

2025 Recology San Mateo County Compensation Adjustment Application

TAC Meeting
September 12, 2024



A Public Agency

Recology Compensation Adjustment Application

Table 1

Total Contractor's Compensation	Recology Compensation			
	<u>2024 Cost</u> Approved	<u>2025 Cost</u> Proposed	<u>Change</u>	<u>%</u>
Base Compensation	\$73,328,907	\$75,894,406	\$ 2,565,499	3.5%
Incentives / Disincentives	(\$117,025)	(\$100,690)	\$16,335	-14.0%
Total Contractor's Compensation	\$73,211,882	\$75,793,716	\$ 2,581,834	3.5%

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

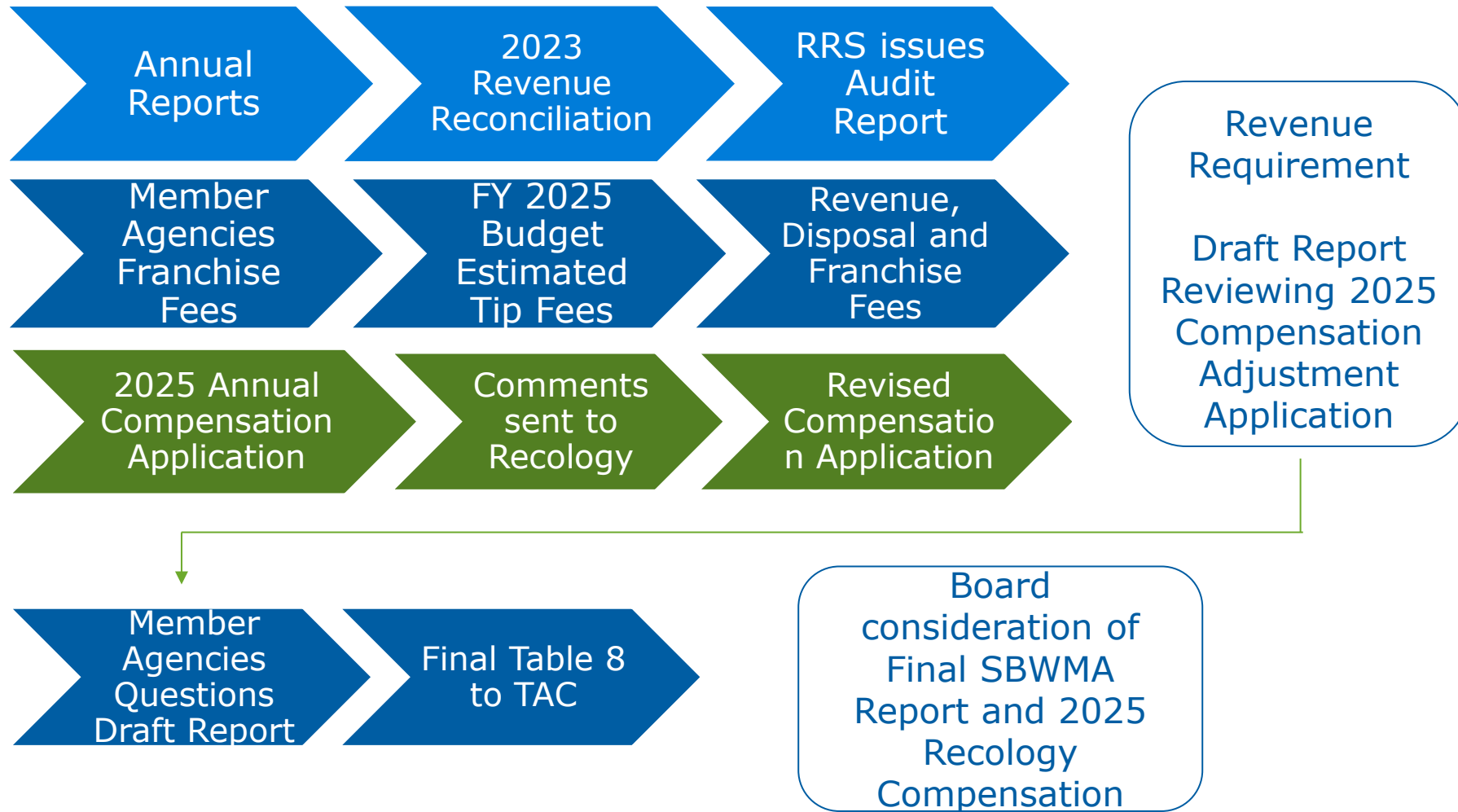
Contractor's compensation increase is primarily due to:

- **Index Adjustment** = +1.9%
 - Includes 14.9% fuel index increase
- **Service Level Adjustment** = 1.7%
- **Incentive / Disincentive** = -\$110K

Timeline in Completing SBWMA Final Report

	Due Date	Actions
1	June 14, 2024	Recology 2024 Compensation Adjustment Application Submitted to Member Agencies and SBWMA
2	July 1, 2024	Member Agencies and SBWMA initial Comments Due to Recology
3	July 1, 2024	SBI 2024 Compensation Application Submitted to SBWMA
4	July 9, 2024	SBWMA requests feedback on 2025 Franchise from Member Agencies
5	July 15, 2024	Revised Recology 2024 Compensation Adjustment Application submitted to Member Agencies and SBWMA
6	July 26, 2024	SBWMA issues and requests feedback from MA's on 2025 projections (Revenue, Disposal Cost and Agency Fees).
7	August 9, 2024	SBWMA issues to Member Agencies Draft Report Reviewing the 2024 Recology Compensation Adjustment Application
8	August 16, 2024	SBWMA issues to Member Agencies the Draft Report Reviewing the 2024 SBI Compensation Application
9	August 23, 2024	Member Agencies Written Comments on SBWMA Draft Reports (Recology & SBI) Due to SBWMA
19	September 12, 2024	SBWMA Board/TAC - Joint Study Session reviewing the Contractor's Compensation Adjustment Application
11	September 19, 2024	SBWMA Final Report on Recology Comp and Calculated Collection Rate Adj. Issued to MA and BOD
12	September 19, 2024	SBWMA Final Report on SBI Compensation Application issued to MA and BOD
13	September 26, 2024	SBWMA Board Meeting: Final Report on Recology Comp and Calculated Collection Rate Adj. SBI Final Report
14	Sept - Dec 2024	Member Agencies issue Prop 218 notices and approve final 2024 Solid Waste Rates

Process Followed in Completing SBWMA Final Report



Recology Compensation Adjustment Application – Table 8

SBWMA							
TOTAL COLLECTION RATE ADJUSTMENT BY MEMBER AGENCY							
as of 08/09/2024							
2025 Rate Year							
	Belmont *	Burlingame	East Palo Alto	Foster City	Hillsborough	Menlo Park	
A. 2024 RATE YEAR							
A.1	2025 Collection Revenue @ 2024 Rates	\$9,942,467	\$13,775,990	\$6,521,233	\$7,725,146	\$4,074,772	\$15,876,980
A.2	Total Recology Compensation	\$5,050,108	\$7,267,104	\$3,362,590	\$4,702,365	\$2,367,690	\$7,829,807
A.3	Additional Costs						
A.4	Disposal & Processing Fees	\$2,307,317	\$5,048,195	\$3,095,625	\$3,034,489	\$1,710,286	\$6,003,021
A.5	Agency Franchise Fees	\$2,585,041	\$2,178,717	\$824,493	\$490,581	\$370,036	\$2,516,479
A.6	Agency Specific Contract Changes						
A.6	Total Additional Costs	\$4,892,358	\$7,226,912	\$3,920,119	\$3,525,070	\$2,080,322	\$8,519,500
A.7	2025 Revenue Requirement	\$9,942,466	\$14,494,016	\$7,282,708	\$8,227,435	\$4,448,012	\$16,349,307
A.8	2025 Surplus/(Shortfall) estimated		(\$718,026)	(\$761,475)	(\$502,290)	(\$373,240)	(\$472,327)
A.9	Agency Fees on A.8 Shortfall		(\$100,524)	(\$72,705)	(\$25,114)	(\$37,324)	(\$64,237)
A.10	Rate Adjustment Percentage (Associated with 2025 estimated Surplus/Shortfall)		5.9%	12.8%	6.8%	10.1%	3.4%
B. 2023 Final Surplus/(Shortfall)							
B.1	Surplus/(Shortfall) 2023 FINAL (incl. Interest)		(\$186,643)	\$108,244	\$317,850	\$219,523	\$614,052
B.2	Agency Fees on B.1 Shortfall		(\$26,130)				
B.3	Rate Adjustment Percentage (Associated with 2023 Final Surplus/Shortfall)		1.5%	-1.7%	-4.1%	-5.4%	-3.9%
C. 2025 REQUIRED REVENUE ADJUSTMENT							
C.1	Cumulative Revenue Requirement (A.7-A.9-B.1-B.2)	\$9,942,466	\$14,807,313	\$7,247,169	\$7,934,700	\$4,265,813	\$15,799,492
C.2	Subtotal Surplus/(Shortfall) (A.1 - C.1)		(\$1,031,322)	(\$725,936)	(\$209,554)	(\$191,041)	\$77,488
C.3	Rate Adjustment Percentage (C.2 / A.1)		7.5%	11.1%	2.7%	4.7%	-0.5%
D. 2024 Estimated Surplus/(Shortfall)							
D.1	Surplus/(Shortfall), 2024 estimated		(\$98,821)	(\$436,698)	(\$84,764)	(\$245,078)	\$126,300
D.2	Surplus/(Shortfall) 2022 FINAL (incl. Interest)		\$290,495	\$246,562	\$607,755	\$250,042	\$1,040,997
D.3	Net Estimated 2024 Surplus/Shortfall		\$191,674	(\$190,136)	\$522,991	\$4,964	\$1,167,297
D.4	Agency Fees on D.3 Estimated Shortfall			(\$18,154)			
D.5	Rate Adjustment Percentage (Associated with 2024 Estimated Surplus/Shortfall)		-1.4%	3.2%	-6.8%	-0.1%	-7.4%
E. Adjustments							
E.1	Miscellaneous Adjustment/Payment						
F. TOTAL RATE IMPACT							
F.1	Cumulative Revenue Requirement (C.1-D.3+E.1)	\$9,942,466	\$14,615,639	\$7,455,458	\$7,411,709	\$4,260,850	\$14,632,195
F.2	Total Surplus/(Shortfall) (A.1 - F.1)	\$1	(\$839,649)	(\$934,225)	\$313,437	(\$186,077)	\$1,244,785
F.3	Total Rate Adjustment Percentage (F.2 / A.1)	0.0%	6.1%	14.3%	-4.1%	4.6%	-7.8%
* The City of Belmont's 2024 Revenue Requirement is Recology's requested rate, not Belmont's approved or accepted rate							

Recology Compensation Adjustment Application – Table 8

SBWMA							
TOTAL COLLECTION RATE ADJUSTMENT BY MEMBER AGENCY							
as of 08/09/2024		2025 Rate Year					
	North Fair Oaks	Redwood City	San Carlos	San Mateo	West Bay	Unincorporated County - Total	
A. 2024 RATE YEAR							
A.1	2025 Collection Revenue @ 2024 Rates	\$3,744,723	\$25,916,529	\$12,121,005	\$32,209,170	\$2,109,361	\$4,324,284
A.2	Total Recology Compensation	\$2,470,917	\$14,045,605	\$7,006,409	\$17,743,782	\$1,279,717	\$2,851,784
A.3	Additional Costs						
A.4	Disposal & Processing Fees	\$1,652,316	\$10,056,400	\$3,811,232	\$11,218,952	\$822,429	\$1,600,215
A.5	Agency Franchise Fees	\$180,857	\$3,483,636	\$1,579,050	\$4,589,051	\$120,982	\$207,218
A.6	Agency Specific Contract Changes						
A.6	Total Additional Costs	\$1,833,173	\$13,540,037	\$5,390,282	\$15,808,004	\$943,412	\$1,807,433
A.7	2025 Revenue Requirement	\$4,304,090	\$27,585,642	\$12,396,691	\$33,551,786	\$2,223,129	\$4,659,218
A.8	2025 Surplus/(Shortfall) estimated	(\$559,367)	(\$1,669,113)	(\$275,686)	(\$1,342,616)	(\$113,767)	(\$334,933)
A.9	Agency Fees on A.8 Shortfall	(\$27,968)	(\$227,834)	(\$33,082)	(\$53,705)	(\$6,826)	(\$16,747)
A.10	Rate Adjustment Percentage (Associated with 2025 estimated Surplus/Shortfall)	15.7%	7.3%	2.5%	4.3%	5.7%	8.1%
B. 2023 Final Surplus/(Shortfall)							
B.1	Surplus/(Shortfall) 2023 FINAL (incl. Interest)	\$34,804	\$283,710	\$549,540	(\$1,060,100)	\$48,100	\$11,705
B.2	Agency Fees on B.1 Shortfall				(\$42,404)		
B.3	Rate Adjustment Percentage (Associated with 2023 Final Surplus/Shortfall)	-0.9%	-1.1%	-4.5%	3.4%	-2.3%	-0.3%
C. 2025 REQUIRED REVENUE ADJUSTMENT							
C.1	Cumulative Revenue Requirement (A.7-A.9-B.1-B.2)	\$4,297,254	\$27,529,766	\$11,880,233	\$34,707,995	\$2,181,855	\$4,664,259
C.2	Subtotal Surplus/(Shortfall) (A.1 - C.1)	(\$552,531)	(\$1,613,236)	\$240,772	(\$2,498,825)	(\$72,493)	(\$339,975)
C.3	Rate Adjustment Percentage (C.2 / A.1)	14.8%	6.2%	-2.0%	7.8%	3.4%	7.9%
D. 2024 Estimated Surplus/(Shortfall)							
D.1	Surplus/(Shortfall), 2024 estimated	(\$367,862)	(\$948,410)	\$132,431	(\$744,568)	(\$29,178)	(\$172,840)
D.2	Surplus/(Shortfall) 2022 FINAL (incl. Interest)	\$381,206	\$1,183,680	\$1,498,489	\$157,710		
D.3	Net Estimated 2024 Surplus/Shortfall	\$13,344	\$235,270	\$1,630,920	(\$586,858)	(\$29,178)	(\$172,840)
D.4	Agency Fees on D.3 Estimated Shortfall				(\$23,474)	(\$1,751)	(\$8,642)
D.5	Rate Adjustment Percentage (Associated with 2024 Estimated Surplus/Shortfall)	-0.4%	-0.9%	-13.5%	1.9%	1.5%	4.2%
E. Adjustments							
E.1	Miscellaneous Adjustment/Payment						
F. TOTAL RATE IMPACT							
F.1	Cumulative Revenue Requirement (C.1-D.3+E.1)	\$4,283,911	\$27,294,495	\$10,249,313	\$35,318,327	\$2,212,783	\$4,845,741
F.2	Total Surplus/(Shortfall) (A1 - F1)	(\$539,188)	(\$1,377,966)	\$1,871,692	(\$3,109,157)	(\$103,422)	(\$521,457)
F.3	Total Rate Adjustment Percentage (F.2 / A.1)	14.4%	5.3%	-15.4%	9.7%	4.9%	12.1%

Contact Information

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