



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



**Date:** October 15, 2014  
**Board Meeting Date:** November 18, 2014  
**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors

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

**Subject:** Adoption of the 2015 Garbage and Recyclables Collection Rates in the Unincorporated Franchised Areas within the South Bayside Waste Management Authority

**RECOMMENDATION:**

Adopt a Resolution setting the 2015 garbage and recyclables collection rates for the unincorporated franchised areas within the South Bayside Waste Management Authority service area, exclusive of County Service Area No. 8 (North Fair Oaks) and West Bay Sanitary District at the same level as the 2014 rates.

**BACKGROUND:**

On October 20, 2009, your Board adopted Resolution No. 070423 which approved a 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 County Service Area No. 8 (CSA-8) and the Unincorporated Franchised Areas within the South Bayside Waste Management Authority (SBWMA) service area (Burlingame to Menlo Park), exclusive of CSA-8 and West Bay Sanitary District. This unincorporated franchised area (County franchised area) is comprised of the following communities: Burlingame Hills, San Mateo Highlands and Baywood Park [Crystal Springs area], Harbor Industrial, Devonshire Canyon, Palomar Park, Oak Knoll, Kensington Square, Emerald Lake Hills, Sequoia Tract, Peninsula Golf Club, and Trailer Ranchero. These areas were not previously covered by a franchise agreement.

On December 10, 2013, your Board adopted Resolution No. 072907, adopting the garbage and recyclables collection rates for the County franchised area effective, January 1, 2014.

## **DISCUSSION:**

The RSMC franchise agreement allows for specific adjustments based on costs incurred in RSMC's compensation during the first three rate years (2011-2013) to support providing services to the rate payers. To make adjustments for the 2015 rate year, RSMC is required to submit a contractor's compensation application based on actual services provided in 2014, the reconciliation of the actual revenue received for 2013, and the projected costs for providing service in the 2015 rate year. The "2015 Recology San Mateo County Compensation Application" was submitted to the SBWMA for their review. South Bay Recycling (Shoreway Environmental Center operator) submitted a "2015 Compensation Application" to the SBWMA on July 1, 2014, as required. The South Bay Recycling application included a 1.3% overall compensation adjustment.

The SBWMA reviewed the applications, provided Member Agencies with an opportunity to review and submit comments relative to the applications, and facilitated the incorporation of required changes to the applications. The SBWMA prepared and presented Final Reports reviewing both applications to the SBWMA Board on September 25, 2014. The "SBWMA Final Report Reviewing the 2015 Recology San Mateo County Compensation Application" (SBWMA 2015 Rate Report) included the consolidation of the data from the South Bay Recycling application, RSMC compensation application, and information regarding member agency fees and other associated costs. Both the "2015 South Bay Recycling Compensation Application" and the "2015 Recology San Mateo County Compensation Application" were approved by the SBWMA Board at their September 25, 2014 meeting.

The SBWMA 2015 Rate Report includes rate adjustments for each member agency that the SBWMA believes are necessary to meet the estimated revenue requirements for providing garbage and recyclables collection services for 2015. The SBWMA 2015 Rate Report recommended a -2.0% rate adjustment for the County franchised area. We do not recommend lowering rates based on the uncertainty inherent in the overall rate calculations. Any additional revenue received will be used to offset future rate increases. Attachment "A" to this report includes the rate adjustments for each Member Agency contained in the SBWMA 2015 Rate Report.

Department staff has conducted an analysis of the SBWMA 2015 Rate Report and the compensation applications from South Bay Recycling and RSMC and has determined that a rate increase for 2015 is not necessary. This is due, in part, to the cost allocations to Member Agencies contained in the SBWMA 2015 Rate Report, route service changes within the County franchised area, and the revenue received and projected to be received from the County franchised area based on the current rates. Staff is recommending that the 2015 rates be set at the same level as the 2014 rates adopted by your Board on December 10, 2013. These rates are listed in Exhibit "A" to the Resolution and would be effective on January 1, 2015. The rate for one 32-gallon garbage cart (most often used cart size) will remain at \$34.96 per month. The rates continue to reflect a five percent (5%) franchise fee that will be paid to the County from RSMC.

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The franchise agreement included fees for Unscheduled Services (Attachment Q of the Franchise Agreement). The Unscheduled Services are generally those additional elective services that are specifically requested and paid for by the ratepayers in addition to the basic collection service charges. These Unscheduled Services fees are not property related fees and, therefore, not subject to the Proposition 218 rate setting requirements. The franchise agreement allows for a Consumer Price Index (CPI) increase to the Unscheduled Services Fees. The Unscheduled Service Fees for 2015 reflect a 1.47% CPI adjustment to the 2014 fees as shown in Exhibit "B" to the Resolution. The Department is not proposing a CPI adjustment to the cost to provide additional customer requested residential organic and recycling cart services. Fees for this service were set during the 2014 rate setting process.

Individual notice to the property owners is not required, as the base 2015 garbage and recyclables collection rates for the County franchised area are not proposed to increase from the previously adopted rates for 2014.

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 continuing to promote regional solutions as a SBWMA member agency for garbage and recyclables collection services for the County franchised area.

**FISCAL IMPACT:**

The proposed rates for 2015 are at the same level as the 2014 rates. The garbage and recyclables rates are levied on properties that are leased or owned by the County that are located in the County franchised area. There is no impact to the General Fund.

Attachment: Attachment A- Total Collection Rate Impact

## Attachment A

| Total Collection Rate Impact  |   |                               |                            |                       |                           |                                  |                              |
|---|---|-------------------------------|----------------------------|-----------------------|---------------------------|----------------------------------|------------------------------|
| (Source: SBWMA BOD Packet 09/25/2014, Agenda Item: 5B Exhibit A - p17 & 18, September 18, 2014 SBWMA Final Report Reviewing the 2015 Recology Compensation Application, Table 8 – Total Collection Rate Impact (Part 2 of 2)) |   |                               |                            |                       |                           |                                  |                              |
|   | 2015 Total<br>SBWMA<br>Member<br>Agencies | Town of<br>Atherton           | City of<br>Belmont         | City of<br>Burlingame | City of East<br>Palo Alto | City of<br>Foster City           | Town of<br>Hillsborough      |
| Cumulative<br>Rate<br>Adjustment<br>Percentage  | -2.3%                                     | -37.8%                        | *                          | -10.7%                | -1.3%                     | 16.8%                            | -31.9%                       |
|   | City of<br>Menlo Park                     | CSA-8<br>(North<br>Fair Oaks) | City of<br>Redwood<br>City | City of San<br>Carlos | City of San<br>Mateo      | West Bay<br>Sanitary<br>District | County<br>Franchised<br>Area |
| Cumulative<br>Rate<br>Adjustment<br>Percentage  | 2.4%                                      | -2.2***                       | -7.9%                      | -4.9%                 | 2.9%                      | -5.9%                            | -2.0%**                      |

\* The City of Belmont calculates their rate adjustments independent of the SBWMA Rate Application process.

\*\* The Department is not recommending a rate increase based on a detailed analysis of County franchised area collection service requirements.

\*\*\* The Department is not recommending a rate increase based on a detailed analysis of CSA-8 (North Fair Oaks) collection service requirements.