Refuse Rates Status Update

CITY & COUNTY OF SAN FRANCISCO

Office of the Controller, Office of the Refuse Rates Administrator
March 25, 2024
Agenda

• Rate-Setting Process Timeline

• Outreach/Engagement Plan

• Solid Waste Consulting and Outreach Services RFP

• 2023 Rate Order Overview, Requirements, and Implementation Status
  • Service Level and Administrative Enhancements
  • Contamination and Diversion
  • Reporting and Accounts
- Extend rate-setting period
- Determine City priorities and begin initial cost analyses earlier
- More outreach and public engagement
- Interim years, propose to hold bi-annual Refuse Rate Board Hearings the month after Annual and Q2 rate reports are released (Feb and Jul)
- Refuse Rate Administrator will hold bi-annual hearings after the Q1 and Q3 rate reports are released for monitoring purposes (Apr and Oct)
Outreach Channel (Sep 2024-Feb 2025)

**FAQ Sheet:** Why this matters, highlights from current rate order, meeting dates, and opportunities for input during next rate-setting cycle.

### Distribution Channels Used in Previous Rate-Setting Process

**Public Website**
- [sf.gov/refuserates](http://sf.gov/refuserates) explains the rate-setting process, links to the FAQ, and lists all past and upcoming public meetings.

**Email Campaigns**
- Call for public input, FAQ, and list of public meetings sent to 1,700+ recipients, including City departments, Board of Supervisors, local press, and subscribers of Controller’s Office updates.

**Social Media**
- Link to FAQ and public meetings posted on X to remind public of upcoming opportunities for comment. Related City agencies and local press are asked to help share.

**Public Records Automation**
- Alert created in NextRequest (departmental records request software) that directs users to the Refuse Rates Administration website if select keywords are part of their request. We have 1,670+ instances of users being directed to the Refuse Rates website.

### New Distribution Channels to be Used in Upcoming Rate-Setting Process

**Neighborhood Papers**
- Targeted outreach to local news outlets, specifically neighborhood papers.

**Neighborhood Groups & Districts**
- Targeted outreach to registered neighborhood organizations in San Francisco.

**BOS Newsletters**
- Share FAQ sheet with BOS members for distribution through their newsletters.

**Recology Newsletter**
- Include FAQ sheet with Recology newsletter. Reaches all ratepayers.

**Targeted Email Campaign**
- Additional Email campaign to target trade associations such as Building Owners and Management Association, San Francisco Apartment Association, Small Property Owners of San Francisco.
Public Engagement/Input (Jan 2025-Mar 2025)

**Ratepayer Workshops**
Recology will hold 2 virtual Ratepayer Workshops after work hours to describe their rate change submission in January and February and allow opportunity for public feedback.

**Refuse Rates Administrator Hearings**
RRA will conduct 2 hearings to discuss key issues to help determine provisions in the Proposed Rate Order.

**Key Stakeholder Meetings**
Recology and Refuse Rates Administrator will attend regular meetings for key stakeholders (e.g. Small Property Owners of San Francisco, San Francisco Apartment Association, etc.) to solicit input on Recology’s rate change submission in January and February.

**Prop F Written Comment**
After rate change request is submitted, Prop F written comment will be open to any public member on our website or by mail.

**Refuse Rate Board and Commission Hearings**
2 Sanitation and Streets Commission Hearings, 2 Environment Commission Hearings, and an anticipated 4-5 Refuse Rate Board Hearings.
Rate Order Implementation Support. Contract with HF&H:

- Capital Plan
- Cost Allocation Study
- Regulatory Structure Review/Service Procurement Survey
- Rate-Setting Support

In addition, the Controller’s Office is developing an RFP to create a list of prequalified firms across three service areas in anticipation of implementation of the next Rate Order and for support in future rate-setting processes:

- **Service Area 1**: Solid Waste Analyses, Contract Monitoring, and Evaluation
- **Service Area 2**: As-Needed Technical Financial Services
- **Service Area 3**: Ratepayer Outreach and Engagement Services
Refuse Rate Board approved of a 1.33% increase effective Jan 1, 2024 and a 2.32% increase to be effective Oct 1, 2024.

This amounted to a 3.68% cumulative 2-year increase, which was lower than Recology’s cumulative 2-year proposal of 6.15%, and represents an $8.7 million in savings to ratepayers.
Service and Admin Enhancements

**Abandoned Material Collection**
Increasing AMC zones from 5 to 6 and adding 2 new drivers/trucks

**Public Receptacle Collection**
Adding 2 new PRC routes, 2 new drivers/trucks

**Weekend Clean-Up Events**
Each of the City’s 11 supervisiorial districts will have an annual weekend clean-up event for residents to drop-off bulky items.

**Cardboard Pickup**
2 cardboard pickup drivers

**Additional Drivers and Supervisors**
2 Relief Drivers to ensure adequate and regular collection and 3 additional drivers to establish two-person routes as well as a new supervisor for increased supervision.

**Administrative Support**
2 analyst for additional analytical support to address new reporting requirements.
Contamination and Diversion

**Trash Processing Pilot**
Testing San Francisco trash at a trash processing facility to determine impacts on diversion.

**Contamination Outreach and Camera Pilot**
Additional support for Waste Zero team, development of new contamination procedures, and pilot of on-board cameras to identify contamination.

**Organics Pre-Processing**
Testing efficacy of screening of organics at the transfer station.
New Reporting Requirements

- Pension Report
- Intercompany Property Rental: Agreed Upon Procedures
- Operations Reports: Reports by Line of Business
- Processing and Disposal Reports: Compost procurement/distribution, Where Our Recyclable Go, Weight Scale Records
- Program Reports: Metrics tracking for all programs
- Reporting for New Accounts
  - 2023 Rate Order Balancing Account
  - Programmatic Reserve
  - Zero Waste Capital Reserve
**RY24 and RY 25 Balancing Account**

This account adjusts by 50% of above- or below-target profit earned or losses incurred based on the 91% Operating Ratio.

**Programmatic Reserve**

Allows City to make requests when needed beyond those established in the Rate Order.

**Existing Accounts**

**Landfill Agreement Special Reserve:** Purpose is to reimburse Recology San Francisco for landfill disposal costs it incurs but cannot fully recover through the rate-setting process due to timing issues.

**Zero Waste Incentive Account:** Suspended in the Rate Order.

**Impound Account:** Funds select services at DPW and SFE.

**Zero Waste Capital Reserve**

Intended to accumulate funds in anticipation of future capital infrastructure investments necessary to serve San Francisco ratepayers. Funding for this account began January 1, 2024 and is not reflected in the Q1 Rate Report.
Review of Cost Allocation Methodologies

• Commercial vs Residential Cost Allocation (September 2024)
  • Route & Labor Costs Review
  • Tonnage Review
  • Subscription Based Allocation
  • Methodologies Reviewed for Reasonableness for Cost Categories

• Rate vs Non-Rate Cost Allocations & Corporate Cost Allocations (September 2024)
  • Review Existing/Proposed Methodology from Recology
  • Perform Analysis on Alternative Approaches
    • Subscription Based
    • Customer Count
    • Revenue
    • FTE
Process Overview

1. Discovery & Planning: April
2. Needs Assessment: July
4. Prioritization & Financing Options: October
Discovery & Planning

Context mapping to understand customer needs:

- Social
- Political
- Legal
- Economic
- Environmental
- Technological
CUSTOMER NEEDS

- Ratepayers
  - Currently SFR 16-20gal only for black carts. Does not increase contamination. Small carts for all three waste streams.
  - Public wants to be able to recycle more items (film plastic, textiles but not curbside).
  - COM: Recology no longer collects unbundled cardboard for free. 2022 OCC charge.
  - Unbundled vs cart/container rates?
  - SFR: mostly 64gal blue carts, so no complaints over adequate service. Drivers DO take unbundled OCC.

POLITICAL FACTORS

- Strong local support for sustainability from govt. and population.
- Non-elected officials used to make rate adjustments.
- Recology as a Utility.
- Affordable housing development.
- Who can afford to live in SF? Who works here?
- Focus on DEU. Are we charging different customers different rates?

ECONOMIC CLIMATE

- COVID impacts, commercial sector is down, % of organics used to come from commercial.
- Food scraps collection is rebounding, but still down net 20% (especially COM).
- Rising labor & inflation costs. Unionized labor force.
- 3.9% rate increase ask from Rec. seems low (9% prev. year).
- Processing, recovery rate & Certification.
- Permitting in general, CARB.

UNCERTAINTIES

- COVID impacts, commercial sector is down, % of organics used to come from commercial.
- Food scraps collection is rebounding, but still down net 20% (especially COM).
- Rising labor & inflation costs. Unionized labor force.
- 3.9% rate increase ask from Rec. seems low (9% prev. year).
- Processing, recovery rate & Certification.
- Permitting in general, CARB.
- SB 54 legislative impacts. Materials and PRO working with the MRFs to improve residual rates.
- Pier 96 climate vulnerabilities, flooding. Where would it move?
- Capital planning.
- ZEV fleets.
- Permitting in general, CARB.
Needs Assessment

- Infrastructure
- Services
- Programs
- Education
- Enforcement
- Administration & Management
- Data
## Survey & Evaluation of Regulatory Structure in Comparison to San Francisco

<table>
<thead>
<tr>
<th>Survey Data</th>
<th>Target Communities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Contracting Methods</td>
<td>• San Jose</td>
</tr>
<tr>
<td>• Rate Regulation</td>
<td>• Oakland</td>
</tr>
<tr>
<td>• Business Model</td>
<td>• Palo Alto</td>
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<tr>
<td>• Policy Frameworks</td>
<td>• Berkeley</td>
</tr>
<tr>
<td>• Program Structures</td>
<td>• SBWMA</td>
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<td>• Economics &amp; Demographics</td>
<td>• Sunnyvale</td>
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<td></td>
<td>• Alameda</td>
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<td></td>
<td>• Santa Monica</td>
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<td></td>
<td>• Los Angeles</td>
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<td>• San Diego</td>
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<td>• Sacramento</td>
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<td>• Portland, OR</td>
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<td></td>
<td>• Seattle, WA</td>
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<tr>
<td></td>
<td>• Vancouver, BC</td>
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</table>
Capital Project Evaluation

- Infrastructure
- Services
- Programs
- Education
- Enforcement
- Administration & Management
- Data

Benefits
- Zero Waste
- Clean City
- Equity/Inclusion
- Convenience

Cost
- Capital
- Labor
- R&M
- Admin
Prioritization & Financing Options

• Prioritizing Cost-Effectiveness
  • $ per avoided/diverted ton
  • $ per GHG reduction

• Regulatory and Legal Requirements & Timelines

• Sequencing for Dependencies
  • Infrastructure vs. Programs
  • Programs vs. Education
  • Education vs. Enforcement

• Assessing Values & Community Fit
  • Zero Waste Behavior Change
  • Equity & Inclusion
1. Cybersecurity Incident
2. RY2023 Financials Results
3. Q1 Update
   i. Q1 Financial Results
   ii. Reporting Requirements
   iii. Rate Order Implementation
       • Abandoned Materials
       • Public Receptacles
       • Weekend Cleanup
       • Contamination Program
       • Organics Pre-Processing
       • Pier 96 Study
       • Staffing Updates
       • Summary
Cybersecurity Incident

- Cybersecurity incident occurred on November 2, 2023

- **Most systems were back online within a few weeks** – full system recovery expected by the end of March

- All operations and at the curb services continued **without interruption to our customers**

- Offices and facilities were open to the public during normal business hours

- Manual redundancies and work-arounds exist to ensure business continuity

- Forensic experts have not found evidence of personal information being misused

- Report delays, billing delays, and longer than average hold times occurred
Recology earned $12.6M in profit in RY23 resulting in a 96.4% operating ratio on rate eligible expenses.

Drivers of the 96.4% OR:
- Sunset/Golden Gate revenue increase 7% compared to last RY due to a January 2023 COLA
- RSF’s OR was at 111% or -8.6% profit margin due to decrease in revenue (0.5%) and increase in expenses (5% or $8M)
  - Continue to receive less tonnage at transfer stations
  - Increase in payroll costs, freight expense and maintenance expense

Recology’s profit margin for RY23 was a lean 2.4%
# Q1 Financial Results

## Actual vs Projection

**Projection**

<table>
<thead>
<tr>
<th></th>
<th>SSGG (in millions)</th>
<th>RSF (in millions)</th>
<th>Combined (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$90.2</td>
<td>$41.3</td>
<td>$131.5</td>
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<tr>
<td>Expenses</td>
<td>$85.3</td>
<td>$38.3</td>
<td>$123.6</td>
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<tr>
<td>Net Profit</td>
<td>$4.9</td>
<td>$3.0</td>
<td>$7.9</td>
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</table>

**Actual**

<table>
<thead>
<tr>
<th></th>
<th>SSGG (in millions)</th>
<th>RSF (in millions)</th>
<th>Combined (in millions)</th>
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</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$90.6</td>
<td>$39.6</td>
<td>$130.1</td>
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<tr>
<td>Expenses</td>
<td>$85.7</td>
<td>$36.0</td>
<td>$121.7</td>
</tr>
<tr>
<td>Net Profit</td>
<td>$4.9</td>
<td>$3.5</td>
<td>$8.4</td>
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</table>

**Variance**

<table>
<thead>
<tr>
<th></th>
<th>SSGG (in millions)</th>
<th>RSF (in millions)</th>
<th>Combined (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$0.4</td>
<td>$1.7</td>
<td>$1.3</td>
</tr>
<tr>
<td>Expenses</td>
<td>$0.4</td>
<td>$2.3</td>
<td>$1.9</td>
</tr>
<tr>
<td>Net Profit</td>
<td>$0.0</td>
<td>$0.5</td>
<td>$0.6</td>
</tr>
</tbody>
</table>

**% Variance**

<table>
<thead>
<tr>
<th></th>
<th>SSGG</th>
<th>RSF</th>
<th>Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>0%</td>
<td>-4%</td>
<td>-1%</td>
</tr>
<tr>
<td>Expenses</td>
<td>0%</td>
<td>-6%</td>
<td>-2%</td>
</tr>
<tr>
<td>Net Profit</td>
<td>0%</td>
<td>18%</td>
<td>7%</td>
</tr>
</tbody>
</table>

## Analysis

Q1 actuals performed fairly close to the projection:

- Sunset and Golden Gate at 91% OR
- RSF at 89% OR due to less revenue and timing of expenses
- Balancing account at $324k as of 12/31/23
- We expect the year end results to be in line with projections
• Rate Order created 22 new quarterly and 4 new annual reporting requirements

• Weekly meetings with the RRA include alignment on content and format of new quarterly reporting

• Q1 financial report submitted and on track to submit Q1 operational reports by end of March
**Abandoned Material Collection (AMC)**

- One AMC Zone and two Abandoned Cardboard Routes added October 1, 2023 as part of new Rate Order

<table>
<thead>
<tr>
<th></th>
<th>Q1FY23</th>
<th>Q1FY24</th>
<th>Increase/Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tons Collected</td>
<td>1,152</td>
<td>1,378</td>
<td>20%</td>
</tr>
<tr>
<td>Abandoned Material Calls</td>
<td>26,447</td>
<td>23,699</td>
<td>-10%</td>
</tr>
<tr>
<td>SLA Compliance</td>
<td>51%</td>
<td>82%</td>
<td>62%</td>
</tr>
<tr>
<td>Abandoned Cardboard Tons Collected</td>
<td>-</td>
<td>202</td>
<td>-</td>
</tr>
</tbody>
</table>
Two dedicated PRC routes added October 1, 2023 as part of new Rate Order

<table>
<thead>
<tr>
<th></th>
<th>Q1FY23</th>
<th>Q1FY24</th>
<th>Increase/Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tons Collected</td>
<td>943</td>
<td>1,366</td>
<td>45%</td>
</tr>
<tr>
<td>311 Overflow Calls</td>
<td>5,427</td>
<td>4,770</td>
<td>-12%</td>
</tr>
<tr>
<td>311 Sensor Requests</td>
<td>786</td>
<td>28,009</td>
<td>3463%</td>
</tr>
<tr>
<td>SLA Compliance</td>
<td>-</td>
<td>80%</td>
<td>-</td>
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</table>
Weekend Cleanups

• 3-Stream disposal offered to residents of each District
• Goodwill drop-off of gently used items and e-waste
• Compost giveaway included

<table>
<thead>
<tr>
<th>Location</th>
<th># of Customers</th>
<th>Tons Collected</th>
<th>Recovery Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bayview - D10</td>
<td>73</td>
<td>5.0</td>
<td>50%</td>
</tr>
<tr>
<td>Sunset - D4</td>
<td>600</td>
<td>35.72</td>
<td>46%</td>
</tr>
<tr>
<td>Marina - D2</td>
<td>217</td>
<td>10.26*</td>
<td>-%*</td>
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</table>

*pending final numbers*
Contamination Program

- Waste Zero FTE started in January
- Genesis Units Online February 2024
- 6 New Systems: 4 Commercial Recycling and 2 Commercial Compost
- Improved Resolution and AI

BEFORE  480p Resolution

AFTER  1080p Resolution
Contamination Program

- New Contamination Protocol
- Series of letters, escalating charges

1. Warning Letter - No charges
2. Second Letter - One-time charges (charged as "extra" trash per occurrence)
3. Third/Fourth Letter - 50% charge on the contaminated commodity

- First letters sent in November - Commercial and Apartment
- 88% of customers who received 1st letter cleared up issue
- 12% received second letter for additional instances of contamination/ ongoing issues
- Since November, 3 new customers have ongoing charges added to account
- To remove charge: Customers may request an audit from Recology, or complete self-assessment
Contamination Program

Power App - Tool for tracking audits, letters and charges
• Recology ordered the Vermeer Trommel Screen in September 2023 with an expectation that the trommel was going to be delivered in January 2024

• Supply chain issues led to equipment delivery delays

• Recology worked on identifying and deploying an interim piece of equipment to demonstrate compliance for Stanislaus County

• Procured on a rental basis electric trommel that was delivered in late December 2023 and went into operation in early January 2024
Temporary Trommel Screen
Un-Processed Organics
Processed Material

Processed Organics

Residual
On December 22, 2023 the Pier 96 Lease was finalized and executed in mid-January 2024

A kickoff meeting was held with Port Engineering, Real Estate and the Recology team on March 11

The Seismic Study is comprised of two independent documents that together shall be referred to as the Seismic Study
  • Seismic Evaluation and Retrofit Strategy Report
  • Facility Condition Assessment
# Staffing Update

<table>
<thead>
<tr>
<th>Department</th>
<th>Job Title</th>
<th>FTEs in Rate Order</th>
<th>FTEs Hired to Date</th>
<th>In Recruitment</th>
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<tbody>
<tr>
<td>Finance</td>
<td>Rate Analyst (2)</td>
<td>4</td>
<td>4</td>
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<tr>
<td></td>
<td>Payroll Coordinator</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Liens &amp; Collection</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human Resources</td>
<td>Senior HR Generalist</td>
<td>1</td>
<td>1</td>
<td>--</td>
</tr>
<tr>
<td>RSS/RGG Operations</td>
<td>Relief Drivers (2)</td>
<td>14</td>
<td>10</td>
<td>4</td>
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<tr>
<td></td>
<td>Maintenance Supervisor</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Operations Supervisor (2)</td>
<td></td>
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<tr>
<td></td>
<td>Driver (9)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Waste Zero</td>
<td>Waste Zero Specialist</td>
<td>1</td>
<td>1</td>
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<tr>
<td>RSF Operations</td>
<td>Operations Supervisor</td>
<td>3</td>
<td>2</td>
<td>1</td>
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<tr>
<td></td>
<td>Operations Manager</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Operations Supervisor – Shop</td>
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<tr>
<td><strong>Total FTEs</strong></td>
<td><strong>23</strong></td>
<td><strong>18</strong></td>
<td><strong>5</strong></td>
<td></td>
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</table>
Summary

- Recology managed through a cybersecurity event while maintaining normal collection services with minimal impacts to customers.

- Recology's Q1 financial results were in line with projections - we expect that trend to continue.

- Recology worked closely with the RRA and their team to develop and implement new reports required under the Rate Order.

- Recology successfully implemented enhanced services contemplated in the Rate Order.

- Recology implemented new equipment to improve organics processing.

- Recology closely followed Rate Order guidelines and collaborated with City staff to provide reliable, cost-effective, cutting-edge services.
Questions?
Solid Waste Impound Account
Budget and Fund Balance

March 25, 2024
• Impound Account budget includes $2.5 million nexus swap from SFE’s non-rate related activities to rate-related activities with DPW.
• The Impound Account supports SFE’s work to advance the City’s Zero Waste Goals related to reducing waste generation and reducing disposal and to support DPW’s work around waste disposal and code compliance outreach, street cleaning, and public receptacles.
• In addition, use of $17.58 million in fund balance was approved in the rate order.

<table>
<thead>
<tr>
<th>Departments ($ millions)</th>
<th>Rate Year 2024</th>
<th>Rate Year 2025</th>
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<tbody>
<tr>
<td>Environment Department</td>
<td>$12.2</td>
<td>$12.6</td>
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<tr>
<td>Department of Public Works</td>
<td>$12.0</td>
<td>$12.0</td>
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</table>

<table>
<thead>
<tr>
<th>Item</th>
<th>Budget ($ millions)</th>
</tr>
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<tbody>
<tr>
<td>Refuse Rates Administration (includes projects/analyses such as capital plan and cost allocation)</td>
<td>$1.08</td>
</tr>
<tr>
<td>Trash Processing Pilot</td>
<td>$0.50</td>
</tr>
<tr>
<td>Pier 96 Seismic Study</td>
<td>$1.00</td>
</tr>
<tr>
<td>Trash Cans</td>
<td>$15.00</td>
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Rate Administration Update

• Establishing procedures for implementation of the Rate Order
  • Impound Account: developing disbursement desk procedures, setting Nexus swap procedures, reconciliation of Rate Year vs Fiscal Year timing.
  • Programmatic Reserve: developing request forms and withdrawal procedures.

• New Reports
  • Form and Format Development

• Rate Order Project Scopes and Resourcing
  • Capital Plan, Cost Allocation, Regulatory Structure Review Scopes of Work
  • HF&H Contract

• Monitoring and analysis of programs
  • Developing performance and financial metrics tracker
  • Abandoned Material Collections and Public Receptacles Collections SLA monitoring and analysis (hired graduate student)
  • Analysis and review of Annual Audited Financials and Rate Reports
  • Site visits

• Future Rate Cycle Planning
Rate Administration Budget

<table>
<thead>
<tr>
<th>Line Item</th>
<th>Original FY24-25</th>
<th>Proposed FY24-25</th>
<th>Variance</th>
<th>Proposed FY25-26</th>
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<tbody>
<tr>
<td>Rate Administration Team</td>
<td>$500,571</td>
<td>$500,571</td>
<td>$0</td>
<td>$519,012</td>
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<tr>
<td>Noticing/Outreach/Hearings</td>
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<td>$361,600</td>
<td>$200,843</td>
<td>$2,400</td>
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<tr>
<td>Projects</td>
<td>$420,000</td>
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<td>$175,000</td>
<td>$675,000</td>
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<td>Total Budget</td>
<td>$1,081,328</td>
<td>$1,457,171</td>
<td>$375,843</td>
<td>$1,196,412</td>
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- **Rate Administration Team**: No change

- **Noticing/Outreach/Hearings**:
  - SFGovTV: No change
  - Prop F required Newspaper Advertising for hearings: No change
  - Prop 218 Noticing: Increase from $150k to $250k
  - Collateral for outreach: New item, proposing $100k budget

- **Projects**
  - Capital Plan: No change
  - Regulatory Structure Review/Procurement Survey: No change
  - Cost Allocation Study: Increasing from $100k to $160k
  - Rate-Setting Support: Increasing from $75k to $125k
  - Additional Analytical and Administrative Support: $65k
\[ f = a - b + c - d - e \]

<table>
<thead>
<tr>
<th>Category</th>
<th>Dept</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td></td>
<td>Beg FY23-24</td>
<td>Combined balance of funds 13990 and 14000 as reported in AAO</td>
</tr>
<tr>
<td>(b)</td>
<td>SFE</td>
<td>Non-AAO Rate Order Approved Uses FY23-24</td>
<td>Trash Processing Pilot approved in Rate Order to be conducted by Recology and paid for through reduced disbursement from Recology to SWIA</td>
</tr>
<tr>
<td>(c)</td>
<td></td>
<td>Projected Surplus</td>
<td>Combined surplus of funds 13990 and 14000 expenditure surplus</td>
</tr>
<tr>
<td></td>
<td>DPW</td>
<td>Nexus Swap True-Up</td>
<td>$2,453,238</td>
</tr>
<tr>
<td></td>
<td>SFE</td>
<td>FY vs RY Timing True-Up</td>
<td>$710,155</td>
</tr>
<tr>
<td>(d)</td>
<td>DPW</td>
<td>Requested Beg FB Use FY24-25</td>
<td>Street Sweeping from Nexus Swap True-Up</td>
</tr>
<tr>
<td></td>
<td>DPW</td>
<td>Reallocation of funds to street cleaning</td>
<td>$0</td>
</tr>
<tr>
<td></td>
<td>SFE</td>
<td>Landfill Disposal Contract Support</td>
<td>$358,777</td>
</tr>
<tr>
<td></td>
<td>SFE</td>
<td>Reuse Policy Compliance</td>
<td>$150,000</td>
</tr>
<tr>
<td></td>
<td>SFE</td>
<td>FY vs RY Timing True-Up</td>
<td>$710,155</td>
</tr>
<tr>
<td></td>
<td>CON</td>
<td>Support for outreach and Rate Order projects</td>
<td>$375,843</td>
</tr>
<tr>
<td>(e)</td>
<td>SFE</td>
<td>Non-AAO Rate Order Approved Uses FY24-25</td>
<td>Pier 96 Seismic Study approved in Rate Order to be conducted by Recology and paid for through reduced disbursement from Recology to SWIA</td>
</tr>
</tbody>
</table>

### Example Table

<table>
<thead>
<tr>
<th>Beg FY23-24</th>
<th>Non-AAO Rate Order Approved Uses FY23-24</th>
<th>Projected Surplus</th>
<th>Requested Beg FB Use FY24-25</th>
<th>Non-AAO Rate Order Approved Uses FY24-25</th>
<th>Projected End FY23-24</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,539,173</td>
<td>$500,000</td>
<td>$4,547,667</td>
<td>$4,048,013</td>
<td>$1,000,000</td>
<td>$1,538,827</td>
</tr>
</tbody>
</table>
The following expenditure requests would have no impact to the refuse rates. The Refuse Rate Board will vote on whether to approve expenditure of Solid Waste Impound Account Fund Balance use or reallocation. The Refuse Rate Board will:

Vote to approve expenditure from the Solid Waste Impound Account Fund Balance for Fiscal Year 2024-25 as follows:

<table>
<thead>
<tr>
<th>Department</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment Department</td>
<td>Landfill Disposal Contract Support</td>
<td>$358,777</td>
</tr>
<tr>
<td>Environment Department</td>
<td>Reuse Policy Compliance</td>
<td>$150,000</td>
</tr>
<tr>
<td>Controller</td>
<td>Refuse Rates Administration</td>
<td>$375,843</td>
</tr>
<tr>
<td>Department of Public Works</td>
<td>Street Cleaning</td>
<td>$1,000,000</td>
</tr>
</tbody>
</table>
Refuse Rate Board Hearing

Bruce Robertson
Deputy Director for Financial Management and Administration

March 25, 2024
### Public Works FY25 & FY26 Budget Submittal

<table>
<thead>
<tr>
<th>Program</th>
<th>FY 2023 Actuals</th>
<th>FY 2024 Budget</th>
<th>FY 2025 Budget *</th>
<th>FY 2026 Budget *</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outreach and Enforcement (OnE) Team</td>
<td>995,759</td>
<td>2,768,395</td>
<td>2,768,395</td>
<td>2,768,395</td>
</tr>
<tr>
<td>Street Cleaning - Litter Patrol</td>
<td>3,950,420</td>
<td>3,951,889</td>
<td>4,951,889</td>
<td>4,951,889</td>
</tr>
<tr>
<td>Trash Can Programs</td>
<td>1,764,689</td>
<td>17,788,017**</td>
<td>1,788,017</td>
<td>1,788,017</td>
</tr>
<tr>
<td>Mechanical Sweeping***</td>
<td>-</td>
<td>-</td>
<td>4,963,016</td>
<td>2,528,494</td>
</tr>
<tr>
<td>Total Budget</td>
<td>6,710,868</td>
<td>24,508,301</td>
<td>14,471,317</td>
<td>12,036,795</td>
</tr>
</tbody>
</table>

* FY25 and FY26 budget includes one-time use of $1.0 million in fund balance.

** Use of fund balance and prior year savings. Amount directly from Refuse Rates is $9,508,301 for FY24.

*** As approved by the Refuse Rate Board, the budget starting in FY24 will include a permanent transfer of $2.5M of Public Works General Fund monies to the Department of Environment. Public Works will use this $2.5M in FY24 for Mechanical Sweeping Operations. FY24 transfer is realized in FY25 Budget.
Public Works Refuse Rate Budget

• Programs with no funding change

• Outreach and Enforcement (OnE) Team
  o No change in budgeted funding and staffing
  o 10.0 FTE; fully staffed
  o Started in 2013

• Trash Can Manager
  o 1824 Principal Administrative Analyst
  o Hiring underway

• Trash Can Steam Cleaning
  o No change in funding level
  o Scheduled steam cleaning for all 3,300 trash cans
Public Works Refuse Rate Budget

• Changes in Refuse Rate Funding
  o $1.0 million use of Refuse Rate fund balance to mitigate General Fund reduction
  o $2.5 million “nexus swap” approved by Refuse Rate Board

• Litter Patrol and Mechanical Sweeping Staff
  o Ongoing increase of $2.5 million as approved by Refuse Rate Board
  o Increase from 17.0 FTE to 30.0 FTE
  o Responsible for litter patrol, block cleaning and street sweeping

• Trash Can Procurement
  o Reduction of $1.0 million will slow trash can procurement
  o Proceeding with design for fabrication
  o Trash can replacement of existing trash cans underway
Questions?
SFE Highlights, Trash Processing & Characterization Study Request

Alexa Kielty
Zero Waste Sr. Coordinator
Refuse Rate Board Hearing
March 25, 2024
Zero Waste Impound Highlights FY23-24

- Zero Waste Policy Compliance, Local and State
- Reusable Foodware Assistance and Grants
- Food Waste Prevention and Donation
- Zero Waste Grants to non-profits
- Repair and Reuse Programs
Zero Waste Compliance

- Mandatory Recycling and Composting Ordinance
- SF Refuse Separation Ordinance

Zero Waste Facilitators at High Rise Apartments
Reuse Assistance & Grants: Reusable Cup Programs at August Hall, Warfield, & Fillmore
SB 1383 Compliance: Recovering Surplus Edible Food
Zero Waste Outreach

Food Waste Prevention Campaign for Households

Saving Food
IS SAVING MONEY

Learn easy food-saving tips at EndFoodWasteSF.org
Zero Waste Grants

15 nonprofits:

Asian Pacific American Community Center (in picture)
Generation Reduction

SF Public Library Fix it Clinic Partnership (in picture)
Trash Processing Pilot

Waste Management withdrew from $500K pilot.

SFE proposes to use up to the $450K balance for a detailed refuse characterization study to aid trash processing evaluation and planning to meet 2030 zero waste targets.

SFE proposes smaller $50K for other trash processing pilots, ex. Greenwaste, Colony Energy Partners, and other Bay Area options.
Refuse Characterization Study
<table>
<thead>
<tr>
<th>Material</th>
<th>2018 Tons</th>
<th>2019 Tons</th>
<th>2020 Tons</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>METALS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Steel shopping bags</td>
<td>1.0%</td>
<td>1.0%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Other paper, paperboard</td>
<td>0.5%</td>
<td>0.5%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Other ferrous grades</td>
<td>1.0%</td>
<td>1.0%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Other uncoated carbon steel</td>
<td>1.0%</td>
<td>1.0%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Tin plating</td>
<td>0.5%</td>
<td>0.5%</td>
<td>0.5%</td>
</tr>
<tr>
<td><strong>GLASS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Glass bottles &amp; jars</td>
<td>1.0%</td>
<td>1.0%</td>
<td>1.0%</td>
</tr>
<tr>
<td><strong>PLASTIC</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single use #3, #4, #6, #7 plastic service ware</td>
<td>1.0%</td>
<td>1.0%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Single use PP plastic service ware</td>
<td>0.5%</td>
<td>0.5%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Single use PET plastic service ware</td>
<td>0.1%</td>
<td>0.1%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Single use HDPE plastic service ware</td>
<td>0.6%</td>
<td>0.6%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Single use PS plastic service ware</td>
<td>0.2%</td>
<td>0.2%</td>
<td>0.2%</td>
</tr>
<tr>
<td><strong>PAPER</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>White office-type paper &amp; mail</td>
<td>0.5%</td>
<td>0.5%</td>
<td>0.5%</td>
</tr>
<tr>
<td><strong>PAPER &amp; CARDBOARD</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coated paper &amp; tissue paper</td>
<td>0.5%</td>
<td>0.5%</td>
<td>0.5%</td>
</tr>
<tr>
<td><strong>OTHER</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other composite plastic</td>
<td>0.5%</td>
<td>0.5%</td>
<td>0.5%</td>
</tr>
<tr>
<td><strong>HAZARDOUS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medical waste</td>
<td>0.5%</td>
<td>0.5%</td>
<td>0.5%</td>
</tr>
<tr>
<td><strong>ORGANICS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Animal &amp; poultry manure</td>
<td>0.5%</td>
<td>0.5%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Plant trimmings</td>
<td>0.5%</td>
<td>0.5%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Compostable paper &amp; cardboard</td>
<td>0.5%</td>
<td>0.5%</td>
<td>0.5%</td>
</tr>
<tr>
<td><strong>LIVESTOCK WASTE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Animal &amp; poultry manure</td>
<td>0.5%</td>
<td>0.5%</td>
<td>0.5%</td>
</tr>
<tr>
<td><strong>WASTE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compostable paper</td>
<td>0.5%</td>
<td>0.5%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Non-compostable paper</td>
<td>0.5%</td>
<td>0.5%</td>
<td>0.5%</td>
</tr>
<tr>
<td><strong>OTHER MATERIALS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other non-ferrous metal</td>
<td>0.5%</td>
<td>0.5%</td>
<td>0.5%</td>
</tr>
<tr>
<td><strong>STUDY DETAILS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Study Details**

Contents in Refuse Bins (e.g., types of contamination)
San Francisco’s Trash to Landfill Potential Recovery Characterization Summary

Study shows benefit and recovery targets of trash processing to recover compostables and recyclables from trash.

Previous study during COVID peak impact needs updating for future planning.

<table>
<thead>
<tr>
<th>San Francisco’s Trash to Landfill Potential Recovery Characterization Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Study shows benefit and recovery targets of trash processing to recover compostables and recyclables from trash.</td>
</tr>
<tr>
<td>Previous study during COVID peak impact needs updating for future planning.</td>
</tr>
</tbody>
</table>

### Trash Toter Bins from Single, Multifamily & Small Bus

- **Readily Recyclable**: 18%
- **Limited Recyclability**: 18%
- **Readily Compostable**: 33%
- **Limited Compostability**: 12%
- **Not Recyclable or Compostable**: 18%

### Trash Cubic Yarders & Compactors from Large MFD & Commercial

- **Readily Recyclable**: 26%
- **Limited Recyclability**: 22%
- **Readily Compostable**: 23%
- **Limited Compostability**: 9%
- **Not Recyclable or Compostable**: 19%
## Detailed Composition

<table>
<thead>
<tr>
<th>Material</th>
<th>Est. Percent</th>
<th>+ / -</th>
<th>Est. Tons</th>
<th>Tons + / -</th>
<th>Material</th>
<th>Est. Percent</th>
<th>+ / -</th>
<th>Est. Tons</th>
<th>Tons + / -</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PAPER</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>ORGANICS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paper shopping bags</td>
<td>1.0%</td>
<td>0.1%</td>
<td>959</td>
<td>9</td>
<td>Plant trimmings</td>
<td>1.5%</td>
<td>0.6%</td>
<td>1,423</td>
<td>552</td>
</tr>
<tr>
<td>Other paper bags/kraft paper</td>
<td>0.1%</td>
<td>0.0%</td>
<td>96</td>
<td>31</td>
<td>Large woody trimmings</td>
<td>0.0%</td>
<td>0.0%</td>
<td>7</td>
<td>11</td>
</tr>
<tr>
<td>Other brown grades</td>
<td>1.6%</td>
<td>0.2%</td>
<td>1,533</td>
<td>172</td>
<td>Donatable unpackaged food</td>
<td>1.3%</td>
<td>0.4%</td>
<td>1,261</td>
<td>345</td>
</tr>
<tr>
<td>Clean uncoated corrugated cardboard</td>
<td>1.6%</td>
<td>0.4%</td>
<td>1,521</td>
<td>399</td>
<td>Donatable packaged food</td>
<td>2.6%</td>
<td>0.6%</td>
<td>2,423</td>
<td>589</td>
</tr>
<tr>
<td>Coated corrugated cardboard</td>
<td>0.1%</td>
<td>0.0%</td>
<td>74</td>
<td>44</td>
<td>Not donatable unpackaged food</td>
<td>10.3%</td>
<td>1.4%</td>
<td>9,763</td>
<td>1366</td>
</tr>
<tr>
<td>Shredded paper</td>
<td>0.1%</td>
<td>0.1%</td>
<td>91</td>
<td>85</td>
<td>Not donatable packaged food</td>
<td>8.2%</td>
<td>1.3%</td>
<td>7,719</td>
<td>1254</td>
</tr>
<tr>
<td>Coated paper cups</td>
<td>0.3%</td>
<td>0.1%</td>
<td>274</td>
<td>49</td>
<td>Inedible unpackaged food</td>
<td>7.6%</td>
<td>1.9%</td>
<td>7,198</td>
<td>1811</td>
</tr>
<tr>
<td>Aseptics &amp; gable top cartons</td>
<td>0.3%</td>
<td>0.0%</td>
<td>287</td>
<td>43</td>
<td>Inedible packaged food</td>
<td>1.2%</td>
<td>0.5%</td>
<td>1,163</td>
<td>425</td>
</tr>
<tr>
<td>Compostable paper &amp; fiber service ware</td>
<td>1.7%</td>
<td>0.2%</td>
<td>1,647</td>
<td>179</td>
<td>Clean wood</td>
<td>0.5%</td>
<td>0.3%</td>
<td>464</td>
<td>258</td>
</tr>
<tr>
<td>Compostable paper tissue &amp; towels</td>
<td>9.2%</td>
<td>0.7%</td>
<td>8,682</td>
<td>701</td>
<td>Painted wood</td>
<td>1.1%</td>
<td>0.6%</td>
<td>1,069</td>
<td>527</td>
</tr>
<tr>
<td>Other compostable paper &amp; fiber</td>
<td>0.5%</td>
<td>0.1%</td>
<td>460</td>
<td>86</td>
<td>Diapers</td>
<td>4.2%</td>
<td>0.7%</td>
<td>3,924</td>
<td>707</td>
</tr>
<tr>
<td>Other coated paper</td>
<td>0.8%</td>
<td>0.2%</td>
<td>769</td>
<td>151</td>
<td>Animal feces &amp; litter</td>
<td>4.8%</td>
<td>1.0%</td>
<td>4,539</td>
<td>986</td>
</tr>
<tr>
<td>Newspaper &amp; newspaper inserts</td>
<td>0.9%</td>
<td>0.2%</td>
<td>845</td>
<td>148</td>
<td>Pumpkins</td>
<td>0.0%</td>
<td>0.1%</td>
<td>37</td>
<td>60</td>
</tr>
<tr>
<td>White office-type paper &amp; mail</td>
<td>0.6%</td>
<td>0.3%</td>
<td>525</td>
<td>272</td>
<td>Other compostable organics</td>
<td>0.5%</td>
<td>0.1%</td>
<td>468</td>
<td>138</td>
</tr>
<tr>
<td>Magazines &amp; catalogs</td>
<td>1.0%</td>
<td>0.2%</td>
<td>914</td>
<td>159</td>
<td><strong>HAZARDOUS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other recyclable paper</td>
<td>0.4%</td>
<td>0.1%</td>
<td>409</td>
<td>54</td>
<td>Sharps</td>
<td>0.0%</td>
<td>0.0%</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>Miscellaneous paper packaging</td>
<td>0.0%</td>
<td>0.0%</td>
<td>2</td>
<td>3</td>
<td>Electronics</td>
<td>0.3%</td>
<td>0.2%</td>
<td>297</td>
<td>197</td>
</tr>
<tr>
<td>Other composite paper</td>
<td>0.5%</td>
<td>0.2%</td>
<td>457</td>
<td>160</td>
<td>LED bulbs &amp; tubes</td>
<td>0.0%</td>
<td>0.0%</td>
<td>22</td>
<td>17</td>
</tr>
</tbody>
</table>
Current Landfill Contract

• Current term expires on July 21, 2024.
• City has one option to renew contract: adding 6 years or 1.6 million tons, whichever comes first.
• SFE estimates that the renewed contract term will end in November 2028 (after 4.3 years) based on current disposal rate.

New Landfill Contract

• SFE asks the Rate Board to approve funding a new position to lead the selection and implementation of a new landfill contract. Funds are needed for the last 15 months of this rate period to cover salaries, fringe, and overhead for one 1823 Sr. Administrative Analyst for contract administration ($358,777).
• The solicitation and selection is expected to take 3-4 years and be complete by 2027-2028.
Thank you!

Alexa Kielty
Zero Waste Sr. Coordinator
San Francisco Environment Department
SFEnvironment.org