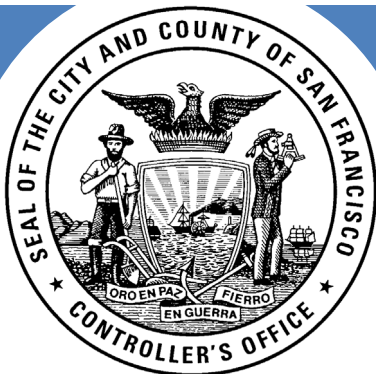


Refuse Rates Status Update



CITY & COUNTY OF SAN FRANCISCO

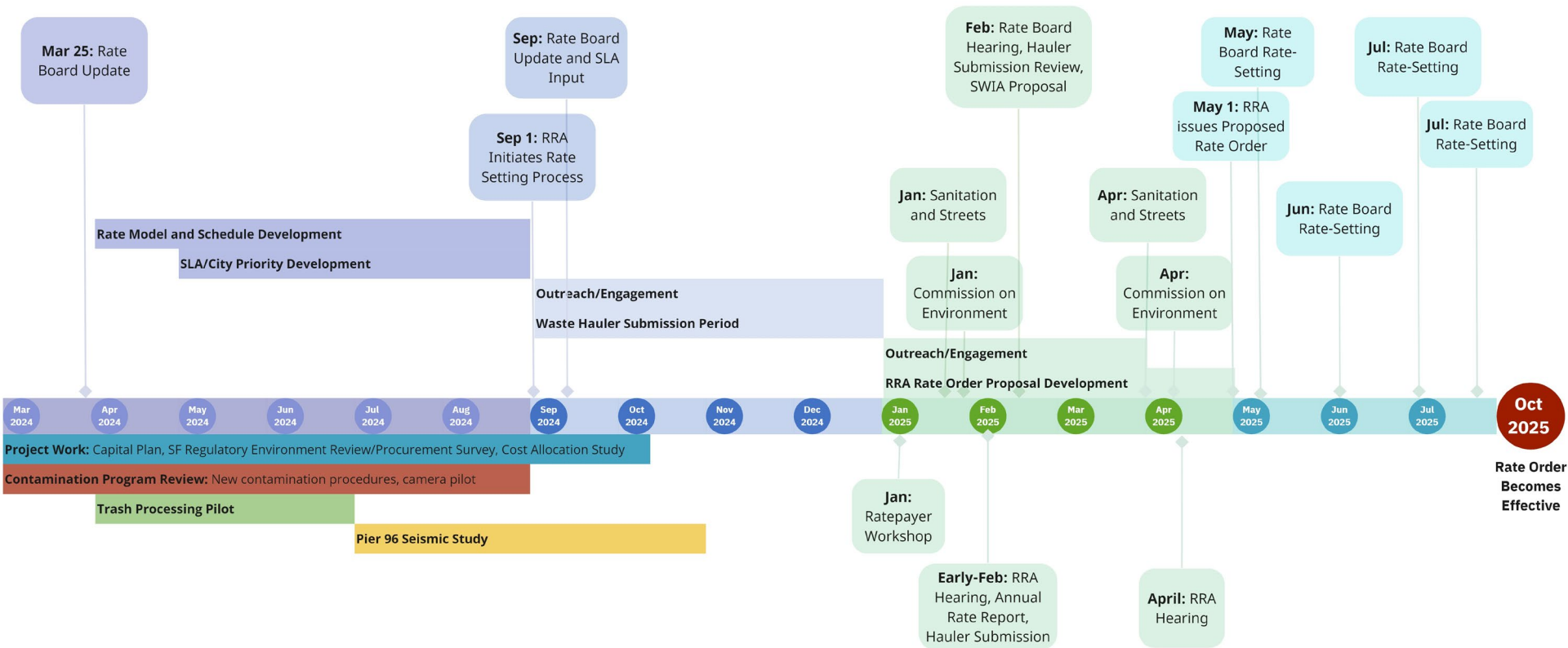
Office of the Controller, Office of the Refuse
Rates Administrator

March 25, 2024

- 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

Rate-Setting Timeline

3



- 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)

4

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 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.



Neighborhood Papers

Targeted outreach to local news outlets, specifically neighborhood papers.

Neighborhood Groups & Districts



Targeted outreach to registered neighborhood organizations in San Francisco.

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



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.



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.



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.



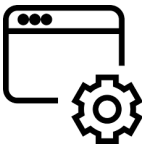
Refuse Rates Administrator Hearings

RRA will conduct 2 hearings to discuss key issues to help determine provisions in the Proposed Rate Order



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



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.

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

2023 Rate Order Overview

7

Rate Year 2024		Rate Year 2025
Oct 1, 2023	Jan 1, 2024	Oct 1, 2024
0.00%	1.33%	2.32%

- 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

Contamination and Diversion

9



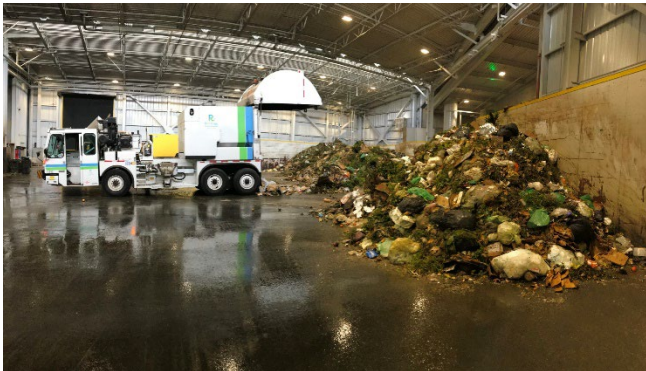
Trash Processing Pilot

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

Account Reporting as of RY24 Q1

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

Above/Below Target Profit Calculation	
Combined Recology Actual Net Profit	\$ 8,428,651
Target Profit ((b) divided by 91% less (b))	7,781,530
Above/Below Target Surplus (Shortfall)	647,122
50% of Above/Below Target Surplus (Shortfall)	\$ 323,561

Programmatic Reserve

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

	Actual
Beginning Balance 10/1/2023	\$ -
Funding	208,974
Eligible Programmatic Expenses	-
Operating Ratio on Programmatic Expenses	-
Interest	1,324
Ending Balance 12/31/2023	\$ 210,298

Existing Accounts

Landfill Agreement Special Reserve: Purpose is to reimburse Recology San Francisco for landfill disposal costs it incurs but cannot fully recovery 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.

Bank Account Details	Reserve Fund	Impound	ZWI
Beginning Balance 10/1/2023	\$ 10,395,438	\$ 285,857	\$ 9,096,925
Deposits	-	6,054,666	-
Disbursements	-	(6,054,666)	(9,096,925)
Interest	135,804	42,199	5,806
Administrative Fees	(1,736)	-	(15)
Reconciling Adjustment	(31)	-	-
Ending Balance 12/31/2023	\$ 10,529,475	\$ 328,056	\$ 5,791

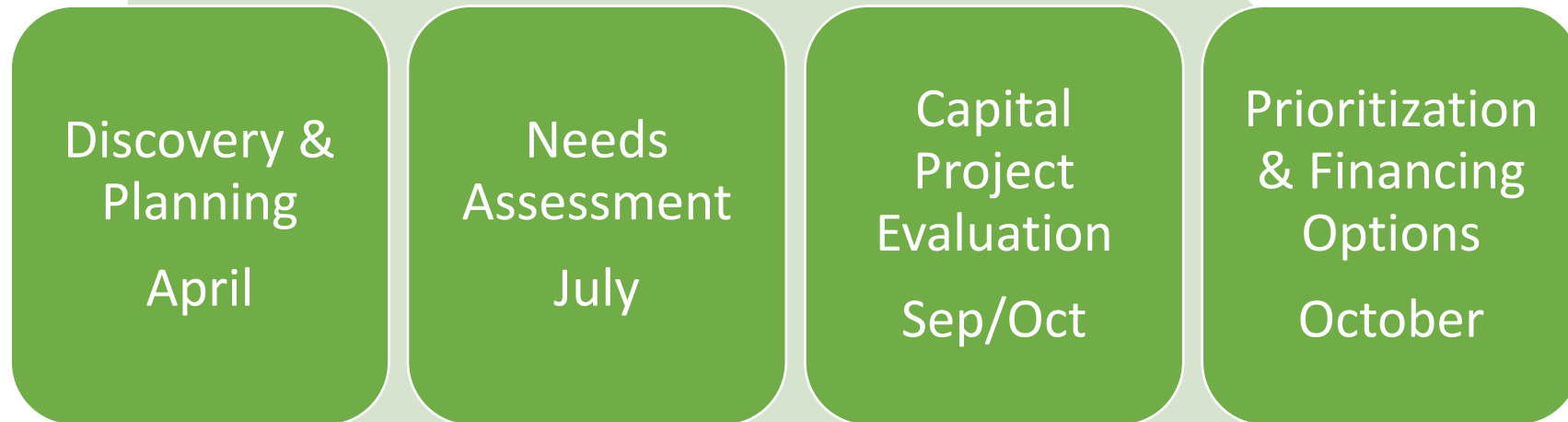
Zero Waste Capital Reserve

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

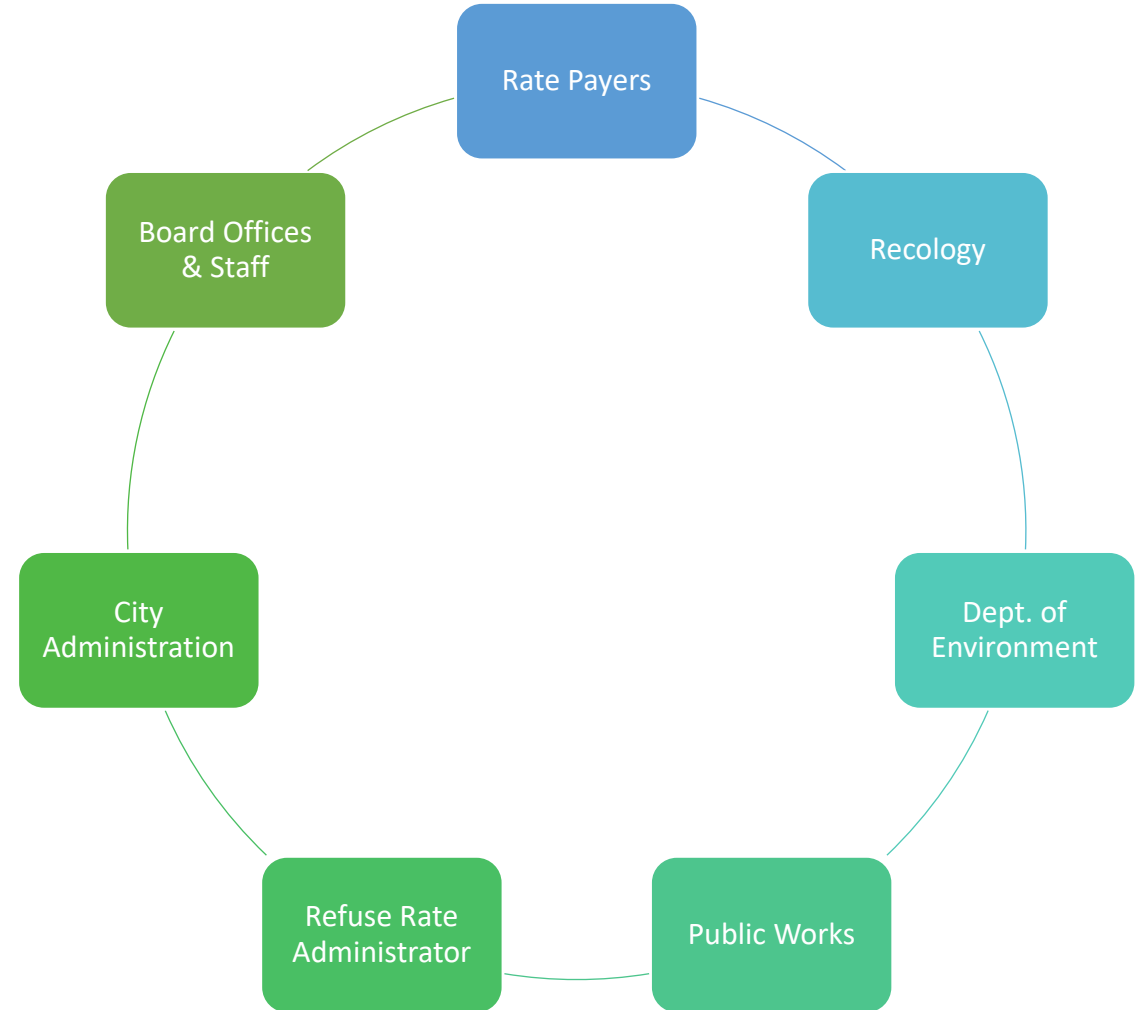
Process Overview



Discovery & Planning

Context mapping to understand customer needs:

- Social
- Political
- Legal
- Economic
- Environmental
- Technological



Context Map: San Francisco Department of the Environment

● SOCIAL TRENDS

- COVID and Post-COVID impacts diminished
- Commercial and food sector are fully integrated with food scraps
- Construction C&D boom – bust (only some of Recology's C&D is included in rate process).
- MF buildings downtown, state mandate to build more housing (80k units). Expect a surge.
- Rate adjustments have been occurring w/ much opposition.
- 2022 changed public opinion & process.
- Changing SF demographics, minimal impact. More commuters into SF.
- Who can afford to live in SF? Who works here?
- Focus on DEJ. Are we charging different customers different rates?
- Recology union & local labor, ESOP

● POLITICAL FACTORS

- Strong local support for sustainability from gov't and population.
- Climate Action Plans, Zero Waste in the Code.
- Non-elected officials used to make rate adjustments.
- 2022 changes to rate setting process.
- Recology as a Utility.
- Affordable housing development: 46k units coming online in the next 5 years. Housing non-profits by rate adjustment.

● ECONOMIC CLIMATE

- COVID impacts, commercial sector is down, ¾ 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 DPW, low (9% prev. year).
- Processing, recycling, Certification
- Pro-bid

● LEGAL TRENDS

- State housing heavily impacted and more...
- Dec...
- City...
- 99.8%
- (Table 4 in...)
- Service: work w/ property & Recology.
- Examination monitoring tools from Recology (BAT cameras for full fleet).
- Codified 2030 targets to reduce disposal by 50% from a 2015 baseline. Reduce generation by 15%.
- RSO- Refuse Separation Ordinance – ZW Facilitators for top 50 generators.

PRELIMINARY DRAFT

● CUSTOMER NEEDS

- 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?
- COM Bulky-Item PU is paid and not well advertised.
- SFR: mostly 64gal blue carts, so no complaints over adequate service. Drivers DO take unbundled OCC.

Ratepayers

- Illegal dumping in non-locking carts; COM dinged for contamination.
- HHW program, U-Waste, E-Waste, (very small generator, promoting in more languages)
- Public Receptacles, needles, sharps

City of San Francisco

- Street teams for DPW expanded their on-the-ground enforcement team.
- More reporting to reflect program changes.
- Recology's systems are antiquated.
- Recology's reporting is challenged by their ALTAR and AS400 non-integrated systems.
- Cyber Security and safety (included in new SF boilerplate contracts)

● UNCERTAINTIES

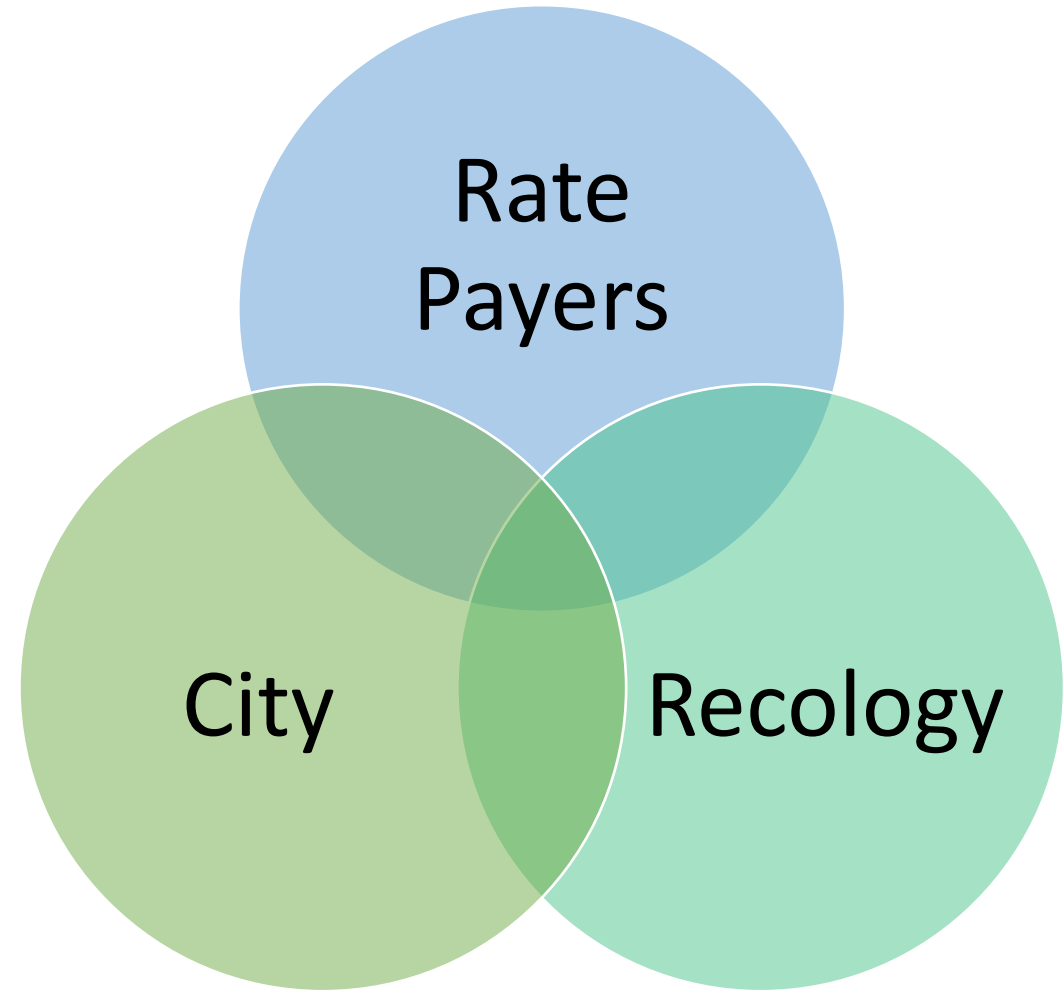
- SB 54 legislative impacts. Materials and PRO working with the MRFs to improve residual rates.
- Pier 96 climate vulnerabilities, flooding. Where would it move?
- Capital planning.
- ZEV fleets.
- Permitting in general, CARB.

● 1

- 2020 General Recology
- Best Available (Third Eye) can't handle contamination from fleet vehicles.
- Residual rate in organics is very high (30-40%, 50% once!). Pre-processing screens, trommels for <4-inch.
- Pier 96 20% residual rate (Film plastic bales?). Thicker plastic bags DO drive recycled content demand.
- WM withdrew
- Community pilot test (no RDR)
- Best online by 2027 w/ permits and expanded capacity.
- Recology preference is in-house processing (iMRF facility, anaerobic)
- C&D dust and noise concerns, facility is located near RES area.
- BV serves the greater Bay Area for organics.
- De-packaging technology for organics. Tiger, BlueLine, others.

Needs Assessment

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



Survey & Evaluation of Regulatory Structure in Comparison to San Francisco

Survey Data

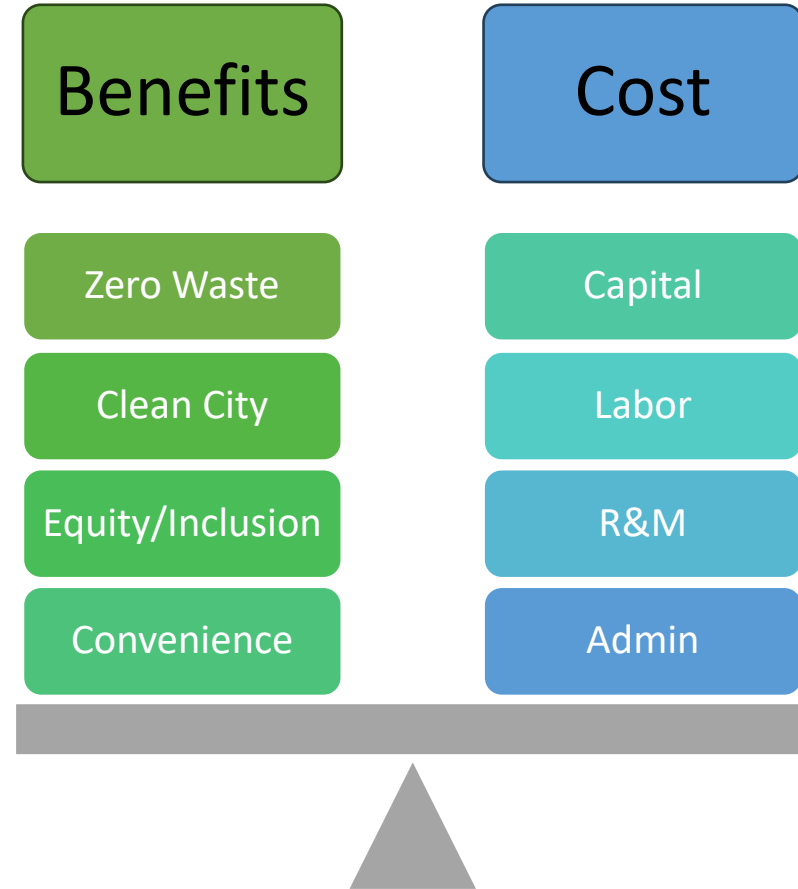
- Contracting Methods
- Rate Regulation
- Business Model
- Policy Frameworks
- Program Structures
- Economics & Demographics

Target Communities

- San Jose
- Oakland
- Palo Alto
- Berkeley
- SBWMA
- Sunnyvale
- Alameda
- Santa Monica
- Los Angeles
- San Diego
- Sacramento
- Portland, OR
- Seattle, WA
- Vancouver, BC

Capital Project Evaluation

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



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



Refuse Rate Board Hearing

March 25, 2024



Agenda

Recology Status Update

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

R Y23 Financial Results

	Rate Year 2023			Rate Year 2022			R Y23 v R Y 22 \$ Change			R Y23 v R Y 22 % Change		
	(in millions)	SSGG	RSF	Combined	SSGG	RSF	Combined	SSGG	RSF	Combined	SSGG	RSF
Revenues	\$ 385.3	\$ 145.9	\$ 531.2	\$ 359.4	\$ 146.7	\$ 506.0	\$ 25.9	\$ (0.8)	\$ 25.1	7.2%	-0.5%	5.0%
Expenses	360.1	158.4	518.6	338.8	150.6	489.4	\$ 21.3	\$ 7.9	\$ 29.2	6.3%	5.2%	6.0%
Net Profit	\$ 25.1	\$ (12.5)	\$ 12.6	\$ 20.6	\$ (3.9)	\$ 16.7	\$ 4.6	\$ (8.6)	\$ (4.0)	22.3%	-221.8%	-24.2%
OR Eligible Expenses	217.5	124.6	342.1	200.8	117.8	318.6	\$ 16.7	\$ 6.9	\$ 23.6	8.3%	5.8%	7.4%
Operating Ratio	89.6%	111.2%	96.4%	90.7%	103.4%	95.0%						
Operating Ratio on ALL Expenses	93.5%	108.6%	97.6%	94.3%	102.7%	96.7%						
Profit Margin on ALL Expenses	6.5%	-8.6%	2.4%	5.7%	-2.7%	3.3%						

- 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

<i>(in millions)</i>	Projection			Actual			\$ Variance			% Variance		
	SSGG	RSF	Combined	SSGG	RSF	Combined	SSGG	RSF	Combined	SSGG	RSF	Combined
Revenues	\$ 90.2	\$ 41.3	\$ 131.5	\$ 90.6	\$ 39.6	\$ 130.1	\$ 0.4	\$ (1.7)	\$ (1.3)	0%	-4%	-1%
Expenses	85.3	38.3	123.6	85.7	36.0	121.7	\$ 0.4	\$ (2.3)	\$ (1.9)	0%	-6%	-2%
Net Profit	\$ 4.9	\$ 3.0	\$ 7.9	\$ 4.9	\$ 3.5	\$ 8.4 (a)	\$ 0.0	\$ 0.5	\$ 0.6	0%	18%	7%
OR Eligible Expenses	49.4	30.1	79.6	50.3	28.3	78.7 (b)	\$ 0.9	\$ (1.8)	\$ (0.9)	2%	-6%	-1%
Operating Ratio	91.0%	91.0%	91.0%	91.1%	89.0%	90.3%						
Operating Ratio on ALL Expenses	94.6%	92.8%	94.0%	94.6%	91.1%	93.5%						
Profit Margin on ALL Expenses	5.4%	7.2%	6.0%	5.4%	8.9%	6.5%						

Combined Recology Actual Net Profit	\$ 8.4
Target Profit ((b) / 91%) - (b))	7.8
Above / Below Target Surplus (Shortfall)	0.65
50% of Above / Below Target Surplus (Shortfall)	\$ 0.3

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

Reporting Requirements

- 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

	Q1FY23	Q1FY24	Increase/Decrease
Tons Collected	1,152	1,378	20%
Abandoned Material Calls	26,447	23,699	-10%
SLA Compliance	51%	82%	62%
Abandoned Cardboard Tons Collected	-	202	-

Public Receptacles Collection (PRC)

- Two dedicated PRC routes added October 1, 2023 as part of new Rate Order

	Q1FY23	Q1FY24	Increase/Decrease
Tons Collected	943	1,366	45%
311 Overflow Calls	5,427	4,770	-12%
311 Sensor Requests	786	28,009	3463%
SLA Compliance	-	80%	-

Weekend Cleanups

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

Location	# of Customers	Tons Collected	Recovery Rate
Bayview - D10	73	5.0	50%
Sunset - D4	600	35.72	46%
Marina - D2	217	10.26*	-%*



**pending final numbers*

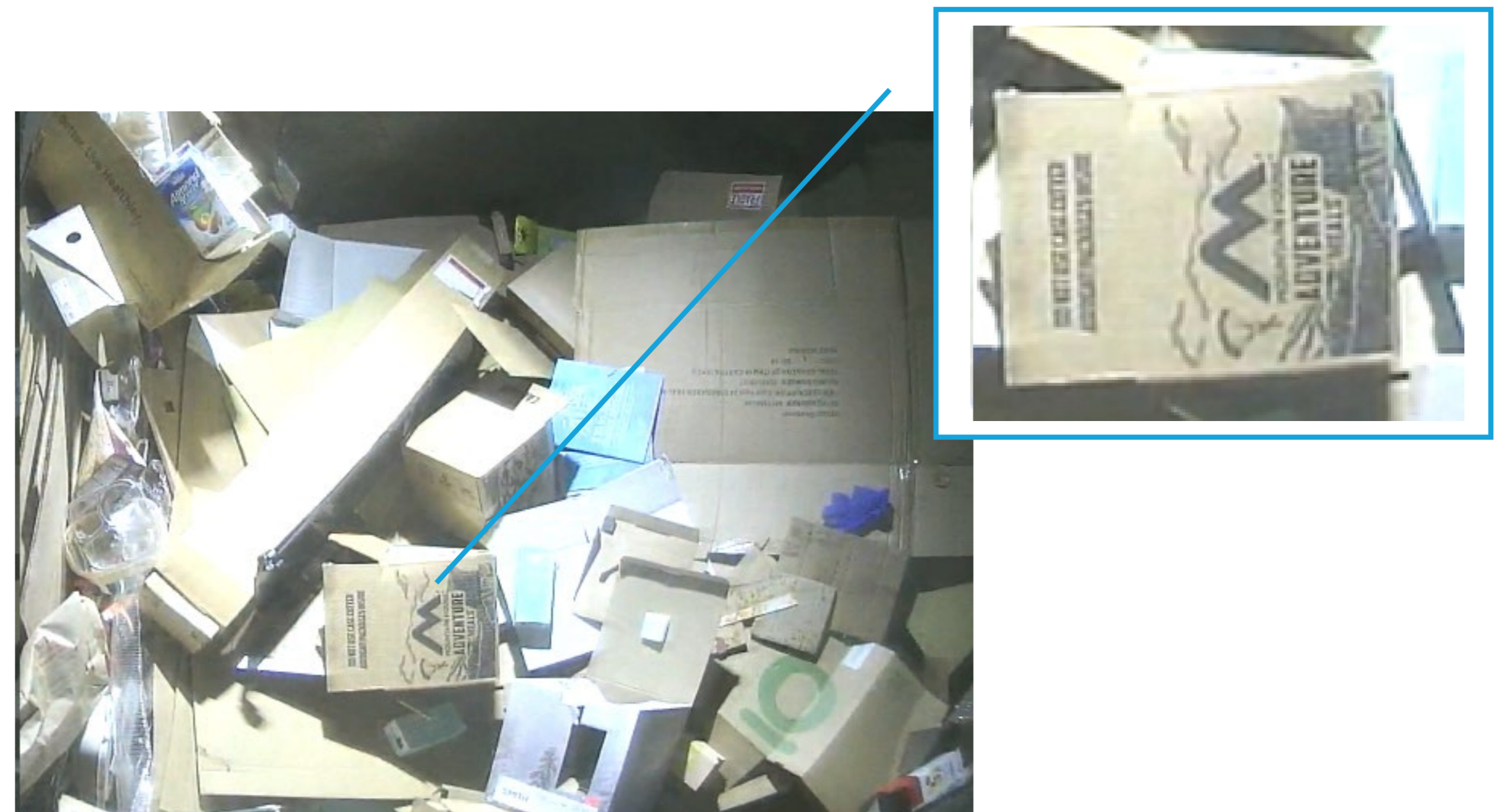
Contamination Program

- 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

CONTROL CENTER

COMPOSTING AUDIT VIEW Modified on: 2/23/2024 6:19 AM

Audit ID: 686 Date: 02/16/2024 Time: 06:14 AM

Account Number: 11111 Customer: 1 LOMBARD STREET Address: 1 LOMBARD ST.

Load Condition: **PASS** Evidence of Sorting: **YES** Contamination Level: **LOW**

Container Identifier (If applicable):


Service level: Ten 64-gallon bins, service twice a week Tuesday, Friday.

ALL OBSERVED ITEMS


certified compostable bags, food scraps, paper take out containers, paper towels, shredded paper, soiled paper, soiled paperboard, plants, soiled paper bags, paper plates, napkins, certified compostable bags, food scraps, paper take out containers, paper towels, shredded paper, soiled paper, soiled paperboard, plants, soiled paper bags, paper plates, napkins,

paper cups, plastic utensils, rigid plastic, paper cups, plastic utensils, rigid plastic,


Mylar, plastic bags, plastic film, Mylar, plastic bags, plastic film,




3. Certified compostable bags, shredded paper, paper towels, and food scraps belong in the Composting. Paper cups belong in the Recycling.



4. Certified compostable bags, paper towels, and food scraps belong in the Composting. Mylar belongs in the Trash.



5. Certified compostable bags and food scraps belong in the Composting. Plastic utensils belong in the Recycling.



6. Certified compostable bags, food scraps, soiled paper, and soiled paperboard belong in the Composting.

CONTROL CENTER

Contamination Protocol

DASHBOARD CONTAMINATED ACCOUNTS NOTICE LETTERS WARNING LETTERS FINAL NOTICE LETTERS CHARGE IMPLEMENTATION NOTICES CHARGE INCREASE NOTICES ACCOUNTS WITH CHARGES CONTAMINATION PROTOCOL HISTORY

Failed Audits in selected year

COMPOSTING	2
RECYCLING	10
TRASH	0

Repeat Failed Audits in the last 30 days:

COMPOSTING	1
RECYCLING	NO
TRASH	NO

Failed Audits by Month:

Month	Year	COMPOSTING	RECYCLING	TRASH	TOTAL
3	2024	0	1	0	1

Composting Audits (year to date) 2024



Recycling Audits (year to date) 2024



Trash Audits (year to date) 2024



Composting contamination



Organics Pre-Processing

- 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



Pier 96 Seismic Study

- 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

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

Summary

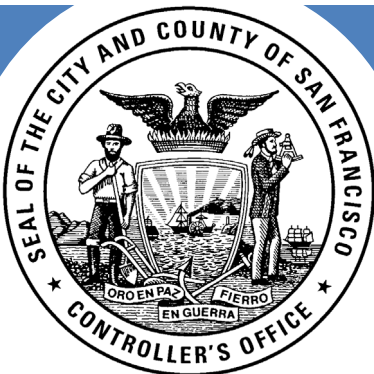
- Recology managed through a cybersecurity event while maintaining normal collection services with minimal impacts to customers
- Recology's Q1 financial results were in line with projections - we expect that trend to continue
- Recology worked closely with the RRA and their team to develop and implement 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



CITY & COUNTY OF SAN FRANCISCO

Office of the Controller, Office of the Refuse
Rates Administrator

March 25, 2024

Rate Order Impound Account Budget

2

Departments (\$ millions)	Rate Year 2024	Rate Year 2025
Environment Department	\$12.2	\$12.6
Department of Public Works	\$12.0	\$12.0

- 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.

Item	Budget (\$ millions)
Refuse Rates Administration (includes projects/analyses such as capital plan and cost allocation)	\$1.08
Trash Processing Pilot	\$0.50
Pier 96 Seismic Study	\$1.00
Trash Cans	\$15.00

Rate Administration Update

3

- **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

4

Line Item	Original FY24-25	Proposed FY24-25	Variance	Proposed FY25-26
Rate Administration Team	\$500,571	\$500,571	\$0	\$519,012
Noticing/Outreach/Hearings	\$160,757	\$361,600	\$200,843	\$2,400
Projects	\$420,000	\$595,000	\$175,000	\$675,000
Total Budget	\$1,081,328	\$1,457,171	\$375,843	\$1,196,412

- **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

SWIA Fund Balance Overview

5

(a)	(b)	(c)	(d)	(e)	(f)
Beg FY23-24	Non-AAO Rate Order Approved Uses FY23-24	Projected Surplus	Requested Beg FB Use FY24-25	Non-AAO Rate Order Approved Uses FY24-25	Projected End FY23-24
\$2,539,173	\$500,000	\$4,547,667	\$4,048,013	\$1,000,000	\$1,538,827

$$f = a - b + c - d - e$$

Category	Dept	Description	Amount
(a) Beg FY23-24		Combined balance of funds 13990 and 14000 as reported in AAO	\$2,539,173
(b) Non-AAO Rate Order Approved Uses FY23-24	SFE	Trash Processing Pilot approved in Rate Order to be conducted by Recology and paid for through reduced disbursement from Recology to SWIA	\$500,000
(c) Projected Surplus		Combined surplus of funds 13990 and 14000 expenditure surplus	\$1,384,274
	DPW	Nexus Swap True-Up	\$2,453,238
	SFE	FY vs RY Timing True-Up	\$710,155
(d) Requested Beg FB Use FY24-25	DPW	Street Sweeping from Nexus Swap True-Up	\$2,453,238
	DPW	Reallocation of funds to street cleaning	\$0
	SFE	Landfill Disposal Contract Support	\$358,777
	SFE	Reuse Policy Compliance	\$150,000
	SFE	FY vs RY Timing True-Up	\$710,155
	CON	Support for outreach and Rate Order projects	\$375,843
(e) Non-AAO Rate Order Approved Uses FY24-25	SFE	Pier 96 Seismic Study approved in Rate Order to be conducted by Recology and paid for through reduced disbursement from Recology to SWIA	\$1,000,000

SWIA Fund Balance Use Approval

6

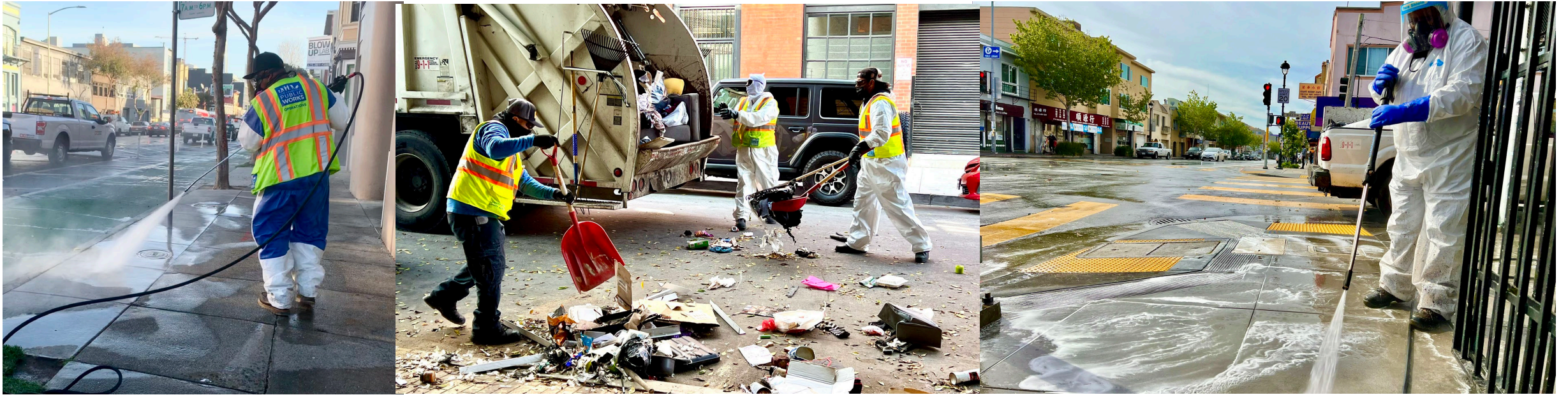
The following expenditure requests would have no impact to the refuse rates. The Refuse Rate Board will vote on whether to approve expenditure of Solid Waste Impound Account Fund Balance use or reallocation. The Refuse Rate Board will:

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

Department	Description	Amount
Environment Department	Landfill Disposal Contract Support	\$358,777
Environment Department	Reuse Policy Compliance	\$150,000
Controller	Refuse Rates Administration	\$375,843

And to approve reallocation of Solid Waste Impound Account Fund Balance for Fiscal Year 2024-25 as follows:

Department	Description	Amount
Department of Public Works	Street Cleaning	\$1,000,000



Refuse Rate Board Hearing

Bruce Robertson

Deputy Director for Financial Management and Administration

March 25, 2024



Public Works FY25 & FY26 Budget Submittal

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

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

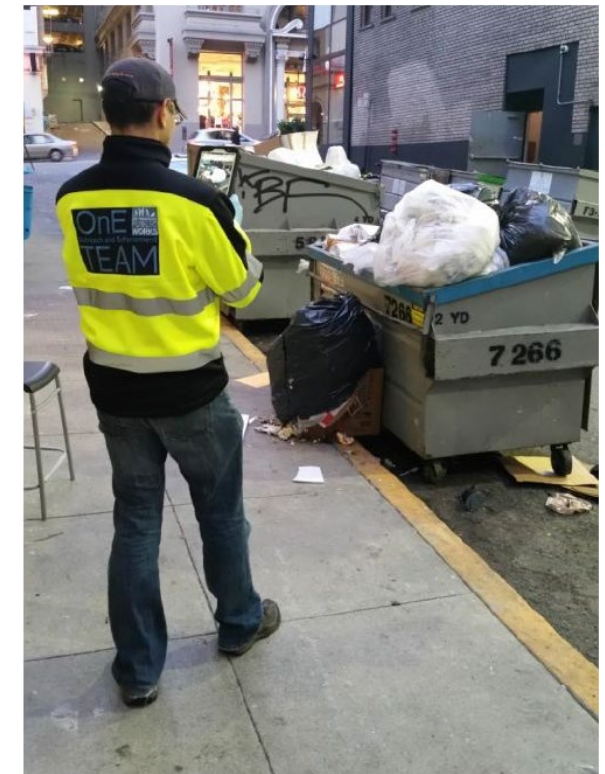
** Use of fund balance and prior year savings. Amount directly from Refuse Rates is \$9,508,301 for FY24.

*** 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**
 - No change in budgeted funding and staffing
 - 10.0 FTE; fully staffed
 - Started in 2013
- **Trash Can Manager**
 - 1824 Principal Administrative Analyst
 - Hiring underway
- **Trash Can Steam Cleaning**
 - No change in funding level
 - Scheduled steam cleaning for all 3,300 trash cans



Public Works Refuse Rate Budget

- **Changes in Refuse Rate Funding**
 - \$1.0 million use of Refuse Rate fund balance to mitigate General Fund reduction
 - \$2.5 million “nexus swap” approved by Refuse Rate Board
- **Litter Patrol and Mechanical Sweeping Staff**
 - Ongoing increase of \$2.5 million as approved by Refuse Rate Board
 - Increase from 17.0 FTE to 30.0 FTE
 - Responsible for litter patrol, block cleaning and street sweeping
- **Trash Can Procurement**
 - Reduction of \$1.0 million will slow trash can procurement
 - Proceeding with design for fabrication
 - Trash can replacement of existing trash cans underway



Questions?





SFE Highlights, Trash Processing & Characterization Study Request

Alexa Kiely

Zero Waste Sr. Coordinator

Refuse Rate Board Hearing

March 25, 2024

SAN FRANCISCO

ENVIRONMENT

DEPARTMENT

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

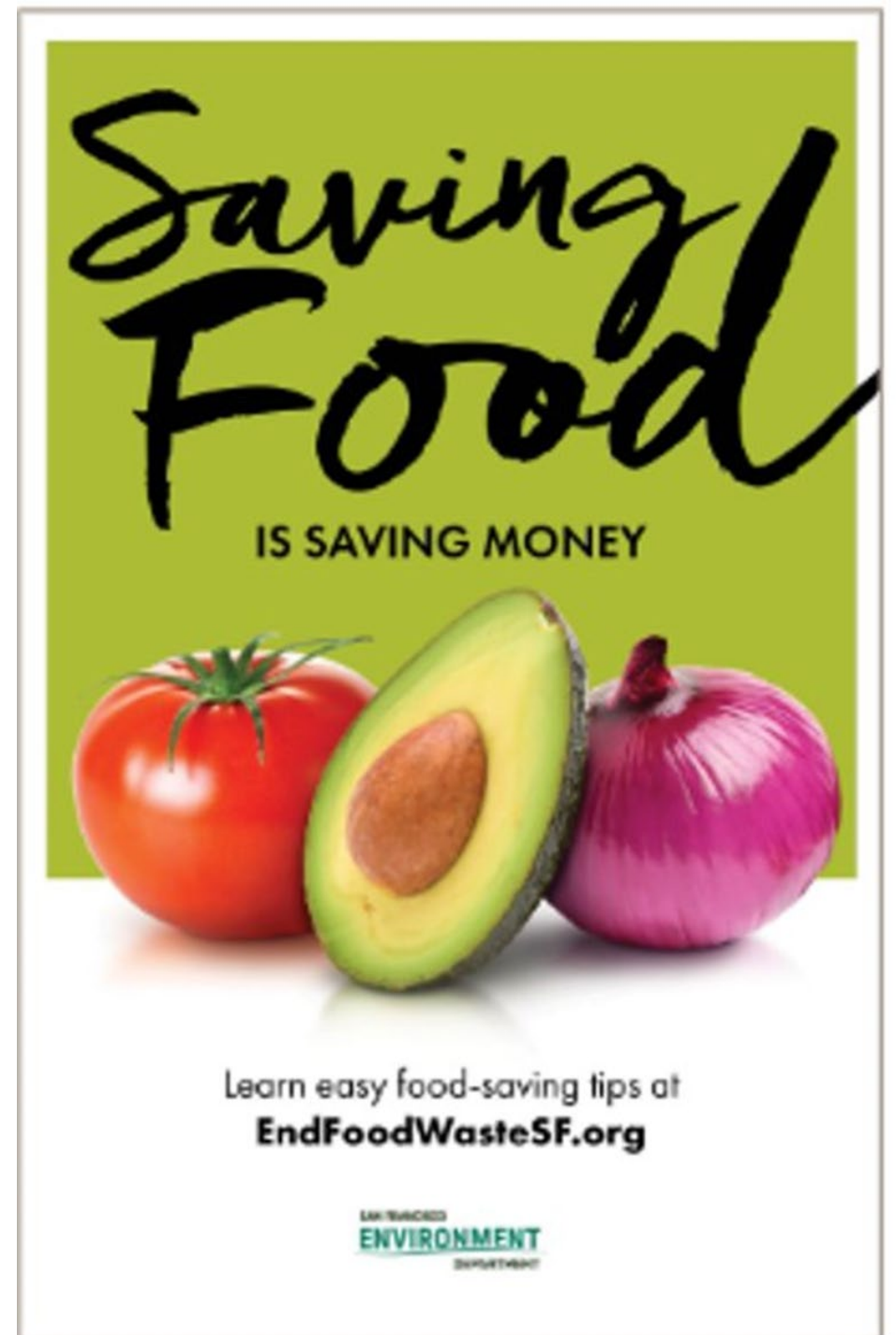


SB 1383 Compliance: Recovering Surplus Edible Food



Zero Waste Outreach

Food Waste Prevention Campaign
for Households



Zero Waste Grants

15 nonprofits:

Asian Pacific American Community Center
(in picture)



Generation Reduction

SF Public Library Fix it Clinic Partnership
(in picture)

SFE



SF Public Main Library Fix it Event

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





Study Details Contents in Refuse Bins (e.g., types of contamination)



Detailed Composition									
Material	Est. Percent	+ / -	Est. Tons	Tons + / -	Material	Est. Percent	+ / -	Est. Tons	Tons + / -
PAPER	20.7%	1.1%	19,545	1084	ORGANICS	43.9%	2.0%	41,457	1910
Paper shopping bags	1.0%	0.1%	959	99	Plant trimmings	1.5%	0.6%	1,423	552
Other paper bags/kraft paper	0.1%	0.0%	96	31	Large woody trimmings	0.0%	0.0%	7	11
Other brown grades	1.6%	0.2%	1,533	172	Donatable unpackaged food	1.3%	0.4%	1,261	345
Clean uncoated corrugated cardboard	1.6%	0.4%	1,521	399	Donatable packaged food	2.6%	0.6%	2,423	589
Coated corrugated cardboard	0.1%	0.0%	74	44	Not donatable unpackaged food	10.3%	1.4%	9,763	1366
Shredded paper	0.1%	0.1%	91	85	Not donatable packaged food	8.2%	1.3%	7,719	1254
Coated paper cups	0.3%	0.1%	274	49	Inedible unpackaged food	7.6%	1.9%	7,198	1811
Aseptics & gable top cartons	0.3%	0.0%	287	43	Inedible packaged food	1.2%	0.5%	1,163	425
Compostable paper & fiber service ware	1.7%	0.2%	1,647	179	Clean wood	0.5%	0.3%	464	258
Compostable paper tissue & towels	9.2%	0.7%	8,682	701	Painted wood	1.1%	0.6%	1,069	527
Other compostable paper & fiber	0.5%	0.1%	460	86	Diapers	4.2%	0.7%	3,924	707
Other coated paper	0.8%	0.2%	769	151	Animal feces & litter	4.8%	1.0%	4,539	986
Newspaper & newspaper inserts	0.9%	0.2%	845	148	Pumpkins	0.0%	0.1%	37	60
White office-type paper & mail	0.6%	0.3%	525	272	Other compostable organics	0.5%	0.1%	468	138
Magazines & catalogs	1.0%	0.2%	914	159	HAZARDOUS	1.4%	0.6%	1,350	548
Other recyclable paper	0.4%	0.1%	409	54	Sharps	0.0%	0.0%	6	4
Miscellaneous paper packaging	0.0%	0.0%	2	3	Electronics	0.3%	0.2%	297	197
Other composite paper	0.5%	0.2%	457	160	LED bulbs & tubes	0.0%	0.0%	22	17
PLASTIC	15.0%	0.8%	14,174	738	Treated wood	0.0%	0.1%	33	54
Single use plastic cups	0.3%	0.1%	265	102	Medical waste	0.7%	0.5%	644	448
Single use compostable plastic service ware	0.2%	0.1%	221	66	Small batteries – except lithium	0.0%	0.0%	38	24
Single use PET plastic service ware	0.2%	0.1%	229	61	Batteries – lithium chemistry	0.0%	0.0%	-	0
Single use HDPE plastic service ware	0.7%	0.2%	657	148	Products with embedded batteries	0.0%	0.0%	27	19
Single use PP plastic service ware	0.0%	0.0%	17	12	Lead acid batteries	0.0%	0.0%	14	22
Single use #3, #4, #6, #7 plastic service ware	1.4%	0.2%	1,343	194	Other hazardous	0.3%	0.2%	270	233
#1 PET bottles	0.4%	0.1%	370	53	OTHER MATERIALS	12.6%	1.3%	11,908	1240
Other #1 PET plastic	0.5%	0.0%	425	47	Concrete	0.1%	0.1%	97	105
#2 HDPE plastic	0.4%	0.1%	409	63	Asphalt paving	0.0%	0.0%	-	0
Expanded #6 products & packaging	0.7%	0.2%	646	159	Brick	0.0%	0.0%	-	0
Expanded #6 plastic food service ware	0.1%	0.0%	92	21	Rock, soil & sand	0.5%	0.3%	441	297
Other #3-7 plastic	0.5%	0.1%	442	82	Other fines	2.2%	0.4%	2,113	341
Mixed rigid plastic	0.7%	0.2%	641	172	Gypsum - clean	0.0%	0.0%	5	9
Plastic shopping bags	0.7%	0.1%	681	80	Gypsum - painted & other	0.2%	0.2%	204	175
Other film plastic	6.3%	0.6%	5,978	548	Roofing	0.0%	0.0%	-	0
Mylar & multi-layer	0.8%	0.1%	725	91	Manufactured & composite wood	0.0%	0.0%	2	2
Compostable plastic bags	0.1%	0.0%	121	42	Other composite organics	0.4%	0.0%	339	44
Other composite plastic	1.0%	0.2%	912	183	Mattresses	0.0%	0.0%	-	0
GLASS	3.1%	0.7%	2,899	687	Furniture	0.0%	0.0%	-	0
Glass bottles & jars	2.4%	0.5%	2,271	456	Textiles - natural	4.1%	0.7%	3,889	695
Windows, flat glass & non-composite glass	0.2%	0.1%	169	95	Textiles – synthetic & synthetic blends	1.1%	0.3%	1,071	258
Composite & other glass	0.5%	0.3%	459	291	Leather & other accessories	0.1%	0.1%	77	62
METAL	3.2%	0.6%	3,039	608	Carpet	0.4%	0.2%	346	217
Aluminum cans & foil	0.7%	0.1%	694	92	Carpet padding	0.0%	0.0%	-	0
Other non-ferrous metal	0.0%	0.0%	15	19	Tires & rubber	0.3%	0.1%	257	109
Tin plated steel cans & lids	0.6%	0.1%	587	78	Non-metal appliances	0.0%	0.0%	-	0
Appliances	0.1%	0.1%	81	122	Solar panels	0.0%	0.0%	-	0
Other ferrous metal	0.8%	0.3%	755	318	Personal protective equipment (PPE)	0.7%	0.1%	626	106
Other composite metal	1.0%	0.4%	908	398	Other materials	2.6%	0.7%	2,440	664

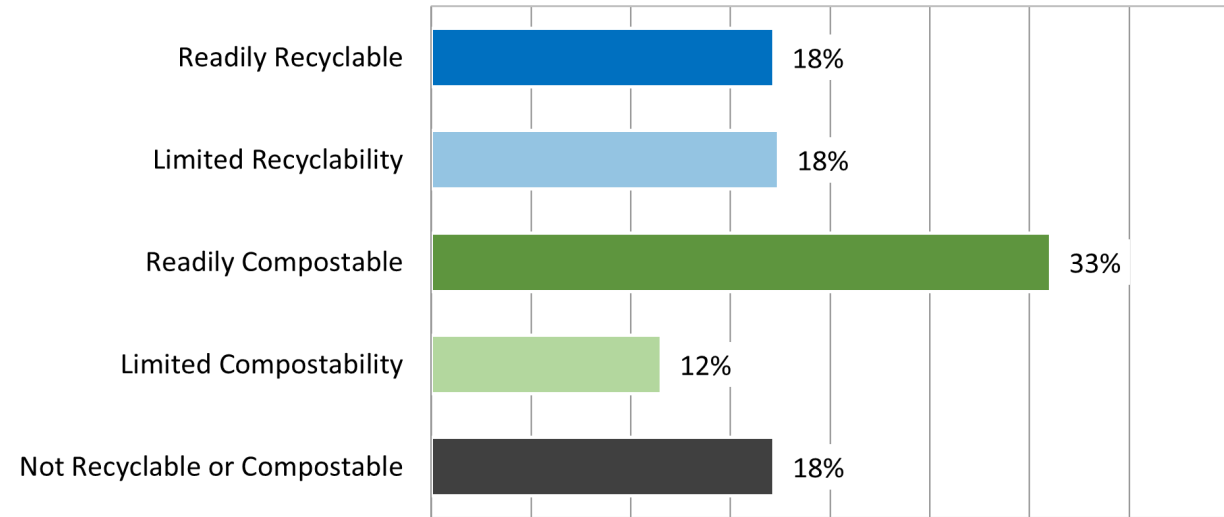
San Francisco's Trash to Landfill Potential Recovery Characterization Summary

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

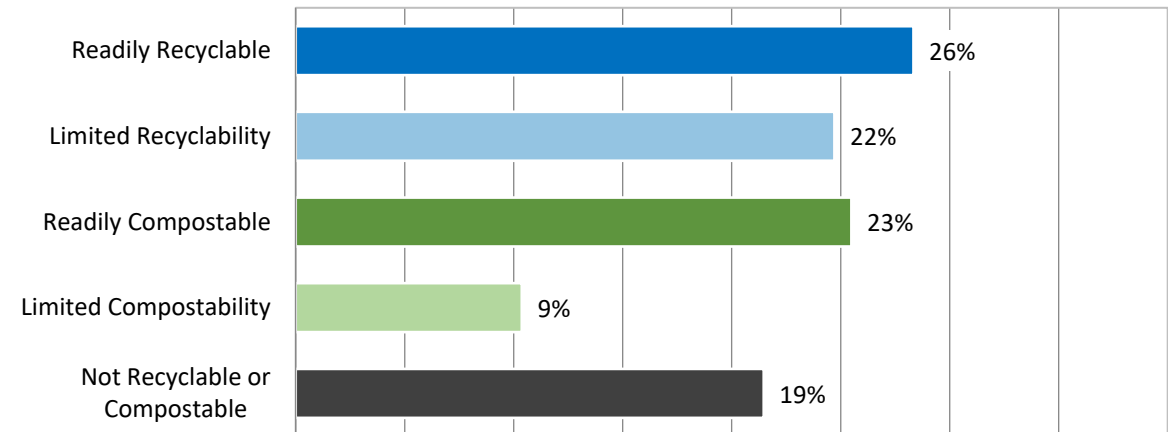
Previous study during COVID peak impact needs updating for future planning.



Trash Toter Bins from Single, Multifamily & Small Bus



Trash Cubic Yarders & Compactors from Large MFD & Commercial



Detailed Composition

Material	Est. Percent	+ / -	Est. Tons	Tons + / -	Material	Est. Percent	+ / -	Est. Tons	Tons + / -
PAPER	20.7%	1.1%	19,545	1084	ORGANICS	43.9%	2.0%	41,457	1910
Paper shopping bags	1.0%	0.1%	959	99	Plant trimmings	1.5%	0.6%	1,423	552
Other paper bags/kraft paper	0.1%	0.0%	96	31	Large woody trimmings	0.0%	0.0%	7	11
Other brown grades	1.6%	0.2%	1,533	172	Donatable unpackaged food	1.3%	0.4%	1,261	345
Clean uncoated corrugated cardboard	1.6%	0.4%	1,521	399	Donatable packaged food	2.6%	0.6%	2,423	589
Coated corrugated cardboard	0.1%	0.0%	74	44	Not donatable unpackaged food	10.3%	1.4%	9,763	1366
Shredded paper	0.1%	0.1%	91	85	Not donatable packaged food	8.2%	1.3%	7,719	1254
Coated paper cups	0.3%	0.1%	274	49	Inedible unpackaged food	7.6%	1.9%	7,198	1811
Aseptics & gable top cartons	0.3%	0.0%	287	43	Inedible packaged food	1.2%	0.5%	1,163	425
Compostable paper & fiber service ware	1.7%	0.2%	1,647	179	Clean wood	0.5%	0.3%	464	258
Compostable paper tissue & towels	9.2%	0.7%	8,682	701	Painted wood	1.1%	0.6%	1,069	527
Other compostable paper & fiber	0.5%	0.1%	460	86	Diapers	4.2%	0.7%	3,924	707
Other coated paper	0.8%	0.2%	769	151	Animal feces & litter	4.8%	1.0%	4,539	986
Newspaper & newspaper inserts	0.9%	0.2%	845	148	Pumpkins	0.0%	0.1%	37	60
White office-type paper & mail	0.6%	0.3%	525	272	Other compostable organics	0.5%	0.1%	468	138
Magazines & catalogs	1.0%	0.2%	914	159	HAZARDOUS	1.4%	0.6%	1,350	548
Other recyclable paper	0.4%	0.1%	409	54	Sharps	0.0%	0.0%	6	4
Miscellaneous paper packaging	0.0%	0.0%	2	3	Electronics	0.3%	0.2%	297	197
Other composite paper	0.5%	0.2%	457	160	LED bulbs & tubes	0.0%	0.0%	22	17

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



SAN FRANCISCO
ENVIRONMENT
DEPARTMENT

© 2022

San Francisco Environment Department, All Rights Reserved

The author of this document has secured the necessary permission to use all the images depicted in this presentation. Permission to reuse or repurpose the graphics in this document should not be assumed nor is it transferable for any other use. Please do not reproduce or broadcast any content from this document without written permission from the holder of this copyright.