

2023 Recology San Mateo County Compensation Adjustment Application



A Public Agency

Board Meeting
September 8, 2022



Recology Compensation Adjustment Application

Table 1

Total Contractor's Compensation	Recology Compensation			
	2022 Cost	2023 Cost	Change	%
Base Compensation	\$65,096,773	\$68,273,741	\$3,176,968	4.9%
Incentives / Disincentives	\$49,971	(\$115,350)	\$ (165,321)	-330.8%
Total Contractor's Compensation	\$65,146,744	\$68,158,391	\$3,011,647	4.6%

- Table includes a compensation amount for Belmont as a placeholder (compensation is not yet determined)

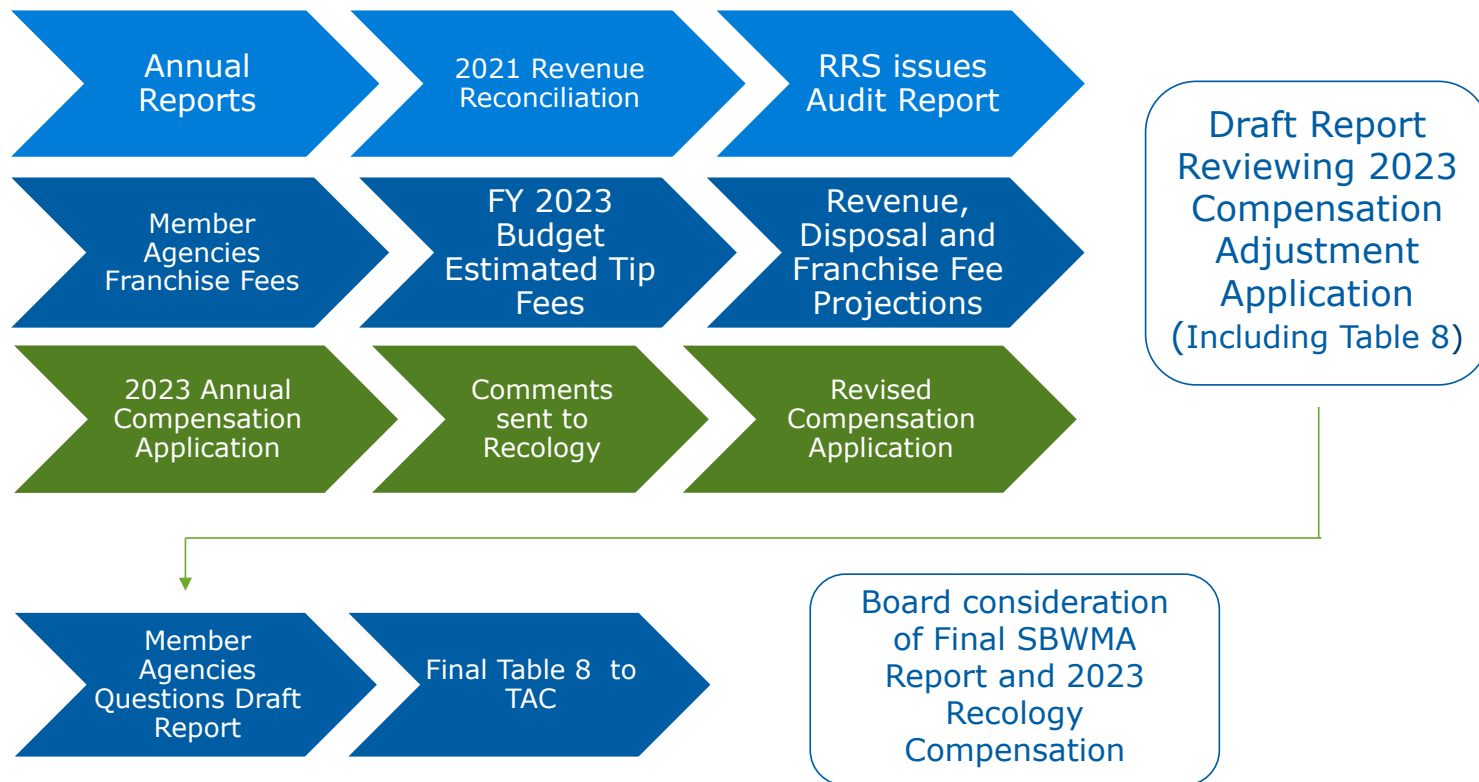
Contractor's compensation increase is primarily due to:

- **Index Adjustment** = +5.2%
 - Includes 40.6% fuel index increase
- **Service Level Adjustment** = -0.1%
- **Incentive / Disincentive** = -\$115K

Timeline in Completing SBWMA Final Report

2022 Schedule to Approve Contractor 2023 Compensation	
Date	Action
15-Feb	Annual Reports issued by Recology and SBR
31-Mar	2021 Revenue Reconciliation issued by Recology
15-Jun	2023 Annual Compensation Application submitted by Recology
16-Jun	Third Party Audit Report of Recology and SBR Annual Reports issued
23-Jun	Board Approved FY2023 Budget Projections including estimated tip fees
28-Jun	Letters to all Member Agencies requesting 2023 estimated franchise fees
29-Jun	Comments sent to Recology from Member Agencies and SBWMA
1-Jul	2023 Annual Compensation Application submitted by SBR
15-Jul	Recology Responses to comments sent by Member Agencies and SBWMA
25-Jul	Revenue, Disposal and Franchise Fee Projections issued by SBWMA
10-Aug	Draft Report reviewing Recology's 2023 Compensation Adjustment Application submitted by SBWMA
18-Aug	Draft Report reviewing SBR's 2023 Compensation Adjustment Application submitted by SBWMA
8-Sep	SBWMA TAC Meeting: Staff Update and Discussion
15-Sep	SBWMA Final Report (SBR and Recology Comp and Recommended Collection Rate Adj.)
22-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							
as of 08/10/2022							
2023 Rate Year							
	Belmont *	Burlingame	East Palo Alto	Foster City	Hillsborough	Menlo Park	
A. 2023 RATE YEAR							
A.1	2023 Collection Revenue @ 2022 Rates	\$8,464,059	\$12,365,852	\$5,901,689	\$6,743,767	\$3,518,261	\$14,178,823
A.2	Total Recology Compensation	\$4,461,178	\$6,539,481	\$2,991,604	\$4,186,744	\$2,188,170	\$7,156,191
A.3	Additional Costs						
A.4	Disposal & Processing Fees	\$1,804,006	\$3,738,107	\$2,275,513	\$2,295,138	\$1,174,565	\$4,201,790
A.5	Agency Franchise Fees	\$2,198,875	\$2,001,721	\$645,077	\$424,977	\$319,130	\$2,282,044
A.6	Total Additional Costs	\$4,002,881	\$5,739,828	\$2,920,590	\$2,720,115	\$1,493,695	\$6,483,834
A.7	2023 Revenue Requirement	\$8,464,059	\$12,279,309	\$5,912,194	\$6,906,859	\$3,681,865	\$13,640,025
A.8	2023 Surplus/(Shortfall) estimated		\$86,543	(\$10,505)	(\$163,092)	(\$163,604)	\$538,798
A.9	Agency Fees on A.8 Shortfall			(\$1,003)	(\$8,155)	(\$16,360)	
A.10	Rate Adjustment Percentage (Associated with 2022 estimated Surplus/Shortfall)		-0.7%	0.2%	2.5%	5.1%	-3.8%
B. 2021 Final Surplus/(Shortfall)							
B.1	Surplus/(Shortfall) 2021 FINAL (incl. Interest)		(\$371,430)	(\$84,388)	\$21,280	\$209,653	(\$199,793)
B.2	Agency Fees on B.1 Shortfall		(\$52,000)	(\$8,057)			(\$27,172)
B.3	Rate Adjustment Percentage (Associated with 2021 Final Surplus/Shortfall)		3.4%	1.6%	-0.3%	-6.0%	1.6%
C. 2023 REQUIRED REVENUE ADJUSTMENT							
C.1	Cumulative Revenue Requirement (A.7-A.9-B.1-B.2)	\$8,464,059	\$12,702,740	\$6,005,642	\$6,893,734	\$3,488,572	\$13,866,990
C.2	Subtotal Surplus/(Shortfall) (A.1 - C.1)		(\$336,887)	(\$103,954)	(\$149,967)	\$29,689	\$311,833
C.3	Rate Adjustment Percentage (C.2 / A.1)		2.7%	1.8%	2.2%	-0.8%	-2.2%
D. 2022 Estimated Surplus/(Shortfall)							
D.1	Surplus/(Shortfall), 2022 estimated		\$225,596	\$173,629	\$104,290	(\$46,918)	\$936,726
D.2	Surplus/(Shortfall) 2020 FINAL (incl. Interest)			\$79,221	\$365,083	\$276,148	(\$84,890)
D.3	Net Estimated 2022 Surplus/Shortfall		\$225,596	\$252,850	\$469,373	\$229,230	\$851,836
D.4	Agency Fees on D.3 Estimated Shortfall						
D.5	Rate Adjustment Percentage (Associated with 2022 Estimated Surplus/Shortfall)		-1.8%	-4.3%	-7.0%	-6.5%	-6.0%
E. Adjustments							
E.1	Miscellaneous Adjustment/Payment						
F. TOTAL RATE IMPACT							
F.1	Cumulative Revenue Requirement (C.1-D.3+E.1)	\$8,464,059	\$12,477,144	\$5,752,793	\$6,424,361	\$3,259,342	\$13,015,154
F.2	Total Surplus/(Shortfall) (A.1 - F.1)		(\$111,292)	\$148,896	\$319,406	\$258,919	\$1,163,669
F.3	Total Rate Adjustment Percentage (F.2 / A.1)		0.9%	-2.5%	-4.7%	-7.4%	-8.2%
* The City of Belmont's 2022 Revenue Requirement used here as a placeholder since 2023 revenue requirement has yet to be determined							

Recology Compensation Adjustment Application – Table 8

SBWMA							
TOTAL COLLECTION RATE ADJUSTMENT BY MEMBER AGENCY							
as of 08/10/2022		2023 Rate Year					
	North Fair Oaks	Redwood City	San Carlos	San Mateo	West Bay	Unincorporated County - Total	
A. 2023 RATE YEAR							
A.1	2023 Collection Revenue @ 2022 Rates	\$3,303,302	\$21,802,728	\$10,724,272	\$27,227,267	\$1,884,617	\$3,638,598
A.2	Total Recology Compensation	\$2,212,586	\$12,558,310	\$6,325,073	\$15,764,887	\$1,174,833	\$2,653,035
A.3	Additional Costs						
A.4	Disposal & Processing Fees	\$1,149,368	\$7,264,738	\$2,788,005	\$8,303,364	\$542,023	\$1,094,851
A.5	Agency Franchise Fees	\$159,461	\$3,024,781	\$1,398,864	\$4,951,195	\$108,014	\$174,450
A.6	Total Additional Costs	\$1,308,829	\$10,289,518	\$4,186,869	\$13,254,559	\$650,037	\$1,269,301
A.7	2023 Revenue Requirement	\$3,521,415	\$22,847,829	\$10,511,941	\$29,019,445	\$1,824,869	\$3,922,336
A.8	2023 Surplus/(Shortfall) estimated	(\$218,113)	(\$1,045,100)	\$212,331	(\$1,792,178)	\$59,748	(\$283,738)
A.9	Agency Fees on A.8 Shortfall	(\$10,906)	(\$142,656)		(\$71,687)		(\$14,187)
A.10	Rate Adjustment Percentage (Associated with 2018 estimated Surplus/Shortfall)	6.9%	5.4%	-2.0%	6.8%	-3.2%	8.2%
B. 2021 Final Surplus/(Shortfall)							
B.1	Surplus/(Shortfall) 2021 FINAL (incl. Interest)	\$200,646	\$270,263	(\$99,481)	(\$473,576)	\$204,901	\$309,070
B.2	Agency Fees on B.1 Shortfall			(\$11,938)	(\$18,943)		
B.3	Rate Adjustment Percentage (Associated with 2021 Final Surplus/Shortfall)	-6.1%	-1.2%	1.0%	1.8%	-10.9%	-8.5%
C. 2023 REQUIRED REVENUE ADJUSTMENT							
C.1	Cumulative Revenue Requirement (A.7-A.9-B.1-B.2)	\$3,331,674	\$22,720,222	\$10,623,360	\$29,583,652	\$1,619,968	\$3,627,453
C.2	Subtotal Surplus/(Shortfall) (A.1 - C.1)	(\$28,373)	(\$917,493)	\$100,912	(\$2,356,385)	\$264,649	\$11,145
C.3	Rate Adjustment Percentage (C.2 / A.1)	0.9%	4.2%	-0.9%	8.7%	-14.0%	-0.3%
D. 2022 Estimated Surplus/(Shortfall)							
D.1	Surplus/(Shortfall), 2022 estimated	(\$51,033)	(\$187,297)	\$546,790	\$79,009	\$118,164	(\$124,039)
D.2	Surplus/(Shortfall) 2020 FINAL (incl. Interest)	\$414,481	\$1,047,452	\$738,906	(\$308,256)	\$211,130	\$68,804
D.3	Net Estimated 2022 Surplus/Shortfall	\$363,448	\$860,155	\$1,285,696	(\$229,247)	\$329,294	(\$55,235)
D.4	Agency Fees on D.3 Estimated Shortfall				(\$9,170)		(\$2,762)
D.5	Rate Adjustment Percentage (Associated with 2022 Estimated Surplus/Shortfall)	-11.0%	-3.9%	-12.0%	0.9%	-17.5%	1.6%
E. Adjustments							
E.1	Miscellaneous Adjustment/Payment						
F. TOTAL RATE IMPACT							
F.1	Cumulative Revenue Requirement (C.1-D.3+E.1)	\$2,968,226	\$21,860,066	\$9,337,665	\$29,822,069	\$1,290,674	\$3,685,449
F.2	Total Surplus/(Shortfall) (A1 - F1)	\$335,075	(\$57,338)	\$1,386,608	(\$2,594,802)	\$593,943	(\$46,851)
F.3	Total Rate Adjustment Percentage (F.2 / A.1)	-10.1%	0.3%	-12.9%	9.5%	-31.5%	1.3%

Recology Additional Request for Compensation

- **COVID-19 Pandemic Costs Special Compensation – Section 11.05.A**
 - COVID-19 Expenses (PPE, Sanitation, Portable Toilets) \$93,105
 - California Supplemental Sick Leave (SB 114) \$183,983

Contact Information

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2023 Contractor's CPI & Service Level Adjustment (from the 2022 Approved Compensation)

2023 Total by Member Agency	Final Approved 2022 Base Compensation	CPI Adjustment	CPI %	Service Level Adjustment (SLA)	Service Level Adjustment %	Depreciation Decrease	Depreciation Decrease %	Contract Changes to Specific Agencies	Contract Changes to Specific Agencies %	Total Base Compensation	Total %
Belmont										4,762,925	
Burlingame	6,372,799	327,896	5.15%	(131,976)	-2.07%	(8,064)	-0.13%	(9,008)	-0.14%	6,551,647	2.81%
East Palo Alto	2,852,647	150,062	5.26%	4,598	0.16%	(3,583)	-0.13%	(4,031)	-0.14%	2,999,693	5.15%
Foster City	4,010,587	209,213	5.22%	(23,630)	-0.59%	(5,180)	-0.13%	2,471	0.06%	4,193,461	4.56%
Hillsborough	2,081,954	112,109	5.38%	2,364	0.11%	(3,107)	-0.15%	(2,941)	-0.14%	2,190,379	5.21%
Menlo Park	6,894,111	364,648	5.29%	(73,403)	-1.06%	(9,367)	-0.14%	(9,735)	-0.14%	7,166,254	3.95%
Redwood City	11,948,292	628,031	5.26%	37,625	0.31%	(15,048)	-0.13%	(16,887)	-0.14%	12,582,014	5.30%
San Carlos	6,029,149	318,501	5.28%	3,044	0.05%	(7,880)	-0.13%	(8,517)	-0.14%	6,334,299	5.06%
San Mateo	14,945,131	785,786	5.26%	102,296	0.68%	(18,450)	-0.12%	(21,129)	-0.14%	15,793,633	5.68%
West Bay	1,132,449	59,739	5.28%	(12,478)	-1.10%	(1,524)	-0.13%	(1,600)	-0.14%	1,176,587	3.90%
SM County	2,528,346	133,008	5.26%	1,414	0.06%	(3,229)	-0.13%	(3,573)	-0.14%	2,655,966	5.05%
North Fair Oaks	2,090,244	111,061	5.31%	21,128	1.01%	(2,606)	-0.12%	(2,955)	-0.14%	2,216,873	6.06%

Table Excludes Incentive/Disincentive