

2022 Recology San Mateo County Compensation Adjustment Application



A Public Agency

BOARD/TAC Study Session
September 9, 2021



Recology Compensation Adjustment Application

Table 1

Total Contractor's Compensation	Recology Compensation			
	2021 Cost	2022 Cost	Change	%
Base Compensation	\$63,899,252	\$65,004,781	\$1,105,529	1.7%
Incentives / Disincentives	\$157,678	\$49,971	\$ (107,707)	-68.3%
Total Contractor's Compensation	\$64,056,930	\$65,054,752	\$ 997,822	1.6%
<i>- Table excludes Recology's request for COVID-19 expense reimbursement</i>				
<i>- Table includes a compensation amount for Belmont as a placeholder (compensation is not yet determined)</i>				
<i>- Table excludes SB1383 estimated compensation</i>				

Contractor's compensation increase is primarily due to:

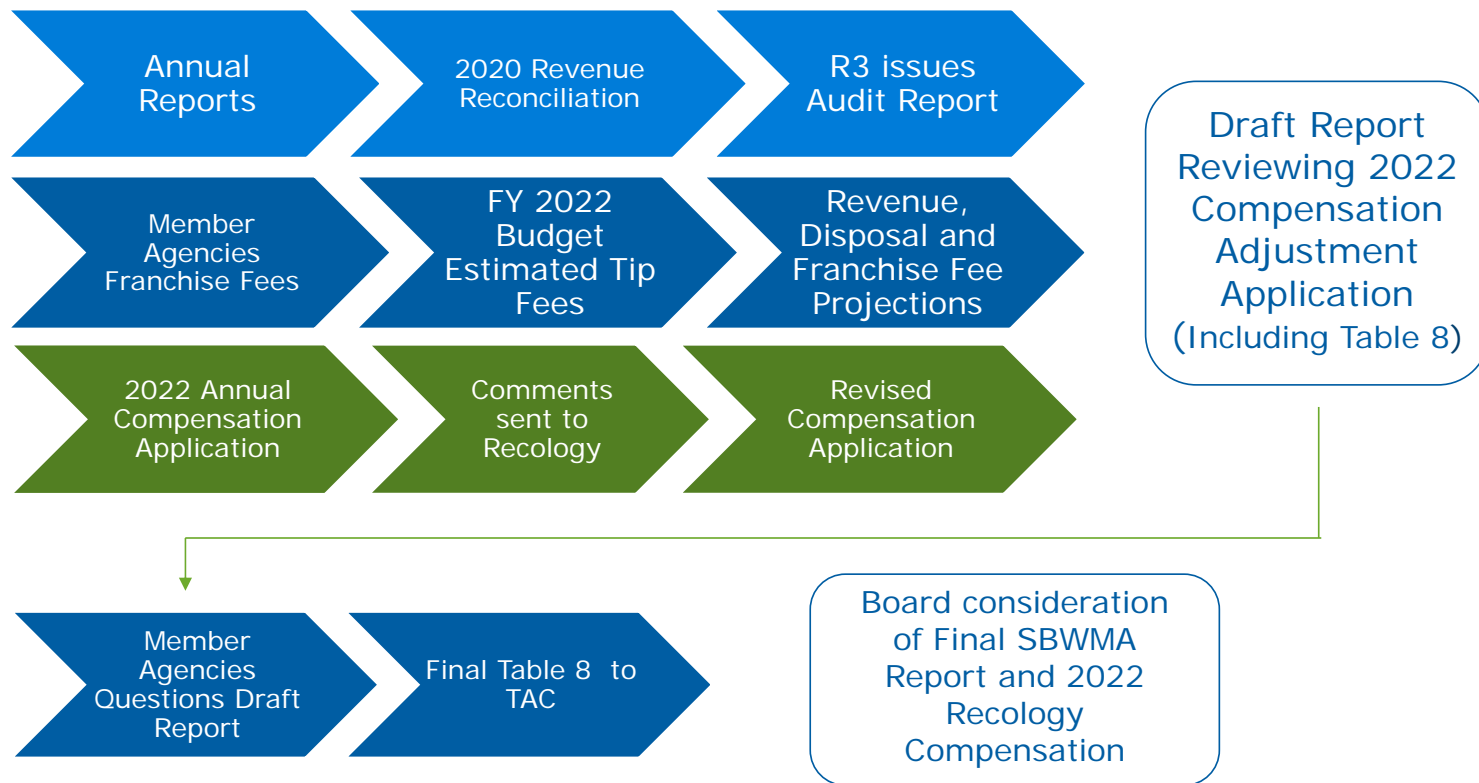
- **Commencement of Amendment 1 (Fourth Bulky Item Collection Route) = +1.0% vs. LY**
- **Index Adjustment = +1.0%**
- **Service Level Adjustment = -0.3%**
- **Incentive / Disincentive = -\$108K**



Timeline in Completing SBWMA Final Report

2021 Schedule to Approve Contractor 2022 Compensation	
Date	Action
15-Feb	Annual Reports issued by Recology and SBR
31-Mar	2020 Revenue Reconciliation issued by Recology
15-Jun	2022 Annual Compensation Application submitted by Recology
17-Jun	Third Party Audit Report of Recology and SBR Annual Reports issued
24-Jun	Board Approved FY2022 Budget Projections including estimated tip fees
28-Jun	Letters to all Member Agencies requesting 2022 estimated franchise fees
29-Jun	Comments sent to Recology from Member Agencies and SBWMA
1-Jul	2022 Annual Compensation Application submitted by SBR
16-Jul	Revised 2022 Annual Compensation Application submitted by Recology
16-Jul	2022 SB1383 Related Compensation Adjustment Application submitted by Recology to SBWMA
27-Jul	Revenue, Disposal and Franchise Fee Projections issued by SBWMA
10-Aug	Draft Report reviewing Recology's 2022 Compensation Adjustment Application submitted by SBWMA
17-Aug	Draft Report reviewing SBR's 2022 Compensation Adjustment Application submitted by SBWMA
9-Sep	SBWMA TAC Meeting: Staff Update and Discussion
23-Sep	SBWMA Final Report (SBR and Recology Comp and Recommended Collection Rate Adj.)
30-Sep	SBWMA Board Meeting: Final Report (SBR and Recology Comp and Recommended Collection Rate Adj.)

Process Followed in Completing SBWMA Final Report



Recology Compensation Adjustment Application – Table 8

SBWMA								
TOTAL COLLECTION RATE ADJUSTMENT BY MEMBER AGENCY								
<i>as of 08/10/2021</i>								
2022 Rate Year								
	Belmont *	Burlingame	East Palo Alto	Foster City	Hillsborough	Menlo Park		
A. 2022 RATE YEAR								
A.1	2022 Collection Revenue @ 2021 Rates	\$7,403,489	\$11,070,046	\$5,389,157	\$6,316,861	\$3,408,650	\$11,820,629	
A.2	Total Recology Compensation	\$4,105,136	\$6,370,948	\$2,851,964	\$4,007,890	\$2,079,814	\$6,888,861	
A.3	Pass-Through Costs							
A.4	Disposal & Processing Fees	\$1,732,663	\$3,244,890	\$2,174,161	\$2,175,471	\$1,193,349	\$3,652,711	
A.5	Agency Franchise Fees	\$2,051,120	\$1,844,348	\$649,504	\$401,290	\$312,992	\$1,974,727	
A.6	Total Pass-Through Costs	\$3,783,783	\$5,089,239	\$2,823,666	\$2,576,761	\$1,506,341	\$5,627,438	
A.7	2022 Revenue Requirement	\$7,888,919	\$11,460,187	\$5,675,630	\$6,584,650	\$3,586,155	\$12,516,299	
A.8	2022 Surplus/(Shortfall) estimated	(\$485,430)	(\$390,141)	(\$286,473)	(\$267,790)	(\$177,504)	(\$695,670)	
A.9	Agency Fees on A.8 Shortfall		(\$54,620)	(\$27,352)	(\$13,389)	(\$17,750)	(\$94,611)	
A.10	Rate Adjustment Percentage (Associated with 2022 estimated Surplus/Shortfall)		4.0%	5.8%	4.5%	5.7%	6.7%	
B. 2020 Final Surplus/(Shortfall)								
B.1	Surplus/(Shortfall) 2020 FINAL (incl. Interest)			\$79,221	\$365,083	\$276,148	(\$84,890)	
B.2	Agency Fees on B.1 Shortfall						(\$11,545)	
B.3	Rate Adjustment Percentage (Associated with 2020 Final Surplus/Shortfall)			-1.5%	-5.8%	-8.1%	0.8%	
C. 2022 REQUIRED REVENUE ADJUSTMENT								
C.1	Cumulative Revenue Requirement (A.7-A.9-B.1-B.2)	\$7,888,919	\$11,514,807	\$5,623,761	\$6,232,957	\$3,327,757	\$12,707,345	
C.2	Subtotal Surplus/(Shortfall) (A.1 - C.1)	(\$485,430)	(\$444,761)	(\$234,604)	\$83,904	\$80,893	(\$886,716)	
C.3	Rate Adjustment Percentage (C.2 / A.1)		4.0%	4.4%	-1.3%	-2.4%	7.5%	
D. 2021 Estimated Surplus/(Shortfall)								
D.1	Surplus/(Shortfall), 2021 estimated		(\$388,011)	(\$177,138)	(\$180,502)	(\$122,155)	(\$631,433)	
D.2	Surplus/(Shortfall) 2019 FINAL (incl. Interest)			\$57,124	\$148,378	\$307,175	\$309,418	
D.3	Net Estimated 2021 Surplus/Shortfall		(\$388,011)	(\$120,014)	(\$32,124)	\$185,020	(\$322,015)	
D.4	Agency Fees on D.3 Estimated Shortfall		(\$54,322)	(\$11,459)	(\$1,606)		(\$43,794)	
D.5	Rate Adjustment Percentage (Associated with 2021 Estimated Surplus/Shortfall)		4.0%	2.4%	0.5%	-5.4%	3.1%	
E. Adjustments								
E.1	Miscellaneous Adjustment/Payment							
F. TOTAL RATE IMPACT								
F.1	Cumulative Revenue Requirement (C.1-D.3+E.1)	\$7,888,919	\$11,957,139	\$5,755,234	\$6,266,687	\$3,142,737	\$13,073,154	
F.2	Total Surplus/(Shortfall) (A.1 - F.1)	(\$485,430)	(\$887,093)	(\$366,077)	\$50,174	\$265,914	(\$1,252,525)	
F.3	Total Rate Adjustment Percentage (F.2 / A.1)		6.6%	8.0%	6.8%	-0.8%	-7.8%	10.6%
* The City of Belmont's 2021 Revenue Requirement used here as a placeholder since 2022 revenue requirement has yet to be determined								

Recology Compensation Adjustment Application – Table 8

SBWMA							
TOTAL COLLECTION RATE ADJUSTMENT BY MEMBER AGENCY							
as of 08/10/2021		2022 Rate Year					
	North Fair Oaks	Redwood City	San Carlos	San Mateo	West Bay	Unincorporated County - Total	
A. 2022 RATE YEAR							
A.1	2022 Collection Revenue @ 2021 Rates	\$3,218,707	\$21,249,087	\$9,529,785	\$24,833,973	\$1,837,488	\$3,615,765
A.2	Total Recology Compensation	\$2,089,047	\$11,942,117	\$6,024,061	\$14,935,701	\$1,131,270	\$2,525,843
A.3	Pass-Through Costs						
A.4	Disposal & Processing Fees	\$1,083,838	\$6,527,126	\$2,626,054	\$7,612,755	\$538,744	\$1,105,885
A.5	Agency Franchise Fees	\$154,632	\$3,042,005	\$1,298,538	\$4,122,801	\$105,261	\$174,158
A.6	Total Pass-Through Costs	\$1,238,469	\$9,569,131	\$3,924,592	\$11,735,555	\$644,005	\$1,280,044
A.7	2022 Revenue Requirement	\$3,327,516	\$21,511,248	\$9,948,652	\$26,671,256	\$1,775,276	\$3,805,887
A.8	2022 Surplus/(Shortfall) estimated	(\$108,809)	(\$262,162)	(\$418,868)	(\$1,837,283)	\$62,212	(\$190,122)
A.9	Agency Fees on A.8 Shortfall	(\$5,440)	(\$35,785)	(\$50,264)	(\$73,491)		(\$9,506)
A.10	Rate Adjustment Percentage (Associated with 2018 estimated Surplus/Shortfall)	3.5%	1.4%	4.9%	7.7%	-3.4%	5.5%
B. 2020 Final Surplus/(Shortfall)							
B.1	Surplus/(Shortfall) 2020 FINAL (incl. Interest)	\$414,481	\$1,047,452	\$738,906	(\$308,256)	\$211,130	\$68,804
B.2	Agency Fees on B.1 Shortfall				(\$12,330)		
B.3	Rate Adjustment Percentage (Associated with 2020 Final Surplus/Shortfall)	-12.9%	-4.9%	-7.8%	1.3%	-11.5%	-1.9%
C. 2022 REQUIRED REVENUE ADJUSTMENT							
C.1	Cumulative Revenue Requirement (A.7-A.9-B.1-B.2)	\$2,918,476	\$20,499,582	\$9,260,011	\$27,065,334	\$1,564,146	\$3,746,589
C.2	Subtotal Surplus/(Shortfall) (A.1 - C.1)	\$300,232	\$749,505	\$269,774	(\$2,231,361)	\$273,342	(\$130,824)
C.3	Rate Adjustment Percentage (C.2 / A.1)	-9.3%	-3.5%	-2.8%	9.0%	-14.9%	3.6%
D. 2021 Estimated Surplus/(Shortfall)							
D.1	Surplus/(Shortfall), 2021 estimated	\$10,939	\$142,406	(\$369,943)	(\$1,158,458)	\$96,749	(\$87,721)
D.2	Surplus/(Shortfall) 2019 FINAL (incl. Interest)	\$186,576	\$117,943	\$163,382	\$1,382,278	\$136,383	\$421,171
D.3	Net Estimated 2021 Surplus/Shortfall	\$197,515	\$260,349	(\$206,561)	\$223,820	\$233,132	\$333,450
D.4	Agency Fees on D.3 Estimated Shortfall			(\$24,787)			
D.5	Rate Adjustment Percentage (Associated with 2021 Estimated Surplus/Shortfall)	-6.1%	-1.2%	2.4%	-0.9%	-12.7%	-9.2%
E. Adjustments							
E.1	Miscellaneous Adjustment/Payment						
F. TOTAL RATE IMPACT							
F.1	Cumulative Revenue Requirement (C.1-D.3+E.1)	\$2,720,961	\$20,239,232	\$9,491,359	\$26,841,514	\$1,331,013	\$3,413,140
F.2	Total Surplus/(Shortfall) (A1 - F1)	\$497,747	\$1,009,854	\$38,425	(\$2,007,541)	\$506,474	\$202,626
F.3	Total Rate Adjustment Percentage (F.2 / A.1)	-15.5%	-4.8%	-0.4%	8.1%	-27.6%	-5.6%



2022 Contractor's CPI & Service Level Adjustment (from the 2021 Approved Compensation)

2022 Total by Member Agency	Final Approved 2021 Compensation	BIC Route	BIC Route %	CPI		Service Level Adjustment (SLA)	Service Level Adjustment %	Total Compensation Including BIC Route, CPI, SLA	
				Adjustment	CPI %			Total	Total %
Burlingame	6,395,164	43,894	0.69%	68,605	1.07%	(143,871)	-2.25%	6,363,792	-0.49%
East Palo Alto	2,772,345	35,830	1.29%	29,443	1.06%	10,998	0.40%	2,848,616	2.75%
Foster City	3,952,237	41,491	1.05%	41,699	1.06%	(30,505)	-0.77%	4,004,922	1.33%
Hillsborough	2,047,304	17,238	0.84%	19,820	0.97%	(5,349)	-0.26%	2,079,013	1.55%
Menlo Park	6,878,654	45,799	0.67%	70,855	1.03%	(110,932)	-1.61%	6,884,376	0.08%
Redwood City	11,668,025	118,521	1.02%	123,297	1.06%	21,562	0.18%	11,931,405	2.26%
San Carlos	5,894,847	54,682	0.93%	61,633	1.05%	9,470	0.16%	6,020,632	2.13%
San Mateo	14,592,828	165,639	1.14%	154,856	1.06%	10,679	0.07%	14,924,002	2.27%
West Bay Sanitary Dis	1,106,508	12,121	1.10%	11,217	1.01%	1,003	0.09%	1,130,849	2.20%
Unincorporated County	2,468,225	30,437	1.23%	25,492	1.03%	619	0.03%	2,524,773	2.29%
North Fair Oaks	2,017,978	20,202	1.00%	20,890	1.04%	28,219	1.40%	2,087,289	3.43%

Table Excludes Incentive/Disincentive

Table Excludes Belmont as compensation is not final

Recology Additional Request for Compensation

- **COVID-19 Pandemic Costs Special Compensation – Section 11.05.A**
 - Computers and equipment \$45,891
 - Other COVID-19 (PPE, Sanitation, etc...) \$183,983
- **SB 1383 Rollout**
 - Utilize Service Level Adjustment Methodology
 - 2022 Lifts Projection with 2023 True up
 - Route Auditing, Contamination Monitoring, Reporting, Waivers

Contact Information

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