

2024 Recology San Mateo County Compensation Adjustment Application

Board of Directors Meeting
September 28, 2023



A Public Agency

Recology Compensation Adjustment Application

Table 1

Total Contractor's Compensation	Recology Compensation			
	2023 Cost	2024 Cost	Change	%
Base Compensation	\$68,273,741	\$73,328,907	\$ 5,055,166	7.4%
Incentives / Disincentives	(\$115,350)	(\$117,025)	(\$1,675)	1.5%
Total Contractor's Compensation	\$68,158,391	\$73,211,882	\$ 5,053,491	7.4%

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

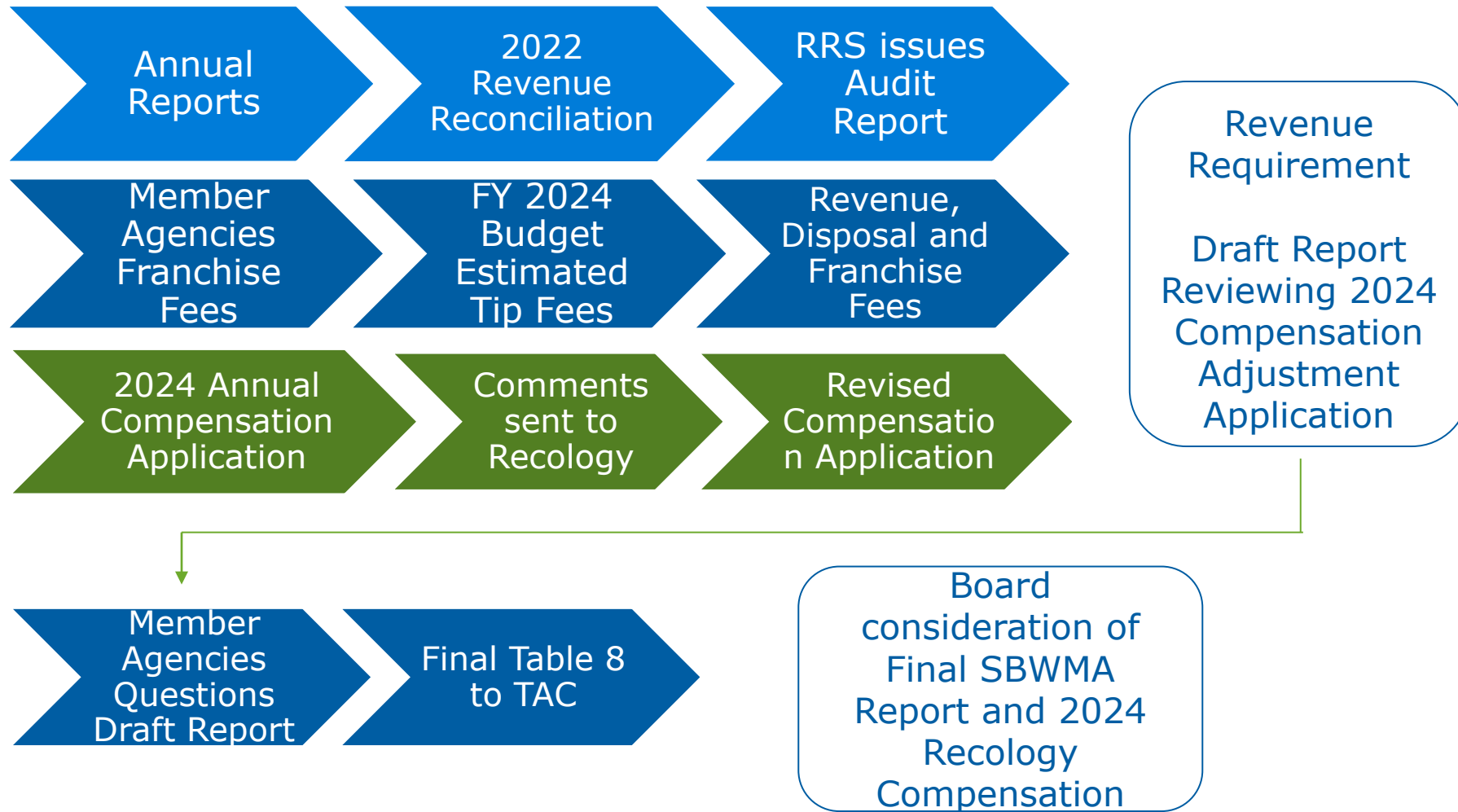
Contractor's compensation increase is primarily due to:

- **Index Adjustment** = +5.24%
 - Includes 14.9% fuel index increase
- **Service Level Adjustment** = 1.28%
- **SB 1383 Costs Rate Year 2023 and 2024** = 0.8%
- **Incentive / Disincentive** = -\$117K

Timeline in Completing SBWMA Final Report

2023 Schedule to Approve Contractor 2024 Compensation	
Date	Action
15-Feb	Annual Reports issued by Recology and SBR
31-Mar	2022 Revenue Reconciliation issued by Recology
15-Jun	2024 Annual Compensation Application submitted by Recology
15-Jun	Third Party Audit Report of Recology and SBR Annual Reports issued
22-Jun	Board Approved FY2024 Budget Projections including estimated tip fees
28-Jun	Letters to all Member Agencies requesting 2024 estimated franchise fees
29-Jun	Comments sent to Recology from Member Agencies and SBWMA
1-Jul	2024 Annual Compensation Application submitted by SBI
15-Jul	Recology Responses to comments sent by Member Agencies and SBWMA
26-Jul	Revenue, Disposal and Franchise Fee Projections issued by SBWMA
10-Aug	Draft Report reviewing Recology's 2024 Compensation Adjustment Application submitted by SBWMA
18-Aug	Draft Report reviewing SBI 2024 Compensation Adjustment Application submitted by SBWMA
14-Sep	SBWMA TAC Meeting: Staff Update and Discussion
21-Sep	SBWMA Final Report (SBI and Recology Comp and Recommended Collection Rate Adj.)
28-Sep	SBWMA Board Meeting: Final Report (SBI 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 08/11/2023</i>								
2024 Rate Year								
	Belmont *	Burlingame	East Palo Alto	Foster City	Hillsborough	Menlo Park		
A. 2024 RATE YEAR								
A.1	2024 Collection Revenue @ 2023 Rates	\$9,750,439	\$12,352,913	\$6,308,249	\$7,236,842	\$3,811,078	\$14,695,852	
A.2	Total Recology Compensation	\$4,876,176	\$6,981,607	\$3,244,081	\$4,480,797	\$2,315,831	\$7,628,551	
A.3	Additional Costs							
A.4	Disposal & Processing Fees	\$2,339,148	\$5,106,081	\$2,927,119	\$2,856,359	\$1,604,384	\$5,646,029	
A.5	Agency Franchise Fees	\$2,535,114	\$1,999,276	\$813,930	\$471,666	\$349,705	\$2,356,288	
A.6	Total Additional Costs	\$4,874,262	\$7,105,357	\$3,741,050	\$3,328,025	\$1,954,088	\$8,002,317	
A.7	2023 Revenue Requirement	\$9,750,438	\$14,086,963	\$6,985,131	\$7,808,822	\$4,269,919	\$15,630,868	
A.8	2024 Surplus/(Shortfall) estimated	\$0	(\$1,734,051)	(\$676,881)	(\$571,980)	(\$458,841)	(\$935,016)	
A.9	Agency Fees on A.8 Shortfall		(\$242,767)	(\$64,628)	(\$28,599)	(\$45,884)	(\$127,162)	
A.10	Rate Adjustment Percentage (Associated with 2024 estimated Surplus/Shortfall)		16.0%	11.8%	8.3%	13.2%	7.2%	
B. 2022 Final Surplus/(Shortfall)								
B.1	Surplus/(Shortfall) 2022 FINAL (incl. Interest)		\$290,495	\$246,562	\$607,755	\$250,042	\$1,040,997	
B.2	Agency Fees on B.1 Shortfall							
B.3	Rate Adjustment Percentage (Associated with 2021 Final Surplus/Shortfall)		-2.4%	-3.9%	-8.4%	-6.6%	-7.1%	
C. 2024 REQUIRED REVENUE ADJUSTMENT								
C.1	Cumulative Revenue Requirement (A.7-A.9-B.1-B.2)	\$9,750,438	\$14,039,236	\$6,803,196	\$7,229,666	\$4,065,761	\$14,717,033	
C.2	Subtotal Surplus/(Shortfall) (A.1 - C.1)	\$0	(\$1,686,323)	(\$494,947)	\$7,176	(\$254,683)	(\$21,181)	
C.3	Rate Adjustment Percentage (C.2 / A.1)		13.7%	7.8%	-0.1%	6.7%	0.1%	
D. 2023 Estimated Surplus/(Shortfall)								
D.1	Surplus/(Shortfall), 2023 estimated		(\$271,467)	\$283,710	\$317,955	(\$7,940)	\$670,185	
D.2	Surplus/(Shortfall) 2021 FINAL (incl. Interest)			(\$84,388)	\$21,280	\$209,653	(\$199,793)	
D.3	Net Estimated 2023 Surplus/Shortfall		(\$271,467)	\$199,322	\$339,235	\$201,713	\$470,392	
D.4	Agency Fees on D.3 Estimated Shortfall		(\$38,005)					
D.5	Rate Adjustment Percentage (Associated with 2023 Estimated Surplus/Shortfall)		2.5%	-3.2%	-4.7%	-5.3%	-3.2%	
E. Adjustments								
E.1	Miscellaneous Adjustment/Payment							
F. TOTAL RATE IMPACT								
F.1	Cumulative Revenue Requirement (C.1-D.3+E.1)	\$9,750,438	\$14,348,708	\$6,603,875	\$6,890,431	\$3,864,049	\$14,246,640	
F.2	Total Surplus/(Shortfall) (A.1 - F.1)	\$1	(\$1,995,795)	(\$295,625)	\$346,411	(\$52,970)	\$449,212	
F.3	Total Rate Adjustment Percentage (F.2 / A.1)		0.0%	16.2%	4.7%	-4.8%	1.4%	-3.1%

* The City of Belmont's 2024 Revenue Requirement is Recology's requested rate, not Belmont's approved or accepted rate

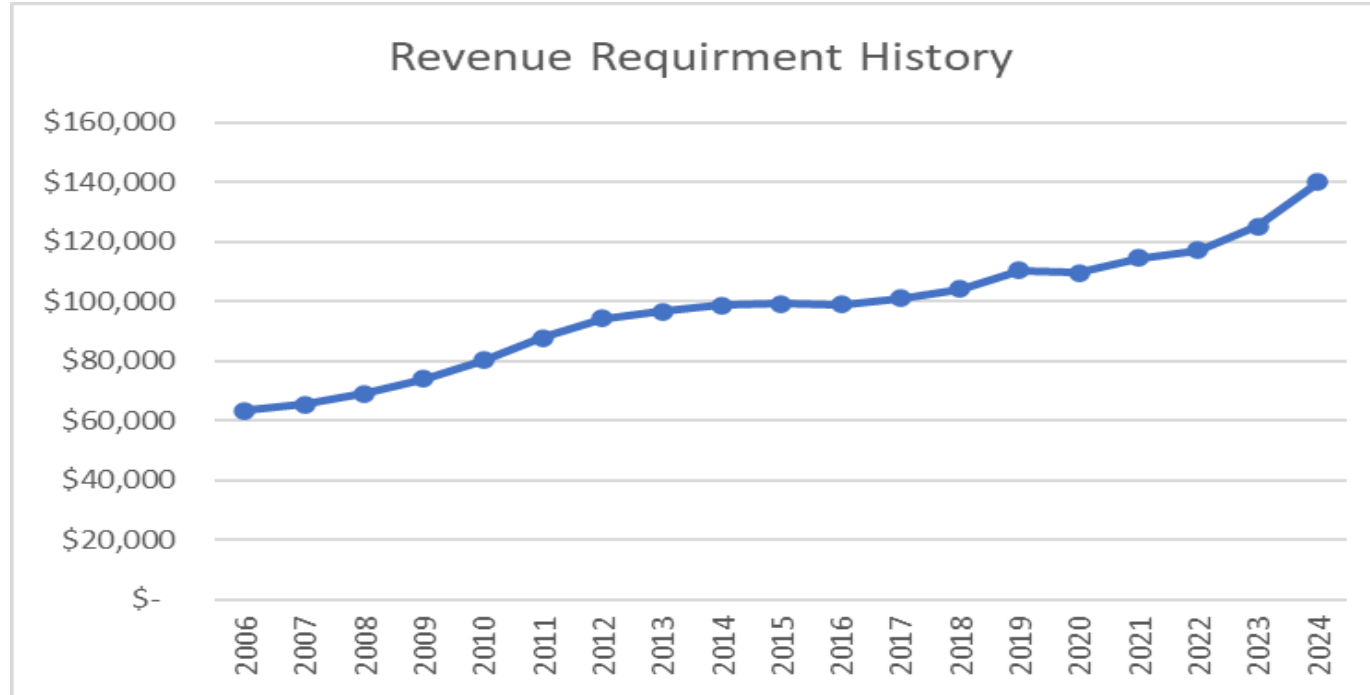
Recology Compensation Adjustment Application – Table 8

SBWMA							
TOTAL COLLECTION RATE ADJUSTMENT BY MEMBER AGENCY							
as of 08/11/2023							
2024 Rate Year							
	North Fair Oaks	Redwood City	San Carlos	San Mateo	West Bay	Unincorporated County - Total	
A. 2024 RATE YEAR							
A.1	2024 Collection Revenue @ 2023 Rates	\$3,432,689	\$23,222,733	\$11,585,893	\$28,868,576	\$1,938,836	\$3,762,827
A.2	Total Recology Compensation	\$2,389,350	\$13,556,463	\$6,790,939	\$17,045,400	\$1,250,276	\$2,796,917
A.3	Additional Costs						
A.4	Disposal & Processing Fees	\$1,509,064	\$9,620,920	\$3,772,202	\$10,897,168	\$749,315	\$1,477,055
A.5	Agency Franchise Fees	\$163,778	\$3,218,132	\$1,577,752	\$4,733,136	\$111,222	\$180,062
A.6	Total Additional Costs	\$1,672,842	\$12,839,052	\$5,349,954	\$15,630,304	\$860,538	\$1,657,117
A.7	2023 Revenue Requirement	\$4,062,192	\$26,395,515	\$12,140,894	\$32,675,703	\$2,110,814	\$4,454,034
A.8	2024 Surplus/(Shortfall) estimated	(\$629,503)	(\$3,172,782)	(\$555,001)	(\$3,807,127)	(\$171,978)	(\$691,207)
A.9	Agency Fees on A.8 Shortfall	(\$31,475)	(\$433,085)	(\$66,600)	(\$152,285)	(\$10,319)	(\$34,560)
A.10	Rate Adjustment Percentage (Associated with 2018 estimated Surplus/Shortfall)	19.3%	15.5%	5.4%	13.7%	9.4%	19.3%
B. 2022 Final Surplus/(Shortfall)							
B.1	Surplus/(Shortfall) 2022 FINAL (incl. Interest)	\$381,206	\$1,183,680	\$1,498,489	\$157,710	\$317,824	(\$96,240)
B.2	Agency Fees on B.1 Shortfall						(\$4,812)
B.3	Rate Adjustment Percentage (Associated with 2021 Final Surplus/Shortfall)	-11.1%	-5.1%	-12.9%	-0.5%	-16.4%	2.7%
C. 2024 REQUIRED REVENUE ADJUSTMENT							
C.1	Cumulative Revenue Requirement (A.7-A.9-B.1-B.2)	\$3,712,461	\$25,644,920	\$10,709,005	\$32,670,278	\$1,803,309	\$4,589,646
C.2	Subtotal Surplus/(Shortfall) (A.1 - C.1)	(\$279,772)	(\$2,422,186)	\$876,888	(\$3,801,702)	\$135,527	(\$826,819)
C.3	Rate Adjustment Percentage (C.2 / A.1)	8.2%	10.4%	-7.6%	13.2%	-7.0%	22.0%
D. 2023 Estimated Surplus/(Shortfall)							
D.1	Surplus/(Shortfall), 2023 estimated	(\$167,640)	(\$167,235)	\$755,849	(\$620,937)	\$54,369	(\$252,620)
D.2	Surplus/(Shortfall) 2021 FINAL (incl. Interest)	\$200,646	\$270,263	(\$99,481)	(\$473,576)		\$309,070
D.3	Net Estimated 2023 Surplus/Shortfall	\$33,006	\$103,028	\$656,368	(\$1,094,513)	\$54,369	\$56,450
D.4	Agency Fees on D.3 Estimated Shortfall				(\$43,781)		
D.5	Rate Adjustment Percentage (Associated with 2023 Estimated Surplus/Shortfall)	-1.0%	-0.4%	-5.7%	3.9%	-2.8%	-1.5%
E. Adjustments							
E.1	Miscellaneous Adjustment/Payment						
F. TOTAL RATE IMPACT							
F.1	Cumulative Revenue Requirement (C.1-D.3+E.1)	\$3,679,455	\$25,541,892	\$10,052,637	\$33,808,572	\$1,748,940	\$4,533,196
F.2	Total Surplus/(Shortfall) (A1 - F1)	(\$246,766)	(\$2,319,158)	\$1,533,255	(\$4,939,996)	\$189,896	(\$770,369)
F.3	Total Rate Adjustment Percentage (F.2 / A.1)	7.2%	10.0%	-13.2%	17.1%	-9.8%	20.5%

Recology Additional Request for Compensation

- **COVID-19 Pandemic Costs Special Compensation – Section 11.05.A**
 - COVID-19 Expenses (PPE, Sanitation, Portable Toilets) \$91,074
 - California Supplemental Sick Leave (SB 114) \$744,861

Historical Revenue Requirement



Source: RSMC Annual Revenue Reconciliation through 2022. Years 2023 and 2024 are calculation projections.

- 37% increase from 2008 to 2012 (*4 years*)
- 16% increase from 2012 to 2020 (*8 years*)
- 28% increase from 2020 to 2024 (*4 years*)

Contact Information

John Mangini, Senior Finance Manager

(650) 802-3500

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