



A Public Agency

# COLLECTION AND RECYCLING PROGRAM SUPPORT AND COMPLIANCE



## STAFF REPORT

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To: SBWMA Board Members  
From: Joe La Mariana, Executive Director  
Date: September 26, 2019 Board of Directors Meeting  
Subject: Discussion on the Buyback Center Operations and the Public Recycling Center

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### Recommendation

This staff report is for informational purposes only and has no action.

### Summary

The SBWMA-owned Shoreway public Buyback Center has operated as a community service for many years – this center allows people to redeem California Redemption Value (CRV) bottles and cans and receive back 5 cents per unit. The State's CRV program funds the CRV payments, by material type, to people who deliver these materials to redemption sites throughout the state. The CRV program is managed by CalRecycle, the same agency that oversees all solid waste program enforcement in California.

On August 5<sup>th</sup>, 2019, California's largest buyback operator (RePlanet, LLC.) unexpectedly ceased operations at 284 sites in the state, including a number in the SBWMA service area. This action resulted in an immediate and serious site overload for our facility which, despite the best efforts of South Bay Recycling (SBR), caused numerous negative impacts. Based on the crisis-level situation and, after extensive consultation with SBR and Recology senior management, SBWMA Chair, Jay Benton, SBWMA Attorney Jean Savaree, Lyngso's senior management, and my own personal site observations (including road rage incidents), I directed SBR General Manager, Dwight Herring, to temporarily cease the Shoreway Buyback operations, effective EOD August 16th (Hilary Gans was not part of this decision because he was out of town). This decision was made and communicated to SBR mid-day on Tuesday, August 13<sup>th</sup>. Shoreway Buyback customers were advised of this change in service throughout the remainder of the week.

Note that the Public Recycling Center's Free Dropoff Center remains open and is unaffected by this order (the Dropoff Center continues to operate as a public service for customers wanting to recycle household items though does not pay customers for the CRV or scrap value. The Dropoff Center hours are Monday through Saturday, 8:30–4:00 and receives all recyclable materials and universal waste).

SBR has provided a situational chronology for Board review (**Attachment A**). Shoreway's adjacent neighbor to the south, Lyngso Building Materials, provided a letter describing the negative impacts of this situation on their business (**Attachment B**).

### Analysis

In 2018, the Shoreway Buyback Center redeemed 755 tons of material. Although this undoubtedly an important revenue source for those who receive these funds, this material represents a fraction (.0015%) of the total materials received on the site during 2018 through the SBWMA's entire franchise public gate operations (472,716 tons). This is an elective service as there is no legal requirement/mandate for the SBWMA to provide this service.

As a certified California Buyback Center, SBWMA's contracting partner SBR provides Buyback services per our Operating Agreement every Monday thru Saturday, from 8:30am to 4pm. This operation is located within the Public Recycling Center (PRC) at the front of the Shoreway facility site, immediately adjacent to Shoreway Road. The PRC is a no-charge "drop and go" facility.

During the August 5<sup>th</sup> thru 16<sup>th</sup> Buyback Center crisis, the following negative impacts were realized at our facility:

- Non-stop traffic jams backed up to almost Holly street (around a dangerous, blind hairpin turn)
- Serious disruptions to Recology's/SBR's collection and long-haul vehicle access to the site (600+ inbound/outbound trips/day)
- Blockages of our neighbor, Lyngso Building Materials' in/out gates which negatively impacted their business.
- Four SBR employees were redeployed during this period from other priority site operational assignments to help manage traffic impacts and to expedite buyback transactions. One redeployed position left a critical MRF battery load-checking assignment vacant for the entire 10 days of this situation.
- Numerous reports of very bad driver behavior, including dangerous lane jumping and road rage incidents.
- Possible non-compliance of the SBWMA facility's Conditional Use Permit (CUP) traffic requirements. The Shoreway facility operates under the terms of the CUP as issued by the City of San Carlos.
- Due to the severe system overload, Shoreway buyback transactions were severely delayed which created an extremely poor experience for our customers.

CalRecycle Staff are discussing structural improvements to the CRV program, but long term solutions appear to be years away. In the meantime, on September 10<sup>th</sup>, the SBWMA Executive Committee directed staff to present this topic as a discussion item to the Board today to seek direction on whether or not to reactivate the Shoreway Buyback Center operations. There are two remaining public Buyback Centers still operating on the Bay side of the County—ZARN Recycling (SSF); Blueline Transfer Station (SSF/Oyster Point).

SBR estimates that, to staff the Buyback Center to service the August 5<sup>th</sup> thru 16<sup>th</sup> transaction levels, the staffing would need to double with a net annual cost of about \$1M. This cost would be passed through to our ratepayers. Based on their extensive facility operational expertise, SBR management strongly advised the Agency that, while this increased level of staffing will improve the Buyback situation, a negative vehicle queue onto Shoreway road is still predicted due to limitations of the Shoreway facility traffic flow.

It appears that the most favorable option regarding the Shoreway's Buyback Center operations is for it to remain closed. If the Board concurs with this Staff recommendation, Staff further recommends that the existing Buyback Center staff be reassigned within SBR's operation to meet ever-increasing production goals. These 1.6FTE positions will provide critical site operations and material handling/processing capacity

### **Fiscal Impact**

None. The current Shoreway Buyback Center operations are included in the adopted FY19/20 budget. SBR estimates an unbudgeted additional \$1M annually to double the Buyback Center and PRC staff to accommodate the transaction levels observed from August 5<sup>th</sup> thru 16<sup>th</sup>.

### **Attachments:**

Attachment A – SBR General Manager, Dwight Herring's August 28, 2019 letter

Attachment B—Lyngso Building Supply, September 4, 2019 letter

Mr. Joe La Mariana  
Executive Director  
South Bayside Waste Management Authority  
610 Elm Street Suite 202  
San Carlos, CA 94070

August 29, 2019

**Re: Update on Closure of Buyback Portion of the Public Recycling Center**

Dear Mr. La Mariana:

Per your request, below are the chronological events that took place at the Shoreway Public Recycling Center starting on Monday, August 5, 2019, that were directly related to the closure of rePlanet, LLC.

**8/5 Terry Lyngso wrote to Hilary:**

*Traffic is blocking all our driveways, this has been going since 11. There is someone directing traffic but maybe he isn't doing it correctly? Usually when your staff directs traffic it clears up quickly. We have tried calling but no one is answering. Thanks for any help you can provide!*

**8/5 Hilary wrote to Dwight:**

*Dwight - you are preparing a written plan for the management of the traffic stacking and self-haul traffic. Please let me know when I can expect your response so that we can meet with Terry.*

**8/5 Dwight wrote to Hilary:**

*I just sent out an email regarding this. The backup is nearly 100% PRC related. A buyback in Redwood City closed over the weekend and we are getting these customers. The PRC has been operating under the new configuration since Friday, which has provided much more vehicle que space for buyback. However, we are receiving much more traffic than usual. If this continues we would need to add a second set of scales/touchscreen and PRC Attendants to handle this increase. I am working on a trend analysis right now and will let you know the results.*

**8/5 Dan Domonoske wrote to Joe, Hilary & Dwight:**

*The PRC buyback volumes will change due to closure of rePlanet Recycling Centers, most of which operate in grocery store parking lots. They were open on Saturday, but as of Sunday many simply did not open for business. I understand none of them have opened today. There are lots of rumors out there, and at this time it is becoming increasingly clear that those rePlanet sites will not be opening any time soon. I will update you later this afternoon, but for now we can plan on a LOT more CRV buyback coming into the site.*

**8/5 Dwight wrote to Joe, Hilary, Mario, Dan & Terry Lyngso:**

*We are experiencing much heavier traffic into our Public Recycling Center. Over the weekend, at least one buyback center in Redwood City permanently closed, and we are receiving this traffic. I have spoken with Lyngso regarding this, and we do have employees working traffic control; however, we can only process so many vehicles at a time in PRC, the majority being buyback customers, and our permit does not allow us to turn customers away.*

**Terry Lyngso wrote to Dwight, Hilary Joe, Mario, Dan James Kolter, Peihui Zhang, Steve Kreidler, Thomas Gordon & Victor Thomas:**

*Thank you Dwight, that explains the increase in traffic back up. This is going to be a challenge for both of us. If this continues it will very likely have an impact our business. Are there other ways to manage the traffic? If this is the new normal we need to find a better solution.*

**8/5 Terry Lyngso wrote to Dwight & Hilary:**

*We are going to need to do something to manage traffic if this is the new normal. Our exit lanes need to be able to make a left turn onto Shoreway. Recology trucks need to stop moving in to the oncoming traffic lane, this is going to create an accident and makes it even harder for us to exit our business. How can we work together to manage this?*

**8/5 Dan wrote to Dwight, Joe & Hilary:**

*rePlanet may be filing for bankruptcy today. I do not think their Convenience Zone (CZ) Recycling Centers will re-open. They have not said anything publicly yet. Here is a link which shows the nearby RCs in the area: 3 are in Redwood City, one in San Mateo, and another in Palo Alto. Attached is the info I just texted which shows the locations. There are only two other RCs in the area: J&D Recycling on 1015 N Amphlett Blvd in San Mateo, and Noori Recycling on 1438 E 3rd Ave in San Mateo. Neither one is going to be much help in absorbing the flow of public looking to get their nickels back: J&D Recycling is closed Sunday and Wednesday. Mon Tues Thurs n Fri they are only open 9am – noon and 1pm – 5pm. Saturday is 8am til noon and 1pm til 6pm Noori Recycling hours are unknown, they do not answer the phone nor post info online – I don't even know if they are open at all. rePlanet also had sites in Mountainview (2) and Sunnyvale (1). I hope those customers are going to Bay Counties Waste (301 Carl Rd) or Mountain View Recycling (935 Terra Bella). It sure would be nice if folks reduced their carbon footprint and just put those bottles and cans in the curbside where they belong. Based on the green n groovy feeling amongst many of the public up there, I think the buyback CRV volumes you are seeing today are going to continue and perhaps be worse on Wednesday (when J&D is closed). CalRecycle requires that we be open during posted hours (on file w CalRecycle) and we MUST purchase from the public (we are not allowed to turn them away).*

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In the late morning of Monday, August 5<sup>th</sup>, we were notified that vehicles were stacked on Shoreway Road trying to enter the Buyback. SBR took the following actions:

1. Moved one employee from attending to customers at the buyback area to staff the Cashier office to expedite transactions;
2. Reassigned a Transfer Station employee to dump 32-gallon totes of recyclables into a 6-yard container, so our two (2) Buyback Attendants were not pulled away from assisting customers;
3. Called in three (3) employees from their day off to conduct traffic control, to prevent vehicles from blocking driveways of neighboring businesses, and to direct vehicles into the Facility; and
4. Reassigned a Transfer Station employee to assist customers at the Drop-Off portion of the Public Recycling Center.

We normally have three employees working in the Public Recycling Center Monday through Friday, and four employees on Saturday, our largest volume day of the week. On Monday, we added five (5) employees to manage the traffic flow into the Public Recycling Center.

Over the next twelve (12) days, SBR experienced an unprecedented increase in the number of customers and transactions processed in the Buyback. Jim Miller of JR Miller and Associates, a recognized expert in the field of solid waste facility design, confirmed that the PRC was designed based on prevailing vehicle counts from 11-13 years ago, and not the surge in traffic we experienced during this period.

It was fortuitous that the MRF glass load-out system and Public Recycling Center retrofit were completed only a few days prior to rePlanet's closure. The PRCs retrofit increased the traffic que for Buyback customers from three (3) vehicles to ten (10) vehicles, and by creating a second lane, we were able to que as many as 20 vehicles. To reduce the impact of northbound traffic into the Facility, SBR directed its Tractor-Trailers and Third-Party Commodity Shippers to enter the Facility from the north. However, none of these steps were affective in alleviating the stacking of vehicles on Shoreway Road.

During peak periods, vehicles were lined up as far south as the Public Storage Facility, and as far north as Recology. These lines were adversely affecting neighboring businesses (Lyngso Garden Materials and Public Storage), not to mention our customers some of whom were waiting over two (2) hours to redeem their CRV containers, and it quickly became apparent that the situation was untenable. The stacking of vehicles along Shoreway Road placed the public, employees, and vendors at risk when arriving or departing the site. In SBR's opinion, it was inevitable there would be an accident.

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**8/7 Dan wrote to Dwight, Mario, Joe, & Hilary:**

*Per email below, the only CRV recycling buyback center w/in MANY miles of SBR is closed Wednesday. Shoreway Public Recycling Center and CRV buyback was designed for normal material flows, but what happened this week is unprecedented. It happened w/o any notice. rePlanet will not be re-opening anytime soon. Options to consider include: cut hours of operations, cut days per week, review site layout and traffic flow to get folks off the street, what else????????????*

**8/7 Hilary wrote to Dwight, Mario, Dan, Joe & Mike Kelly:**

*I agree Dan, this PRC customer volume was not envisioned or designed for in the Master Plan improvements. This presents a challenge for all and the SBR team and I have been working on solutions today. We are lucky in the timing of the glass load-out and PRC retrofits and that these were completed prior to the RePlanet closure - these improvements are actually preventing a traffic crisis. We have developed a plan to adjust staff, customer processing, and scale transactions that should help solve this problem. The team will need a week or so to implement; afterwards, we can assess the remodeled PRCs capacity.*

**8/7 Joe wrote to Dwight, Mario, Dan, Joe & Mike Kelly:**

*The good news here is that we've got the "A" team on this! I was caught in the traffic line on Monday and, in Hilary's absence, personally called our grossly affected neighbor—Terry Lyngso—to assure her that we're doing a situational assessment and working on a viable solution. I look forward to seeing the new plan. Rather than reducing hours or days, can we expand hours to align with the TS hours (6am-6pm) to bleed off the traffic flow. Yes, I realize that presents a staff shift coverage change (= \$\$).*

Talk soon on the topic.

**8/8 Dan wrote to Dwight, Mario, Dan, Joe & Mike Kelly:**

*SBR will continue to do our best to respond to changes and deliver required services. Dwight will be providing SBWMA with the plan for review and approval (or modification depending on SBWMA feedback). I have been unable to determine if Noori in RWC is open or not. They do not answer the phone. I assume they are not open, and based on that performed a simple review of local CRV buyback capacity. It appears that 77% of the CRV buyback capacity has vanished. If one were to assume that JD Recycling had the same capacity as SBR, then the math says SBR regional capacity quadrupled from 13% to 55%. However, based on my limited knowledge of JD Recycling, they do not have the space, equipment, personnel, or interest in handling a LOT of CRV. We embrace the idea of expanding our service to meet the Agency needs.*

**On 8/8, SBR submitted the following plan to the SBWMA for review and approval (Paraphrased):**

*On Monday, it was apparent we needed to take immediate action to expedite customer processing, and we have instituted the following changes in PRC:*

1. *Added two (2) employees to direct traffic into the Facility;*
2. *Added a Cashier who is solely tasked with transaction redemption;*
3. *Added a "Runner" to assist customers with their containers and dump full containers following transactions.*

*The labor expense for the above changes is approximately \$35K per month and we would propose a **Not to Exceed** of \$38K. See "New PRC Interim Staffing" on the attached worksheet. We have already added this additional labor, however, if approved, we would pass through this expense effective Monday, August 12, 2019. We are requesting the agency immediately direct SBR to continue to provide these services until a more permanent solution is approved.*

*I have been working with my team and Hilary, and we have developed the following plan to adjust staffing, and add equipment that will expedite customer processing. This plan is as follows:*

**Equipment**

1. *Purchase and install two (2) additional floor scales and indicators;*
2. *Purchase and install an additional touchscreen;*
3. *Purchase and install backboards to attach the scale indicators and touch screen;*
4. *Install the necessary scale software and cabling from the Server Room to the touchscreen;*

**Staffing**

- a. *2 - Traffic Spotters*
- b. *2 – PRC Attendants (operate the second set of scales)*
- c. *1 – Cashier*
6. *Add an additional employee who would be responsible for covering meal periods and breaks for primary personnel. This would allow for continuity of operations.*



*We are requesting the SBWMA immediately review, approve and direct SBR to execute this plan. We will continually assess and report back its effectiveness. If we are unable to eliminate the stacking of vehicles, we can discuss more drastic steps.*

*I appreciate your consideration and respectfully request an expeditious response in this very urgent matter.*

**8/9 Hilary wrote to Joe, Mario, Dan & Dwight:**

*Dwight - Thank you for putting this proposed plan and options on paper and providing the supporting cost information – all the while dealing with the problem on the ground. I see that all these items can be implemented quickly except for staffing. Given the lengthy hiring process and conflict that temp workers might pose with union, I suggested that SBR seek staffing support from within the Recology organization until the new hires can be onboarded. What staffing resources can Recology offer to cover this urgent need?*

**8/9 Dwight wrote to Hilary, Joe, Mario & Dan:**

*Hilary, I reached out to Recology, and as much as they would like to assist us, they do not have the ability to provide SBR with staffing support. Union/Non-Union as well as other factors, such as their Mountain View RC experiencing the same issues as SBR due to the RePlanet closure, prohibits their ability to provide SBR with additional staffing. If I receive the greenlight from Joe on our proposed staffing plan, I will immediately execute and contact the Union to see if I can expedite this process since it benefits them as well.*

**8/9 Joe wrote to Dwight & Hilary:**

*Hi Guys, I've got a call with our Board Chair, Jay, today (Friday) at 4pm to discuss our approach moving forward. Can you forward the source law(s) and/or regs that we operate the buyback operations under? I remember it being AB 2020 although it's been a very long time since I've needed to think about it. I need to read the source docs/regs. Many thanks for dealing with this incredible hassle—especially you Dwight!!*

**8/9 Joe wrote to**

*Hi Dwight, through market actions that were no fault of yours or ours, this week has been extremely challenging. We genuinely thank each of you for the extraordinary effort that you've displayed while responding to the unfortunate and completely unexpected overload to our Public Recycling Center (PRC) system. After extensive discussions with our internal team, our agency Chair and agency legal team, I need to advise you that the SBWMA will not take on unbudgeted expenses relating to this situation. We're open to your suggestions of how to best address this situation within the parameters of the current Operating Agreement language and the AB2020 facility operations program requirements, while maintaining the production/service standards indicated in our Operating Agreement. Options that are open for consideration include closing the PRC temporary (outright) or significantly reducing PRC hours/days to allow the hardworking SBR team to focus on its core responsibilities of handling, processing and transporting almost ½ million tons of waste materials each year. We welcome your thoughts and recommendations. Dwight, in Hilary's absence and knowing that I'm out next week, I'm available to talk/meet tonight, tomorrow or (by phone) from Sunday through next Sunday to approve a*

*plan that meets these parameters. Please do not proceed with any significant changes to our normal operating practices without formal written approval from our agency. Again, many thanks for dealing with this unwelcome situation with the highest-level of responsiveness and professionalism that we've come to count on from the SBR team during the past nine years.*

**8/13 SBR submitted the following letter in response:**

*Dear Mr. La Mariana:*

*With the advent of rePlanet's closure, the Public Recycling Center (PRC) is experiencing an unprecedented increase in the number of customers (and volumes) seeking redemption of their CRV containers in the Buyback (BB) area. Jim Miller of JR Miller and Associates, a recognized expert in the field of solid waste facility design, has confirmed that the PRC was designed based on prevailing vehicle counts from 11-13 years ago, and not the surge in traffic which we began experiencing last week.*

*It was fortuitous that the MRF glass load-out system and Public Recycling Center retrofit were completed prior to rePlanet's closure. However, though the updated layout allows for a few more vehicles to que in the BB section of the PRC, we cannot safely or expeditiously accommodate the unexpected increase in customers bringing their CRV containers into the PRC. During peak periods, vehicles are lining up along Shoreway Road at times well past Public Storage to the south, and past Recology to the north.*

*Long lines to the south are adversely affecting our neighbor Lyngso. I have communicated with them regarding the situation, and while they are understanding, their patience will only last so long. SBR employees are directing traffic on Shoreway Road, however, customers become frustrated after waiting in line for long periods of time, and some refuse to follow instructions, blocking the entrance and exits to Lyngso's business and creating other traffic hazards.*

*The current situation at the Public Recycling Center is untenable. Long lines along Shoreway Road places the driving public, pedestrians, cyclists, our customers, employees, vendors, Recology's employees, and vendors, and the SBWMAs employees at risk when arriving at or departing the site. There is little doubt that these factors are a recipe for the inevitable accident.*

*If the Authority elects to direct South Bay Recycling, LLC to suspend the purchasing of California Redemption Value (CRV) containers at the BB, then SBR would continue to receive and accept Drop-Off (DO) materials from the public within the PRC.*

*Please advise on how you would like for us to proceed.*

**8/13 SBWMAs response was as follows:**

*Hi Dwight,*

*Many thanks again for the extraordinary effort that you and your staff have provided our agency during this unfortunate situation over the past week due to the unforeseen closure of the 284 RePlanet Buyback centers throughout the state. Through absolutely no fault of your company's or our agency, the overload*

*traffic and related impacts to our faculty have been unacceptable and, if left unaddressed, jeopardize our site's conditional use permit and our excellent relationships with our neighbors.*

*Having consulted internally with our agency's Senior Facilities & Contract Manager, Hilary Gans, Board Chair Jay Benton and our Agency Counsel on this topic, I authorize the immediate temporary closure of the Shoreway Facility Buyback Center. I will seek long term direction on this decision from the Board at our September 26th meeting. By then, we ought to have a better grasp on the market situation and potential related costs involved in the possible deactivation of this service.*

*We expect the Public Buyback Center free drop off operations to continue to be offered to the public uninterrupted. I'm also making this decision based on our discussion that there is no economic harm to the agency or your company, nor will it involve the agency being out of compliance with any AB2020 (the Buyback Bill) regulations or program requirements.*

*Again, many thanks for your professional handling of this unexpected crisis. As always, and in Hilary's absence, I'm readily available to discuss this situation as needed.*

Following this directive, SBR notified submitted the appropriate documents to CalRecycle to decertify SBRs Recycling Center (RC) permit. If the SBWMA directs SBR to reopen the Buyback portion of the PRC, SBR can reapply for a RC Permit. This process takes approximately three (3) months.

On 8/13, SBR posted signage along Shoreway Road and inside the PRC notifying customers that the Buyback portion of the PRC would be closing on Friday, August 16<sup>th</sup> at 4:00 pm, but the Drop-Off would remain open.

Since the closure of the Buyback, SBR has been encouraging customers to place their CRV cans/bottles in their blue cart. SBRs Collection Program (CP) Permit remains in good standing, which permits us to accept donations of recyclable cans/bottles from the public.

**Joe: please feel free to edit this document as you deem appropriate.**

Dwight



September 4, 2019

Rethink Waste  
Joe La Mariana  
610 Elm St, Suite 202  
San Carlos, CA 94070

Re: Traffic on Shoreway

Hi Joe,

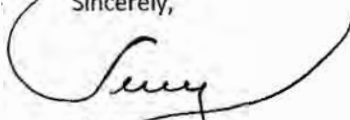
Thank you so much for your quick response to the massive traffic congestion on Shoreway Rd due to the closure of the rePlanet stores. While we at Lyngso Garden Materials understand the importance of the buy-back program, directing so much traffic to one facility is more than can be managed safely. It was apparent your team was doing all they could to manage the traffic however conditions were still dangerous. In addition to your two full time staff, one of our staff helped with traffic periodically. It was a really tough and dangerous situation. Our staff noticed on multiple occasions, cars and large trucks cutting in to oncoming traffic lanes to avoid waiting in line.

Our business was impacted due to the wait to get into our facility. It was not unusual during heavy traffic to take 20 minutes to get from the stop light at Holly to our entrance driveway. We have been able to deal with the occasional back-ups going into the Shoreway Environmental facility in the past, but to be faced with this amount of traffic on a daily basis is a cause for great concern. Our customers expect to get in and out fast, therefore, we have set up our yard to accommodate quick loading and payment transaction. If it takes an extra 15-20 minutes or more to do business with us we are likely to lose that business to another vendor.

It appears to us that directing all the buy-back traffic to the Shoreway Environmental facility was beyond the facility's, and Shoreway Roads capacity to accommodate in a timely and safe manner.

Thank you for hearing concerns from our perspective. We hope there is a solution that works for all parties.

Sincerely,



Theresa Lyngso  
President

LYNGSO GARDIN MATERIALS, INC. 345 Shoreway Road, San Carlos, CA 94070-2708  
TEL 650 364 1730 FAX 650 517 1977

## STAFF REPORT

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To: SBWMA Board Members  
From: Joe La Mariana, Executive Director  
John Mangini, Senior Finance Manager  
Date: September 26, 2019 Board of Directors Meeting  
Subject: Resolution Approving the Recology San Mateo County 2020 Compensation Application at the Final SBWMA Report

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### Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2019-51 attached hereto authorizing the following actions:

1. Approve the SBWMA Final Report Reviewing the 2020 Recology San Mateo County (Recology) Compensation Application (**Exhibit A** - Final Report) which delineates the recommended base Total Contractor's Compensation due to Recology for 2020 of \$59,521,224.

### 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. In addition, Member Agencies and the Technical Advisory Committee (TAC) members have also had a chance to review it. 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. **Each Member Agency is 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. Interest due to Recology may be avoided if a Member Agency notifies Recology by July 31 of each year of their intent to pay the shortfall.

The Member Agencies were requested to submit comments on the Draft Report back to the SBWMA by August 26. The Draft Report was reviewed by the Board and TAC at its September 12<sup>th</sup> meeting. The Final Report (**Exhibit A**) is being 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 \$1,552,049 (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.

NOTE: This year's addition of a SBWMA staff Management Analyst has directly resulted in \$20k review process savings that the agency has historically spent on temporary accounting support. This savings is anticipated to be realized moving forward in future annual compensation application review projects.

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%
<b>Total Contractor's Compensation</b>	<b>\$57,969,175</b>	<b>\$59,521,224</b>	<b>\$1,552,049</b>	<b>2.7%</b>

The adjustments to compensation for 2020 represent an increase in the total net compensation of 2.7% or \$1,552,049 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 B**) which establishes the final Revenue Requirement that will be used as the basis for calculating possible rate adjustments for 2020. 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 calculation 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 may 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 D) in conjunction with their 2020 Total Rate Adjustment Percentage (Exhibit A, Table 8, row F.3) when setting their jurisdiction'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 D** 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 D**, 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 D**.

### ***Total Collection Rate Adjustment***

The total rate adjustment is provided in **Table 8 (Exhibit B)**. 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 calculated 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:**

**Exhibit A** – [SBWMA Draft Report Reviewing the 2020 Recology San Mateo County Compensation Application \(Available online only at \[www.rethinkwaste.org\]\(http://www.rethinkwaste.org\)\)](#)

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

**Exhibit C** – Member Agency Refunds from Recology for Surpluses and Payments to Recology for Shortfalls

**Exhibit D** – Recology’s 2021 Compensation Projections





# RESOLUTION NO. 2017-51

## RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS APPROVING THE RECOLOGY SAN MATEO COUNTY 2020 COMPENSATION APPLICATION AT THE FINAL SBWMA REPORT

**WHEREAS**, On February 28, 2013, the South Bayside Waste Management Authority (SBWMA) Board of Directors approved modifications to the schedule prescribed in the Member Agencies Franchise Agreements for Collection of Recyclable Materials, Organic Materials and Solid Waste with Recology San Mateo County (Recology) specifying that the SBWMA Board of Directors' was required to submit comments, questions and concerns on the Draft Report to the SBWMA by August 30 each year; and,

**WHEREAS**, The SBWMA prepared and issued to the SBWMA Board of Directors on August 9, 2019 the SBWMA Draft Report Reviewing the 2020 Recology Compensation Application (Report); and,

**WHEREAS**, The Draft Report issued by the SBWMA on August 9, 2019 was updated based on feedback from Member Agencies and the SBWMA subsequently issued the Final Report (**Exhibit A**) to the Board of Directors on September 19, 2019; and,

**WHEREAS**, The Final Report recommends a 2.7% increase in the total contractor's compensation when compared to the 2019 compensation approved by the SBWMA Board of Director's on September 27, 2018 per Resolution No. 2019-31. The total 2020 Recology contractor's compensation is \$59,521,224.

**NOW, THEREFORE BE IT RESOLVED** that the South Bayside Waste Management Authority hereby approves:

1. The SBWMA Final Report Reviewing the 2020 Recology San Mateo County Compensation Application.

**PASSED AND ADOPTED** by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 26th day of September, 2019, by the following vote:

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
Atherton					Menlo Park				
Belmont					Redwood City				
Burlingame					San Carlos				
East Palo Alto					San Mateo				
Foster City					County of San Mateo				
Hillsborough					West Bay Sanitary Dist.				

I HEREBY CERTIFY that the foregoing Resolution No. 2019-51 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on September 26, 2019.

ATTEST:

\_\_\_\_\_  
Cyndi Urman, Board Secretary

\_\_\_\_\_  
Jess E (Jay) Benton, Chairperson of SBWMA

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	
<b>A. 2020 RATE YEAR</b>									
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%
<i>See Appendix D - Rate Variance Analysis for detail.</i>									
<b>B. 2018 Final Surplus/(Shortfall)</b>									
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%
<b>C. 2020 REQUIRED REVENUE ADJUSTMENT</b>									
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%
<b>D. 2019 Estimated Surplus/(Shortfall)</b>									
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%
<b>E. Adjustments</b>									
E.1	Miscellaneous Adjustment/Payment	\$3,321,956		\$3,321,956					
<b>F. TOTAL RATE IMPACT</b>									
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%

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
<b>A. 2020 RATE YEAR</b>							
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%
<i>See Appendix D - Rate Variance Analysis for detail.</i>							
<b>B. 2018 Final Surplus/(Shortfall)</b>							
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%
<b>C. 2020 REQUIRED REVENUE ADJUSTMENT</b>							
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%
<b>D. 2019 Estimated Surplus/(Shortfall)</b>							
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%
<b>E. Adjustments</b>							
E.1	Miscellaneous Adjustment/Payment						
<b>F. TOTAL RATE IMPACT</b>							
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%

**Refunds from Recology to Member Agencies**

<b>Member Agency</b>	<b>2013</b>	<b>Rate Year</b>						<b>Total</b>
		<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	
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**

<b>Member Agency</b>	<b>2013</b>	<b>Rate Year</b>						<b>Total</b>
		<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	
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 <i>Negotiated</i>	Estimated 2021 Fuel Index Adjustment *	Estimated 2021 Service Level Adjustment *	Total 2021 Estimated Compensation
<b>Atherton **</b>	\$1,415,554	\$1,593,158	\$17,718	\$1,699	\$1,612,575
% Increase		12.5%	1.1%	0.1%	13.9%
<b>Belmont</b>	\$3,814,813	\$4,105,137	\$41,905	\$86,906	\$4,233,948
% Increase		7.6%	1.0%	2.1%	11.0%
<b>Burlingame</b>	\$5,742,257	\$6,286,129	\$60,789	\$87,479	\$6,434,396
% Increase		9.5%	1.0%	1.4%	12.1%
<b>East Palo Alto</b>	\$2,602,716	\$2,726,530	\$27,477	\$27,727	\$2,781,734
% Increase		4.8%	1.0%	1.0%	6.9%
<b>Foster City</b>	\$3,671,314	\$3,907,631	\$38,698	\$5,689	\$3,952,017
% Increase		6.4%	1.0%	0.1%	7.6%
<b>Hillsborough</b>	\$2,102,591	\$2,021,219	\$22,581	\$7,484	\$2,051,284
% Increase		-3.9%	1.1%	0.4%	-2.4%
<b>Menlo Park</b>	\$6,293,486	\$6,608,325	\$71,907	\$246,803	\$6,927,035
% Increase		5.0%	1.1%	3.7%	10.1%
<b>North Fair Oaks</b>	\$1,690,610	\$1,977,205	\$20,097	\$17,532	\$2,014,833
% Increase		17.0%	1.0%	0.9%	19.2%
<b>Redwood City</b>	\$10,523,847	\$11,458,072	\$114,502	\$136,295	\$11,708,869
% Increase		8.9%	1.0%	1.2%	11.3%
<b>San Carlos</b>	\$5,219,461	\$5,766,877	\$59,612	\$95,174	\$5,921,663
% Increase		10.5%	1.0%	1.7%	13.5%
<b>San Mateo</b>	\$13,212,194	\$14,255,139	\$141,905	\$238,453	\$14,635,497
% Increase		7.9%	1.0%	1.7%	10.8%
<b>West Bay</b>	\$1,028,762	\$1,083,844	\$11,501	\$12,690	\$1,108,035
% Increase		5.4%	1.1%	1.2%	7.7%
<b>County Franchise</b>	\$2,310,910	\$2,436,377	\$24,904	\$17,962	\$2,479,243
% Increase		5.4%	1.0%	0.7%	7.3%
<b>SBWMA Total</b>	<b>\$59,628,514</b>	<b>\$64,225,644</b>	<b>\$653,593</b>	<b>\$981,893</b>	<b>\$65,861,129</b>
% Increase		<b>7.7%</b>	<b>1.0%</b>	<b>1.5%</b>	<b>10.5%</b>

\* % Increase from Negotiated 2021 Base Compensation

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