



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** GOVERNING BOARD

**File #:** 23-929

Board Meeting Date: 11/14/2023

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**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors, Acting as the Governing Board of County Service Area No. 8

**From:** Carolyn Bloede, Director, Office of Sustainability

**Subject:** Exercising the Carry Forward provision in Attachment K of the Adopted Amended and Restated Recology Franchise Agreement for Calendar Year 2024 for County Service Area No. 8 (North Fair Oaks)

### **RECOMMENDATION:**

Acting as the Governing Board of County Service Area No. 8 (North Fair Oaks), adopt a resolution to approve the County Executive or designee to exercise the Carry Forward contract provision, per the Adopted Amended and Restated Recology Franchise Agreement, Attachment K (Adopted June 4, 2019, Resolution No. 076641), deferring the excess compensation adjustments above 5 percent for calendar year 2024.

### **BACKGROUND:**

The South Bay Waste Management Authority (SBWMA) is a joint powers authority formed by eleven local government jurisdictions. This authority owns and manages the Shoreway Environmental Center, and provides oversight, and support of service providers that collect, process and dispose of materials. Recology San Mateo County (Recology) is the current franchise holder and provides solid waste collection services to County Service Area No. 8 (CSA-8) and the Unincorporated Franchised Area (CFA) within the SBWMA service area (Burlingame to Menlo Park).

On October 20, 2009, the Board adopted Resolution No. 070423 which approved a franchise agreement with 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, the Board adopted Resolution No. 076641 approving the Amended and Restated Recology Franchise Agreement for an additional 15-year term expiring on December 31, 2035. For a link to the Board action visit:

[<https://sanmateocounty.legistar.com/LegislationDetail.aspx?ID=3968329&GUID=D2F2F908-A8DD-4E39-A5B6-302E52BBB2B7&Options=&Search=>](https://sanmateocounty.legistar.com/LegislationDetail.aspx?ID=3968329&GUID=D2F2F908-A8DD-4E39-A5B6-302E52BBB2B7&Options=&Search=>) .

The Adopted Amended Restated Recology Franchise Agreement, Attachment K, Section 5, allows for

a possible Carry Forward of Recology's annual compensation adjustments above 5 percent. The purpose of this Carry Forward mechanism is to stabilize rate adjustments; it does not serve to reduce the amount of compensation due to Recology. The Board can elect in any rate year to exercise this deferral provision. The SBWMA's interpretation of the Carry Forward provision (memo to County from SBWMA, October 17, 2023) should be exercised individually by the governing body of the Member Agency at the time the governing body takes action to set proposed collection rates and issue Proposition 218 notices to the property owners.

**DISCUSSION:**

The County sets the proposed rates for solid waste, and recycling collection services in the County service areas. The Office of Sustainability (OOS) recommends the Board elect to exercise the Carry Forward provision in the Adopted Amended and Restated Recology Franchise Agreement (June 4, 2019, Resolution No. 076641) to cap at 5 percent a portion of the increase for ratepayers for CY 2024 costs. The estimated amount deferred (carry forward) to the CY 2025 compensation is \$61,632.

According to Attachment K, if the County elects to defer some or all of the potential Cap Carry Forward, then:

1. Recology's Compensation for the coming Rate Year (CY 2024) shall be deemed reduced to only allowing a 5 percent increase to certain indices, for purposes of County's obligation to adjust rates; and,
2. Recology's Compensation for the subsequent Rate Year (CY 2025) shall be increased by an estimated \$61,632 (which shall be the "Carry Forward") in the Contractor's Compensation and Rate setting process for such subsequent rate year.

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

**FISCAL IMPACT:**

There is no direct impact to Net County Costs.