



CITY OF SAN MATEO

City Hall
330 W. 20th Avenue
San Mateo CA 94403
www.cityofsanmateo.org

Agenda Report

Agenda Number: 13

Section Name: {{section.name}}

File ID: {{item.tracking_number}}

TO: City Council
FROM: Drew Corbett, City Manager
PREPARED BY: Public Works Department
MEETING DATE: October 18, 2021

SUBJECT:
2022 Solid Waste Collection Rates – Increase

RECOMMENDATION:

Adopt a Resolution to establish maximum rates for solid waste, recycling, and organic collection for Rate Year 2022.

BACKGROUND:

Rate Setting Procedure - Council reviews service rates for solid waste, recycling, and compost collection and disposal services annually and establishes the maximum rates to be charged by the City's franchisee, Recology San Mateo County (Recology). Although not necessarily applicable to solid waste franchises, the City follows the limitations and requirements for increasing property-related fees and charges contained in the Article XIID of the California Constitution (Proposition 218). These requirements include a mailed notice sent at least 45 days prior to public hearing at which the Council considers whether to adopt or increase the proposed rates.

Statements of protest will be accepted through the end of the public hearing on October 18, 2021. At that time, the City Clerk will tally and report the qualifying written protests, and the Council should certify whether the written protests in opposition to the increase meet (or do not meet) the 50 percent protest threshold. If the majority threshold is not met, the Council may then approve adoption of the increased rates. If a majority threshold is met, the City cannot increase the rates and the rates will remain unchanged.

During the August 16, 2021 Council meeting, staff recommended the following rate increases effective January 1, 2022: (1) a not-to-exceed \$4.00 per month increase for 20- and 32-gallon residential and commercial garbage cart rates; (2) a \$2.00 increase for 64- and 96-gallon residential and commercial garbage cart rates; and (3) a not-to-exceed two percent increase in commercial waste and organic cart and bin rates. The new maximum rates to be charged by the franchisee for the residential and commercial solid waste program are detailed in Exhibit A of Attachment 1 – Resolution. On August 23, 2021, notice (Attachment 2) of the proposed increases and the public hearing was mailed to all property owners and Recology solid waste customers in the City.

Factors Affecting 2022 Solid Waste Rates - The factors affecting the 2022 solid waste rates include Recology's compensation, disposal costs, and City fees. Recology's compensation is based on adjusting Recology's 2021 costs by applying the changes in several indices (e.g., Employment Cost Index, Fuel Index, Consumer Price Index), the wages and benefits schedule from Recology's Collective Bargaining Agreements, and their projected cost associated with SB 1383. The South Bayside Waste Management Authority (SBWMA) Board approved Recology's Compensation Application for Rate Year 2022 on September 23, 2022. Recology's expense for collection services is \$15,438,500.

South Bay Recycling's (SBR) cost includes increased fees for disposal at Ox Mountain, Newby Island, and Grover Environmental; debt service payment for 2019 bonds issued to refund 2009 bond debt service and capital improvements

at the Shoreway facility; the cost for management of the SBWMA; and the franchise fee to the City of San Carlos. Net commodity revenue (i.e., revenue from the sale of recycled material) is used to offset SBR's costs. SBR's cost for disposal and processing is \$7,795,566.

City Solid Waste Fund 21 expenses include \$1,921,441 for funding for the Solid Waste and Trash Reduction Program and \$2,255,548 for other expenses including capital improvement projects related to trash reduction, a four percent franchise fee, and the 3rd Avenue Landfill closure surcharge.

On September 21, 2020, the Council approved no rate increase for the solid waste rates in Rate Year 2021 and designated using funds from the Rate Stabilization Fund to offset any revenue shortfall as a consideration for all their rate payers due to the financial impacts of COVID-19. The anticipated incoming 2021 revenue is \$25,495,429, and the total revenue requirement is \$27,411,055, which creates an anticipated \$1,915,626 shortfall if rates are not increased.

2022 Rate Impact for Residential and Commercial Ratepayers - Residential solid waste rates for all three collection services (recycling, organic, and garbage) are based upon the size of the resident's garbage cart. Approximately 80 percent of the City's residents have a 20- or a 32-gallon garbage cart. Commercial rates vary greatly depending on the level of service requested. Table A below summarizes the current and proposed 2022 monthly rates for residential and the most common service level (one collection per week) rates for commercial collection services.

Table A - 2021/2022 Residential and Commercial Garbage Collection Rates

Size of Collection Cart/Bin	2021 Monthly Rate	Proposed 2022 Monthly Rate	Monthly Difference
Residential Rates			
20 Gallon Cart	\$15.59	\$19.59	\$4.00
32 Gallon Cart	\$24.93	\$28.93	\$4.00
64 Gallon Cart	\$54.93	\$56.93	\$2.00
96 Gallon Cart	\$85.08	\$87.08	\$2.00
Commercial Rates (1 collection per week)			
1 Yard	\$166.84	\$170.18	\$3.34
2 Yard	\$333.77	\$340.45	\$6.68
3 Yard	\$500.64	\$510.65	\$10.01
6 Yard	\$975.49	\$995.00	\$19.51

BUDGET IMPACT:

The recommended rate increases and existing funds from the Solid Waste Fund will cover the Solid Waste Program's revenue requirements.

ENVIRONMENTAL DETERMINATION:

This action by the City in setting the maximum rates to be charged by Recology San Mateo County relates to funding an on-going solid waste collection service and is not a project subject to CEQA, because it is a government fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. (CEQA Guidelines Section 15378(b)(4).)

NOTICE PROVIDED

Notice of the proposed maximum increase in solid waste rates and the October 18, 2021 public hearing was mailed to all property owners and Recology customers on August 23, 2021. This meets the 45-day notification requirement.

ATTACHMENTS

Att 1 – Proposed Resolution

Att 2 – Notice of Public Hearing

STAFF CONTACT

Roxanne Murray, Waste Management Supervisor
rmurray@cityofsanmateo.org
(650) 522-7346