



A Public Agency

## SBWMA TECHNICAL ADVISORY COMMITTEE MEETING

THURSDAY SEPTEMBER 12, 2024 at 2:00p.m.

San Mateo County Transit District Office  
1250 San Carlos Ave  
4<sup>th</sup> 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/89353675426?pwd=ZmtDeW45cnVWRmhNOWlvZ29RbE51dz09>

Meeting ID: 893 5367 5426      Passcode: 597953

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](mailto: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](mailto:rethinker@rethinkwaste.org).*

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

p.3

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#### 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 6, 2024

#### 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 8, 2024, TAC Meeting

**ACTION p. 7**

B. Approval of the 2025 TAC Meeting Calendar

**ACTION p. 13**

5. TAC Review if the SBWMA Report reviewing the 2025 Recology Compensation Application **ACTION p. 17**

6. TAC Review if the SBWMA Report reviewing the 2025 South Bayside Industries Compensation Application **ACTION p. 41**

7. TAC Review of the DRAFT 2025-2034 RethinkWaste Long Range Plan **ACTION p. 69**

#### 8. Senate Bill (SB) 1383 Program Update **p. 73**

- Notice of Violation Letters and Enforcement
- CalRecycle Compliance Review
- Other

#### 9. Contractor Updates **p. 75**

- Recology
- SBI

#### 10. Committee Member Comments

#### 11. Adjourn

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September 6, 2024



# EXECUTIVE DIRECTOR'S UPDATE

Agenda Item 3 is a verbal report only at the  
09/12/2024 SBWMA TAC Committee Meeting





**A Public Agency**

# CONSENT CALENDAR



**DRAFT MINUTES**

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY  
MEETING OF THE TECHNICAL ADVISORY COMMITTEE

August 8, 2024 2:00PM

San Mateo County Transit District 1250 San Carlos Ave, San Carlos CA 94070

**AGENDA**

**Call to Order: 2:03 PM**

**1. Call to Order/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				

**AB 2449 - Just Cause Exemption:** Jack Johnson of San Mateo joined the meeting virtually due to illness. Committee voted all in favor to allow remote participation

**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](mailto:rethinker@rethinkwaste.org).**

None

**3. Executive Director's Report**

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

- He updated the committee on the SBWMA office move and offered a quick tour of the new office after TAC meeting for any committee members interested in viewing the progress. The City of San Carlos will officially have the current SBWMA space on September 1<sup>st</sup>.
- The Board meeting in October will be the first meeting in the new SBWMA office based on moving logistics.
- The October Board meeting is the annual budget draft study session and they will review the 2025 proposed operating budget, capital improvement plan, and this year will also include reviewing the long-range plan draft.

- Board positions will look different after our November elections as four of the current board members will not be running for re-election.
- SBWMA staff will be working remotely during the office move, but are readily available for in person meetings if needed.
- Some RethinkWaste staff will be away for the CRRA conference on August 19, 20, 21, 2024.
- He San Mateo County Civil Grand Jury has just published their 2023-2024 reports, two of which require responses from RethinkWaste. Staff is working to complete these responses for Legal Counsel and Board review in September.
- He informed the committee that TAC will be having a deep dive discussion on the 2025 Contractors Compensation Applications from Recology and SBI at the September 12 meeting. These are contractually mandated applications for both parties to submit cost projections for this upcoming year. Staff is working on the SBWMA review of these applications. Both contracts are CBA and are largely formulaic. Both applications will be in front of the board at the September meeting for their consideration of approval.
- A draft budget will be presented at the October board study session. Staff is aware of the several requests from TAC and other committee members for a cost projection model for what the cost escalators and rate increases might be in the near future Staff has been open about telegraphing cost increases related to large ticket site upgrades. He encouraged committee members to refer to a cheat sheet provided during the Site Optimization Plan discussion on several of these big-ticket items, and the estimated resulting rate increases. He suggested it would be a good tool for Member Agency's to help set rates and determine revenue collection. He added that he and Staff Mangini are available to attend Member Agency's rate setting meetings.
- Based on TAC recommendation, the September 2025 Board meeting will occur a week earlier in the month to help the tight turn around between Compensation Application approval and Member Agency rate hearings.
- He then gave an overview of upcoming projects at Shoreway. The underground storage tank (UST) replacement project, the work is starting in mid-September and will take four months, and will be very impactful to Recology and SBI operations.
- He noted that while the UST projected is mandated, the vision is for 2035 is to convert the fleet to alternative fuel, likely electric power.

Chair Lorenz asked what type of fuel will be in the new UST.

Executive Director La Mariana answered that it will renewable diesel. During the tank replacement period, both Recology and SBI will both commission their own wet fueling where a tanker truck will come in every night and hand fuel all the vehicles.

Chair Lorenz asked if the tanks will be replaced underground again.

Executive Director La Mariana answered yes, they will be underground again, and we will also be relocating the SBI fuel station 50-60 ft because its current location is creating a choke point. He also noted, that the site is deficient by eight big rigs having a place to park. He brought this to the TAC's attention because staff will be addressing this concern during the budgeting process, and he wanted the committee to have a starting point as to the explanation behind those budget increases.

#### 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 May 9, 2024, TAC Meeting

Motion/Second: Mello/Tong

Roll Call Vote 6-0-2-3

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. 2024 Schedule to Approve 2025 Contractors Compensation and Collection Rate Adjustment by Member Agency**

Staff Mangini gave an overview of the staff report which included the milestones in the process for approving SBI and Recology’s compensation applications. He noted that it was critical for TAC members to give input on the revenue disposal on agency fee projections issued on July 26. Noting that components make up half of the Member Agencies revenue requirements and the other half is Recology.

Chair Lorenz states that Foster City adopted 5-year rates last year, anything Staff needs to know about their revenue should be available on Foster City’s website.

Staff Mangini noted that it’s important to get to that net revenue number which is not the schedule Q that Recology retains.

**6. Senate Bill (SB) 1383 Program Update**

- Update from Recology on SB 1383 (Alex Rinear)
- Organic Implementation
- SB1383 Waivers

Alex Rinear, Recology Waste Zero Manager gave a presentation updating the TAC on Recology’s SB 1383 outreach and technical assistance.

Executive Director La Mariana requested an explanation for two criteria that qualify for an SB 1383 compliance waiver.

Ms. Rinear reported that the first waiver is De Minimis waiver allowed if a customer has a limited amount of compostable material. The other waiver which is more difficult to get approved is space constraint waiver. If a customer does not have the space capacity to add an additional cart onsite they can apply for a space constraint waiver.

Ms. Rinear continued her presentation updating the committee on Recology’s SB 1383 Route Reviews

Member Tong asked if any residents or businesses have asked what Recology is doing while they’re performing route reviews or if there has been any other type of customer interaction.

Ms. Rinear answered that there have been no interactions as of now but the team is prepared in case that does come up, they have business cards and place cards with information on the SB1383 regulation.

Chair Lorenz asked if there is a backlog to the waiver request from SCS that Recology is still working through.

Ms. Rinear answered that Recology does not have a backlog as the SCS waiver requests were completed in Q1 of 2024 and Recology is up to date with their current lists. They try responding to waiver requests within two weeks of their submission.

Staff Mangini asked if there has been an increase in diversion that is directly correlated with SB1383?

Ms. Rinear reported that she thinks diversion has gone up as more compost is added, and customers are able to

decrease garbage whenever possible by adding compost service. She noted that the volume of generated material is the same, but it is now being separated to the green cart. She also added that the multifamily dwelling sector has been most impacted over the last couple quarters.

Member Mello asked if the waivers are only available for commercial and multifamily, or do the waivers also cover residential accounts.

Ms. Rinear answered that all residential accounts have compost collection included in their rates. All homes produce food and yard waste. So, the waivers are really for the commercial accounts where there is little to no compostable material.

Staff Chung included more information regarding the waiver process noting that the multifamily sector is rarely approved of for waivers due to the high amount of food waste.

Chair Lorenz added that SB1383 does not have a residential sector waiver at all. She then asked about the non-collection tags wondering if there is an incentive for customers to take the option clean up the contaminated load versus having it collected as garbage if both of those are options.

Ms. Rinear answered that there is a cost to collect it as garbage. Customers can clean it up and have it picked up during their next service week visit at no charge or they can have a pickup prior to their next week service for a trip charge. If the following service day it is still contaminated then it will be collected as garbage and it will be charged as garbage.

Member Tong asked what option to people generally go for.

Ms. Rinear answered that from experience of speaking to customers, it tends to be about half and half.

- Capacity Planning update

Staff Chung gave an update on the state's way of tracking each jurisdiction's capacity planning, how jurisdictions deposit organic waste material and how much room is available for the future based on increase in population projections. He noted that on behalf of the member agencies, he has filled out a 10 year projection for Member Agency with the help of internal staff and turned that sheet in to Jack Steinmann of San Mateo County which will then be submitted to CalRecycle. It is based on a CalRecycle calculator that uses the population number and the capacity of the facility that the material is being deposited into which is BVON & Newby, which provides a 10 year projection for us.

Member Tong states he is interested in the county projections and would like staff Chung to send those over to him.

- Notice of Violation reminders / status

Staff Chung reported that he has created a list of Member Agencies that have responded in need of help with Notice of Violations. Staff then sent a letter template that is editable by each member agency, once edits are complete that letter should be sent back to Staff Chung to mail out. He added that there are a few member agencies that have yet to respond and he encourages them to respond soon, because notice of violation letters need to be mailed out by end of the year.

- Recyclist Tool Refresher

Staff Chung noted that the Recyclist tool is to help compile all the SB 1383 information into a tracker. Recology uploads their data every quarter and each member agency can look at their information to access compliance stats. Member Agencies have the ability to upload CalRecycle Electronic Annual Report (EAR) numbers and procurement numbers. He reminded TAC members to connect with staff Chung to set up a training if their team would like a

refresher.

Member Mello asked how long a customer has to be in compliance after receiving a notice of violation letter, and what are the next steps after that period of time.

Staff Chung answered 60 days to be in compliance. And, noted that the state will be asking for how many notice violations have been sent and how much enforcement has been done in the EAR reports. Regarding next steps, RethinkWaste will be asking Recology who has signed up for compost service and who has not, if they remain unsubscribed after 60 days they will be forwarded to the City for enforcement. Enforcement options include monetary and withholding permits for example.

Member Mello asked the committee if they have reached the end of the 60-day notice in their own city's yet, and what have they chosen as next steps.

Chair Lorenz noted that Foster City is currently working on figuring out what the next steps will be, whether it be another letter or if the enforcement process will begin.

- Outreach update

Staff Rosales-Jose gave an update on SB 1383 outreach. She noted that San Mateo county will be running a campaign on composting, specifically avoiding recycling in the compost. Deliverables and outreach materials for marketing will be provided by the county. The mediums will be in three languages, there will videos and social media content available next year. Additionally, a proper sorting campaign which ran last year, will be re-run again by RethinkWaste and in different languages as well.

Chair Lorenz asked member Tong if there has been an update on the alternative procurement option with Peninsula Clean Energy (PCE).

Member Tong answered that the County is waiting for PCE to respond and their Request for Information which has yet to happen.

## 7. Discussion on 2023 EAR completion

Staff Chung gave a verbal update on the 2023 CalRecycle Electronic Annual Report (EAR) status. He noted that the Agency's contract Ascent Environmental, Inc. compiles data from Recology and SBWMA. Each jurisdiction provides 1383 procurement numbers and construction and demolition numbers. He noted two changes in this year's report: Change one – Newby and BVON are no longer accepting compostable plastics which includes compostable bags. And change two – tracking of notices of violations has changed and all are being reported through EAR. He also noted that CalRecycle has lumped SB1383 and EAR reports so going forward, all of NOV letters that you are issuing and the number of enforcements that you are following up on are all being reported in the EAR. Unfortunately, none of us have sent out any NOV notices in 2023 and have reported zero. He stressed the importance of NOV letters going forward for the future EAR's. He added that it is yet to be determined what the state will do for those that have yet to send out NOV letters but from previous experience, not having done anything is not good but having a written plan on what will be done helps even if that plan is written and there is nothing done to enforce said plan. The state will put jurisdictions on some kind of compliance review, and warned that jurisdictions should be ready for when that time comes and we receive our compliance review.

Chair Lorenz is interested in learning more about compostable bags, she understands the request but noted that Foster City Parks Department has very expensive compostable bags and would not like a un-lined bin. She asked if there is a bin linking option would be acceptable.

Staff Chung answered that this is a tough subject but as of now there is no other option. Compostable bags don't break down as fast as they would like them to in commercial compost facilities.

## 8. Discussion on Planning for Zero Emission Vehicles and Charging Infrastructure

Executive Director La Mariana informed members that the CA Air Resources Board (CARB) mandates, there be a plan in place for the Recology fleet to be 100 percent zero emission vehicles by 2035. One quarter of the fleet needs to be converted needs to be converted in phase one before 2030. The first phase includes of 51 electric trucks, 65-70 vehicles. Increased truck costs is one of the challenges; \$922,000 per vehicle. Secondly, these electric vehicles have reduced tonnage capacity. An electric collection vehicles holds two tons less than our current vehicles, so we will require more vehicles in our fleet. Which causes a third challenge, Shoreway space constraints and parking. PG& E recently had a Shoreway site visit, and can bring the power to Shoreway for this number of vehicle charging, and the power infrastructure cost will be taken on by PG&E since they have goals to reach as well. Staff will be looking into alternative funding components as well.

Staff Southworth noted that there are possible partnerships for solar panels through a local PCE. And staff is working cost savings alternatives.

Dwight Herring General Manager of SBI noted that SBI will test a roll off EV truck in September to see how it works.

## 9. Contractor Updates

Recology of San Mateo County

- Mia Rossy, Community Outreach Manager noted that they on track for the hydrogen collection vehicle arriving at the end of August 2024 pilot. And announcement will be sent out in case anyone wants to take a look at it.
- She also announced that Regional Financial Analyst – Chuck Collins will be retiring at the end of the month

SBI

- Executive Director La Mariana complimented Dwight Herring, Chris Valbusa and Staff Gans who have been working very hard to update a whole variety of maintenance across the site. He acknowledged that there is still a lot to do but its a great start.

## 10. Committee Member Comments

Chair Lorenz acknowledged new TAC members

- Richard Perez with East Palo Alto
- Nisha Patel, Public Works Director for Belmont
- Robert Roth of who is working on the SB1383 compliance for Belmont
- Regina Wheeler San Mateo County Special Districts Program Manager

Executive Director La Mariana added that he is available to provided tours to the new members if they would like to learn more about what RethinkWaste does.

Chair Lorenz noted that she will be visiting Shoreway during a public tour in November and invited anyone who would like to join.

## 11. Adjourn: 3:25 p.m.



## STAFF REPORT

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**To:** SBWMA TAC Members  
**From:** Cyndi Urman, Clerk of the Board  
Dolores Molina-Bucio, Administrative Associate  
**Date:** September 12, 2024 TAC Meeting  
**Subject:** Approval of 2025 TAC Meeting Calendar

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### Recommendation

It is recommended that the SBWMA Technical Advisory Committee approve the proposed 2025 TAC meeting calendar (attached).

### Summary

Staff recommends a second Thursday of the month meeting in February (13<sup>th</sup>), May (8<sup>th</sup>) July (10<sup>th</sup>) and September (11<sup>th</sup>) 2024 from 2-4PM. Additionally, the TAC will meet together with the Board in 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 5<sup>th</sup> 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

In 2025 TAC meetings will move to the new Agency owned administrative office space located at 1245 San Carlos Ave. There is no additional fiscal impact to holding the meetings in this location. 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 2025 budget to be presented to the Board in October.

### Attachments

Attachment A – Proposed 2025 TAC Meeting Dates



**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY  
2025 TAC MEETING SCHEDULE**

Meetings of the South Bayside Waste Management Authority Technical Advisory Committee are held on the second\* Thursday of the following months beginning at 2:00PM

Location unless otherwise notices on the meeting agenda:

RethinkWaste Administrative Offices  
1245 San Carlos Ave  
Suite E  
San Carlos, CA 94070

February*	13	2025
March* (Proposed Board/TAC Retreat)	27	2025
May	08	2025
July	10	2025
September	11	2025

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



**A Public Agency**

# TAC REVIEW OF SBWMA REPORT REVIEWING THE 2025 RECOLOGY SAN MATEO COUNTY COMPENSATION APPLICATION





## STAFF REPORT

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**To:** SBWMA TAC Members  
**From:** Joe La Mariana, Executive Director  
John Mangini, Senior Finance Manager  
**Date:** September 12, 2024 TAC Meeting  
**Subject:** Review of the SBWMA Draft Report Reviewing the 2025 Recology San Mateo County Compensation Application

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### Recommendation

This staff update is for discussion purposes only and no action is requested.

### Summary

The Recology Compensation Application for 2025 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 3.5% increase in Recology's compensation for 2025.

### Analysis

The SBWMA Draft Report Reviewing the 2025 Recology Compensation Application issued to the TAC and Board on August 11, 2024 addresses Recology's compensation due for 2025 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 2025 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., 2023 final surplus or shortfall is determined in 2024 and included in 2025 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 23. 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 19, 2024, for the Board's consideration at the September 26, 2024 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 Fifteen (i.e., 2025) compensation results in Total 2025 Contractor's Compensation of \$75,793,716, which is an increase of \$2,581,834 (3.5% 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 eligible member agency can exercise its contractual prerogative to

cap the non-disposal portion of Recology’s projected costs at 5% in RY 2025. If exercised, said member agencies are still responsible for their portion of these costs and Recology must be compensated the difference in RY 2026. The members that are eligible to exercise the Cap Carry Forward provision for 2025 are: North Fair Oaks, Redwood City and San Mateo. Please refer to **Appendix E** of the Draft Report for the Cap Carry Forward calculations. When the 2024 Cap Carry Forward deferral is added to the 2025 compensation the total increase exceeds 5% for these three member agencies.

The 2025 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 decrease of 4.4%
- Performance Incentive/Disincentive payment from Recology of \$100,69 (Table F in Recology Application).

Recology’s 2025 compensation is compared to 2024 in **Table 1** below.

**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%
<b>Total Contractor's Compensation</b>	<b>\$73,211,882</b>	<b>\$75,793,716</b>	<b>\$ 2,581,834</b>	<b>3.5%</b>

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

The adjustments to compensation for 2025 represent an increase in the total net compensation of 3.5% or \$2,581,834 from 2024. 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 2025. This Report also provides Table 8 (**Attachment A**) which establishes the calculated Revenue Requirement that will be used as the basis for recommending the 2025 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, 2025, and net revenues billed by Recology in 2025 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 2025 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 2025 costs to 2024 costs and showing the components of the 2025 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 2025 Collection Revenue using 2024 rates (**A.1**), the 2025 Total Recology Compensation (**A.2**) and Pass-Through Expenses (**A.6**) used to determine the 2025 Revenue Requirement (**A.7**), the estimated 2025 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 2023 Recology Revenue Reconciliation surplus/shortfall that must be added to the 2025 rate adjustment.
- **Section C** – This section provides the cumulative 2025 Required Rate Adjustment which is the sum of sections A and B.

- **Section D** – This section provides the “2024 estimated surplus/(shortfall)” balance with Recology (**D.1**), including the adjusted 2022 surplus/shortfall (**D.2**) and the associated Agency Fees on any net estimated shortfall (**D.4**). The 2024 Revenue Reconciliation will be finalized in 2026, similar to how the 2023 Revenue Reconciliation was finalized in 2025.
- **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** – SBWMA Draft Report Reviewing the 2025 Recology San Mateo County Compensation

**Attachment A Appendices - Available online only at [www.rethinkwaste.org](http://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%](#)
- APPENDIX E – Recology Compensation by MA with Cap Carry Forward Calculation



# SBWMA **DRAFT** REPORT REVIEWING THE 2025 RECOLOGY SAN MATEO COUNTY COMPENSATION APPLICATION

August 9<sup>th</sup>, 2024

(Revised September 12)

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## APPENDICES

### [AVAILABLE ONLINE ONLY AT RETHINKWASTE.ORG](#)

[APPENDIX A – Recology 2025 Compensation Application Issued on June 15, 2024](#)

[APPENDIX B – Member Agency Variance Analysis of Total Collection Cost and Rate Impact Comparing 2025 with 2024](#)

[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%](#)

[APPENDIX E – 2025 Recology Compensation Application by Member Agency with Cap Carry Forward Calculation](#)

## **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) 2025 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 2024 compensation, applying a Service Level Adjustment (SLA) to the 2024 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 2025 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 2025, 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 14, 2024. On June 28, 2024 the SBWMA submitted questions and comments to Recology. On July 12, 2024 Recology submitted responses to the SBWMA's questions and comments along with a revised Compensation Application. **Appendix A** provides Recology's 2025 Compensation Application. **Appendix C** provides the SBWMA's questions and comments to Recology's Compensation Application, and Recology's response submitted on July 12. The SBWMA provided all Member Agencies with their detailed revenue, agency fees, and disposal and processing cost projections for 2024 on July 26th.

**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 2025 solid waste rates, if necessary.

**Table 1**  
**2024 Schedule to Approve Recology 2025 Compensation**

<b>Due Date</b>	<b>Milestone</b>
June 15, 2024	Recology 2025 Compensation Application Submitted to Member Agencies and SBWMA
June 28, 2024	Member Agencies and SBWMA Comments Due to Recology
July 12, 2024	Recology Submitted responses to comments from Member Agencies and SBWMA
August 9, 2024	SBWMA Draft Report Reviewing the 2025 Recology Compensation Application Issued to Member Agencies
August 23, 2024	Member Agencies Written Comments on SBWMA Draft Report Due to SBWMA
September 12, 2024	SBWMA Board/TAC Meeting: Staff Update and Discussion
September 19, 2024	SBWMA Final Report Issued to Member Agencies/Board
September 26, 2024	SBWMA Board Meeting: Consideration of Final Report

**1.C Summary of Notable Items in the 2025 Recology Compensation Application**

Notable items included in the 2025 Recology Compensation Application include:

- Application of the Recology Restated and Amended Agreement compensation increase methodology, which is based on CPI indices and service levels.
- 2023 revenue reconciliation of surplus/shortfall and interest payments due to/from Recology (Table H in Recology Application).
- Performance Incentive/Disincentive payment from Recology of \$100,690 (Table F in Recology Application).
- Overall, 3.5% Total Compensation increase including a fuel index decrease of 6.17%
- 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 2025 Recology Compensation Application adjusts Attachment N costs by applying the various April 2023 to April 2024 index change.

Next, service level adjustments are applied to: Direct Labor Related Costs; Direct Fuel Costs; and Other Direct Costs. For Rate Year 2025, 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 2025, 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 2024. 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 2025 Compensation Adjustment Application using the Assessment four-week period in April 2024.

**Recommendation**

Based on the net results of the cost adjustments calculated in the 2025 Recology Compensation Application, SBWMA intends to recommend that the Board approve an adjustment to Recology's 2025 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 2025 costs and changes from 2024. The total change in Recology’s compensation for 2024 is an increase of \$2,581,834 or 3.5% from 2024.

**Table 2  
Summary of Adjusted 2024 Costs to 2025 Costs**

<b>RECOLOGY COMPENSATION SUMMARY</b>	<b>2024 Cost Approved</b>	<b>2025 Cost Proposed</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Total Annual Cost of Operations</b>	\$ 65,254,033	\$ 67,664,244	\$ 2,410,211	3.7%
<b>Profit</b>	6,849,871	7,102,876	\$ 253,005	3.7%
<b>Operating Ratio</b>				
<b>Total Operating Costs</b>	\$ 72,103,904	\$ 74,767,120	\$ 2,663,216	3.7%
<b>Contractor Pass-Through Costs</b>				
Interest Expense <sup>1</sup>	\$ 1,127,286	\$ 1,127,286	\$ -	0.0%
Contract Changes to Specific Agencies <sup>2</sup>	97,717	-	(97,717)	-100.0%
<b>Total Contractor Pass-Through Costs</b>	\$ 1,225,003	\$ 1,127,286	\$ (97,717)	-8.0%
<b>BASE CONTRACTOR'S COMPENSATION</b>	<b>\$ 73,328,907</b>	<b>\$ 75,894,406</b>	<b>\$ 2,565,499</b>	<b>3.5%</b>
<b>Other Adjustments</b>				
Performance Incentives / Disincentives	\$ (117,025)	\$ (100,690)	\$ 16,335	-14.2%
<b>TOTAL CONTRACTOR'S COMPENSATION</b>	<b>\$ 73,211,882</b>	<b>\$ 75,793,716</b>	<b>\$ 2,581,834</b>	<b>3.5%</b>
<sup>1</sup> Interest expense is per the negotiated Restated and Amended Franchise Agreements				
<sup>2</sup> 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 2025 Recology Compensation Application adjusts Attachment N costs by applying the various April 2023 to April 2024 index change.

Service level adjustments are applied to: Direct Labor Related Costs; Direct Fuel Costs; and Other Direct Costs. For Rate Year 2025, 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 2025, 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 2025).

The Recology 2023 Revenue Reconciliation Report was submitted to the SBWMA and Member Agencies on May 3, 2024. 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 t~~The audit findings and results (i.e., final 2023 surplus/shortfall and interest) of the revenue reconciliation that will be added to or subtracted from Recology's 2025 compensation. Agencies can also request a refund of surplus

balances or make payments to Recology for shortfalls. The final 2023 Revenue Reconciliation balances, net of payments, have been included in Recology's 2025 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 12. The questions and comments submitted to the company during the initial review period in June are provided in **Appendix C**.

## **SECTION 3 2025 RECOLOGY COMPENSATION APPLICATION**

### **3.A Description of Compensation Adjustments**

The 2025 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 2025 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 2023.** Recology submitted a Revenue Reconciliation Report for 2023 to the SBWMA on May 3, 2024 which compares the approved compensation owed to Recology for 2023 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 2023 surplus balance including interest is \$1,063,070 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 2023 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)
- 2023 - \$250,260 (diversion incentive payment to Recology)

Recology’s 2023 diversion incentive payment is \$250,260 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 \$100,690 including Belmont (Table F in Recology’s Application Appendix A).

**3.B Adjustment of 2024 Compensation to 2025**

As prescribed in Article 11, Attachment K and Attachment N of the Restated and Amended Franchise Agreements, the adjustment of the 2024 compensation to 2025 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 2024 to 2025. The application of all adjustment factors results in an overall increase in Recology’s base 2024 compensation totaling \$2,581,834 or 3.5% from 2024.

**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 2024 Costs to 2025 Costs**

RECOLOGY COMPENSATION DETAIL	2024 Cost	2025 Cost	% of Total Cost	\$ Change	% Change
<b>Annual Cost of Operations</b>					
Direct Labor-Related Costs					
Wages	\$ 22,275,516	\$ 23,316,234	30.8%	\$ 1,040,717	4.7%
Benefits	\$ 9,574,900	\$ 9,751,569	12.9%	176,669	1.8%
Payroll Taxes	\$ 1,804,317	\$ 1,888,615	2.5%	84,298	4.7%
Workers Compensation Insurance	\$ 1,596,279	\$ 1,670,702	2.2%	74,423	4.7%
<b>Total Direct Labor Related-Costs</b>	<b>\$ 35,251,012</b>	<b>\$ 36,627,120</b>	<b>48.3%</b>	<b>\$ 1,376,108</b>	<b>3.9%</b>
Direct Fuel Costs	\$ 3,757,320	\$ 3,592,936	4.7%	(164,385)	-4.4%
Other Direct Costs	\$ 3,280,694	\$ 3,439,083	4.5%	158,388	4.8%
Depreciation					
- Collection Vehicles	\$ 2,943,932	\$ 2,943,932	3.9%	-	0.0%
- Containers	\$ 1,141,479	\$ 1,141,479	1.5%	-	0.0%
<b>Total Depreciation</b>	<b>\$ 4,085,411</b>	<b>\$ 4,085,411</b>	<b>5.4%</b>	<b>\$ -</b>	<b>0.0%</b>
Allocated Indirect Costs excluding Depreciation					
General and Administrative	\$ 11,072,431	\$ 11,704,636	15.4%	\$ 632,205	5.7%
Operations	\$ 2,124,291	\$ 2,237,464	3.0%	113,173	5.3%
Vehicle Maintenance	\$ 4,060,024	\$ 4,276,323	5.6%	216,300	5.3%
Container Maintenance	\$ 1,508,665	\$ 1,587,087	2.1%	78,422	5.2%
<b>Total Allocated Indirect Costs excluding Depreciation</b>	<b>\$ 18,765,411</b>	<b>\$ 19,805,511</b>	<b>26.1%</b>	<b>\$ 1,040,099</b>	<b>5.5%</b>
Total Allocated Indirect Depreciation Costs	\$ 114,184	\$ 114,184	0.2%	-	0.0%
Annual Implementation Cost Amortization	\$ -	\$ -	0.0%	-	0.0%
<b>Total Annual Cost of Operations</b>	<b>\$ 65,254,033</b>	<b>\$ 67,664,244</b>	<b>89.3%</b>	<b>\$ 2,410,211</b>	<b>3.7%</b>
<b>Profit</b>	6,849,871	7,102,876	9.4%	253,006	3.7%
<b>Operating Ratio</b>	90.5%	90.5%			
<b>Total Operating Costs</b>	<b>\$ 72,103,904</b>	<b>\$ 74,767,120</b>	<b>98.6%</b>	<b>\$ 2,663,216</b>	<b>3.7%</b>
<b>Contractor Pass-Through Costs</b>					
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	\$ (8,136)	\$ -	0.0%	8,136	-100.0%
Other Costs	\$ -	\$ -	0.0%	-	100.0%
SB 1383 2023 Costs	\$ 105,853	\$ -	0.0%	(105,853)	-100.0%
<b>Total Contractor Pass-Through Costs</b>	<b>1,225,003</b>	<b>1,127,286</b>	<b>1.5%</b>	<b>(97,717)</b>	<b>-8.0%</b>
<b>BASE CONTRACTOR'S COMPENSATION</b>	<b>\$ 73,328,907</b>	<b>\$ 75,894,407</b>	<b>100.1%</b>	<b>\$ 2,565,499</b>	<b>3.5%</b>
<b>Other Adjustments</b>					
Performance Incentives / Disincentives	\$ (117,025)	\$ (100,690)	-0.1%	16,335	-14.0%
<b>Total Other Adjustments</b>	<b>(117,025)</b>	<b>(100,690)</b>	<b>-0.1%</b>	<b>16,335</b>	<b>-14.0%</b>
<b>TOTAL CONTRACTOR'S COMPENSATION</b>	<b>\$ 73,211,882</b>	<b>\$ 75,793,716</b>	<b>100.0%</b>	<b>\$ 2,581,834</b>	<b>3.5%</b>

**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**

2025 Total by Member Agency	Final Approved 2024 Base Compensation	CPI Adjustment	CPI %	Service Level Adjustment (SLA)	Service Level Adjustment %
Burlingame	6,993,700	132,267	1.89%	164,769	2.36%
East Palo Alto	3,252,302	61,192	1.88%	62,756	1.93%
Foster City	4,488,337	84,313	1.88%	133,614	2.98%
Hillsborough	2,317,965	40,872	1.76%	10,669	0.46%
Menlo Park	7,638,762	140,923	1.84%	72,475	0.95%
Redwood City	13,579,642	254,979	1.88%	252,959	1.86%
San Carlos	6,800,612	126,780	1.86%	97,305	1.43%
San Mateo	17,075,361	321,659	1.88%	397,510	2.33%
West Bay Sanitary Dist	1,251,404	22,731	1.82%	7,115	0.57%
Unincorporated County	2,799,894	51,362	1.83%	4,505	0.16%
North Fair Oaks	2,393,112	44,411	1.86%	40,720	1.70%

2025 Total by Member Agency	SB 1383 Costs Rate Years 2023	SB 1383 Costs Rate Years 2023%	Contract Changes to Specific Agencies	Contract Changes to Specific Agencies %	Total Base Compensation	Total %
Burlingame	(12,829)	-0.18%	0	0.00%	7,277,906	4.06%
East Palo Alto	(6,350)	-0.20%	0	0.00%	3,369,900	3.62%
Foster City	(5,801)	-0.13%	8,136	0.18%	4,708,600	4.91%
Hillsborough	(155)	-0.01%	0	0.00%	2,369,351	2.22%
Menlo Park	(12,806)	-0.17%	0	0.00%	7,839,354	2.63%
Redwood City	(20,517)	-0.15%	0	0.00%	14,067,063	3.59%
San Carlos	(10,593)	-0.16%	0	0.00%	7,014,104	3.14%
San Mateo	(26,114)	-0.15%	0	0.00%	17,768,416	4.06%
West Bay Sanitary Dist	(520)	-0.04%	0	0.00%	1,280,730	2.34%
Unincorporated County	(1,585)	-0.06%	0	0.00%	2,854,177	1.94%
North Fair Oaks	(3,758)	-0.16%	0	0.00%	2,474,485	3.40%

**3.C Recommended Adjustment to Recology’s Compensation for 2025**

Based on the net results of the compensation adjustments previously described and the analysis of the 2025 Recology Compensation Application, SBWMA is recommending that the SBWMA Board approve an adjustment to Recology's 2025 compensation as delineated in **Table 5 – Comparison of 2024 and 2025 Compensation**. The total adjustment to Recology's contractor’s compensation is a 3.5% increase. Note that **Table 5** includes The City of Belmont’s calculated compensation for ease of reconciling. Once The City of Belmont’s actual 2025 compensation is available this **Draft** Report and all tables within will be updated.

**Table 5  
Comparison of 2024 and 2025 Compensation**

<b>RECOLOGY COMPENSATION SUMMARY</b>	<b>2024 Cost Approved</b>	<b>2025 Cost Proposed</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Total Annual Cost of Operations</b>	\$ 65,254,033	\$ 67,664,244	\$ 2,410,211	3.7%
<b>Profit</b>	6,849,871	7,102,876	\$ 253,005	3.7%
<b>Operating Ratio</b>				
<b>Total Operating Costs</b>	\$ 72,103,904	\$ 74,767,120	\$ 2,663,216	3.7%
<b>Contractor Pass-Through Costs</b>				
Interest Expense <sup>1</sup>	\$ 1,127,286	\$ 1,127,286	\$ -	0.0%
Contract Changes to Specific Agencies <sup>2</sup>	97,717	-	(97,717)	-100.0%
<b>Total Contractor Pass-Through Costs</b>	\$ 1,225,003	\$ 1,127,286	\$ (97,717)	-8.0%
<b>BASE CONTRACTOR'S COMPENSATION</b>	<b>\$ 73,328,907</b>	<b>\$ 75,894,406</b>	<b>\$ 2,565,499</b>	<b>3.5%</b>
<b>Other Adjustments</b>				
Performance Incentives / Disincentives	\$ (117,025)	\$ (100,690)	\$ 16,335	-14.2%
<b>TOTAL CONTRACTOR'S COMPENSATION</b>	<b>\$ 73,211,882</b>	<b>\$ 75,793,716</b>	<b>\$ 2,581,834</b>	<b>3.5%</b>
<sup>1</sup> Interest expense is per the negotiated Restated and Amended Franchise Agreements				
<sup>2</sup> 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.

**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
<b>Annual Cost of Operations</b>											
Direct Labor-Related Costs											
Wages for CBAs	\$2,277,843	\$982,397	\$1,424,128	\$747,208	\$2,361,865	\$780,736	\$4,304,110	\$2,107,215	\$5,528,804	\$394,166	\$873,275
Benefits for CBAs	\$944,818	\$417,042	\$591,722	\$321,236	\$980,666	\$328,200	\$1,800,686	\$876,965	\$2,299,488	\$167,977	\$376,010
Payroll Taxes	\$184,505	\$79,574	\$115,354	\$60,524	\$191,311	\$63,240	\$348,633	\$170,684	\$447,833	\$31,927	\$70,735
Workers Compensation Insurance	\$162,949	\$70,531	\$102,089	\$53,495	\$168,964	\$55,929	\$308,436	\$150,955	\$396,401	\$28,265	\$62,676
Total Direct Labor Related-Costs	\$3,570,116	\$1,549,545	\$2,233,293	\$1,182,463	\$3,702,806	\$1,228,105	\$6,761,865	\$3,305,819	\$8,672,526	\$622,336	\$1,382,696
Direct Fuel Costs	\$330,307	\$159,790	\$224,589	\$127,407	\$390,465	\$120,583	\$667,411	\$342,303	\$836,369	\$64,647	\$139,604
Other Direct Costs	\$319,298	\$150,290	\$211,069	\$115,988	\$371,682	\$112,588	\$631,915	\$322,453	\$795,900	\$59,384	\$128,133
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	\$1,105,287	\$606,509	\$731,157	\$257,533	\$1,191,739	\$365,168	\$2,258,838	\$1,120,337	\$2,766,118	\$174,343	\$415,224
Operations	\$210,720	\$94,556	\$146,813	\$81,755	\$241,163	\$68,769	\$402,683	\$213,064	\$506,661	\$39,997	\$85,033
Vehicle Maintenance	\$402,736	\$180,719	\$280,593	\$156,253	\$460,921	\$131,433	\$769,622	\$407,216	\$968,349	\$76,444	\$162,518
Container Maintenance	\$151,669	\$79,188	\$105,708	\$39,162	\$169,293	\$48,617	\$291,711	\$146,357	\$372,157	\$25,187	\$56,925
Total Allocated Indirect Costs	\$1,870,412	\$960,972	\$1,264,271	\$534,702	\$2,063,115	\$613,987	\$3,722,854	\$1,886,974	\$4,613,286	\$315,972	\$719,700
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
<b>Total Annual Cost of Operations</b>	6,487,416	3,005,177	4,196,818	2,110,967	6,982,139	2,207,081	12,545,132	6,251,585	15,852,192	1,141,079	2,543,595
<b>Profit</b>	\$681,000	\$315,461	\$440,550	\$221,593	\$732,932	\$231,683	\$1,316,892	\$656,244	\$1,664,042	\$119,782	\$267,007
<b>Operating Ratio</b>	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%
<b>Total Operating Cost</b>	\$7,168,416	\$3,320,637	\$4,637,368	\$2,332,560	\$7,715,071	\$2,438,764	\$13,862,024	\$6,907,829	\$17,516,234	\$1,260,860	\$2,810,602
<b>Contractor Pass-Through Costs</b>											
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											
<b>BASE CONTRACTOR'S COMPENSATION</b>	\$7,277,594	\$3,369,900	\$4,708,801	\$2,369,351	\$7,839,354	\$2,474,485	\$14,067,063	\$7,014,104	\$17,768,416	\$1,280,730	\$2,854,177
Incentives and Disincentives	(\$10,490)	(\$7,310)	(\$6,436)	(\$1,661)	(\$9,547)	(\$3,568)	(\$21,457)	(\$7,695)	(\$24,633)	(\$1,013)	(\$2,392)
<b>Total Contractor Adjustments</b>	(\$10,490)	(\$7,310)	(\$6,436)	(\$1,661)	(\$9,547)	(\$3,568)	(\$21,457)	(\$7,695)	(\$24,633)	(\$1,013)	(\$2,392)
<b>TOTAL CONTRACTOR'S COMPENSATION</b>	\$7,267,104	\$3,362,590	\$4,702,365	\$2,367,690	\$7,829,807	\$2,470,917	\$14,045,605	\$7,006,409	\$17,743,782	\$1,279,717	\$2,851,784
<b>Prior Year's Surplus/Shortfall to/from Recology</b>											
Revenue Reconciliation 2023 (Surplus)/Shortfall	\$168,336	(\$108,244)	(\$317,850)	(\$219,523)	(\$614,052)	(\$34,804)	(\$283,710)	(\$549,540)	\$956,122	(\$48,100)	(\$11,705)
Interest on 2023 (Surplus)/Shortfall	\$18,307	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$103,978	\$0	\$0
<b>Sub-Total</b>	\$186,643	(\$108,244)	(\$317,850)	(\$219,523)	(\$614,052)	(\$34,804)	(\$283,710)	(\$549,540)	\$1,060,100	(\$48,100)	(\$11,705)
<b>TOTAL BALANCE TO CONTRACTOR 2025</b>	\$7,453,747	\$3,254,346	\$4,384,515	\$2,148,167	\$7,215,755	\$2,436,113	\$13,761,895	\$6,456,869	\$18,803,882	\$1,231,617	\$2,840,079



**SECTION 4 2025 MEMBER AGENCY REVENUE REQUIREMENT OBLIGATIONS**

**4.A Components of Member Agency Revenue Requirement**

The compensation to Recology for 2025 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 2025 tip fees at the Shoreway Environmental Center. Tonnage assumptions were provided to Member Agencies on July 26 for review.
2. Franchise fee – Franchise and other Member Agency fees and programs. Fee assumptions used for 2025 were provided by Member Agencies on July 9.

**4.C Cost Variance from 2024 to 2025**

The variance in Total Revenue Requirement from 2024 to 2025 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 2025 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 8/9/2024</small>	SBWMA TOTAL				
	2025 Variance				
	2024 Estimated	2025 Estimated	2025 vs. 2024 Change	2025 vs. 2024 %	% Rate Impact
<b>Estimated Revenue (Before Rate Increase)</b>		<b>\$138,000,201</b>			
<b>Projected Collection Revenue (After Rate Increase)</b>	<b>\$137,216,060</b>				
<b>Total Contractor's Compensation</b>					
Base Compensation	\$73,337,043	\$75,894,407	\$2,557,363	3.5%	1.9%
Agency Specific Contract Changes	(\$8,136)	\$0	\$8,136	0.0%	0.0%
Incentives / Disincentives	(\$117,025)	(\$100,690)	\$16,335	-14.0%	0.0%
<b>Total Contractor's Compensation</b>	<b>\$73,211,882</b>	<b>\$75,793,716</b>	<b>\$2,581,834</b>	<b>3.5%</b>	<b>1.9%</b>
<b>Other Pass-Through Costs</b>					
Disposal & Processing Fees	\$47,239,065	\$50,596,528	\$3,357,463	7.1%	2.4%
Agency Franchise & Other Fees	\$19,667,063	\$19,068,708	(\$598,355)	-3.0%	-0.4%
<b>Subtotal Other Pass-Through Costs</b>	<b>\$66,906,128</b>	<b>\$69,665,236</b>	<b>\$2,759,108</b>	<b>4.1%</b>	<b>2.0%</b>
<b>TOTAL REVENUE REQUIREMENT</b>	<b>\$140,118,010</b>	<b>\$145,458,952</b>	<b>\$5,340,942</b>	<b>3.8%</b>	<b>3.9%</b>
<b>2024 Estimated Surplus / &lt;Shortfall&gt;</b>	<b>(\$2,901,950)</b>				
<b>2025 Estimated Surplus / &lt;Shortfall&gt;</b>		<b>(\$7,458,750)</b>			
<b>Required Revenue Adjustment</b>		<b>5.4%</b>			<b>5.4%</b>
<small>All numbers above are current estimates except 2024 Contractor's (Recology) Compensation which is final and 2025 Contractor's Compensation which is subject to Board Approval.</small>					

#### 4.D Total Recommended Rate Adjustment

The SBWMA is responsible for compiling all the components that make up the recommended rate adjustment for 2025 and are summarized in **Table 8**. The amounts shown in Table 8 reflect estimated balances at December 31, 2025 before any 2025 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 2025. The Total Rate Adjustment Percentage (line **F.3**) is derived from comparing the 2025 base revenue at 2024 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 2025 compensation to Recology included in **Table 8** is from Recology's Compensation Adjustment submitted to the City. Once The City of Belmont's actual 2025 compensation is approved by the City this **Draft** Report and all tables within will be updated.

- **Section A** – This section provides the estimated 2025 Collection Revenue using 2024 rates (**A.1**), the 2025 Total Recology Compensation (**A.2**) and Other Expenses (**A.6**) used to calculate the 2025 Revenue Requirement (**A.7**), the estimated 2025 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 2023 Recology Revenue Reconciliation surplus/shortfall, including 2021 close out, that must be added to the 2025 rate adjustment.
- **Section C** – This section provides the 2025 Calculated Rate Adjustment which is the sum of sections A and B.
- **Section D** – This section provides the “2024 Estimated Surplus/Shortfall” balance with Recology (**D.1**), the final 2022 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							
as of 08/09/2024		2025 Rate Year					
	Belmont *	Burlingame	East Palo Alto	Foster City	Hillsborough	Menlo Park	
<b>A. 2024 RATE YEAR</b>							
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>B. 2023 Final Surplus/(Shortfall)</b>							
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%
<b>C. 2025 REQUIRED REVENUE ADJUSTMENT</b>							
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%
<b>D. 2024 Estimated Surplus/(Shortfall)</b>							
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%
<b>E. Adjustments</b>							
E.1	Miscellaneous Adjustment/Payment						
<b>F. TOTAL RATE IMPACT</b>							
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							

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

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	
<b>A. 2024 RATE YEAR</b>							
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>B. 2023 Final Surplus/(Shortfall)</b>							
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%
<b>C. 2025 REQUIRED REVENUE ADJUSTMENT</b>							
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%
<b>D. 2024 Estimated Surplus/(Shortfall)</b>							
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%
<b>E. Adjustments</b>							
E.1	Miscellaneous Adjustment/Payment						
<b>F. TOTAL RATE IMPACT</b>							
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%

## **SECTION 5 CONCLUSION**

The SBWMA's review of the 2025 Recology Compensation Application results in the recommendation to increase the 2025 compensation to Recology (i.e., Total Contractor's Compensation) by 3.5% from the approved 2024 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.

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.

APPENDIX E RECOLOGY COMPENSATION BY MA WITH CAP CARRY CALCULATIONS

CONTRACTOR'S TOTAL COMPENSATION - BY MEMBER AGENCY

	Compensation 2025	Belmont	Burlingame	East Palo Alto	Foster City	Hillsborough	Menlo Park	North Fair Oaks	Redwood City	San Carlos	San Mateo	West Bay	County Franchised Area
<b>Annual Cost of Operations</b>													
Direct Labor-Related Costs													
Wages for CBAs	\$23,316,234	\$1,534,486	\$2,277,843	\$982,397	\$1,424,128	\$747,208	\$2,361,865	\$780,736	\$4,304,110	\$2,107,215	\$5,528,804	\$394,166	\$873,275
Benefits for CBAs	\$9,751,569	\$646,759	\$944,818	\$417,042	\$591,722	\$321,236	\$980,666	\$328,200	\$1,800,686	\$876,965	\$2,299,488	\$167,977	\$376,010
Payroll Taxes	\$1,888,615	\$124,293	\$184,505	\$79,574	\$115,354	\$60,524	\$191,311	\$63,240	\$348,633	\$170,684	\$447,833	\$31,927	\$70,735
Workers Compensation Insurance	\$1,670,702	\$110,012	\$162,949	\$70,531	\$102,089	\$53,495	\$168,964	\$55,929	\$308,436	\$150,955	\$396,401	\$28,265	\$62,676
Total Direct Labor Related-Costs	\$36,627,120	\$2,415,550	\$3,570,116	\$1,549,545	\$2,233,293	\$1,182,463	\$3,702,806	\$1,228,105	\$6,761,865	\$3,305,819	\$8,672,526	\$622,336	\$1,382,696
Direct Fuel Costs	\$3,592,936	\$189,461	\$330,307	\$159,790	\$224,589	\$127,407	\$390,465	\$120,583	\$667,411	\$342,303	\$836,369	\$64,647	\$139,604
Other Direct Costs	\$3,439,083	\$220,383	\$319,298	\$150,290	\$211,069	\$115,988	\$371,682	\$112,588	\$631,915	\$322,453	\$795,900	\$59,384	\$128,133
Depreciation													
- Collection Vehicles	\$2,943,932	\$191,902	\$283,015	\$127,095	\$182,890	\$109,064	\$327,518	\$91,929	\$531,150	\$277,516	\$650,490	\$53,782	\$117,581
- Containers	\$1,141,479	\$77,090	\$102,553	\$52,636	\$73,460	\$37,043	\$113,697	\$36,566	\$209,708	\$105,767	\$258,681	\$22,873	\$51,406
Total Depreciation	\$4,085,411	268,992	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	\$11,704,678	\$712,384	\$1,105,438	\$606,509	\$731,047	\$257,533	\$1,191,739	\$365,168	\$2,258,838	\$1,120,337	\$2,766,118	\$174,343	\$415,224
Operations	\$2,237,482	\$146,251	\$210,758	\$94,556	\$146,793	\$81,755	\$241,163	\$68,769	\$402,683	\$213,064	\$506,661	\$39,997	\$85,033
Vehicle Maintenance	\$4,276,357	\$279,519	\$402,808	\$180,719	\$280,555	\$156,253	\$460,921	\$131,433	\$769,622	\$407,216	\$968,349	\$76,444	\$162,518
Container Maintenance	\$1,587,094	\$101,113	\$151,691	\$79,188	\$105,693	\$39,162	\$169,293	\$48,617	\$291,711	\$146,357	\$372,157	\$25,187	\$56,925
Total Allocated Indirect Costs	\$19,805,611	\$1,239,266	\$1,870,694	\$960,972	\$1,264,089	\$534,702	\$2,063,115	\$613,987	\$3,722,854	\$1,886,974	\$4,613,286	\$315,972	\$719,700
Total Allocated Indirect Depreciation Costs	\$114,184	\$7,409	\$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	\$0	\$0
<b>Total Annual Cost of Operations</b>	\$67,664,344	\$4,341,062	\$6,487,699	\$3,005,177	\$4,196,636	\$2,110,967	\$6,982,139	\$2,207,081	\$12,545,132	\$6,251,585	\$15,852,192	\$1,141,079	\$2,543,595
<b>Profit</b>	\$7,102,887	\$455,692	\$681,029	\$315,461	\$440,531	\$221,593	\$732,932	\$231,683	\$1,316,892	\$656,244	\$1,664,042	\$119,782	\$267,007
<b>Operating Ratio</b>	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%
<b>Total Operating Cost</b>	\$74,767,231	\$4,796,754	\$7,168,728	\$3,320,637	\$4,637,167	\$2,332,560	\$7,715,071	\$2,438,764	\$13,862,024	\$6,907,829	\$17,516,234	\$1,260,860	\$2,810,602
<b>Contractor Pass-Through Costs</b>													
Interest Expense	\$1,127,286	\$73,679	\$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	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>BASE CONTRACTOR'S COMPENSATION</b>	\$75,894,517	\$4,870,433	\$7,277,906	\$3,369,900	\$4,708,600	\$2,369,351	\$7,839,354	\$2,474,485	\$14,067,063	\$7,014,104	\$17,768,416	\$1,280,730	\$2,854,177
Incentives and Disincentives	(\$100,690)	(\$4,487)	(\$10,490)	(\$7,310)	(\$6,436)	(\$1,661)	(\$9,547)	(\$3,568)	(\$21,457)	(\$7,695)	(\$24,633)	(\$1,013)	(\$2,392)
<b>Total Contractor Adjustments</b>	(\$100,690)	(\$4,487)	(\$10,490)	(\$7,310)	(\$6,436)	(\$1,661)	(\$9,547)	(\$3,568)	(\$21,457)	(\$7,695)	(\$24,633)	(\$1,013)	(\$2,392)
<b>TOTAL CONTRACTOR'S COMPENSATION</b>	\$75,793,827	\$4,865,946	\$7,267,416	\$3,362,590	\$4,702,164	\$2,367,690	\$7,829,807	\$2,470,917	\$14,045,605	\$7,006,409	\$17,743,782	\$1,279,717	\$2,851,784
<b>Prior Year's Surplus/Shortfall to/from Recology</b>													
Revenue Reconciliation 2023 (Surplus)/Shortfall	(\$1,063,070)	\$0	\$168,336	(\$108,244)	(\$317,850)	(\$219,523)	(\$614,052)	(\$34,804)	(\$283,710)	(\$549,540)	\$956,122	(\$48,100)	(\$11,705)
Interest on 2023 (Surplus)/Shortfall	\$122,285	\$0	\$18,307	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$103,978	\$0	\$0
<b>Sub-Total</b>	(\$940,785)	\$0	\$186,643	(\$108,244)	(\$317,850)	(\$219,523)	(\$614,052)	(\$34,804)	(\$283,710)	(\$549,540)	\$1,060,100	(\$48,100)	(\$11,705)
<b>TOTAL BALANCE TO CONTRACTOR 2025</b>	\$74,853,042	\$4,865,946	\$7,454,059	\$3,254,346	\$4,384,314	\$2,148,167	\$7,215,755	\$2,436,113	\$13,761,895	\$6,456,869	\$18,803,882	\$1,231,617	\$2,840,079
<b>TOTAL BALANCE TO CONTRACTOR - 2024</b>	\$67,333,362	\$4,731,669	\$6,691,112	\$2,997,519	\$3,873,042	\$2,065,789	\$6,587,554	\$2,008,144	\$12,372,783	\$5,292,450	\$16,887,690	\$932,452	\$2,893,157
<b>Change in Contractor's Compensation</b>	\$7,519,679	\$134,277	\$762,947	\$256,826	\$511,272	\$82,378	\$628,201	\$427,969	\$1,389,112	\$1,164,418	\$1,916,193	\$299,165	(\$53,078)
<b>Percentage Change in Compensation</b>	11.17%	2.84%	11.40%	8.57%	13.20%	3.99%	9.54%	21.31%	11.23%	22.00%	11.35%	32.08%	-1.83%
<b>CALCULATION OF COMPENSATION ABOVE 5%</b>													
<b>Adjusted Contractor's Compensation 2025</b>	\$75,894,517	\$4,870,433	\$7,277,906	\$3,369,900	\$4,708,600	\$2,369,351	\$7,839,354	\$2,474,485	\$14,067,063	\$7,014,104	\$17,768,416	\$1,280,730	\$2,854,177
Prior Year Compensation Cap Reductions	\$937,099	\$0	\$0	\$0	\$0	\$0	\$0	\$65,395	\$368,527	\$0	\$492,047	\$0	\$11,130
<b>Adjusted Contractor's Compensation 2025</b>	\$76,831,616	\$4,870,433	\$7,277,906	\$3,369,900	\$4,708,600	\$2,369,351	\$7,839,354	\$2,539,880	\$14,435,590	\$7,014,104	\$18,260,463	\$1,280,730	\$2,865,307
<b>Adjusted Contractor's Compensation 2024</b>	\$73,337,043	\$4,737,816	\$6,993,700	\$3,252,302	\$4,496,473	\$2,317,965	\$7,638,762	\$2,393,112	\$13,579,642	\$6,800,612	\$17,075,361	\$1,251,404	\$2,799,894
Difference	\$2,557,474	\$132,617	\$284,206	\$117,598	\$212,127	\$51,386	\$200,592	\$146,768	\$855,948	\$213,492	\$1,185,102	\$29,326	\$65,413
<b>Contractor's Compensation Cap Amount 2025</b>	\$3,666,852	\$236,891	\$349,685	\$162,615	\$224,824	\$115,898	\$381,938	\$119,656	\$678,982	\$340,031	\$853,768	\$62,570	\$139,995
<b>Amount in Excess of Cap Amount</b>	\$535,411	\$0	\$0	\$0	\$0	\$0	\$0	\$27,113	\$176,965	\$0	\$331,333	\$0	\$0

Cost Adjustment Calculations in Total and by Member Agency

4.3 Contractor's Total Compensation - By Member Agency



**A Public Agency**

# TAC REVIEW OF SBWMA REPORT REVIEWING THE 2025 SOUTH BAYSIDE INDUSTRIES COMPENSATION APPLICATION







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**AGENDA ITEM 6**

**TAC Review of the SBWMA Draft Report Reviewing the 2025 South Bayside Industries Compensation Application**

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**No Staff Report Attachments Only**

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Attachment A - SBWMA Draft Report Reviewing the 2025 South Bayside Industries Compensation Application



**SBWMA DRAFT**  
REPORT REVIEWING THE  
2025 SOUTH BAYSIDE INDUSTRIES (SBI)  
COMPENSATION APPLICATION  
(SBI Began Site Operations on January 1. 2024)

August 18, 2024

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**Appendix A - SBI 2025 Compensation Application**

## SECTION 1. OVERVIEW

### A. Shoreway Operations Agreement Terms

After an extensive public procurement process, the SBWMA Board selected South Bayside Industries, Inc. (SBI) as the facility operator on November 17, 2022. SBI commenced operations at the Shoreway Environmental Center on January 1, 2024.

SBI is paid on a fee per ton basis for three services:

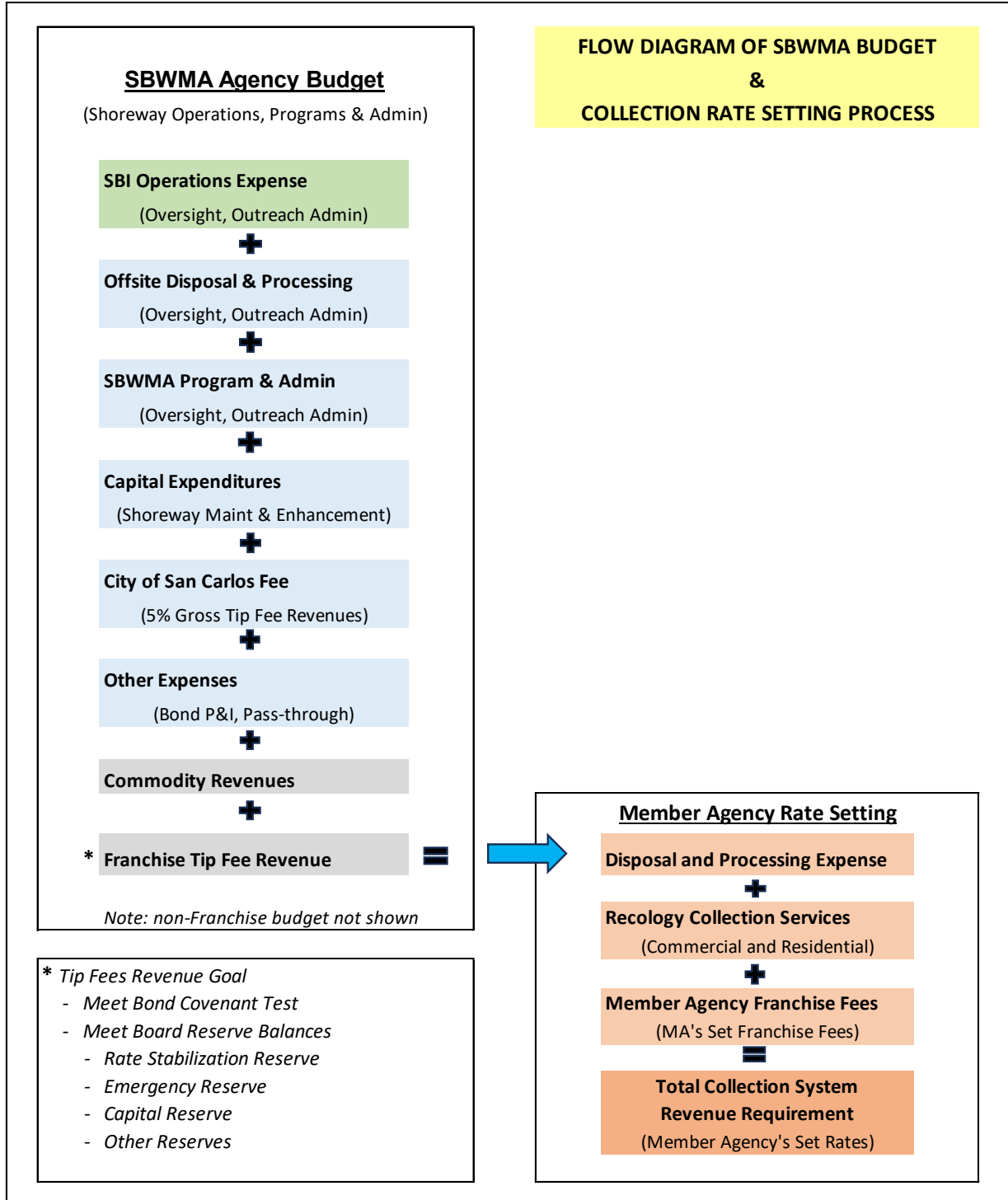
- Processing materials at the Transfer Station (TS)
- Processing materials at the Materials Recovery Facility (MRF)
- Transporting materials to the disposal and processing facilities.

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 2025 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 was 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 and adjusted annually based on the prescribed methodology in prescribed in Article 7 of the Agreement.

### B. Calculation of Total Collection Revenue Requirement

The approved 2025 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 2025 Shoreway Tip Fees. The 2025 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 2025. 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 (*SBI & 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 2025 Service Fees.

## SECTION 2. SBI 2025 COMPENSATION APPLICATION

### A. Analysis of SBI 2025 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 2025 is estimated to be \$32,373,511.

**Table 2**

2025 Costs & Fees					
SOUTH BAYSIDE INDUSTRIES	2024		2025		% Inc
	Total Cost	Fee/Ton	Total Cost	Fee/Ton	
<b>Operating Cost</b>					
Transfer Station	\$ 8,665,645	\$ 26.79	\$ 8,950,174	\$ 27.67	3.3%
Recyclable Materials Processing, net of Residue	\$ 11,889,669	\$ 173.57	\$ 12,334,616	\$ 180.07	3.7%
Transportation ( <i>cost/ton</i> )	\$ 10,833,099	\$ 31.31	\$ 11,088,720	\$ 32.05	2.4%
<b>Total Estimated Compensation</b>	\$ 31,388,413		\$ 32,373,511		3.1%

### B. Description of 2025 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 CBA, 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 REIMBURSEMENT FEE PER TON FOR 2025**

- **Transfer Station Processing Fee.** The 2025 Transfer Station fee is \$27.67 per ton.
- **MRF Processing Fee.** The 2025 MRF Processing fee is \$183.10 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 \$180.07*).
- **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 2025 Transportation Fee is \$1.45 per ton mile. The transportation rate detail for each material type and destination are presented in the **Appendix A – SBI Compensation Adjustment Application Worksheets**.





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## APPENDIX A

# SBI Compensation Application

**South Bayside Industries**  
**Contractor Compensation Adjustment Application for Rate Year 2025\_Final\_jm**  
**A. Summary of Fees**

		Year 1	Year 2
	Tons	2024	2025
<b>Annual % Change</b>			
Transportation			2.36%
Transfer Station			3.28%
MRF			3.74%
<b>Cost per Ton Fees</b>			
Transportation (Cost / ton)	346,000	\$ 31.31	\$ 32.05
Transfer Station	323,500	\$ 26.79	\$ 27.67
MRF (net residue)	68,500	\$ 173.57	\$ 180.07
<b>Cost by LOB</b>			
Transportation		\$ 10,833,099	\$ 11,088,720
Transfer Station		\$ 8,665,645	\$ 8,950,174
MRF (net residue)		\$ 11,889,669	\$ 12,334,616
<b>Total Estimated Compensation</b>		<b>\$ 31,388,413</b>	<b>\$ 32,373,511</b>

<b>Transportation Cost/Ton-Mile</b>			
Solid Waste to OX LF		\$ 1.756	\$ 1.803
C&D to Greenwaste Recovery		\$ 1.340	\$ 1.364
Organics to Newby		\$ 0.921	\$ 0.937
Organics to BVON		\$ 0.772	\$ 0.783
Food Scraps to Newby		\$ 1.065	\$ 1.085
Food Scraps to BVON		\$ 0.772	\$ 0.783
Glass to SMI-Fairfield		\$ 0.671	\$ 0.675

**South Bayside Industries**  
**Contractor Compensation Adjustment Application for Rate Year 2025\_Final\_jm**  
**B Transportation Cost Detail**

			◆			
			Year 1	Year 2		
			2024	2025		
			Per Ton-Mile	Adjustment	Per Ton-Mile	
				Factor		
BASE						
	Tons					
Solid Waste Transport Fee - OX MTN LF	195,000	\$ 5,132,824	\$ 1.756	2.68%	\$ 1.80	
C&D Transport Fee - Zanker Road	41,000	\$ 1,262,717	\$ 1.340	1.77%	\$ 1.36	
Green/Organics Transport Fee - Newby	40,000	\$ 915,565	\$ 0.921	1.76%	\$ 0.94	
Green/Organics Transport Fee - BVON	45,000	\$ 2,509,032	\$ 0.772	1.35%	\$ 0.78	
Food Scraps Transport Fee - Newby	9,000	\$ 241,499	\$ 1.065	1.96%	\$ 1.09	
Food Scraps Transport Fee - BVON	4,000	\$ 223,019	\$ 0.772	1.35%	\$ 0.78	
MRF Glass Transport Fee - SMI	12,000	\$ 548,444	\$ 0.671	0.53%	\$ 0.67	
Blended Total	346,000		\$ 1.42	2.36%	\$ 1.45	
<b>Total Cost Estimate</b>		<b>\$ 10,833,099</b>			<b>\$11,088,720</b>	
<b>Cost / Ton</b>			<b>\$ 31.31</b>		<b>\$ 32.05</b>	

**Solid Waste Transport Fee - OX MTN LF**

Wages	\$ 1,709,576	\$ 0.58	7.27%	\$ 0.63
Benefits	\$ 789,039	\$ 0.27	4.08%	\$ 0.28
Workers Compensation	\$ 77,991	\$ 0.03	2.97%	\$ 0.03
Payroll Taxes	\$ 130,782	\$ 0.04	7.27%	\$ 0.05
ADP Processing Fees	\$ 5,291	\$ 0.00	7.27%	\$ 0.00
Fuel	\$ 316,232	\$ 0.11	-26.30%	\$ 0.08
Depreciation	\$ 328,188	\$ 0.11	0.00%	\$ 0.11
Other O&M Component	\$ 822,501	\$ 0.28	2.97%	\$ 0.29
Clerical CBA wages & benefits	\$ 147,607	\$ 0.05	6.68%	\$ 0.05
<b>Total Operating Cost</b>	<b>\$ 4,327,207</b>	<b>\$ 1.48</b>		<b>\$ 1.52</b>
Profit per Operating Ratio	\$ 646,594 87.00%	13.00%		\$ 0.23
Interest (Pass-Through Cost)	\$ 159,023	\$ 0.05	0.00%	\$ 0.05
<b>Total SW Transportation Fee</b>		<b>\$ 1.756</b>	<b>2.68%</b>	<b>\$ 1.80</b>

One-Way Miles to OX \$ 15  
 # Tons 195,000  
 Total Payment \$ 5,132,824  
 Cost Form \$ 5,132,824 \$ -

**C&D Transport Fee - Zanker Road**

Wages	\$ 381,327	\$ 0.40	7.27%	\$ 0.43
Benefits	\$ 176,973	\$ 0.19	4.08%	\$ 0.20
Workers Compensation	\$ 17,493	\$ 0.02	2.97%	\$ 0.02
Payroll Taxes	\$ 29,172	\$ 0.03	7.27%	\$ 0.03
ADP Processing Fees	\$ 1,187	\$ 0.00	7.27%	\$ 0.00
Fuel	\$ 99,847	\$ 0.11	-26.30%	\$ 0.08
Depreciation	\$ 114,844	\$ 0.12	0.00%	\$ 0.12
Other O&M Component	\$ 196,201	\$ 0.21	2.97%	\$ 0.21
Clerical CBA wages & benefits	\$ 33,107	\$ 0.04	6.68%	\$ 0.04
<b>Total Operating Cost</b>	<b>\$ 1,050,151</b>	<b>\$ 1.11</b>		<b>\$ 1.14</b>
Profit per Operating Ratio	\$ 156,919 87.00%	13.00%		\$ 0.17
Interest (Pass-Through Cost)	\$ 55,647	\$ 0.06	0.00%	\$ 0.06
<b>Total C&amp;D Transportation Fee</b>		<b>\$ 1.340</b>	<b>1.77%</b>	<b>\$ 1.36</b>

One-Way Miles to Zanker 23  
 # Tons 41,000  
 Total Payment \$ 1,262,717  
 Cost Form \$ 1,262,717 \$ -

**South Bayside Industries**  
**Contractor Compensation Adjustment Application for Rate Year 2025\_Final\_jm**  
**B Transportation Cost Detail**

				◆		
				Year 1	Year 2	
				2024	2025	
				Per Ton-Mile	Adjustment Factor	Per Ton-Mile
<b>Green/Organics Transport Fee - Newby</b>				<b>BASE</b>		
Wages	\$	278,894		\$ 0.28	7.27%	\$ 0.30
Benefits	\$	140,514		\$ 0.14	4.08%	\$ 0.15
Workers Compensation	\$	13,889		\$ 0.01	2.97%	\$ 0.01
Payroll Taxes	\$	21,335		\$ 0.02	7.27%	\$ 0.02
ADP Processing Fees	\$	942		\$ 0.00	7.27%	\$ 0.00
Fuel	\$	75,125		\$ 0.08	-26.30%	\$ 0.06
Depreciation	\$	74,250		\$ 0.07	0.00%	\$ 0.07
Other O&M Component	\$	134,009		\$ 0.13	2.97%	\$ 0.14
Clerical CBA wages & benefits	\$	26,282		\$ 0.03	6.68%	\$ 0.03
<b>Total Operating Cost</b>			<b>\$ 765,241</b>	<b>\$ 0.77</b>		<b>\$ 0.78</b>
Profit per Operating Ratio	\$ 114,346	87.00%	13.00%	\$ 0.11		\$ 0.12
Interest (Pass-Through Cost)	\$	35,978		\$ 0.04	0.00%	\$ 0.04
<b>Total Green/Organics Transportation Fee</b>				<b>\$ 0.921</b>	<b>1.76%</b>	<b>\$ 0.94</b>
		One-Way Miles to Newby	25			
		# Tons	40,000			
		Total Payment	\$ 915,565			
		Cost Form	\$ 915,565	\$	-	
<hr/>						
<b>Green/Organics Transport Fee - BVON</b>						
Wages	\$	803,329		\$ 0.25	7.27%	\$ 0.27
Benefits	\$	312,968		\$ 0.10	4.08%	\$ 0.10
Workers Compensation	\$	30,935		\$ 0.01	2.97%	\$ 0.01
Payroll Taxes	\$	61,455		\$ 0.02	7.27%	\$ 0.02
ADP Processing Fees	\$	2,099		\$ 0.00	7.27%	\$ 0.00
Fuel	\$	243,406		\$ 0.07	-26.30%	\$ 0.06
Depreciation	\$	167,063		\$ 0.05	0.00%	\$ 0.05
Other O&M Component	\$	432,602		\$ 0.13	2.97%	\$ 0.14
Clerical CBA wages & benefits	\$	58,575		\$ 0.02	6.68%	\$ 0.02
<b>Total Operating Cost</b>			<b>\$ 2,112,432</b>	<b>\$ 0.65</b>		<b>\$ 0.66</b>
Profit per Operating Ratio	\$ 315,651	87.00%	13.00%	\$ 0.10		\$ 0.10
Interest (Pass-Through Cost)	\$	80,950		\$ 0.02	0.00%	\$ 0.02
<b>Total Green/Organics Transportation Fee</b>				<b>\$ 0.772</b>	<b>1.35%</b>	<b>\$ 0.78</b>
		One-Way Miles to BVON	72			
		# Tons	45,000			
		Total Payment	\$ 2,509,032			
		Cost Form	\$ 2,509,032	\$	-	

**South Bayside Industries**  
**Contractor Compensation Adjustment Application for Rate Year 2025\_Final\_jm**  
**B Transportation Cost Detail**

		◆		
		Year 1	Year 2	
		2024	2025	
		Per Ton-Mile	Adjustment Factor	Per Ton-Mile
<b>BASE</b>				
<b>Food Scraps Transport Fee - Newby</b>				
Wages	\$ 63,259	\$ 0.28	7.27%	\$ 0.30
Benefits	\$ 32,947	\$ 0.15	4.08%	\$ 0.15
Workers Compensation	\$ 3,257	\$ 0.01	2.97%	\$ 0.01
Payroll Taxes	\$ 4,839	\$ 0.02	7.27%	\$ 0.02
ADP Processing Fees	\$ 221	\$ 0.00	7.27%	\$ 0.00
Fuel	\$ 16,903	\$ 0.07	-26.30%	\$ 0.05
Depreciation	\$ 16,706	\$ 0.07	0.00%	\$ 0.07
Other O&M Component	\$ 58,766	\$ 0.26	2.97%	\$ 0.27
Clerical CBA wages & benefits	\$ 6,163	\$ 0.03	6.68%	\$ 0.03
<b>Total Operating Cost</b>	<b>\$ 203,061</b>	<b>\$ 0.90</b>		<b>\$ 0.91</b>
Profit per Operating Ratio	\$ 30,342 87.00%	13.00%		\$ 0.14
Interest (Pass-Through Cost)	\$ 8,095	\$ 0.04	0.00%	\$ 0.04
<b>Total Food Scraps Transportation Fee</b>		<b>\$ 1.065</b>	<b>1.96%</b>	<b>\$ 1.09</b>
One-Way Miles to Newby	25			
# Tons	9,000			
Total Payment	\$ 241,499			
Cost Form	\$ 241,499	\$ -		
<hr/>				
<b>Food Scraps Transport Fee - BVON</b>				
Wages	71,407	\$ 0.25	7.27%	\$ 0.27
Benefits	27,813	\$ 0.10	4.08%	\$ 0.10
Workers Compensation	2,750	\$ 0.01	2.97%	\$ 0.01
Payroll Taxes	5,463	\$ 0.02	7.27%	\$ 0.02
ADP Processing Fees	187	\$ 0.00	7.27%	\$ 0.00
Fuel	21,636	\$ 0.07	-26.30%	\$ 0.06
Depreciation	14,850	\$ 0.05	0.00%	\$ 0.05
Other O&M Component	38,454	\$ 0.13	2.97%	\$ 0.14
Clerical CBA wages & benefits	5,207	\$ 0.02	6.68%	\$ 0.02
<b>Total Operating Cost</b>	<b>187,766</b>	<b>\$ 0.65</b>		<b>\$ 0.66</b>
Profit per Operating Ratio	\$ 28,057 87.00%	13.00%		\$ 0.10
Interest (Pass-Through Cost)	7,196	\$ 0.02	0.00%	\$ 0.02
<b>Total Food Scraps Transportation Fee</b>		<b>\$ 0.772</b>	<b>1.35%</b>	<b>\$ 0.78</b>
One-Way Miles to BVON	72			
# Tons	4,000			
Total Payment	\$ 223,019			
Cost Form	\$ 223,019	\$ -		

South Bayside Industries  
 Contractor Compensation Adjustment Application for Rate Year 2025\_Final\_jm  
 B Transportation Cost Detail

		◆		
		Year 1	Year 2	
		2024	2025	
		Per Ton-Mile	Adjustment Factor	Per Ton-Mile
	<b>BASE</b>			
<b>MRF Glass Transport Fee - SMI</b>				
Wages	\$ 168,919	\$ 0.207	7.27%	\$ 0.222
Benefits	\$ 70,564	\$ 0.086	4.08%	\$ 0.090
Workers Compensation	\$ 6,975	\$ 0.009	2.97%	\$ 0.009
Payroll Taxes	\$ 12,922	\$ 0.016	7.27%	\$ 0.017
ADP Processing Fees	\$ 473	\$ 0.001	7.27%	\$ 0.001
Fuel	\$ 64,908	\$ 0.079	-26.30%	\$ 0.059
Depreciation	\$ 42,263	\$ 0.052	0.00%	\$ 0.052
Other O&M Component	\$ 79,099	\$ 0.097	2.97%	\$ 0.100
Clerical CBA wages & benefits	\$ 13,205	\$ 0.016	6.68%	\$ 0.017
<b>Total Operating Cost</b>	<b>\$ 459,330</b>	<b>\$ 0.562</b>		<b>\$ 0.565</b>
Profit per Operating Ratio	\$ 68,636    87.00%	13.00%		\$ 0.084
Interest (Pass-Through Cost)	\$ 20,478	\$ 0.025	0.00%	\$ 0.025
<b>Total MRF Glass Transportation Fee</b>		<b>\$ 0.671</b>	<b>0.53%</b>	<b>\$ 0.675</b>
	One-Way Miles to SMI			68
	# Tons			12,000
	Total Payment	\$ 548,444		
	Cost Form	\$ 548,444	-	

**South Bayside Industries**  
**Contractor Compensation Adjustment Application for Rate Year 2025\_Final\_jm**  
**C. Transfer Station Cost Detail**



	Tons	BASE		Year 2	
		2024 Cost	2024 Cost / Ton	Adjustment Factor	2025 Cost / Ton
<b>SUMMARY OF ANNUAL FEE ADJUSTMENTS</b>	<b>323,500</b>				
Direct Labor					
Wages		\$ 3,157,653	\$ 9.76	4.07%	\$ 10.16
Benefits		\$ 1,603,699	\$ 4.96	2.97%	\$ 5.10
Workers Compensation		\$ 135,935	\$ 0.42	2.97%	\$ 0.43
Payroll Taxes		\$ 241,560	\$ 0.75	2.97%	\$ 0.77
ADP Processing Fees		\$ 10,400	\$ 0.03	4.07%	\$ 0.03
<b>Total Direct Labor</b>		<b>\$ 5,149,247</b>	<b>\$ 15.92</b>		<b>\$ 16.50</b>
Utilities		\$ 160,854	\$ 0.50	19.07%	\$ 0.59
Fuel		\$ 113,928	\$ 0.35	-26.3%	\$ 0.26
Depreciation		\$ 327,124	\$ 1.01	0.00%	\$ 1.01
Other O&M		\$ 1,403,045	\$ 4.34	2.97%	\$ 4.47
Clerical Labor					
Wages		\$ 150,189	\$ 0.46	7.85%	\$ 0.50
Benefits		\$ 93,274	\$ 0.29	4.80%	\$ 0.30
Workers Compensation		\$ 7,888	\$ 0.02	2.97%	\$ 0.03
Payroll Taxes		\$ 11,489	\$ 0.04	7.85%	\$ 0.04
ADP Processing Fees		\$ 673	\$ 0.00	7.85%	\$ 0.00
<b>Total Clerical Labor</b>		<b>\$ 263,514</b>	<b>\$ 0.81</b>		<b>\$ 0.87</b>
<b>Total Operating Cost</b>		<b>\$ 7,417,711</b>	<b>\$ 22.93</b>		<b>\$ 23.69</b>
Profit		\$ 1,108,394	\$ 3.43		\$ 3.54
Operating Ratio		87.00%	87.00%		87.00%
Interest (Pass-Through)		\$ 139,540	\$ 0.43	0.00%	\$ 0.43
<b>Total Operating Cost</b>		<b>\$ 8,665,645</b>	<b>\$ 26.79</b>		<b>\$ 27.67</b>
% Increase					3.28%
<b>Total Cost Estimate</b>			<b>\$ 8,665,645</b>		<b>\$ 8,950,174</b>

**South Bayside Industries**  
**Contractor Compensation Adjustment Application for Rate Year 2025\_Final\_jm**  
**D. MRF Cost Detail**

SUMMARY OF ANNUAL FEE ADJUSTMENTS	Tons <b>68,500</b>	BASE		Year 2	
		2024 Cost	2024 Cost / Ton	Adjustment Factor	2025 Cost / Ton
<b>Direct Labor</b>					
Wages		\$ 2,753,454	\$ 40.20	3.56%	\$ 41.63
Benefits		\$ 1,356,976	\$ 19.81	2.97%	\$ 20.40
Workers Comp		\$ 134,981	\$ 1.97	2.97%	\$ 2.03
Payroll Taxes		\$ 210,639	\$ 3.08	2.97%	\$ 3.17
ADP Processing Fees		\$ 8,800	\$ 0.13	3.56%	\$ 0.13
<b>Total Direct Labor Cost</b>		<b>\$ 4,464,850</b>	<b>\$ 65.18</b>		<b>\$ 67.35</b>
<b>Outside Contrat Labor</b>					
Utilities		\$ 2,719,255	\$ 39.70	2.97%	\$ 40.88
Fuel		\$ 574,166	\$ 8.38	19.07%	\$ 9.98
Depreciation		\$ 75,072	\$ 1.10	-26.30%	\$ 0.81
Other O&M		\$ 372,104	\$ 5.43	0.00%	\$ 5.43
		\$ 1,765,206	\$ 25.77	2.97%	\$ 26.53
<b>Clerical Labor</b>					
Wages		\$ 130,964	\$ 1.91	7.85%	\$ 2.06
Benefits		\$ 81,335	\$ 1.19	4.80%	\$ 1.24
Workers Compensation		\$ 6,878	\$ 0.10	2.97%	\$ 0.10
Payroll Taxes		\$ 10,019	\$ 0.15	7.85%	\$ 0.16
ADP Processing Fees		\$ 587	\$ 0.01	7.85%	\$ 0.01
<b>Total Clerical Labor</b>		<b>\$ 229,782</b>	<b>\$ 3.35</b>		<b>\$ 3.58</b>
<b>Total Operating Cost</b>		<b>\$ 10,200,435</b>	<b>\$ 148.91</b>		<b>\$ 154.56</b>
Profit		\$ 1,524,203	\$ 22.25		\$ 23.10
Operating Ratio		87.00%	87.00%		87.00%
Interest (Pass-Through)		\$ 165,031	\$ 2.41	0.00%	\$ 2.41
<b>Total Operating Cost Per Ton (excluding residue)</b>			<b>\$ 173.57</b>		<b>\$ 180.07</b>
% Increase					3.74%
<b>Total Estimated Operator Cost (excluding residue)</b>		<b>\$ 11,889,669</b>	<b>\$ 11,889,669</b>		<b>\$ 12,334,616</b>
<b>MRF Residue Paid by SBI</b>					
MRF Residue Tons		2,600	2,600		2,600
Disposal Tip Fee @ Ox Mtn.		\$ 58.94	\$ 58.94	3.00%	\$ 60.71
Disposal Fees		\$ 153,244	\$ 2.24		\$ 2.30
Transportation Cost (\$/ton-mile)		\$ 1.76		\$ 1.80	
Total Miles		15		15	
Transportation Cost		\$ 68,438	\$ 1.00		\$ 1.03
Total MRF Residue expense		\$ 221,682	\$ 3.24		\$ 3.33
<b>Total Cost with MRF Residue</b>		<b>\$ 12,111,351</b>	<b>\$ 176.81</b>		<b>\$ 183.40</b>



**South Bayside Industries**  
**Contractor Compensation Adjustment Application for Rate Year 2025\_Final\_jm**  
**E. Indices**



**Year 2**  
**2025**

**Workers Compensation**

Use- Factor 0.0297

**Direct Labor**

Use- Factor 0.0297

**Fuel**

Use- Factor (0.2630)

**Other O&M**

Use- Factor 0.0297

**Depreciation**

Use- Factor -

**South Bayside Industries**  
**Contractor Compensation Adjustment Application for Rate Year 2025\_Final\_jm**  
**F. BLS Index Detail**



**Workers Compensation (BLS Series No. CWURS49BSA0)**

Average Index

% Change

Jan

Feb

Mar

Apr

May

Jun

Jul

Aug

Sep

Oct

Nov

Dec

	2022	2023	2024
Average Index		329.203	338.992
% Change			2.97%
Jan			
Feb		331.875	341.596
Mar			
Apr		333.478	346.671
May			
Jun	328.137	335.725	
Jul			
Aug	325.932	336.663	
Sep			
Oct	329.331	337.698	
Nov			
Dec	326.465	335.597	

**Direct & Non-CBA Labor (BLS Series No. CWURS49BSA0)**

Average Index

% Change

Jan

Feb

Mar

Apr

May

Jun

Jul

Aug

Sep

Oct

Nov

Dec

	2022	2023	2024
Average Index		329.20	338.99
% Change			2.97%
Jan			
Feb		331.875	341.596
Mar			
Apr		333.478	346.671
May			
Jun	328.137	335.725	
Jul			
Aug	325.932	336.663	
Sep			
Oct	329.331	337.698	
Nov			
Dec	326.465	335.597	

**South Bayside Industries**

**Contractor Compensation Adjustment Application for Rate Year 2025\_Final\_jm**

**F. BLS Index Detail**



**Fuel** (BLS Series No. WPU057303)

Avg Index Apr

% Change

Jan

Feb

Mar

Apr

May

Jun

Jul

Aug

Sep

Oct

Nov

Dec

	2022	2023	2024
		513.06	378.14
			-26.30%
		449.169	327.029
		435.578	383.570
		406.306	384.276
		387.167	395.872
	587.939	363.260	
	665.720	342.988	
	568.603	322.199	
	497.425	428.045	
	548.658	446.947	
	605.641	407.772	
	585.306	393.711	
	419.191	342.052	

**Other O&M** (BLS Series No. CUURS49BSA0)

Avg Index April

% Change

Jan

Feb

Mar

Apr

May

Jun

Jul

Aug

Sep

Oct

Nov

Dec

	2022	2023	2024
		333.06	342.95
			2.97%
		337.173	345.151
		338.496	351.247
	330.539	340.056	-
	328.871	340.094	-
	332.062	341.219	-
	331.222	339.915	-

**South Bayside industries**

**Contractor Compensation Adjustment Application for Rate Year 2025\_Final\_jm**

**G. Utilities Cost Worksheet**

<b>Rate Year</b>	2025
Billing Year	2024

<b>PG&amp;E Electricity</b>	
% increase from Prior Yr.	22.79%
Adjustment Factor	1.228

<b>PG&amp;E Gas</b>	
% increase from Prior Yr.	7.84%
Adjustment Factor	1.078

<b>ISH Solar</b>	
Year	
% increase vs. Prior Yr.	3.00%
Adjustment Factor	1.030

<b>Blended</b>	
Year	
% increase vs. Prior Yr.	19.07%
Adjustment Factor	1.191

South Bayside Industries  
 Contractor Compensation Adjustment Application for Rate Year 2025\_Final\_jm  
 H. CBA Direct Labor Cost



BASE								2025	
TRANSFER STATION									
Job Description	FTE	Reg Hrs	OT Hrs	Hol OT	Unused Sick/PTO	Hourly Rate	Annual Cost		
Loader Lead	1.0	2,080	500	96	102	\$ 55.84	\$ 171,759.44	\$ 57.68	\$ 177,411.55
Loader	3.0	6,240	1,500	288	343	\$ 53.18	\$ 492,703.42	\$ 54.93	\$ 508,916.87
Weighmaster	4.0	8,320	2,000	384	492	\$ 51.45	\$ 637,354.30	\$ 53.20	\$ 659,033.02
Spotter	7.0	14,560	1,995	672	1,420	\$ 39.60	\$ 791,224.52	\$ 41.35	\$ 826,190.25
Utility	3.0	6,240	1,002	288	609	\$ 39.60	\$ 347,828.02	\$ 41.35	\$ 363,199.21
Sorter	7.0	14,560	-	672	1,816	\$ 34.05	\$ 591,913.52	\$ 35.80	\$ 622,334.92
Mechanic	1.0	2,080	-	96	113	\$ 53.43	\$ 124,869.47	\$ 55.18	\$ 128,959.34
<b>Total</b>	<b>26.0</b>	<b>54,080</b>	<b>6,997</b>	<b>2,496</b>	<b>4,894</b>		<b>\$ 3,157,652.71</b>		<b>\$ 3,286,045.16</b>
									<b>4.07%</b>

MRF									
Direct Labor	FTE	Reg Hrs	OT Hrs	Hol OT	Unused Sick/PTO	Hourly Rate	Annual Cost		
Equipment Operator Lead	1.0	2,080	-	96	110	\$ 54.02	\$ 126,101.87	\$ 55.86	\$ 130,391.05
Equipment Operator	8.0	16,640	-	768	984	\$ 51.45	\$ 966,008.60	\$ 53.20	\$ 998,866.03
Spotter	1.0	2,080	-	96	203	\$ 39.60	\$ 96,103.07	\$ 41.35	\$ 100,350.05
Utility	3.0	6,240	1,500	288	609	\$ 39.60	\$ 377,409.22	\$ 41.35	\$ 394,087.66
PRC Attendant	1.0	2,080	500	96	145	\$ 47.60	\$ 148,443.07	\$ 41.47	\$ 129,326.35
Roll Off Driver	1.0	2,080	-	96	108	\$ 54.46	\$ 127,011.87	\$ 58.65	\$ 136,783.81
Mechanic	3.0	6,240	300	288	339	\$ 53.43	\$ 398,651.92	\$ 55.18	\$ 411,709.02
PM Technician	2.0	4,160	-	192	289	\$ 47.60	\$ 225,486.15	\$ 49.35	\$ 233,776.08
Maintenance Helper	1.0	2,080	-	96	203	\$ 39.60	\$ 96,103.07	\$ 49.35	\$ 119,764.82
Electrical Mechanic	1.0	2,080	100	96	28	\$ 80.00	\$ 192,135.07	\$ 81.75	\$ 196,338.03
<b>Total</b>	<b>22.0</b>	<b>45,760</b>	<b>2,400</b>	<b>2,112</b>	<b>3,017</b>		<b>\$ 2,753,453.94</b>		<b>\$ 2,851,392.91</b>
									<b>3.56%</b>

TRANSPORTATION									
Direct Labor	FTE	Reg Hrs	OT Hrs	Hol OT	Unused Sick/PTO	Hourly Rate	Annual Cost		
Driver OX	9.0	18,720	2,997	864	1,379	\$ 54.46	\$ 1,409,995.59	\$ 58.65	\$ 1,518,476.70
Driver BVON	5.0	10,400	1,200	480	766	\$ 54.46	\$ 745,345.03	\$ 58.65	\$ 802,689.79
Driver Newby	1.8	3,813	477	176	281	\$ 54.46	\$ 276,287.98	\$ 58.65	\$ 297,544.80
Driver Zanker	2.2	4,507	412	208	332	\$ 54.46	\$ 314,132.13	\$ 58.65	\$ 338,300.58
Driver SMI	1.0	2,080	155	96	153	\$ 54.46	\$ 142,125.36	\$ 58.65	\$ 153,060.08
Driver Casual	5.0	4,160	-	-	594	\$ 54.46	\$ 258,926.81	\$ 58.65	\$ 278,847.92
Mechanic	2.0	4,160	1,000	192	226	\$ 53.43	\$ 329,883.95	\$ 55.18	\$ 340,688.68
<b>Total</b>	<b>26.0</b>	<b>47,840</b>	<b>6,240</b>	<b>2,016</b>	<b>3,732</b>		<b>\$ 3,476,696.84</b>		<b>\$ 3,729,608.55</b>
									<b>7.27%</b>

South Bayside Industries  
 Contractor Compensation Adjustment Application for Rate Year 2025\_Final\_jm  
 H. CBA Direct Labor Cost



BASE				2025			
<b>BENEFITS</b>							
Facility Operations		/ month	/ hour	/ month	/ hour		
	Medical	\$ 2,686.66	\$15.50	\$ 2,766.55	\$ 15.96		
	RSP	\$ 976.90	\$5.64	\$ 1,005.95	\$ 5.80		
	Peer-84	\$ 1,471.60	\$8.49	\$ 1,515.36	\$ 8.74		
	IP	\$ 4.90	\$0.03	\$ 5.05	\$ 0.03		
	Total		\$ 29.65		\$ 30.54	2.97%	
<b>BENEFITS</b>							
Transportation		/ month	/ hour	/ month	/ hour		
	Medical	\$ 2,686.66	\$ 17.52	\$ 2,766.55	\$ 18.04		
	RSP	\$ 976.90	\$ 6.37	\$ 1,005.95	\$ 6.56		
	Peer-84	\$ 1,471.60	\$ 8.49	\$ 1,577.33	\$ 9.10		
	IP	\$ 4.90	\$ 0.03	\$ 5.05	\$ 0.03		
	Total		\$ 32.41		\$ 33.74	4.08%	
Total Teamster			\$ 1,603,698.72		\$ 30.54		
<b>USE FOR TRANSFER STATION</b>							2.97%
Total Teamster			\$ 1,356,975.84		\$ 30.54		
<b>USE FOR MRF</b>							2.97%
Total Teamster			\$ 1,550,817.16		\$ 33.74		
<b>USE FOR TRANSPORTATION</b>							4.08%

South Bayside Industries  
 Contractor Compensation Adjustment Application for Rate Year 2025\_Final\_jm  
 I. Clerical Labor Cost



BASE								2025	
CLERICAL									
Job Description	FTE	Reg Hrs	OT Hrs	Hol OT	Unused Sick/PTO	Hourly Rate	Annual Cost		
Payroll Processor	1	2,080	-	-	225	\$43.27	\$99,720.2	\$ 46.60	\$ 107,394.54
A/P Coordinator	1	2,080	-	-	268	\$36.31	\$85,243.4	\$ 40.87	\$ 95,948.72
Dispatch Clerk	1	2,080	-	-	262	\$37.16	\$87,011.4	\$ 40.87	\$ 95,698.50
Admin Assistant	1	2,080	-	-	272	\$35.74	\$84,057.8	\$ 37.11	\$ 87,279.94
Shop Clerk	1	2,080	-	-	250	\$38.83	\$90,485.0	\$ 40.87	\$ 95,238.79
								Total	\$ 481,560.49
<b>2024 Base Totals</b>									7.85%
									\$ 446,517.8

Transfer	33.64%	\$ 150,188	33.64%	\$ 161,975
MRF	29.33%	\$ 130,963	29.33%	\$ 141,241
Transportation	37.03%	\$ 165,367	37.03%	\$ 178,345

BENEFITS	/ month		/ hour	
Medical	\$ 2,686.66	\$ 15.50	\$ 2,766.55	\$ 15.96
RSP	\$ 976.90	\$ 5.64	\$ 1,005.95	\$ 5.80
Peer-84	\$ 953.33	\$ 5.50	\$ 1,066.00	\$ 6.15
IP	\$ 4.90	\$ 0.03	\$ 5.05	\$ 0.03
Total	\$ 26.66		\$ 27.94	4.80%

Total H&W, Pension / Hr	\$ 8.97	\$ 9.40
USE FOR TRANSFER STATION		4.80%

Total H&W, Pension / Hr	\$ 7.82	\$ 8.20
USE FOR MRF		4.80%

Total H&W, Pension / Hr	\$ 9.88	\$ 10.35
USE FOR TRANSPORTATION		4.80%

Clerical Wages & Benefits		
Transfer Station	\$ 243,461.54	\$ 259,723.38
MRF	\$ 212,296.98	\$ 226,477.21
Transportation	\$ 268,066.92	\$ 285,972.26
	\$ 723,825.43	\$ 772,172.86

%	6.68%
---	-------

**South Bayside Industries**

**Contractor Compensation Adjustment Application for Rate Year 2025\_Final\_jm**


**J. MRF Sort Labor Cost**



	2024	2025
<b>MRF Sort Labor</b>		
Regular Hours	49,920	49,920
Overtime Hours	6,240	6,240
Holidays	-	-
<b>Supervisors</b>		
Regular Hours	4,160	4,160
Overtime Hours	520	520
Holiday Hours	-	-
Client Wages Regular	\$ 1,363,315	\$ 1,403,853
Client Wages Overtime	\$ 255,622	\$ 263,222
<b>Client Labor</b>	<b>\$ 1,618,937</b>	<b>\$ 1,667,075</b>
<b>Supervisory Expense</b>	<b>\$ 595,616</b>	<b>\$ 613,326</b>
<b>Administration Fee</b>	<b>\$ 504,702</b>	<b>\$ 519,709</b>
<b>Total Program Expense</b>	<b>\$ 2,719,255</b>	<b>\$ 2,800,110</b>
<b>Total Program Cost/Ton</b>	<b>\$ 39.70</b>	<b>\$ 40.88</b>



**South Bayside Industries**  
**Contractor Compensation Adjustment Application for Rate Year 2025\_Final\_jm**  
**K. MRF Sort Labor Cost Detail**

Inbound Tons	68,500	
		
	<b>2024</b>	<b>2025</b>
Sorter Labor Rate	\$ 27.31	\$ 28.12
Headcount	24	24

Reg Hours	49,920	49,920
OT Hours	6,240	6,240
Holidays	-	-

**Supervisor**

Headcount	2	2
Hourly Rate	\$ 120.57	\$124.16
Overtime Rate	\$ 180.86	\$186.23
Reg Hrs	4,160	4,160
OT Hrs	520	520
Holidays	-	-

**Admin Fees**

Markup %	22.79%	22.79%
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**South Bayside industries**  
**Contractor Compensation Adjustment Application for Rate Year 2025\_Final\_jm**  
**L. Utilities Allocation Usage**

	<b>PG&amp;E Electric Delivery Charges</b>			<b>March-23</b>			<b>March-24</b>		
	Cost	Rate/kWh	kWh	Cost	Rate/kWh	kWh	Cost	Rate/kWh	kWh
Meter #1010079198	\$ 23,178	\$ 0.2214	104,709	\$ 31,336	\$ 0.2928	107,008			
Peninsular Clean Energy	\$ 11,994	\$ 0.1139	105,326	\$ 10,538	\$ 0.0982	107,268			
	<b>PG&amp;E Gas Charges</b>			<b>March-23</b>			<b>March-24</b>		
	Cost		Therms	Cost		Therms	Cost		Therms
Meter #62070687	\$ 4,053	2.029	1,998	\$ 4,197	2.268	1,851			
Meter #60977506	\$ 330	2.104	157	\$ 156	2.520	62			
Meter #60868431	\$ 1,415	2.257	627	\$ 763	2.101	363			
	<b>PG&amp;E Electric Delivery Charges</b>			<b>March-23</b>			<b>February-24</b>		
	Cost	Rate/kWh	kWh	Cost	Rate/kWh	kWh	Cost	Rate/kWh	kWh
Meter # 1010185326	\$ 5,927	\$ 0.1753	33,799	\$ 6,608	\$ 0.2611	25,305			
Peninsular Clean Energy	\$ 4,701	\$ 0.1389	33,848	\$ 3,613	\$ 0.1428	25,306			
Meter # 1009885099	\$ 3,325	\$ 0.1749	19,010	\$ 8,040	\$ 0.2602	30,905			
	<b>ISH Solar</b>			<b>March-23</b>			<b>March-23</b>		
	Cost	Rate/kWh	kWh	Cost	Rate/kWh	kWh	Cost	Rate/kWh	kWh
	\$ 7,320	\$ 0.2630	27,834	\$ 13,659	\$ 0.2709	50,420			
<b>Subtotals</b>									
PG&E Electric Delivery Charges	\$ 49,124	\$ 0.1656	296,691	\$ 60,135	\$ 0.2033	295,792			
PG&E Gas Charges	\$ 5,799	\$ 2.0844	2,782	\$ 5,116	\$ 2.2479	2,276			
ISH Solar Charges	\$ 7,320	\$ 0.2630	27,834	\$ 13,659	\$ 0.2709	50,420			
<b>Blended Rate</b>	<b>\$ 62,244</b>	<b>\$ 0.1902</b>	<b>327,307</b>	<b>\$ 78,910</b>	<b>\$ 0.2264</b>	<b>348,488</b>			



**A Public Agency**

# TAC REVIEW OF THE DRAFT 2025 – 2034 RETHINKWASTE LONG RANGE PLAN

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**Agenda Item 7**

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## STAFF REPORT

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**To:** SBWMA Committee Members  
**From:** Joanne Nghiem, Associate Engineer  
**Date:** September 12, 2024 Technical Advisory Committee Meeting  
**Subject:** Study Session on the Draft of the 2025-2034 RethinkWaste Long Range Plan

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### **Recommendation**

Review and provide feedback on the draft document of the 2025-2034 RethinkWaste Long Range Plan.

### **Background and Analysis**

The Long Range Plan is a high-level planning and policy guiding document that provide board-level directional framework to address RethinkWaste’s policy, programmatic and infrastructure needs that have arisen over the preceding five years due to changes in laws, policies, material markets, Member Agency needs, and other concerns. The current Long Range Plan, which was approved by the Board in 2020 and expires on December 31, 2024, supersedes the previous 2015-2019 Long Range Plan. Historically, the Long Range Plans have covered a planning period of five years. Based on Board level concurrence at the March 2024 Board of Directors Retreat, staff has developed the 2025 Long Range Plan to cover a planning period of 10 years.

As part of the Long Range Plan development process, staff received input from the following committees and partners to develop the draft document: Legislative Committee, Technical Advisory Committee, Finance Committee, Public Education Committee, Zero Waste Committee, and contractors (Recology & SBI). Staff will hold study sessions to solicit feedback with select committees and the contractors (Recology & SBI).

### **Fiscal Impact**

There is no financial impact.

### **Attachments:**

[Attachment A - Draft of the 2025 - 2034 RethinkWaste Long Range Plan available online only at www.rethinkwaste.org](http://www.rethinkwaste.org)

[Attachment B - Presentation on the Draft 2025 - 2034 Long Range Plan Available online online at www.rethinkwaste.org](http://www.rethinkwaste.org)





# SB 1383 IMPLEMENTATION UPDATES







## STAFF REPORT

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**To:** RethinkWaste TAC Members  
**From:** Reagan Chung, Recycling and Compliance Program Manager  
**Date:** September 12, 2024 Technical Advisory Committee Meeting  
**Subject:** Senate Bill (SB) 1383 Program Update

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### 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.

### Recology Technical Assistance & Waivers

Beginning January 1, 2024, Recology took on the responsibilities of reviewing waiver requests and conducting route reviews from SCS Engineers.

Recology's Waste Zero Team continues to on-board new accounts, provide technical assistance and review waivers as part of their SB 1383 duties.

RethinkWaste staff sends out monthly waiver approval and denial letters that started in March 2024. At the writing of this report, over 200 decision letters have been sent. Of that, 203 were approval letters and 82 were denial letters, with more to come.

### SB 1383 Route Reviews

SB 1383 requires jurisdictions to conduct annual contamination monitoring of all three containers to keep the organics waste stream clean. In 2023, SCS Engineers conducted this review through inspections of randomly selected containers on each collection route for solid waste, recyclable materials, and organic materials. For 2024 Recology proposed a 10 to 13-week timeframe for all inspections. Routes will be selected at random via Recology's application software.

Recology began route reviews on June 3, 2024. The commercial portion was completed on July 31, 2024, and residential route reviews were completed on August 30, 2024. Recology audited a total of 114 routes and conducted nearly 2,800 lid lifts. RethinkWaste staff also accompanied Recology's Waste Zero Specialists to monitor route review progress on August 29, 2024. Staff is pleased to report Recology's progress went well with no issues to report. This was Recology's first year conducting route reviews and reported overall success, there were no comments or concerns from residents or commercial businesses throughout in the RethinkWaste service area. In the upcoming months, RethinkWaste staff and Recology will ensure all reporting data is uploaded into Recyclist for SB 1383 data analysis and tracking.

### Compliance Outreach

RethinkWaste staff provided a SB 1383 compliance presentation to City of Burlingame and Joint Venture Silicon Valley staff on August 1, 2024. Topics covered included SB 1383 requirements, proper sorting techniques, how to

comply with SB 1383, how to sign up for De Minimis and Physical Space Waivers, and who to contact for further assistance.

RethinkWaste staff hopes to provide more compliance presentations in the future to other organizations to bridge the importance of SB 1383 compliance.

### **Enforcement**

Enforcement for SB 1383 started on January 1, 2024, meaning jurisdictions must issue a Notice of Violation (NOV) to non-compliant businesses requiring compliance within 60 days. If after 60 days, the entity is still not in compliance, the jurisdiction shall impose penalties.

Conducting SB 1383 enforcement has not been a responsibility delegated to RethinkWaste by Member Agencies, though RethinkWaste staff has and will continue to support Member Agencies as needed as SB 1383 implementation moves from outreach and education to enforcement.

The following list specifies the number of NOV and Warning letters that were sent on behalf of each Member Agencies since the last TAC meeting on August 8:

- **City of Burlingame:**  
August 15, 2024: 89 letters
- **City of San Carlos:**  
August 15, 2024: 87 letters

There will be more NOV letters sent through the end of the year from remaining Member Agencies to commercial customers who still need to subscribe to compost service. RethinkWaste staff also began working with Member Agency staff on post-NOV letter enforcement structures.

In addition, one Member Agency has elected to mail their own NOV letters and we are working with them to ensure there are not too many letters being mailed out at the same time.

### **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 3, 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/](http://www.calrecycle.ca.gov/organics/slcp/).

### **Fiscal Impact**

This is an information only report.



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# CONTRACTOR UPDATES

Agenda Item 9 is a Verbal Update only  
to be given at the 09/12/2024 TAC Meeting