Study Session: Review of Recology’s FY2019-20 Rate Application

PRESENTATION TO:
City Council, City of San Bruno

April 16, 2019
Recology San Bruno

- Recology San Bruno is your solid waste services provider
  - Curbside garbage, recycling and organics collection for residents, businesses, gov.
  - Recyclables sorting and sale, garbage landfilling, organics composting
  - Other collection and recycling services
  - Supports City implementation of State mandates

- Compensation for services via rates paid by customers
Changing Cost of Recycling

- Economics of recycling have shifted due to “China 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
- R3 recommends that future rate adjustments apply any increases in recycling revenues to offset rates
FY2019-20 Rate Adjustment

- 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
How does San Bruno compare?

Comparison of Monthly Residential 32-Gallon Garbage Rates
Select Cities in San Mateo County

Monthly Rate

- Atherton
- Hillsborough
- Pacifica
- Belmont
- San Carlos
- Millbrae
- South San Francisco
- San Bruno (July 1, 2019)
- Montara
- Menlo Park
- Daly City
- Burlingame
- Colma
- El Granada
- Foster City
- San Mateo
Why are rates going up?

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

  - Collection route labor $0.53/month
  - Recyclables processing cost $0.25/month
  - General and administrative $0.21/month
  - Government fees $0.19/month
  - Garbage landfilling $0.13/month
  - Organics Processing $0.07/month
  - Truck operations $0.06/month
  - Depreciation ($0.11/month)
San Bruno Rates Over Time

Rate Adjustment

Rate Adjustment

Annual Avg

THANK YOU FOR YOUR TIME

For additional questions, contact:

Garth Schultz | R3 Project Manager
(510) 647-9674
gschultz@r3cgi.com