



2025 Solid Waste Rates Increase Proposal

March 3, 2025

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Waste Management Supervisor



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Request of Council

- Conduct the 218 Protest Hearing
- If a majority protest does not exist, approve the 2025 solid waste collection rates included in the Prop 218 notice and available on the City's website
- Approve the appropriation of \$400,000 to Recology to reduce the balancing account

Annual Rate Review Process

- Council reviews and approves fees for all solid waste services
- City follows CA Prop 218 process
- Rates must be based on cost-of-service



The Solid Waste Process & What Rates Cover



Background

- 2006 progressive “Pay as You Throw” system adopted
- 2016 & 2022 State imposed recycling and organics mandates
- Proposition 218 - “...fees and charges must be proportional to the cost of providing the service attributable to the parcel...”

2025 Revenue Requirement

- Recology collection costs are increasing 8% for 2025
 - Inflationary increases allowed in the franchise agreement
 - Additional increases from 2024 cap carry forward amount
- Disposal and Processing costs are increasing 7%
 - Increase is approximately \$700,000 over 2024
 - 5% due to deferred 2024 cost increase paid for with SBWMA rate stabilization funds
- City Fees – solid waste program, street sweeping, franchise fees
 - Decreased approximately \$177,000 from 2024
 - Suspended annual collection of landfill closure fees and trash capture device funding

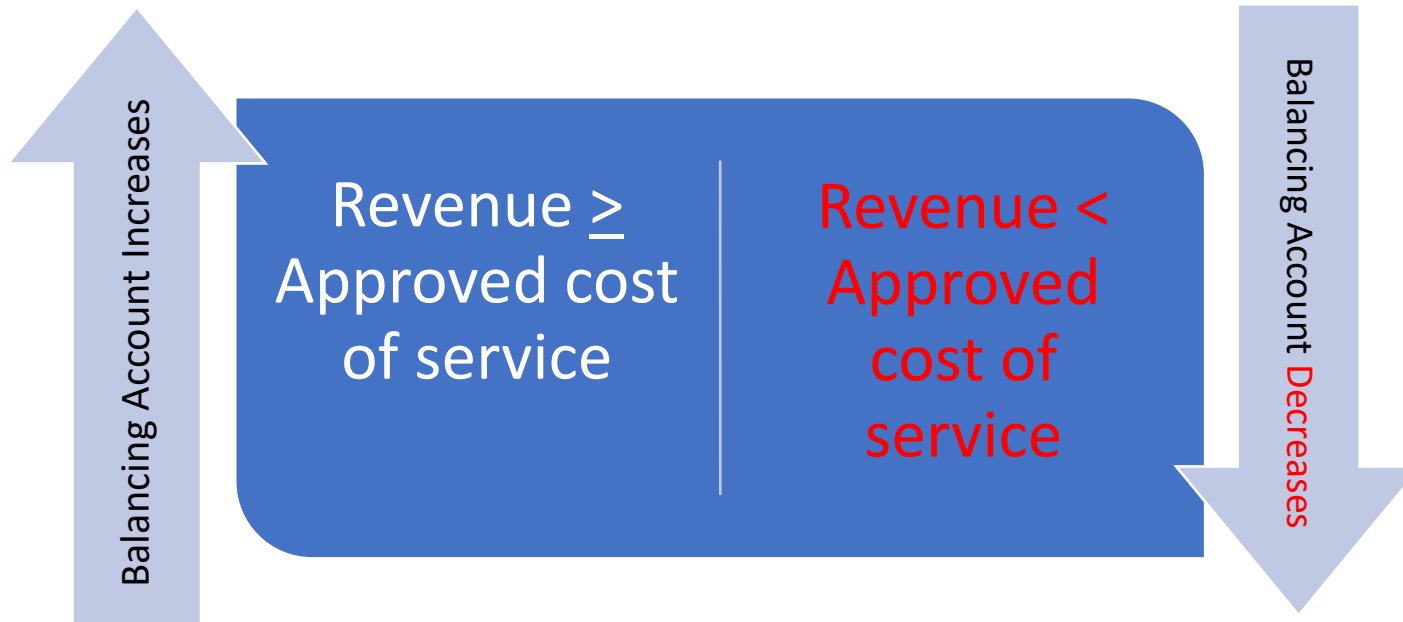
2025 Revenue Requirement Adjusted

2025 Revenue Requirement		Projections
1	Collection Costs	
2	Recology's Base Compensation	\$17,768,415
3	2025 Cap Carry Forward Deferral	(\$331,333)
4	2024 Cap Carry Amount	\$492,047
5	Incentives/Disincentives	(\$24,633)
6	Total Collection Costs	<u>\$17,904,496</u>
7	Disposal Processing Fees	\$11,219,103
8	City Expenses	<u>\$4,322,656</u>
9	Total Revenue Requirement	<u>\$33,446,255</u>
10	Projected Revenue at Current Rates	<u>\$31,864,894</u>
11	Revenue Surplus/(Shortfall)	(\$1,581,360)

Revenue Increases/
Reserves Required to
Address Shortfall

2025 Revenue Requirement

- Recology maintains a balancing account payable to (or from) the City at the expiration of the agreement
 - Interest is charged to the City if the cumulative balance goes negative



Existing Balancing Account Deficit

Balancing Account Projection	Surplus/ (Shortfall)
2021 Reconciliation	(\$473,576)
2022 Reconciliation	\$157,710
2023 Reconciliation	(\$587,411)
2024 Reconciliation (projected)	(\$318,771)
Estimated 2024 Balance Accrued/(Owed)	(\$1,222,048)
Use of Reserves per 2024 Council Direction	\$1,000,000
Total Balance Accrued/(Owed) as of 2024	(\$222,048)
2025 Shortfall (projected)	(\$1,581,360)
Total Balance Accrued/(Owed) as of 2025	(\$1,803,408)

- With the 2025 shortfall, the City faces a **cumulative shortfall of \$1.8 million.**

Steps to Address \$1.8M Revenue Shortfall

1. Increase revenues by addressing rates that do not meet the cost of service.
 - Adjust Commercial Solid Waste Cart Rates.
 - Adjust Commercial Organics Cart Rates.
 - Adjust Residential Rates.
2. Remit \$400K to Recology in 2025 from City's reserves.
 - City's \$4.4 M in reserves for the purpose of rate stabilization during COS implementation.

Recommended Increase to Commercial Solid Waste and Organics Cart Rates and to Address Cost of Service

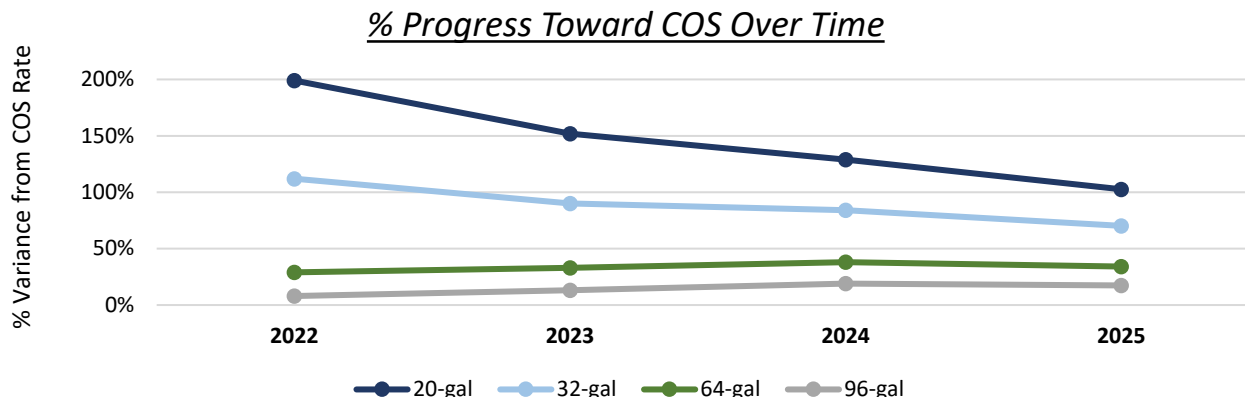
Commercial			
Solid Waste		Proposed	Proposed Rate
Accounts	Cart Size		
		Increases	(\$/mo.)
80	20-gallon	\$6.50	\$34.84
802	32-gallon	\$5.75	\$42.93
323	64-gallon	\$0.00	\$64.26
835	96-gallon	\$0.00	\$94.47
Revenue Added:		\$93,287	

Commercial			
Organics		Proposed	Proposed Rate
Accounts	Cart Size		
		Increases	(\$/mo.)
22	20-gallon	\$6.50	\$34.84
442	32-gallon	\$5.75	\$42.93
530	64-gallon	\$0.00	\$64.26
159	96-gallon	\$0.00	\$94.47
Revenue Added:		\$32,751	

Note: No increase is proposed for Commercial bins (containers 1 CY and larger).

2025 Solid Waste Rate Realignment Process

Long Term Plan to Realign Rates to Cost of Service which began in 2021



Residential Solid Waste Cart Size	Current Rate (\$/mo.)	COS Rate (\$/mo.)	Difference	
			\$	%
20-gallon	\$28.59	\$57.57	\$28.98	101%
32-gallon	\$37.93	\$64.14	\$26.21	69%
64-gallon	\$63.93	\$85.07	\$21.14	33%
96-gallon	\$94.08	\$109.41	\$15.33	16%

Current Residential Subscriptions

- 20-gal accounts: 4,068 (19.5%)
- 32-gal accounts: 11,465 (55.1%)
- 64-gal accounts: 4,579 (22.0%)
- 96-gal accounts: 697 (3.3%)

Proposed Increase to Residential Rates and to Address Cost of Service

Proposal would achieve the following:

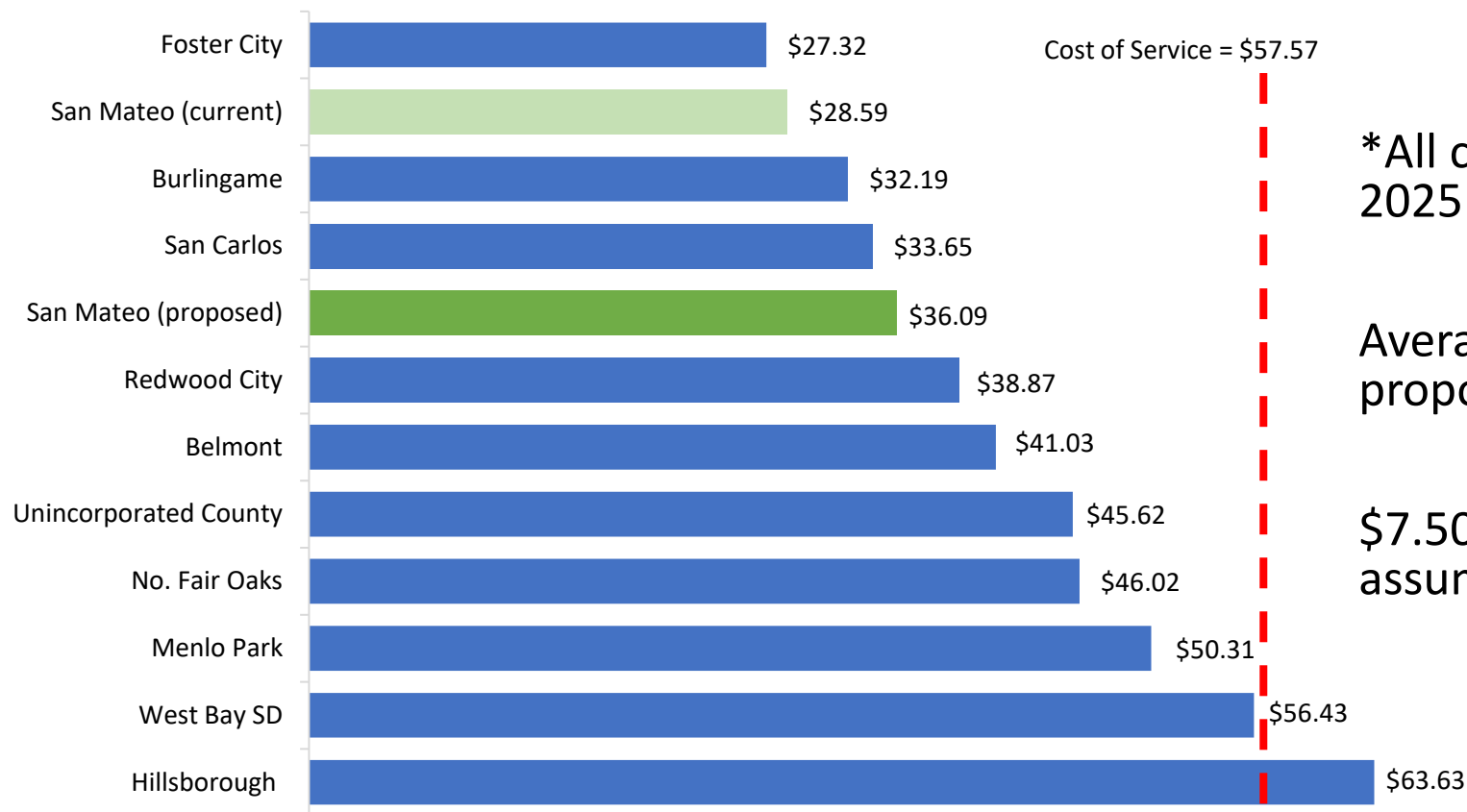
- **Use Solid Waste reserves to reduce increases** to ratepayers
- **Align rates** closer to the cost of service

Current Residential Subscriptions

- 20-gal accounts: 4,068 (19.5%)
- 32-gal accounts: 11,465 (55.1%)
- 64-gal accounts: 4,579 (22.0%)
- 96-gal accounts: 697 (3.3%)

Residential Solid Waste Cart Size	Proposed Increases	Proposed Rate (\$/mo.)
20-gallon	\$7.50	\$36.09
32-gallon	\$8.00	\$45.93
64-gallon	\$8.50	\$72.43
96-gallon	\$9.00	\$103.08

Residential Rate Comparison (20-gallon)

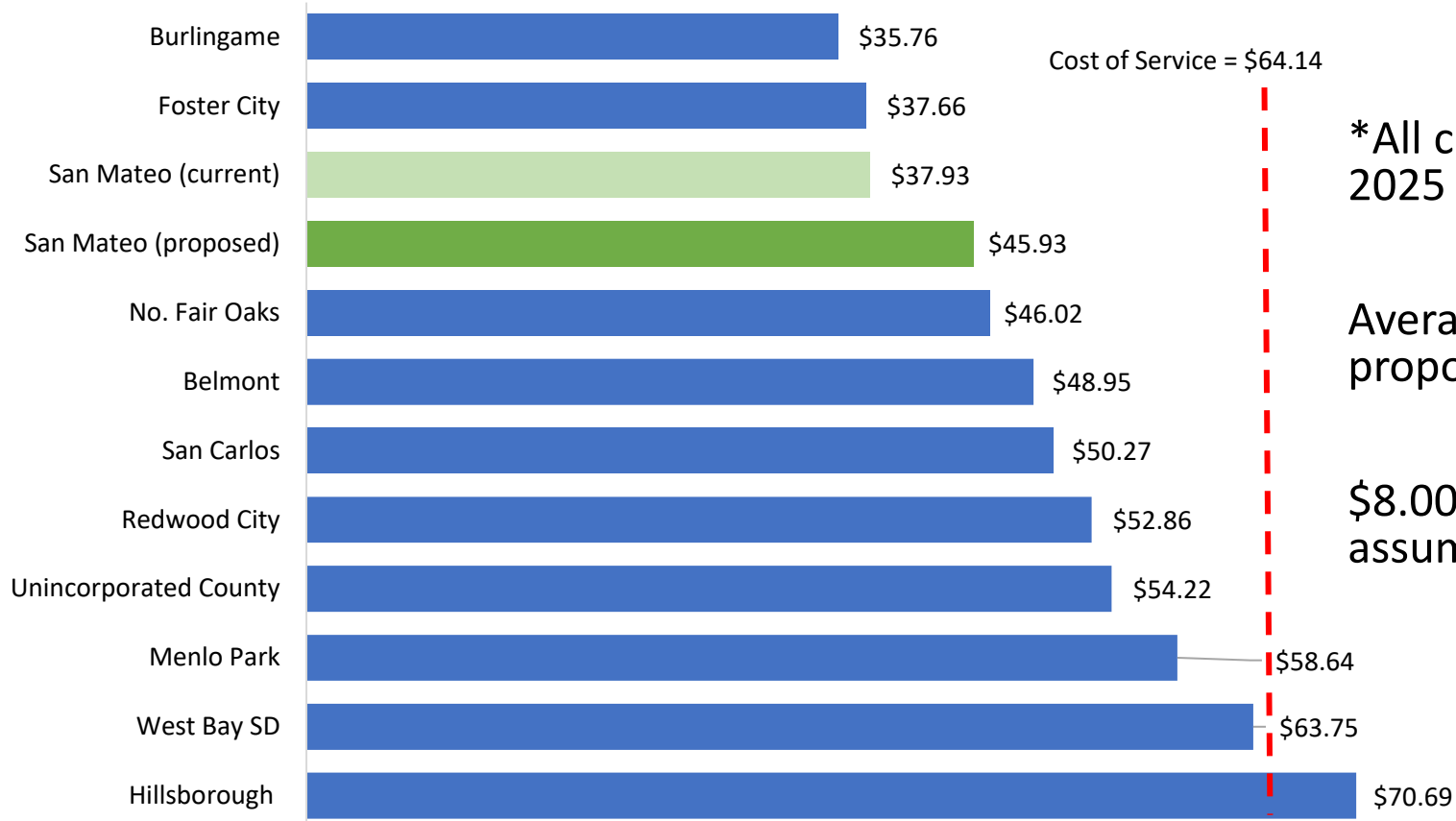


*All current rates reflect 2025 unless noted.

Average excludes proposed San Mateo rate.

\$7.50/month increase assumed for San Mateo.

Residential Rate Comparison (32-gallon)

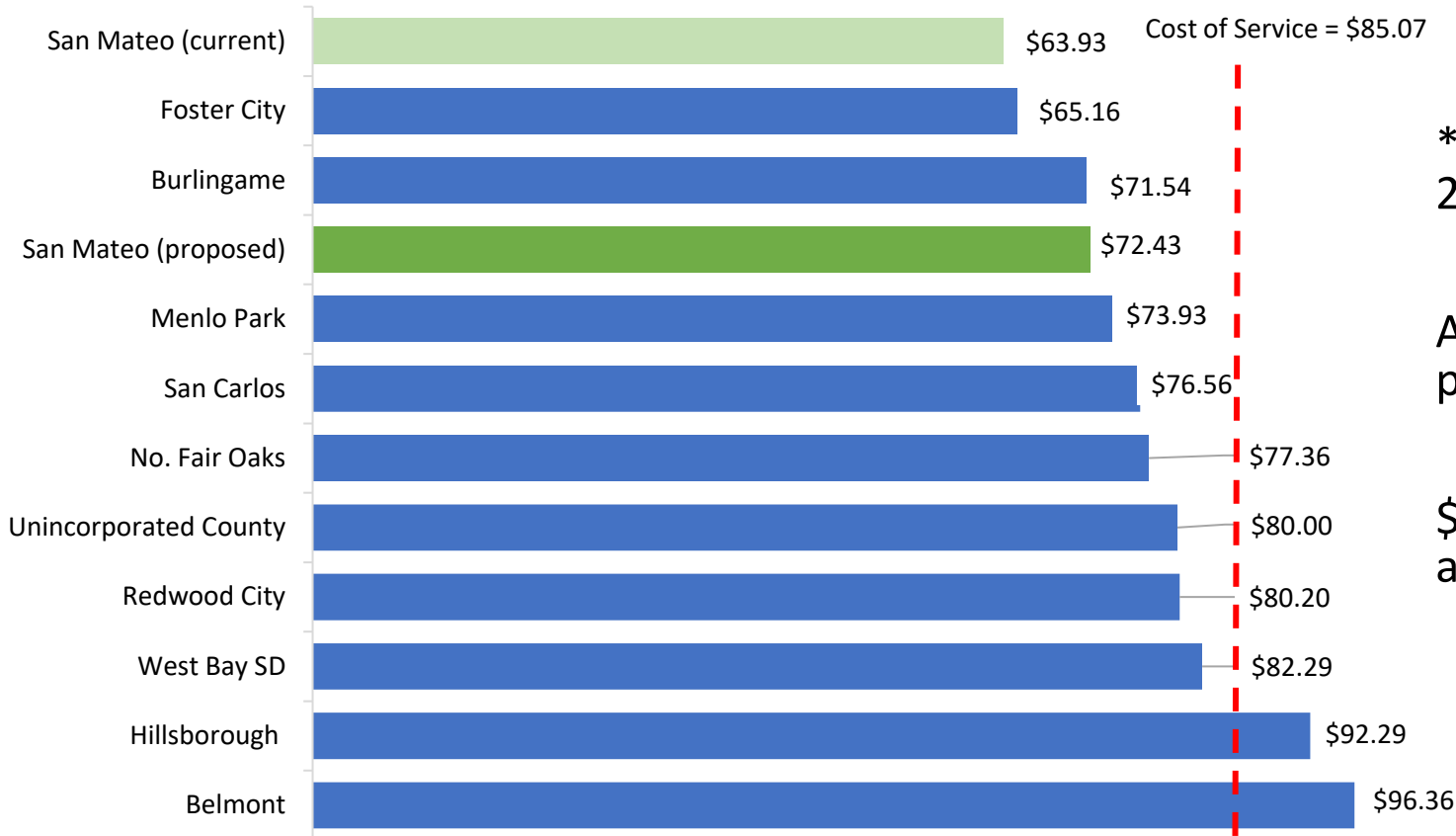


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\$8.00/month increase assumed for San Mateo.

Residential Rate Comparison (64-gallon)

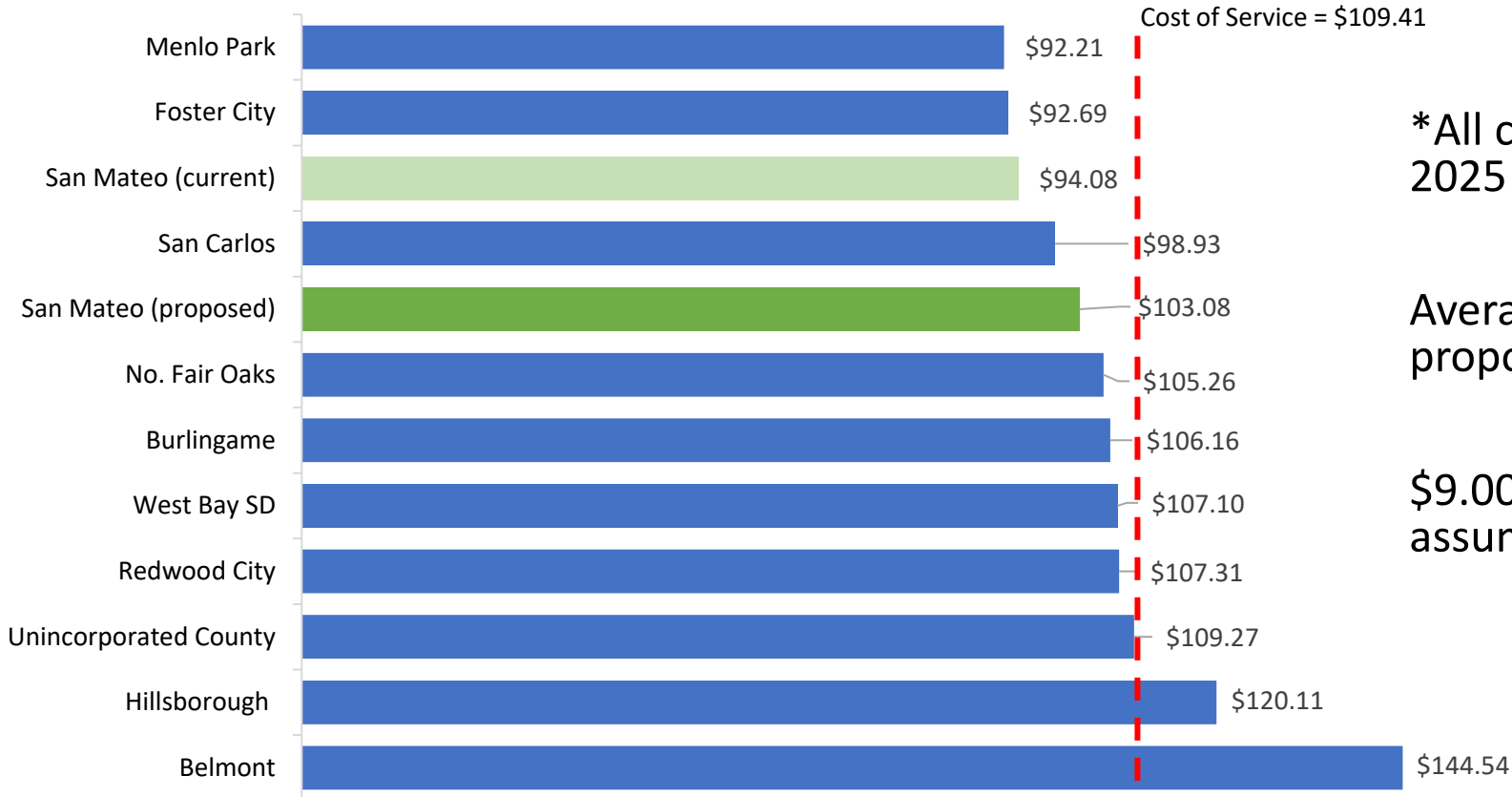


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Residential Rate Comparison (96-gallon)



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Average excludes proposed San Mateo rate.

\$9.00/month increase assumed for San Mateo.

City Solid Waste Reserve Fund

- Available June 30, 2024 Balance: \$4.4 million
- City plans to use \$400K in reserves in 2025 to reduce historical balancing account.
- City plans to use additional reserves in future years to reduce rate increases and mitigate balancing account deficit.

Solid Waste Rates - Summary

- Rates must cover the cost of solid waste services
- Rates can not be progressively “pay-as-you-throw”
- Proposed 2025 rates move the City closer to compliance
- Additional increases will be needed in future years
 - SBWMA Capital Improvements
 - Zero Emission Vehicles Infrastructure
 - SB 54

Solid Waste Rates – Summary of 2025 Rate Proposal

- Rate Increases Provided in Proposition 218 Notice

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20-gallon	\$7.50	\$36.09
32-gallon	\$8.00	\$45.93
64-gallon	\$8.50	\$72.43
96-gallon	\$9.00	\$103.08
Revenue Added:	\$1,506,821	

Commercial Solid Waste		Proposed Increases	Proposed Rate (\$/mo.)
Accounts	Cart Size		
80	20-gallon	\$6.50	\$34.84
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- Maximum revenue added from rate increases: \$1.63 million
- Council to Remit \$400k to Recology to reduce balancing account deficit in 2025.

Rate Adoption Timeline

Council approval to mail public notice

13 Jan. 2025

17 Jan. 2025

City Council Public Hearing

3 Mar. 2025

1 Apr. 2025

45-day public notice mailing deadline

Rates effective, if adopted

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Thank you for your time.

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