



WEST BAY SANITARY DISTRICT AGENDA ITEM 4

To: *Board of Directors*

From: *Sergio Ramirez, General Manager
Todd Reese, Office & Communications Manager*

Subject: *Consider Accepting the HF&H Solid Waste Rate Study, Set a Public Hearing for December 13, 2023 to Review Proposed Solid Waste and Recycling Rates for 2024 and Provide Staff Direction Regarding the Rate Adjustment for 2024 and Mailing the Proposition 218 Notice for a Public Hearing*

Background

As a member of the South Bayside Waste Management Authority (SBWMA), West Bay Sanitary District, as well as the other Member Agencies is closing the twelfth year of the new Collection Services provided by Recology San Mateo County. The transition to these services commencing on January 1, 2011 has been significant in not just the expanded scope of services but also on diversion of materials from landfill. We've seen significant increases in residential recycling and organic materials collection. Solid waste generation has significantly decreased. The collection services now include more convenient weekly collection of single stream recycling, organic materials (yard trimmings and food scraps) and solid waste. The Shoreway Environmental Center which is operated by South Bay Recycling has undergone substantial capital improvements to facilitate single stream recycling service provided by Recology, enhance onsite public recycling activities and greatly improve traffic circulation.

The District and SBWMA have entered into a Restated Agreement with Recology of San Mateo County, to continue to serve the District's Solid Waste and Recycling customers for an additional ten years. The new term began in January of 2021.

The Board has expressed the need to actively move rates toward a "cost of service" level. This requires rates to be adjusted so customers are paying their fair share for the service they receive. In order to accomplish this, rate adjustments have been necessary in both increases and reductions to the rates. Considerations taken for such adjustments are as follow:

- The 20, 32, and 64-gallon containers are paying for their true cost for collection and processing.
- In past years the Board has given direction to reduce the Commercial customer's rate in order to be closer to their true cost for collection and processing.
- Continuing the implementation of rate adjustments will assist in balancing the cost of service in the program.

In the past, residential rates were set to incentivize the use of smaller containers and promote more recycling. This was done by making small residential container rates much lower than the larger residential containers. With the outreach efforts over the past years and educating residents on the importance of recycling, Staff feels the incentive aspect of the artificially low rate is no longer warranted. In some cases, it's been reported that the 20-gallon container users may be contributing to cross contamination of recyclables because the can is too small for their need and excess waste ends up in the recycling container. Therefore, if a customer really needs a 32-gallon container versus a 20-gallon container the price difference should not be set artificially low so as to deter someone from acquiring the size can that best fits their needs. This should help avoid the unintended consequence of cross contamination, from having the 20-gallon can rate artificially low. The Board's goal is to have customers pay rates that are more in line with cost of service. This approach is also compliant with Proposition 218 (Cal. Const. Art. XIII § 6), which requires that rates for property-related services, like solid waste and refuse collection, to be proportionate to the actual cost of service attributable to each property receiving such service.

The District has made efforts to participate in talks with the County of San Mateo (County) to potentially have the County manage the District's solid waste and recycling program. The District's service area is in the unincorporated areas of the County. It appears it would be beneficial to the public to have the County manage the program in these areas, as they do other parts of the County. The process will need to include San Mateo Local Agency Formation Commission (LAFCo) approval and a vote by the SBWMA Joint Powers Authority. Talks with the County and LAFCo are on-going at this time.

Analysis

HF&H Consultants, LLC were contracted this year to perform a rate analysis for the 2024 rates. The rate study analyzed rates that are more in line with "Cost of Service" and reviewed rates for residential and commercial services. On October 11, 2023, HF&H Consultants will present a report to the Board of Directors on the rate study. During the presentation the Board may discuss potential options for adjusting rates for residential and commercial customers. If the Board agrees with the rates proposed, the Board will be asked to establish a date for a public hearing on the new Solid Waste and Recycling rates.

The aligning of residential rates to the cost of service for each container size and the overall reduction of the commercial customer class bin rates over the past several years, achieves the District's objective of a "cost of service" rate structure. Due to increased Revenue Requirements for disposal and processing the District will have to raise rates, on both residential and commercial customers, in order to maintain service levels in the Solid Waste/Recycling Program.

The District has chosen to implement, as part of a multiyear plan, rate adjustments for residential and commercial customers which will close the gap between the rates and the cost for services while generating sufficient revenue to cover the projected collection and processing costs. The following are the proposed cart rate adjustments for 2024.

**Table 5 of the HF&H Rate Study
Proposed and Projected Residential Rate Adjustments (2024-2026)**

Container Size								
	20 gallon		32 gallon		64 gallon		96 gallon	
Current Rate →		\$50.00		\$56.00		\$72.75		\$105.00
Proposed 2024	8.00%	\$54.00	8.92%	\$61.00	8.25%	\$78.75	0.00%	\$105.00
Projected 2025	4.50%	\$56.43	4.50%	\$63.75	4.50%	\$82.29	2.00%	\$107.10
2026	4.50%	\$58.97	4.50%	\$66.62	4.50%	\$85.99	2.00%	\$109.24
2024 Projected Cost of Service		\$62.29		\$68.71		\$88.43		\$110.75

**Table 6 of the HF&H Study:
District’s Board Proposed Rate Adjustments**

Rates by Size of Container						
	Residential				Commercial	
	20 Gallon	32 Gallon	64 Gallon	96 Gallon	1YD Bin 1x/week	3YD Bin 1x/week
Current Rates	\$50.00	\$56.00	\$72.75	\$105.00	\$176.27	\$372.53
Proposed Rate Adjustment	8.00%	8.92%	8.25%	0.00%	2.00%	2.00%
2023 Proposed Rate / Mo.	\$54.00	\$61.00	\$78.75	\$105.00	\$179.80	\$379.98
Increase (Decrease) / Mo.	\$4.00	\$5.00	\$6.00	\$0.00	\$3.53	\$7.45
2024 Projected Revenue at Proposed Rates						
	Residential	Commercial	Total			
Projected Revenue at Current Rates ¹	\$1,649,769	\$289,515	\$1,939,284			
2024 <u>Proposed Rate</u> Revenue	\$1,778,312	\$294,767	\$2,073,079 A			
2024 Proposed Costs	<u>1,801,178</u>	<u>319,854</u>	<u>2,121,032</u> B			
Excess (Shortfall)\$	-\$22,866	-\$25,087	-\$47,953 A - B = C			
Excess (Shortfall)%	-1.3%	-8.5%	-2.3%			

¹ Projected revenue at current rates is based upon the actual revenue for the first 8 months of 2023, annualized.

For a rate increase to be considered for adoption, public noticing and majority protest procedures as outlined by Proposition 218 need to be followed. Notifications would be distributed by the end of October.

The cost of notification is approximately \$5,000 and would be paid by the District and recovered through the Franchise Fee. Following the required minimum 45 day noticing period, the District Board would then consider adoption of the proposed rates at its December 13, 2023 meeting, for an effective date of January 1, 2024. If adopted, the new rates would be included in Recology's first full billing cycle which would be for January, February, and March of 2023.

Fiscal Impact

The proposed 2024 rates will produce a projected revenue of \$2,073,079, a shortfall of approximately \$47,953 or 2.3% under the projected cost for service. It is anticipated that the District will use its Reserves or Balancing Account to cover the difference.

Recommendation

The General Manager recommends the adoption of a \$4.00 rate increase applied to the residential 20-gallon cart, a \$5.00 rate increase applied to the 32, a \$6.00 increase applied to the 64-gallon carts, and no increase to the 96-gallon carts in 2024. The commercial bin rates will increase by 2%.

In addition, the General Manager recommends the adoption of the rates for Recology's Unscheduled Services as described in Attachment 3 of this report. With the adoption of these adjustments, the District's rates for most residential and commercial customers would become closer to their actual cost of service levels.

Therefore, the General Manager recommends:

1. The Board accept the HF&H Solid Waste Rate Study, dated October 5, 2023.
2. The Board set a Public Hearing for December 13, 2023, to review proposed Solid Waste and Recycling collection rates for year 2024; and
3. Provide staff direction by minute order regarding the rate adjustments for 2023 and mailing of the Proposition 218 notice for a public hearing to be held on December 13, 2023 prior to the adoption of the collection rates for 2024.

Attachments: Attachment 1—HF&H Draft Solid Waste Rate Study for 2024

Attachment 2—Draft 218 notice for 2024

Attachment 3— Attachment Q: Unscheduled Services

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October 5, 2023

Sergio Ramirez
 District Manager
 West Bay Sanitary District
 500 Laurel Street
 Menlo Park, CA 94025

Sent via e-mail

Subject: Update the District's Solid Waste/Recycling Rate Model

Dear Sergio Ramirez:

HF&H Consultants, LLC (HF&H), at your request, has reviewed the West Bay Sanitary District's (District) projected calendar year 2024 solid waste service projected costs and revenues¹ to determine the estimated surplus/shortfall for each customer class (residential and commercial). Additionally, we have updated the District's solid waste/recycling "cost of service" rate model to reflect 2024 projected results.

Based upon the findings described in this report, and the feedback received from our preliminary findings and recommendations presented to the District's Board at its September 13, 2023 meeting, the District's Board proposed the following rate adjustments for 2024.

Container Size Serviced 1X/Week	Residential	Commercial	Proposed \$ Increase	Proposed 2024 Rate
20 Gallon	8.00% Increase	N/A	\$4.00	\$54.00
32 Gallon	8.93% Increase	8.93% Increase	\$5.00	\$61.00
64 Gallon	8.25% Increase	8.25% Increase	\$6.00	\$78.75
96 Gallon	0.0% Increase	0.0% Increase	\$0.00	\$105.00
All Bins	N/A	2.0% Increase	Varies	Varies

¹ As presented in the SBWMA's "Draft Report Reviewing the 2024 Recology Compensation Application", dated August 11, 2023

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October 5, 2023
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The adjustments for both residential and commercial rates will better reflect the cost of service, while generating sufficient revenue to cover the projected collection and processing costs for 2024. As part of a multi-year plan, similar adjustments were implemented in previous years.

BACKGROUND

As a member of the SBWMA, the District transitioned collection services and operation of the Shoreway Recycling and Disposal Center in San Carlos from Allied Waste/Republic to Recology San Mateo County (RSMC) and South Bay Recycling (SBR). RSMC and SBR took over collection services and operation of the Shoreway Environmental Center (Shoreway), respectively, beginning January 1, 2011. The District entered into a new 15-year agreement with RSMC with operations to start January 1, 2021 and a new contract to operate Shoreway with South Bay Industries (SBI) effective January 1, 2024.

Annually, the SBWMA provides the District with its allocation of the projected costs to provide collection service and operation of Shoreway. This information is utilized in the rate-setting process. A rate model was developed by HF&H and adopted by the District's Board of Directors (Board) on December 14, 2011.

The purpose of this update was to better reflect the cost of service, while generating sufficient revenue to cover the projected collection and processing costs through a three-year planning period (2024-2026) and providing recommended rates for the first year of the three-year planning period (2024) to be adopted by the Board.

SCOPE OF WORK

Based on the results, provided by the SBWMA for the 2024 rate-setting process, HF&H updated the "cost of service" model previously developed and enhanced the cost allocation methodology between residential container sizes.

We performed the following procedures as part of our review:

- Obtained cost, rate, and current customer account data from the District and Recology.
- Prepared a summary schedule projecting the District's revenues for 2024 and revenue for the next three years (through 2026).
- Prepared a summary schedule projecting Recology collection costs for the next three years (through 2026). Based on recent inflationary increases and discussions with the SBWMA and Recology, we assumed inflationary collection cost increases of 4.5% and 4.5% in 2025 and 2026, respectively. Historically higher than normal increases in CPI are driving the assumptions for higher-than normal increases.
- Prepared a summary schedule projecting SBWMA tip fee costs for the next three years (through 2026). Based on recent inflationary increases and discussions with the SBWMA, we assumed

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inflationary tip fee cost increases of 4.5% and 4.5% in 2025 and 2026, respectively. The increases reflect the anticipated costs increases to comply with SB 1383 and the impact of the procurement of a new operator of the Shoreway Environmental Center, as the current operator agreement will expire December 31, 2023.

Prepared a schedule projecting residential and commercial revenue requirement through 2026 with the objective of the residential revenue to equal the costs to provide the service.

Prepared a schedule proposing adjustments to the rates for the various residential carts with the objective of specific cart size revenue to equal its respective cost to provide the service.

LIMITATIONS

Our conclusions are based, in part, on Recology's projections of its financial results of operations included in the SBWMA's "Draft Report Reviewing the 2024 Recology Compensation Application," dated August 11, 2023. Actual results of operations will usually differ from projections because events and circumstances frequently do not occur as expected and the difference may be significant.

FINDINGS

General

HF&H has updated the prior year's rate structure analysis following its two-step process. The first step divides the solid waste collection system into two customer classes: residential and commercial. For the purposes of this study, we are including multi-family customers with the commercial customer class and we have not factored any surplus or deficit from the prior year revenue reconciliations. We then reviewed the revenues and the revenue requirements for each customer class independently.

Revenue Requirement (RSMC & SBR)	2023	2024	Variance Year over Year \$	Variance Year over Year %
Collection Cost	\$1,182,552	\$1,251,404	\$68,852	5.8%
Disposal/Processing	598,412	749,315	150,903	25.2%
Agency Fees (on net revenue)	111,222	120,043	8,821	7.9%
Total Costs	\$1,892,186	\$2,120,762	\$228,576	12.08%

The second step is to further review the residential customer class by examining the rate and cost to provide service for each size of container (20 gallon, 32 gallon, 64 gallon, and 96 gallon).

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Step 1 – Residential and Commercial Customer Classes

The following table shows the Rate Year 2024 revenue requirement by customer class. At current rates (2023 rates), the solid waste collection system as a whole is projected to generate less than the requirement, a \$181,478 deficiency of revenue compared to costs.

**Table 1:
 2024 Projected Revenue and Costs by Customer Class**

	<i>Residential</i>	<i>Commercial</i>	<i>Total</i>
Projected Revenue at <u>Current Rates</u> ¹	\$1,649,769	\$289,515	\$1,939,284 A
Projected 2024 Costs by Service Sector			
Collection	\$1,047,745	\$203,659	\$1,251,404
Disposal/Processing	651,480	97,835	749,315
Agency Fees	101,953	18,090	120,043
Total Costs	<u>\$1,801,178</u>	<u>\$319,584</u>	<u>\$2,120,762</u> B
Excess (Deficiency) of Revenues vs Costs	<u>\$ (151,409)</u>	<u>\$ (30,069)</u>	<u>\$ (181,478)</u> A-B=C
Projected Rate Adjustment	9.18%	10.39%	9.36%

¹ Projected Revenue is based on Recology's Compensation Application

NOTE: The amounts shown above are for 2024 activity only. Prior year surplus/shortfalls (i.e., the balancing account held at Recology) are NOT included.

If the District elects to have both the residential and commercial customer class rates generate sufficient revenue to cover its costs, rates could be adjusted all at once or over a period of time. The table below shows possible rate adjustments to both customer classes over a three-year period, assuming cost increase projections as discussed on Page 2 of this report.

**Table 2:
 2024 Proposed and 2025-2026 Projected Average Rate Adjustments**

		<i>Residential</i>	<i>Commercial</i>
1	2024 - Proposed	7.77%	1.81%
2	2025 - Projected	4.43%	4.50%
3	2026 - Projected	4.43%	4.50%

The following table shows the projected revenues after the above rate adjustments. By 2026, the revenues are still slightly below the cost for commercial and residential, making use of the District's positive balancing account with Recology. Use of the balancing account allows the District to reduce rate volatility even when costs increase greater than inflation.

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**Table 3:
 Three-year Projected Revenue and Costs**

Projections - Balance Revenue & Costs over 3 Years									
	1			2			3		
	2024			2025			2026		
	Residential	Commercial	Total	Residential	Commercial	Total	Residential	Commercial	Total
Proposed Average Rate Adjustment	7.77%	1.81%		4.43%	4.50%		4.43%	4.50%	
Total Revenue	\$1,778,312	\$294,767	\$2,073,078	\$1,857,046	\$309,359	\$2,166,405	\$1,939,344	\$323,280	\$2,262,625
Assumptions:									
1) Cost Increase	"Projected"	"Projected"		4.50%	4.50%		4.50%	4.50%	
2) Disposal/Processing Increase	"Projected"	"Projected"		4.50%	4.50%		4.50%	4.50%	
Collection	\$1,047,745	\$203,659	\$1,251,404	\$1,094,893	\$212,824	\$1,307,717	\$1,144,164	\$222,401	\$1,366,564
Disposal/Processing	\$651,480	\$97,835	\$749,315	\$680,797	\$102,238	\$783,034	\$711,432	\$106,838	\$818,271
Agency Fees	101,953	18,090	120,043	106,541	18,904	125,445	111,336	19,754	131,090
Total Costs	1,801,178	319,584	2,120,762	1,882,231	333,965	2,216,196	1,966,932	348,993	2,315,925
Excess (Deficiency) Amount	(\$22,867)	(\$24,817)	(\$47,684)	(\$25,186)	(\$24,606)	(\$49,791)	(\$27,588)	(\$25,713)	(\$53,301)
Excess (Deficiency) Percentage	-1.29%	-8.42%	-2.30%	-1.36%	-7.95%	-2.30%	-1.42%	-7.95%	-2.36%

Step 2 – Residential Container Rates

We reviewed the residential rates by container size and compared the rates to the cost of service by container size projected by the SBWMA, which assumed the variable cost between container sizes is primarily the disposal cost. Additionally, HF&H updated the cost of service by container size using the same approach used in the rate model from the previous year. We have assumed the following:

- **Organics collection costs** are fixed per household as every customer receives the same size container and is serviced at the same frequency (64-gallon cart, serviced 1 time per week). For 2024, the fixed cost is \$29.73 per home per month.
- **Recycling collection costs** are also fixed per household for the same reason as above (64-gallon cart - serviced 1 time per week). For 2024, the fixed cost is \$13.97 per home per month;
- **Disposal cost** is variable based upon the capacity/gallon size of the solid waste cart serviced. For 2024 the projected variable cost is \$0.21 per gallon.
- **Fixed solid waste (SW) route/collection costs** are costs that do not vary based on the level of service received (e.g., customer service costs, IT costs). For 2024, the fixed cost is \$3.56 per home per month.
- **All other SW route/collection costs** are attributed to each cart size using equivalent cart units (ECU) calculated by applying routing metrics. (The ECU basic principle establishes the numeric relationship between cart size and route capacities.) For 2024, the projected monthly cost per ECU is \$5.5861 multiplied by a factor of:

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- 1.000 for a 20 gallon cart
- 1.600 for a 32 gallon cart
- 3.627 for a 64 gallon cart
- 6.080 for a 96 gallon cart

The following tables shows the current rates (2023), the SBWMA and the HF&H projected 2024 costs by cart size.

**Table 4a:
 HF&H Projected 2024 Costs by Residential Container Size**

Analysis of Costs by Size of Container				
	20	32	64	96
Organics Collection Cost	\$29.73	\$29.73	\$29.73	\$29.73
Recycling Collection Cost	13.97	13.97	13.97	13.97
Disposal Cost (\$0.21 per gallon)	4.21	6.74	13.47	20.21
Fixed Solid Waste Cost	3.56	3.56	3.56	3.56
All Other Solid Waste Cost				
	\$5.5861 X a factor of	1.000	1.600	3.627
		\$5.59	\$8.94	\$20.26
			\$33.96	
* Monthly Cost per Cart per HF&H	\$57.04	\$62.92	\$80.98	\$101.42

* rounded to the nearest cent

**Table 4b:
 Comparison of Current Residential Rates and Projected 2024 Costs by Container Size**

Analysis of Costs by Size of Container							
		<u>Current Mo. Rate</u>	<u>* 2024 Mo Cost per Cart</u>	<u>Excess (Deficiency) of Revenues vs Costs</u>	<u>Projected Rate Adjustment</u>	<u>2024 Variance before Adjustment</u>	
16%	344	20	\$50.00	\$57.04	(\$7.04)	14.1%	12.7%
57%	1252	32	\$56.00	\$62.92	(\$6.92)	12.4%	4.8%
23%	513	64	\$72.75	\$80.98	(\$8.23)	11.3%	-4.2%
5%	100	96	\$105.00	\$101.42	\$3.58	-3.4%	-17.4%
100%	2209						

* Rounded to the nearest cent

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The following table shows the projected adjustments in future years to continue to work towards the cost of service. These are projections based upon annual assumed increases in costs and would need to be revised as the actual costs are known and projections revised.

**Table 5:
 Proposed and Projected Residential Rate Adjustments (2024-2026)**

	<i>Container Size</i>							
	20 gallon		32 gallon		64 gallon		96 gallon	
Current Rate→		\$50.00		\$56.00		\$72.75		\$105.00
Proposed 2024	8.00%	\$54.00	8.92%	\$61.00	8.25%	\$78.75	0.00%	\$105.00
Projected 2025	4.50%	\$56.43	4.50%	\$63.75	4.50%	\$82.29	2.00%	\$107.10
2026	4.50%	\$58.97	4.50%	\$66.62	4.50%	\$85.99	2.00%	\$109.24
2026 Projected Cost of Service		\$62.29		\$68.71		\$88.43		\$110.75

Rate Structure Summary

Current Rate Structure

Under the current rate structure, rate revenue (assuming current rates and no use of prior year surplus or shortfall) is projected to produce a shortfall of approximately \$181,478 in revenue for the forthcoming year (see Table 1).

Rate Adjustments

Residential and Commercial Customer Class

In the first step described above, HF&H divided the solid waste collection system into two customer classes: residential and commercial and modeled a rate structure which achieved a cost-of-service balance between the customer classes over the next few years. Overall revenue from residential rates is increased by 7.77% and revenue from commercial rates are increased by 1.81% in 2024 (see Table 2 and Table 3).

Recommendation

As we have seen in other jurisdictions over the past few years, the District's rate structure encourages customers to "downsize" their solid waste container by placing more materials in their recyclable material and organics carts, rather than in their solid waste containers, which ultimately reduces the amount of trash sent to the landfill. However, as customers reduce their container size, less revenue is generated but there is not an equal reduction of the cost to drive by, collect, and process the materials.

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At its September 13, 2023 meeting, the District's Board proposed to implement, as part of its multi-year plan began more than five years ago, the following rate adjustments for residential and commercial rates that will close the gap between the rates and the cost for the 20 gallon cart service, while generating sufficient revenue to cover the projected collection and processing costs for 2024.

**Table 6:
 District's Board Proposed Rate Adjustments**

Rates by Size of Container						
	Residential				Commercial	
	20 Gallon	32 Gallon	64 Gallon	96 Gallon	1YD Bin 1x/week	3YD Bin 1x/week
Current Rates	\$50.00	\$56.00	\$72.75	\$105.00	\$176.27	\$372.53
Proposed Rate Adjustment	8.00%	8.92%	8.25%	0.00%	2.00%	2.00%
2024 Proposed Rate / Mo.	\$54.00	\$61.00	\$78.75	\$105.00	\$179.80	\$379.98
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2024 Projected Revenue at Proposed Rates						
	Residential	Commercial	Total			
Projected Revenue at <u>Current Rates</u> ¹	\$1,649,769	\$289,515	\$1,939,284			
2024 <u>Proposed Rate</u> Revenue	\$1,778,312	\$294,767	\$2,073,079 A			
2024 Proposed Costs	<u>1,801,178</u>	<u>319,854</u>	<u>2,121,032</u> B			
Excess Amount	-\$22,866	-\$25,087	-\$47,953 A - B = C			
Excess Percentage	-1.3%	-8.5%	-2.3%			

* * * *

We appreciate the opportunity to be of continued service to the District. We value our relationship with you and the District and are committed to providing you the highest level of service in the performance of this matter for you. Should you have any questions, please feel free to call me at (925) 977-6957.

Sincerely,
 HF&H CONSULTANTS, LLC



Rick Simonson
 Senior Vice President



Dave Hilton
 Project Manager

Rates for Other Services

The following are rates that would be charged for unscheduled services as necessary

DRAFT

Presorted
First Class
U.S. Postage
Paid
San Bruno, CA
Permit No. 655

Service Category	Rate	Description of Rate
Backyard Collection Service—Single Family Dwelling	For one Solid Waste Cart: \$24.16 (0-50 ft) \$28.18 (51-100 ft)	Rates vary based on distance & number of carts. Contact the District for rates for distances beyond 100 feet and for more than one solid waste cart.
Return Trip Cost—Single Family Dwelling (Request to provide collection service after the regularly scheduled collection day)	\$20.14	Per collection event.
On-Call Bulky Item Collection	\$109.47	Per each collection event beyond first 2 per year. (Each customer receives 2 free bulky collections per year)
Distance charge—MFD and Commercial Accounts	A – 10% of base monthly rate B – 25% of base monthly rate	A – 51 to 100 feet from access by contractor's collection vehicle B – 101 feet or more from access by contractor's collection vehicle
Container Relocation Service	A – 12% of base monthly rate each container B – 27% of base monthly rate each container	A – 51 to 100 feet from access by contractor's collection vehicle B – 101 feet or more from access by contractor's collection vehicle
Extra Pick-Up Cost—MFD and Commercial Accounts	25% of the base monthly rate for the size of container collected once per week	Per collection event
Additional Targeted Recyclable Materials or Organic Materials Cart Rental	A -- \$ 4.03	A – Monthly rental fee (any size cart, minimum 6 months)
Collection of Contaminated Targeted Recyclable Materials or Organic Materials Container	25% of the base monthly rate for the size of container collected once per week Plus: \$20.14	Per collection event
Key Service	A -- \$11.41 per month B -- \$12.75 per month	A – Residential Customers B – Commercial Customers
Lock Purchase	\$22.81 –one time charge	One-time charge per account. No fee for replacement locks.
Overage Fee	100% of base monthly rate	Per collection event
Overage Bags	50% of the base monthly rate or \$10.73 minimum	Rate per bag
Container Cleaning	A – \$67.12 B – \$114.09	A – per Cart B – per Bin or Drop-Box
Dirty Cart Replacement	A – \$87.24 B – \$100.67 C – \$114.09	A – per 32 gallon Cart B – per 64 gallon Cart C – per 96 gallon Cart
Additional Compost Material Delivery	A – \$167.79 B – \$335.58	A – One way delivery B – Round trip delivery

Important Information - Notice of Public Hearing
"Solid Waste & Recyclable Material Rate Increase"
Wednesday, December 13, 2023 at 7:00 p.m.

West Bay Sanitary District
500 Laurel Street
Menlo Park, CA 94025



If you wish to file a written protest, please send a letter in a sealed envelope addressed to:

West Bay Sanitary District
Attn: General Manager (Solid Waste Rates)
500 Laurel Street, Menlo Park, CA 94025

Your letter must identify the real property you own or rent by street address and assessor's parcel number (APN). Your letter must be legibly signed by any one of the current property owners or ratepayers of record.

The District must receive your letter in a sealed envelope by 3:00 p.m. on December 13, 2023 or it must be presented at the District Board meeting on December 13, 2023 prior to the close of the public hearing on this matter or by Zoom Meeting <https://us06web.zoom.us/j/86725615742?pwd=8VwBabZqwsDIlvBwmQKyBw0bVcP72b.1> Meeting ID: 867 2561 5742 Passcode: 183235

Any person interested, including all solid waste/recycling collection customers of the West Bay Sanitary District, may appear by Zoom or phone at the public hearing and be heard on any matter related to the proposed increase in rates.

If you would like additional information on the proposed rates, please call the District at 650-321-0384.

NOTICE OF INTENT TO INCREASE COLLECTION RATES FOR SOLID WASTE/RECYCLABLE DRAFT



MATERIALS IN THE WEST BAY SANITARY DISTRICT

The District Board of the West Bay Sanitary District hereby gives public notice of its intent to increase some of the existing residential rates for the collection of recyclable materials, compost, and refuse for 2024. The District Board plans to consider this rate increase at a public hearing on December 13, 2023 at 7:00 p.m. in the Board Conference Room located at 500 Laurel Street, Menlo Park or by Zoom or telephone <https://us06web.zoom.us/j/86725615742?pwd=8VwBabZqwsDIlvBwmQKyBw0bVcP72b.1> Meeting ID: 867 2561 5742 Passcode: 183235

The need for this increase was discussed by the District Board at the September 13, 2023 Regular Board meeting, and is further detailed in the staff report for this matter and the Draft Report by HF&H Consultants (Rate Study), both of which are available at the District Office located at 500 Laurel Street, Menlo Park or online at www.westbaysanitary.org

Approximately fifty-six percent (57%) of residential service containers are a 32 gallon size. The new rate for 2024 for a 32 gallon container would increase from \$56.00 per month to \$61.00 per month, a \$5.00 per month increase. The new rate for the 20 gallon container would increase from \$50.00 per month to \$54.00 per month, a \$4.00 per month increase. 20 gallon containers will be grandfathered to current users but are no longer available to new customers or to customers wishing to migrate down to a 20 gallon container. As further detailed in the Rate Study, the purpose of these increases is to align the Solid Waste Rates with the actual proportionate cost of providing the service to customers in each Customer Service Level.

For comparison purposes, the maximum typical residential rates for 32 gallon containers for SBWMA Cities including Burlingame, Belmont, Hillsborough, Menlo Park, Redwood City, San Carlos, and San Mateo, range from a low of \$27.52 (Foster City) to a high of \$64.60 (Hillsborough), based upon 2023 rates.

The following table shows the current rates and the proposed monthly rates for West Bay Sanitary District Franchised Customers to be effective beginning January 1, 2024.

Customer Service Level	Proposed Maximum Solid Waste Rates for 2024					
	MONTHLY RATES			QUARTERLY RATES		
	Current Monthly Rate	Proposed Monthly Rate	Monthly Increase (Decrease)	Current Quarterly Rate	Proposed Quarterly Rate	Quarterly Increase
<i>Residential:</i>						
20 gallon can	\$50.00	\$54.00	\$4.00	\$150.00	\$162.00	\$12.00
32 gallon can	\$56.00	\$61.00	\$5.00	\$168.00	\$183.00	\$15.00
64 gallon can	\$72.75	\$78.75	\$6.00	\$218.25	\$236.25	\$18.00
96 gallon can	\$105.00	\$105.00	\$0.00	\$315.00	\$315.00	\$0.00
<i>Commercial:(Per Pick Up)</i>						
	Current	Proposed	Increase per pick up			
1 yard bin	\$176.27	\$179.80	\$3.53	\$528.81	\$539.40	\$10.59
2 yard bin	\$334.54	\$341.23	\$6.69	\$1,003.62	\$1,023.69	\$20.07
3 yard bin	\$372.53	\$379.98	\$7.45	\$1,117.59	\$1,139.94	\$22.35
4 yard bin	\$496.70	\$506.63	\$9.93	\$1,490.10	\$1,519.89	\$29.80
6 yard bin	\$615.76	\$628.08	\$12.32	\$1,847.28	\$1,884.23	\$36.95
32-Gallon Cart	\$56.00	\$61.00	\$5.00	\$168.00	\$183.00	\$15.00
64-Gallon Cart	\$72.75	\$78.75	\$6.00	\$218.25	\$236.25	\$18.00
96-Gallon Cart	\$105.00	\$105.00	\$0.00	\$315.00	\$315.00	\$0.00

(Continued) Rates for Other Services

*Commercial bin rates reflect collection charge for one pick up per week; To calculate charge for more than one collection per week, multiply rate by number of collections per week. For example, 1-Cubic Yard Bin (at proposed rate) collected 3 times per week = \$539.40 (\$179.80 x 3 collections/wk)

Serving Our Community Since 1902

500 Laurel Street, Menlo Park, California 94025-3486

(650) 321-0384 (650) 321-4265 FAX

NECESSITY FOR THE NEW RATES

The West Bay Sanitary District is a member of the South Bayside Waste Management Authority, and contracts with Recology San Mateo County (RSMC) for collection services as of January 1, 2011 and South Bay Industries (SBI) for operation of the Shoreway Center, as of January 1, 2024. The proposed rates result from the weekly recycling, organic materials and solid waste collection services and Shoreway operations provided by RSMC and SBI, contractual compensation adjustments, and migration to smaller containers.

The collection services include the convenient weekly collection, rather than bi-weekly collection, of single stream recycling, organic materials (yard trimmings and food scraps) and solid waste. The Shoreway facility has also undergone substantial capital improvements to construct a new Materials Recovery Facility (MRF) and an expanded Transfer Station. These improvements facilitate single stream (mixed) recycling, enhance onsite public recycling activities, and improve traffic circulation at the Shoreway Facility.

The District is in the seventh year of a multi-year pricing restructuring plan, so that a transition is made whereby the smaller cans will support their own cost of collection and disposal.

The West Bay Sanitary District hereby gives notice of a public hearing to be held at its Board meeting on December 13, 2023, at 7:00 p.m. in the District's "Ronald W. Shepherd" Administration Building located at 500 Laurel Street, Menlo Park, CA or by Zoom or telephone <https://us06web.zoom.us/j/86725615742?pwd=8VwBabZqwsDIlvBwmQKyBw0bVcP72b.1> Meeting ID: 867 2561 5742 Passcode: 183235

At this hearing, the Board of Directors will consider public comment as well as written protests by ratepayers regarding the proposed increase in monthly collection rates. If written protests are presented by a majority of the affected ratepayers prior to the close of the public hearing, the Board of Directors will not increase the rates as a matter of State law, however levels of service may be impacted.

ATTACHMENT Q - 2024 ADDITIONAL SERVICES

For Rate Years Eleven (2021) through the remaining Rate Years in the Term, the Charges for additional services specified in Attachment Q shall be adjusted annually in accordance with Attachment K.

The Charges for additional services for Rate Year Ten (2020) shall be the Charges for Rate Year Ten (2020) as determined under the 2009 Franchise Agreement. These are the Charges that will be adjusted as provided in Attachment K of this Agreement to determine the Charges for Rate Year Eleven (2021).

Two additional services are included in this Attachment Q there were not in Attachment Q of the 2009 Franchise Agreement. The two new services are Container Relocation Service and Agency-Specific Reporting for Abandoned Waste Collections. Charges for these services are presented in the table below.

	Service	Reference	Agency-Approved Charge	Description
Additional Services for Customers				
1	Single-Family Dwelling Backyard Collection Service	Section 5.02.A	See Charges in the table at the end of this Attachment	See Charges in the table at the end of this Attachment
2	Long Distance Service for MFD, Mixed Use, and Commercial Accounts (Note: only applicable to Containers with wheels)	Sections 5.02.B, 5.02.C; and 8.02.B	A – 10% of base monthly Rate of the Collection Rate for each Container requiring Long Distance Service B – 25% of base monthly Rate of the Collection Rate for each Container requiring Long Distance Service	A – Distance greater than 50 feet and less than or equal to 100 feet B – Distance greater than 100 feet Distance shall be measured from the face of the curb, or from the edge of the roadway nearest the closest edge of the Container, if there is no curb.

ATTACHMENT Q - 2024 ADDITIONAL SERVICES

	Service	Reference	Agency-Approved Charge	Description
3	Container Relocation Service	Sections 5.02B and 8.02B	A – 12% of base monthly Rate of the Collection Rate for each Container requiring Container Relocation Service B – 27% of base monthly Rate of the Collection Rate for each Container requiring Container Relocation Service	A – Distance greater than 50 feet and less than or equal to 100 feet B – Distance greater than 100 feet Distance shall be measured from the face of the curb, or from the edge of the roadway nearest the closest edge of the Container, if there is no curb.
4	On-Call Pick-up for SFD, MFD, Mixed Use, and Commercial Customers	Sections 5.02.A, 5.02.B, and 5.02.C	25% of the base monthly Rate for the size of Container Collected once per week	Per Collection event per Container for Collection requested by Customer
5	Return Trip (SFD, MFD, Mixed Use, or Commercial)	Sections 5.02.A, B, C; 5.03.A, B, C; 5.04.A, B, C	\$20.14 for SFD \$20.14 for Commercial, Mixed Use, and MFD	Per Collection event (i.e., request to return and provide Collection service after the Customer failed to properly set out their Container(s) for regularly scheduled Collection)
6	Additional Targeted Recyclable Materials or Organic Materials Cart Service for SFD	Sections 5.03.A and 5.04.A	\$4.03 per Recycling Cart \$4.03 per Organic Materials Cart	Per Cart per month (any Cart size). Six month minimum charge required. Includes one-time Cart delivery upon start of service and removal of Cart when service is discontinued by Customer.
7	Additional On-Call Bulky Item Collection	Sections 5.05, 5.06	\$109.47	Per Bulky Item Collection event (in addition to the events provided at no charge to Customer pursuant to Section 5.12)

ATTACHMENT Q - 2024 ADDITIONAL SERVICES

	Service	Reference	Agency-Approved Charge	Description
8	Collect Contaminated Targeted Recyclable Materials or Organic Materials Container	Section 6.03.A and 8.02.F	25% of the base monthly Solid Waste Rate for the size of Container Collected once per week plus Return Trip Fee if applicable	Per Collection event for Container with Contamination Level greater than the maximum level pursuant to Table 1 in Section 6.02.B
9	Lock Service (Key Service)	Section 8.02.B	A – \$11.41 per usage B – \$12.75 per usage	Monthly cost: A – Residential Customers B – Commercial Customers
10	Lock Purchase	Section 8.02.B	\$22.81 per lock	Per lock
11	Overage Service	Section 8.02.G	100% of the base monthly Solid Waste Collection Rate	Per Collection event (after the first two events)
12	Overage Bags Cost	Section 8.02.G	50% of the base monthly Solid Waste Collection Rate or \$10.73 minimum	Per bag
13	Container Cleaning Service	Section 8.05.D	A – \$67.12 B – \$114.09	A – per Cart B – per Bin or Drop-Box Charge only applies to cleaning or Container exchange in addition to the service to be provided at no charge to the Customer pursuant to Section 8.05.D

ATTACHMENT Q - 2024 ADDITIONAL SERVICES

	Service	Reference	Agency-Approved Charge	Description
14	Dirty Cart Replacement (Exchange) Service	Section 8.05.D	A – \$87.24 B – \$100.67 C – \$114.09	A – per 32 gallon Cart B – per 64 gallon Cart C – per 96 gallon Cart Charge only applies to cleaning or Container exchange in addition to the service to be provided at no charge to the Customer pursuant to Section 8.05.D
Additional Services for Agency				
15	Additional Confidential Document Destruction Service Event	Section 5.07	\$1,610.74	Per event
16	Additional Compost Material Delivery	Section 5.11	A – \$167.79 per delivery B – \$335.58 per delivery	A – “one-way” only delivery by Contractor where Contractor delivers to and unloads compost at an Agency-approved location B – “Round-trip” delivery by Contractor where Contractor delivers compost in a Drop Box to an Agency-approved location and returns at a later time or date to pick up the Drop Box and any remaining compost (charge includes the delivery of and later pick-up of the Drop Box)
17	Community Drop-Off Events	Section 5.13	\$22,818.85 per event or day	Per event or day targeting 5,000 households. Does not include disposal or public education expenses.
18	Collection for Agency-Sponsored and Non-Agency sponsored Community Events	Section 5.08	A – \$4,026.86 B – \$6,711.42 C – \$10,067.14	A – One day event with a projected 2,500 or fewer attendees B – One (1) or two (2) day events with a projected 2,501 to 7,500 attendees per day C – One (1) or two (2) day events with a projected 7,501 to 10,000 attendees per day

ATTACHMENT Q - 2024 ADDITIONAL SERVICES

Backyard Collection Service Charge for Single-Family Dwellings* (Section 5.02.A)				
Distance from Curb**	Backyard Charge for Customers with One (1) Solid Waste Cart	Backyard Charge for Customers with Two (2) Solid Waste Carts	Backyard Charge for Customers with Three (3) Solid Waste Carts	Backyard Charge for Customers with Four (4) Solid Waste Carts
Distance <= 50 feet	\$24.16	\$38.55	\$77.10	\$115.65
50 < Distance <= 100 feet	\$28.18	\$42.58	\$81.13	\$119.68
100 < Distance <= 150 feet	\$32.21	\$46.61	\$85.16	\$123.71
150 < Distance <= 200 feet	\$36.24	\$50.63	\$89.19	\$127.73
200 < Distance <= 250 feet	\$40.27	\$54.66	\$93.20	\$131.76
250 < Distance <= 300 feet	\$44.29	\$58.68	\$97.24	\$135.78
300 < Distance <= 350 feet	\$48.32	\$62.71	\$101.26	\$139.81
Each additional 50 foot increment over 350 feet	Amount equals the difference between the Charge for 250 to 300 feet and 300 to 350 feet			

* Backyard Collection Service Charges are charges added to the base monthly Rate for Single-Family Collection service, and cover the provision of Backyard Collection Service for all of Customer's Solid Waste, Recyclable Materials, and Organic Materials Carts.

** Distance shall be measured from the face of the curb, or from the edge of the roadway nearest the closest edge of the Cart, if there is no curb.

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