



RETHINKWASTE TECHNICAL ADVISORY COMMITTEE MEETING

Thursday, September 11, 2025, at 2:00p.m.

RethinkWaste Administrative Office
1245 San Carlos Ave. STE E, 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 and will be made part of the written record but will not be read verbally at the meeting. Written public comments submitted by email should adhere to the following: 1) Clearly indicate the Agenda Item No. or specify “Public” in the Subject Line for items not on the agenda and 2) Include the submitter’s full name. You may also use the raise hand feature on Zoom to enter a verbal public comment.

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

AGENDA

1. Call to Order/Roll Call

2. Public Comment

Persons wishing to address the Board on matters NOT on the posted agenda may do so. Each speaker is limited to three minutes. If there are more than five individuals wishing to speak during public comment, the Chairman will draw five speaker cards from those submitted to speak during this time. The balance of the Public Comment speakers will be called upon at the end of the Board Meeting. If the item you are speaking on is not listed on the agenda, please be advised that the Board may briefly respond to statements made or questions posed as allowed under The Brown Act (Government Code Section 54954.2). The Board’s general policy is to refer items to staff for attention, or have a matter placed on a future Board agenda for a more comprehensive action or report and formal public discussion and input at that time. *Speakers may also submit comments via email prior to the meeting by sending those comments to rethinker@rethinkwaste.org.*

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

p.3

MEMBER AGENCIES

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

September 5, 2025

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 of July 10, 2025, TAC Meeting **ACTION p. 7**

5. CalRecycle Updates by Alexis Arenz **p. 11**

6. TAC Review of RethinkWaste Report reviewing the 2026 Recology Compensation Application **p. 15**

7. TAC Review of RethinkWaste Report reviewing the 2026 South Bayside Industries (SBI) Compensation Application **p. 39**

8. Important Considerations for Rate and Fee Authorizations by Garth Schultz, R3 Consulting **p. 71**

9. Senate Bill (SB) 1383 Program Update **p. 81**

- Recology Updates
- Electronic Annual Report (EAR) updates
- Notice of Violation Letters and Enforcement Updates

10. Contractor Updates **p. 91**

- Recology
- SBI

11. Committee Member Comments

12. Adjourn

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 5, 2025



A Public Agency

EXECUTIVE DIRECTOR'S UPDATE

Agenda Item 3 is a verbal report only at the
09/11/2025 RethinkWaste TAC Committee Meeting



A Public Agency

CONSENT CALENDAR



A Public Agency



MINUTES

RETHINKWASTE TECHNICAL ADVISORY COMMITTEE MEETING

Thursday, July 10, 2025, at 2:00p.m.

RethinkWaste Administrative Office
 1245 San Carlos Ave. STE E, San Carlos, CA 94070

1. Call to Order/Roll Call: 2:02PM

Agency	Present	Absent	Agency	Present	Absent
Belmont	2:06PM		Redwood City	X	
Burlingame	X		San Carlos	X	
East Palo Alto	X		San Mateo	X	- 2:36PM
Foster City	2:05PM		County of San Mateo	X	
Hillsborough	X		West Bay Sanitary District	2:13PM	
Menlo Park	X				

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.**

N/A

3. Executive Director's Report (Verbal Update)

The Executive Director informed members that the Master Planning Committee will take place on the date of the cancelled board meeting, July 24, 2025.

The Executive Director informed the committee of the national strike between republic services and international brotherhood of teamsters that began on Monday, July 7, 2025. Adding that though the agency is not involved it is impacting facility operations and there is no current end date.

The Executive Director acknowledged SBI team and staff for their effort in the work they have done. He added that the challenge is 1400-1500 tons of solid waste and green waste material daily, with limited capacity for material to be handled, which is a matter of health and safety. The Executive Director stated that Recology may possibly suspend collection, but the agency is working to deter from that option starting with public closure for the facility from July 9, 2025 – July 10, 2025, with a reopening at 11AM on July 10. He informed the committee on the options the public has: Blue Line Transfer Station in South San Francisco, Sunnyvale Materials Recovery and Transfer Station (SMART Station), Ox Mountain Landfill and Recology San Francisco's Transfer Station. In addition, he informed the committee that the agency is transferring material to farther locations, and the transfer station drivers need to travel longer distances which impacts drivers' availability as there are strict department of transportation laws that require a maximum of 14-hour shift for drivers.

Member Mello inquired on what the plan is for messaging if there is a critical impact and the agency needs to stop pickups.

The Executive Director stated that the member agencies will be notified immediately, and staff will provide a press release.

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 of May 08, 2025, TAC Meeting

Motion: J. Cooke
Second : S. Michael
Motion: 9-0-2-0

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. San Jose Conservation Corps’ Mattress, Tire, and Collection Program Presentation by Mary Le with San Jose Conservation Corps.

Staff Chung introduced Mary Le with San Jose Conservation Corps.

Mary Le presented the organizations work in the bay area and provided member agencies with a copy of the San Jose Conservation Corps’ Memorandum of Understanding (MOU) for committee to review, additionally informing the committee that the MOU can be amended to better fit the member agency.

Member Michael asked agency staff if there is any infringement between member agencies and the agency.

Executive Director stated that they will investigate the details and confirm with the committee at a later date.

Member Patel requested contact information as well as clarification on if the organization provided mattress pick up events and on what it looks like when a city calls for a pickup of single mattresses found on the street.

Mary Le informed the committee that specific mattress pick ups can be called in and will be picked within a week. Additionally stating that mattress events include e-waste and tires as required by CalRecycle.

Member Nahe informed the committee on the City of San Mateo’s experience with the organization for two collection events, adding that the organization did all of the outreach and created the fliers for those events.

Member Michael inquired how many staff members are in the organization.

Mary Le informed the committee that there are 17 core members with a constant turnover as they move onto new jobs within the waste industry which is what the organization strives for.

Member Michael asked where the mattresses go and how they are recycled.

Mary Le informed the committee that the mattresses are taken by Mattress Recycling Council (MRC) and they manually taken apart and recycled.

6. Farm Fatales Rangeland Compost Trial Report Presentation by Doug Millar with San Mateo Resource Conservation District.

Doug Millar presented the committee with the agency’s work to test compost from municipal and agricultural sources through SB1383.

Member Mello inquired if there are grades of compost for farmers to choose between different price ranges.

Doug Millar informed the committee that there are different levels of compost which depends on levels of nitrogen and type of waste material in the compost.

Member Michael inquired about if there is a process to clean compost from plastics and other waste material.

Doug Millar stated that upstream education may be the best strategy but there are solutions and strategies.

The Executive Director informed the committee of the agency's part in funding the project through SB1383 to discover procurement options and understand how the agency's two compost processors are completing.

7. Senate Bill (SB) 1383 Program Update Recology Updates

Alex Rinear, Waste Zero Manager for Recology San Mateo County presented new staff members, quarter two outreach statistics, and SB1383 compliance updates.

The Executive Director inquired on Recology's staffing if any vacancies are open.

Alex Rinear confirmed the team is fully staffed.

Notice of Violation (NOV) Letters and Enforcement Updates

Staff Chung informed the committee on the notice of violation letters that were dispersed in the current and past quarters which included Foster City, San Carlos, East Palo Alto, and West Bay Sanitary District, adding that Redwood City will fall under the next quarter. Staff Chung reminded members that they include stricter language of enforcement in their NOV letters and connect with staff if support is needed for change of language on the NOV letters. Staff Chung inquired if member Patel can provide a copy of their city ordinance as a sample for SB1383 ordinance language, member Patel confirmed no issues. Staff Chung also reminded members to contact agency staff if NOV letters are returned so staff can keep track of which accounts they have yet to receive a letter.

Member Dupaya inquired about member agency enforcement by any committee member.

Staff Chung stated chair Johnson is the only member planning to send out citations / penalties.

Member Carrade inquired if any member who sent NOV letters in previous years received questions from CalRecycle if no penalty were followed after NOV's.

Staff Chung informed the committee that there has been no follow up from the state.

Member Michael inquired they can email staff Chung to follow up on NOV's and responses received.

Staff Chung confirmed.

All Member agencies SB54 surveys were completed by Staff Chung and let him know if any member agencies would like a copy of their surveys.

2025 Route Review Update

2025 route reviews are in progress and will be completed by first week of August.

8. 2024 Electronic Annual Report (EAR) update

Staff Chung informed members that the 2024 EAR is due on August 1, 2025. Copies of the EAR drafts will be provided to member agencies from Nanette Hansel of Ascent Consulting. Staff Chung reminded member agencies to check their emails for Nanette's email with the draft reports attached.

9. Request for feedback from Technical Advisory Committee Members (TAC) on the Structure of the TAC.

The Executive Director informed the committee that line item 9 is in response to board members' recommendation for staff to discuss the role of TAC meetings for the agency with TAC members and requested comments from members that staff plan to

provide the board during the September 2025 Meeting. Adding that TAC members can provide their feedback and comments during the current meeting or any time before the next TAC meeting.

Attorney, Jean Savaree stated that the request made by the board is if TAC should see all board agenda items prior to board meetings to have better discussions between TAC and Board members. Adding that an informal survey to the committee members on what the current interactions are between each member agency TAC and Board members, whether TAC members feel if there are any noticeable issues with the current set up and lastly if any changes will impact TAC members and possibly increase workload and cause disruption in work balance. A response is requested and planned to receive by board will consider the item in September 2025.

Member Michael stated they do not see a benefit for TAC members and believe that there will be unnecessary work for agency staff.

Member Machida stated concern with additional workload for another agenda would not be preferred but understands if board decides to move forward.

Member Ramirez states that the current involvement of the committee members is enough and further work is unnecessary. Adding that the current processes the agency staff have in place to provide information and include TAC members suffices. Adding that agency staff make qualified recommendations and planning of agenda items.

Member Mello stated that the current set up for TAC has been working well and does not see a need for change.

Member Cooke acknowledged support on how the committee and agency are currently doing things.

The Executive Director acknowledged the many responsibilities of committee members and grateful for agency staff who have helped members trust the work being done.

10. Contractor Updates

Recology

Monica Devencenzi Community Outreach Manager with Recology of San Mateo County informed the committee that she is the new point of contact for Franchise agreement attachment C which is when member agencies would like to request waste bins for events. Monica requested member agencies inform Recology of planned road closures and construction that will impact truck routes.

SBI

Chris Valbusa acknowledged the current labor issue that has impacts at Shoreway and closure, adding that the agency and contractors met Tuesday to discuss additional resources to mobilize transportation of material to other facilities which allowed Shoreway to be reopened to the public on this day at 11AM. SBI staff Valbusa informed the committee that there is now an EV truck at the facility and has been there for a month and operating on a daily basis.

The Executive Director acknowledged the SBI team and their response to Republic strike and its impact on the facility. Further stating that the strike has brought up a discussion in permit revisions to allow for a 24 hour status for the facility.

Member Mello inquired if there is an estimate of the financial impact based on the miles and trips.

Chris Valbusa stated that it is contingent on the days that the strike continues.

The Executive Director stated that the agency has language in the disposal contract that gives the agency the ability to recuperate any cost and staff will make sure to track and verify all costs.

11. Committee Member Comments

N/A

12. Adjourn: 3:44PM



A Public Agency

CALRECYCLE UPDATES

Agenda Item 5 is a verbal report only at the
09/11/2025 RethinkWaste TAC Committee Meeting



A Public Agency

TAC REVIEW OF RETHINKWASTE REPORT REVIEWING THE 2026 RECOLOGY COMPENSATION APPLICATION

STAFF REPORT

To: RethinkWaste TAC Members
From: Joe La Mariana, Executive Director
John Mangini, Senior Finance Manager
Date: September 11, 2025 TAC Meeting
Subject: Review of the RethinkWaste Draft Report Reviewing the 2026 Recology San Mateo County Compensation Application

Recommendation

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

Summary

The Recology Compensation Application for 2026 has been thoroughly reviewed by RethinkWaste 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 4.2% increase in Recology's compensation for 2025.

Analysis

The RethinkWaste Draft Report Reviewing the 2026 Recology Compensation Application issued to the TAC and Board on August 11, 2025, addresses Recology's compensation due for 2026 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 2026 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., 2024 final surplus or shortfall is determined in 2025 and included in 2026 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 RethinkWaste by August 26. The Draft Report will be revised based on the feedback received from the Member Agencies and the Final Report will be issued to the Board on September 12, 2025, for the Board's consideration at the September 18, 2025, Board of Director's meeting.

RethinkWaste 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., 2026) compensation results in Total 2025 Contractor's Compensation of \$78,951,890, which is an increase of \$3,158,174 (4.2% increase from prior year). The 2026 Compensation Application contains a Member Specific Adjustment for the City of Redwood City, adding billing and collection services to the City of Redwood City's Franchise Agreement. The overall increase before the

Redwood City adjustment is 3.1%. This adjustment had no impact on other Member Agencies. **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 2026. If exercised, said member agencies are still responsible for their portion of these costs and Recology must be compensated the difference in RY 2027. Please refer to **Appendix E** of the Draft Report for the Cap Carry Forward calculations.

The 2026 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 3.1%
- Performance Incentive/Disincentive payment from Recology of \$115,121 (Table F in Recology Application).

Recology’s 2026 compensation is compared to 2024 in **Table 1** below.

Table 1

Total Contractor's Compensation	Recology Compensation			
	<u>2025 Cost</u>	<u>2026 Cost</u>	<u>Change</u>	<u>%</u>
	Approved	Proposed		
Base Compensation	\$75,894,406	\$79,067,010	\$ 3,172,604	4.2%
Incentives / Disincentives	(\$100,690)	(\$115,121)	(\$14,431)	14.3%
Total Contractor's Compensation	\$75,793,716	\$78,951,890	\$ 3,158,174	4.2%

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

The adjustments to compensation for 2026 represent an increase in the total net compensation of 4.2% or \$3,158,174 from 2025. 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 RethinkWaste **Draft** Report and recommendation is to determine the compensation owed to Recology for collection services in 2026. This Report also provides Table 8 (**Attachment A**) which establishes the calculated Revenue Requirement that will be used as the basis for recommending the 2026 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, 2026, and net revenues billed by Recology in 2026 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 RethinkWaste 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 RethinkWaste 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 RethinkWaste 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 2026 costs to 2025 costs and showing the components of the 2026 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 2026 Collection Revenue using 2025 rates (**A.1**), the 2026 Total Recology Compensation (**A.2**) and Pass-Through Expenses (**A.6**) used to determine the 2026 Revenue Requirement (**A.7**), the estimated 2026 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 2024 Recology Revenue Reconciliation surplus/shortfall that must be added to the 2026 rate adjustment.
- **Section C** – This section provides the cumulative 2026 Required Rate Adjustment which is the sum of sections A and B.

- **Section D** – This section provides the “2025 estimated surplus/(shortfall)” balance with Recology (**D.1**), including the adjusted 2023 surplus/shortfall (**D.2**) and the associated Agency Fees on any net estimated shortfall (**D.4**). The 2025 Revenue Reconciliation will be finalized in 2027, similar to how the 2024 Revenue Reconciliation was finalized in 2024.
- **Section E** – This section includes adjustments for unique items with Recology. The 2024 Cap Carry Forward balance is included in this section for those Member Agencies that elected to defer for 2024.
- **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 RethinkWaste calculated rate adjustment is on line (F.3).**

Attachments:

Attachment A – RethinkWaste Draft Report Reviewing the 2026 Recology San Mateo County Compensation

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

- [APPENDIX A – Recology 2026 Compensation Application Issued on August 29, 2025.](#)
- [APPENDIX B – Member Agency Variance Analysis of Total Collection Cost and Rate Impact Comparing 2026 with 2025.](#)
- [APPENDIX C – RethinkWaste’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](#)



RETHINKWASTE **DRAFT** REPORT
REVIEWING THE 2026 RECOLOGY SAN
MATEO COUNTY
COMPENSATION APPLICATION

September 11th, 2025

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APPENDICES

APPENDIX A – **Recology** 2026 Compensation Application Issued on August 29, 2025

APPENDIX B – Member Agency Variance Analysis of Total Collection Cost and Rate Impact Comparing 2026 with 2025

APPENDIX C - RethinkWaste’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 – 2026 Recology Compensation Application by Member Agency with Cap Carry Forward Calculation

SECTION 1 EXECUTIVE SUMMARY

1.A Summary

The South Bayside Waste Management Authority (RethinkWaste) is required to review the Recology San Mateo County (Recology) 2026 Compensation Application (Application) for completeness, accuracy and consistency as prescribed in the Restated and Amended Franchise Agreements (Franchise Agreements) between the RethinkWaste 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 2025 compensation, applying a Service Level Adjustment (SLA) to the 2025 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 RethinkWaste's review of Recology's 2026 Application and the critical analysis by RethinkWaste Staff 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.

RethinkWaste provides a calculated total rate impact for each Member Agency (see **Table 8 on pages 13 and 14**) and calculated rate adjustment for 2026, 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 RethinkWaste Report

The 2026 Recology Compensation Application was submitted to the RethinkWaste and Member Agencies on June 15, 2025. On July 1, 2025 the RethinkWaste submitted questions and comments to Recology. On July 15, 2025 Recology submitted responses to the RethinkWaste's questions and comments along with a revised Compensation Application. Recology subsequently issued a revised Compensation Application on August 28th. **Appendix A** provides Recology's 2026 Compensation Application. **Appendix C** provides RethinkWaste's questions and comments to Recology's Compensation Application, and Recology's response submitted on July 15. RethinkWaste provided all Member Agencies with their detailed revenue, agency fees, and disposal and processing cost projections for 2025 and 2026 on July 26th.

Recology's August 28th revised Compensation Application contains one change from the previous version that solely impacts the City of Redwood City. Recology will be adding billing and collection services to the City of Redwood City's Franchise Agreement at an agreed price for said services.

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 2026 solid waste rates, if necessary.

Table 1
2025 Schedule to Approve Recology 2026 Compensation

Due Date	Milestone
June 15, 2025	Recology 2026 Compensation Application Submitted to Member Agencies and RethinkWaste (RTW)
July 1, 2025	Member Agencies and RTW Comments Due to Recology
July 15, 2025	Recology Submitted responses to comments from Member Agencies and RTW
August 11, 2025	RTW Draft Report Reviewing the 2026 Recology Compensation Application Issued to Member Agencies
August 22, 2025	Member Agencies Written Comments on RTW Draft Report Due to RTW
September 11, 2025	TAC Meeting: Staff Update and Discussion
September 12, 2025	RTW Final Report Issued to Member Agencies/Board
September 18, 2025	RTW Board Meeting: Consideration of Final Report

1.C Summary of Notable Items in the 2026 Recology Compensation Application

Notable items included in the 2026 Recology Compensation Application include:

- Application of the Recology Restated and Amended Agreement compensation increase methodology, which is based on CPI indices and service levels.
- 2024 revenue reconciliation of surplus/shortfall and interest payments due to/from Recology (Table H in Recology Application).
- Performance Incentive/Disincentive payment from Recology of \$115,121 (Table F in Recology Application).
- Overall, 4.2% Total Compensation increase. The overall increase before the Redwood City adjustment for the additional cost of billing and collection services for the City of Redwood City is 3.1%

- 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 2026 Recology Compensation Application adjusts Attachment N costs by applying the various April 2024 to April 2025 index change.

Next, service level adjustments are applied to: Direct Labor Related Costs; Direct Fuel Costs; and Other Direct Costs. For Rate Year 2026, 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 2026, 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 2025. 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 2026 Compensation Adjustment Application using the Assessment four-week period in April 2025.

Recommendation

Based on the net results of the cost adjustments calculated in the 2026 Recology Compensation Application, RethinkWaste intends to recommend that the Board approve an adjustment to Recology's 2026 compensation as delineated in **Table 2** below. Table 2 includes the City of Belmont's calculated compensation for reconciliation and presentation purposes. The City of Belmont has a unique compensation methodology, which has no impact on other Member Agencies. Belmont's compensation is not available as of this writing. **Table 2** summarizes the adjusted 2026 costs and changes from 2025. The total change in Recology's compensation for 2026 is an increase of \$2,324,064 or 3.1% from 2025.

Table 2
Summary of Adjusted 2025 Costs to 2026 Costs

RECOLOGY COMPENSATION SUMMARY	2025 Cost Proposed	2026 Cost Proposed	\$ Change	% Change
Total Annual Cost of Operations	\$ 67,664,244	\$ 69,780,581	\$ 2,116,337	3.1%
Profit	7,102,876	7,325,033	\$ 222,157	3.1%
Operating Ratio				
Total Operating Costs	\$ 74,767,120	\$ 77,105,614	\$ 2,338,494	3.1%
Contractor Pass-Through Costs				
Interest Expense ¹	\$ 1,127,286	\$ 1,127,286	\$ 0	0.0%
Contract Changes to Specific Agencies	-	834,110	834,110	
Total Contractor Pass-Through Costs	\$ 1,127,286	\$ 1,961,396	\$ 834,110	74.0%
BASE CONTRACTOR'S COMPENSATION	\$ 75,894,406	\$ 79,067,010	\$ 3,172,604	4.2%
Other Adjustments				
Performance Incentives / Disincentives	\$ (100,690)	\$ (115,121)	\$ (14,431)	14.3%
TOTAL CONTRACTOR'S COMPENSATION	\$ 75,793,716	\$ 78,951,890	\$ 3,158,174	4.2%

SECTION 2 BACKGROUND

2.A Franchise Agreement Terms

Ten of the eleven RethinkWaste 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 2026 Recology Compensation Application adjusts Attachment N costs by applying the various April 2024 to April 2025 index change.

Service level adjustments are applied to: Direct Labor Related Costs; Direct Fuel Costs; and Other Direct Costs. For Rate Year 2026, 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 2026, 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 RethinkWaste/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 2026).

The Recology 2024 Revenue Reconciliation Report was submitted to the RethinkWaste and Member Agencies on March 31, 2025. Staff reviewed this 2024 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. The audit findings and results (i.e., final 2024 surplus/shortfall and interest) of the revenue reconciliation that will be added to or subtracted from Recology's 2026 compensation. Agencies can also request a refund of surplus balances or make payments to Recology for

shortfalls. The final 2024 Revenue Reconciliation balances, net of payments, have been included in Recology's 2026 Compensation Application (see Table H).

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

The Franchise Agreements state that the RethinkWaste is responsible for annually conducting a review and analysis of Recology's Compensation Application. RethinkWaste 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 RethinkWaste any missing information, explanations and agreed changes upon request during the Compensation Application review process. Recology submitted responses to RethinkWaste's comments on July 15. The questions and comments submitted to the company during the initial review period in June are provided in **Appendix C**.

SECTION 3 2026 RECOLOGY COMPENSATION APPLICATION

3.A Description of Compensation Adjustments

The 2026 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 2026 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. RethinkWaste 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 2024. Recology submitted a Revenue Reconciliation Report for 2024 to RethinkWaste on March 31, 2025 which compares the approved compensation owed to Recology for 2024 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 RethinkWaste 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 2024 surplus balance including interest is \$4,521,399 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 2024 Performance Incentives/Disincentives and Liquidated Damages calculations which was reviewed and approved by RethinkWaste and RRS Consulting. The total annual Recology recycling diversion incentive payment from 2011 to 2024 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)
- 2024 - \$82,130 (diversion incentive payment to Recology)

Recology's 2024 diversion incentive payment is \$82,130 including Belmont. The diversion incentive payment is offset by Performance penalties. The net amount due from Recology and adjusted in Recology's 2026 compensation is \$115,121 including Belmont (Table F in Recology's Application Appendix A).

3.B Adjustment of 2025 Compensation to 2026

As prescribed in Article 11, Attachment K and Attachment N of the Restated and Amended Franchise Agreements, the adjustment of the 2025 compensation to 2026 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 2025 to 2026. The application of all adjustment factors results in an overall increase in Recology's base 2026 compensation totaling \$3,158,174 or 4.2% from 2025.

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 2025 Costs to 2026 Costs

RECOLOGY COMPENSATION DETAIL	2025 Cost	2026 Cost	% of Total Cost	\$ Change	% Change
Annual Cost of Operations					
Direct Labor-Related Costs					
Wages	\$ 23,316,234	\$ 24,163,382	30.6%	\$ 847,148	3.6%
Benefits	\$ 9,751,569	\$ 9,986,581	12.6%	235,012	2.4%
Payroll Taxes	\$ 1,888,615	\$ 1,957,234	2.5%	68,619	3.6%
Workers Compensation Insurance	\$ 1,670,702	\$ 1,731,281	2.2%	60,579	3.6%
Total Direct Labor Related-Costs	\$ 36,627,120	\$ 37,838,478	47.9%	\$ 1,211,358	3.3%
Direct Fuel Costs	\$ 3,592,936	\$ 3,482,690	4.4%	(110,245)	-3.1%
Other Direct Costs	\$ 3,439,083	\$ 3,571,781	4.5%	132,698	3.9%
Depreciation					
- Collection Vehicles	\$ 2,943,932	\$ 2,943,932	3.7%	-	0.0%
- Containers	\$ 1,141,479	\$ 1,141,479	1.4%	-	0.0%
Total Depreciation	\$ 4,085,411	\$ 4,085,411	5.2%	\$ -	0.0%
Allocated Indirect Costs excluding Depreciation					
General and Administrative	\$ 11,704,636	\$ 12,243,722	15.5%	\$ 539,086	4.6%
Operations	\$ 2,237,464	\$ 2,332,665	3.0%	95,201	4.3%
Vehicle Maintenance	\$ 4,276,323	\$ 4,458,274	5.6%	181,951	4.3%
Container Maintenance	\$ 1,587,087	\$ 1,653,374	2.1%	66,287	4.2%
Total Allocated Indirect Costs excluding Depreciation	\$ 19,805,511	\$ 20,688,036	26.2%	\$ 882,526	4.5%
Total Allocated Indirect Depreciation Costs	\$ 114,184	\$ 114,184	0.1%	-	0.0%
Annual Implementation Cost Amortization	\$ -	\$ -	0.0%	-	-
Total Annual Cost of Operations	\$ 67,664,244	\$ 69,780,581	88.4%	\$ 2,116,337	3.1%
Profit	7,102,876	7,325,033	9.3%	222,157	3.1%
Operating Ratio	90.5%	90.5%			
Total Operating Costs	\$ 74,767,120	\$ 77,105,614	98.6%	\$ 2,338,494	3.1%
Contractor Pass-Through Costs					
Interest Expense	\$ 1,127,286	\$ 1,127,286	1.4%	\$ -	0.0%
Interest Expense on Implementation Cost	\$ -	\$ -	0.0%	-	-
Contract Changes to Specific Agencies	\$ -	\$ 834,110	1.1%	834,110	-
Other Costs	\$ -	\$ -	0.0%	-	-
SB 1383 2023 Costs	\$ -	\$ -	0.0%	-	-
Total Contractor Pass-Through Costs	1,127,286	1,961,396	2.5%	834,110	74.0%
BASE CONTRACTOR'S COMPENSATION	\$ 75,894,407	\$ 79,067,010	100.1%	\$ 3,172,604	4.2%
Other Adjustments					
Performance Incentives / Disincentives	\$ (100,690)	\$ (115,121)	-0.1%	(14,430)	14.3%
Total Other Adjustments	(100,690)	(115,121)	-0.1%	(14,430)	14.3%
TOTAL CONTRACTOR'S COMPENSATION	\$ 75,793,716	\$ 78,951,890	100.0%	\$ 3,158,173	4.2%

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**

2026 Total by Member Agency	Final Approved 2025 Base Compensation	CPI Adjustment	CPI %	Service Level Adjustment (SLA)	Service Level Adjustment %	Contract Changes to Specific Agencies	Contract Changes to Specific Agencies %	Total Base Compensation	Total %
Belmont	4,870,433	86,033	1.77%	23,482	0.48%		0.00%	4,979,948	2.25%
Burlingame	7,277,594	125,618	1.73%	120,319	1.65%		0.00%	7,523,531	3.38%
East Palo Alto	3,369,900	57,970	1.72%	35,181	1.04%		0.00%	3,463,051	2.76%
Foster City	4,708,801	80,521	1.71%	147,545	3.13%		0.00%	4,936,867	4.84%
Hillsborough	2,369,351	38,618	1.63%	5,257	0.22%		0.00%	2,413,226	1.85%
Menlo Park	7,839,354	132,297	1.69%	11,248	0.14%		0.00%	7,982,899	1.83%
Redwood City	14,067,063	241,317	1.72%	274,095	1.95%	834,110	5.93%	15,416,584	9.59%
San Carlos	7,014,104	119,376	1.70%	72,946	1.04%		0.00%	7,206,426	2.74%
San Mateo	17,768,416	305,834	1.72%	306,201	1.72%		0.00%	18,380,451	3.44%
West Bay Sanitary Dist	1,280,730	21,342	1.67%	3,451	0.27%		0.00%	1,305,523	1.94%
Unincorporated County	2,854,177	47,966	1.68%	6,214	0.22%		0.00%	2,908,357	1.90%
North Fair Oaks	2,474,485	42,115	1.70%	33,546	1.36%		0.00%	2,550,146	3.06%
Total SBWMA	75,894,407	1,299,008	1.71%	1,039,486	1.37%	834,110	1.10%	79,067,010	4.18%

3.C Recommended Adjustment to Recology’s Compensation for 2026

Based on the net results of the compensation adjustments previously described and the analysis of the 2026 Recology Compensation Application, RethinkWaste is recommending that the RethinkWaste Board approve an adjustment to Recology's 2026 compensation as delineated in **Table 5 – Comparison of 2025 and 2026 Compensation**. The total adjustment to Recology's contractor’s compensation is a 4.2% 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 2025 and 2026 Compensation**

RECOLOGY COMPENSATION SUMMARY	2025 Cost Proposed	2026 Cost Proposed	\$ Change	% Change
Total Annual Cost of Operations	\$ 67,664,244	\$ 69,780,581	\$ 2,116,337	3.1%
Profit	7,102,876	7,325,033	\$ 222,157	3.1%
Operating Ratio				
Total Operating Costs	\$ 74,767,120	\$ 77,105,614	\$ 2,338,494	3.1%
Contractor Pass-Through Costs				
Interest Expense ¹	\$ 1,127,286	\$ 1,127,286	\$ 0	0.0%
Contract Changes to Specific Agencies	-	834,110	834,110	
Total Contractor Pass-Through Costs	\$ 1,127,286	\$ 1,961,396	\$ 834,110	74.0%
BASE CONTRACTOR'S COMPENSATION	\$ 75,894,406	\$ 79,067,010	\$ 3,172,604	4.2%
Other Adjustments				
Performance Incentives / Disincentives	\$ (100,690)	\$ (115,121)	\$ (14,431)	14.3%
TOTAL CONTRACTOR'S COMPENSATION	\$ 75,793,716	\$ 78,951,890	\$ 3,158,174	4.2%

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 2026 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
Annual Cost of Operations											
Direct Labor-Related Costs											
Wages for CBAs	\$2,364,615	\$1,009,427	\$1,508,655	\$766,530	\$2,415,417	\$808,767	\$4,488,528	\$2,176,720	\$5,747,780	\$404,489	\$895,108
Benefits for CBAs	\$969,138	\$423,916	\$618,377	\$326,748	\$992,838	\$336,007	\$1,854,506	\$894,748	\$2,358,755	\$170,915	\$382,046
Payroll Taxes	\$191,534	\$81,764	\$122,201	\$62,089	\$195,649	\$65,510	\$363,571	\$176,314	\$465,570	\$32,764	\$72,504
Workers Compensation Insurance	\$169,147	\$72,470	\$108,126	\$54,878	\$172,795	\$57,933	\$321,617	\$155,926	\$412,060	\$29,005	\$64,242
Total Direct Labor Related-Costs	\$3,694,433	\$1,587,577	\$2,357,359	\$1,210,245	\$3,776,699	\$1,268,217	\$7,028,223	\$3,403,709	\$8,984,165	\$637,172	\$1,413,899
Direct Fuel Costs	\$321,059	\$153,181	\$222,723	\$121,963	\$373,070	\$116,914	\$651,257	\$330,703	\$814,342	\$61,927	\$133,552
Other Direct Costs	\$332,507	\$154,739	\$224,158	\$119,119	\$380,456	\$116,983	\$660,393	\$333,572	\$830,609	\$61,003	\$131,485
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	\$1,163,258	\$640,226	\$770,925	\$264,318	\$1,231,124	\$381,971	\$2,377,738	\$1,166,263	\$2,906,801	\$179,187	\$427,317
Operations	\$220,612	\$98,192	\$155,600	\$83,962	\$248,090	\$71,783	\$422,004	\$221,737	\$531,389	\$41,085	\$87,361
Vehicle Maintenance	\$421,642	\$187,668	\$297,389	\$160,471	\$474,160	\$137,195	\$806,550	\$423,792	\$1,015,609	\$78,523	\$166,967
Container Maintenance	\$159,195	\$83,315	\$111,466	\$40,190	\$174,378	\$50,674	\$304,327	\$151,823	\$389,058	\$25,879	\$58,584
Total Allocated Indirect Costs	\$1,964,707	\$1,009,400	\$1,335,381	\$548,940	\$2,127,752	\$641,623	\$3,910,620	\$1,963,615	\$4,842,858	\$324,674	\$740,230
Total Allocated Indirect Depreciation Costs	\$11,716	\$4,851	\$7,246	\$4,301	\$12,856	\$3,323	\$20,229	\$10,754	\$24,940	\$2,084	\$4,476
Annual Implementation Cost Amortization	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Annual Cost of Operations	6,709,989	3,089,478	4,403,217	2,150,674	7,112,048	2,275,555	13,011,580	6,425,637	16,406,084	1,163,516	2,592,628
Profit	\$704,364	\$324,310	\$462,216	\$225,761	\$746,569	\$238,870	\$1,365,856	\$674,514	\$1,722,186	\$122,137	\$272,154
Operating Ratio	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%
Total Operating Cost	\$7,414,353	\$3,413,788	\$4,865,433	\$2,376,436	\$7,858,617	\$2,514,425	\$14,377,436	\$7,100,151	\$18,128,270	\$1,285,654	\$2,864,783
Contractor Pass-Through Costs											
Interest Expense	\$109,178	\$49,263	\$71,433	\$36,791	\$124,283	\$35,721	\$205,038	\$106,275	\$252,182	\$19,870	\$43,574
Contract Changes to Specific Agencies							\$834,110				
Other Adjustments											
BASE CONTRACTOR'S COMPENSATION	\$7,523,531	\$3,463,051	\$4,936,867	\$2,413,226	\$7,982,899	\$2,550,146	\$15,416,584	\$7,206,426	\$18,380,451	\$1,305,523	\$2,908,357
Incentives and Disincentives	(\$12,034)	(\$8,380)	(\$7,150)	(\$1,770)	(\$10,737)	(\$5,318)	(\$23,660)	(\$9,581)	(\$27,057)	(\$1,107)	(\$2,552)
Total Contractor Adjustments	(\$12,034)	(\$8,380)	(\$7,150)	(\$1,770)	(\$10,737)	(\$5,318)	(\$23,660)	(\$9,581)	(\$27,057)	(\$1,107)	(\$2,552)
TOTAL CONTRACTOR'S COMPENSATION	\$7,511,497	\$3,454,671	\$4,929,717	\$2,411,457	\$7,972,162	\$2,544,828	\$15,392,924	\$7,196,845	\$18,353,395	\$1,304,416	\$2,905,805
Prior Year's Surplus/Shortfall to/from Recology											
Revenue Reconciliation 2024 (Surplus)/Shortfall	(\$203,072)	(\$80,013)	(\$484,559)	(\$124,237)	(\$1,436,442)	(\$194,029)	(\$670,291)	(\$1,686,548)	\$0	\$7,520	\$113,972
Interest on 2024 (Surplus)/Shortfall	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,072	\$16,241
Sub-Total	(\$203,072)	(\$80,013)	(\$484,559)	(\$124,237)	(\$1,436,442)	(\$194,029)	(\$670,291)	(\$1,686,548)	\$0	\$8,592	\$130,213
TOTAL BALANCE TO CONTRACTOR 2026	\$7,308,425	\$3,374,658	\$4,445,158	\$2,287,220	\$6,535,720	\$2,350,799	\$14,722,633	\$5,510,297	\$18,353,395	\$1,313,008	\$3,036,018

SECTION 4 2026 MEMBER AGENCY REVENUE REQUIREMENT OBLIGATIONS

4.A Components of Member Agency Revenue Requirement

The compensation to Recology for 2026 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 2026 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 2026 were provided by Member Agencies on July 9.

4.C Cost Variance from 2025 to 2026

The variance in Total Revenue Requirement from 2025 to 2026 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 2026 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 8/9/2025</small>	SBWMA TOTAL				
	2026 Variance				
	2025 Estimated	2026 Estimated	2026 vs. 2025 Change	2026 vs. 2025 %	% Rate Impact
Estimated Revenue (Before Rate Increase)		\$147,069,664			
Projected Collection Revenue (After Rate Increase)	\$146,400,430				
Total Contractor's Compensation					
Base Compensation	\$75,894,407	\$79,067,010	\$3,172,604	4.2%	2.2%
Agency Specific Contract Changes	\$0	\$0	\$0	0.0%	0.0%
Incentives / Disincentives	(\$100,690)	(\$115,121)	(\$14,430)	14.3%	0.0%
Total Contractor's Compensation	\$75,793,716	\$78,951,890	\$3,158,173	4.2%	2.1%
Other Pass-Through Costs					
Disposal & Processing Fees	\$49,139,952	\$51,648,088	\$2,508,136	5.1%	1.7%
Agency Franchise & Other Fees	\$19,834,076	\$20,004,601	\$170,524	0.9%	0.1%
Subtotal Other Pass-Through Costs	\$68,974,029	\$71,652,689	\$2,678,660	3.9%	1.8%
TOTAL REVENUE REQUIREMENT	\$144,767,745	\$150,604,578	\$5,836,833	4.0%	4.0%
2024 Estimated Surplus / <Shortfall>	\$1,632,685				
2025 Estimated Surplus / <Shortfall>		(\$3,534,913)			
Required Revenue Adjustment		2.4%			2.4%
<small>All numbers above are current estimates except 2025 Contractor's (Recology) Compensation which is final and 2026 Contractor's Compensation which is subject to Board Approval.</small>					

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4.D Total Recommended Rate Adjustment

The RethinkWaste is responsible for compiling all the components that make up the recommended rate adjustment for 2026 and are summarized in **Table 8**. The amounts shown in Table 8 reflect estimated balances at December 31, 2026 before any 2026 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 2026. The Total Rate Adjustment Percentage (line **F.3**) is derived from comparing the 2026 base revenue at 2025 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 2026 compensation to Recology included in **Table 8** is from Recology's Compensation Adjustment submitted to the City. Once The City of Belmont's actual 2026 compensation is approved by the City this **Draft** Report and all tables within will be updated.

- **Section A** – This section provides the estimated 2026 Collection Revenue using 2025 rates (**A.1**), the 2026 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 2024 Recology Revenue Reconciliation surplus/shortfall, including 2022 close out, that must be added to the 2026 rate adjustment.
- **Section C** – This section provides the 2026 Calculated Rate Adjustment which is the sum of sections A and B.
- **Section D** – This section provides the “2025 Estimated Surplus/Shortfall” balance with Recology (**D.1**), the final 2023 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. The 2024 Cap Carry Forward balance is included in this section for those Member Agencies that elected to defer for 2024.
- **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 RethinkWaste 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)

RethinkWaste							
TOTAL COLLECTION RATE ADJUSTMENT BY MEMBER AGENCY							
as of 09/11/2025			2026 Rate Year				
	Belmont *	Burlingame	East Palo Alto	Foster City	Hillsborough	Menlo Park	
A. 2026 RATE YEAR							
A.1	2026 Collection Revenue @ 2025 Rates	\$10,082,879	\$15,276,334	\$7,169,539	\$8,113,496	\$4,273,929	\$16,876,638
A.2	Total Recology Compensation	\$5,092,412	\$7,511,497	\$3,454,671	\$4,929,717	\$2,411,457	\$7,972,162
A.3	Additional Costs						
A.4	Disposal & Processing Fees	\$2,369,017	\$5,285,562	\$3,125,637	\$3,083,362	\$1,617,104	\$6,115,698
A.5	Agency Franchise Fees	\$2,621,449	\$2,371,613	\$872,196	\$513,403	\$391,248	\$2,649,805
A.6	Agency Specific Contract Changes						
A.6	Total Additional Costs	\$4,990,466	\$7,657,175	\$3,997,833	\$3,596,765	\$2,008,352	\$8,765,503
A.7	2026 Revenue Requirement	\$10,082,878	\$15,168,672	\$7,452,504	\$8,526,482	\$4,419,809	\$16,737,665
A.8	2026 Surplus/(Shortfall) estimated	(\$0)	\$107,663	(\$282,964)	(\$412,986)	(\$145,880)	\$138,974
A.9	Agency Fees on A.8 Shortfall			(\$27,017)	(\$20,649)	(\$14,588)	
A.10	Rate Adjustment Percentage (Associated with 2026 estimated Surplus/Shortfall)		-0.7%	4.3%	5.3%	3.8%	-0.8%
B. 2024 Final Surplus/(Shortfall)							
B.1	Surplus/(Shortfall) 2024 FINAL (incl. Interest)		\$203,072	\$80,013	\$484,559	\$124,237	\$1,436,442
B.2	Agency Fees on B.1 Shortfall						
B.3	Rate Adjustment Percentage (Associated with 2024 Final Surplus/Shortfall)		-1.3%	-1.1%	-6.0%	-2.9%	-8.5%
C. 2026 REQUIRED REVENUE ADJUSTMENT							
C.1	Cumulative Revenue Requirement (A.7-A.9-B.1-B.2)	\$10,082,878	\$14,965,600	\$7,399,508	\$8,062,572	\$4,310,160	\$15,301,223
C.2	Subtotal Surplus/(Shortfall) (A.1 - C.1)	(\$0)	\$310,735	(\$229,968)	\$50,924	(\$36,231)	\$1,575,416
C.3	Rate Adjustment Percentage (C.2 / A.1)		-2.0%	3.2%	-0.6%	0.8%	-9.3%
D. 2025 Estimated Surplus/(Shortfall)							
D.1	Surplus/(Shortfall), 2025 estimated		\$607,251	(\$38,236)	(\$32,758)	(\$22,270)	\$577,221
D.2	Surplus/(Shortfall) 2023 FINAL (incl. Interest)			\$108,244	\$317,850	\$219,523	\$614,052
D.3	Net Estimated 2025 Surplus/Shortfall		\$607,251	\$70,008	\$285,092	\$197,253	\$1,191,273
D.4	Agency Fees on D.3 Estimated Shortfall						
D.5	Rate Adjustment Percentage (Associated with 2024 Estimated Surplus/Shortfall)		-4.0%	-1.0%	-3.5%	-4.6%	-7.1%
E. Adjustments							
E.1	Miscellaneous Adjustment/Payment						
F. TOTAL RATE IMPACT							
F.1	Cumulative Revenue Requirement (C.1-D.3+E.1)	\$10,082,878	\$14,358,349	\$7,329,500	\$7,777,480	\$4,112,907	\$14,109,950
F.2	Total Surplus/(Shortfall) (A.1 - F.1)	\$1	\$917,985	(\$159,961)	\$336,016	\$161,022	\$2,766,689
F.3	Total Rate Adjustment Percentage (F.2 / A.1)	0.0%	-6.0%	2.2%	-4.1%	-3.8%	-16.4%
* The City of Belmont's 2026 Revenue Requirement is Recology's requested rate, not Belmont's approved or accepted rate. A.1 represents Belmont's 2026 target revenue as calculated by Recology in the requested compensation application							

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

RethinkWaste							
TOTAL COLLECTION RATE ADJUSTMENT BY MEMBER AGENCY							
as of 09/11/2025			2026 Rate Year				
	North Fair Oaks	Redwood City	San Carlos	San Mateo	West Bay	Unincorporated County - Total	
A. 2026 RATE YEAR							
A.1	2026 Collection Revenue @ 2025 Rates	\$4,382,353	\$27,250,519	\$12,635,859	\$34,305,904	\$2,207,852	\$4,767,513
A.2	Total Recology Compensation	\$2,544,828	\$15,392,924	\$7,196,845	\$18,353,395	\$1,304,416	\$2,905,805
A.3	Additional Costs						
A.4	Disposal & Processing Fees	\$1,658,812	\$10,239,238	\$3,824,606	\$11,597,086	\$824,951	\$1,628,737
A.5	Agency Franchise Fees	\$201,765	\$3,787,608	\$1,636,990	\$4,628,703	\$126,662	\$228,454
A.6	Agency Specific Contract Changes						
A.6	Total Additional Costs	\$1,860,576	\$14,026,846	\$5,461,596	\$16,225,789	\$951,613	\$1,857,191
A.7	2026 Revenue Requirement	\$4,405,405	\$29,419,770	\$12,658,441	\$34,579,184	\$2,256,029	\$4,762,996
A.8	2026 Surplus/(Shortfall) estimated	(\$23,052)	(\$2,169,251)	(\$22,582)	(\$273,280)	(\$48,178)	\$4,517
A.9	Agency Fees on A.8 Shortfall	(\$1,153)	(\$296,103)	(\$2,710)	(\$10,931)	(\$2,891)	
A.10	Rate Adjustment Percentage (Associated with 2026 estimated Surplus/Shortfall)	0.6%	9.0%	0.2%	0.8%	2.3%	-0.1%
B. 2024 Final Surplus/(Shortfall)							
B.1	Surplus/(Shortfall) 2024 FINAL (incl. Interest)	\$194,029	\$670,291	\$1,686,548		(\$7,520)	(\$113,972)
B.2	Agency Fees on B.1 Shortfall					(\$451)	(\$5,699)
B.3	Rate Adjustment Percentage (Associated with 2024 Final Surplus/Shortfall)	-4.4%	-2.5%	-13.3%		0.4%	2.5%
C. 2026 REQUIRED REVENUE ADJUSTMENT							
C.1	Cumulative Revenue Requirement (A.7-A.9-B.1-B.2)	\$4,212,528	\$29,045,582	\$10,974,602	\$34,590,115	\$2,266,891	\$4,882,667
C.2	Subtotal Surplus/(Shortfall) (A.1 - C.1)	\$169,825	(\$1,795,063)	\$1,661,257	(\$284,211)	(\$59,040)	(\$115,154)
C.3	Rate Adjustment Percentage (C.2 / A.1)	-3.9%	6.6%	-13.1%	0.8%	2.7%	2.4%
D. 2025 Estimated Surplus/(Shortfall)							
D.1	Surplus/(Shortfall), 2025 estimated	\$43,271	(\$341,479)	\$354,004	\$664,121	\$17,157	\$138,726
D.2	Surplus/(Shortfall) 2023 FINAL (incl. Interest)	\$34,804	\$283,710	\$549,540		\$48,100	\$11,705
D.3	Net Estimated 2025 Surplus/Shortfall	\$78,075	(\$57,769)	\$903,544	\$664,121	\$65,257	\$150,431
D.4	Agency Fees on D.3 Estimated Shortfall		(\$7,885)				
D.5	Rate Adjustment Percentage (Associated with 2024 Estimated Surplus/Shortfall)	-1.8%	0.2%	-7.2%	-1.9%	-3.0%	-3.2%
E. Adjustments							
E.1	Miscellaneous Adjustment/Payment	\$65,395	\$368,527		\$492,047		\$11,130
F. TOTAL RATE IMPACT							
F.1	Cumulative Revenue Requirement (C.1-D.3+E.1)	\$4,134,453	\$29,111,236	\$10,071,059	\$33,925,994	\$2,201,634	\$4,732,236
F.2	Total Surplus/(Shortfall) (A1 - F1)	\$247,899	(\$1,860,717)	\$2,564,800	\$379,911	\$6,218	\$35,277
F.3	Total Rate Adjustment Percentage (F.2 / A.1)	-5.7%	6.8%	-20.3%	-1.1%	-0.3%	-0.7%

SECTION 5 CONCLUSION

RethinkWaste’s review of the 2026 Recology Compensation Application results in the recommendation to increase the 2026 compensation to Recology (i.e., Total Contractor’s Compensation) by 4.2% from the approved 2025 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.



A Public Agency

TAC REVIEW OF RETHINKWASTE REPORT REVIEWING THE 2026 SOUTH BAYSIDE INDUSTRIES (SBI) COMPENSATION APPLICATION

Agenda Item 7

TAC Review of the RethinkWaste Draft Report Reviewing the 2026 South Bayside Industries Compensation Application

No Staff Report Presentation and Discussion Item Only

Attachment A:

RethinkWaste Draft Report Reviewing the 2025 South Bayside Industries Compensation Application

Attachment B:

South Bayside Industries response to RethinkWastes' inquiry regarding the Juneteenth benefit included in the compensation application



RETHINKWASTE **DRAFT**
REPORT REVIEWING THE
2026 SOUTH BAYSIDE INDUSTRIES (SBI)
COMPENSATION APPLICATION

September 11, 2025

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Appendix A - SBI 2026 Compensation Application

Attachement A - SBI Memo on CBA benefits compensation

SECTION 1. OVERVIEW

A. Shoreway Operations Agreement Terms

After an extensive public procurement process, the RethinkWaste 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:

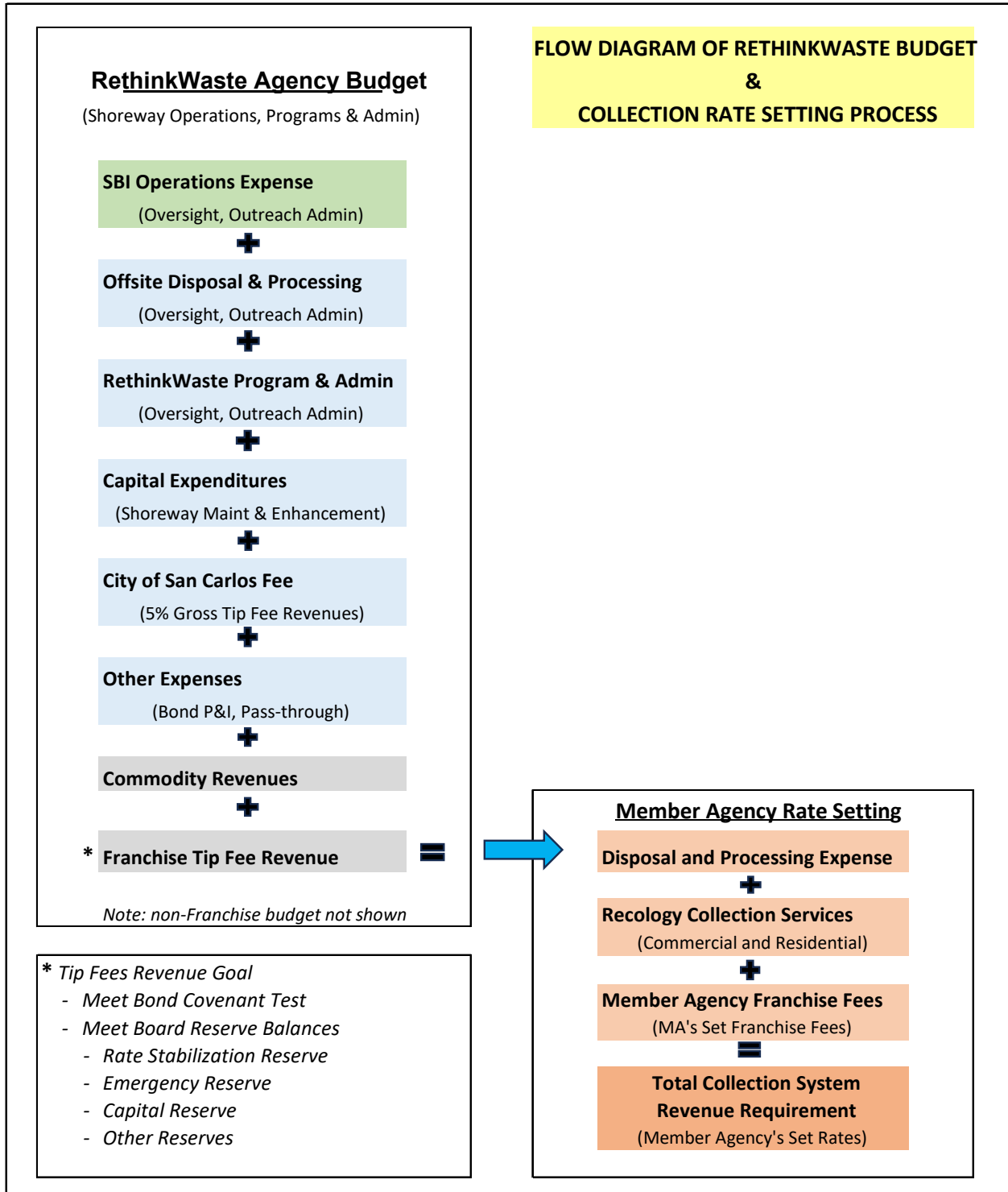
- Processing materials at the Transfer Station (TS)
- Processing materials at the Materials Recovery Facility (MRF)
- Transporting materials to the disposal and processing facilities.

The Shoreway Operations Agreement (“Agreement”) with SBI prescribes that the RethinkWaste 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 2026 fees per ton contained in this report. The SBI Compensation Application is also reviewed and approved by the RethinkWaste 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 2026 compensation for SBI will be bundled with all other RethinkWaste operating budget expenses (e.g., disposal expense, franchise fees paid to the City of San Carlos, debt service, RethinkWaste program budget, etc.) to set the 2026 Shoreway Tip Fees. The 2026 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 2026. 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 RethinkWaste 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. Costs are adjusted based on various criteria; either actual cost or 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 (*non-index/based on labor rates*)
- Benefits for CBA labor (*non-index/based on labor rates*)
- Workers' compensation insurance (CBA labor) (*index*)
- Payroll taxes (*non-index/based on labor rates*)
- 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) were 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 future years' Service Fees.

SECTION 2. SBI 2026 COMPENSATION APPLICATION

A. Analysis of SBI 2026 Compensation Application

RethinkWaste 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. SBI included an additional adjustment to their proposed compensation to account for the inclusion of the Federal Juneteenth holiday, which was recently negotiated into the CBA agreements. Staff requested further information from SBI on their compensation request for noted Juneteenth adjustment. SBI responded with a memo to RethinkWaste, which is included in Attachment A. Staff has concluded that modifications to CBA benefits are included in the SBI contract language as an adjustment to compensation. Staff has verified that the SBI Compensation Application is complete and meets the requirements of the Operations Agreement.

CBA labor and benefits are adjusted by actual CBA wage adjustments. The 2026 Shoreway Operations CBA agreement includes a 9% wage increase. Staff requested an explanation of this increase and SBI provided the following narrative:

“We are pleased to have attained a signed CBA for the next five years for the Facility Operations Unit starting in 2026 that supports a reasonable standard of compensation for these very important jobs while keeping the overall impact to the rate application at a reasonable level. While the timing for implementation of certain elements of the new Facility Operations Unit CBA varies from the CBAs for the Drivers and Clerical staff, the total value over the five-year life of this new CBA is in line with the other two that were negotiated in mid-2023. The company generally takes into account the individual components that make up wages and benefits and compares to area standards in current and future years (from known sources) for these elements for each position and negotiates accordingly”.

As shown in **Table 2** below, Total Compensation for SBI in 2026 is estimated to be \$33,916,369.

Table 2

2026 Costs & Fees					
SOUTH BAYSIDE INDUSTRIES	2025		2026		% Inc
	Total Cost	Fee/Ton	Total Cost	Fee/Ton	
Operating Cost					
Transfer Station	\$ 8,950,174	\$ 27.67	\$ 9,524,716	\$ 29.44	6.4%
Recyclable Materials Processing, net of Residue	\$ 12,334,616	\$ 180.07	\$ 12,987,795	\$ 189.60	5.3%
Transportation (cost/ton)	\$ 11,088,720	\$ 32.05	\$ 11,403,857	\$ 32.96	2.8%
Total Estimated Compensation	\$ 32,373,511		\$ 33,916,369		4.8%

B. Description of 2026 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 2026

- **Transfer Station Processing Fee.** The 2026 Transfer Station fee is \$29.44 per ton.
- **MRF Processing Fee.** The 2025 MRF Processing fee is \$193.02 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 \$189.60*).

- **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 2026 Transportation Fee is \$1.49 per ton mile. The transportation rate detail for each material type and destination are presented in the **Appendix A** – SBI Compensation Adjustment Application Worksheets.



A Public Agency


SOUTH BAYSIDE INDUSTRIES

Contractor Compensation Adjustment Application for Rate Year 2026

South Bayside Industries

Contractor Compensation Adjustment Application for Rate Year 2026_Final_V2DH_jm

A. Summary of Fees

				
		Year 1	Year 2	Year 3
		2024	2025	2026
Annual % Change	Tons			
Transportation			2.36%	2.84%
Transfer Station			3.28%	6.42%
MRF			3.74%	5.30%
Cost per Ton Fees				
Transportation (Cost / ton)	346,000	\$ 31.31	\$ 32.05	\$ 32.96
Transfer Station	323,500	\$ 26.79	\$ 27.67	\$ 29.44
MRF (net residue)	68,500	\$ 173.57	\$ 180.07	\$ 189.60
Cost by LOB				
Transportation		\$ 10,833,099.33	\$ 11,088,720.33	\$ 11,403,857.24
Transfer Station		\$ 8,665,644.60	\$ 8,950,174.16	\$ 9,524,716.14
MRF (net residue)		\$ 11,889,668.93	\$ 12,334,616.31	\$ 12,987,795.49
Total Estimated Compensation		\$ 31,388,412.86	\$ 32,373,510.79	\$ 33,916,368.87

Transportation Cost/Ton-Mile

Solid Waste to OX LF	\$ 1.76	\$ 1.80	\$ 1.86
C&D to Greenwaste Recovery	\$ 1.34	\$ 1.36	\$ 1.40
Organics to Newby	\$ 0.92	\$ 0.94	\$ 0.96
Organics to BVON	\$ 0.77	\$ 0.78	\$ 0.80
Food Scraps to Newby	\$ 1.06	\$ 1.09	\$ 1.11
Food Scraps to BVON	\$ 0.77	\$ 0.78	\$ 0.80
Glass to SMI-Fairfield	\$ 0.67	\$ 0.67	\$ 0.69

South Bayside Industries
Contractor Compensation Adjustment Application for Rate Year 2026_Final_V2DH_jm
B Transportation Cost Detail

			Year 1		Year 2		Year 3	
			2024		2025		2026	
			Adjustment		Adjustment		Adjustment	
			Per Ton-Mile		Per Ton-Mile		Per Ton-Mile	
			Factor		Factor		Factor	
			Per Ton-Mile		Per Ton-Mile		Per Ton-Mile	
BASE								
	Tons							
Solid Waste Transport Fee - OX MTN LF	195,000	\$ 5,132,823.58	\$ 1.76	2.68%	\$ 1.80	3.03%	\$ 1.86	
C&D Transport Fee - Zanker Road	41,000	\$ 1,262,717.49	\$ 1.34	1.77%	\$ 1.36	2.46%	\$ 1.40	
Green/Organics Transport Fee - Newby	40,000	\$ 915,565.31	\$ 0.92	1.76%	\$ 0.94	2.49%	\$ 0.96	
Green/Organics Transport Fee - BVON	45,000	\$ 2,509,032.29	\$ 0.77	1.35%	\$ 0.78	2.29%	\$ 0.80	
Food Scraps Transport Fee - Newby	9,000	\$ 241,498.51	\$ 1.06	1.96%	\$ 1.09	2.50%	\$ 1.11	
Food Scraps Transport Fee - BVON	4,000	\$ 223,018.52	\$ 0.77	1.35%	\$ 0.78	2.29%	\$ 0.80	
MRF Glass Transport Fee - SMI	12,000	\$ 548,443.65	\$ 0.67	0.53%	\$ 0.67	1.83%	\$ 0.69	
Blended Total	346,000		\$ 1.42	2.36%	\$ 1.45	2.84%	\$ 1.49	
Total Cost Estimate		\$ 10,833,099.33			\$ 11,088,720.33		\$ 11,403,857.24	
Cost / Ton			\$ 31.31		\$ 32.05		\$ 32.96	
<hr/>								
Solid Waste Transport Fee - OX MTN LF								
Wages	\$ 1,709,575.92		\$ 0.58	7.27%	\$ 0.63	5.96%	\$ 0.66	
Benefits	\$ 789,038.55		\$ 0.27	4.08%	\$ 0.28	4.17%	\$ 0.29	
Workers Compensation	\$ 77,991.14		\$ 0.03	2.97%	\$ 0.03	2.33%	\$ 0.03	
Payroll Taxes	\$ 130,782.17		\$ 0.04	7.27%	\$ 0.05	5.96%	\$ 0.05	
ADP Processing Fees	\$ 5,291.40		\$ 0.00	7.27%	\$ 0.00	5.96%	\$ 0.00	
Fuel	\$ 316,232.00		\$ 0.11	-26.30%	\$ 0.08	-18.23%	\$ 0.07	
Depreciation	\$ 328,188.00		\$ 0.11	0.00%	\$ 0.11	0.00%	\$ 0.11	
Other O&M Component	\$ 822,500.64		\$ 0.28	2.97%	\$ 0.29	2.44%	\$ 0.30	
Clerical CBA Wages & Benefits	\$ 147,606.68		\$ 0.05	6.68%	\$ 0.05	4.30%	\$ 0.06	
Total Operating Cost		\$ 4,327,206.50	\$ 1.48		\$ 1.52		\$ 1.57	
Profit per Operating Ratio	\$ 646,594	87.00%	\$ 0.22		\$ 0.23		\$ 0.23	
Interest (Pass-Through Cost)	\$ 159,023.00		\$ 0.05	0.00%	\$ 0.05	0.00%	\$ 0.05	
Total SW Transportation Fee			\$ 1.76	2.68%	\$ 1.80	3.03%	\$ 1.86	
One-Way Miles to OX	\$ 15							
# Tons	195,000							
Total Payment	\$ 5,132,823.58							
Cost Form	\$ 5,132,823.58							
<hr/>								
C&D Transport Fee - Zanker Road								
Wages	\$ 381,327.15		\$ 0.40	7.27%	\$ 0.43	5.96%	\$ 0.46	
Benefits	\$ 176,973.36		\$ 0.19	4.08%	\$ 0.20	4.17%	\$ 0.20	
Workers Compensation	\$ 17,493.19		\$ 0.02	2.97%	\$ 0.02	2.33%	\$ 0.02	
Payroll Taxes	\$ 29,171.53		\$ 0.03	7.27%	\$ 0.03	5.96%	\$ 0.04	
ADP Processing Fees	\$ 1,186.85		\$ 0.00	7.27%	\$ 0.00	5.96%	\$ 0.00	
Fuel	\$ 99,847.00		\$ 0.11	-26.30%	\$ 0.08	-18.23%	\$ 0.06	
Depreciation	\$ 114,844.00		\$ 0.12	0.00%	\$ 0.12	0.00%	\$ 0.12	
Other O&M Component	\$ 196,200.94		\$ 0.21	2.97%	\$ 0.21	2.44%	\$ 0.22	
Clerical CBA wages & benefits	\$ 33,107.31		\$ 0.04	6.68%	\$ 0.04	4.30%	\$ 0.04	
Total Operating Cost		\$ 1,050,151.32	\$ 1.11		\$ 1.14		\$ 1.16	
Profit per Operating Ratio	\$ 156,919	87.00%	\$ 0.17		\$ 0.17		\$ 0.17	
Interest (Pass-Through Cost)	\$ 55,647.00		\$ 0.06	0.00%	\$ 0.06	0.00%	\$ 0.06	
Total C&D Transportation Fee			\$ 1.34	1.77%	\$ 1.36	2.46%	\$ 1.40	
One-Way Miles to Zanker	23							
# Tons	41,000							
Total Payment	\$ 1,262,717.49							
Cost Form	\$ 1,262,717.49							

South Bayside Industries
Contractor Compensation Adjustment Application for Rate Year 2026_Final_V2DH_jm
B Transportation Cost Detail

					Year 1		Year 2		Year 3	
					2024	2025		2026		
					Per Ton-Mile	Adjustment Factor	Per Ton-Mile	Adjustment Factor	Per Ton-Mile	
Green/Organics Transport Fee - Newby					BASE					
Wages	\$	278,893.66			\$ 0.28	7.27%	\$ 0.30	5.96%	\$ 0.32	
Benefits	\$	140,514.28			\$ 0.14	4.08%	\$ 0.15	4.17%	\$ 0.15	
Workers Compensation	\$	13,889.49			\$ 0.01	2.97%	\$ 0.01	2.33%	\$ 0.01	
Payroll Taxes	\$	21,335.37			\$ 0.02	7.27%	\$ 0.02	5.96%	\$ 0.02	
ADP Processing Fees	\$	942.35			\$ 0.00	7.27%	\$ 0.00	5.96%	\$ 0.00	
Fuel	\$	75,125.00			\$ 0.08	-26.30%	\$ 0.06	-18.23%	\$ 0.05	
Depreciation	\$	74,250.00			\$ 0.07	0.00%	\$ 0.07	0.00%	\$ 0.07	
Other O&M Component	\$	134,008.88			\$ 0.13	2.97%	\$ 0.14	2.44%	\$ 0.14	
Clerical CBA wages & benefits	\$	26,281.92			\$ 0.03	6.68%	\$ 0.03	4.30%	\$ 0.03	
Total Operating Cost		\$ 765,240.96			\$ 0.77		\$ 0.78		\$ 0.80	
Profit per Operating Ratio	\$ 114,346	87.00%		13.00%	\$ 0.11		\$ 0.12		\$ 0.12	
Interest (Pass-Through Cost)	\$	35,978.00			\$ 0.04	0.00%	\$ 0.04	0.00%	\$ 0.04	
Total Green/Organics Transportation Fee					\$ 0.92	1.76%	\$ 0.94	2.49%	\$ 0.96	
		One-Way Miles to Newby		25						
		# Tons		40,000						
		Total Payment	\$	915,565.31						
		Cost Form	\$	915,565.31	\$	-				
<hr/>										
Green/Organics Transport Fee - BVON										
Wages	\$	803,329.10			\$ 0.25	7.27%	\$ 0.27	5.96%	\$ 0.28	
Benefits	\$	312,967.72			\$ 0.10	4.08%	\$ 0.10	4.17%	\$ 0.10	
Workers Compensation	\$	30,935.19			\$ 0.01	2.97%	\$ 0.01	2.33%	\$ 0.01	
Payroll Taxes	\$	61,454.68			\$ 0.02	7.27%	\$ 0.02	5.96%	\$ 0.02	
ADP Processing Fees	\$	2,098.83			\$ 0.00	7.27%	\$ 0.00	5.96%	\$ 0.00	
Fuel	\$	243,406.00			\$ 0.07	-26.30%	\$ 0.06	-18.23%	\$ 0.05	
Depreciation	\$	167,063.00			\$ 0.05	0.00%	\$ 0.05	0.00%	\$ 0.05	
Other O&M Component	\$	432,602.19			\$ 0.13	2.97%	\$ 0.14	2.44%	\$ 0.14	
Clerical CBA wages & benefits	\$	58,574.88			\$ 0.02	6.68%	\$ 0.02	4.30%	\$ 0.02	
Total Operating Cost		\$ 2,112,431.59			\$ 0.65		\$ 0.66		\$ 0.67	
Profit per Operating Ratio	\$ 315,651	87.00%		13.00%	\$ 0.10		\$ 0.10		\$ 0.10	
Interest (Pass-Through Cost)	\$	80,950.00			\$ 0.02	0.00%	\$ 0.02	0.00%	\$ 0.02	
Total Green/Organics Transportation Fee					\$ 0.77	1.35%	\$ 0.78	2.29%	\$ 0.80	
		One-Way Miles to BVON		72						
		# Tons		45,000						
		Total Payment	\$	2,509,032.29						
		Cost Form	\$	2,509,032.29	\$	-				
<hr/>										
Food Scraps Transport Fee - Newby										
Wages	\$	63,258.57			\$ 0.28	7.27%	\$ 0.30	5.96%	\$ 0.32	
Benefits	\$	32,946.60			\$ 0.15	4.08%	\$ 0.15	4.17%	\$ 0.16	
Workers Compensation	\$	3,257.25			\$ 0.01	2.97%	\$ 0.01	2.33%	\$ 0.02	
Payroll Taxes	\$	4,839.28			\$ 0.02	7.27%	\$ 0.02	5.96%	\$ 0.02	
ADP Processing Fees	\$	220.99			\$ 0.00	7.27%	\$ 0.00	5.96%	\$ 0.00	
Fuel	\$	16,903.00			\$ 0.07	-26.30%	\$ 0.05	-18.23%	\$ 0.04	
Depreciation	\$	16,706.00			\$ 0.07	0.00%	\$ 0.07	0.00%	\$ 0.07	
Other O&M Component	\$	58,766.39			\$ 0.26	2.97%	\$ 0.27	2.44%	\$ 0.27	
Clerical CBA wages & benefits	\$	6,162.97			\$ 0.03	6.68%	\$ 0.03	4.30%	\$ 0.03	
Total Operating Cost		\$ 203,061.05			\$ 0.90		\$ 0.91		\$ 0.94	
Profit per Operating Ratio	\$ 30,342	87.00%		13.00%	\$ 0.13		\$ 0.14		\$ 0.14	
Interest (Pass-Through Cost)	\$	8,095.00			\$ 0.04	0.00%	\$ 0.04	0.00%	\$ 0.04	
Total Food Scraps Transportation Fee					\$ 1.06	1.96%	\$ 1.09	2.50%	\$ 1.11	
		One-Way Miles to Newby		25						
		# Tons		9,000						
		Total Payment	\$	241,498.51						
		Cost Form	\$	241,498.51	\$	-				

South BaySide Industries
 Contractor Compensation Adjustment Application for Rate Year 2026_Final_V2DH_jm
 B Transportation Cost Detail



	BASE	Year 1		Year 2		Year 3	
		2024	2025		2026		
		Per Ton-Mile	Adjustment Factor	Per Ton-Mile	Adjustment Factor	Per Ton-Mile	
Food Scraps Transport Fee - BVON							
Wages	71,407.08	\$ 0.25	7.27%	\$ 0.27	5.96%	\$ 0.28	
Benefits	27,812.70	\$ 0.10	4.08%	\$ 0.10	4.17%	\$ 0.10	
Workers Compensation	2,749.81	\$ 0.01	2.97%	\$ 0.01	2.33%	\$ 0.01	
Payroll Taxes	5,462.64	\$ 0.02	7.27%	\$ 0.02	5.96%	\$ 0.02	
ADP Processing Fees	186.56	\$ 0.00	7.27%	\$ 0.00	5.96%	\$ 0.00	
Fuel	21,636.00	\$ 0.07	-26.30%	\$ 0.06	-18.23%	\$ 0.05	
Depreciation	14,850.00	\$ 0.05	0.00%	\$ 0.05	0.00%	\$ 0.05	
Other O&M Component	38,454.12	\$ 0.13	2.97%	\$ 0.14	2.44%	\$ 0.14	
Clerical CBA wages & benefits	5,206.68	\$ 0.02	6.68%	\$ 0.02	4.30%	\$ 0.02	
Total Operating Cost	187,765.59	\$ 0.65		\$ 0.66		\$ 0.67	
Profit per Operating Ratio	\$ 28,057 87.00%	\$ 0.10		\$ 0.10		\$ 0.10	
Interest (Pass-Through Cost)	7,196.00	\$ 0.02	0.00%	\$ 0.02	0.00%	\$ 0.02	
Total Food Scraps Transportation Fee		\$ 0.77	1.35%	\$ 0.78	2.29%	\$ 0.80	
One-Way Miles to BVON	72						
# Tons	4,000						
Total Payment	\$ 223,018.52						
Cost Form	\$ 223,018.52						
<hr/>							
MRF Glass Transport Fee - SMI							
Wages	\$ 168,919.48	\$ 0.21	7.27%	\$ 0.22	5.96%	\$ 0.23	
Benefits	\$ 70,563.95	\$ 0.09	4.08%	\$ 0.09	4.17%	\$ 0.09	
Workers Compensation	\$ 6,975.44	\$ 0.01	2.97%	\$ 0.01	2.33%	\$ 0.01	
Payroll Taxes	\$ 12,922.34	\$ 0.02	7.27%	\$ 0.02	5.96%	\$ 0.02	
ADP Processing Fees	\$ 473.26	\$ 0.00	7.27%	\$ 0.00	5.96%	\$ 0.00	
Fuel	\$ 64,908.00	\$ 0.08	-26.30%	\$ 0.06	-18.23%	\$ 0.05	
Depreciation	\$ 42,263.00	\$ 0.05	0.00%	\$ 0.05	0.00%	\$ 0.05	
Other O&M Component	\$ 79,099.46	\$ 0.10	2.97%	\$ 0.10	2.44%	\$ 0.10	
Clerical CBA wages & benefits	\$ 13,205.19	\$ 0.02	6.68%	\$ 0.02	4.30%	\$ 0.02	
Total Operating Cost	\$ 459,330.12	\$ 0.56		\$ 0.57		\$ 0.58	
Profit per Operating Ratio	\$ 68,636 87.00%	\$ 0.08		\$ 0.08		\$ 0.09	
Interest (Pass-Through Cost)	\$ 20,478.00	\$ 0.03	0.00%	\$ 0.03	0.00%	\$ 0.03	
Total MRF Glass Transportation Fee		\$ 0.67	0.53%	\$ 0.67	1.83%	\$ 0.69	
One-Way Miles to SMI	68						
# Tons	12,000						
Total Payment	\$ 548,443.65						
Cost Form	\$ 548,443.65						

South Bayside Industries
 Contractor Compensation Adjustment Application for Rate Year 2026_Final_V2DH_jm
 C. Transfer Station Cost Detail



	Tons	BASE		Year 2		Year 3	
		2024 Cost	2024 Cost / Ton	Adjustment Factor	2025 Cost / Ton	Adjustment Factor	2026 Cost / Ton
SUMMARY OF ANNUAL FEE ADJUSTMENTS	323,500						
Direct Labor							
Wages		\$ 3,157,652.71	\$ 9.76	4.07%	\$ 10.16	9.23%	\$ 11.10
Benefits		\$ 1,603,699.00	\$ 4.96	2.97%	\$ 5.10	3.33%	\$ 5.27
Workers Compensation		\$ 135,935.00	\$ 0.42	2.97%	\$ 0.43	2.33%	\$ 0.44
Payroll Taxes		\$ 241,560.00	\$ 0.75	2.97%	\$ 0.77	9.23%	\$ 1.02
ADP Processing Fees		\$ 10,400.00	\$ 0.03	4.07%	\$ 0.03	9.23%	\$ 0.04
Total Direct Labor		\$ 5,149,246.71	\$ 15.92		\$ 16.50		\$ 17.87
Utilities		\$ 160,854.00	\$ 0.50	19.07%	\$ 0.59	11.80%	\$ 0.66
Fuel		\$ 113,928.00	\$ 0.35	-26.3%	\$ 0.26	-18.23%	\$ 0.21
Depreciation		\$ 327,124.00	\$ 1.01	0.00%	\$ 1.01	0.00%	\$ 1.01
Other O&M		\$ 1,403,044.61	\$ 4.34	2.97%	\$ 4.47	2.44%	\$ 4.57
Clerical Labor							
Wages		\$ 150,189.37	\$ 0.46	7.85%	\$ 0.50	4.50%	\$ 0.52
Benefits		\$ 93,274.33	\$ 0.29	4.80%	\$ 0.30	3.96%	\$ 0.31
Workers Compensation		\$ 7,887.79	\$ 0.02	2.97%	\$ 0.03	2.33%	\$ 0.03
Payroll Taxes		\$ 11,489.49	\$ 0.04	7.85%	\$ 0.04	4.50%	\$ 0.04
ADP Processing Fees		\$ 672.71	\$ 0.00	7.85%	\$ 0.00	4.50%	\$ 0.00
Total Clerical Labor		\$ 263,513.68	\$ 0.81		\$ 0.87		\$ 0.91
Total Operating Cost		\$ 7,417,711.00	\$ 22.93		\$ 23.69		\$ 25.24
Profit		\$ 1,108,393.60	\$ 3.43		\$ 3.54		\$ 3.77
Operating Ratio		87.00%	87.00%		87.00%		87.00%
Interest (Pass-Through)		\$ 139,540.00	\$ 0.43	0.00%	\$ 0.43	0.00%	\$ 0.43
Total Operating Cost		\$ 8,665,644.60	\$ 26.79		\$ 27.67		\$ 29.44
% Increase					3.28%		6.42%
Total Cost Estimate			\$ 8,665,644.60		\$ 8,950,174.16		\$ 9,524,716.14

South Bayside Industries
Contractor Compensation Adjustment Application for Rate Year 2026_Final_V2DH_jm
D. MRF Cost Detail

	Tons	BASE		Year 2		Year 3	
		2024 Cost	2024 Cost / Ton	Adjustment Factor	2025 Cost / Ton	Adjustment Factor	2026 Cost / Ton
SUMMARY OF ANNUAL FEE ADJUSTMENTS	68,500						
Direct Labor							
Wages		\$ 2,753,454	\$ 40.20	3.56%	\$ 41.63	9.12%	\$ 45.42
Benefits		\$ 1,356,976	\$ 19.81	2.97%	\$ 20.40	3.33%	\$ 21.08
Workers Comp		\$ 134,981	\$ 1.97	2.97%	\$ 2.03	2.33%	\$ 2.08
Payroll Taxes		\$ 210,639	\$ 3.08	2.97%	\$ 3.17	9.12%	\$ 4.14
ADP Processing Fees		\$ 8,800	\$ 0.13	3.56%	\$ 0.13	9.12%	\$ 0.15
Total Direct Labor Cost		\$ 4,464,850	\$ 65.18		\$ 67.35		\$ 72.87
Outside Contrat Labor		\$ 2,719,255	\$ 39.70	2.97%	\$ 40.88	2.33%	\$ 41.83
Utilities		\$ 574,166	\$ 8.38	19.07%	\$ 9.98	11.80%	\$ 11.16
Fuel		\$ 75,072	\$ 1.10	-26.30%	\$ 0.81	-18.23%	\$ 0.66
Depreciation		\$ 372,104	\$ 5.43	0.00%	\$ 5.43	0.00%	\$ 5.43
Other O&M		\$ 1,765,206	\$ 25.77	2.97%	\$ 26.53	2.44%	\$ 27.18
Clerical Labor				7.65%			
Wages		\$ 130,964	\$ 1.91	7.85%	\$ 2.0619309	4.50%	\$ 2.15
Benefits		\$ 81,335	\$ 1.19	4.80%	\$ 1.24	3.96%	\$ 1.29
Workers Compensation		\$ 6,878	\$ 0.10	2.97%	\$ 0.10	2.33%	\$ 0.11
Payroll Taxes		\$ 10,019	\$ 0.15	7.85%	\$ 0.16	4.50%	\$ 0.16
ADP Processing Fees		\$ 587	\$ 0.01	7.85%	\$ 0.01	4.50%	\$ 0.01
Total Clerical Labor		\$ 229,782	\$ 3.35		\$ 3.58		\$ 3.73
Total Operating Cost		\$ 10,200,435	\$ 148.91		\$ 154.56		\$ 162.86
Profit		\$ 1,524,203	\$ 22.25		\$ 23.10		\$ 24.34
Operating Ratio		87.00%	87.00%		87.00%		87.00%
Interest (Pass-Through)		\$ 165,031	\$ 2.41	0.00%	\$ 2.41	0.0%	\$ 2.41
Total Operating Cost Per Ton (excluding residue)		\$ 173.57			\$ 180.07		\$ 189.60
% Increase					3.74%		5.30%
Total Estimated Operator Cost (excluding residue)		\$ 11,889,669	\$ 11,889,669		\$ 12,334,616		\$ 12,987,795
MRF Residue Paid by SBI							
MRF Residue Tons		2,600	2,600		2,600		2,600
Disposal Tip Fee @ Ox Mtn.		\$ 58.94	\$ 58.94	3.00%	\$ 60.33		\$ 62.14
Disposal Fees		\$ 153,244	\$ 2.24		\$ 2.29		\$ 2.36
Transportation Cost (\$/ton-mile)		\$ 1.76	\$ 1.80		\$ 1.86		\$ 1.91
Total Miles		15	15		15		15
Transportation Cost		\$ 68,438	\$ 1.00		\$ 1.03		\$ 1.06
Total MRF Residue expense		\$ 221,682	\$ 3.24		\$ 3.32		\$ 3.42
Total Cost with MRF Residue		\$ 12,111,351	\$ 176.81		\$ 183.38		\$ 193.02

South Bayside Industries

Contractor Compensation Adjustment Application for Rate Year 2026_Final_V2DH_jm

E. Indices



Year 2 2025	Year 3 2026
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Workers Compensation

Use- Factor	0.030	0.023
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Direct Labor

Use- Factor	0.030	0.023
-------------	-------	-------

Fuel

Use- Factor	(0.263)	(0.182)
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Other O&M

Use- Factor	0.030	0.024
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Depreciation

Use- Factor	-	-
-------------	---	---

South Bayside Industries

Contractor Compensation Adjustment Application for Rate Year 2026_Final_V2DH_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	2025
	329.203	338.992	346.90
		2.97%	2.33%
	331.875	341.596	350.836
	333.478	346.671	352.077
328.137	335.725	345.789	
325.932	336.663	344.633	
329.331	337.698	345.472	
326.465	335.597	342.582	

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	2025
	329.20	338.99	346.90
		2.97%	2.33%
	331.875	341.596	350.836
	333.478	346.671	352.077
328.137	335.725	345.79	
325.932	336.663	344.63	
329.331	337.698	345.47	
326.465	335.597	342.58	

South Bayside Industries

Contractor Compensation Adjustment Application for Rate Year 2026_Final_V2DH_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	2025
		513.06	378.14	309.19
			-26.30%	-18.23%
		449.169	327.029	305.530
		435.578	383.570	312.948
		406.306	384.276	289.495
		387.167	395.872	285.711
	587.939	363.260	319.052	
	665.720	342.988	306.904	
	568.603	322.199	342.037	
	497.425	428.045	334.785	
	548.658	446.947	289.007	
	605.641	407.772	318.340	
	585.306	393.711	311.919	
	419.191	342.052	294.577	

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	2025
		333.06	342.95	351.31
			2.97%	2.44%
		337.173	345.151	354.432
		338.496	351.247	355.707
	330.539	340.056	351.064	-
	328.871	340.094	349.290	-
	332.062	341.219	349.370	-
	331.222	339.915	348.001	-

South Bayside industries

Contractor Compensation Adjustment Application for Rate Year 2026_Final_V2DH_jm

G. Utilities Cost Worksheet

Rate Year	2025	2026
Billing Year	2024	2025

PG&E Electricity

% increase from Prior Yr.	22.79%	11.25%
Adjustment Factor	1.23	1.11

PG&E Gas

% increase from Prior Yr.	7.84%	0.49%
Adjustment Factor	1.08	1.00

ISH Solar

Year		
% increase vs. Prior Yr.	3.00%	3.00%
Adjustment Factor	1.03	1.03

Blended

Year		
% increase vs. Prior Yr.	19.07%	11.80%
Adjustment Factor	1.19	1.12

South Bayside Industries
 Contractor Compensation Adjustment Application for Rate Year 2026_Final_V2DH_jm
 H. CBA Direct Labor Cost



BASE								2025		2026	
TRANSFER STATION											
Job Description	FTE	Reg Hrs	OT Hrs	Hol	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	\$ 62.74	\$ 193,731.92
Loader	3.0	6,240	1,500	288	343	\$ 53.18	\$ 492,703.42	\$ 54.93	\$ 508,916.87	\$ 59.75	\$ 555,724.33
Weighmaster	4.0	8,320	2,000	384	492	\$ 51.45	\$ 637,354.30	\$ 53.20	\$ 659,033.02	\$ 57.87	\$ 719,661.98
Spotter	7.0	14,560	1,995	672	1,420	\$ 39.60	\$ 791,224.52	\$ 41.35	\$ 826,190.25	\$ 44.98	\$ 902,497.49
Utility	3.0	6,240	1,002	288	609	\$ 39.60	\$ 347,828.02	\$ 41.35	\$ 363,199.21	\$ 44.98	\$ 396,702.73
Sorter	7.0	14,560	-	672	1,816	\$ 34.05	\$ 591,913.52	\$ 35.80	\$ 622,334.92	\$ 38.94	\$ 680,190.56
Mechanic	1.0	2,080	-	96	113	\$ 53.43	\$ 124,869.47	\$ 55.18	\$ 128,959.34	\$ 60.02	\$ 140,990.98
Total	26.0	54,080	6,997	2,496	4,894		\$ 3,157,652.71	Total	\$ 3,286,045.16	Total	\$ 3,589,499.99
									4.07%		9.23%
MRF											
Direct Labor	FTE	Reg Hrs	OT Hrs	Hol	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	\$ 60.76	\$ 142,566.20
Equipment Operator	8.0	16,640	-	768	984	\$ 51.45	\$ 966,008.60	\$ 53.20	\$ 998,866.03	\$ 57.87	\$ 1,092,103.96
Spotter	1.0	2,080	-	96	203	\$ 39.60	\$ 96,103.07	\$ 41.35	\$ 100,350.05	\$ 44.98	\$ 109,699.26
Utility	3.0	6,240	1,500	288	609	\$ 39.60	\$ 377,409.22	\$ 41.35	\$ 394,087.66	\$ 44.98	\$ 430,302.79
PRC Attendant	1.0	2,080	500	96	145	\$ 47.60	\$ 148,443.07	\$ 41.47	\$ 129,326.35	\$ 45.11	\$ 141,219.20
Roll Off Driver	1.0	2,080	-	96	108	\$ 54.46	\$ 127,011.87	\$ 58.65	\$ 136,783.81	\$ 61.65	\$ 144,520.23
Mechanic	3.0	6,240	300	288	339	\$ 53.43	\$ 398,651.92	\$ 55.18	\$ 411,709.02	\$ 60.02	\$ 449,981.95
PM Technician	2.0	4,160	-	192	289	\$ 47.60	\$ 225,486.15	\$ 49.35	\$ 233,776.08	\$ 53.68	\$ 255,576.06
Maintenance Helper	1.0	2,080	-	96	203	\$ 39.60	\$ 96,103.07	\$ 49.35	\$ 119,764.82	\$ 53.68	\$ 130,917.22
Electrical Mechanic	1.0	2,080	100	96	28	\$ 80.00	\$ 192,135.07	\$ 81.75	\$ 196,338.03	\$ 88.93	\$ 214,649.31
Total	22.0	45,760	2,400	2,112	3,017		\$ 2,753,453.94	Total	\$ 2,851,392.91	Total	\$ 3,111,536.18
									3.56%		9.12%
TRANSPORTATION											
Direct Labor	FTE	Reg Hrs	OT Hrs	Hol	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	\$ 61.65	\$ 1,602,806.34
Driver BVON	5.0	10,400	1,200	480	766	\$ 54.46	\$ 745,345.03	\$ 58.65	\$ 802,689.79	\$ 61.65	\$ 847,447.09
Driver Newby	1.8	3,813	477	176	281	\$ 54.46	\$ 276,287.98	\$ 58.65	\$ 297,544.80	\$ 61.65	\$ 314,120.78
Driver Zanker	2.2	4,507	412	208	332	\$ 54.46	\$ 314,132.13	\$ 58.65	\$ 338,300.58	\$ 61.65	\$ 357,207.85
Driver SMI	1.0	2,080	155	96	153	\$ 54.46	\$ 142,125.36	\$ 58.65	\$ 153,060.08	\$ 61.65	\$ 161,629.04
Driver Casual	5.0	4,160	-	-	594	\$ 54.46	\$ 258,926.81	\$ 58.65	\$ 278,847.92	\$ 61.65	\$ 296,810.24
Mechanic	2.0	4,160	1,000	192	226	\$ 53.43	\$ 329,883.95	\$ 55.18	\$ 340,688.68	\$ 60.02	\$ 372,011.97
Total	26.0	47,840	6,240	2,016	3,732		\$ 3,476,696.84	Total	\$ 3,729,608.55	Total	\$ 3,952,033.31
									7.27%		5.96%

South Bayside Industries
 Contractor Compensation Adjustment Application for Rate Year 2026_Final_V2DH_jm
 H. CBA Direct Labor Cost



BASE		2025		2026			
BENEFITS		/ month	/ hour	/ month	/ hour	/ month	/ hour
Facility Operations	Medical	\$ 2,686.66	\$15.50	\$ 2,766.55	\$ 15.96	\$ 2,831.01	\$ 16.33
	RSP	\$ 976.90	\$5.64	\$ 1,005.95	\$ 5.80	\$ 1,029.39	\$ 5.94
	Peer-84	\$ 76,545.84	\$8.49	\$78,821.88	\$ 8.74	\$ 83,398.00	\$ 9.25
	IP	\$ 4.90	\$0.03	\$ 5.05	\$ 0.03	\$ 5.16	\$ 0.03
	Total		\$ 29.65		\$ 30.54		\$ 31.55
					2.97%		3.33%
BENEFITS		/ month	/ hour	/ month	/ hour	/ month	/ hour
Transportation	Medical	\$ 2,686.66	\$ 17.52	\$ 2,766.55	\$ 18.04	\$ 2,831.01	\$ 18.56
	RSP	\$ 976.90	\$ 6.37	\$ 1,005.95	\$ 6.56	\$ 1,029.39	\$ 6.75
	Peer-84	\$ 39,053.98	\$ 8.49	\$41,859.98	\$ 9.10	\$ 45,079.98	\$ 9.80
	IP	\$ 4.90	\$ 0.03	\$ 5.05	\$ 0.03	\$ 5.16	\$ 0.03
	Total		\$ 32.41		\$ 33.74		\$ 35.14
					4.08%		4.17%
Total Teamster			\$ 1,603,698.72		\$ 30.54		\$ 31.55
USE FOR TRANSFER STATION					2.97%		3.33%
Total Teamster			\$ 1,356,975.84		\$ 30.54		\$ 31.55
USE FOR MRF					2.97%		3.33%
Total Teamster			\$ 1,550,817.16		\$ 33.74		\$ 35.14
USE FOR TRANSPORTATION					4.08%		4.17%

South Bayside Industries
 Contractor Compensation Adjustment Application for Rate Year 2026_Final_V2DH_jm
 I. Clerical Labor Cost



BASE								2025		2026							
CLERICAL																	
Job Description	FTE	Reg Hrs	OT Hrs	Hol OT	Unused Sick/PTO	Hourly Rate	Annual Cost										
Payroll Coordinator	1	2,080	-	-	225	\$43.27	\$99,720.21	\$ 46.60	\$ 107,394.54	\$ 48.69	\$ 112,211.16						
A/P Coordinator	1	2,080	-	-	268	\$36.31	\$85,243.41	\$ 40.87	\$ 95,948.72	\$ 42.71	\$ 100,268.41						
Dispatch Clerk	1	2,080	-	-	262	\$37.16	\$87,011.41	\$ 40.87	\$ 95,698.50	\$ 42.71	\$ 100,006.92						
Admin Assistant	1	2,080	-	-	272	\$35.74	\$84,057.81	\$ 37.11	\$ 87,279.94	\$ 38.78	\$ 91,207.66						
Shop Clerk	1	2,080	-	-	250	\$38.83	\$90,485.01	\$ 40.87	\$ 95,238.79	\$ 42.71	\$ 99,526.52						
2024 Base Totals								5	10,400	-	-	1,276	\$446,517.8	Total	\$ 481,560.49	Total	\$ 503,220.66
Transfer								33.64%	\$ 150,188.03	33.64%	\$ 161,974.77	33.64%	\$ 169,260.25				
MRF								29.33%	\$ 130,963.05	29.33%	\$ 141,241.01	29.33%	\$ 147,593.91				
Transportation								37.03%	\$ 165,366.75	37.03%	\$ 178,344.71	37.03%	\$ 186,366.50				
BENEFITS								/ month	/ hour	/ month	/ hour	/ month	/ hour				
Medical								\$ 2,686.66	\$ 15.50	\$ 2,766.55	\$ 15.96	\$ 2,831.01	\$ 16.33				
RSP								\$ 976.90	\$ 5.64	\$ 1,005.95	\$ 5.80	\$ 1,029.39	\$ 5.94				
Peer-84								\$ 5,060.00	\$ 5.50	\$ 5,658.00	\$ 6.15	\$ 6,210.00	\$ 6.75				
IP								\$ 4.90	\$ 0.03	\$ 5.05	\$ 0.03	\$ 5.16	\$ 0.03				
Total								\$ 26.66		\$ 27.94		\$ 29.05					
										4.80%		3.96%					
Total H&W, Pension / Hr								\$ 8.97		\$ 9.40		\$ 9.77					
USE FOR TRANSFER STATION										4.80%		3.96%					
Total H&W, Pension / Hr								\$ 7.82		\$ 8.20		\$ 8.52					
USE FOR MRF										4.80%		3.96%					
Total H&W, Pension / Hr								\$ 9.88		\$ 10.35		\$ 10.76					
USE FOR TRANSPORTATION										4.80%		3.96%					
Clerical Wages & Benefits																	
Transfer Station								\$ 243,461.54		\$ 259,723.38		\$ 270,884.00					
MRF								\$ 212,296.98		\$ 226,477.21		\$ 236,209.20					
Transportation								\$ 268,066.92		\$ 285,972.26		\$ 298,260.83					
								\$ 723,825.43		\$ 772,172.86		\$ 805,354.03					
%										6.68%		4.30%					

South Bayside Industries

Contractor Compensation Adjustment Application for Rate Year 2026_Final_V2DH_jm

J. MRF Sort Labor Cost



	2024	2025	2026
MRF Sort Labor			
Regular Hours	49,920	49,920	49,920
Overtime Hours	6,240	6,240	6,240
Holidays	-	-	-
Supervisors			
Regular Hours	4,160	4,160	4,160
Overtime Hours	520	520	520
Holiday Hours	-	-	-
Client Wages Regular	\$ 1,363,315.20	\$ 1,403,852.54	\$ 1,436,562.31
Client Wages Overtime	\$ 255,621.60	\$ 263,222.35	\$ 269,355.43
Client Labor	\$ 1,618,936.80	\$ 1,667,074.90	\$ 1,705,917.74
Supervisory Expense	\$ 595,615.80	\$ 613,326.07	\$ 627,616.57
Administration Fee	\$ 504,702.00	\$ 519,709.01	\$ 531,818.23
Total Program Expense	\$ 2,719,254.60	\$ 2,800,109.97	\$ 2,865,352.54
Total Program Cost/Ton	\$ 39.70	\$ 40.88	\$ 41.83

South Bayside Industries

Contractor Compensation Adjustment Application for Rate Year 2026_Final_V2DH_jm

K. MRF Sort Labor Cost Detail

Inbound Tons

68,500



	2024	2025	2026
Sorter Labor Rate	\$ 27.31	\$ 28.12	\$ 28.78
Headcount	24	24	24

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

Supervisor

Headcount	2	2	2
Hourly Rate	\$ 120.57	\$ 124.16	\$127.05
Overtime Rate	\$ 180.86	\$ 186.23	\$190.57
Reg Hrs	4,160	4,160	4,160
OT Hrs	520	520	520
Holidays	-	-	-

Admin Fees

Markup %	22.79%	22.79%	22.79%
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South Bayside industries
 Contractor Compensation Adjustment Application for Rate Year 2026_Final_V2DH_jm
 L. Utilities Allocation Usage

SOUTH BAYSIDE INDUSTRIES
Compensation Adjustment Application for Rate Year 2026
L. Power Allocation Usage Worksheet

PG&E Electric Delivery Charges			March-23			March-24			March-25		
	Cost	Rate/kWh	kWh	Cost	Rate/kWh	kWh	Cost	Rate/kWh	kWh		
Meter #1010079198	\$ 23,178.09	\$ 0.22	104,708.70	\$ 31,335.53	\$ 0.29	107,008.05	\$ 32,034.24	\$ 0.33	95,846.55		
Peninsular Clean Energy	\$ 11,993.65	\$ 0.11	105,325.50	\$ 10,538.01	\$ 0.10	107,268.45	\$ 7,552.44	\$ 0.08	95,836.55		
PG&E Gas Charges			March-23			March-24			March-25		
	Cost		Therms	Cost		Therms	Cost		Therms		
Meter #60868431	\$ 1,415.06	2.3	627.00	\$ 762.62	\$ 2.10	363.00	\$ 1,047.20	\$ 2.19	478.00		
PG&E Electric Delivery Charges			March-23			March-24			March-25		
	Cost	Rate/kWh	kWh	Cost	Rate/kWh	kWh	Cost	Rate/kWh	kWh		
Meter # 1010185326	\$ 5,926.65	\$ 0.18	33,799.00	\$ 6,608.07	\$ 0.26	25,305.00	\$ 3,365.41	\$ 0.97	3,479.00		
Meter # 1009885099	\$ 3,324.90	\$ 0.17	19,010.00	\$ 8,040.13	\$ 0.26	30,905.00	\$ 3,783.83	\$ 1.76	2,146.00		
ISH Solar			March-23			March-24			March-25		
	Cost	Rate/kWh	kWh	Cost	Rate/kWh	kWh	Cost	Rate/kWh	kWh		
	\$ 7,320.36	\$ 0.26	27,834.04	\$ 13,658.78	\$ 0.27	50,420.00	\$ 13,089.39	\$ 0.28	46,912.00		
Subtotals											
PG&E Electric Delivery Charges	\$ 49,124.47	\$ 0.17	296,691.34	\$ 60,134.89	\$ 0.20	295,792.00	\$ 50,349.07	\$ 0.23	222,613.60		
PG&E Gas Charges	\$ 5,798.78	\$ 2.08	2,782.00	\$ 5,116.23	\$ 2.25	2,276.00	\$ 5,400.81	\$ 2.26	2,391.00		
ISH Solar Charges	\$ 7,320.36	\$ 0.26	27,834.04	\$ 13,658.78	\$ 0.27	50,420.00	\$ 13,089.39	\$ 0.28	46,912.00		
Blended Rate	\$ 62,243.61	\$ 0.19	327,307.38	\$ 78,909.90	\$ 0.23	348,488.00	\$ 68,839.27	\$ 0.25	271,916.60		



Dear John,

In response to your September 4, 2025, email request for further explanation regarding the Juneteenth benefit included in the compensation application, please see the information provided below in response to your questions.

- *The CBA language showing the Juneteenth holiday benefit*
 - See Attached CBAs:
 - Semi Drivers CBA, Section 8 Paid Holidays, Page 8
 - Facility Operations Unit CBA, Section 8 Paid Holidays, Page 11
 - Clerical Unit CBA, Section 9 Paid Holidays, Page 9

- *A table or calculation showing the total adjustment related to the added benefit*
 - Rate application with Juneteenth Benefit 4.77%
 - Rate application without Juneteenth Benefit 4.46%
 - Adjustment related to added benefit 0.31%

- *A formal memo referencing the section of the contract that allows for the adjustment, and justification.*
 - This letter constitutes the formal memo referencing the section of the contract that allows for benefit adjustments. On August 18, 2025, I provided you with the following applicable section of the contract. The provisions of this section allow Contractor to include benefit cost components in a new CBA in the year that it becomes effective. The three CBAs provided have benefit cost components that become effective January 1, 2026, that are within the allowable 12% benefit adjustment.

Section 8A.4 – Calculation of Service Fee Adjustments

Benefits (CBA Labor for Facility Personnel or Transportation Personnel).

- a. Initially, the CBA benefits cost component will be based on the CBA rates for pension and other benefit costs monetized to an hourly dollar amount for the coming Year until the initial expiration date of the collective bargaining agreement(s) that were in place on the Effective Date has occurred. The adjustments to the CBA benefits cost component will be calculated using the method shown on the worksheet titled “J. CBA Wages & Benefits” “in the sample Contractor’s

Compensation application presented in Attachment 8-B, with modifications approved by the Authority. The worksheet will be prepared by inputting the CBA benefit rates per person for the coming Year provided by the collective bargaining agreements that were in place on the Effective Date and are still in effect.

b. For the first CBA benefit cost component adjustment that occurs following the date the Contractor executes any new CBA (which will occur at a time following the Effective Date of this Agreement and which may result in effective dates for the CBAs that are not the same), the benefit cost component adjustment for CBA employees will be made in the same manner described in subsection a above. In the case of an adjustment for any Year subsequent to the first Year in which a new CBA becomes effective, if the calculated adjustment to this cost component is greater than twelve percent (12%), then twelve percent (12%) shall be the adjustment for the coming Year.

We are available to answer any other questions on this matter.

Sincerely,

Dwight Herring

Dwight Herring

cc: Chris Valbusa, COO
Kent Kenney, CFO



A Public Agency

Presentation: Important Considerations for Rate and Fee Authorizations by Garth Schultz, R3 Consulting

Agenda Item 8

**Important Considerations for Rate and Fee Authorizations
Presentation by Garth Schultz, R3 Consulting**

No Staff Report Presentation and Discussion Item Only

Attachment A:

Presentation by Garth Schultz, R3 Consulting
Important Considerations for Rate and Fee Authorizations

Rate and Fee Lawsuits



Prop. 218



Prop. 26



CA Vehicle Code

Rate and Fee Plaintiffs



“Frequent
Fliers”



Class actions



Taxpayer
Interest
groups



Plaintiff’s
attorneys

Rate and Fee Risks



Unsupported Rates



Undocumented Franchise Fees



Vehicle / Pavement Impact Fees



Measurement / Tolerance

Good Hygiene



Rate and franchise
fee studies



Internal
communications –
confidentiality and
privilege



External
notifications and
PRA responses



Don't “self-tattle”

Protections

Establish
comprehensive
administrative
record

Ensure that rates
and fees have clear
justification and
nexus via study

Avoid duplicative or
vague fees

Avoid vehicle /
pavement impact
fees

Consistently apply
sources and uses
accounting
principles

If you can't explain
rates or
fees...consider
alternatives

Wishes



Engage specialized legal counsel early



Build strong relationships with rate / fee consultants



Move to Cost-of-Service Fees



Don't Arm the Opposition



Consider Support for Legislative Fixes



Take a Deep Breath!

Closing Remarks and Audience Q&A



Summary wrap-up
of key points



Audience Q&A to
panelists



Closing remarks



A Public Agency

SENATE BILL (SB) 1383 PROGRAM UPDATE

STAFF REPORT

To: RethinkWaste TAC Members
From: Reagan Chung, Recycling and Compliance Program Manager
Date: September 11, 2025 Technical Advisory Committee Meeting
Subject: Senate Bill (SB) 1383 Program Update

Summary

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

Recology Technical Assistance, Waivers, Compliance Outreach

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

From June to August of 2025, RethinkWaste staff sent 88 SB 1383 waiver decision letters to generators that applied service area wide. Of that, 68 were approval letters, and 20 were denial letters. RethinkWaste and Recology continue to contact all residential, commercial, and multi-family generators who are not currently in compliance with SB 1383 requirements. RethinkWaste staff continues outreach efforts to boost SB 1383 compliance throughout the service area including contacting local organizations and groups in hopes to provide more presentations in the future to bridge the importance of SB 1383 compliance.

Enforcement: Standard & Edible Food Recovery (EFR)

Standard 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 SB 1383 implementation moves from outreach and education to enforcement. RethinkWaste staff continues to work with Member Agency staff on post-NOV letter enforcement structures.

Below is the 2025 NOV letter mailing schedule, if there are any concerns or questions, please contact myself:

- **Q1: January – March:** Belmont, Burlingame (*completed*)
 - Belmont: 43 letters, mailed on March 11, 2025
 - Burlingame: 183 letters, mailed on March 13, 2025
- **Q2: April – June:** San Carlos, East Palo Alto, Foster City, West Bay Sanitary District, Hillsborough (*completed*)
 - San Carlos: 188 letters, mailed on June 20, 2025

- East Palo Alto: 13 letters, June 13, 2025
 - Foster City: 2 letters, mailed on June 13, 2025
 - West Bay Sanitary District: 1 letter, mailed on June 17, 2025
 - Hillsborough (100% compliance)
- San Mateo mailed their own NOV letters:
- The first batch of 140 commercial letters was mailed on May 9
 - The second batch of 144 commercial letters was mailed on June 2
 - The third batch of 183 residential letters was mailed on June 9
- **Q3: July – September:** Redwood City, San Mateo
 - San Mateo: 12 citations / penalties were issued by City Staff on July 28
 - Redwood City: To be mailed in September
 - **Q4: October – November:** Unincorporated San Mateo County, Menlo Park

In late July 2025, San Mateo County Sustainability Department staff, Jack Steinmann, convened Edible Food Recovery (EFR) enforcement meetings with Member Agencies and RethinkWaste staff to review enforcement progress and next steps. As part of the EFR enforcement process, Member Agencies will be responsible for issuing additional EFR Notices of Violation (NOVs) to non-compliant edible food generators. County and RethinkWaste staff will continue to collaborate with Member Agencies to provide technical support and guidance throughout the EFR enforcement process. The first round of EFR NOVs are anticipated to be sent out between late November and early December 2025.

SB 1383 Route Reviews

SB 1383 requires jurisdictions to conduct annual contamination monitoring of all three containers to keep organics waste stream clean. Recology completed all route reviews by August of 2025, within the proposed 10 to 13-week timeframe which began on June 16 with residential routes and were followed by commercial routes. RethinkWaste staff accompanied Recology's Waste Zero Specialists to monitor route review progress on July 1, 2025. Staff is pleased to report Recology's progress went well with no issues reported. Staff and Recology will ensure all reporting data is uploaded into SB 1383 compliance and recordkeeping Minerva software for data analysis and tracking.

2024 Electronic Annual Report (EAR)

2024 EARs for RethinkWaste's nine cities and West Bay Sanitary District (County of San Mateo submits their own report separately) were all submitted by the August 1, 2024 deadline. RethinkWaste staff thanks the collaborative work done between TAC Members, Recology, and contractor Ascent Environmental to finalize all the submittals in a timely manner.

Background

In 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/.



RETHINKWASTE TAC
September 11, 2025

SB 1383 ROUTE REVIEWS



IDENTIFY ROUTES

Target over 100 residential and commercial routes that need to be audited.



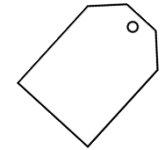
25 - 35 LID LIFTS PER ROUTE

Conduct number of lid lifts based on total stops on route. Accounts selected for lid lifts are random.



RECOLOGY APP OUT IN THE FIELD

All observations and contamination documented onsite in real time and saved for future data reports.



CONTAMINATION TAGS

OOPS! Tag is left on accounts that had contamination to educate customers on proper sorting

SB 1383 ROUTE REVIEWS



2025 ROUTE REVIEWS

JUNE-AUGUST

COMPLETED
ROUTES



111

TOTAL
LID LIFTS



3,300

CORRECTION
TAGS




1,300

NON-COLLECTION
TAGS



50


RSMC QUARTERLY REPORTS



**2025
QUARTER 2**
RECYCLING TECHNICAL ASSISTANCE PLAN STATUS REPORT
2024 - 2026

R
Recology.
San Mateo County
WASTE ZERO

I. Recycling Technical Assistance Plan Status Report 40 07/30/2025



**2025
QUARTER 1**
RECYCLING TECHNICAL ASSISTANCE PLAN STATUS REPORT
2024 - 2026

R
Recology.
San Mateo County
WASTE ZERO

I. Recycling Technical Assistance Plan Status Report 40 04/30/2025

THANK YOU!



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CONTRACTOR UPDATES

