



Dear Mayor and Council Members:

On behalf of City Manager Ed Shikada, please find below the staff response to a question posed by Councilmember Cormack regarding the [Monday, June 6 Council Meeting](#) consent agenda item:

Item 9: Approve a Fiscal Year 2023 Program for Domestic Recycling of Mixed Paper and Mixed Rigid Plastics; Authorize Staff to Negotiate a Corresponding Contract Amendment with GreenWaste of Palo Alto for Program Costs in an Amount Not to Exceed \$1.2M

Staff response is below:

What percentages of sales do each of the five ending rate stabilization reserve numbers represent?

Answer: The following is a duplicate of Table 3 with a newly added row showing the percentages of sales corresponding to the ending rate stabilization reserve (RSR) numbers. It should be noted that although the reserves in the near term are expected to remain higher than the 20 percent upper range of the reserve guidelines, staff's analysis considers a ten-year rate model and anticipates future expenditures including estimated expenses for a competitive process for future refuse services. The longer-term analysis estimates the RSR to be within the 10 to 20 percent of sales guideline.

Table 3, Refuse Fund Summary and Forecast, Updated with % of Sales:

Budget Category in Millions	FY 2021 (Actuals)	FY 2022 (Estimate)	FY 2023 (Estimate)	FY 2024 (Estimate)	FY 2025 (Estimate)
Rate Stabilization Reserves (beginning)	\$16.4	\$20.0	\$18.5	\$15.0	\$13.8
Revenues	\$30.6	\$31.9	\$32.0	\$32.9	\$33.9
Expenses	\$28.7	\$33.4	\$35.4	\$34.2	\$34.9
Operating Income	\$2.0	(\$1.5)	(\$3.5)	(\$1.3)	(\$1.0)
Rate Stabilization Reserve (RSR)(ending)	\$20.0	\$18.5	\$15.0	\$13.8	\$12.8
Percent of Sales to the estimated ending RSR	65%	58%	47%	42%	38%

Thank you,
Joanna



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