



**COUNTY OF SAN MATEO**  
Inter-Departmental Correspondence  
Public Works and Parks



**Date:** September 21, 2012

**Board Meeting Date:** October 23, 2012

**Special Notice / Hearing:** None

**Vote Required:** Majority

**To:** Honorable Board of Supervisors

**From:** James C. Porter, Director of Public Works and Parks

**Subject:** **Executive Summary:** Garbage and Recyclables Collection Rates in the Unincorporated Franchised Areas within the South Bayside Waste Management Authority

**RECOMMENDATION:**

Adopt a Resolution setting December 11, 2012 at 9:00 a.m. at your regularly scheduled Board meeting, as the time and place for a public hearing on the garbage and recyclables collection rates for the unincorporated franchised area within the South Bayside Waste Management Authority service area, exclusive of County Service Area No. 8 (North Fair Oaks) and West Bay Sanitary District.

**BACKGROUND:**

On October 20, 2009, your Board adopted Resolution No. 070423 which approved a new franchise agreement with Recology San Mateo County (RSMC) to provide services for the collection of recyclable materials, organic materials, and solid waste from January 1, 2011 through December 31, 2020. These services began on January 1, 2011 and have been provided to CSA-8 and the unincorporated franchised area within the South Bayside Waste Management Authority (SBWMA) service area (Burlingame to Menlo Park), exclusive of County Service Area No. 8 (CSA-8) and West Bay Sanitary District.

On January 24, 2012, your Board adopted Resolution No. 071786, adopting the garbage and recyclables collection rates for the County franchised area effective January 1, 2012.

**DISCUSSION:**

The transition to RSMC collection services has resulted in significantly expanded collection of recyclable and organic materials and increased diversion of waste from landfills. The increase in diversion of solid waste helps to achieve diversion goals for CSA-8 and the County franchised area.

The RSMC franchise agreement allows for specific adjustments in RSMC's compensation during the first three rate years to support providing services to the rate payers. To make adjustments for the 2013 rate year, RSMC is required to submit a

contractor's compensation application based on actual services provided in 2012, along with projected costs for providing service in the 2013 rate year to the SBWMA.

The SBWMA compiled data from the RSMC compensation application, data from South Bay Recycling (Shoreway Environmental Center operator), and information regarding member agency fees and other associated costs into a consolidated rate report (SBWMA Rate Report). The rate increases recommended in the SBWMA Rate Report represent rates for each member agency that SBWMA believes will meet revenue requirements to provide garbage and recyclables collection services.

The proposed rates for the County franchised area represent a 9.1% rate increase from the previous rates set by your Board. The SBWMA Rate Report noted that rate increases were primarily due to the following: an estimated revenue shortfall for 2012, performance incentive/disincentive payments for 2011 diversion, service level adjustments, costs for agency facility services, disposal and processing costs at the Shoreway Facility, Consumer Price Index adjustments for the curbside Household Hazardous Waste collection program, adjustments to the franchise fees based upon the revenue projections, and adjustments based on actual revenue received during 2011.

RSMC's costs are broken into nine cost categories and each is allocated based upon four operational statistics specific to our areas. These operational statistics are updated annually in May and include: route labor hours, route hours, containers in service, and the number of customer accounts serviced. Additional adjustments by RSMC for the 2013 rate year included a reduction in administrative costs, changes in capital, depreciation expenses, collective bargaining agreements (CBA) increases, and pension payments to CBA employees on worker's compensation.

County Counsel has reviewed and approved the Resolution as to form.

Approval of this action will contribute to the Shared Vision 2025 outcome of a Collaborative Community by informing and engaging residents in the process to adopt garbage and recyclables collection rates.

**FISCAL IMPACT:**

The proposed rates reflect a 9.1% increase in the County franchised area over the current rates. Staff estimates that it will cost approximately \$5,000 (\$1 per rate payer) to prepare, print and mail individual notices to each property owner in County franchised area. The costs for the County franchised area notices will be reimbursed from the franchise fees.