment Factor (No adjustment after Year 1)		1.000		1.000
% Increase				0.00%
Other Operating & Maintenance				
Updated Other cost per ton	$	1.82	$	1.85
Adjustment Factor @ 80% of Index		1.017		1.018
% Increase				1.81%

SOUTH BAY RECYCLING, LLC

Compensation Adjustment Application for Rate Year 2020

D. Compensation Adjustment - Materials Recovery Facility (MRF)

	Year 9	Year 10		SBWMA Recommended Adjustment Year 10	
	2019 Cost / Ton	2020 Cost / Ton		2020 Cost / Ton	
SUMMARY OF ANNUAL FEE ADJUSTMENTS					
Direct Labor - CBA			**Increase**		**Increase**
Wages	$ 19.76	$ 20.35	3.00%	$ 20.35	3.00%
Benefits	$ 10.47	$ 10.78	3.00%	$ 10.78	3.00%
Workers Comp	$ 2.80	$ 2.87	2.55%	$ 2.87	2.55%
PR Tax	$ 1.90	$ 1.96	3.00%	$ 1.96	3.00%
Total CBA Labor Cost	**$ 34.91**	**$ 35.95**	2.96%	**$ 35.95**	2.96%
					0.00%
Third Party Wages & Benefits (VRS)	$ 24.03	$ 25.08	4.35%	$ 23.05	-4.08%
Power	$ 4.86	$ 4.98	2.43%	$ 4.98	2.43%
Fuel	$ 0.55	$ 0.66	18.81%	$ 0.66	18.81%
Depreciation	$ 1.91	$ 1.91	0.00%	$ 1.91	0.00%
Other O&M	$ 17.32	$ 17.64	1.81%	$ 17.64	1.81%
Clerical CBA Wages & Benefits	$ 1.94	$ 2.00	3.00%	$ 2.00	3.00%
Total Operating	**$ 85.53**	**$ 88.20**	3.12%	**$ 86.18**	0.75%
Profit	$ 6.57	$ 6.78	3.12%	$ 6.62	0.75%
Profit %	*7.7%*	*7.7%*	0.00%	*7.7%*	0.00%
Total MRF Fee (excluding residue)	**$ 92.10**	**$ 94.98**	3.12%	**$ 92.80**	0.75%
% Increase	*3.30%*	*3.12%*		*0.75%*	
MRF Residue Paid by SBR					
MRF Residue Tons	6,800	6,800		6,800	0.00%
Disposal Tip Fee @ Ox Mtn.	$ 42.73	$ 52.57	23.03%	$ 52.57	23.03%
Disposal Fees	$ 3.93	$ 4.83	23.03%	$ 4.83	23.03%
Transfer & Haul	$ 1.07	$ 1.11	3.15%	$ 1.11	3.15%
Total MRF Residue Fee	$ 5.00	$ 5.94	18.76%	$ 5.94	18.76%
Total Cost with MRF Residue	**$ 97.10**	**$ 100.91**	3.93%	**$ 98.73**	1.68%

DETAIL OF ANNUAL FEE ADJUSTMENTS		
Labor Cost Component Adjustment Factors		
Updated annual labor for direct labor	$ 19.76	$ 20.35
Adjustment Factor	1.026	1.030
% Increase	2.61%	3.00%
Benefits for Direct Labor		
Updated annual benefit cost per ton	$ 10.47	$ 10.78
Adjustment Factor	1.026	1.030
% Increase	2.61%	3.00%
Workers Compensation Insurance for Direct Labor		
Updated annual benefit Costs	$ 2.80	$ 2.87
Adjustment Factor	1.023	1.026
% Increase		2.55%
Payroll Taxes for Direct Labor		
Updated Payroll Tax cost per ton	$ 1.90	$ 1.96
Total Payroll Tax Rate %	9.6%	9.6%
Federal Social Security & Medicare tax rates	9.61%	9.61%
Adjustment Factor	1.000	1.000
% Increase		0.00%

SOUTH BAY RECYCLING, LLC

Compensation Adjustment Application for Rate Year 2020

D. Compensation Adjustment - Materials Recovery Facility (MRF)

SBWMA Recommended Adjustment

		Year 9 2019 Cost / Ton		Year 10 2020 Cost / Ton	SBWMA Recommended Adjustment	Year 10 2020 Cost / Ton
Labor & Benefits Component Adjustment Factor - non-CBA labor (VRS)						
Updated annual costs	$	24.03	$	25.08	$	23.05
% Increase		6%		4.35%		-4.1%
Fuel and Power Cost Component Adjustment Factors						
Power Adjustment						
Updated Power cost per ton	$	4.86	$	4.98		
Adjustment Factor		1.028		1.024		
% Increase				2.43%		
Fuel Adjustment						
Updated Fuel Costs	$	0.55	$	0.66		
Adjustment Factor		1.315		1.188		
% Increase				18.81%		
Depreciation						
Updated Depr cost per ton	$	1.91	$	1.91		
Adjustment Factor (No adjustment after Year 1)		1.000		1.000		
% Increase				0.000		
Other Operating & Maintenance						
Updated Other cost per ton	$	17.32	$	17.64		
Adjustment Factor @ 80% of Index		1.017		1.018		
% Change in underlying index		2.07%		2.26%		
% Increase				1.81%		
MRF Load Contamination	$	34.64	$	35.73		
Plant Materials & Organics Contamination	$	9.70	$	10.00		
% Increase				3.12%		

SOUTH BAY RECYCLING, LLC
Compensation Adjustment Application for Rate Year 2020
E. Compensation Adjustment - Transportation

	Year 9	Year 10	
	2019	2020	
	Per Ton-Mile	Adjustment Factor	Per Ton-Mile
SUMMARY OF ANNUAL FEE ADJUSTMENTS			
Solid Waste Transport Fee - Ox Mtn.	$ 1.27	3.2%	$ 1.31
Inert Transport Fee - Ox Mtn.	$ 1.31	3.2%	$ 1.35
C&D Transport Fee - Zanker	$ 0.95	3.4%	$ 0.98
Plant Matls Trans Fee - Newby	$ 0.76	3.4%	$ 0.79
Plant Matls Trans Fee - Grover	$ 0.47	3.9%	$ 0.48
Organic Matl Trans Fee - Newby	$ 0.94	3.4%	$ 0.97
Organic Matl Trans Fee - Grover	$ 0.52	3.9%	$ 0.54
Biomass Trans Fee - Biofuel	$ 0.62		$ 0.64
Plant Matls Trans Fee - Zanker	$ 0.76		$ 0.79
Blended Total Fee	$ 1.13	3.2%	$ 1.16
Total Cost Increase %	3.2%		3.2%

DETAIL OF ANNUAL FEE ADJUSTMENTS			
Direct Labor Component for All Transport Fees			
Wages for CBA Labor	$ 1,749,924	1.030	$ 1,802,375
Benefits for CBA Labor	$ 747,114	1.030	$ 769,507
WC Insurance	$ 185,451	1.026	$ 190,184
Payroll Taxes	$ 148,048	1.000	$ 152,486
Total Cost Estimate (SW to Ox)	**$ 2,830,537**	**1.0297**	**$ 2,914,552**
Cost/Ton	$ 10.85		$ 11.18
Adjusted Labor for MSW Transport Fee (cost/ton-mile)	$ 0.835	1.030	$ 0.860
Solid Waste Transport Fee (OX)			
Labor component	$ 0.8348	1.030	$ 0.8596
Fuel	$ 0.0429	1.188	$ 0.0510
Depreciation	$ 0.0851	1.000	$ 0.0851
Other O&M Component	$ 0.1831	1.018	$ 0.1864
Clerical CBA wages & benefits	$ 0.0274	1.030	$ 0.0283
Total Operating Cost	**$ 1.1734**		**$ 1.2104**
Profit per Operating Ratio	$ 0.1006		$ 0.1038
Total SW Transportation Fee	**$ 1.27402**	**3.2%**	**$ 1.31418**
Inert Transport Fee - OX Mtn.			
Labor component	$ 0.796	1.030	$ 0.820
Fuel	$ 0.047	1.188	$ 0.056
Depreciation	$ 0.085	1.000	$ 0.085
Other O&M Component	$ 0.230	1.018	$ 0.234
Clerical CBA wages & benefits	$ 0.035	1.030	$ 0.036
Total Operating Cost	**$ 1.193**		**$ 1.231**
Profit per Operating Ratio	$ 0.114		$ 0.117
Total Inert Transportation Fee	**$ 1.307**	**3.2%**	**$ 1.348**

SOUTH BAY RECYCLING, LLC

Compensation Adjustment Application for Rate Year 2020

E. Compensation Adjustment - Transportation

	Year 9	Year 10	
	2019	2020	
	Per Ton-Mile	Adjustment Factor	Per Ton-Mile
C&D Transport Fee - Zanker Road			
Labor component	$ 0.6263	1.030	$ 0.6449
Fuel	$ 0.0435	1.188	$ 0.0517
Depreciation	$ 0.0530	1.000	$ 0.0530
Other O&M Component	$ 0.1254	1.018	$ 0.1277
Clerical CBA wages & benefits	$ 0.0188	1.030	$ 0.0194
Total Operating Cost	**$ 0.8670**		**$ 0.8966**
Profit per Operating Ratio	$ 0.0795		$ 0.0822
Total C&D Transportation Fee	**$ 0.94654**	**3.4%**	**$ 0.97886**
Plant Materials Transport Fee - Newby Is			
Labor component	$ 0.4925	1.030	$ 0.5071
Fuel	$ 0.0363	1.188	$ 0.0432
Depreciation	$ 0.0442	1.000	$ 0.0442
Other O&M Component	$ 0.1118	1.018	$ 0.1138
Clerical CBA wages & benefits	$ 0.0168	1.030	$ 0.0173
Total Operating Cost	**$ 0.7016**		**$ 0.7256**
Profit per Operating Ratio	$ 0.0627		$ 0.0648
Total Plant Material Transportation Fee	**$ 0.76431**	**3.4%**	**$ 0.79043**
Plant Materials Transport Fee - Grover			
Labor component	$ 0.2924	1.030	$ 0.3011
Fuel	$ 0.0363	1.188	$ 0.0431
Depreciation	$ 0.0286	1.000	$ 0.0286
Other O&M Component	$ 0.0613	1.018	$ 0.0624
Clerical CBA wages & benefits	$ 0.0092	1.030	$ 0.0095
Total Operating Cost	**$ 0.4278**		**$ 0.4447**
Profit per Operating Ratio	$ 0.0382		$ 0.0397
Total Plant Material Transportation Fee	**$ 0.46606**	**3.9%**	**$ 0.48446**
Organic Material Transport Fee - Newby Is			
Labor component	$ 0.6156	1.030	$ 0.6339
Fuel	$ 0.0399	1.188	$ 0.0474
Depreciation	$ 0.0442	1.000	$ 0.0442
Other O&M Component	$ 0.1211	1.018	$ 0.1233
Clerical CBA wages & benefits	$ 0.0182	1.030	$ 0.0187
Total Operating Cost	**$ 0.8390**		**$ 0.8675**
Profit per Operating Ratio	$ 0.0984		$ 0.1018
Total Organic Material Transportation Fee	**$ 0.93739**	**3.4%**	**$ 0.96923**

SOUTH BAY RECYCLING, LLC

Compensation Adjustment Application for Rate Year 2020

E. Compensation Adjustment - Transportation

	Year 9	Year 10	
	2019	2020	
	Per Ton-Mile	Adjustment Factor	Per Ton-Mile
Organic Material Transport Fee - Grover			
Labor component	$ 0.3187	1.030	$ 0.3282
Fuel	$ 0.0396	1.188	$ 0.0470
Depreciation	$ 0.0313	1.000	$ 0.0313
Other O&M Component	$ 0.0668	1.018	$ 0.0680
Clerical CBA wages & benefits	$ 0.0100	1.030	$ 0.0103
Total Operating Cost	**$ 0.4663**		**$ 0.4847**
Profit per Operating Ratio	$ 0.0547		$ 0.0569
Total Organic Material Transportation Fee	**$ 0.52101**	**3.9%**	**$ 0.54158**

SOUTH BAY RECYCLING, LLC

Compensation Adjustment Application for Rate Year 2020

F. Indexes

	Year 9 2019	Year 10 2020
Workers Compensation		
Use- Factor	1.023	1.026
Direct Labor		
Use- Factor	1.026	1.030
Fuel		
Use- Factor	1.315	1.188
Other O&M		
Use- Factor	1.021	1.023
Depreciation		
Use- Factor	1.000	1.000

SOUTH BAY RECYCLING, LLC
Compensation Adjustment Application for Rate Year 2020
G. Department of Labor Index Detail

Index: U.S. Department of Labor, Bureau of Labor Statistics, Private Industry Employment Cost Index for Total All workers (not seasonally adjusted, total benefits, series no. (CIU2030000000000i).

Workers Compensation

	2017	2018	2019
Average Index	127.30	130.28	133.60
% Change	1.78%	2.34%	**2.55%**
Q1	128.40	131.60	134.70
Q2	129.30	132.90	
Q3	130.00	133.20	
Q4	130.20	133.60	

Index: U.S. Department of Labor, Bureau of Labor Statistics, Private Industry Employment Cost Index for Service-Producing Industries (seasonally adjusted, total compensation, series no. (cis201s000000000i)

Direct Labor

	2017	2018	2019
Index 1ST QTR	127.63	130.95	134.88
% Change	2.28%	2.61%	**3.00%**
Q1	128.80	132.50	136.20
Q2	129.60	133.40	
Q3	130.50	134.50	
Q4	131.20	135.40	

Index: U.S. Department of Labor, Bureau of Labor Statistics, Producer Price Index - Commodity Index for #2 diesel fuel (not seasonally adjusted, fuels and related products and power, series no. (wpu057303).

Fuel

	2017	2018	2019
Avg Index Apr	158.00	207.70	246.76
% Change	-0.26%	31.46%	**18.81%**
Jan	160.70	231.00	200.80
Feb	163.30	226.40	217.70
Mar	161.60	225.40	245.40
Apr	164.60	230.70	241.80
May	173.60	251.10	
Jun	171.50	261.40	
Jul	179.60	256.90	
Aug	188.90	254.30	
Sep	204.20	262.50	
Oct	213.50	271.70	
Nov	223.70	264.80	
Dec	223.90	232.70	

SOUTH BAY RECYCLING, LLC
Compensation Adjustment Application for Rate Year 2020
G. Department of Labor Index Detail

Index: U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index – All Urban Consumers, U.S. city average (not seasonally adjusted, all items, base period: 1982-84=100, series no. (cuur0000sa0).

Other O&M

	2017	2018	2019
Avg Index April	241.95	246.97	252.55
% Change	1.72%	2.07%	**2.26%**
Jan	242.84	247.87	251.71
Feb	243.60	248.99	252.78
Mar	243.80	249.55	254.20
Apr	244.52	250.55	255.54
May	244.73	251.59	
Jun	244.96	251.99	
Jul	244.79	252.01	
Aug	245.52	252.15	
Sep	246.82	252.44	
Oct	246.66	252.89	
Nov	246.67	252.04	
Dec	246.52	251.23	

SOUTH BAY RECYCLING, LLC

Compensation Adjustment Application for Rate Year 2020

H. Electric Power and Solar Cost

PG&E	Actual Use	
Year	**Apr-18**	**Apr-19**
Total Bill	$ 23,149	$ 24,246
KWH Allocation *	109,004	469,044
KWH	109,004	118,236
Rate / KWH	$ 0.212	$ 0.052
% increase from Prior Yr.	2.54%	1.93%
Adjustment Factor	1.0254	1.019

ISH (Solar)		
Year	**Apr-18**	**Apr-19**
Total Bill	$ 21,742	$ 21,794
KWH	95,834	93,265
Rate / KWH	$ 0.227	$ 0.234
% increase vs. Prior Yr.	3.0%	3.0%
Adjustment Factor	1.030	1.03

Blended		
Year	**Apr-18**	**Apr-19**
Total Bill	$ 44,891	$ 46,041
KWH Allocation	204,838	562,309.30
Rate / KWH	$ 0.219	$ 0.082
% increase vs. Prior Yr.	2.8%	**2.4%**
Adjustment Factor	1.0276	1.024

* Additional line items charged on the power bill are being allocated across total KWH to arrive at Rate/KWH

SOUTH BAY RECYCLING, LLC
Compensation Adjustment Application for Rate Year 2020
I. Debt Service Schedule

Year one interest rate adjustment per Operations Agreement Article 8.03

Assumed interest rate per SBR 2009 proposal:	5.00%
Ten-year U.S. Treasury note interest rate in March, 2008:	3.50%
Ten-year U.S. Treasury note interest rate in effect on July 1, 2010:	3.50%
Adjustment factor:	100.00%
Fixed interest rate for entire period of Ops Agreement:	5.00%

					Adjusted for Capital indexed price change		
	Financed Purchase - BASE 2009 COST				Financed Purchase - Year One to Year Ten		
Year	Principal Payment	Interest	Total	Adj. Factor	Depreciation	Interest	Total
Interest Rate %		5.00%				5.00%	
1	$ 505,441	$ 308,120	$ 813,561	1.0000	$ 505,441	$ 308,120	$ 813,561
2	$ 531,300	$ 282,260	$ 813,560	1.0000	$ 531,300	$ 282,260	$ 813,560
3	$ 558,483	$ 255,077	$ 813,560	1.0000	$ 558,483	$ 255,077	$ 813,560
4	$ 587,055	$ 226,505	$ 813,560	1.0000	$ 587,055	$ 226,505	$ 813,560
5	$ 617,091	$ 196,470	$ 813,561	1.0000	$ 617,091	$ 196,470	$ 813,561
6	$ 648,662	$ 164,898	$ 813,560	1.0000	$ 648,662	$ 164,898	$ 813,560
7	$ 681,849	$ 131,712	$ 813,561	1.0000	$ 681,849	$ 131,712	$ 813,561
8	$ 716,734	$ 96,827	$ 813,561	1.0000	$ 716,734	$ 96,827	$ 813,561
9	$ 753,403	$ 60,158	$ 813,561	1.0000	$ 753,403	$ 60,158	$ 813,561
10	$ 791,948	$ 21,612	$ 813,560	1.0000	$ 791,948	**$ 21,612**	$ 813,560
TOTAL COST	**$ 6,391,966**	**$ 1,743,639**	**$ 8,135,605**		**$ 6,391,966**	**$ 1,743,639**	**$ 8,135,605**

# Years	10	10
Average Interest / Year	$174,364	$174,364

SOUTH BAY RECYCLING, LLC

Compensation Adjustment Application for Rate Year 2020

J. CBA Wages & Benefits

	BASE					Actual 2019 Rates		Actual 2020 Rates	
TRANSFER STATION									
Direct Labor	FTE	Reg Hrs	OT Hrs	Hourly Rate	Annual Cost				
Leads	1.0	2,080	390	$33.34	$88,851.10	$ 45.62	$ 121,572	$ 46.99	$ 125,216
Scale Operator	3.0	6,240	1,170	$31.75	$253,841.25	$ 43.45	$ 347,349	$ 44.75	$ 357,760
Spotter²	5.0	10,400	780			$ 30.24	$ 349,934	$ 31.15	$ 360,423
Sorter²	6.0	12,480	3,120			$ 24.06	$ 412,909	$ 24.78	$ 425,285
Equipment Operator-Lead	2.0	4,160	624		$0.00	$ 47.65	$ 242,802	$ 49.07	$ 250,079
Equipment Operator	3.0	6,240	936	$33.16	$253,475.04	$ 45.37	$ 346,831	$ 46.73	$ 357,227
Personal Day Adjustment							$ 14,059		$ 14,481
						True Up	$ -	True Up	$ -
						Total	$ 1,835,455	Total	$ 1,890,470
							$ -		$ -
Total	**20.0**	**74,880**	**12,480**		**$ 1,283,084**		**2.61%**		**3.00%**

MRF									
Direct Labor	**FTE**	**Reg Hrs**	**OT Hrs**	**Hourly Rate**	**Annual Cost**				
Scale Operator - Lead	2	4160	0	33.34	138694.4				
Equipment Operator-Lead	2.0	4,160	0		$0.00	$ 45.62	$ 189,771	$ 46.99	$ 195,459
Equipment Operator	7.0	14,560	1,456	$31.75	$531,622.00	$ 43.45	$ 727,456	$ 44.75	$ 749,260
MRF Mechanic	1.0	2,080	0	$33.36	$69,388.80	$ 45.65	$ 94,955	$ 47.02	$ 97,801
PM Technician	1.0	2,080	0	$28.80	$59,904.00	$ 39.16	$ 81,446	$ 40.33	$ 83,888
Utility²	1.0	2,080	0			$ 30.24	$ 62,909	$ 31.15	$ 64,795
Spotter²	1.0	2,080	0			$ 30.24	$ 62,909	$ 31.15	$ 64,795
Buyback Attendant	2.2	4,576	1,664	$22.20	$156,998.40	$ 30.38	$ 214,838	$ 31.29	$ 221,277
Personal Day Adjustment							$ 12,150		$ 12,514
						True Up	$ -	True Up	$ -
						Total	$ 1,446,435	Total	$ 1,489,789
							$ -		$ -
Total	**15.2**	**35,776**	**3,120**		**$ 1,048,544**		**2.61%**		**3.00%**

TRANSPORT									
Direct Labor		Reg Hrs	OT Hrs	Hourly Rate	Annual Cost				
Semi-Driver	20.0	41,600	6,344	$ 34.21	1,748,678	$ 45.37	$ 2,319,340	$ 46.73	$ 2,388,858
Mechanic	1.6	3,250	-	$ 33.36	108,407	$ 43.97	$ 142,872	$ 45.28	$ 147,154
PM Technician	-	-	-	$ 28.80	-	$ 38.78	$ -	$ 39.94	$ -
Personal Day Adjustment							$ 19,523		$ 20,109
							$ 2,481,735		$ 2,556,121
Total		**44,850**	**6,344**		**1,857,085**				

BENEFITS		/ month	/ hour	/ month	/ hour	/ month	/ hour
Plant & Transportation Operations	Medical	$1,361.00	$7.85	$ 2,175.63	$ 12.55	$ 2,240.84	$ 12.93
	RSP	$268.62	$1.55	$ 564.54	$ 3.26	$ 581.47	$ 3.35
	IP	$4.90	$0.03	$ 5.46	$ 0.03	$ 5.62	$ 0.03
	Peer-84	$667.33	$3.85	$ 1,139.24	$ 6.57	$ 1,173.39	$ 6.77
	Total TS & Recycling		**$ 13.28**		**$ 22.41**		**$ 23.08**
					$ -		$ -
					2.61%		**3.00%**

Total Teamster	$ 13.28	$ 22.41	$ 23.08
USE FOR TRANSFER STATION		2.6%	3.0%
Total Teamster	$ 13.09	$ 22.41	$ 23.08
USE FOR MRF		2.6%	3.0%

Notes

¹ In base rate for forward calculation purposes only

² Job Classifications (**not hours**) added due to grievance by Teamsters Local No. 350

SOUTH BAY RECYCLING, LLC

Compensation Adjustment Application for Rate Year 2020

K. Clerical CBA Wages & Benefits

BASE					Actual 2019 Rates		Actual 2020 Rates	
CLERICAL								
G&A Labor (2009)	Reg Hrs	OT Hrs	Hourly Rate	Annual Cost				
Accounting Clerk	2,080.00	390.00	$15.00	$39,975.00				
Admin Assistant	2,080.00	390.00	$16.88	$44,985.20				
Dispatcher	2,080.00	390.00	$13.13	$34,991.45				
	6,240.00	1,170.00						
G&A Labor (2011)								
Payroll Processor	2,080.00	125.00			$ 35.34	$ 80,144	$ 36.40	$ 82,546
A/P Coordinator	2,080.00	125.00			$ 28.61	$ 64,881	$ 29.47	$ 66,825
Admin Assistant	2,080.00	125.00			$ 28.07	$ 63,649	$ 28.91	$ 65,557
Dispatcher	2,080.00	125.00			$ 29.44	$ 66,755	$ 30.32	$ 68,756
Total Hours	**8,320.00**	**500.00**						
						$ -		$ -
					Total	**$ 275,429**	Total	**$ 283,684**
2009 Base Totals	**6,240.00**	**1,170.00**		**$119,951.65**		2.61%		3.0%

			2019		2020	
2009 BASE						
Transfer	33.33%	$ 39,984	33.33%	$ 91,810	33.33%	$ 94,561
MRF	33.33%	$ 39,984	33.33%	$ 91,810	33.33%	$ 94,561
Transportation	33.33%	$ 39,984	33.33%	$ 91,810	33.33%	$ 94,561

BENEFITS		/ month	/ hour	CPI Adjust	/ hour	CPI Adjust	/ hour
Clerical Unit	Medical	$ 1,139.00	$ 6.57	$ 2,122.22	$ 12.24	$ 2,185.83	$ 12.61
	Peer-84	$ -	$ -	$ 590.45	$ 3.41	$ 608.15	$ 3.51
	RSP	$ -	$ -	$ 526.41	$ 3.04	$ 542.18	$ 3.13
	IP	$ -	$ -	$ 5.56	$ 0.03	$ 5.73	$ 0.03
				True Up	$ -	True Up	$ -
		Total	**$ 6.57**	Total	**$ 18.72**	Total	**$ 19.28**
					$ -		$ -
					2.61%		3.0%

	Base	2019	2020
Total H&W, Pension / Hr	**$ 2.19**	**$ 6.24**	**$ 6.43**
USE FOR TRANSFER STATION		**2.61%**	**3.00%**
Total H&W, Pension / Hr	**$ 2.19**	**$ 6.24**	**$ 6.43**
USE FOR MRF		**2.61%**	**3.00%**
Total H&W, Pension / Hr	**$ 2.19**	**$ 6.24**	**$ 6.43**
USE FOR TRANSPORTATION		**2.61%**	**3.00%**

Total Wages + Benefits for G&A Group

	Base	2019	2020
Transfer Station	**$ 53,651.88**	**$ 143,723.93**	**$ 148,031.80**
MRF	**$ 53,651.88**	**$ 143,723.93**	**$ 148,031.80**
Transportation	**$ 53,651.88**	**$ 143,723.93**	**$ 148,031.80**

%	**2.61%**	**3.00%**

SOUTH BAY RECYCLING, LLC

Compensation Adjustment Application for Rate Year 2020

L. Vocational Rehabilitation Services Cost

	2019	2020	SBWMA Recommended Adjustment 2020
SEP Clients			
Regular Hours	50,496	50,496	50,496
Overtime Hours	6,312	6,312	6,312
Holidays	789	790	790
Production Supervisor			
Regular Hours	2,080	2,080	2,080
Overtime Hours	260	260	260
Bilingual Pay Hours	2,340	2,340	2,340
Holiday Hours	96	96	96
Utility Worker			
Regular Hours	2,080	2,080	2,080
Overtime Hours	260	260	260
Bilingual Pay Hours	2,340	2,340	2,340
Holiday Hours	96	96	96
Client Wages-Regular	$ 823,680.00	$ 859,372.80	$ 859,372.80
Client Wages-Overtime	$ 154,440.00	$ 161,132.40	$ 161,132.40
Client Wages-Holiday	$ 12,672.00	$ 13,221.12	$ 13,221.12
Client Seasonal-Regular	$ 9,600.00	$ 9,957.12	$ 9,957.12
Client Seasonal-Overtime	$ 1,800.00	$ 1,866.96	$ 1,866.96
Client Seasonal-Holiday	$ 358.40	$ 385.66	$ 385.66
Subtotal Clients	**$ 1,002,550.40**	**$ 1,045,936.06**	**$ 1,045,936.06**
Supervision	**$ 371,172.30**	**$ 399,645.65**	**$ 382,307.47**
Overhead Fee	$ 123,552.00	$ 123,552.00	$ 123,552.00
Regulatory Fee	$ 154,440.00	$ 154,440.00	$ 154,440.00
Administration Fee	**$ 277,992.00**	**$ 277,992.00**	**$ 277,992.00**
Total Program Expense	**$ 1,651,714.70**	**$ 1,723,573.70**	**$ 1,706,235.53**
Total Program Cost/Ton		$ 23.28	**$ 23.05**
SBR Profit Margin	7.70%	7.70%	7.70%
Total Program Expense	**$ 1,778,896.74**	**$ 1,856,288.88**	**$ 1,837,615.66**
Total Program Cost/Ton	**$ 24.03**	**$ 25.08**	**$ 24.83**

OUTH BAY RECYCLING, LLC
ompensation Adjustment Application for Rate Year 2020
ower Allocation Usage Worksheet

	April 2018 Actual				April 2019 Actual			
PG&E	KWH	Rate/KWH			KWH	Rate/KWH		
Customer Charge	30.00	$ 19.7125	$ 591.38		32.00	$ 19.7125	$ 630.80	
Max Part Peak	634.80	$ 0.1200	$ 76.18		615.60	$ 0.1300	$ 80.03	
Max Demand	634.80	$ 17.7400	$ 11,261.35		615.60	$ 18.3000	$ 11,265.48	
Partial Peak	79,338.00	$ 0.1100	$ 8,730.35		74,908.65	$ 0.1131	$ 8,470.67	
Off Peak	37,598.00	$ 0.0940	$ 3,534.59		34,198.80	$ 0.0967	$ 3,305.31	
Power Factor Adjustment			$ 58.47	0.242%			$ 43.65	0.184%
Generation Credit	116,936.00	$ (0.0820)	$ (9,588.32)		109,107.45	$ (0.0841)	$ (9,180.40)	
Power Charge Indifference Adjustment	116,936.00	$ 0.0210	$ 2,460.35		109,107.45	$ 0.0210	$ 2,295.62	
Energy Commission Tax			$ 71.33	0.417%			$ 68.74	0.406%
Generation Off Peak	37,598.70	$ 0.0458	$ 1,721.36		34,198.80	$ 0.0459	$ 1,570.07	
Generation Part Peak	79,338.00	$ 0.0610	$ 4,837.05		74,908.65	$ 0.0611	$ 4,579.91	
Energy Commission Surcharge			$ 33.91	0.52%			$ 32.73	0.53%
Total Bill	**469,044.30**	**$ 0.0507**	**$ 23,788.00**		**437,693.00**	**$ 0.0529**	**$ 23,162.61**	
ISH Solar								
Transfer Station (333)	37,041.00	$ 0.2269	$ 8,403.49		36,401.00	$ 0.2337	$ 8,506.19	
MRF (225)	56,224.00	$ 0.2269	$ 12,755.54		44,648.00	$ 0.2337	$ 10,433.34	
Total ISH Solar	**93,265.00**	**$ 0.2269**	**$ 21,159.03**		**81,049.00**	**$ 0.2337**	**$ 18,939.53**	
Blended	**562,309.30**	**$ 0.0799**	**44,947.03**		**518,742.00**	**$ 0.0812**	**42,102.14**	

April 2019 SBWMA Usage				
PG&E				
Customer Charge	30.00	$ 19.7125	591.38	
Max Part Peak	634.80	$ 0.1300	82.52	
Max Demand	634.80	$ 18.3000	11,616.84	
Partial Peak	79,338.00	$ 0.1131	8,971.54	
Off Peak	37,598.00	$ 0.0967	3,633.85	
Power Factor Adjustment			45.75	
Generation Credit	116,936.00	$ (0.0841)	(9,839.10)	
Power Charge Indifference Adjustment	116,936.00	$ 0.0210	2,460.33	
Energy Commission Tax			71.39	
Generation Off Peak	37,598.70	$ 0.0459	1,726.16	
Generation Part Peak	79,338.00	$ 0.0611	4,850.73	
Energy Commission Surcharge			35.00	
Total Bill	**469,044.30**	**$ 0.0517**	**$ 24,246.38**	**1.93%**
ISH Solar				
Transfer Sta	37,041.00	$ 0.2337	$ 8,655.75	
MRF	56,224.00	$ 0.2337	$ 13,138.42	
Total ISH Solar	**93,265.00**	**$ 0.2337**	**$ 21,794.16**	**3.00%**
Blended	**562,309.30**	**$ 0.0819**	**46,040.55**	**2.433%**

Rethink waste
South Bayside Waste Management Authority

A Public Agency

STUDY SESSION

MRF Phase I BHS Equipment Review

Agenda Item 7

A Public Agency

Agenda Item 7

MRF Phase I BHS Equipment Review

No Staff Report – Presentation only at the September 12, 2019 Board/TAC Study Session

Staff will give a presentation and review of this item at the meeting, there is no staff report.

A Public Agency

CONTRACTOR UPDATES

Agenda Item 8

Agenda Item 8

Contractor Updates:

●Recology

●SBR

No Staff Report: Discussion Item Only