



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **October 19, 2023**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager *CH*

**SUBJECT: Review and Possible Action Concerning Review
of Recology 2024 Solid Waste Rate Increase**

In accordance with the existing franchise agreement, Recology provided financial information to the District for the requested 6.00% 2024 rate increase.

The District's accountants RVE Accounting & Advisory was asked to apply procedures to identify any mistakes associated with documents and calculations used by Recology to determine the 2024 Rate year adjustment factor.

For rate year 2024, our contract with Recology stipulates the utilization of an index-based calculation as compared to a cost-based calculation, which occurs every third year.

Index-based adjustment years provide good faith presentations of Recology's expenses and applies various CPI increases to determine the rate for the calendar year.

For rate year 2024, Recology calculated an increase of 7.87%, however, due to the most recent agreement, a 6% cap was placed on the overall rate, with the remaining 1.87% transferring to rate year 2025.

Staff prepared a draft Prop 218 notice for a Public Hearing on December 21, 2023.

RECOMMENDATION:

Receive RVE Accounting & Advisory Consultant's Report on the review of the suggested rate increase and associated information and authorize distribution of the Prop 218 notice.

Attachments.



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **October 19, 2023**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

**CONSULTANT'S REPORT
APPLYING ANALYSIS FOR
MONTARA WATER AND SANITARY DISTRICT
FRANCHISE AGREEMENT
WITH
RECOLOGY OF THE COST
FOR
SOLID WASTE AND RECYCLING SERVICES**

Honorable Members
of the Board of Directors
Montara, California

We have performed the procedures described below, which were agreed to by the Montara Water and Sanitary District (District) solely to assist you with respect to identifying mistakes of accuracy of the calculation of the new rates for providing solid waste, organics and recycling services. The sufficiency of these procedures is solely the responsibility of the District. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures, results, findings, and recommendations are as follows:

1. We obtained the Franchise Agreement between *The Montara Water and Sanitary District (Montara) and Recology of the Coast for Solid Waste and Recycling Services, effective October 1, 2013 (Agreement)* as well as the First Amendment to Franchise Agreement effective October 1, 2017, covering rate years 2018 through 2028, in order to gain an understanding of the terms, fees, services and reporting requirements outlined.
2. We obtained the outline for the calculation utilized to determine the year 2024 Rate Adjustment calculation, referred to as Exhibit E.
3. We independently located and downloaded agreed upon indices used by Recology to determine the rate for agreement year 2024 from the US Bureau of Labor and Statistics and US Energy Information Administration.
4. We confirmed the correct indices were utilized for the correct periods for the purpose of calculating the 2024 rate.

5. We re-calculated 2024 indices percentage change from prior year, as well as calculations and formulas utilized in Exhibit E to apply CPI index-based increases to operational expenses.

Results: We reviewed the Franchise Agreement between the District and Recology of the Coast (Recology) and noted that service rates are to change annually. We also noted that commencing January 1, 2024, updated service rates are to be determined by utilizing the "index-based" methodology.

We noted the specified cost factors required for the index-Based Rate Adjustment methodology were used and indices, calculations and formulas were in alignment with the Franchise Agreement.

Deviation: Recology did not apply the 6% rate cap to the 2024 rate and instead proposed the full index based rate increase of 7.87%. The issue was discussed and resolved with Recology and the 6% rate increase was provided.

Conclusion: By applying the procedures identified above, we detected no deviations between the calculations prepared by Recology, and the terms of the Franchise Agreement.

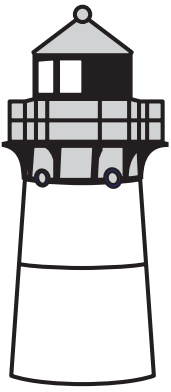
Consultant's Recommendations: Factors which represent a critical component of the rate calculation were not audited and are based on good faith disclosures by Recology. The District may consider having the following data subjected to more thorough testing:

Disposal volume data: The rate year index adjustment is mainly predicated upon index changes from year to year, however, Organics Processing and Recyclable Material Processing costs are passed through to the District and calculated by utilizing monthly volumetric data. Tonnage for the periods in question cannot be tested with the procedures applied.

This report is intended solely for the information and use of management and District Board and is not intended to be and should not be used by anyone other than those specified parties.



September 25, 2023



Montara Water & Sanitary District

NOTICE OF PUBLIC HEARING ON PROPOSED INCREASES TO GARBAGE COLLECTION, RECYCLING AND DISPOSAL FEES AND CHARGES

This Notice provides information about proposed increases in garbage collection, recycling and disposal fees and charges for those services provided by Recology of the Coast to MWSD customers.

HEARING DATE: Thursday, December 21, 2023

HEARING TIME: 7:30 p.m.

LOCATION: Montara Water and Sanitary District
8888 Cabrillo Highway
Montara, CA 94037

(Adjacent to the Point Montara Lighthouse & Hostel)

Hearing may be viewed via Zoom teleconference, details at MWSD.MONTARA.ORG

Dear Property Owner or Customer,

Montara Water and Sanitary District (MWSD) is proposing to adopt a 6.00% increase in garbage collection, recycling and disposal fees and charges for those services furnished by Recology of the Coast (Recology) under a franchise agreement with the District. The rates are proposed to go into effect on January 1, 2024.

The 2024 proposed increase is based off of an index-based growth factor and is not cost-based.

What Do the Solid Waste Fees and Charges Pay for?

- On-going operating expenses to collect and dispose of all garbage and recyclable material, and to account for and bill customers.
- On-going expenses for equipment and supplies needed to operate.
- Capital expenditures to repair, replace, and upgrade garbage collection trucks and other equipment.
- Tipping fees (also called dump fees) at Ox Mountain Landfill in Half Moon Bay to dispose of all non-recycled waste.
- Transport to South Bayside Waste Management Authority (SBWMA) in San Carlos for food waste and green material composting.

How Can Customers Reduce Garbage Collection Fees and Charges?

By switching from a 32-gallon garbage collection receptacle to a 20-gallon receptacle, your new monthly collection fee charge would be \$33.09 instead of \$40.55. Currently in the MWSD service area, only a small percentage of customers use 20-gallon cans.

Take Advantage of Free Bulky Goods Collection. Four times a year, Recology will pick up one item up to 200 pounds or five 30-gallon bags for no additional charge.

Increase Recycling + Reduce Garbage + Switch to a 20-Gallon Can = Save Money

Pursuant to Government Code §53759, any judicial action or proceeding to attack, review, set aside, void, validate, or annul the District Board's adoption of the proposed water or sewer rates must be commenced within 120 days of the effective date or of the date of the final passage, adoption, or approval of the ordinance or resolution adopting the rates.

PLEASE CONTACT US IF YOU HAVE QUESTIONS OR COMMENTS

Tel: (650) 728-3545 • Email: mwsd@coastside.net • Write: P.O. Box 370131 Montara, CA 94037-0131

Proposed Garbage Collection, Recycling and Disposal Fees

The District is proposing an increase to garbage collection, recycling and disposal fees to cover costs of service and equipment replacement by Recology of the Coast beginning Jan. 1, 2024, as described on these pages.

Note: Although the rates are proposed to cover a one-year period, they will remain in effect after that year unless and until new rates are approved.

RESIDENTIAL	2023	2024
1. Basic, weekly collection of a single container placed in front of premises, wet and dry garbage ("first can service") in wheeled carts:		
One 20-gallon can collected once per week	\$31.22	\$33.09
One 32-gallon can collected once per week	\$38.25	\$40.55
One 64-gallon can collected once per week	\$125.68	\$133.22
2. Special Services (charges added to above, basic charges)		
Container placed at side or rear of dwelling - per container	\$9.56	\$10.13
Container not placed at specified collection point and return call required - per container	\$19.96	\$21.16
Extra 30-gallon bag with collection (excludes 20-gallon cart service) - per bag	\$10.31	\$10.93
Special collections combined with regular service, including collections for brush, yard clippings, boxes, etc.	Estimate	Estimate
3. Bulky goods dropoff service four times a year within Montara District limits, including greenwaste and motor oil in Recology provided bottles only	Included w/service	Included w/service
4. Weekly commingled recyclable materials collection (64-gallon wheeled cart)	Included w/service	Included w/service
5. Weekly food waste and green material collection, limited to one 96 gallon container provided by Recology	Included w/service	Included w/service
6. Bulky goods curbside collection service, limited to four (4) times a year One item up to 200 lbs or five, 30-gallon bags	Included w/service	Included w/service
7. Drop-off at Recycling Yard in Pacifica of motor oil, latex and oil paint, unpainted lumber, large pieces of metal, styrofoam, e-waste, large white goods, furniture, mattresses, large amounts of recyclable materials	Included w/service	Included w/service
8. Christmas trees free of charge thru January 31st	Included w/service	Included w/service
After January 31st charge is \$20 per tree for removal	\$20.00	\$20.00

To Estimate Your Monthly Bill Add Up the Services You Use.

Most residential customers only use weekly collection for a 32-gallon can, which would be \$40.55 per month starting January 1, 2024.

Please take advantage of the many services included with your garbage fees.

MULTI-FAMILY, COMMERCIAL AND INDUSTRIAL SERVICE	2023	2024
1. Service to restaurants, hotels, cafes, apartment houses, stores and similar places of business, factories, schools and institutions, wet and dry garbage-container limits: volume - 30-gal. cans (1/4 cu. Yd.), weight - 75 lbs.		
One 64-gallon can collected once per week	\$150.91	\$159.96
One 96-gallon can collected once per week	\$246.94	\$261.76
Additional 64- or 96-gallon commercial carts picked up more than once a week will be original charge times the number of pickups	Will Vary	Will Vary
2. Commercial Container Rental		
1 cubic yard box per month	\$68.66	\$72.78
2 cubic yard box per month	\$89.00	\$94.34
3. Commercial Container Collections		
1 cubic yard box per collection	\$58.01	\$61.49
2 cubic yard box per collection	\$115.43	\$122.36
4. Compacted Commercial Container Service		
1 cubic yard box per collection	\$113.24	\$120.03
2 cubic yard box per collection	\$228.74	\$242.46
5. Recycled materials collection up to five times a week	Included w/service	Included w/service

DEBRIS BOX SERVICE	2023	2024
1. Containers of 7, 14, 20 and 30 yard sizes		
Container rental and delivery and pickup charge	\$456.05	\$483.41
Additional \$67 fee per ton confirmed by disposal site weight slip	Tonnage Based	Tonnage Based

SPECIAL PROVISIONS (PGE CARE PROGRAM)	2023	2024
1. Financial hardship rate for weekly collection for single container placed in front of premises, wet and dry garbage		
15% reduction 20-gallon can	\$26.53	\$28.12
15% reduction 32-gallon can	\$31.47	\$33.36

How to Protest the Proposed Rate Increases

Property owners or customers may file written protests against the proposed rate increases. Pursuant to California law, protests must be submitted in writing and must a) identify the affected property or properties, such as by address, Assessor's Parcel Number, or customer account number; b) include the name and signature of the customer or property owner submitting the protest; and c) indicate opposition to the proposed garbage collection, recycling, and disposal fees and charges. Protests submitted by e-mail, facsimile, or other electronic means will not be accepted. The proposed rates will not be adopted if written protests are received from the owners or customers representing a majority of affected parcels. Only one protest accepted per parcel.

Written protests may be mailed to: District Clerk, Montara Water and Sanitary District, P.O. Box 370131, Montara, CA 94037-0131. Written protests may also be delivered to the District's headquarters at 8888 Cabrillo Highway. All written protests must be submitted prior to the close of the Public Hearing on **December 21, 2023.**



Montara Water and Sanitary District

PRSRT STD
U.S. POSTAGE
PAID
XXX

P.O. Box 370131
Montara, CA 94037
Voice: 650-728-3545
Email: mwsd@coastside.net
Web: mwsd.montara.org

DIRECTORS

Scott Boyd, President
Kathryn Slater-Carter, President Pro Tem,
Secretary
Peter Dekker, Treasurer
Bill Softky, Director
Carlyle Ann (Cid) Young, Director

GENERAL MANAGER

Clemens Heldmaier

This was mailed using a legally mandated list. If you receive multiple copies, or do not receive service from Recology and received this in error, we apologize.

Montara Water & Sanitary District - NOTICE OF PUBLIC HEARING ON PROPOSED INCREASES IN GARBAGE COLLECTION, RECYCLING AND DISPOSAL FEES AND CHARGES

Montara Water and Sanitary District (MWSD) works every day to deliver water, garbage and sewer services for the residents of Montara, Moss Beach, and adjacent areas north of El Granada. Over 6,000 residents rely on our services for their homes and businesses. Under a franchise agreement with the District, garbage collection, recycling and disposal services are furnished by Recology of the Coast (Recology). The District is proposing to adopt a 6.00% increase in garbage collection, recycling and disposal fees and charges to maintain quality services in our area.

QUESTIONS OR COMMENTS?

Call: (650) 728-3545
8:30 AM to 5:00 PM Mon-Fri

Email: mwsd@coastside.net

Write: PO Box 370131,
Montara, CA 94037

Web: www.mwsd.montara.org

Attend: Public Hearing on
Thursday, December 21, 2023 at
7:30 PM at:

8888 Cabrillo Highway, Montara,
CA 94037 (Adjacent to the Point
Montara Lighthouse & Hostel)

Reasons for the Rate Increases:

Rate revisions are based on a comprehensive Rate Adjustment Schedule included in Recology's franchise that takes into consideration documented labor costs, workers compensation insurance premiums, vehicle-related costs, fuel costs, yard-waste processing costs, lease costs associated with vehicles and equipment, dump fees (also called tipping fees) charged at the Ox Mountain Landfill and South Bayside Waste Management Authority and all other costs of providing quality garbage, composting and recycling services.

The 2024 proposed increase is based off of an index-based growth factor and is not cost-based. Rates in the Montara service area will remain below average in San Mateo County. The District will audit costs to ensure they are appropriate, and to maintain garbage service quality and keep customer bills low.



September 1, 2023

Clemens Heldmaier
General Manager
Montara Water and Sanitary District
8888 Cabrillo Hwy
Montara, CA 94037

Re: 2024 Index Based Rate Application

Dear Mr. Heldmaier :

As outlined in Article 6 and Exhibit E of the franchise agreement, we have completed the annual rate application. The overall rate increase effective January 1, 2024 has been calculated at 7.87%. Enclosed is an MS Excel file with the following information for your consideration:

Tab#1 – RY24 Index Change - This is the summary schedule showing the approved costs from the prior rate year being escalated by the change in the various CPI indexes and changes to the tonnage collected. The overall rate increase of 7.87% is being driven by higher than normal increases in the fuel index and increased organics processing costs.

Tab#2 – RY24 Indices – This tab shows the individual indexes and the year-over-year percentages applied in the first tab. The following indexes values were calculated;

1. CPI-W came in at 5.48%
2. CPI-U came in at 5.47%
3. FUEL came in at 24.88%
4. Motor Vehicle Maint & Repair came in at 10.92%
5. CBA wages came in at 3.23%, Health Insurance is 1.86% & Pension is 7.05%

Tab#3 – BLS Info – This tab contains the raw data downloaded from the U.S. Bureau of Labor Statistics.

Tab#4-California No 2 Diesel – This tab shows the data for fuel downloaded from the U.S. Energy Information Administration.

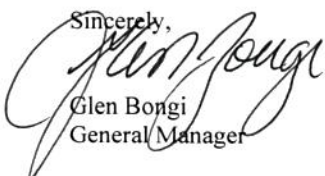
Tab#5-Organics Recyclables Data – This tab shows the historical total Organics tonnages collected from 5/1/22 through 4/30/23 and the rates paid, plus the projected 2024 rate. There is a significant increase in the per ton processing costs due to Ox Mountain's processing procedure no longer qualifying for diversion credit under SB1383. The closest qualifying location, who is currently able to accept our organics volume, is the SBWMA facility in San Carlos.

This tab also shows the historical total Recyclable tonnages collected from 5/1/22 through 4/30/23 and the rates paid, plus the projected 2024 rate.

Tab#6-Disposal Summary – This tab shows the historical Disposal, Organics and Recyclables tonnages collected from 5/1/22 through 4/30/23 and the projected 2024 Disposal rate.

Tab#7-Additional Route for Organics – This tab shows the calculation of the Organics route added as a result of SB 1383.

Please review with your team and let us know if you have any questions or need additional information.

Sincerely,

Glen Bonggi
General Manager

Montara Water and Sanitary District

Proposed Maximum Rates Effective 1/1/24

RY 2024 Rate Adjustment Percentage 6.00%

RESIDENTIAL

	2023 Rates	2024 Rates
1. Weekly collection, single container placed in front of premises, wet and dry garbage ("first can service") in wheeled carts:		
a. Container limits: Volume - 20 gals (3/10 cu yd), up to 40 lbs - per month	\$31.22	\$33.09
b. Container limits: Volume - 32 gals (1/4 cu yd), up to 60 lbs - per month	\$38.25	\$40.55
c. Container limits: Volume - 64 gals (1/2 cu yd), up to 100 lbs - per month	\$125.68	\$133.22
2. Special Services (charges added to above, basic charges):		
a. Container placed at side or rear of dwelling - per container	\$9.56	\$10.13
b. Container not placed at specified collection point and return call required - per container	\$19.96	\$21.16
c. Extra 30 gal bag with collection (excludes 20 gal cart service), per bag	\$10.31	\$10.93
d. Special collections combined with regular service, including collections for brush, yard clippings, boxes, etc.	Estimate	Estimate
3. Bulky goods drop-off service four times per year within Montara District limits including greenwaste and motor oil in Recology-provided bottles only	Included with Service	Included with Service
4. Weekly commingled recyclable materials collection (64 gal wheeled cart)	Included with Service	Included with Service
5. Every other week greenwaste (yard trimmings, etc.) collection, limited to four (4) 30 gal containers - customers own containers	Included with Service	Included with Service
6. Bulky goods curbside collection service, limited to four (4) times per year One item up to 200 lbs or (5)-30 gal bags	Included with Service	Included with Service
7. Dropoff at Recycling yard in Pacifica of motor oil, latex paint, unpainted lumber, large pieces of metal, styrofoam, e-waste, large white goods, furniture, mattresses, large amounts of recyclable materials	Included with Service	Included with Service
8. Christmas tree pick up thru January 31st each year	Included with Service	Included with Service
a. After January 31st charge is \$20 per tree for removal	\$20.00	\$20.00

MULTI-FAMILY, COMMERCIAL AND INDUSTRIAL SERVICE

1. Service to restaurants, hotels, cafes, apartments, stores and similar places of business, factories, schools and institutions, wet and dry garbage - container limits: volume - 30 gal. cans (1/4 cu. yd), weight - 75 lbs		
a. Regular collections:		
1-64 gal collection once per week	\$150.91	\$159.96
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DEBRIS BOX SERVICE

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RESIDENTIAL

2023
Rates

2024
Rates

SPECIAL PROVISIONS

1. Financial hardship rate for weekly collection for single container placed in front of premises, wet and dry garbage 30 gallon can (PGE CARE PROGRAM)
15% reduction