Garbage Rate Adjustment
FY2019-20

Keith DeMartini
Finance Director
OBJECTIVE

- Receive an overview of Recology’s rate application for FY2019-20
- Receive an update from Recology staff on education & outreach efforts
- Receive an update from R3 Consulting on the rate application review
- Waive first reading and adopt an ordinance enacting a 4.43% rate increase for Recology effective July 1, 2019
1. Recology rate adjustment for FY2019-20
2. Residential and commercial toter rate change summary
3. Protest period and timeline to implement new rates
4. Public Notice
5. Public Outreach and Education
6. R3 Consulting – Report Overview
7. Timeline to Implement
8. Request to City Council
9. Questions
Garbage service rate requested increase of **4.43%**

New rate to take effect on July 1, 2019 if approved by City Council

Rate change factors:
- Effects of National Sword Campaign by China regarding contaminated waste (revenue loss and processing costs)
- Recology’s operating cost increases.
# Residential Garbage Toter Rate Change Summary

<table>
<thead>
<tr>
<th>Toter Type</th>
<th>Current Rate</th>
<th>Proposed Rate 7/1/19</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-gallon toter</td>
<td>$23.34</td>
<td>$24.37</td>
<td>$1.03</td>
</tr>
<tr>
<td>32-gallon toter</td>
<td>$30.09</td>
<td>$31.42</td>
<td>$1.33</td>
</tr>
<tr>
<td>64-gallon toter</td>
<td>$60.18</td>
<td>$62.85</td>
<td>$2.67</td>
</tr>
<tr>
<td>96-gallon toter</td>
<td>$90.27</td>
<td>$94.27</td>
<td>$4.00</td>
</tr>
</tbody>
</table>
NOTICE OF PROPOSED RATE INCREASES TO

Recology San Bruno’s Garbage and Recycling Rates

The San Bruno City Council is considering Recology San Bruno’s request for an increase to garbage and recycling service monthly charges. Property owners and Recology customers are being notified of this proposed rate increase. A public hearing will be held by the City Council on May 14, 2019 to hear protests on the proposed rate increase. Written protests related to the proposed new rates may be submitted no later than the conclusion of the public hearing.

Recology has requested the rate adjustment in accordance with its Franchise Agreement with the City to be effective July 1, 2019. The rate calculation for FY2019-20 is a 5.34% increase, with 3.4% being due to major changes in the international recycling marketplace and the remaining 1.94% being due to normal changes to operating costs. The rate for a 32-gallon residential later will increase by $1.51 from $30.09 to $31.70.

For more information about the proposal, please call (650) 516-7065 or visit and click on “Proposed Garbage Rate Increase” at https://www.sanbruno.ca.gov/gov/city_departments/finance/default.htm

- Noticed mailed on 3/28/19
- Public hearing schedule
- Protest period
- Approval process
- Rate adjustment
- Proposed increases for garbage, recycling and organics container types
- As of 4/30/19, 111 written responses received
Recology San Bruno

Kirsten Pinochi
General Manager

Reyne Oceguera
Waste Zero Specialist
Cart Hangers
• May 2018 Council Authorized the contamination cart hanger

Letter
• Letter is sent as a follow up to the cart hanger to ensure notification is received

Phone Call
• If behavior isn’t changing (i.e. repeated tags), Waste Zero or Customer Service performs outreach to customer
COMMERCIAL SIGNAGE

COMPOST
ABONO

RECYCLE
RECICLE

Questions? Call (888) 982-8556
Recology.com/recology-san-bruno

Questions? Call (888) 982-8556
For more information, visit RecologySanBruno.com
MULTI-FAMILY & COMMERCIAL PARTNERSHIPS

Contaminated Bin Recovery
- Tagging contaminated bins
- Outreach to Property Managers

Enclosure Audits
- Audits to identify common errors in recycle/organics
- Successful set up of bins

AB1826
- Ensure Compliance
- Provide Audits for exemptions
Training San Bruno’s Future
Continued Education and Outreach provides residents and businesses the tools and encouragement they need to effectively participate.

- Compost giveaways
- Educational Videos
- Educational booths
- Meeting with kitchen staff
- Zero Waste Events
R3 Consulting

Garth Schultz  
*Principal*
Recology San Bruno is your solid waste services provider

- Collection, processing and disposal of garbage, recycling and organics.
- Public outreach and education, technical assistance for businesses and multi-family.
- Community partners in Operation Clean Sweep, Coats for Kids, Earth Day, and more.
- Sponsors and gives back— San Bruno Youth Sports, Avenue of Flags, Community Day, etc.
On February 1st, 2019 Recology submitted its FY 2019-20 rate adjustment application

Compensation for services via rates paid by customers
- Recology is required to submit its request for adjustment to compensation each rate year
- City is required to review Recology’s rate application for Agreement compliance, accuracy and reasonableness
Economics of recycling have shifted due to “National Sword” in 2018
Recommended 2019 rates include increased processing costs
Recycling still occurring and still required by State law
Future net costs depend on markets
65% of FY 2019-20 rate increase is due to National Sword
Recology applied for a 5.34% rate increase
- Changes in recycling marketplace
- Changes in garbage landfilling and organics processing
- Changes in route labor and other costs

R3 recommends 4.43% rate increase, after adjustments to Recology’s projections
- Landfill disposal and organics processing
- Capital depreciation
- Actual revenues at current rates
- City fees paid by Recology
Comparison of Monthly Residential 32-Gallon Garbage Rates
Select Cities in San Mateo County

HOW DOES SAN BRUNO COMPARE?
RATES INCREASING ACROSS CALIFORNIA
**WHY ARE RATES GOING UP?**

- **4.43%** increase for 32-gallon residential bill = increase of $1.33/month

<table>
<thead>
<tr>
<th>Item</th>
<th>Increase per Month</th>
</tr>
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<tbody>
<tr>
<td>Recyclables revenue loss/increased processing cost</td>
<td>$0.87</td>
</tr>
<tr>
<td>Collection route labor</td>
<td>$0.18</td>
</tr>
<tr>
<td>Government fees</td>
<td>$0.17</td>
</tr>
<tr>
<td>General and administrative</td>
<td>$0.07</td>
</tr>
<tr>
<td>Garbage landfilling</td>
<td>$0.04</td>
</tr>
<tr>
<td>Organics processing</td>
<td>$0.02</td>
</tr>
<tr>
<td>Truck operations</td>
<td>$0.02</td>
</tr>
<tr>
<td>Depreciation</td>
<td>($0.04)</td>
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SAN BRUNO RATES OVER TIME

Rate Adjustment

Annual Avg
SB 1383 Short-Lived Climate Pollutants
- 2020: 50% reduction in landfilled organic waste statewide
- 2022: Regulations take effect
- 2025: 75% reduction in landfilled organic waste statewide
- 2025: 20% increase in recovery of currently disposed edible food
SB 1383 CITY RESPONSIBILITIES

- Provide Organics Collection Services to All Residents and Businesses
- Conduct Education and Outreach to Community
- Secure Access to Recycling and Edible Food Recovery Capacity
- Establish Edible Food Recovery Program
- Procure Recyclable and Recovered Organic Products
- Monitor Compliance and Conduct Enforcement
Timeline & Request to City Council

Keith DeMartini
Finance Director
## PROTEST PERIOD AND DRAFT TIMELINE TO IMPLEMENT NEW RATES

<table>
<thead>
<tr>
<th>Date</th>
<th>Status</th>
<th>Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 12, 2019</td>
<td>Complete</td>
<td>City Council directs staff to provide 45-day notice to property owners.</td>
</tr>
<tr>
<td>March 28, 2019</td>
<td>Complete</td>
<td>Notices mailed / start 45-day period.</td>
</tr>
<tr>
<td>May 14, 2019</td>
<td>In Process</td>
<td>City Council holds public hearing, considers any protests, take action to introduce new rate ordinances for first reading, and the 45-day protest period ends.</td>
</tr>
<tr>
<td>May 28, 2019</td>
<td>Hearing Scheduled</td>
<td>City Council conducts second reading and takes action to adopt new rates by ordinance.</td>
</tr>
<tr>
<td>July 1, 2019</td>
<td>Planning Underway</td>
<td>New FY2019-20 rates become effective.</td>
</tr>
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REQUEST TO CITY COUNCIL

- Waive First Reading and Adopt Ordinance Enacting 4.43% Rate Increase for Recology San Bruno Garbage and Recycling Service to be Effective July 1, 2019
Questions