

# 2019 Recology San Mateo County Compensation Adjustment Application

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**A Public Agency**

TAC Meeting  
September 13, 2018

# Recology Compensation Adjustment Application

Table 1

Total Contractor's Compensation	Recology Compensation			
	<u>2018 Cost</u>	<u>2019 Cost</u>	<u>Change</u>	<u>%</u>
Base Compensation	\$56,793,053	\$57,890,585	\$ 1,097,532	1.9%
Incentives / Disincentives	\$113,799	\$78,590	\$ (35,208)	30.9%
<b>Total Contractor's Compensation</b>	<b>\$56,906,852</b>	<b>\$57,969,175</b>	<b>\$ 1,062,323</b>	<b>1.9%</b>

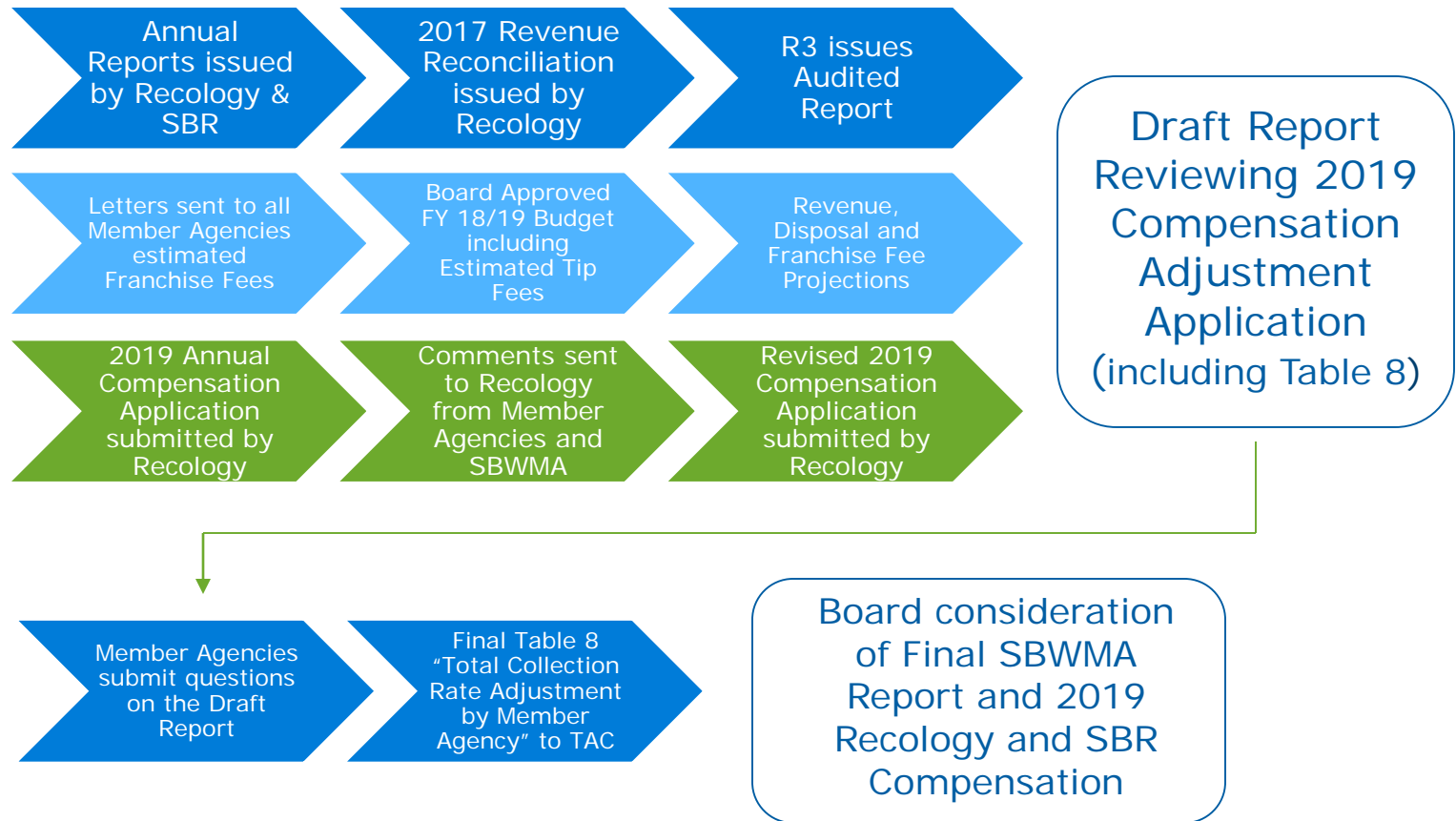
## Contractor's compensation increase is primarily due to:

- Annual Cost of Operations increase of 2.6% over prior year.
  - Decreased compensation of 404K for Zero Waste Specialists (Amended/Restated Agreement)
- A scheduled reduction in Interest Expense that is 37% lower than prior year.
- Decreased payment to Recology of diversion-based Performance Incentive / Disincentives.

## Timeline in Completing SBWMA Final Report

Date	Processes
15-Feb	<b>Annual Reports</b> issued by Recology and SBR
31-Mar	<b>2017 Revenue Reconciliation</b> issued by Recology
6-Jun	<b>Letters to all Member Agencies</b> requesting 2019 estimated franchise fees
11-Jun	R3 issues Audit Report of Recology and SBR Annual Reports
15-Jun	<b>2019 Annual Compensation Application</b> submitted by Recology
28-Jun	<b>Board Approved</b> FY 18/19 Budget including <b>estimated tip fees</b>
29-Jun	<b>Comments sent to Recology</b> from Member Agencies and SBWMA
5-Jul	<b>2019 Annual Compensation Application</b> submitted by SBR
20-Jul	<b>Revised 2019 Annual Compensation Application</b> submitted by Recology
23-Jul	<b>Revenue, Disposal and Franchise Fee Projections</b> issued by SBWMA
10-Aug	<b>Draft Report reviewing Recology's 2019 Compensation Adjustment Application</b> submitted by HF&H and SBWMA
15-Aug	<b>Draft Report reviewing SBR's 2019 Compensation Adjustment Application</b> submitted by HF&H and SBWMA
24-Aug	Member Agencies submit questions on the Draft Reports
13-Sep	<b>Final Table 8</b> "Total Collection Rate Adjustment by Member Agency" presented to TAC by SBWMA Staff
27-Sep	<b>Board consideration of Final SBWMA Report and 2019 Recology and SBR Compensation</b>

# Process Followed in Completing SBWMA Final Report



# Recology Compensation Adjustment Application

## Table 8

SBWMA									
TOTAL COLLECTION RATE ADJUSTMENT BY MEMBER AGENCY									
<i>as of 09/20/2018</i>									
2019 Rate Year									
	Total	Atherton	Belmont	Burlingame	East Palo Alto	Foster City	Hillsborough	Menlo Park	
<b>C. 2019 REQUIRED REVENUE ADJUSTMENT</b>									
C.1	Cumulative Revenue Requirement (A.7-A.9-B.1-B.2)	\$111,729,700	\$2,917,535	\$8,819,931	\$11,893,024	\$5,345,972	\$6,048,614	\$2,848,794	\$12,581,599
C.2	Subtotal Surplus/(Shortfall) (A.1 - C.1)	(\$7,333,660)	\$15,273	(\$2,123,153)	(\$942,663)	(\$343,773)	(\$271,794)	\$181,845	(\$454,720)
C.3	Rate Adjustment Percentage (C.2 / A.1)	7.0%	-0.5%		8.6%	6.9%	4.7%	-6.0%	3.7%
<b>D. 2018 Estimated Surplus/(Shortfall)</b>									
D.1	Surplus/(Shortfall), 2018 estimated	(\$228,900)	\$71,315	(\$263,452)	(\$330,080)	\$171,029	\$92,534	(\$119,220)	\$447,182
D.2	Surplus/(Shortfall) 2016 FINAL (incl. Interest)	(\$164,920)		(\$722,423)		(\$117,933)	\$19,279	\$591,910	(\$362,495)
D.3	Net Estimated 2018 Surplus/Shortfall	(\$393,820)	\$71,315	(\$985,875)	(\$330,080)	\$53,096	\$111,813	\$472,690	\$84,687
D.4	Agency Fees on D.3 Estimated Shortfall	(\$70,062)			(\$46,211)				
D.5	Rate Adjustment Percentage (Associated with 2018 Estimated Surplus/Shortfall)	0.4%	-2.4%	14.7%	3.4%	-1.1%	-1.9%	-15.6%	-0.7%
<b>E. Adjustments</b>									
E.1	Miscellaneous Adjustment/Payment	(\$3,109,028)		(\$3,109,028)					
<b>F. TOTAL RATE IMPACT</b>									
F.1	Cumulative Revenue Requirement (C.1-D.3+E.1)	\$109,084,553	\$2,846,220	\$6,696,778	\$12,269,315	\$5,292,876	\$5,936,801	\$2,376,104	\$12,496,912
F.2	Total Surplus/(Shortfall) (A.1 - F.1)	(\$4,688,513)	\$86,588	\$0	(\$1,318,955)	(\$290,677)	(\$159,981)	\$654,534	(\$370,032)
F.3	Total Rate Adjustment Percentage (F.2 / A.1)	4.5%	-3.0%	0.0%	12.0%	5.8%	2.8%	-21.6%	3.1%

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Table 8

SBWMA							
TOTAL COLLECTION RATE ADJUSTMENT BY MEMBER AGENCY							
as of 09/20/2018		2019 Rate Year					
	North Fair Oaks	Redwood City	San Carlos	San Mateo	West Bay	Unincorporated County - Total	
<b>C. 2019 REQUIRED REVENUE ADJUSTMENT</b>							
C.1	Cumulative Revenue Requirement (A.7-A.9-B.1-B.2)	\$2,901,084	\$20,529,888	\$8,972,464	\$24,197,169	\$1,598,821	\$3,074,804
C.2	Subtotal Surplus/(Shortfall) (A.1 - C.1)	(\$104,271)	(\$1,657,727)	(\$530,140)	(\$1,348,428)	\$22,107	\$223,786
C.3	Rate Adjustment Percentage (C.2 / A.1)	3.7%	8.8%	6.3%	5.9%	-1.4%	-6.8%
<b>D. 2018 Estimated Surplus/(Shortfall)</b>							
D.1	Surplus/(Shortfall), 2018 estimated	\$19,187	(\$185,244)	(\$146,859)	(\$76,197)	\$75,988	\$14,918
D.2	Surplus/(Shortfall) 2016 FINAL (incl. Interest)	\$76,139	\$88,282	\$476,458	(\$165,971)	(\$14,679)	(\$33,487)
D.3	Net Estimated 2018 Surplus/Shortfall	\$95,326	(\$96,962)	\$329,599	(\$242,168)	\$61,309	(\$18,569)
D.4	Agency Fees on D.3 Estimated Shortfall		(\$13,235)		(\$9,687)		(\$928)
D.5	Rate Adjustment Percentage (Associated with 2018 Estimated Surplus/Shortfall)	-3.4%	0.6%	-3.9%	1.1%	-3.8%	0.6%
<b>E. Adjustments</b>							
E.1	Miscellaneous Adjustment/Payment						
<b>F. TOTAL RATE IMPACT</b>							
F.1	Cumulative Revenue Requirement (C.1-D.3+E.1)	\$2,805,759	\$20,640,085	\$8,642,865	\$24,449,024	\$1,537,512	\$3,094,301
F.2	Total Surplus/(Shortfall) (A1 - F1)	(\$8,945)	(\$1,767,924)	(\$200,541)	(\$1,600,284)	\$83,415	\$204,289
F.3	Total Rate Adjustment Percentage (F.2 / A.1)	0.3%	9.4%	2.4%	7.0%	-5.1%	-6.2%

## Processes Followed In Completing SBWMA Final Report

