



A Public Agency

SBWMA TECHNICAL ADVISORY COMMITTEE MEETING

THURSDAY September 14, 2023 at 2:00 to 4:00p.m.

San Mateo County Transit District Office
1250 San Carlos Ave
4th Floor Dining Room
San Carlos, CA 94070

The public may observe/participate in Committee meetings using remote public comment options or attending in person. Committee members shall attend in person unless remote participation is permitted by law.

TO ADDRESS THE COMMITTEE IN PERSON

Masking is not required but according to the California Department of Public Health guidelines, people at higher risk for severe illness should consider masking. To help maintain public health and safety, we respectfully request that people NOT attend in-person if they are experiencing symptoms associated with COVID-19 or are otherwise ill and likely contagious (e.g., respiratory illnesses).

To address the Committee on any item – whether on the posted agenda or not – please fill out a Request to Speak Form and submit it to the Board Clerk. Speakers are not required to submit their name or address.

REMOTE PARTICIPATION

Members of the public may participate in public Agency meetings by logging into the Zoom:

<https://us02web.zoom.us/j/89081988165?pwd=WForYkITNkw0ejhQWHp0WIR4YmtsZz09>

Meeting ID: 890 8198 8165 Passcode: 521695

Written public comments for the record may be submitted in advance by 12:00 p.m. on the meeting date by email to: rethinker@rethinkwaste.org and will be made part of the written record but will not be read verbally at the meeting. Written public comments submitted by email should adhere to the following: 1) Clearly indicate the Agenda Item No. or specify “Public” in the Subject Line for items not on the agenda and 2) Include the submitter’s full name. You may also use the raise hand feature on Zoom to enter a verbal public comment.

*Pursuant to Ralph M. Brown Act, government code section 54953, all votes shall be by roll call if any members of the board of directors are participating by teleconference and/or video conference.

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 three 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. *Speakers may also submit comments via email prior to the meeting by sending those comments to rethinker@rethinkwaste.org.*

3. Executive Director’s Report (*Verbal Update*)

p. 3

MEMBER AGENCIES

BELMONT * BURLINGAME * EAST PALO ALTO * FOSTER CITY * HILLSBOROUGH * MENLO PARK * REDWOOD CITY
* SAN CARLOS * SAN MATEO * COUNTY OF SAN MATEO * WEST BAY SANITARY DISTRICT

September 7, 2023

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 the Minutes from the August 10, 2023, TAC Meeting **ACTION p. 7**
- B. Approval of the 2024 TAC Meeting Calendar **ACTION p. 15**

5. Review of the SBWMA Draft Report Reviewing the 2024 Recology San Mateo County Compensation Application **ACTION p. 19**

6. Review of the SBWMA Draft Report Reviewing the 2024 South Bayside Industries Compensation Application **p. 51**

7. Senate Bill (SB) 1383 Program Implementation Update **p. 85**

- Presentation by Lauren Beauban Sustainable Materials Management Specialist, SCS Engineers on RethinkWaste Technical Assistance
- SB 1383 Local Assistance Grants

8. Contractor Updates **p. 93**

- Recology
- SBR

9. Committee Member Comments

10. Adjourn

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* SAN CARLOS * SAN MATEO * COUNTY OF SAN MATEO * WEST BAY SANITARY DISTRICT

September 7, 2023



A Public Agency

EXECUTIVE DIRECTOR'S UPDATE

Agenda Item 3 is a verbal report only at the
09/14/2023 SBWMA TAC Committee Meeting



A Public Agency

CONSENT CALENDAR

DRAFT MINUTES

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
MEETING OF THE TECHNICAL ADVISORY COMMITTEE
August 10, 2023 at 2:00PM.

San Mateo County Transit District, 1520 San Carlos Ave. 4th Floor Dining Room, San Carlos CA 94070

Call to Order: 2:01PM

1. Roll Call

Agency	Present	Absent	Agency	Present	Absent
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
Menlo Park	X				

Member Brown of Belmont had a just cause exemption for childcare and the Committee voted all in favor to allow remote participation.

Fatima Kahn represented East Palo Alto

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.

None

3. Executive Director's Report

Executive Director Joe La Mariana welcomed everyone to the meeting and made the following announcements:

- He congratulated Joanne Nghiem who has been promoted to Associate Engineer for RethinkWaste.

- The statewide CRRA (California Resource and Recycling Association) conference will be held at the Burlingame Hyatt next week. RethinkWaste is a co-host for the event and Lisa Goldman, the City Manager of Burlingame and Board Chair Alicia Aguirre will both be speaking at the event.
- There will be a final presentation with SCS Engineers on the Site Optimization Study will be presented at the September 28 Board Meeting.
- The Zero Waste Committee met last week to discuss the fuel source going forward for the commercial fleet of vehicles. And the logistics for the transfer of these vehicles to alternative fuels. He added that for the first-time hydrogen was discussed as a possible alternative fuel source.
- Closed Session conversations have been going on with the Board members regarding the future office location for the RethinkWaste administrative staff. The current lease with the City of San Carlos will not be extended beyond June 30, 2024. He can now disclose that there is a space available for purchase in San Carlos, that the agency is contract on, and he is working down a list of contingencies. One is per the language of the JPA at least 8 of the 11 member agencies approve this purchase. The building is an empty shell, so it is ambitious to have it completely ready by June 30, 2024.
- He noted that having the staff not relocate on the site as in the original site optimization study does free up some space and cars because there is 17.5 fewer people that would need space on site.

Member Tong asked if there are emissions calculations for the different types of fuels that are being considered for the fleet.

Executive Director La Mariana answered that he knew work was being done, but he didn't have the calculations yet.

Member Clark followed up that she would like to understand the difference between the decibel level with the types of fuels as well.

Carl Mennie VP of Recology noted that Recology had an EV pilot garbage truck earlier this year, and that it was very quiet, but in about five and a half hours the route had to be completed, and the truck needed to be back to be charged. Recology expects manufacturers to make improvements, and they are a couple of years away from having to buy collection trucks, so there is the expectation that there will be reasonable improvements in those couple of years and cost should come down as well, but there is a bit of speculation involved at this point.

Executive Director La Mariana noted that staff sees this as happening in phases. In the next two to three years phase one will be supervisors' pickup trucks converted to EV. Two to four years after that about 50 collection vehicles in a lighter collection route classification will be phase two, and phase three would coincide with the end of the franchise agreement and the CARB requirements in 2035.

Lastly, he introduced John Zirelli, his first day will be Monday as the General Manager at Recology San Mateo County.

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 TAC, 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 the Minutes from the March 9, 2023, TAC Meeting

Motion/Second: Lee/Machida
 Roll Call Vote 10-0-0-1

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
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 Dist.				X
Menlo Park	X								

5. Staff Update SB 1383 Implementation

Staff Carter gave the following SB 1383 updates. Starting with the current SCS Engineers Contract for SB 1383 route reviews reporting and waiver management is complete at the end of this year, so our staff is working with Recology toward the transition of those SB 1383 support services long term.

Route Reviews/Contamination Monitoring

Staff Carter started by answering a question that was posed at a previous TAC meeting regarding how jurisdictions have the right to inspect containers.

Counsel Savaree noted that people do not have the right to privacy in trash that they put out on the street. There was a US Supreme Court 486 U.S.35 decision in 1988 the United States vs. Greenwood that held that once you have put the containers on the street you have no right to privacy.

Member Brown asked that staff send that out to the TAC so that they have a record of it.

Staff Carter then gave an overview of the scope of the route reviews that SCS is currently conducting, and showed examples of the tags that the inspectors are leaving when they inspect individual containers.

Member Clark asked how the contamination is looking in these reviews.

Staff Carter answered that he saw a lot of plastic bags and plastic film as the main contamination in recycling and compost bins when he joined the review teams this week particularly at multi-family properties. He noted that by the end of September there will be a report on the complete results of the route reviews.

Member Johnson went on the route reviews in the City of San Mateo the morning of the meeting and noted that if we can get multi-family and commercial to look as good at residential we'll be in really good shape, and he learned that people can properly sort because home owners are doing it, we just need to educate that the same behavior needs to be everywhere you go, not just at home.

Member Tong asked if there is an expectation that once Recology takes over the route reviews the issues around not being able to find containers will improve.

Staff Carter answered yes, he thought that would be a strength Recology would bring to the project with inherently more intimate knowledge of the generators.

Staff Au added that a proper sorting campaign kicked off two weeks ago. It is a multi-year campaign with multiple outreach touch points there is a new page <https://rethinkwaste.org/sort/> with videos that are being rolled out through social media, bus ads, social media, and many others. The focus on the proper sorting campaign is based on the results of the route reviews.

Executive Director La Mariana noted that SB 1383 has allowed for the continuity of proper sorting statewide due to uniform requirements. CalRecycle is looking at doing some statewide campaigns to address proper sorting education as well.

Member Mello asked under what circumstances could Recology reject a container.

Mia Rossi of Recology answered that if there is 10% contamination in the recycling bin and 20% in the trash bin Recology can reject collection of the container per the franchise agreement.

Member Micheal noted that the City of Burlingame is looking into partnering with Ridwell on the collection of plastic bags and plastic film and she wondered if the agency had looked into that as an option.

Executive Director La Mariana noted that their business model concentrates on items that are not in the franchise agreements, and that there is nothing formal the agency intends to do to create a relationship, but we are interested in seeing if their business model is sustainable.

Recology noted that we don't know what they do with their material, we don't endorse or discourage.

Staff Carter noted that all member agencies will receive individual data from the route reviews by the end of September.

Outreach and Technical Assistance

Staff Carter gave an overview of the work that SCS Engineers is doing to get non-compliant accounts to have all 3 containers and become compliant with SB 1383. As of June, there remains about 3800 non-compliant generators in the service area. Staff is looking at the remaining funding for SCS contract and how can we get these generators over the hump before enforcement starts in January. He then gave an update on waivers, noting the to date 1600 waivers have been approved, there are 300 additional requests in queue. No waivers have been approved for multi-family complexes or physical space constraints.

Member Johnson asked if all 3800 non-compliant generators had been contacted.

Staff Carter answered yes, just on the SCS Engineers side they have made 8800 contact attempts including phone calls, emails, and a few site visits. 4000 letters have been sent to generators as well. All of the member agencies will be able to login to Routeware and see all the contacts that have been made when it comes to enforcement next year. All the generators on the list have received at least 3 contract attempts.

Enforcement

Member Clark asked what happens if someone flat out refuses, as she couldn't see our agency putting a lean on a property or something like that.

Staff Carter noted that enforcement responsibly falls to the member agencies. So, as we head towards enforcement in 2024 there will be a handoff to the member agencies for enforcement with support from

RethinkWaste staff. He added that the regulations require that within 60 days the generator needs to receive a notice of violation and if there is no response from the notice the member agency needs to move forward with enforcement, and there is a very clear escalation protocol. He then gave an update regarding the language in SB 1383 regarding enforcement and contamination penalties. Staff will be working on template materials to further guide enforcement, and he will have that update at the September TAC meeting.

Grant Funding

Staff Carter noted that Cal Recycle is going to have another round of grant funding and is offering noncompetitive SB 1383 local assistance grants at a base line of \$75,000 per jurisdiction with a potential for more based on population. He noted that the application does require a narrative proposal, and a resolution. The largest change is that if you are part of a JPA the JPA can now apply on their member agencies' behalf, even if it's just a portion of the member agencies.

Member Johnson noted that he would like to see more research on if the JPA applied on the cities' behalf if the projects and the reporting would all have to be service area wide.

Chair Lorenz noted that procurement is the goal, so the service area wide if there are projects staff can suggest to meet that goal then she would be interested in having that discussion. She asked staff to come back to the September meeting with possible projects if the JPA applied for the grants.

Gordon added that templates for enforcement on a larger scale might be something that the grant money could be applied to.

Tj noted that if anyone had any further thoughts on the grant application to reach out to him.

6. Preview of the 2024 Contractor Compensation Application and Rate Adjustment

Staff Mangini noted that the draft report on the revenue requirement is due out tomorrow, but the TAC was meeting today, so we wanted to preview it for the TAC today for preliminary discussion on the large rate increase because of two factors. One, the new SBI contract beginning January 1, 2024, as a result of the RFP, which is driving disposal and operations costs up, and two, something that hasn't happened in a while Recology's compensation is going up as well because of index based and service level adjustments. He handed out a DRAFT table 8 report and asked for specific feedback from member agencies if there were questions or thoughts that needed to be included in the report. He noted an increase in disposal and processing fees of 25%, and the total estimated increase in the revenue requirement is 11-12%. He noted that Recology submits a special compensation application to the City of Belmont, and they calculate their rates differently, so Belmont's final numbers will be different. Additionally, this is based on the allowances in the franchise agreements, so these numbers do not reflect Recology's request for special circumstances reimbursement for Covid-related expenses.

Executive Director La Mariana gave a reminder of the history of this process, and the RFP which clearly resulted in a market true-up. He invited Dwight Herring of SBI to give a summary of their RFP proposal and the economic drivers behind these large cost increases. He noted that staff would be putting together some talking points for the member agencies to talk about the rationalization and drivers for these increases with constituents and elected officials. And reminded the committee members that staff had advised during the rate setting process last year to build in a reserve to last year's rates so that this year's impact wouldn't be such a large hit. He noted that some agencies had done that, and some had not.

Dwight Herring of SBI noted that while the RFP process that ended in 2022 would result in a new agreement with either proposer would result in significant cost increases when compared to the current agreement's cost structure, SBIs cost proposal and related rate impact over the term of the agreement were projected to be substantially less than SBR's and is the more cost-effective option and offered the best value to SBWMA ratepayers. He noted that some of the notable cost drivers include:

- Increased profit level above the current agreement of approximately 8%, due to pricing for risks associated with the current environment (labor market, recycling market, pandemic, supply chain issues etc.)
- Increase in headcount resulting in associated wage/benefit increases.
- Alignment of wages and benefits to rates in the Local 350 Collective Bargaining Agreements (CBAs)
- Labor cost increases due to increased staff tenure.
- Depreciation cost increases reflecting purchase of new facility rolling stock and equipment.
- Operation and maintenance costs reset since existing agreement compensation indices did not keep pace with actual costs.
- Repair and maintenance cost increases due to aging equipment at the Shoreway Environmental Center
- Fuel cost reset since existing agreement compensation indices did not keep pace with actual price.
- Stormwater capital improvement allowance/funding for future related infrastructure projects
- Mandated quarterly SB 1383 sampling costs to comply with regulations.
- Pricing reflecting current risks (e.g., inflation, labor market, commodity markets, supply chain)

Member Clark asked if there were any reserves that could be used to buy down the increase in processing costs.

Executive Director La Mariana noted that there are reserves, they are designed reserves, but we have not contemplated using the reserves for this purpose. Typically, the member agencies hold their own reserves for rates.

Staff Mangini noted that there is a rate stabilization reserve and staff could do some analysis on using this reserve to help the board make a decision about whether or not to use that reserve. He also noted that there is a mechanism in the amended and restated franchise agreements, called cap and carry forward that allows for the capping of increases at 5%, and that is a decision that would be made at the time of rate setting by the governing body.

Executive Director La Mariana thought this would be a great time to consider activating that clause in the franchise agreement, it would roll any increases above the 5% to the following year, and staff is not expecting this big step up again that is happening with this contract reset.

Member Brown asked if a member agency does elect to cap it, are there any assurances that there won't be an even bigger increase next year or over the next couple of years.

Executive Director La Mariana, noted that this current transition of the operations agreement is a really large step up, and we can reasonably forecast that we won't have another large step-up next year, because at that point the contract will fall into a more standard CPI based increase methodology.

Staff Mangini did note that in the SBI contract there is a clause to adjust labor next year for the CBA agreement they are negotiating this year, so that will be an escalator outside of CPI next year, but it won't be on the magnitude of this step up.

Carl Mennie added that the disposal that's built into the rates falls outside of the contractor's compensation, and therefore is not part of the 5% cap, so even if the compensation is capped at 5% there will still be a large disposal increase.

Staff Mangini and Executive Director La Mariana offered assistance to the member agencies to walk through table 8 and attend city council meetings and study sessions where rate decisions are being made.

Lastly, Executive Director La Mariana went over the timeline for the remainder of the rate setting process.

Member Johnson noted that San Mateo would be taking their rate adjustments to council before the SBWMA Board meeting in September when they discuss these rate impacts, and that timing was necessary to meet the January deadlines. He asked if the Board is aware of the increases even though they don't have the final numbers.

Executive Director La Mariana answered yes, it's been discussed at several meetings, and is no record in the minutes several times so it should not be a surprise to them.

7. Debrief on SB 1383/EAR (Electronic Annual) Reporting

Member Johnson now absent 3:48PM

Staff Carter noted that on August 1, the Cal Recycle Electronic Annual report was submitted to Cal Recycle. Due to 2022 being the first full year of SB 1383 there were some new pieces that were integrated into the report. So, he wanted to offer this space to offer feedback on the process of collecting information, and the timeline for the reporting.

Chair Lorenz noted that the request for information (RFI) timeline was fine, the draft comes later and later each year and there isn't enough time to turn around a review. She asked for at least two weeks for review turnaround. She also asked for a receipt that the report from Ascent Environmental that the report was submitted on time.

Staff Carter noted that on member agencies receiving the draft reports, that the contactor is collecting data from all of the member agencies and if a member agency is not as quick to respond to the RFI all of the member agencies collectively wait. He noted that staff will try to gear everyone up earlier so that when the RFI comes the member agencies would be more ready to respond.

Chair Lorenz also asked for an improved list of what would be included in the reporting.

Vice Chair Lee asked if there was a reasonable expectation that the report would remain relatively the same now that the SB1383 questions have been included. Because then the RFI could come out even earlier than June 15.

Member Clark added that in the last four years it's been different questions each year, because the report has a different focus.

Staff Carter noted that staff provided feedback to CalRecycle last year on the challenges of the report. And that some container collection numbers will be included as well as C&D and MWELO, and staff can continue to follow the same pattern we sent this year where we can send a preliminary request with what is known with the caveat that after June 15 there may be an additional request. He also noted that he would let the member agencies know what date he would be doing the date pull from Recyclist for the reporting.

7. Contractor Updates

Recology

Carl Mennie of Recology gave the following updates:

- Staffing changes
 - Mia Rossi has been promoted to Community Relations Manager
 - Alex Rinear has been promoted to Zero Waste Manager
 - John Zirelli will be the new General Manager starting August 14

SBR

- Phil Couchee acknowledged the July 26 roll over of a fully loaded big rig on the Southbound 101 onramp and Holly. The accident happened just after noon, and staff and emergency crews were out there until about 7:30PM to clear it, and there were no injuries.
- He also acknowledged his crew for their exceptional response to a fire up the line in the recycling equipment a few weeks ago. The crew did a great job getting the fire out quickly and following emergency procedures.
- Lastly, he noted that SBR is working consistently on the transition to SBI, and we are working toward the transition as planned.

9. TAC Member Comments

10. Adjourn 4:03PM



STAFF REPORT

To: SBWMA TAC Members
From: Cyndi Urman, Clerk of the Board
Date: September 14, 2023 TAC Meeting
Subject: Approval of 2024 TAC Meeting Calendar

Recommendation

It is recommended that the SBWMA Technical Advisory Committee approve the proposed 2024 TAC meeting calendar (attached).

Summary

Staff recommends a second Thursday of the month meeting in March(14th), May (9th) August (8th) and September (12th) 2024 from 2-4PM. Additionally, the TAC will meet together with the Board in February or March for the annual Board/TAC Retreat.

Analysis

To use the TAC resource at its highest and best use, staff recommends this proposed 4 times a year meeting schedule, and the additional 5th meeting for the annual Board TAC Retreat. Other TAC meetings may also be scheduled, as needed, or if the Board refers items to the TAC for review.

Background

Over the last several years, the TAC has met regularly and as needed when the Board refers topics to the TAC for review.

Fiscal Impact

There is \$70 per meeting charge for space when the TAC meets at Sam Trans. Sometime during 2024, TAC meetings will likely transition to the new office location of the RethinkWaste staff at which time there would be no additional fiscal impact of regular TAC meetings. Additionally, there is a charge associated with renting an off-site location for the annual Board/TAC retreat of approximately \$1500. RethinkWaste provides snacks at each TAC meeting, as well as more significant appetizers at the Board/TAC retreat and the annual thank you lunch in November. These costs range from \$5 to \$50 per person per meeting. These expenses are accounted for in the 2024 budget.

Attachments

Attachment A – Proposed 2024 TAC Meeting Dates



**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
2024 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 unless otherwise notices on the meeting agenda:
San Mateo County Transit District Offices
1250 San Carlos Ave
Fourth Floor Dining Room
San Carlos, CA 94070

February* Board/TAC Retreat	22	2024
March	14	2024
May	09	2024
August	08	2024
September	12	2024

*The February retreat is TBD until the Board Chair and Vice Chair approve the date, and will have an alternate location.



A Public Agency

Review of the SBWMA Draft Report Reviewing the 2024 Recology San Mateo County Compensation Application

STAFF REPORT

To: SBWMA TAC Members
From: Joe La Mariana, Executive Director
John Mangini, Senior Finance Manager
Date: September 14, 2023 TAC Meeting
Subject: Review of the SBWMA Draft Report Reviewing the 2024 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 2024 has been thoroughly reviewed by SBWMA staff to ensure that the proscribed process as delineated in the Franchise Collection Agreement is being followed, and for mathematical and formulaic accuracy. The result is a calculated 7.4% increase in Recology's compensation for 2024, which excludes Recology's Request for COVID-19 Pandemic-Related Special compensation (\$835,935.73)

Analysis

The SBWMA Draft Report Reviewing the 2024 Recology Compensation Application issued to the TAC and Board on August 11, 2023 addresses Recology's compensation due for 2024 and the Total Revenue Requirement for the 11 member agencies to meet their contractual obligations. The Member Agencies are contractually obligated to set rates to generate revenue to match the 2024 Total Revenue Requirement. Any shortfall in net revenue to Recology by an individual member agency (or agencies) may result in an interest payment due to Recology in the subsequent rate year (e.g., 2022 final surplus or shortfall is determined in 2023 and included in 2024 revenue requirement). NOTE: Interest only applies if Member Agencies fail to set rates to match the total annual revenue requirement.

The 11 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 21, 2023, for the Board's consideration at the September 28, 2023 Board of Director's meeting.

SBWMA Review of 2024 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 Fourteen (i.e., 2024) compensation results in Total 2024 Contractor's Compensation of \$73,211,882, which is an increase of \$5,053,491 (7.4% increase from prior year). **Member Agencies may elect to exercise Section 5 of Attachment K - Cap Carry Forward Provision in their franchise agreements.** If implemented, each member agency can exercise its contractual prerogative to cap the

non-disposal portion of Recology's projected costs at 5% in RY 2024. If exercised, said member agencies are still responsible for their portion of these costs and Recology must be compensated the difference in RY 2025.

The 2024 increase is due primarily to the following:

- The New Recology Restated and Amended Agreement compensation increase methodology based on CPI indices and service levels.
- Direct fuel index increase of 14.9%
- Performance Incentive/Disincentive payment from Recology of \$117,025 (Table F in Recology Application).

Additional Requested Adjustment to Recology's Compensation Application

Recology's Request for COVID-19 Pandemic-Related Costs Special Compensation. Section 11.05.A of the Amended and Restated Franchise Agreements, Special Compensation Review, provides in relevant part as follows:

11.05 SPECIAL COMPENSATION REVIEW

- A. **Eligible Items.** The Contractor may apply to the Agency for consideration of a special review of Contractor's Compensation, and the Agency may initiate such a review, if one or more of the following events occur and cause an increase in or decrease to Contractor's Compensation by two percent (2%) or more for the then-current Rate Year. If one or more of the following events occur and cause an increase in or decrease to Contractor's Compensation by less than two percent (2%) for the then-current Rate Year, such cost impact shall be considered at the time the annual Contractor's Compensation adjustment process is performed in accordance with Section 11.02, and Contractor may be compensated retroactively for such cost subject to Agency approval.
 2. Flood, earthquake, or other similar catastrophic event affecting the Agency which 3892 is beyond the control of and not the fault of the Contractor.

Recology indicates that the COVID-19 pandemic was a "catastrophic event" as envisioned by this provision in the Franchise Agreements with Member Agencies and, has requested an amount of \$835,935.73 for "adjustments in customer service, administrative and operational procedures, in order to comply with the State and Local Health and Safety Regulations and additional paid sick leave mandated under the Families First Coronavirus Response Act (FFCRA) and Senate Bill SB114.

Recology's 2024 compensation is compared to 2023 in **Table 1** below. **Table 1** does not contain Recology's request for COVID-19 cost reimbursement as Staff is recommending that the Board deny Recology's request for this special compensation. Please see **Section 5** of the SBWMA Draft Report Reviewing the 2024 Recology San Mateo County Compensation Application for a detailed analysis of the request and Staff recommendation to the Board.

Table 1

Total Contractor's Compensation	Recology Compensation			
	<u>2023 Cost</u> Approved	<u>2024 Cost</u> Proposed	<u>Change</u>	<u>%</u>
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%

The adjustments to compensation for 2024 represent an increase in the total net compensation of 7.4% or \$5,053,491 from 2023. The results of the adjustment process are detailed by expense category in Table 3 of the Draft Report. Table 4 of the Draft Report illustrates the CPI Adjustments, Service Level Adjustments.

Rate Setting and Approval Process

This SBWMA **Draft** Report and recommendation is to determine the compensation owed to Recology for collection services in 2024. This Report also provides Table 8 (**Attachment A**) which establishes the calculated Revenue Requirement that will be used as the basis for recommending the 2024 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 Restated and Amended 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, 2024, and net revenues billed by Recology in 2024 are less than needed to cover the approved total contractor’s compensation delineated in the Final Report, the Agency could 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.

In 2017, the SBWMA and its Member Agencies initiated negotiations with Recology to amend the Collection Agreements and extend the term, which resulted in Recology and the Member Agencies executing Restated and Amended Franchise Agreements (“Agreements”) for Collection Services commencing January 1, 2021. The annual compensation adjustment process to Member Agencies is prescribed in Article 11 and Attachment K of the Restated and Amended Franchise Agreements. Attachment K explains the detailed process and specific rules used to adjust the various cost categories and the allocation of costs to the Member Agencies. The tables that comprise Attachment N are used to calculate the specific cost adjustments prescribed in Attachment K.

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 SBWMA Member Agencies is calculated in **Attachment A**, Table 8, row F.3 for 2024 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 2024 costs to 2023 costs and showing the components of the 2024 rate adjustments by Member Agency are included in the Draft Report as Appendix B – Member Agency Variance Analysis of Total Collection Cost and Rate Impact.

Total Collection Rate Adjustment

The total rate adjustment is provided in **Table 8 (Attachment 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 2024 Collection Revenue using 2023 rates (**A.1**), the 2024 Total Recology Compensation (**A.2**) and Pass-Through Expenses (**A.6**) used to determine the 2024 Revenue Requirement (**A.7**), the estimated 2024 Surplus/Shortfall balance with Recology (**A.8**), Agency Fees on shortfalls (**A.9**), and the Rate Adjustment Percentage (**A.10**). *Each Member Agency has a different adjustment percentage.*
- **Section B** – This section provides the results of the 2022 Recology Revenue Reconciliation surplus/shortfall that must be added to the 2024 rate adjustment.
- **Section C** – This section provides the cumulative 2024 Required Rate Adjustment which is the sum of sections A and B.
- **Section D** – This section provides the “2023 estimated surplus/(shortfall)” balance with Recology (**D.1**), including the adjusted 2021 surplus/shortfall (**D.2**) and the associated Agency Fees on any net estimated shortfall (**D.4**). The 2023 Revenue Reconciliation will be finalized in 2025, similar to how the 2022 Revenue Reconciliation was finalized in 2024.
- **Section E** – This section includes adjustments for unique items with Recology.
- **Section F** – This section provides the “Cumulative Revenue Requirement” (**F.1**)” and the cumulative surplus (**F.2**) which includes the result of Sections C, D and E. **The overall SBWMA calculated rate adjustment is on line (F.3).**

Attachments:

Attachment A – Table 8 Total Collection Rate Adjustment

Attachment B – SBWMA Draft Report Reviewing the 2024 Recology San Mateo County Compensation

Attachment B Appendices - Available online only at www.rethinkwaste.org

- [APPENDIX A –Recology 2024 Compensation Application Issued on June 15, 2023.](#)
- [APPENDIX B – Member Agency Variance Analysis of Total Collection Cost and Rate Impact Comparing 2024 with 2023](#)
- [APPENDIX C – SBWMA’s Questions and comments to Recology’s Compensation Application, and Recology’s response](#)
- [APPENDIX D – Attachment K, Section 5 – Possible Carry Forward of Annual Compensation Adjustment Above 5%](#)

SBWMA							
TOTAL COLLECTION RATE ADJUSTMENT BY MEMBER AGENCY							
as of 08/11/2023			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%

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%

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SBWMA **DRAFT** REPORT REVIEWING THE 2024 RECOLOGY SAN MATEO COUNTY COMPENSATION APPLICATION

August 11th, 2023
(Revised September 14, 2023)

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APPENDICES

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APPENDIX A – Recology 2024 Compensation Application Issued on July 14, 2023.

APPENDIX B – Member Agency Variance Analysis of Total Collection Cost and Rate Impact Comparing 2024 with 2023

APPENDIX C - SBWMA’s questions and comments to Recology’s Compensation Application, and Recology’s response

APPENDIX D – Attachment K, Section 5 – Possible Carry Forward of Annual Compensation Adjustments Above 5%

SECTION 1 EXECUTIVE SUMMARY

1.A Summary

The South Bayside Waste Management Authority (SBWMA/RethinkWaste) is required to review the Recology San Mateo County (Recology) 2024 Compensation Application (Application) for completeness, accuracy and consistency as prescribed in the Restated and Amended Franchise Agreements (Franchise Agreements) between the SBWMA Member Agencies and Recology. The Application is to document the results of Recology following the prescribed compensation adjustment process detailed in Article 11, and Attachments K and N of the Member Agency Restated and Amended Franchise Agreements. Specifically, this process includes applying the change to various indices to the approved 2023 compensation, applying a Service Level Adjustment (SLA) to the 2023 compensation specific to each Member Agencies and adding the prior year's revenue reconciliation balances. Service Level Adjustment (SLA) is further described in Section 1.D Recology Service Level Adjustment Process by Member Agency.

This **Draft** Report provides the results of SBWMA's review of Recology's 2024 Application and the critical analysis by the SBWMA of all components that make-up the total revenue requirement for Member Agencies to set solid waste rates. The total revenue requirement is the total cost of service including Recology compensation, disposal and processing costs, Member Agency fees, and prior years surplus/shortfalls owed to/from Recology.

The SBWMA provides a calculated total rate impact for each Member Agency (see **Table 8 on pages 13 and 14**) and calculated rate adjustment for 2024, which consolidates all the projected revenue and cost components associated with the solid waste rate setting process by Member Agency.

1.B Compensation Application Process and Issuance of SBWMA Report

The 2024 Recology Compensation Application was submitted to the SBWMA and Member Agencies on June 15, 2023. On June 30, 2023 the SBWMA submitted questions and comments to Recology. On July 14, 2023 Recology submitted responses to the SBWMA's questions and comments along with a revised Compensation Application. **Appendix A** provides Recology's 2024 Compensation Application. **Appendix C** provides the SBWMA's questions and comments to Recology's Compensation Application, and Recology's response submitted on July 14. The SBWMA provided all Member Agencies with their detailed revenue, agency fees, and disposal and processing cost projections for 2024 on July 27th.

Additional Requested Adjustments to Recology's 2024 Compensation

Request for COVID-19 Pandemic Related Costs Special Compensation. Section 11.05.A of the Franchise Agreements provides that cost impacts resulting from certain unanticipated events shall be considered at the time of the Annual Compensation Adjustment process for possible retroactive compensation. Recology has requested special compensation pursuant to this Section for costs it incurred as a result of the COVID-19 pandemic. Recology has identified a total of \$835,936 in costs it incurred during the time period of January 2020 to January 2023 to comply with the State and Local Health and Safety Regulations, as well as federal and State sick leave regulations. Recology has included these costs in the 2024 Compensation Application. Please see **Section 5** for a detailed analysis of the request and Staff recommendation to the Board.

Table 1 on the next page shows the complete schedule to review and comment on Recology’s Compensation Application. This **Draft** Report provides the guidance for Member Agencies to adjust 2024 solid waste rates, if necessary.

**Table 1
2023 Schedule to Approve Recology 2024 Compensation**

<u>Due Date</u>	<u>Milestone</u>
June 15, 2023	Recology 2024 Compensation Application Submitted to Member Agencies and SBWMA
June 30, 2023	Member Agencies and SBWMA Comments Due to Recology
July 14, 2023	Recology Submitted responses to comments from Member Agencies and SBWMA
August 11, 2023	SBWMA Draft Report Reviewing the 2024 Recology Compensation Application Issued to Member Agencies
August 25, 2023	Member Agencies Written Comments on SBWMA Draft Report Due to SBWMA
September 14, 2023	SBWMA Board/TAC Meeting: Staff Update and Discussion
September 21, 2023	SBWMA Final Report Issued to Member Agencies/Board
September 28, 2023	SBWMA Board Meeting: Consideration of Final Report

1.C Summary of Notable Items in the 2024 Recology Compensation Application

Notable items included in the 2024 Recology Compensation Application include:

- Application of the Recology Restated and Amended Agreement compensation increase methodology, which is based on CPI indices and service levels.
- 2022 revenue reconciliation of surplus/shortfall and interest payments due to/from Recology (Table H in Recology Application).
- Performance Incentive/Disincentive payment from Recology of \$117,025 (Table F in Recology Application).
- Overall, 8.6% Total Compensation increase including a fuel index increase of 14.9%
- Member Agencies may elect to exercise Section 5 of Attachment K - Cap Carry Forward provision in their franchise agreements.

1.D Recology Service Level Adjustment by Member Agency

The annual compensation adjustment process to Member Agencies is prescribed in Article 11 and Attachment K of the Restated and Amended Franchise Agreements. Attachment K explains the detailed process and specific rules used to adjust the various cost categories and the allocation of costs to the Member Agencies. The tables that comprise Attachment N are used to calculate the specific cost adjustments prescribed in Attachment K.

The 2024 Recology Compensation Application adjusts Attachment N costs by applying the various April 2022 to April 2023 index change.

Next, service level adjustments are applied to: Direct Labor Related Costs; Direct Fuel Costs; and Other Direct Costs. For Rate Year 2024, the Single-Family lines of business service level adjustments are 100%

of the percentage change in the rolling three-year average number of Solid Waste accounts in each Member Agency. In Rate Year 2023, 100% of the change in service levels for Commercial lines of business, lifts shall be used rather than accounts; and, for Drop Box lines of business, pulls shall be used rather than accounts. Indirect Costs are adjusted by 65% change in the three-year rolling average in accounts for residential and lifts for commercial.

Per section 7.12 of the Franchise Agreements, Recology conducted its Annual Route Assessment over a four-week period in 2023. The assessment is intended to annually confirm and update Recology's data related to customer accounts, service levels and operations, including, but not limited to: (1) number of Accounts, (2) Bin and Cart lifts, and (3) Drop Box pulls to be used as the basis for the rolling three-year Service Level Adjustment. Recology submitted its 2024 Compensation Adjustment Application using the Assessment four-week period in April 2023.

Recommendation

Based on the net results of the cost adjustments calculated in the 2024 Recology Compensation Application, SBWMA intends to recommend that the Board approve an adjustment to Recology's 2024 compensation as delineated in **Table 2** below. It is expected that **Table 2** in this **Draft** Report will be modified in a **Final** Report before Staff recommends it for Board approval due to The City of Belmont having a unique compensation methodology. Belmont's compensation is not available as of this writing. **Table 2** summarizes the adjusted 2024 costs and changes from 2023. The total change in Recology's compensation for 2024 is an increase of \$5,053,491 or 7.4% from 2023. **Table 2** does not contain Recology's request for COVID-19 cost reimbursement as Staff is recommending that the Board deny Recology's request for this special compensation. Please see **Section 5** for a detailed analysis of the request and Staff recommendation to the Board.

Table 2
Summary of Adjusted 2023 Costs to 2024 Costs

RECOLOGY COMPENSATION SUMMARY	2023 Cost Approved	2024 Cost Proposed	\$ Change	% Change
Total Annual Cost of Operations	\$ 60,826,906	\$ 65,254,033	\$ 4,427,127	7.3%
Profit	6,385,145	6,849,871	\$ 464,726	7.3%
Operating Ratio	90.5%			
Total Operating Costs	\$ 67,212,051	\$ 72,103,904	\$ 4,891,853	7.3%
Contractor Pass-Through Costs				
Interest Expense ¹	\$ 1,127,286	\$ 1,127,286	\$ -	0.0%
Contract Changes to Specific Agencies ²	(65,596)	97,717	163,313	-249.0%
Total Contractor Pass-Through Costs	\$ 1,061,690	\$ 1,225,003	\$ (157,588)	-14.8%
BASE CONTRACTOR'S COMPENSATION	\$ 68,273,741	\$ 73,328,907	\$ 5,055,166	7.4%
Other Adjustments				
Performance Incentives / Disincentives	\$ (115,350)	\$ (117,025)	\$ (1,675)	1.5%
Total Other Adjustments	\$ (115,350)	\$ (117,025)	\$ (1,675)	1.5%
TOTAL CONTRACTOR'S COMPENSATION	\$ 68,158,391	\$ 73,211,882	\$ 5,053,491	7.4%
¹ Interest expense is per the negotiated Restated and Amended Franchise Agreements ² 2023 SB 1383 Costs (Board Approved May 2023)				

SECTION 2 BACKGROUND

2.A Franchise Agreement Terms

Ten of the eleven SBWMA Member Agency Agreements use the same methodology to calculate the compensation owed to Recology. One Member Agency (i.e., City of Belmont) uses a different compensation methodology; however, using this different methodology has no bearing on the costs (compensation) or services provided to the other eleven Member Agencies.

The compensation adjustment methodology is detailed in Article 11, Attachment K and Attachment N in the Member Agency Restated and Amended Franchise Agreements. Article 11 describes the methodology and process by which the compensation adjustment process shall be implemented. Attachment K provides more detail on this process and how costs (compensation) will be allocated amongst the Member Agencies.

Cost Adjustment Process

Attachment K, Table 1 of the Restated and Amended Franchise Agreements prescribes a detailed process to adjust Recology's costs during the full fifteen-year term of the Restated and Amended Franchise Agreements. A flowchart in Recology's Compensation Application (see table D of Appendix A) illustrates graphically the cost adjustment process that is conducted each year. Cost adjustments are based primarily on changes in US DOL indices and service levels.

The 2024 Recology Compensation Application adjusts Attachment N costs by applying the various April 2022 to April 2023 index change.

Service level adjustments are applied to: Direct Labor Related Costs; Direct Fuel Costs; and Other Direct Costs. For Rate Year 2023, the Single-Family lines of business service level adjustments are 100% of the percentage change in the rolling three-year average number of Solid Waste accounts in each Member Agency. In Rate Year 2023, 100% of the change in service levels for Commercial lines of business, lifts shall be used rather than accounts; and, for Drop Box lines of business, pulls shall be used rather than accounts. Indirect Costs are adjusted by 65% change in the three-year rolling average in accounts for residential and lifts for commercial.

2.B Annual Revenue Reconciliation

There is an annual revenue reconciliation process to determine the net revenue Recology retained versus the amount actually owed to the company. The calculation compares the gross revenue billed, less contractor paid pass-through expenses for Member Agency fees and disposal and processing expense at the Shoreway facility (owned by SBWMA/RethinkWaste), versus the approved contractor's compensation. This revenue reconciliation process results in a surplus or shortfall owed to/from Recology by Member Agency. This surplus or shortfall will be added to or subtracted from the Recology's compensation for the subsequent rate year (in this case for 2024).

The Recology 2022 Revenue Reconciliation Report was submitted to the SBWMA and Member Agencies on March 31, 2022. Staff reviewed this 2022 Revenue Reconciliation Report and contracted an independent firm (i.e., RRS Consultants), to thoroughly review it, which included validating the accuracy of the results by Member Agency. On June 22, 2023 the Board reviewed agenda item 4B which included the audit findings and results (i.e., final 2022 surplus/shortfall and interest) of the revenue reconciliation that will be added to or subtracted from Recology's 2024 compensation. Agencies can also request a refund of surplus

balances or make payments to Recology for shortfalls. The final 2022 Revenue Reconciliation balances, net of payments, have been included in Recology’s 2024 Compensation Application (see Table H).

2.C Review of Compensation Application by SBWMA for Accuracy and Completeness and Issuance of Final Report

The Franchise Agreements state that the SBWMA is responsible for annually conducting a review and analysis of Recology’s Compensation Application. The SBWMA conducted a thorough review of the data, calculations, index adjustments, and the service level adjustment calculation. This review is used to prepare the analysis contained in this report including any changes and adjustments to Recology’s compensation. Recology is obligated to promptly provide to the SBWMA any missing information, explanations and agreed changes upon request during the Compensation Application review process. Recology submitted responses to the SBWMA’s comments on July 14. The questions and comments submitted to the company during the initial review period in June are provided in **Appendix C**.

SECTION 3 2024 RECOLOGY COMPENSATION APPLICATION

3.A Description of Compensation Adjustments

The 2024 Recology Compensation Application is based on each Member Agency’s base compensation in their specific Restated and Amended Franchise Agreements, adjusting for indices and service level as previously described to arrive at the 2024 compensation by cost category. In the Compensation Application, the term “cost” really refers to “compensation.” Please note this does not mean Recology’s “true” costs. The SBWMA moved from a “cost plus” compensation model to a “fixed price plus index adjustment” compensation methodology with the Recology contract that started on January 1, 2011. The Restated and Amended Franchise Agreements, starting January 1, 2021, includes the service level compensation adjustment and index compensation adjustment.

The Franchise Agreements with Recology also provide for additional compensation adjustments for special issues related to performance incentive/disincentive payments (and liquidated damages).

Recology Annual Revenue Reconciliation Report for 2022. Recology submitted a Revenue Reconciliation Report for 2022 to the SBWMA on March 31, 2023 which compares the approved compensation owed to Recology for 2022 with the actual net funds retained by Recology after paying for pass-through costs for disposal and processing at Shoreway and Agency fees (e.g., Franchise Fees) paid to each Member Agency. The SBWMA thoroughly reviews this Report and it is audited by an independent third party firm (i.e., RRS Consultants). The audit results are then provided to the Board for consideration and approval. Each Member Agency annually generates a surplus or shortfall which is added to or subtracted from the next year’s Revenue Requirement. The 2022 shortfall balance including interest is \$5,878,520 due from Recology. The balance due from Recology can be found B.1 on **Table 8**.

Performance Incentive/Disincentive Payments (and Liquidated Damages). Recology reported the 2022 Performance Incentives/Disincentives and Liquidated Damages calculations which was reviewed and approved by the SBWMA and RRS Consulting. The total annual Recology recycling diversion incentive payment from 2011 to 2022 are as follows:

- 2011 - \$913,060 (diversion incentive payment to Recology)

- 2012 - \$489,164 (diversion incentive payment to Recology)
- 2013 - \$257,650 (diversion incentive payment to Recology)
- 2014 - \$42,217 (diversion incentive payment to Recology)
- 2015 - (\$14,215) (diversion disincentive payment to the Member Agencies)
- 2016 - \$175,789 (diversion incentive payment to Recology)
- 2017 - \$155,789 (diversion incentive payment to Recology)
- 2018 - \$59,830 (diversion incentive payment to Recology)
- 2019 - \$168,964 (diversion incentive payment to Recology)
- 2020 - \$96,691 (diversion incentive payment to Recology)
- 2021 - \$55,280 (diversion disincentive payment to the Member Agencies)
- 2022 - \$88,242 (diversion incentive payment to Recology)

Recology’s 2022 diversion incentive payment is \$88,242 including Belmont. The diversion incentive payment is offset by Performance penalties. The net amount due from Recology and adjusted in Recology’s 2024 compensation is \$117,025 including Belmont (Table F in Recology’s Application Appendix A).

3.B Adjustment of 2023 Compensation to 2024

As prescribed in Article 11, Attachment K and Attachment N of the Restated and Amended Franchise Agreements, the adjustment of the 2023 compensation to 2024 compensation is based on each Member Agency’s negotiated 2021 compensation, which is adjusted each year by indices and service level adjustment.

Table 3 on the following page provides the detailed results from making all compensation adjustments from 2023 to 2024. The application of all adjustment factors results in an overall increase in Recology’s base 2023 compensation totaling \$5,889,427 or 8.6% from 2023. Excluding Recology’s request for COVID-19 reimbursement the overall increase from the 2023 base compensation is \$5,053,491 or 7.4% from 2023. For the Board’s convenience, Table 3 also shows adjustments if the COVID-19 reimbursement is included.

Possible Carry Forward of Annual Compensation Adjustment Above 5%. The Amended and Restated Franchise Agreement contains a Cap Carry Forward provision, which allows Member Agencies to defer (carry forward) the excess to the subsequent Rate Year in accordance with Attachment K, Section 5. Attachment K, Section 5 can be found in **Exhibit D** of this document.

**Table 3
Results of Adjustments of 2023 Costs to 2024 Costs**

RECOLOGY COMPENSATION DETAIL	2023 Cost	2024 Cost	% of Total Cost	\$ Change	% Change
Annual Cost of Operations					
Direct Labor-Related Costs					
Wages	\$ 20,877,105	\$ 22,275,516	30.1%	\$ 1,398,411	6.7%
Benefits	\$ 9,131,990	\$ 9,574,900	12.9%	442,910	4.9%
Payroll Taxes	\$ 1,691,046	\$ 1,804,317	2.4%	113,271	6.7%
Workers Compensation Insurance	\$ 1,496,166	\$ 1,596,279	2.2%	100,113	6.7%
Total Direct Labor Related-Costs	\$ 33,196,307	\$ 35,251,012	47.6%	\$ 2,054,705	6.2%
Direct Fuel Costs	\$ 3,270,491	\$ 3,757,320	5.1%	486,829	14.9%
Other Direct Costs	\$ 3,072,266	\$ 3,280,694	4.4%	208,428	6.8%
Depreciation					
- Collection Vehicles	\$ 2,943,932	\$ 2,943,932	4.0%	-	0.0%
- Containers	\$ 1,141,479	\$ 1,141,479	1.5%	-	0.0%
Total Depreciation	\$ 4,085,411	\$ 4,085,411	5.5%	\$ -	0.0%
Allocated Indirect Costs excluding Depreciation					
General and Administrative	\$ 9,903,430	\$ 11,072,431	15.0%	\$ 1,169,001	11.8%
Operations	\$ 1,983,832	\$ 2,124,291	2.9%	140,460	7.1%
Vehicle Maintenance	\$ 3,791,572	\$ 4,060,024	5.5%	268,451	7.1%
Container Maintenance	\$ 1,409,412	\$ 1,508,665	2.0%	99,254	7.0%
Total Allocated Indirect Costs excluding Depreciation	\$ 17,088,246	\$ 18,765,411	25.3%	\$ 1,677,166	9.8%
Total Allocated Indirect Depreciation Costs	\$ 114,184	\$ 114,184	0.2%	-	0.0%
Annual Implementation Cost Amortization	\$ -	\$ -	0.0%	-	0.0%
Total Annual Cost of Operations	\$ 60,826,906	\$ 65,254,033	88.1%	\$ 4,427,127	7.3%
Profit	6,385,145	6,849,871	9.3%	464,726	7.3%
Operating Ratio	90.5%	90.5%			
Total Operating Costs	\$ 67,212,051	\$ 72,103,904	97.4%	\$ 4,891,853	7.3%
Contractor Pass-Through Costs					
Interest Expense	\$ 1,127,286	\$ 1,127,286	1.5%	\$ -	0.0%
Interest Expense on Implementation Cost	\$ -	\$ -	0.0%	-	0.0%
Contract Changes to Specific Agencies	\$ (65,595)	\$ (8,136)	0.0%	57,459	-87.6%
COVID-19 Costs	\$ -	\$ 835,936	1.1%	835,936	100.0%
SB 1383 2023 Costs	\$ -	\$ 105,853	0.1%	105,853	100.0%
Total Contractor Pass-Through Costs	1,061,691	2,060,939	2.8%	999,248	94.1%
BASE CONTRACTOR'S COMPENSATION	\$ 68,273,742	\$ 74,164,843	100.2%	\$ 5,891,102	8.6%
Other Adjustments					
Performance Incentives / Disincentives	\$ (115,350)	\$ (117,025)	-0.2%	(1,675)	1.5%
Total Other Adjustments	(115,350)	(117,025)	-0.2%	(1,675)	1.5%
TOTAL CONTRACTOR'S COMPENSATION	\$ 68,158,392	\$ 74,047,818	100.0%	\$ 5,889,427	8.6%
CONTRACTOR'S COMPENSATION (Excl COVID-19)	\$ 68,158,392	\$ 73,211,882	98.9%	\$ 5,053,491	7.4%

Table 4 below denotes the total cost adjustment by Member Agency. Note: The City of Belmont has a unique compensation methodology. As of this writing, Recology has provided a compensation application to the City of Belmont which is not available in this level of detail and therefore excluded from **Table 4**.

**Table 4
Results of Cost Adjustments**

2024 Total by Member Agency	Final Approved 2023 Base Compensation	CPI Adjustment	CPI %	Service Level Adjustment (SLA)	Service Level Adjustment %	SB 1383 Costs Rate Years 2024 and 2023	SB 1383 Costs Rate Years 2024 and 2023 %
Burlingame	6,551,647	343,184	5.24%	20,654	0.32%	66,071	1.01%
East Palo Alto	2,999,693	158,443	5.28%	49,280	1.64%	32,703	1.09%
Foster City	4,193,461	218,553	5.21%	62,743	1.50%	29,874	0.71%
Hillsborough	2,190,379	113,954	5.20%	11,784	0.54%	796	0.04%
Menlo Park	7,166,254	376,731	5.26%	23,426	0.33%	65,951	0.92%
Redwood City	12,582,014	660,342	5.25%	221,124	1.76%	105,664	0.84%
San Carlos	6,334,299	332,790	5.25%	73,247	1.16%	54,552	0.86%
San Mateo	15,793,633	829,287	5.25%	306,919	1.94%	134,486	0.85%
West Bay Sanitary Dist	1,176,587	61,490	5.23%	4,685	0.40%	2,677	0.23%
Unincorporated County	2,655,966	138,087	5.20%	(2,320)	-0.09%	8,161	0.31%
North Fair Oaks	2,216,873	116,806	5.27%	34,839	1.57%	19,352	0.87%

2024 Total by Member Agency	Contract Changes to Specific Agencies	Contract Changes to Specific Agencies %	COVID-19 Costs	COVID-19 %	Total Base Compensation	Total %
Burlingame	12,143	0.19%	79,667	1.22%	7,073,367	7.96%
East Palo Alto	12,183	0.41%	37,061	1.24%	3,289,363	9.66%
Foster City	(16,292)	-0.39%	51,234	1.22%	4,539,572	8.25%
Hillsborough	1,052	0.05%	26,445	1.21%	2,344,410	7.03%
Menlo Park	6,399	0.09%	86,971	1.21%	7,725,732	7.81%
Redwood City	10,498	0.08%	154,820	1.23%	13,734,462	9.16%
San Carlos	5,725	0.09%	77,488	1.22%	6,878,100	8.59%
San Mateo	11,037	0.07%	194,737	1.23%	17,270,098	9.35%
West Bay Sanitary Dist	5,965	0.51%	14,272	1.21%	1,265,676	7.57%
Unincorporated County	0	0.00%	31,937	1.20%	2,831,831	6.62%
North Fair Oaks	5,241	0.24%	27,287	1.23%	2,420,398	9.18%

3.C Recommended Adjustment to Recology’s Compensation for 2024

Based on the net results of the compensation adjustments previously described and the analysis of the 2024 Recology Compensation Application, SBWMA is recommending that the SBWMA Board approve an adjustment to Recology's 2024 compensation as delineated in **Table 5 – Comparison of 2023 and 2024 Compensation**. The total adjustment to Recology's contractor’s compensation is a 7.4% increase. Note that **Table 5** includes The City of Belmont’s calculated compensation for ease of reconciling. Once The City of Belmont’s actual 2024 compensation is available this **Draft** Report and all tables within will be updated.

**Table 5
Comparison of 2023 and 2024 Compensation**

RECOLOGY COMPENSATION SUMMARY	2023 Cost	2024 Cost	\$ Change	% Change
Total Annual Cost of Operations	\$ 60,826,906	\$ 65,254,033	\$ 4,427,127	7.3%
Profit	6,385,145	6,849,871	\$ 464,726	7.3%
Operating Ratio	90.5%			
Total Operating Costs	\$ 67,212,051	\$ 72,103,904	\$ 4,891,853	7.3%
Contractor Pass-Through Costs				
Interest Expense ¹	\$ 1,127,286	\$ 1,127,286	\$ -	0.0%
Contract Changes to Specific Agencies ²	(65,596)	97,717	163,313	-249.0%
Total Contractor Pass-Through Costs	\$ 1,061,690	\$ 1,225,003	\$ (157,588)	-14.8%
BASE CONTRACTOR'S COMPENSATION	\$ 68,273,741	\$ 73,328,907	\$ 5,055,166	7.4%
Other Adjustments				
Performance Incentives / Disincentives	\$ (115,350)	\$ (117,025)	\$ (1,675)	1.5%
Total Other Adjustments	\$ (115,350)	\$ (117,025)	\$ (1,675)	1.5%
TOTAL CONTRACTOR'S COMPENSATION	\$ 68,158,391	\$ 73,211,882	\$ 5,053,491	7.4%
¹ Interest expense is per the negotiated Restated and Amended Franchise Agreements				
² 2023 SB 1383 Costs (Board Approved May 2023)				

3.D Recology Cost Allocation Process by Member Agency

Cost allocations by Member Agency have been abolished in the Restated and Amended Franchise Agreements.

3.E Recology's Total Compensation by Member Agency

The Contractors Total Compensation by Member Agency is provided in **Table 6 – Member Agency Cost**. The cost by line of business (Residential, Commercial/MFD and Agency Facility) for each Member Agency is found in Recology's Compensation Application as Appendix 3. The City of Belmont's compensation to Recology is excluded from **Table 6**. Once The City of Belmont's actual 2024 compensation is available this **Draft** Report and all tables within will be updated. For the Board's convenience, Table 6 also shows adjustments if the COVID-19 reimbursement is included.

Table 6 – Member Agency Cost

	Burlingame	East Palo Alto	Foster City	Hillsborough	Menlo Park	North Fair Oaks	Redwood City	San Carlos	San Mateo	West Bay	County Franchised Area
Annual Cost of Operations											
Direct Labor-Related Costs											
Wages for CBAs	\$2,164,119	\$940,867	\$1,339,425	\$721,750	\$2,275,195	\$746,602	\$4,110,905	\$2,017,629	\$5,254,430	\$380,254	\$846,903
Benefits for CBAs	\$922,721	\$410,067	\$572,942	\$317,649	\$969,526	\$322,528	\$1,768,326	\$863,045	\$2,250,101	\$165,907	\$373,352
Payroll Taxes	\$175,294	\$76,210	\$108,493	\$58,462	\$184,291	\$60,475	\$332,983	\$163,428	\$425,609	\$30,801	\$68,599
Workers Compensation Insurance	\$154,828	\$67,557	\$96,036	\$51,674	\$162,769	\$53,488	\$294,619	\$144,548	\$376,780	\$27,269	\$60,784
Total Direct Labor Related-Costs	\$3,416,962	\$1,494,701	\$2,116,896	\$1,149,535	\$3,591,781	\$1,183,093	\$6,506,834	\$3,188,650	\$8,306,921	\$604,230	\$1,349,638
Direct Fuel Costs	\$343,260	\$168,044	\$230,818	\$135,031	\$412,236	\$126,113	\$697,448	\$358,789	\$868,825	\$68,418	\$148,546
Other Direct Costs	\$302,512	\$143,686	\$198,263	\$112,021	\$357,898	\$107,457	\$602,548	\$308,633	\$754,047	\$57,281	\$124,260
Depreciation											
- Collection Vehicles	\$283,015	\$127,095	\$182,890	\$109,064	\$327,518	\$91,929	\$531,150	\$277,516	\$650,490	\$53,782	\$117,581
- Containers	\$102,553	\$52,636	\$73,460	\$37,043	\$113,697	\$36,566	\$209,708	\$105,767	\$258,681	\$22,873	\$51,406
Total Depreciation	385,568	179,731	256,350	146,106	441,215	128,495	740,858	383,283	909,170	76,655	168,987
Allocated Indirect Costs											
General and Administrative	\$1,037,806	\$566,177	\$689,751	\$249,196	\$1,137,342	\$345,418	\$2,129,240	\$1,067,426	\$2,597,073	\$168,502	\$402,074
Operations	\$198,609	\$89,888	\$137,490	\$79,086	\$231,404	\$65,244	\$381,500	\$203,028	\$476,990	\$38,661	\$82,417
Vehicle Maintenance	\$379,589	\$171,798	\$262,776	\$151,152	\$442,270	\$124,697	\$729,136	\$388,034	\$911,640	\$73,890	\$157,518
Container Maintenance	\$142,860	\$74,129	\$99,822	\$37,895	\$162,011	\$46,198	\$277,656	\$140,192	\$351,739	\$24,347	\$55,121
Total Allocated Indirect Costs	\$1,758,864	\$901,993	\$1,189,839	\$517,330	\$1,973,028	\$581,557	\$3,517,531	\$1,798,680	\$4,337,441	\$305,400	\$697,129
Total Allocated Indirect Depreciation Costs	\$11,716	\$4,851	\$7,246	\$4,301	\$12,856	\$3,323	\$20,229	\$10,754	\$24,940	\$2,084	\$4,476
Annual Implementation Cost Amortization	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Annual Cost of Operations	6,218,881	2,893,004	3,999,411	2,064,323	6,789,014	2,130,038	12,085,448	6,048,789	15,201,344	1,114,068	2,493,035
Profit	\$652,811	\$303,686	\$419,828	\$216,697	\$712,659	\$223,595	\$1,268,638	\$634,956	\$1,595,721	\$116,946	\$261,700
Operating Ratio	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%
Total Operating Cost	\$6,871,692	\$3,196,690	\$4,419,239	\$2,281,020	\$7,501,673	\$2,353,633	\$13,354,086	\$6,683,745	\$16,797,065	\$1,231,015	\$2,754,735
Contractor Pass-Through Costs											
Interest Expense	\$109,178	\$49,263	\$71,433	\$36,791	\$124,283	\$35,721	\$205,038	\$106,275	\$252,182	\$19,870	\$43,574
Contract Changes to Specific Agencies			(\$8,136)								
COVID 19 Costs	\$79,667	\$37,061	\$51,234	\$26,445	\$86,971	\$27,287	\$154,820	\$77,488	\$194,737	\$14,272	\$31,937
SB 1383 2023 Costs	\$12,829	\$6,350	\$5,801	\$155	\$12,806	\$3,758	\$20,517	\$10,593	\$26,114	\$520	\$1,585
BASE CONTRACTOR'S COMPENSATION	\$7,073,367	\$3,289,363	\$4,539,572	\$2,344,410	\$7,725,732	\$2,420,398	\$13,734,462	\$6,878,100	\$17,270,098	\$1,265,676	\$2,831,831
Incentives and Disincentives	(\$12,093)	(\$8,221)	(\$7,540)	(\$2,134)	(\$10,210)	(\$3,762)	(\$23,179)	(\$9,673)	(\$29,961)	(\$1,128)	(\$2,977)
Total Contractor Adjustments	(\$12,093)	(\$8,221)	(\$7,540)	(\$2,134)	(\$10,210)	(\$3,762)	(\$23,179)	(\$9,673)	(\$29,961)	(\$1,128)	(\$2,977)
TOTAL CONTRACTOR'S COMPENSATION	\$7,061,273	\$3,281,142	\$4,532,032	\$2,342,276	\$7,715,522	\$2,416,637	\$13,711,284	\$6,868,427	\$17,240,136	\$1,264,548	\$2,828,854
TOTAL CONTRACTOR'S COMPENSATION (Excluding COVID-19 Costs)	\$6,981,607	\$3,244,081	\$4,480,797	\$2,315,831	\$7,628,551	\$2,389,350	\$13,556,463	\$6,790,939	\$17,045,400	\$1,250,276	\$2,796,917

SECTION 4 2024 MEMBER AGENCY REVENUE REQUIREMENT OBLIGATIONS

4.A Components of Member Agency Revenue Requirement

The compensation to Recology for 2024 collection service is only one of several components that make up the total collection cost (i.e., revenue requirement) reflected in the Member Agency’s solid waste collection rates. In addition to the Recology compensation for collection service, there are additional costs (discussed below) that are also included in the Member Agency’s Revenue Requirement (see **Table 8 – Total Collection Rate Adjustment**).

4.B Additional Costs

The additional costs are the following:

1. Disposal and processing expense – Disposal and processing expenses are based on projected tonnage and estimated 2024 tip fees at the Shoreway Environmental Center. Tonnage assumptions were provided to Member Agencies on July 27 for review.
2. Franchise fee – Franchise and other Member Agency fees and programs. Fee assumptions used for 2024 were provided by Member Agencies on July 24.

4.C Cost Variance from 2023 to 2024

The variance in Total Revenue Requirement from 2023 to 2024 is shown in **Table 7** by cost category and the rate impact of each change. Note that **Table 7** Below includes The City of Belmont’s calculation for ease of reconciling. Once The City of Belmont’s actual 2024 compensation is available this **Draft** Report and all tables within will be updated.

**Table 7
Recology and Other Pass-Through Costs Variance and Rate Adjustment**

COLLECTION RATE VARIANCE ANALYSIS <small>estimated 8/11/2023</small>	SBWMA TOTAL				
	2024 Variance				
	2023 Estimated	2024 Estimated	2024 vs. 2023 Change	2024 vs. 2023 %	% Rate Impact
Estimated Revenue (Before Rate Increase)		\$125,796,722			
Projected Collection Revenue (After Rate Increase)	\$125,860,714				
Total Contractor's Compensation					
Base Compensation	\$68,339,337	\$73,337,043	\$4,997,706	7.3%	4.0%
Agency Specific Contract Changes	(\$65,595)	(\$8,136)	\$57,459	0.0%	0.0%
Incentives / Disincentives	(\$115,350)	(\$117,025)	(\$1,675)	1.5%	0.0%
Total Contractor's Compensation	\$68,158,392	\$73,211,882	\$5,053,491	7.4%	4.0%
Other Pass-Through Costs					
Disposal & Processing Fees	\$38,846,206	\$48,604,634	\$9,758,428	25.1%	7.8%
Agency Franchise & Other Fees	\$18,296,170	\$18,232,971	(\$63,199)	-0.3%	-0.1%
Subtotal Other Pass-Through Costs	\$57,142,376	\$66,837,605	\$9,695,229	17.0%	7.7%
TOTAL REVENUE REQUIREMENT	\$125,300,768	\$140,049,488	\$14,748,720	11.8%	11.7%
2023 Estimated Surplus / <Shortfall>	\$559,947				
2024 Estimated Surplus / <Shortfall>		(\$14,252,765)			
Required Revenue Adjustment		11.3%			11.3%

All numbers above are current estimates except 2023 Contractor's (Recology) Compensation which is final and 2024 Contractor's Compensation which is subject to Board Approval. The 2024 Estimate does not include Recology's request for COVID-19 compensation.

4.D Total Recommended Rate Adjustment

The SBWMA is responsible for compiling all the components that make up the recommended rate adjustment for 2024 and are summarized in **Table 8**. The amounts shown in Table 8 reflect estimated balances at December 31, 2024 before any 2024 Member Agency solid waste rate adjustments are applied. The purpose of this table is to assist Member Agencies with determining their rate adjustment(s) for 2024. The Total Rate Adjustment Percentage (line **F.3**) is derived from comparing the 2024 base revenue at 2023 rates on line **A.1** to the total cumulative revenue requirement (line **F.1**) which in total results in a shortfall balance (line **F.2**) and the recommended rate adjustment (line **F.3**). All prior year's surplus/shortfall balances are net of payments to/from Member Agencies and Recology. The following provides an explanation of the sections in **Table 8**. The City of Belmont's 2024 compensation to Recology included in **Table 8** is from Recology's Compensation Adjustment submitted to the City. Once The City of Belmont's actual 2024 compensation is approved by the City this **Draft** Report and all tables within will be updated.

- **Section A** – This section provides the estimated 2024 Collection Revenue using 2023 rates (**A.1**), the 2024 Total Recology Compensation (**A.2**) and Other Expenses (**A.6**) used to calculate the 2024 Revenue Requirement (**A.7**), the estimated 2024 Surplus/Shortfall balance with Recology (**A.8**), Agency Fees on shortfalls (**A.9**), and the Rate Adjustment Percentage (**A.10**).
- **Section B** – This section provides the results of the 2022 Recology Revenue Reconciliation surplus/shortfall, including 2020 close out, that must be added to the 2024 rate adjustment.
- **Section C** – This section provides the 2024 Calculated Rate Adjustment which is the sum of sections A and B.
- **Section D** – This section provides the “2023 Estimated Surplus/Shortfall” balance with Recology (**D.1**), the final 2021 surplus/shortfall (**D.2**) and the associated Agency Fees on any net estimated shortfall (**D.4**).
- **Section E** – This section includes Member Agency Specific adjustments with Recology.
- **Section F** – This section provides the “Cumulative Revenue Requirement” (**F.1**) and the cumulative surplus (**F.2**) which includes the results 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.**

Table 8 – Total Collection Rate Adjustment (Part 1 of 2)

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

Table 8 – Total Collection Rate Adjustment (Part 2 of 2)

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%

SECTION 5 COVID -19 REQUEST FOR SPECIAL COMPENSATION

As part of the annual compensation review process, Recology has requested additional compensation for costs it incurred between 2020 and 2023 related to the Covid-19 pandemic. In Section 1.22A of the 2024 Compensation Application, Recology states:

Beginning in March 2020, Recology has incurred significant expenses for additional Federal and State paid sick leave. This additional paid leave was mandated under the Families First Coronavirus Response Act (FFCRA) and California’s 2022 COVID-19 Supplemental Paid Sick Leave (2022 SPSL). The consumables were for goods and services such as: • Vehicle cleaning services. • Sanitation Stations and port-o-potty services. • Cleaning supplies and services to disinfect offices and other common areas. • Personal Protective Equipment (PPE), such as masks and gloves. Below is a table showing the payroll costs and consumables by year.

Year	Payroll	Consumables	Totals
2020	150,912.16	*Resolved	150,912.16
2021	271,654.96	54,118.58	325,773.54
2022	316,735.93	36,955.67	353,691.60
2023	5,558.44	-	5,558.44
Totals	744,861.48	91,074.25	835,935.73

*2020 Consumables were submitted and resolved with the FY2022 rate application.

Under Section 11.05 of the Franchise Agreement, Recology may request a special review of its compensation as part of the Annual Compensation Application process if certain events cause an increase or decrease of less than 2% for the then-current rate year. Specifically, it provides in relevant part:

11.05 SPECIAL COMPENSATION REVIEW

A. **Eligible Items.** [...] If one or more of the following events occur and cause an increase in or decrease to Contractor’s Compensation by less than two percent (2%) for the then-current Rate Year, such cost impact shall be considered at the time the annual Contractor’s Compensation adjustment process is performed in accordance with Section 11.02, and Contractor may be compensated retroactively for such cost subject to Agency approval:

1. [Intentionally omitted.]
2. Flood, earthquake, or other similar catastrophic event affecting the Agency which is beyond the control of and not the fault of the Contractor.
3. Change in Law occurring after January 1, 2011.
4. [Intentionally omitted.]

A special compensation review must be requested by Contractor, or initiated by Agency, within twelve (12) months after one of the above-described events has occurred unless otherwise agreed to by the Agency.

- B. **Ineligible Items.** A special review of Contractor’s Compensation may not be initiated for any of the following reasons:
1. Increases or decreases in Contractor’s cost of operations in excess of the adjustments provided through the annual adjustment mechanism described in Attachment K.
- C. **Review of Costs.** Agency shall have the right to review any and all financial and operating records of Contractor. Agency will take into account the net overall impact of the event on Contractor’s Compensation, including reductions in cost resulting from curtailments in service levels or other factors.
- D. **Submittal of Request.** Contractor must submit its request for a special review in a form and manner specified by the Agency, together with required cost and operational data. Agency will review the request and determine the amount owed, if any, to Contractor and the time period to be covered by special compensation circumstances.
- E. **Burden of Justification.** In a special compensation review under this Section, Contractor shall bear the burden of justifying to the Agency by substantial evidence its entitlement to continuation of current, as well as any increases in, Contractor’s Compensation. If the Agency determines that the Contractor has not met its burden, it shall notify Contractor that it is prepared to deny Contractor’s request for an increase in compensation, or to proceed with a reduction in compensation. Within ten (10) Days after such notice, Contractor may request a hearing before the Agency’s governing body to produce additional evidence. Upon such request, the Agency shall provide a hearing before the Agency governing body.
- F. **Hearing.** Based on evidence presented to it, including, that submitted by Contractor, the Agency governing body may grant some, all, or none of the requested increase in, or may reduce, Contractor’s Compensation. In the event Agency denies Contractor’s requested increase in whole or in part, Contractor shall have the right to present its claim to a court of competent jurisdiction.

Background

Recology’s request for special compensation related to COVID-19 expenses was initially brought up in the 2023 Compensation Application.¹ At that time, Recology noted it had incurred additional costs related to the pandemic for personal equipment and sanitation services. It stated the costs were not included as part of the application but that it wanted to discuss them separately through a special compensation review. Recology’s request was subsequently developed through discussion between SBWMA and Recology staff. At the time, it was requesting \$82,243 for Covid-related operating costs based on Section 11.05 A.2 (catastrophic event), and \$211,451 for increased personnel costs, based on Section 11.05 A.3 (change in law), for a total of \$292,874. The request was presented at the September 22, 2022 SBWMA Board meeting as an informational item only, no action on the request was taken at that time. The Executive Director notified Recology’s General Manager in a letter dated November 8, 2022, that Staff was prepared to recommend the denial of this request because this request did not satisfy the contractual language cited above in Section 11.05. Recology requested a Board hearing on this topic, which was scheduled for the

¹ Recology made a similar request for Covid-19 expenses it occurred in 2020 and 2021 during the Board’s consideration of Recology’s 2022 Compensation Adjustment Application. Although the Board found that Recology had not met its burden showing it was entitled to additional compensation under the Franchise Agreement, it agreed to compensate Recology for a portion of the requested amount – 50% of the requested non-computer related expenses related expenses (\$91,992) - in recognition of the impacts caused by the pandemic. The majority of the discussion on this item occurred at the Board/TAC Study Session on September 9, 2021. The Board subsequently approved Recology’s 2022 Compensation Application including the additional \$91,992 compensation at the September 30, 2021 Board Meeting.

Board’s January 26 meeting. Recology did not submit a reply to the November 8th letter until January 25, 2023, so the item was continued to the March 2023 Board meeting to give staff a chance to review and respond to Recology’s letter. That matter ultimately was continued because the Franchise Agreement anticipates that if special compensation is granted the cost will be incorporated into the annual compensation and rate setting process. Because it was too late for that to occur, Staff advised Recology to submit the request in the following year’s (2024) application, which they now have done.

Recology is now requesting \$91,074.25 for Covid-related operating costs incurred in years 2021 and 2022, based on Sections 11.05 A.2 (catastrophic event), and \$744,861.48 for increased personnel costs incurred in years 2020, 2021, 2022, and 2023, based on Section 11.05 A.3 (change in law), for a total amount of \$835,935.73. The financial impact of this request is shown in Tables 3 and 6.

Analysis

Recology has submitted information stating that it incurred \$91,074.25 in additional administrative and operational costs in order to comply with State and local regulations related to the Covid-19 pandemic, including costs for:

- Disposable surgical masks for drivers, mechanics and other administrative employees whose essential services did not allow for them to work remotely
- Vehicle cleaning services for vehicles utilized by drivers, mechanics, and operations employees, who were infected or had potentially been exposed to someone with the COVID-19 virus
- Sanitation Stations and port-o-potty services for the drivers and mechanics in order to maintain proper and safe social distancing
- Cleaning supplies and services necessary to disinfect offices and other common areas
- Personal Protective Equipment (PPE), such as disposable surgical masks and latex gloves for drivers, mechanics, and other on-site personnel

Recology contends that the Covid-19 pandemic is a “catastrophic event” as envisioned by Section 11.05 A.2 of the Franchise Agreement and is seeking additional compensation on that basis.

Recology is also seeking an additional amount of \$744,861.48 for costs it incurred pursuant to Senate Bill 114, the California Supplemental Paid Sick Leave Act. SB 114 required qualified employers to provide Supplemental Paid Sick Leave for specific COVID-19 related reasons. The law was in effect from January 1, 2022 and through December 31, 2022. Employers were required to provide up to 80 hours of COVID-19 Supplemental Paid Sick leave, with 40 of those hours available only when the employee or their family member tested positive for COVID-19. COVID-19 Supplemental Paid Sick Leave was in addition to regular paid sick leave. Recology contends that the additional sick leave it was required to pay constituted a change in law pursuant to Section 11.05.A.3 of the Franchise Agreement, and is seeking reimbursement on that basis.

Staff has reviewed the information supplied by Recology and concluded it does not meet the threshold for special compensation for the following reasons:

1. COVID-19 does not qualify as a “catastrophic event” within the meaning of Section 11.05 A.2 of the Franchise Agreement. The language in the Franchise Agreement cites as specific examples of “catastrophic events” a flood or earthquake, both of which could cause physical damage resulting

in business disruption. The language of the Agreement encompasses disruptions and resulting costs caused by unforeseen natural disasters causing damage to facilities and equipment. The pandemic was of a different nature, it did not cause impacts to the physical plant in the way a fire or earthquake might, for example. Rather it impacted health and social behavior. There was no business disruption within the meaning of Section 11.05 because the relevant State and County Health Orders deemed Recology's operation to be an essential service which was allowed to operate without disruption.

2. The temporary enactments of both the State and federal governments requiring payment of supplemental sick leave related to Covid absences did not constitute a Change in Law within the meaning of the Franchise Agreement. A Change in Law means a change in Applicable Law, which refers to laws enacted by governmental agencies having jurisdiction over the collection, transportation, processing and disposal of solid waste and other collected materials. The State and federal regulations applied to all qualified businesses (usually based on number of employees) without regard to the type of business being conducted. They were not specific to the solid waste/recycling industry and therefore not a Change in Law under the Franchise Agreement.

Staff recommends that the Board deny Recology's request for the reasons set forth above. Recology has not met the threshold requirements under Section 11.05 for a compensation adjustment, and absent a qualifying event, increases or decreases in Contractor's cost of operations in excess of the adjustments provided through the annual adjustment mechanism described in Attachment K are not a basis for additional compensation (Section 11.05.B.1).

SECTION 6 CONCLUSION

The SBWMA's review of the 2024 Recology Compensation Application results in the recommendation to increase the 2024 compensation to Recology (i.e., Total Contractor's Compensation) by 7.4% from the approved 2023 compensation, as provided in **Tables 2, 3, 5, 6, 7 and 8** of this **Draft** Report, and Tables A, B and E in Recology's Application. This recommendation excludes special compensation for COVID-19 related costs.

The Member Agency detail report can be found in the Recology Application – Section 4, Attachment N: Cost Adjustment Calculations in Total and by Member Agency.



A Public Agency

Review of the SBWMA Draft Report Reviewing the 2024 South Bayside Industries Compensation Application



AGENDA ITEM 6

TAC Review of the SBWMA Draft Report Reviewing the 2024 South Bayside Industries Compensation Application

No Staff Report Attachments Only

Attachment A - SBWMA Draft Report Reviewing the 2024 South Bayside Industries Compensation Application

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SBWMA DRAFT
REPORT REVIEWING THE
2024 SOUTH BAYSIDE INDUSTRIES (SBI)
COMPENSATION APPLICATION
(SBI Begins Site Operations on January 1, 2024)

August 18, 2023
(Revised September 14, 2023)

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SECTION 1. OVERVIEW

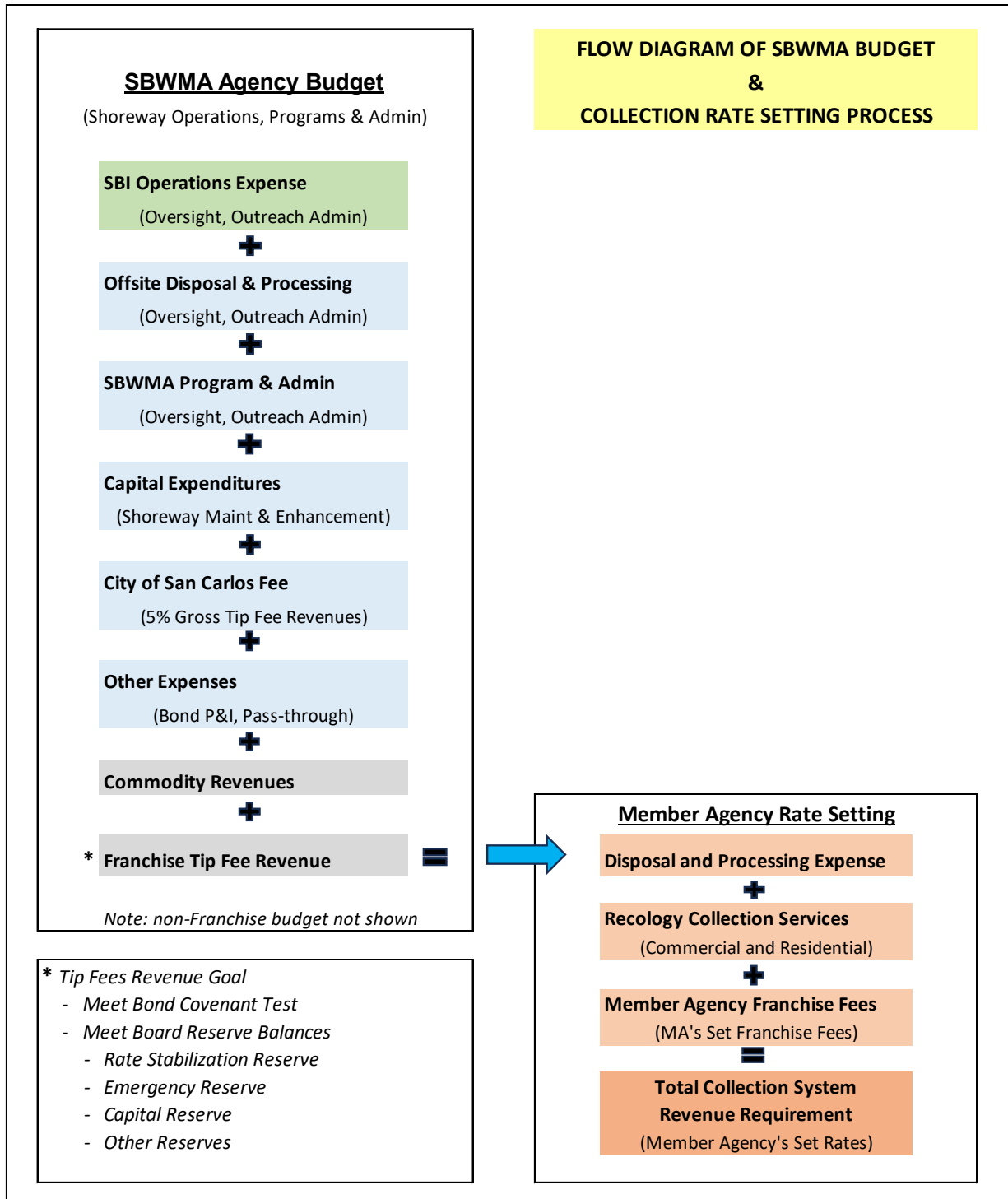
A. Shoreway Operations Agreement Terms

South Bayside Industries, Inc. (SBI) was selected as the facility operator in 2022 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 SBI prescribes that the SBWMA is responsible for conducting the annual review and analysis of SBI’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 2024 fees per ton contained in this report. The SBI Compensation Application is also reviewed and approved by the SBWMA Board of Directors. January 1, 2024 is the Commencement Date of the Shoreway Operations Agreement with SBI. The fees per ton for the 2024 operating year (Year 1) have been established by the Shoreway Operating Agreement entered as of December 1, 2022.

B. Calculation of Total Collection Revenue Requirement

The approved 2024 compensation for SBI 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 2024 Shoreway Tip Fees. The 2024 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 2024. SBI compensation is approximately 21% 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



C. Description of SBI Fees and Cost Components

The process for adjusting SBI's compensation is detailed in the Operations Agreement in Article 7 and of the Agreement. All costs are adjusted based on various US Department of Labor indices beginning in Year Two (2025).

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) (*SBI & VRS contract*)
- 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

January 1, 2024 is the Commencement Date of the Shoreway Operations Agreement with SBI. The fees per ton for the 2024 operating year (Year 1) have been established by the Shoreway Operating Agreement entered as of December 1, 2022 with two exceptions.

Section 7.02C of the Agreement provides for an adjustment to the 2024 Service Fees to reflect (a) the stepped-up wages/benefits under the new CBAs for 2024 (provided that the amount of the step-up was known by 6/30/2023), and (b) the adjusted MRF Residue Transport and Disposal cost component (subject to the SBWMA completing a MRF Residue characterization study no later than 6/15/2023).

Neither the step-up in CBA nor the MRF Residue characterization study were known by the dates specified. The union was unwilling to renegotiate CBA terms with SBI by 6/30/2023 and the

characterization study was not complete. SBI has requested that these adjustments be made for Year Two, with a retroactive adjustment for Year One.

SECTION 2. SBI 2024 COMPENSATION APPLICATION

A. Analysis of SBI 2024 Compensation Application

SBWMA staff conducted the review of the Compensation Application submitted by SBI and worked closely with the company to ensure that questions and concerns were answered. Staff has verified that the SBI Compensation Application is complete and meets the requirements of the Operations Agreement.

As shown in **Table 2** below, Total Compensation for SBI in 2024 is estimated to be \$30,840,235.

Table 2

2024 Costs & Fees		
SOUTH BAYSIDE INDUSTRIES	2024	
Operating Cost	Total Cost	Fee/Ton
Transfer Station	\$ 8,665,788	\$ 26.79
Recyclable Materials Processing, net of Residue	\$ 11,889,791	\$ 173.57
Transportation (<i>cost/ton-mile</i>)	\$ 10,284,656	\$ 1.44
<i>Transport (cost/ton)</i>	-	\$ 30.79
Total Operating Cost	\$ 30,840,235	

B. Description of 2024 Compensation Adjustments

Beginning in Year Two (2025) costs in the SBI Compensation Application are adjusted primarily based on changes in indexes.

Cost categories are adjusted based on the following criteria (beginning Year Two):

- **Labor & Benefits Cost** – adjusted by CPI index (U.S. Department of Labor, Bureau of Labor Statistics, Urban Wage Earners and Clerical Workers - All Items – San Francisco-Oakland-Hayward, not seasonally adjusted, Series ID - CWUSS49BSA0), except for employees subject to new CBA's (effective January 1, 2024 only), where actual CBA amounts will be used
- **Medical** – adjusted by CPI index (U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index, Urban Wage Earners and Clerical Workers, Medical Care – San Francisco-Oakland-Hayward, not seasonally adjusted, Series ID – CWURA422SAM).
- **Power Cost** - adjusted based on the actual change in the blended power rates (PG&E and Solar)
- **Fuel Cost** - adjusted by CPI index (U.S. Department of Labor, Bureau of Labor Statistics, Producer Price Index, No. 2 Diesel Fuel – San Francisco-Oakland-Hayward, not seasonally adjusted, Series ID – WPU057303)

- **Other Operating Costs** – adjusted by CPI index (U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index – Annual Average index (not seasonally adjusted, all items). BLS Series ID was not identified in the Operating Agreement. Both Parties need to meet and confer to identify the series ID for this index.
- **Depreciation Cost** - not adjusted
- **Interest Expense** - based on fixed schedule

Pursuant to Section 7.02.D a cost-based Service Fee adjustment method will be used in Year Four (2027) for determining contractor’s compensation. Thereafter, each Party may request use of the cost-based Service Fee adjustment for one (1) year of its choice during the extension period of the Agreement. The Cost-Based Service Fee Adjustment Method is described in Attachment 8-C of the Shoreway Operating Agreement.

Pass-Through Costs

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

- Interest expense on allowed capital per a fixed schedule for the life of the contract.
- Any work requested by the Authority
- Credit Card Transactions
- SEC Permit and Regulatory Fees
- Disposal and transport of Public Recycling Center materials.
- Equipment purchased or leased at the request of the Authority

C. SECTION 3. SBI FEE PER TON FOR 2024

- **Transfer Station Processing Fee.** The 2024 Transfer Station fee is \$29.79 per ton.
- **MRF Processing Fee.** The 2024 MRF Processing fee is \$176.79 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 \$143.57*).
- **Transportation Fee.** There are multiple transportation fees for each material type and destinations (i.e., solid waste, inerts (soil, gravel, concrete, etc.), construction and demolition, and organics). The average 2024 Transportation Fee is \$1.44 per ton mile. The transportation rate detail for each material type and destination are presented in the **Appendix A** – SBI Compensation Adjustment Application Worksheets.



A Public Agency

APPENDIX A

SBI Compensation Application

Appendix A



June 29, 2023

Executive Director
South Bayside Waste Management Authority
610 Elm Street, Suite 202
San Carlos, California 94070

Subject: **Compensation Application for Rate Year 2024**

Dear Mr. La Mariana:

South Bayside Industries (SBI) is pleased to submit our Compensation Application for Rate Year 2024, in accordance with Article 7.02 of the Agreement for Operation of the Shoreway Environmental Center. This application includes the latest information available as of this date. Supporting documentation for all items updated from the figures and assumptions has been included in the Appendices, as has a page of comments on several items for which complete data is not yet available, or which otherwise require explanation.

We trust you will find this submittal accurate and satisfactorily documented. Please feel free to call me anytime with any questions or comments.

Sincerely,

Dwight Herring

Dwight E Herring

General Manager

Cc: Hilary Gans, Principal Engineer & Operations Manager
John Mangini, Senior Finance Manager
Joanne Nghiem, Senior Management Analyst

Description of Cost Components

As described in Section 7.0 of the Agreement for Operation of the Shoreway Environmental Center, South Bayside Industries includes the following compensation components:

Transfer Station Payment. The amount of this payment is calculated by multiplying the number of tons of material delivered to and processed at the Transfer Station by the per ton Transfer Station fee then in effect. The Transfer Station fee submitted for Rate Year 2024 is **\$26.79** per ton.

Recyclable Materials Processing Payment. The amount of this payment is calculated by multiplying the number of tons of recyclable materials delivered to and processed at the Materials Recovery Facility (MRF) by the per ton MRF processing fee then in effect. The MRF processing fee for Rate Year 2024 is **\$176.79** per ton.

The cost to transport mixed glass to a processor will be deducted from SBWMAs Commodity Revenue. The transportation cost to Strategic Materials in Fairfield, California for Rate Year 2024 is **\$45.70** per ton.

Organics to Energy Payment. At the submittal of this Compensation Application, the parties have not reached an agreement on the costs to operate the Anaergia Organics to Energy processing equipment.

Transportation Payment. The amount of this payment is calculated by multiplying the number of tons of materials transported from the Shoreway Environmental Center to the designated disposal site, or the designated processing facilities for construction and demolition debris, green/organics, or food waste by the number of one-way miles from the Shoreway Environmental Center to the appropriate site and by the applicable transportation fee then in effect. The transportation per ton-mile rate for each site is listed in the table below:

Material Type	Disposal/Processing Site	Cost per ton-mile
Solid Waste	OX Mountain LF	\$1.756
C&D	Greenwaste	\$1.340
Green/Organics	BVON	\$0.772
Food Scraps	BVON	\$0.772
Green/Organics	Newby	\$0.921
Food Scraps	Newby	\$1.065

As described in Attachment 8-A of the Agreement for Operation of the Shoreway Environmental Center, each fee is comprised of four distinct cost components. Each component has subcomponents that are the actual items to which compensation adjustment factors are applied. The subcomponent of each cost component is as follows:

1. Labor

Direct labor wages
Direct labor benefits
Direct labor workers compensation insurance
Direct labor payroll taxes
Direct labor payroll processing fees

Clerical labor wages
Clerical labor benefits
Clerical labor workers compensation insurance
Clerical labor payroll taxes
Clerical labor payroll processing fees

Outside contract workers (MRF sorters) - wages
Outside contract workers (MRF sorters) - admin fees

2. Fuel & Power

Power (gas and electricity)
Fuel

3. Depreciation

Depreciation (rolling stock, transfer vehicles)
Depreciation (stormwater capital)

4. Other Operating & Maintenance

Indirect wages	
Indirect benefits	Insurance and safety
Indirect workers compensation insurance	Housekeeping (third-party contractor)
Indirect payroll taxes	Preventative maintenance (third-party contractor)
Indirect payroll processing fees	Stormwater maintenance
Repairs and maintenance (rolling stock, vehicles)	General and administrative
Repairs and maintenance (equipment and other)	Transition period costs
Other vehicle-related (licensing, taxes, etc.)	Bridge tolls
	1383 compliance
	Compost giveaway

Comments to the Application

Semi Driver labor costs: this compensation application has been completed using wage and benefit rates provided by SBWMA. Teamsters Local 350 has notified SBI that it intends to begin negotiations for the Semi-Driver Unit in September 2023. SBI reserves the right to revise clerical wage and benefit costs retroactively for 2024 in its 2025 compensation application when a CBA for these positions has been ratified.

Clerical labor costs: this compensation application has been completed using wage and benefit rates provided by SBWMA. Teamsters Local 350 has notified SBI that it intends to begin negotiations for the Clerical Unit in September 2023. SBI reserves the right to revise clerical wage and benefit costs retroactively for 2024 in its 2025 compensation application when a CBA for these positions has been ratified.

Plant Operations costs: this compensation application has been completed using wage rates from the Plant Operations Unit CBA for calendar year 2024. Benefit rates were provided by SBWMA. SBI reserves the right to revise plant operations benefit costs retroactively for 2024 in its 2025 compensation application when the actual rates for 2024 are known.

Adjustment of Transportation, Transfer Station and MRF Costs:

The Collective Bargaining Agreements (CBAs), entitle each employee to be paid at their regular rate and one and one-half (1 ½) times their regular rate for all hours worked on a recognized holiday. This cost was included in the benefits portion of SBIs original cost proposal forms. These costs have been moved from the benefits category to the corrected wages category (Holiday Overtime) in Cost Proposal Forms 2 and 3 and K. Direct Wages & Benefits of the Contractor Compensation Application.

The Collective Bargaining Agreements (CBAs) entitle each employee to paid sick and vacation time each year. Any unused sick or vacation time is paid out to the employee at the end of each year. This calculated expense was included in the benefits portion of SBIs original cost proposal forms. These costs have been moved from the benefits category to the corrected wages category (Unused Sick/Vac) in Cost Proposal Forms 2 and 3 and K. Direct Wages & Benefits of the Contractor Compensation Application.

Payroll processing fees were included in the benefits portion of SBIs original cost proposal forms. These costs have been moved from the benefits category to the corrected wages category (Payroll Processing Fees) in Cost Proposal Forms 2 and 3 and K. Direct Wages & Benefits of the Contractor Compensation Application.

Organics to Energy Program: At the submittal of this Compensation Application, the parties have not reached an agreement on the costs to operate the Anaergia Organics to Energy processing equipment.

Third-Party MRF Sort Labor: South Bay Recycling (SBR) applied a hybrid model (VRS and temporary staffing agency) to ensure the required number of sort laborers and supervisors were provided to effectively sort and recover materials during MRF processing operations. SBI was informed by San Mateo County Vocational Rehabilitation Service (VRS) that it would be terminating its program at the Shoreway MRF at the end of 2023. Provided with this information, SBI is currently searching for a community-based non-profit organization to replace VRS. If SBI is unable to procure the services of a community-based non-profit organization, SBI will utilize the services of a third-party temporary staffing agency until a permanent staffing solution is found.

Disposal Tip Fee. A disposal fee of \$58.34 per ton was provided by the SBWMA in Cost Proposal Form 2, which has been included in SBI's Compensation Application. The disposal fee for Rate Year 2024 will be adjusted once the SBWMA has received the actual rate from Republic Services later this year.

Attachments

- I. 2024 Contractor Compensation Application
- II. SBI Revised Cost Forms

SOUTH BAYSIDE INDUSTRIES
Compensation Application for Rate Year 2024
A. Summary of Fees

	Tons	Year 1 2024
<u>Annual % Change</u>		
Transfer Station		
MRF (net residue)		
Transportation		
<u>Cost per Ton Fees</u>		
Transfer Station	323,500	26.79
MRF (net residue)	68,500	173.57
Transportation (cost / ton)	334,000	30.79
Transportation (cost / ton-mile)		1.44
<u>Total Cost Estimate by LOB</u>		
Transfer Station		8,665,788
MRF (net residue)		11,889,791
Transportation		10,284,656
Total Estimated Compensation		30,840,235

Detailed Transportation Fees	
MSW to OX Mtn.	\$ 1.756
C&D to Greenwaste	\$ 1.340
Green/Organics to Newby	\$ 0.921
Green/Organics to BVON	\$ 0.772
Food Scraps to Newby	\$ 1.065
Food Scraps to BVON	\$ 0.772

SOUTH BAYSIDE INDUSTRIES
Compensation Application for Rate Year 2024
B. Cost Summary - Transportation

		Year 1	
	Base Tonnage	2024 Cost	2024 Cost/Ton Mile
Solid Waste Transport Fee - Ox Mtn.	195,000	\$ 5,132,824	\$ 1.756
C&D Transport Fee - Greenwaste	41,000	\$ 1,262,717	\$ 1.340
Green/Organics Transport Fee - Newby	40,000	\$ 915,565	\$ 0.921
Green/Organics Transport Fee - BVON	45,000	\$ 2,509,032	\$ 0.772
Food Scraps Transport Fee - Newby	9,000	\$ 241,499	\$ 1.065
Food Scraps Transport Fee - BVON	4,000	\$ 223,019	\$ 0.772
Total	334,000		
Total Operating Cost		\$ 10,284,656	
Cost / Ton			\$ 30.79
Total Cost Increase %			

SOUTH BAYSIDE INDUSTRIES
Compensation Application for Rate Year 2024
C. Cost Summary Transfer Station and MRF

TRANSFER STATION		BASE	
Base Tonnage Specified by the SBWMA	323,500	2024	
		Cost	Cost / Ton
Direct Labor - CBA			
Wages		3,157,653	\$ 9.76
Benefits		1,603,824	\$ 4.96
W/C		135,935	\$ 0.42
PR Tax		241,560	\$ 0.75
Payroll Processing Fees		10,400	\$ 0.03
Total CBA Labor Cost		5,149,372	\$ 15.92
Clerical Labor - CBA			
Wages		150,189	\$ 0.46
Benefits		93,274	\$ 0.29
Workers Comp		7,888	\$ 0.02
PR Tax		11,489	\$ 0.04
Payroll Processing Fee		673	\$ 0.00
Total Clerical CBA Labor		263,514	\$ 0.81
Power			
Fuel		160,854	\$ 0.50
Depreciation		113,928	\$ 0.35
Other O&M		327,124	\$ 1.01
Total Operating		7,417,836	\$ 22.93
Profit			
Operating Ratio		1,108,412	\$ 3.43
Interest (Pass-Through)		87.0%	
Total Operating Cost		139,540	\$ 0.43
		8,665,788	\$ 26.79

MATERIALS RECOVERY FACILITY (MRF)		BASE	
Base Tonnage Specified by the SBWMA	68,500	2024	
		Cost	Cost / Ton
Direct Labor - CBA			
Wages		2,753,454	\$ 40.20
Benefits		1,357,081	\$ 19.81
W/C		134,981	\$ 1.97
PR Tax		210,639	\$ 3.08
Payroll Processing Fees		8,800	\$ 0.13
Total CBA Labor Cost		4,464,956	\$ 65.18
Clerical Labor - CBA			
Wages		130,964	\$ 1.91
Benefits		81,335	\$ 1.19
Workers Comp		6,878	\$ 0.10
PR Tax		10,019	\$ 0.15
Payroll Processing Fee		587	\$ 0.01
Total Clerical CBA Labor		229,782	\$ 3.35
Non-CBA Wages			
Power		2,719,255	\$ 39.70
Fuel		574,166	\$ 8.38
Depreciation		75,072	\$ 1.10
Other O&M		372,104	\$ 5.43
Total Operating		10,200,541	\$ 148.91
Profit			
Operating Ratio		1,524,219	\$ 22.25
Interest (Pass-Through)		87.0%	
Total Operating Cost		165,031	\$ 2.41
		11,889,791	\$ 173.57

SOUTH BAYSIDE INDUSTRIES
Compensation Application for Rate Year 2024
D. Compensation Adjustment - Transportation

			Year 1 2024 Per Ton- Mile
	BASE		
Solid Waste Transport Fee - Ox Mountain LF	195,000	5,132,824	1.756
C&D Transport Fee - Greenwaste	41,000	1,262,717	1.340
Green/Organics Transport Fee - Newby	40,000	915,565	0.921
Green/Organics Transport Fee - BVON	45,000	2,509,032	0.772
Food Scraps Transport Fee - Newby	9,000	241,499	1.065
Food Scraps Transport Fee - BVON	4,000	223,019	0.772
Blended Total	334,000	10,284,656	1.44
		30.79	

Cost Component for all Transport Fees

Direct Labor - CBA		
Wages	3,307,791	
Benefits	1,480,253	
W/C	146,316	
PR Tax	253,046	
Payroll Processing Fees	9,927	
Clerical Labor - CBA		
Wages	157,843	
Benefits	98,028	
W/C	8,290	
PR Tax	12,075	
Payroll Processing Fees	705	
Fuel	773,149	
Depreciation	715,901	
Other O&M Component	1,682,533	
Total Operating Cost	8,645,857	
Profit per Operating Ratio	87.0%	1,291,910
Interest (Pass-Through Cost)		346,889
Total Transportation		10,284,656
Cost per Ton		30.79

Solid Waste Transport Fee - OX MTN LF

Direct Labor - CBA			
Wages	1,709,576	0.58	
Benefits	789,039	0.27	
Workers Compensation	77,991	0.03	
Payroll Taxes	130,782	0.04	
Payroll Processing Fees	5,291	0.00	
Clerical Labor - CBA			
Wages	84,135	0.03	
Benefits	52,252	0.02	
Workers Compensation	4,419	0.00	
Payroll Taxes	6,436	0.00	
Payroll Processing Fees	364	0.00	
Fuel	316,232	0.11	
Depreciation	328,188	0.11	
Other O&M Component	822,501	0.28	
Total Operating Cost	4,327,207	1.48	
Profit per Operating Ratio	646,594	87.0%	0.22
Interest (Pass-Through Cost)		159,023	0.05
Total SW Transportation Fee			1.756
One-Way Miles to OX	15		
# Tons	195,000		
Total Payment	\$ 5,132,824		
Cost Form	\$ 5,132,824	0.00	

SOUTH BAYSIDE INDUSTRIES
Compensation Application for Rate Year 2024
D. Compensation Adjustment - Transportation

		Year 1	
		2024	
		Per Ton-	
		Mile	
		BASE	
C&D Transport Fee - Greenwaste			
Direct Labor - CBA			
Wages		\$ 381,327	0.40
Benefits		\$ 176,973	0.19
Workers Compensation		\$ 17,493	0.02
Payroll Taxes		\$ 29,172	0.03
Payroll Processing Fees		\$ 1,187	0.00
Clerical Labor - CBA			
Wages		\$ 18,871	0.02
Benefits		\$ 11,720	0.01
Workers Compensation		\$ 991	0.00
Payroll Taxes		\$ 1,444	0.00
Payroll Processing Fees		\$ 81	0.00
Fuel		\$ 99,847	0.11
Depreciation		\$ 114,844	0.12
Other O&M Component		\$ 196,201	0.21
Total Operating Cost		\$ 1,050,151	1.11
Profit per Operating Ratio	\$ 156,919 87.0%		0.17
Interest (Pass-Through Cost)		\$ 55,647	0.06
Total C&D Transportation Fee			1.340
	One-Way Miles to Zanker	23	
	# Tons	41,000	
	Total Payment	\$ 1,262,717	
	Cost Form	\$ 1,262,717	0.00

Green/Organics Transport Fee - Newby			
Direct Labor - CBA			
Wages		\$ 278,894	0.28
Benefits		\$ 140,514	0.14
Workers Compensation		\$ 13,889	0.01
Payroll Taxes		\$ 21,335	0.02
Payroll Processing Fees		\$ 942	0.00
Clerical Labor - CBA			
Wages		\$ 14,984	0.02
Benefits		\$ 9,306	0.01
Workers Compensation		\$ 787	0.00
Payroll Taxes		\$ 1,146	0.00
Payroll Processing Fees		\$ 59	0.00
Fuel		\$ 75,125	0.08
Depreciation		\$ 74,250	0.07
Other O&M Component		\$ 134,009	0.13
Total Operating Cost		\$ 765,241	0.77
Profit per Operating Ratio	\$ 114,346 87.0%		0.12
Interest (Pass-Through Cost)		\$ 35,978	0.04
Total Green/Organics Transportation Fee			0.921
	One-Way Miles to Newby	25	
	# Tons	40,000	
	Total Payment	\$ 915,565	
	Cost Form	\$ 915,565	\$ -

SOUTH BAYSIDE INDUSTRIES
Compensation Application for Rate Year 2024
D. Compensation Adjustment - Transportation

		Year 1	
		2024	
		BASE	Per Ton-Mile
Green/Organics Transport Fee - BVON			
Direct Labor - CBA			
Wages	\$	803,329	0.25
Benefits	\$	312,968	0.10
Workers Compensation	\$	30,935	0.01
Payroll Taxes	\$	61,455	0.02
Payroll Processing Fees	\$	2,099	0.00
Clerical Labor - CBA			
Wages	\$	33,372	0.01
Benefits	\$	20,726	0.01
Workers Compensation	\$	1,753	0.00
Payroll Taxes	\$	2,553	0.00
Payroll Processing Fees	\$	171	0.00
Fuel	\$	243,406	0.07
Depreciation	\$	167,063	0.05
Other O&M Component	\$	432,602	0.13
Total Operating Cost		\$ 2,112,432	0.65
Profit per Operating Ratio	\$ 315,651	87.0%	0.10
Interest (Pass-Through Cost)	\$	80,950	0.02
Total Green/Organics Transportation Fee			0.772
One-Way Miles to BVON		72	
# Tons		45,000	
Total Payment	\$	2,509,032	
Cost Form	\$	2,509,032	\$ -

Food Scraps Transport Fee - Newby			
Direct Labor - CBA			
Wages	\$	63,259	0.28
Benefits	\$	32,947	0.15
Workers Compensation	\$	3,257	0.01
Payroll Taxes	\$	4,839	0.02
Payroll Processing Fees	\$	221	0.00
Clerical Labor - CBA			
Wages	\$	3,514	0.02
Benefits	\$	2,182	0.01
Workers Compensation	\$	185	0.00
Payroll Taxes	\$	269	0.00
Payroll Processing Fees	\$	13	0.00
Fuel	\$	16,903	0.07
Depreciation	\$	16,706	0.07
Other O&M Component	\$	58,766	0.26
Total Operating Cost		\$ 203,061	0.90
Profit per Operating Ratio	\$ 30,342	87.0%	0.13
Interest (Pass-Through Cost)	\$	8,095	0.04
Total Food Scraps Transportation Fee			1.065
One-Way Miles to Newby		25	
# Tons		9,000	
Total Payment	\$	241,499	
Cost Form	\$	241,499	0.00

SOUTH BAYSIDE INDUSTRIES
Compensation Application for Rate Year 2024
D. Compensation Adjustment - Transportation

			Year 1
			2024
	BASE		Per Ton-Mile
Food Scraps Transport Fee - BVON			
Direct Labor - CBA			
Wages	\$ 71,407		0.25
Benefits	\$ 27,813		0.10
Workers Compensation	\$ 2,750		0.01
Payroll Taxes	\$ 5,463		0.02
Payroll Processing Fees	\$ 187		0.00
Clerical Labor - CBA			
Wages	\$ 2,966		0.01
Benefits	\$ 1,842		0.01
Workers Compensation	\$ 156		0.00
Payroll Taxes	\$ 227		0.00
Payroll Processing Fees	\$ 15		0.00
Fuel	\$ 21,636		0.07
Depreciation	\$ 14,850		0.05
Other O&M Component	\$ 38,454		0.13
Total Operating Cost	\$ 187,766		0.65
Profit per Operating Ratio	\$ 28,057	87.0%	0.10
Interest (Pass-Through Cost)	\$ 7,196		0.02
Total Food Scraps Transportation Fee			0.772
One-Way Miles to BVON		72	
# Tons		4,000	
Total Payment	\$ 223,019		
Cost Form	\$ 223,019		0.00

Note: SBI reserves the right to revise semi-driver and clerical wage and benefit costs retroactively when a CBA for these positions is finalized.

SOUTH BAYSIDE INDUSTRIES
Compensation Application for Rate Year 2024
E. Compensation Adjustment - Transfer Station

	BASE	
	2024 Cost	2024 Cost / Ton
323,500		
SUMMARY OF ANNUAL FEE ADJUSTMENTS		
Direct Labor - CBA		
Wages	3,157,653	\$ 9.76
Benefits	1,603,824	\$ 4.96
W/C	135,935	\$ 0.42
PR Tax	241,560	\$ 0.75
Payroll Processing Fees	10,400	\$ 0.03
Total CBA Labor Cost	5,149,372	\$ 15.92
Clerical Labor - CBA		
Wages	150,189	\$ 0.46
Benefits	93,274	\$ 0.29
Workers Comp	7,888	\$ 0.02
PR Tax	11,489	\$ 0.04
Payroll Processing Fee	673	\$ 0.00
Total Clerical CBA Labor	263,514	\$ 0.81
Power	160,854	\$ 0.50
Fuel	113,928	\$ 0.35
Depreciation	327,124	\$ 1.01
Other O&M	1,403,045	\$ 4.34
Total Operating	7,417,836	\$ 22.93
Profit	1,108,412	\$ 3.43
Operating Ratio	0.87	0.87
Interest (Pass-Through)	139,540	\$ 0.43
Total Operating Cost	8,665,788	\$ 26.79
% Increase		
Total Cost Estimate		\$ 8,665,788

COST COMPONENT ADJUSTMENT FACTORS

Direct labor cost per ton	3,157,653	\$ 9.76
Adjustment Factor		
Direct labor benefits cost per ton	1,603,824	\$ 4.96
Adjustment Factor		
Direct labor workers compensation cost per ton	135,935	\$ 0.42
Adjustment Factor		
Direct labor payroll tax cost per ton	241,560	\$ 0.75
Total Payroll Tax Rate %		7.65%
Direct labor payroll processing fee cost per ton	10,400	\$ 0.03
Adjustment Factor		
Clerical labor cost per ton	150,189	\$ 0.46
Adjustment Factor		
Clerical benefits cost per ton	93,274	\$ 0.29
Adjustment Factor		
Clerical workers compensation cost per ton	7,888	\$ 0.02
Adjustment Factor		
Clerical payroll tax cost per ton	11,489	\$ 0.04
Total Payroll Tax Rate %		7.65%
Payroll processing fee cost per ton	673	\$ 0.00
Adjustment Factor		
Power cost per ton	160,854	\$ 0.50
Adjustment Factor		
Fuel cost per ton	113,928	\$ 0.35
Adjustment Factor		
Depreciation cost per ton	327,124	\$ 1.01
Adjustment Factor (No adjustment after Year 1)		
Other operating & maintenance cost per ton	1,403,045	\$ 4.34
Adjustment Factor		

Note: SBI reserves the right to revise clerical wage and benefit costs retroactively when a CBA for these positions is finalized.

SOUTH BAYSIDE INDUSTRIES
Compensation Application for Rate Year 2024
F. Compensation Adjustment - Materials Recovery Facility (MRF)

	BASE	Year 1
	2024	2024
	Cost	Cost / Ton
68,500		
SUMMARY OF ANNUAL FEE ADJUSTMENTS		
Direct Labor - CBA		
Wages	2,753,454	40.20
Benefits	1,357,081	19.81
Workers Comp	134,981	1.97
PR Tax	210,639	3.08
Payroll Processing Fees	8,800	0.13
Total Direct Labor - CBA	4,464,956	65.18
Clerical Labor - CBA		
Wages	130,964	1.91
Benefits	81,335	1.19
Workers Comp	6,878	0.10
PR Tax	10,019	0.15
Payroll Processing Fee	587	0.01
Total Clerical CBA Labor	229,782	3.35
Third Party Wages & Benefits (VRS)	2,719,255	39.70
Power	574,166	8.38
Fuel	75,072	1.10
Depreciation	372,104	5.43
Other O&M	1,765,206	25.77
Total Operating	10,200,541	148.91
Profit	1,524,219	22.25
Profit %	87%	87%
Interest (Pass-Through)	165,031	2.41
Total Operating Cost Per Ton (excluding residue)		173.57
<i>% Increase</i>		
Total Estimated Operator Cost (excluding residue)	\$ 11,889,791	\$ 11,889,791
MRF Residue Paid by SBR		
MRF Residue Tons	2,600	2,600
Disposal Tip Fee @ Ox Mtn.	58.34	\$ 58.34
Disposal Fees	151,684	\$ 2.21
Transportation Cost (\$/ton-mile)	1.76	
Total Miles	15	
Transportation Cost	68,484	1.00
Total MRF Residue expense	220,184	3.21
Total Cost with MRF Residue	12,109,975	176.79
COST COMPONENT ADJUSTMENT FACTORS		
Direct labor cost per ton	2,753,454	40.20
Adjustment Factor		
Direct labor benefits cost per ton	1,357,081	19.81
Adjustment Factor		
Direct labor workers compensation cost per ton	134,981	1.97
Adjustment Factor		
Direct labor payroll tax cost per ton	210,639	3.08
Total Payroll Tax Rate %		7.65%
Direct labor payroll processing fee cost per ton	8,800	0.13
Adjustment Factor		
Clerical labor cost per ton	130,964	1.91
Adjustment Factor		
Clerical benefits cost per ton	81,335	1.19
Adjustment Factor		
Clerical workers compensation cost per ton	6,878	0.10
Adjustment Factor		
Clerical payroll tax cost per ton	10,019	0.15
Total Payroll Tax Rate %		7.65%
Clerical payroll processing fee cost per ton	587	0.01
Adjustment Factor		
Third-Party MRF sort labor and benefits cost per ton	2,719,255	39.70
Adjustment Factor		
Power cost per ton	574,166	8.38
Adjustment Factor		
Fuel Cost per ton	75,072	1.10
Adjustment Factor		
Depreciation cost per ton	372,104	5.43
Adjustment Factor (No adjustment after Year 1)		
Other operating and maintenance cost per ton	1,765,206	25.77
Adjustment Factor		

Note: SBI reserves the right to revise clerical wage and benefit costs retroactively when a CBA for these positions is finalized.

SOUTH BAYSIDE INDUSTRIES
Compensation Application for Rate Year 2024
K. Direct Labor Wages & Benefits

BASE							
TRANSFER STATION							
Job Description	FTE	Reg Hrs	OT Hrs	Hol OT	Unused Vac/Sick	Hourly Rate	Annual Cost
Loader Lead	1.0	2,080	500	96	102	\$ 55.84	\$ 171,759
Loader	3.0	6,240	1,500	288	343	\$ 53.18	\$ 492,703
Weighmaster	4.0	8,320	2,000	384	492	\$ 51.45	\$ 637,354
Spotter	7.0	14,560	1,995	672	1,420	\$ 39.60	\$ 791,225
Utility	3.0	6,240	1,002	288	609	\$ 39.60	\$ 347,828
Sorter	7.0	14,560	-	672	1,816	\$ 34.05	\$ 591,914
Mechanic	1.0	2,080	-	96	113	\$ 53.43	\$ 124,869
Total	26.0	54,080	6,997	2,496	4,894		\$ 3,157,653

MRF							
Job Description	FTE	Reg Hrs	OT Hrs	Hol OT	Unused Vac/Sick	Hourly Rate	Annual Cost
Equipment Operator Lead	1.0	2,080	-	96	110	\$ 54.02	\$ 126,102
Equipment Operator	8.0	16,640	-	768	984	\$ 51.45	\$ 966,035
Spotter	1.0	2,080	-	96	203	\$ 39.60	\$ 96,103
Utility	3.0	6,240	1,500	288	609	\$ 39.60	\$ 377,409
Mechanic	3.0	6,240	300	288	339	\$ 53.43	\$ 398,652
PRC Attendant	1.0	2,080	500	96	145	\$ 47.60	\$ 148,443
Maintenance Helper	1.0	2,080	-	96	203	\$ 39.60	\$ 96,103
Roll Off Driver	1.0	2,080	-	96	360	\$ 54.46	\$ 140,747
PM Technician	2.0	4,160	-	192	-	\$ 47.60	\$ 211,725
Electrical Mechanic	1.0	2,080	100	96	28	\$ 80.00	\$ 192,135
Total	22.0	45,760	2,400	2,112	2,981		\$ 2,753,454

TRANSPORT							
Job Description	FTE	Reg Hrs	OT Hrs	Hol OT	Unused Vac/Sick	Hourly Rate	Annual Cost
Driver OX	9.0	18,720	2,997	864	1,379	\$ 54.46	\$ 1,410,010
Driver BVON	5.0	10,400	1,200	480	766	\$ 54.46	\$ 745,345
Driver Newby	1.8	3,813	477	176	281	\$ 54.46	\$ 276,288
Driver Zanker	2.2	4,507	412	208	332	\$ 54.46	\$ 314,132
Driver SMI	1.0	2,080	155	96	153	\$ 54.46	\$ 142,125
Driver Casual	5.0	4,160	-	-	594	\$ 54.46	\$ 258,927
Mechanic	2.0	4,160	1,000	192	226	\$ 53.43	\$ 329,884
Total	26.0	47,840	6,240	2,016	3,732		\$ 3,476,711

BENEFITS		/ month	/ hour
Facility Operations	Medical	\$ 32,239.92	\$15.50
	RSP	\$ 11,722.80	\$5.64
	Peer-84	\$ 17,664.00	\$8.49
	IP	\$ 58.80	\$0.03
	Total		\$29.66

BENEFITS		/ month	/ hour
Transportation	Medical	\$ 32,239.92	\$15.50
	RSP	\$ 11,722.80	\$5.64
	Peer-84	\$ 17,664.00	\$8.49
	IP	\$ 58.80	\$0.03
	Total		\$29.66

Total Teamster **\$ 1,603,824**
USE FOR TRANSFER STATION

Total Teamster **\$ 1,357,081**
USE FOR MRF

Total Teamster **\$ 1,550,817**
USE FOR TRANSPORTATION

SOUTH BAYSIDE INDUSTRIES
Compensation Application for Rate Year 2024
L. Clerical Labor Wages & Benefits

BASE							
CLERICAL							
Job Description	FTE	Reg Hrs	OT Hrs	Hol OT	Unused Vac/Sick	Hourly Rate	Annual Cost
Payroll Processor	1.0	2,080	-	-	225	\$43.27	\$ 99,720
A/P Coordinator	1.0	2,080	-	-	268	\$36.31	\$ 85,243
Dispatch Clerk	1.0	2,080	-	-	262	\$37.16	\$ 87,011
Admin Assistant	1.0	2,080	-	-	272	\$35.74	\$ 84,058
Shop Clerk	1.0	2,080	-	-	250	\$38.83	\$ 90,485
2024 Base Totals	5.0	10,400	-	-	1,276		\$ 446,518

Transfer	33.64%	\$ 150,189
MRF	29.33%	\$ 130,964
Transportation	37.04%	\$ 165,368

CLERICAL BENEFITS	/ month		/ hour	
	Medical	\$ 32,239.92	\$	15.50
RSP	\$ 11,722.80	\$	5.64	
Peer-84	\$ 11,440.00	\$	5.50	
IP	\$ 58.80	\$	0.03	
Total		\$	26.66	

Total H&W, Pension / Hr	\$ 8.97
USE FOR TRANSFER STATION	\$ 93,274

Total H&W, Pension / Hr	\$ 7.82
USE FOR MRF	\$ 81,335

Total H&W, Pension / Hr	\$ 9.88
USE FOR TRANSPORTATION	\$ 102,701

SOUTH BAYSIDE INDUSTRIES
Compensation Application for Rate Year 2024
M. MRF Third-Party Sort Labor

	Year 1
	2024
SEP Clients	
Regular Hours	49,920
Overtime Hours	6,240
Holidays	-
Production Supervisor	
Regular Hours	4,160
Overtime Hours	520
Holiday Hours	-
Client Wages-Reg	\$ 1,363,315
Client Wages-OT	\$ 255,622
Total Client Labor	1,618,937
Supervisory Expense	595,616
Administration Fee	\$ 504,702
Total Program Expense	\$ 2,719,255
Total Program Cost/Ton	\$ 39.70

SOUTH BAYSIDE INDUSTRIES
Compensation Application for Rate Year 2024
N. MRF Third-Party Labor Detail

Inbound Tons

68,500

Year 1
2024

Hourly Rate

\$ 27.31

 Headcount

24

Reg Hours

2080

 OT Hours

260

 Holdiays

0

Supervision

Headcount

2

 Hourly Rate

\$ 120.57

 Overtime Rate

\$ 180.86

 Reg Hrs

2080

 OT Hrs

260

 Holidays

0

Admin Fees

37.0%



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APPENDIX B

SBI Cost Proposal Form 2 with Other O&M Detail

Appendix B

**Cost Revised Proposal Form 2: Service Fee Proposal for Transfer Station and MRF
South Bayside Industries**

	Transfer Station	MRF (including Public Recycling Center)	Total
Estimated 2021 Annual Tonnage	323,500	68,500	392,000
Estimated Annual Cost	2024 Annual Costs (\$/year)	2024 Annual Costs (\$/year)	2024 Annual Costs (\$/year)
Direct Labor Costs - CBA and MRF Sort Labor			
Wages (CBA facility)	3,157,653	2,753,454	5,911,107
Benefits (CBA facility)	1,603,824	1,357,081	2,960,905
Workers compensation insurance	135,935	134,981	270,916
Payroll Taxes	241,560	210,639	452,199
ADP Payroll Processing Fees	10,400	8,800	19,200
Outside contract workers (MRF sorters) - wages	-	2,214,553	2,214,553
Outside contract workers (MRF sorters) - admin fees	-	504,702	504,702
Total Direct Labor Costs	5,149,372	7,184,210	12,333,582
Operating Costs			
Fuel and Power			
Power (gas and electricity)	160,854	574,166	735,020
Fuel	113,928	75,072	189,000
Subtotal Fuel and Power	274,782	649,238	924,020
Depreciation			
Depreciation (rolling stock, transfer vehicles)	327,124	247,104	574,228
Depreciation (stormwater capital)	-	125,000	125,000
Depreciation (phase 2 improvements)	-	-	-
Lease (rolling stock, transfer vehicles)	-	-	-
Subtotal Depreciation and/or Lease	327,124	372,104	699,228
Other operations and maintenance			
Non-CBA wages (management and admin)	343,858	299,842	643,699
Non-CBA benefits (management and admin)	155,227	135,357	290,585
Workers compensation insurance	14,410	12,566	26,976
Payroll Taxes	26,305	22,938	49,243
ADP Payroll Processing Fees	942	821	1,763
Repairs and maintenance (rolling stock, vehicles)	224,223	147,751	371,974
Repairs and maintenance (equipment and other)	-	400,000	400,000
Other vehicle-related (licensing, taxes, etc.)	39,569	26,074	65,643
Insurance and safety	207,239	75,128	282,368
Housekeeping (third-party contractor)	40,000	40,000	80,000
Preventative maintenance (third-party contractor)	-	-	-
Stormwater maintenance	62,500	62,500	125,000
General and administrative	176,251	409,013	585,264
Other: transition period costs	33,620	29,316	62,936
Other: 1383 compliance	78,900	78,900	157,800
Other: compost giveaway	-	25,000	25,000
Subtotal Other O&M	1,403,045	1,765,206	3,168,251
Clerical CBA wages and benefits			
CBA wages (clerical)	150,189	130,964	281,154
CBA benefits (clerical)	93,274	81,335	174,609
Workers compensation insurance	7,888	6,878	14,766
Payroll Taxes	11,489	10,019	21,508
ADP Payroll Processing Fees	673	587	1,259
Subtotal CBA Wages and Benefits	263,514	229,782	493,296
Total operating Cost			
Subtotal Estimated Annual Cost	7,417,836	10,200,541	17,618,377
Profit Level (expressed as an Operating Ratio)	0.87	0.87	
Profit Level (expressed as an Operating Ratio)	1,108,412	1,524,219	2,632,631
Pass-Through Costs			
MRF Phase II equipment financing expense	-	-	-
Interest	139,540	165,031	304,571
1383 sampling (pass-through cost)	-	-	-
Total Estimated Annual Cost	8,665,788	11,889,790	20,555,579



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SB 1383 IMPLEMENTATION UPDATES



STAFF REPORT

To: RethinkWaste TAC Members
From: Tj Carter, Program Manager II, Recycling and Compliance
Date: September 14, 2023 Technical Advisory Committee Meeting
Subject: Senate Bill (SB) 1383 Program Implementation Update

Summary

As detailed in the RethinkWaste SB 1383 Memorandum of Understanding, RethinkWaste staff has been delegated a significant portion of the SB 1383 program responsibilities.

At the beginning of 2021, the RethinkWaste service territory had roughly 7,500 commercial and MFD generators who were non-compliant with a three-container system required by SB 1383. After an expansive effort by RethinkWaste, SCS Engineers, and Recology, about 3,700 commercial and MFD generators have been successfully onboarded into our commercial organics program. Therefore, roughly 3,800 commercial and MFD generators remain non-compliant as of the writing of this staff report. Efforts are being taken by all three organizations to contact the remaining generators prior to enforcement actions that begin on January 1, 2024.

SCS Engineers Technical Assistance Summary

RethinkWaste have invited SCS Engineers to present a summary of the SB 1383 services they have provided to RethinkWaste on behalf of Member Agencies to date. The contract with SCS Engineers expires on December 31, 2023. Recology will support these services beginning January 1, 2024.

Below is a summary of the service SCS Engineers has provided to date:

1. Outreach Technical Assistance

SCS Engineers has provided Outreach and Education Technical Assistance by contacting 3,580 commercial and MFD generators through phone calls, emails, and on-site visits. Contact includes educating the generator about the new requirements under SB 1383 as well as providing cost estimates for service and the next steps to starting service with Recology.

Contact has included 2,288 phone calls, 1,237 emails, and 105 site visits.

2. Waivers

SCS Engineers has reviewed 1,769 numbers of commercial and MFD generators for waivers. Of those generators 1,744 have been approved and 25 have been denied.

3. Route Review Contamination Monitoring

SB 1383 requires jurisdictions to conduct annual contamination monitoring of all three containers to keep organics waste stream clean. In 2023, as they did in 2022, SCS Engineers conducted this review through inspections of randomly selected containers on each collection route for solid waste, recyclable

materials, and organic materials.

In 2022, the SCS Engineers inspected 3,222 containers for contamination. In 2023, 5,805 containers were reviewed. A Route Review Report will be finalized by the end of September 2023 and shared with Member Agencies.

SB 1383 Local Assistance Grants

RethinkWaste staff intend to follow up on discussion with Member Agencies about their interest in a joint SB 1383 Local Assistance Grant submission. Grant options include RethinkWaste jointly applying for grant funds to use towards the San Mateo RCD Compost Broker Program, and hiring contractors to support the transition from the outreach and education phase of SB 1383 to the enforcement phase.

Background

September 2016, SB 1383 (Lara, Chapter 395, Statutes of 2016) established statewide methane emissions reduction targets in an effort to reduce emissions of short-lived climate pollutants in various sectors of California's economy. It includes statewide goals to reduce the disposal of organic waste and recover edible food for human consumption. To accomplish these statewide goals, SB 1383 regulations were developed, which were approved on November 3rd, 2020, and include prescriptive requirements for jurisdictions related to recycling and organics collection, inspection, and enforcement policies and programs and edible food recovery. RethinkWaste and its Member Agencies need to comply with nearly all SB 1383 requirements by January 1, 2022 with the significant exception that enforcement actions do not need to commence until January 1, 2024.

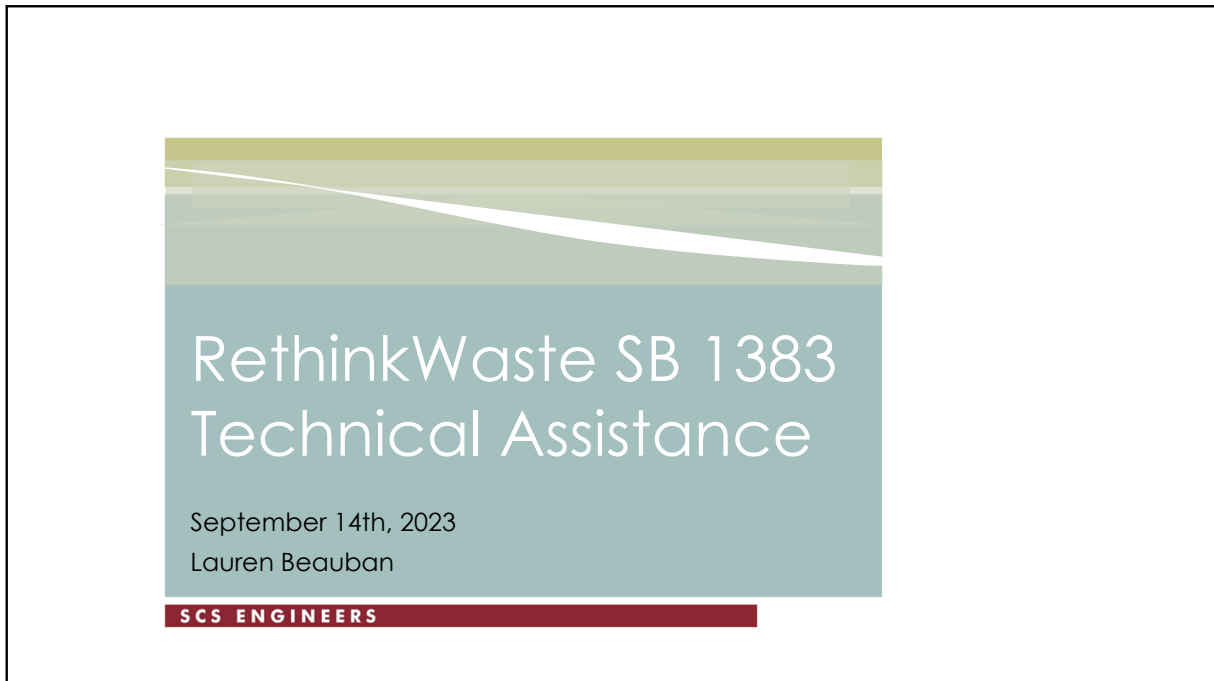
More information regarding SB 1383 can be found online at www.calrecycle.ca.gov/organics/slcp/.

Fiscal Impact

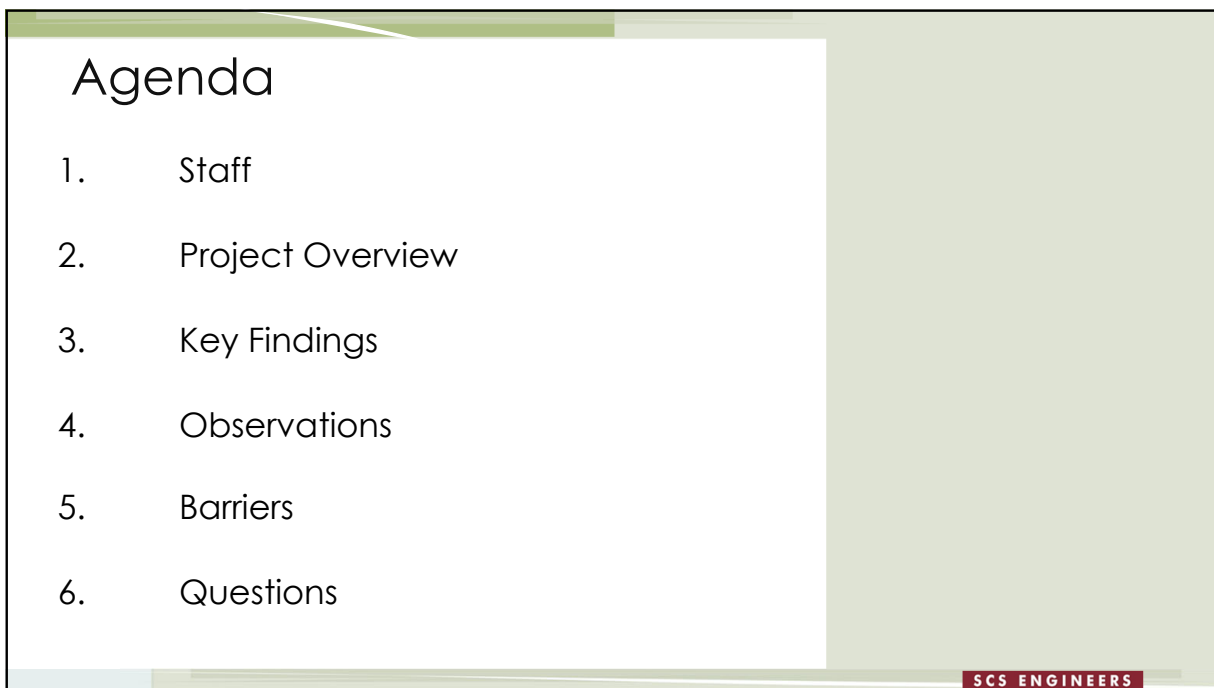
This is an information only report.

Attachments:

Attachment A – SCS Engineers SB 1383 Technical Assistance Summary Presentation Slides



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Staff

<div style="text-align: center; margin-bottom: 10px;">  </div> <p>Michelle Leonard, Senior VP Lauren Beauban Laura Johnson Brett Wilks Cynthia Mallet</p>	<div style="text-align: center; margin-bottom: 10px;">  </div> <p>Laura McKaughan, Founder Juliana Gerber Alejandra Warren Ref Sanchez Zidane Golightly</p>
<div style="text-align: center; margin-bottom: 10px;">  </div> <p>Melissa Baxter, Founder Kristina Bolam Max Perez Kristen Norona</p>	<div style="text-align: center; margin-bottom: 10px;">  </div> <p>Kristin Cushman, Founder Sol Shepard Dave Oksen</p>

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Project Overview

<p style="text-align: center;">Outreach and Technical Assistance</p> <ul style="list-style-type: none"> ● Cold-call non-compliant accounts to begin organics service ● Address customer concerns ● Provide poster links and online resources 	<p style="text-align: center;">Waivers</p> <ul style="list-style-type: none"> ● Assign a list of waivers to staff each month for review ● Assess eligibility for De Minimis and Physical Space waivers ● Review waiver protocol 	<p style="text-align: center;">Route Reviews</p> <ul style="list-style-type: none"> ● Lid flip all three waste streams for commercial and residential routes ● Assign a contamination level (low - high) to each container ● Leave contamination tags for residential accounts
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Key Findings - Outreach TA

Total Number of Contacted

Generators: 3,580

Started Service: 390
 Submitted Waiver: 330
 Refused Service: 72
 Non-Responsive: 42

Activity

Generator *

Date

User

Activity Type *

SB 1383 Related (Organic Was)

SB 1383 Related (Food Recove)

Photos

Photo	Site Visit
	Phone Call
	Voicemail
	Email
	Letter
	Training

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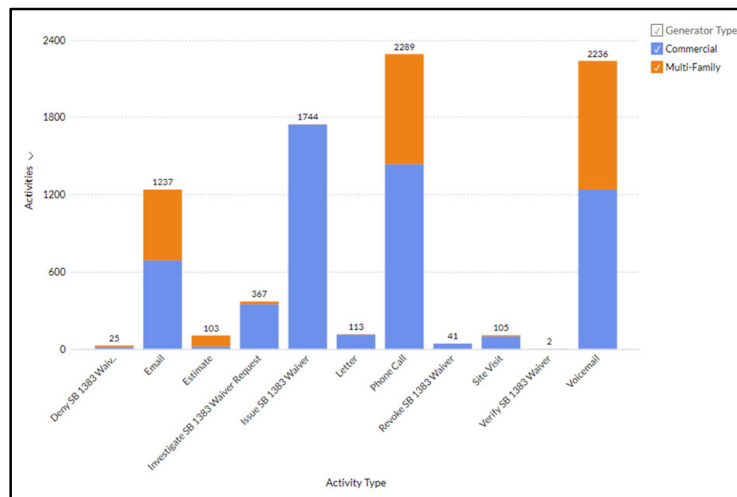
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Key Findings - Outreach TA, continued

Total Number of Contacted

Generators: 3,580

Phone calls: 2,288
 Emails: 1,237
 Site Visits: 105



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Key Findings - Waivers

***Total Number of Waivers**

Assessed: 1,769

Waivers Approved: 1,744

Waivers Denied: 25

*Data reflects all waiver applications processed through the Recyclist Program Tracker.

ORGANICS COLLECTION WAIVER

Starting January 1, 2022, all businesses and multi-family properties (apartments/condominiums) are required to subscribe to compost and recycling collection services, unless they have an approved waiver or an alternative service (such as back-haul, self-haul, shared service, or third-party service provider).

There are two types of waivers offered:

1. Minimal generation waivers (De Minimis)

- Total solid waste collection is **more** than 2 cubic yards per week, and the amount of organics generated is less than 20 gallons per week.
- Total solid waste collection is **less** than 2 cubic yards per week, and the amount of organics generated is less than 10 gallons per week.

2. Physical space waivers

- Physical space constraints prohibit the addition of compost and recycling containers.

Customers with an approved waiver will not be required to subscribe to compost and recycling service for a 5-year period.

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Key Findings - Route Reviews

Total Number of Containers

Inspected, 2022: 3,222

Garbage: 1,078

Recycling: 1,075

Organics: 1,069

Total Projected Number of Containers Inspected, 2023: 5,805

Address:		
LANDFILL - Cont. Size, Cont. Status, Contaminants Contamination % Written Notice Left?	% Yes / No	% Yes / No
RECYCLE - Cont. Size, Cont. Status, Contaminants Contamination % Written Notice Left?	% Yes / No	% Yes / No
ORGANICS - Cont. Size, Cont. Status, Contaminants Contamination % Written Notice Left?	% Yes / No	% Yes / No
Address:		
LANDFILL - Cont. Size, Cont. Status, Contaminants Contamination % Written Notice Left?	% Yes / No	% Yes / No
RECYCLE - Cont. Size, Cont. Status, Contaminants Contamination % Written Notice Left?	% Yes / No	% Yes / No
ORGANICS - Cont. Size, Cont. Status, Contaminants Contamination % Written Notice Left?	% Yes / No	% Yes / No

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Barriers

Outreach and Technical Assistance	Waivers	Route Reviews
<ul style="list-style-type: none">• Billing phone number provided not being the correct contact• Multi-family compliance concerns• Financial restrictions	<ul style="list-style-type: none">• Incorrect form submissions• Non-responsive customers to waiver questions• Customers applying for waivers against staff recommendations	<ul style="list-style-type: none">• Commercial accounts not having carts/bins set out• Residential accounts being alarmed by staff• Ensuring geographic efficiency

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Questions?

Contact:
Lauren Beuban
lbeuban@scsengineers.com



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CONTRACTOR UPDATES

Agenda Item 8 is a Verbal Update only to
be given at the 09/14/2023 TAC Meeting