



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY MANAGER: OFFICE OF SUSTAINABILITY

File #: 21-152

Board Meeting Date: 2/23/2021

Special Notice / Hearing: None
Vote Required: 4/5ths

To: Honorable Board of Supervisors

From: Carolyn Bloede, Director, Office of Sustainability

Subject: Use reserves to offset increases in garbage and recycling rates in Unincorporated Franchised Area for Calendar Year 2021

RECOMMENDATION:

Approve an Appropriations Transfer Request (ATR) appropriating \$31,847 from Non-General Fund General Reserves to Services and Supplies to offset 2021 increases in garbage and recycling rates in Unincorporated Franchised Area within the South Bayside Waste Management Authority area, exclusive of County Service Area No. 8 and West Bay Sanitary District.

BACKGROUND:

On October 20, 2009, this Board adopted Resolution No. 070423 approving a franchise agreement with Recology San Mateo County (Recology) to provide services for the collection of recyclable materials, organic materials, and garbage from January 1, 2011 through December 31, 2020. On June 4, 2019, this Board adopted Resolution No. 076641 approving the amended and restated Recology Franchise Agreement for an additional 15-year term expiring on December 31, 2035.

On February 11, 2020, this Board adopted Resolution No. 077213, setting Calendar Year (CY) 2020 garbage rates (Exhibit A).

DISCUSSION:

The Recology franchise agreement allows for specific adjustments in compensation. The process includes submission of a compensation application by the contractor, Recology; review of the Recology submission by the South Bayside Waste Management Authority (SBWMA); and final review by the County. The annual application is based on the costs to provide services in the previous year and the projected revenue and costs to provide services in the current year. For CY 2021, Recology is projected to have an increase in compensation from 2020 due to Consumer Price Index (CPI) and Service Level Adjustments as set forth in the amended and restated Recology Franchise Agreement.

Based on SBWMA and Office of Sustainability analysis of the compensation application from Recology, and recognition of the financial impact that the COVID-19 pandemic has had on the

community, the Office of Sustainability is not recommending a rate increase in Unincorporated Franchised Area (CFA) in order to stabilize rates. The Office of Sustainability recommends offsetting the CPI (\$20,607) and Service Level adjustments (\$11,240) from Franchise Fee reserves for a total adjustment of \$31,847. All solid waste and recycling rates would remain at the same level as adopted by this Board on February 11, 2020.

The franchise agreement also includes Recology's charges for Unscheduled Services (Additional Services). The Unscheduled Services are generally those additional services that are specifically requested and paid for by the ratepayer, in addition to the basic collection service charges. The Unscheduled Service Charges are not property-related fees and therefore not subject to the Proposition 218 rate-setting requirements. The franchise agreement allows for a CPI increase, this year Recology revised the Unscheduled Services charges based upon the Amended Franchise Agreement and increased the rates by the CPI (2.57%). The Unscheduled Services Charges are reflected in Exhibit B to this memo and they are effective on January 1, 2021.

County Counsel has reviewed the Appropriations Transfer Request as to form.

FISCAL IMPACT:

There is no net County cost. All costs will be funded entirely by revenue from the Franchise Fees, which is levied on all waste disposed of within the jurisdiction and is designated specifically for waste related programs. Approval of the Appropriations Transfer Request (Exhibit C) will appropriate funds in the amount of \$31,847 from Non-General Fund General Reserves to Service and Supplies to fund these Recology rate increases.

ATTACHMENTS:

Exhibit A - Garbage and Recyclables Collection Rates in CFA, Adopted February 11th, 2020

Exhibit B - Recology Unscheduled Service Charges (Additional Services)

Exhibit C - Appropriations Transfer Request