



WEST BAY SANITARY DISTRICT AGENDA ITEM 8

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 14, 2022 to Review Proposed Solid Waste and Recycling Rates for 2023 and Provide Staff Direction Regarding the Rate Adjustment for 2023 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 tenth 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 more 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 2023 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 12, 2022, 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 in order 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 2023.

**Table 5 of the HF&H Rate Study
Proposed and Projected Residential Rate Adjustments (2023-2025)**

Container Size								
	20 gallon		32 gallon		64 gallon		96 gallon	
Current Rate →		\$48.75		\$55.25		\$72.00		\$105.00
Proposed 2023	2.56%	\$50.00	1.36%	\$56.00	1.04%	\$72.75	0.00%	\$105.00
Projected 2024	3.00%	\$51.50	3.13%	\$57.75	3.09%	\$75.00	0.00%	\$105.00
2025	3.89%	\$53.50	3.45%	\$59.74	3.34%	\$77.51	0.00%	\$105.00
2025 Projected Cost of Service		\$55.67		\$61.45		\$79.42		\$100.02

**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	\$48.75	\$55.25	\$72.00	\$105.00	\$176.27	\$372.53
Proposed Rate Adjustment	2.56%	1.36%	1.04%	0.00%	0.00%	0.00%
2023 Proposed Rate / Mo.	\$50.00	\$56.00	\$72.75	\$105.00	\$176.27	\$372.53
Increase (Decrease) / Mo.	\$1.25	\$0.75	\$0.75	\$0.00	\$0.00	\$0.00
2021 Projected Revenue at Proposed Rates						
	Residential	Commercial	Total			
Projected Revenue at Current Rates ¹	\$1,578,300	\$288,217	\$1,866,517			
2023 <u>Proposed Rate</u> Revenue	\$1,604,435	\$288,743	\$1,893,178 A			
2023 Proposed Costs	<u>1,562,259</u>	<u>265,790</u>	<u>1,828,050</u> B			
Excess Amount	\$42,176	\$22,953	\$65,128 A - B = C			
Excess Percentage	2.6%	7.9%	3.4%			

¹ Projected revenue at current rates is based upon the actual revenue for the first 8 months of 2022, 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 costs 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 14, 2022 meeting, for an effective date of January 1, 2023. 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 2023 rates will produce a projected revenue of \$1,893,178.00, an excess of approximately \$65,128 a 3.4% excess in revenue over the protected cost for service. The additional 3.4% is to cover any variables, which may not have been projected, particularly unknown costs associated with SB-1383.

Recommendation

The General Manager recommends the adoption of a \$1.75 rate increase applied to the residential 20-gallon cart, a \$0.75 rate increase applied to the 32 and 64-gallon carts, and no increase to the 96 gallon carts in 2023. The commercial bin rates will remain the same.

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, West Bay'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 7, 2022.
2. The Board set a Public Hearing for December 14, 2022, to review proposed Solid Waste and Recycling collection rates for year 2023; 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 14, 2022 prior to the adoption of the collection rates for 2023.

Attachments: Attachment 1—HF&H Draft Solid Waste Rate Study for 2023

Attachment 2—Draft 218 notice for 2023

Attachment 3— Attachment Q: Unscheduled Services

590 Ygnacio Valley Road, Suite 105
Walnut Creek, California 94596
Telephone: 925/977-6950
www.hfh-consultants.com

Robert D. Hilton, Emeritus
John W. Farnkopf, PE
Laith B. Ezzet, CMC
Richard J. Simonson
Marva M. Sheehan, CPA
Robert C. Hilton

October 7, 2022

Mr. Sergio Ramirez
General 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 Mr. Ramirez:

HF&H Consultants, LLC (HF&H), at your request, has reviewed the West Bay Sanitary District's (District) projected calendar year 2023 residential and commercial costs and revenues as presented in the draft report submitted by the South Bayside Waste Management Authority (SBWMA) 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 2023 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 28, 2022 meeting, the District's Board proposed the following rate adjustments for 2023.

Container Size Serviced 1X/Week	Residential	Commercial	Proposed \$ Increase	Proposed 2023 Rate
20 Gallon	2.56% Increase	N/A	\$1.25	\$50.00
32 Gallon	1.36% Increase	1.36% Increase	\$0.75	\$56.00
64 Gallon	1.04% Increase	1.04% Increase	\$0.75	\$72.75
96 Gallon	0.0% Increase	0.0% Increase	\$0.00	\$105.00
All Bins	N/A	0.0% Increase	\$0.00	Varies

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 2023. As part of a multi-year plan, similar adjustments were implemented in previous years.

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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.

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 (2023-2025) and providing recommended rates for the first year of the three-year planning period (2023) to be adopted by the Board.

SCOPE OF WORK

Based on the results, provided by the SBWMA for the 2023 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 2023 and revenue for the next three years (through 2025).
- Prepared a summary schedule projecting Recology collection costs for the next three years (through 2025). Based on recent inflationary increases and discussions with the SBWMA and Recology we assumed inflationary collection cost increases of 5.5% and 4.5% in 2024 and 2025, respectively. Anticipated increases in fuel and labor are driving the higher-than cost normal increases;
- Prepared a summary schedule projecting SBWMA tip fee costs at the Shoreway Environmental Center, for the next three years (through 2025). Based on recent inflationary increases and discussions with the SBWMA we assumed inflationary tip fee cost increases of 10.0% and 4.5% in 2024 and 2025, 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;

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- Prepared a schedule projecting residential and commercial revenue requirement through 2025 with the objective of the residential revenue to equal the costs to provide the service; and,
- 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 "SBWMA Final Report Reviewing the 2023 Recology Compensation Application" presented to the SBWMA Board at their September 22, 2022 meeting. 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 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)	2022	2023	Variance Year over Year \$	Variance Year over Year %
Collection Cost	\$1,132,870	\$1,182,552	\$49,682	4.4%
Disposal/Processing	538,744	542,023	3,279	0.6%
Agency Fees (on net revenue)	105,261	103,475	-1,786	-1.7%
Total Costs	\$1,776,875	\$1,828,050	\$51,175	2.9%

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).

Step 1 – Residential and Commercial Customer Classes

The following table shows the Rate Year 2023 revenue requirement by customer class. At current rates (2022 rates), the solid waste collection system as a whole is projected to generate slightly more than the

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requirement, \$38,467 excess of revenue compared to costs. While rates may not need to increase to cover 2023 projected costs, costs to cover recent state regulations (e.g., SB 1383)

**Table 1:
2023 Projected Revenue and Costs by Customer Class**

	<i>Residential</i>	<i>Commercial</i>	<i>Total</i>
Projected Revenue at <u>Current Rates</u> ¹	\$1,578,300	\$288,217	\$1,866,517 A
Projected 2023 Costs by Service Sector			
Collection	\$1,011,868	\$170,684	\$1,182,552
Disposal/Processing	461,962	80,061	542,023
Agency Fees	88,430	15,045	103,475
Total Costs	<u>\$1,562,259</u>	<u>\$265,790</u>	<u>\$1,828,050 B</u>
Excess (Deficiency) of Revenues vs Costs	<u>\$ 16,040</u>	<u>\$ 22,427</u>	<u>\$ 38,467 A-B=C</u>
Projected Rate Adjustment	-1.02%	-7.78%	-2.06%

¹ Projected Revenue is based on Recology's Compensation Application

NOTE: The amounts shown above are for 2023 activity only. Prior year surplus/shortfalls (i.e., the balancing account held at Recology) are NOT included.

If the District elects to have the residential 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:
2023 Proposed and 2024-2025 Projected Average Rate Adjustments**

		<i>Residential</i>	<i>Commercial</i>
1	2023 - Proposed	1.66%	0.00%
2	2024 - Projected	2.86%	0.00%
4	2025 - Projected	3.23%	4.00%

The following table shows the projected revenues after the above rate adjustments. By 2025, the revenues are just slightly above the cost for commercial and slightly below the cost for 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		
	2023			2024			2025		
	Residential	Commercial	Total	Residential	Commercial	Total	Residential	Commercial	Total
Proposed Average Rate Adjustment	1.66%	0.00%		2.86%	0.00%		3.23%	4.00%	
Total Revenue	\$1,604,499	\$288,743	\$1,893,242	\$1,650,403	\$288,835	\$1,939,238	\$1,703,705	\$299,805	\$2,003,510
Assumptions:									
1) Cost Increase	"Projected"	"Projected"		5.50%	5.50%		4.50%	4.50%	
2) Disposal/Processing Increase	"Projected"	"Projected"		10.00%	10.00%		4.50%	4.50%	
Collection	\$1,011,868	\$170,684	\$1,182,552	\$1,067,520	\$180,072	\$1,247,592	\$1,115,559	\$188,175	\$1,303,734
Disposal/Processing	461,962	80,061	542,023	508,158	88,067	596,225	531,025	92,030	623,055
Agency Fees	88,430	15,045	103,475	94,541	16,088	110,629	98,795	16,812	115,607
Total Costs	<u>1,562,259</u>	<u>265,790</u>	<u>1,828,050</u>	<u>1,670,219</u>	<u>284,228</u>	<u>1,954,447</u>	<u>1,745,379</u>	<u>297,018</u>	<u>2,042,397</u>
Excess (Deficiency) Amount	<u>\$42,240</u>	<u>\$22,953</u>	<u>\$65,192</u>	<u>(\$19,816)</u>	<u>\$4,608</u>	<u>(\$15,209)</u>	<u>(\$41,674)</u>	<u>\$2,787</u>	<u>(\$38,887)</u>
Excess (Deficiency) Percentage	2.63%	7.95%	3.44%	-1.20%	1.60%	-0.78%	-2.45%	0.93%	-1.94%

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 2023, the fixed cost is \$24.49 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 2023, the fixed cost is \$13.56 per home per;
- **Disposal cost** is variable based upon the capacity/gallon size of the solid waste cart serviced. For 2023 the projected variable cost is \$0.157 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, etc.). For 2023, the fixed cost is \$3.41 per home per month ; and,
- **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 2023, the projected monthly cost per ECU is \$5.476 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; and,
- 6.080 for a 96 gallon cart.

The following tables shows the current rates (2022), the SBWMA and the HF&H projected 2023 costs by cart size.

Table 4a:
HF&H Projected 2023 Costs by Residential Container Size

<i>Analysis of Costs by Size of Container</i>				
	20	32	64	96
Organics Collection Cost	\$ 24.29	\$ 24.29	\$ 24.29	\$ 24.29
Recycling Collection Cost	\$ 13.56	13.56	13.56	13.56
Disposal Cost (\$0.157 per gallon)	\$ 3.13	5.01	10.02	15.03
Fixed Solid Waste Cost	\$ 3.41	3.41	3.41	3.41
All Other Solid Waste Cost				
	\$5.4757 X a factor of	1.000	1.600	3.627
		5.48	8.76	33.29
			19.86	
* Monthly Cost per Cart per HF&H	\$ 49.86	\$ 55.03	\$ 71.13	\$ 89.58

* Rounded to the nearest cent

Table 4b:
Comparison of Current Residential Rates and Projected 2023 Costs by Container Size

<i>Analysis of Costs by Size of Container</i>							
Subscription	Container Size	Current Mo. Rate	* 2023 Mo Cost per Cart	Excess (Deficiency) of Revenues vs Costs	Projected Rate Adjustment	2021 Variance before Adjustment	
17%	376	20	\$48.75	\$49.86	2.3%	12.7%	
56%	1234	32	\$55.25	\$55.03	-0.4%	4.8%	
22%	491	64	\$72.00	\$71.13	-1.2%	-4.2%	
4%	96	96	\$105.00	\$89.58	-14.7%	-17.4%	
100%	2197						

* 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 (2023-2025)**

	<i>Container Size</i>							
	20 gallon		32 gallon		64 gallon		96 gallon	
Current Rate→		\$48.75		\$55.25		\$72.00		\$105.00
Proposed 2023	2.56%	\$50.00	1.36%	\$56.00	1.04%	\$72.75	0.00%	\$105.00
Projected 2024	3.00%	\$51.50	3.13%	\$57.75	3.09%	\$75.00	0.00%	\$105.00
2025	3.89%	\$53.50	3.45%	\$59.74	3.34%	\$77.51	0.00%	\$105.00
2025 Projected Cost of Service		\$55.67		\$61.45		\$79.42		\$100.02

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 an excess of approximately \$38,467 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 are increased by 1.66% and revenue from commercial rates are kept flat in 2023 (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 28, 2022 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 2023.

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

<i>Rates by Size of Container</i>						
	<u>Residential</u>				<u>Commercial</u>	
	20 Gallon	32 Gallon	64 Gallon	96 Gallon	1YD Bin 1x/week	3YD Bin 1x/week
Current Rates	\$48.75	\$55.25	\$72.00	\$105.00	\$176.27	\$372.53
Proposed Rate Adjustment	2.56%	1.36%	1.04%	0.00%	0.00%	0.00%
2023 Proposed Rate / Mo.	\$50.00	\$56.00	\$72.75	\$105.00	\$176.27	\$372.53
Increase (Decrease) / Mo.	\$1.25	\$0.75	\$0.75	\$0.00	\$0.00	\$0.00
<i>2021 Projected Revenue at Proposed Rates</i>						
	<u>Residential</u>	<u>Commercial</u>	<u>Total</u>			
Projected Revenue at <u>Current Rates</u> ¹	\$1,578,300	\$288,217	\$1,866,517			
2023 <u>Proposed Rate</u> Revenue	\$1,604,435	\$288,743	\$1,893,178 A			
2023 <u>Proposed Costs</u>	1,562,259	265,790	1,828,050 B			
Excess Amount	\$42,176	\$22,953	\$65,128 A - B = C			
Excess Percentage	2.6%	7.9%	3.4%			

¹ Projected revenue at current rates is based upon the actual revenue for the first 8 months of 2022, annualized.

* * * *

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

Rates for Other Services

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

Service Category	Rate	Description of Rate
Backyard Collection Service—Single Family Dwelling	For one Solid Waste Cart: \$22.91 (0-50 ft) \$26.72 (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)	\$19.10	Per collection event.
On-Call Bulky Item Collection	\$103.80	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 -- \$ 3.82	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: \$19.10	Per collection event
Key Service	A -- \$10.82 per month B -- \$12.09 per month	A – Residential Customers B – Commercial Customers
Lock Purchase	\$21.63 –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 \$10.17 minimum	Rate per bag
Container Cleaning	A – \$63.64 B – \$108.18	A – per Cart B – per Bin or Drop-Box
Dirty Cart Replacement	A – \$82.78 B – \$95.45 C – \$108.18	A – per 32 gallon Cart B – per 64 gallon Cart C – per 96 gallon Cart
Additional Compost Material Delivery	A – \$159.09 B – \$318.18	A – One way delivery B – Round trip delivery

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



Important Information - Notice of Public Hearing
"Solid Waste & Recyclable Material Rate Increase"
Wednesday, December 14, 2022 at 7:00 p.m.

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

West Bay Sanitary District
Attn: District 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 4:00 p.m. on December 14, 2022 or it must be presented at the District Board meeting on December 14, 2022 prior to the close of the public hearing on this matter or by Zoom Join Zoom Meeting <https://us06web.zoom.us/j/82499115233?pwd=TmlCMjVvMkI4U29zdK11QUhCaWZiZz09> Meeting ID: 824 9911 5233 Passcode: 604893

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.

****DRAFT****

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

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 2023. The District Board plans to consider this rate increase at a public hearing on December 14, 2022 at 7:00 p.m. in the Board Conference Room located at 500 Laurel Street, Menlo Park or by Zoom or telephone to encourage social distancing <https://us06web.zoom.us/j/82499115233?pwd=TmlCMjVYMKl4U29zdk11QUhCaWZiZz09> Meeting ID: 824 9911 5233 Passcode: 604893

The need for this increase was discussed by the District Board at the September 28, 2022 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 (56%) of residential service containers are a 32 gallon size. The new rate for 2023 for a 32 gallon container would increase from \$55.25 per month to \$56.00 per month, a \$.75 per month increase. The new rate for the 20 gallon container would increase from \$48.75 per month to \$50.00 per month, a \$1.25 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 \$26.21 (Foster City) to a high of \$59.40 (Hillsborough), based upon 2022 rates.

Proposed Maximum Solid Waste Rates for 2023

Customer Service Level	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	\$48.75	\$50.00	\$1.25	\$146.25	\$150.00	\$3.75
32 gallon can	\$55.25	\$56.00	\$0.75	\$165.75	\$168.00	\$2.25
64 gallon can	\$72.00	\$72.75	\$0.75	\$216.00	\$218.25	\$2.25
96 gallon can	\$105.00	\$105.00	\$0.00	\$315.00	\$315.00	\$0.00
<i>*Commercial:(Per Pick Up)</i>						
1 yard bin	\$176.27	\$176.27	\$0.00	n/a	n/a	n/a
2 yard bin	\$334.54	\$334.54	\$0.00	n/a	n/a	n/a
3 yard bin	\$372.53	\$372.53	\$0.00	n/a	n/a	n/a
4 yard bin	\$496.70	\$496.70	\$0.00	n/a	n/a	n/a
6 yard bin	\$615.76	\$615.76	\$0.00	n/a	n/a	n/a
32-Gallon Cart	\$55.25	\$56.00	\$0.75	n/a	n/a	n/a
64-Gallon Cart	\$72.00	\$72.75	\$0.75	n/a	n/a	n/a
96-Gallon Cart	\$105.00	\$105.00	\$0.00	n/a	n/a	n/a

(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 = \$528.81 (\$176.27 x 3 collections/wk)



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(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) and South Bay Recycling (SBR) for collection services and operation of the Shoreway Center, respectively, as of January 1, 2011. The proposed rates result from the weekly recycling, organic materials and solid waste collection services and Shoreway operations provided by RSMC and SBR, contractual compensation adjustments, and migration to smaller containers.

The collection services include the more 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 fourth year of a multi-year pricing restructuring plan, so that a transition is made where by 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 14, 2022, 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 to encourage social distancing <https://us06web.zoom.us/j/82499115233?pwd=TmlCMjVYMKl4U29zdk11QUhCaWZiZz09> Meeting ID: 824 9911 5233 Passcode: 604893 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.

****DRAFT****