[Refuse Rate Board - 2025 Rate Adjustment]

Refuse Rate Board resolution adopting refuse rates and related service provider requirements, protocols, and other related provisions for rate years 2026, 2027, and 2028; finding that the adopted refuse rates are just and reasonable; affirming the Planning Department's determination that the proposed adoption of the rate order is exempt from the California Environmental Quality Act; and finding that approval of this proposed action is the Approval Action as defined by San Francisco Administrative Code Chapter 31.

WHEREAS, In June 2022, the voters adopted Proposition F, which amended the City's Refuse Collection and Disposal Ordinance to reform and modernize the City's process for setting residential refuse rates to be more fair, transparent, and accountable. Among other things, Proposition F restructured the rate process to require the Controller, as Refuse Rates Administrator, to monitor and propose adjustments to refuse rates for adoption by the Refuse Rate Board; and

WHEREAS, Consistent with Proposition F, the Refuse Rate Board set the refuse rates for rate years 2024 and 2025 after an open process including consideration of a rate application from Recology Sunset Scavenger, Recology Golden Gate, and Recology San Francisco (collectively, "Recology") and a report from the Refuse Rates Administrator, open hearings, and written and oral input from members of the public; and

WHEREAS, Consistent with Proposition F, the Refuse Rates Administrator has been monitoring the financial and operational performance of Recology during rate years 2024 and 2025;

WHEREAS, On January 3, 2025, the Refuse Rates Administrator received a written request from Recology to increase the rates. The Refuse Rates Administrator reviewed the request and conducted a series of public hearings on the matter, including before the Commission on the Environment and the Sanitation and Streets Commission, and provided notice of all such hearings as required by law. On May 21, 2025, based on its review and financial analysis of Recology's request and after considering all information received from the public to that point, the Refuse Rates Administrator submitted a recommendation to the Refuse Rate Board to adjust the rates. The proposal is on file with the Refuse Rate Board, is available on the Refuse Rates Administrator's website, and is attached hereto as Exhibit A; and

WHEREAS, The Refuse Rate Board held hearings on the Refuse Rates Administrator's proposal, consistent with Proposition F and with notice to the public as required by law, on May 30, 2025, and June 25, 2025, in Rooms 416 and 400 at City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, California. At each of these public hearings, the Refuse Rate Board allowed members of the public, including Recology, to submit information and be heard, and considered and addressed all objections; and

WHEREAS, The Refuse Rate Board has heard and considered all objections and protests to the proposed adjustment to the refuse rates. In addition, the Refuse Rates Administrator tabulated all protests received and determined that a majority protest does not exist as defined in Section 6(a) of Article XIIID of the California Constitution and Section 53755 of the California Government Code with respect to the adoption of this rate order; and

WHEREAS, The Planning Department has determined that the actions contemplated in this Resolution (Case No. 2025-005557ENV) are exempt from the California Environmental Quality Act ("CEQA"), under California Public Resources Code Section 21080(b)(8) and

CEQA Guidelines Section 15273. This determination is on file with the Refuse Rates Administrator and is incorporated herein by reference; now, therefore, be it

RESOLVED, That the Refuse Rate Board has heard and considered all objections and protests to the proposed adjustment to the refuse rates, and affirms the determination of the Refuse Rates Administrator, based on the Refuse Rates Administrator's tabulation of all protests received, that a majority protest does not exist as defined in Section 6(a) of Article XIIID of the California Constitution and Section 53755 of the California Government Code with respect to the adoption of this rate order; and be it

FURTHER RESOLVED, That the Refuse Rate Board finds that the refuse rates proposed by the Refuse Rates Administrator and detailed below and in the Service Level Agreements, attached as Exhibit B, are just and reasonable, as required by Proposition F; and be it

FURTHER RESOLVED, That the Refuse Rate Board concurs with and adopts the Refuse Rates Administrator's proposal, Exhibit A, with the following modifications:

1. **Reduction in Program Enhancements**: The Refuse Rate Board eliminates funding for a One Day Compost Event, 50 cubic yard per month of Compost, Cart and Container stickering, and reduces by half, as compared with the Refuse Rates Administrator's proposal, funding for bulky-item outreach in Rate Year 2026. The combined changes reduce rates by $291,718 in Rate Year 2026, $210,487 in Rate Year 2027, and $213,882 in Rate Year 2028.
2. **Professional Services Cost Reduction**: The Refuse Rate Board reduces estimated legal fees for Recology San Francisco by $200,000 in Rate Year 2026 as compared with the Refuse Rates Administrator's proposal.
3. **Zero Waste Capital Reserve**: This fund is intended to build a reserve for the purpose of mitigating long-term capital costs that include site repairs and

modernization, compliance with State mandates such as the Advanced Clean Fleet regulations, and possible future infrastructure costs such as trash processing or recycling processing relocation. However, given the recent revocation of EPA waivers required for advancement of the State's Advanced Clean Fleet policy, there is less of a near-term need for a Zero Waste Capital Reserve for the upcoming rate cycle. The Refuse Rate Board does not fund the Zero Waste Capital Reserve with this Rate Order. This represents a reduction of $5,650,454 in Rate Year 2027 compared to the Refuse Rates Administrator's proposal and $10,690,016 in Rate Year 2028.

4. **Impound Account**: This account provides funding to San Francisco Environment, Department of Public Works, and the Controller's Office to support programs that include the City's Zero Waste goals, the City's toxics reduction program, City litter patrol and street sweeping programs, and refuse rates administration. The Refuse Rate Board made adjustments to the Refuse Rates Administrator's original proposal resulting in total funding of the Impound Account of $26,574,349 in Rate Year 2026, $27,454,164 in Rate Year 2027, and $28,401,061 in Rate Year 2028. Specific adjustments include:
    a. Reducing Controller's Office rate funding by $100,000 and increasing Controller's Office use of fund balance by the same amount.
    b. Increasing Environment Department's use of fund balance by $474,453 to fund an increase to rent costs across the three rate years.
    c. Increasing Environment Department's use of fund balance by $571,553 to fund a position to support Campaigns to Change Behavior across the three rate years.

d. Increasing Environment Department's rate funding by $75,863 in Rate Year 2026, $78,101 in Rate Year 2027, and $80,413 in Rate Year 2028 to support toxics reduction to develop and coordinate upstream efforts related to sustainable procurement, reuse, and recovery practices by businesses that serve ratepayers by encouraging the use of safer alternatives instead of hazardous chemicals, and to help ensure hazardous products are handled safely at the end of their lifecycle

5. **Cost Controls**: The Refuse Rate Board adjusted cost controls detailed in Section 23 of the Service Level Agreements, Exhibit B, to lower review thresholds and cost caps for Payroll and Related Costs, Professional Services Costs, and Administrative Costs; and be it

FURTHER RESOLVED, That the Refuse Rate Board adopts all other recommendations in the Refuse Rates Administrator's proposal, Exhibit A, without modification, including but not limited to technical adjustments to account for updated data and more precise allocation of costs, and new regulatory provisions; and be it

FURTHER RESOLVED, That the refuse rates reflected in the rate sheets in Section 3 of the Service Level Agreements, Exhibit B, are adopted, effective October 1, 2025; and be it

FURTHER RESOLVED, That, to support effective monitoring of Recology's financial and operational performance, and appropriate use of ratepayer funds, the following agreements, protocols and other operational documents are adopted, effective October 1, 2025:

- The Service Level Agreements, Exhibit B, as may be amended or supplemented from time to time; these Service Level Agreements describe the services funded by the rates, including 1) the full range of regularly scheduled residential collection services, and Recology operations at the Tunnel Road and Pier 96

facilities, and 2) ancillary services benefiting residents such as bulky item collection and household hazardous waste collection; with reference to these service categories, the Service Level Agreements identify the operational roles and responsibilities of Recology and applicable City departments(s) for delivering a particular service, specify requirements for Recology and City data tracking, specify the content and frequency of Recology and City reporting as necessary to monitor activities funded through this Rate Order, and specify the oversight roles and responsibilities of City departments for ensuring services are provided effectively and cost-efficiently;

- Recology's reporting requirements, attached as Exhibit C; and be it

FURTHER RESOLVED, That the Refuse Rate Board affirms the determinations of the Planning Department that the actions contemplated in this Resolution (Case No. 2025-005557ENV) are exempt from the California Environmental Quality Act ("CEQA"), under California Public Resources Code Section 21080(b)(8) and CEQA Guidelines Section 15273; and be it

FURTHER RESOLVED, That the Refuse Rate Board's approval of this proposed action is the Approval Action within the meaning given that term in San Francisco Administrative Code Chapter 31; and be it

FURTHER RESOLVED, That the Refuse Rates Administrator shall publish this order in an official newspaper of the City and County of San Francisco, and shall provide notice to all who shall have filed written requests for notice as set forth in Proposition F; and be it

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FURTHER RESOLVED, That the Refuse Rate Board urges the Refuse Rates Administrator to diligently monitor the rates and update the Refuse Rate Board at least once per year, as to the implementation of this order.

Adopted by the following vote:

Ayes: 3
Noes: 0
Absent: 0

I certify that the foregoing resolution was adopted at the meeting of the Refuse Rate Board held on June 25, 2025.

Claire Stone, Controller's Office

Exhibit A

City & County of San Francisco

Refuse Rates Administrator's Report on Recology's 2025 Rate Application

Prepared by

OFFICE OF THE CONTROLLER

OFFICE OF REFUSE RATES ADMINISTRATION

May 21, 2025

Refuse Rate Board:
City Administrator Carmen Chu, *Chair*
SF PUC General Manager Dennis Herrera, *Member*
Ratepayer Representative Steve Bowdry, *Member*

Office of Refuse Rates Administration:
Greg Wagner, *Controller*
ChiaYu Ma, *Deputy Controller*
Jay Liao, *Refuse Rates Administrator*
Ben Becker, *Refuse Rates Principal Analyst*
Michael Nguyen, *Refuse Rates Analyst*

Contact Information:
To learn more about the City's Refuse Rates Administration, please visit our website at https://sf.gov/refuse-rates-administration-office-controller

Or contact us at:
con.refuserates@sfgov.org

Media inquiries:
con.media@sfgov.org

sf.gov/controller

@sfcontroller

Controller's Office LinkedIn

About the Controller's Office

The Controller is the chief financial officer and auditor for the City and County of San Francisco. We produce regular reports on the City's financial condition, economic condition, and the performance of City government. We are also responsible for key aspects of the City's financial operations — from processing payroll for City employees to processing and monitoring the City's budget.

Our team includes financial, tech, accounting, analytical and other professionals who work hard to secure the City's financial integrity and promote efficient, effective, and accountable government. We strive to be a model for good government and to make the City a better place to live and work.

About Proposition F

Proposition F was an amendment to the Refuse Collection and Disposal Ordinance that voters approved in June 2022. The amendment requires that the Refuse Rates Administrator conduct periodic, comprehensive financial and performance evaluations of the City's refuse collection, disposal, and remediation programs and facilitate the process by which refuse rates are established. The Refuse Rates Administrator ensures the financial integrity of the refuse rate-setting process, and promotes efficient, effective, and accountable service by:

- Regularly monitoring refuse rates and reporting before the Refuse Rates Board, including recommended rate adjustments or proposed programmatic changes.
- Providing actionable recommendations to city leaders to promote and enhance accountability and improve overall cost-effectiveness, performance and efficiency of refuse collection, processing, and remediation.
- Facilitating and helping to ensure transparency of the refuse rate-setting process and reporting, so the public can timely access and review information.
- Promote public input including comment, objection and protest procedures pursuant to San Francisco Proposition F (June 2022) as well as California Proposition 218

Table of Contents

Table of Contents **3**
Executive Summary **4**
Proposed Rates 4
Impact to Residential Ratepayers 6
Program and Funding Changes 6
Recommended Rate Administration Impovements 7
Introduction **8**
Collections Rate and Tipping Fee Structure **9**
Residential Rate Structure 9
Apartment Rate Structure 10
Tipping Fee 10
Recology's Rate Application Summary **11**
Recology's Rate Application Submission 11
Ratemaking Methodology 12
Recology's Proposed Rate Changes 14
Proposed Rate Adjustments: Collections **17**
Collections Rate Adjustment Summary 17
Impact to Residential and Apartment Ratepayers 19
Collections Revenue 20
Collections Costs 23
Proposed Rate Adjustments: Post-Collections **39**
Tipping Fee Adjustment Summary 39
Post-Collections Revenue 39
Post-Collections Costs 42
Account Adjustments **53**
Solid Waste Impound Account 53
Balancing Accounts 60
Programmatic Reserve 61
Zero Waste Capital Reserve 61
Other Recommendations **65**
Appendix A: File References **69**

Executive Summary

Proposition F, passed in June 2022, created the Refuse Rates Administrator who serves as a dedicated solid waste services regulator for San Francisco ratepayers. The Refuse Rates Administrator is responsible for administering a rate-setting process for the purpose of setting fair and reasonable rates. On January 3rd, 2025, Recology submitted a rate application to the Refuse Rates Administrator requesting changes to the San Francisco residential refuse collection and disposal rates for the next three years beginning October 1, 2025. The Office of Refuse Rates Administration conducted a review to validate the application and make recommended adjustments. These rate adjustments represent savings for ratepayers while maintaining service levels and enhancing certain services. The Refuse Rates Administrator's proposal will be heard and considered by the Refuse Rate Board on May 30, 2025.

PROPOSED RATES

Residential Collections Rates	Rate Year 2026		Rate Year 2027		Rate Year 2028	
	Recology Proposal	Refuse Rate Administrator Proposal	Recology Proposal	Refuse Rate Administrator Proposal	Recology Proposal	Refuse Rate Administrator Proposal
Annual % Change Proposed	18.18%	12.59%	7.53%	8.36%	3.86%	4.55%
Cumulative % Change	18.18%	12.59%	27.08%	22.00%	31.98%	27.55%
Single-Family Default Rate	$55.55	$52.97	$59.73	$57.44	$62.03	$60.06

Recology's application includes proposed residential refuse rates changes that would increase rates by 18.18% in Rate Year 2026, 7.53% in Rate Year 2027, and 3.86% in Rate Year 2028. Recology's proposal also includes a contingent schedule that would allow Recology to increase rates, if certain conditions are met, to build and operate a $35 million mixed-waste processing facility. The Refuse Rates Administrator's proposal does not include this contingent schedule.

The Refuse Rates Administrator's proposal would increase residential refuse rates by 12.59% in Rate Year 2026, 8.36% in Rate Year 2027, and 4.55% in Rate Year 2028. While these are significant increases, the main factor for the increase is that rates were set below cost of service in the last rate order. The Office of Refuse Rates Administration conducted a thorough examination of every cost line-item in Recology's application and has recommended significant adjustments. These adjustments represent a 5.84% reduction in Rate Year 2026, a 4.87% cumulative 2-year reduction in Rate Year 2027, and a 4.19% cumulative 3-year reduction in Rate Year 2028 when compared to Recology's original proposal.

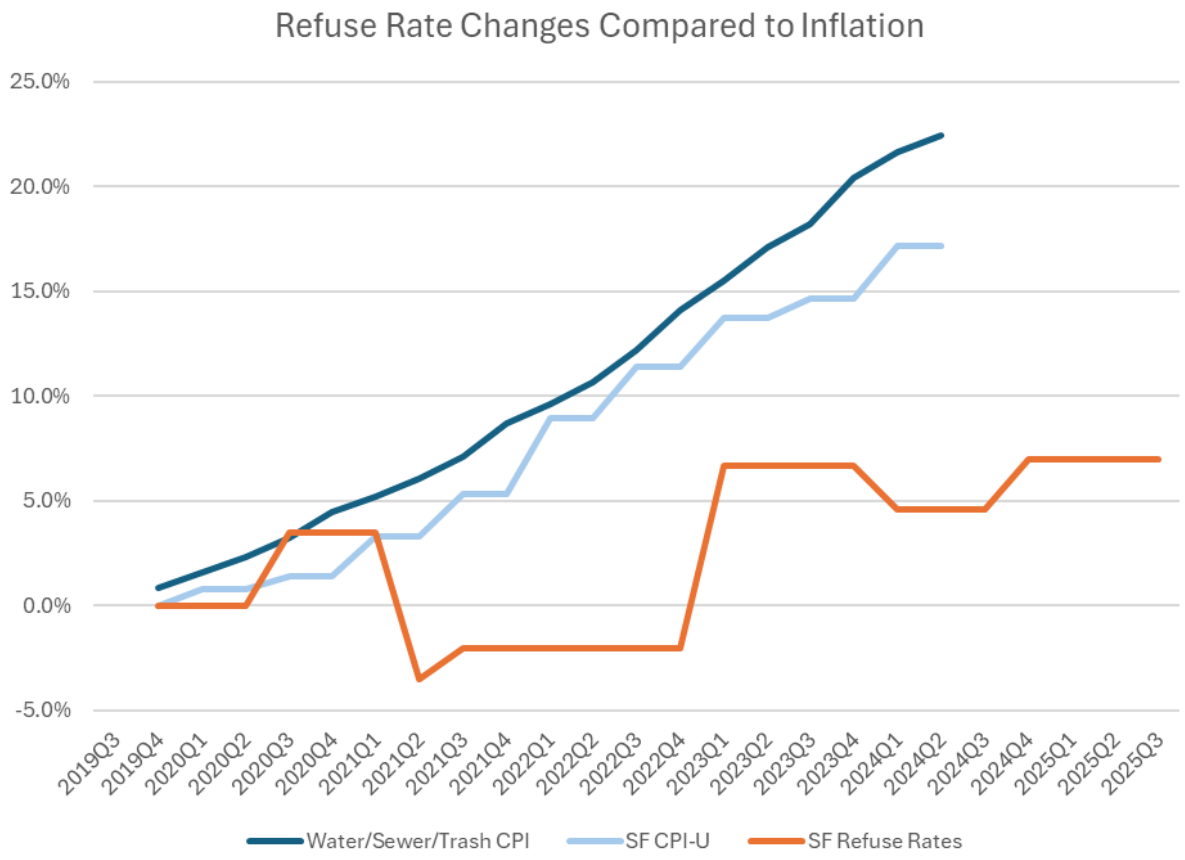
Adjustment Rate Impact	RY 2026	RY 2027	RY 2028	Total
Revenue	-$2,558,383	-$2,680,613	-$2,716,779	-$7,955,775
Expenditures	-$12,088,091	-$12,587,746	-$9,454,207	-$34,130,045
Accounts	-$7,124,955	-$2,751,564	-$131,857	-$10,008,375
Net Adjustment	**-$21,771,429**	**-$18,019,923**	**-$12,302,843**	**-$52,094,195**

The Refuse Rates Administrator's adjustments result in over $52.1 million in savings to ratepayers over the three-year period. The major drivers of these adjustments are changes to assumptions in cost increases with

expenditure adjustments making up 65.5% of total adjustments and totaling $34.1 million in expenditure reductions.

The largest factor of the rate increase is that rates were kept low in the last rate order and revenue generated from the rates have not kept up with costs. In addition, payroll costs were under-projected, and the passage of Proposition M in 2024 increased the business tax burden to Recology. These three factors combined account for 8.8% of the proposed 12.59% proposed rate increase in Rate Year 2026.

For additional context, since 2019, general Bay Area Inflation has grown by 17.2% while a national Water/Sewer/Trash index shows costs in these sectors growing by 22.4% over the same period. By comparison, the San Francisco refuse rates have grown by 7.0% since 2019.



In addition, the San Francisco's current refuse rates compare favorably to other peer jurisdictions such as Los Angeles, Oakland, and San Jose. The three jurisdictions combined have an average rate of $54.25 compared to San Francisco's current rate of $47.00. Recology's proposal would increase rates to just above San Francisco's peer jurisdictions at $55.55, while the Refuse Rates Administrator's proposal would increase rates to just below at $52.97.

IMPACT TO RESIDENTIAL RATEPAYERS

Per Unit Cost	Current Rates	Rate Year 2026		Rate Year 2027		Rate Year 2028	
	RY 2025	Recology	RRA	Recology	RRA	Recology	RRA
Single Family Residential	$47.00	$55.55	$52.93	$59.73	$57.35	$62.03	$59.97
4 Unit Residential	$59.81	$70.68	$67.34	$76.00	$72.97	$78.94	$76.30
6 Unit Apartment	$58.49	$69.13	$65.85	$74.33	$71.36	$77.20	$74.61
50 Unit Apartment	$43.83	$51.80	$49.35	$55.70	$53.48	$57.85	$55.91
100 Unit Apartment	$46.40	$54.83	$52.24	$58.96	$56.60	$61.24	$59.18

The dollar impact to ratepayers varies depending on the level of service and building type. Under Recology's proposal, a ratepayer in a single-family home with default service would see a $8.55 per month increase in Rate Year 2026. The Refuse Rates Administrator's proposal would increase the rates by $5.97 the same year, which represents $2.62 monthly savings compared to Recology's proposal. For illustrative purposes, the Refuse Rates Administrator looked at five ratepayer types. Across these five ratepayers, Recology's application would increase the monthly per unit rate between $7.97 to $10.87 for an average cost increase of $9.39 in Rate Year 2026. By comparison, the Refuse Rates Administrator's proposal would increase rates by $5.52 to $7.53 for an average cost increase of $6.44. This represents savings for ratepayers of $2.45 to $3.34 per month per unit. Actual impacts will vary based on size of carts, frequency of service, and any special fees incurred such as access, elevation, or distance charges.

PROGRAM AND FUNDING CHANGES

The Refuse Rates Administrator's proposal supports current services levels and includes program enhancement that would support the City's street cleanliness and environmental goals. The existing services being maintained include:

- Weekly curbside collection of recyclables, organics, and trash
- Transportation, processing, composting, and landfill disposal
- Street cleanliness through public receptacles collection and illegal dumping removal
- Environmental programs supporting recycling, composting, reuse, and e-waste disposal
- Essential services such as annual curbside tree recycling, bulky-item pickup, household hazardous waste collection, compost giveaways and district-wide cleanup events that allow residents to dispose of large items responsibly.

In addition to these existing services, the proposed rates include new funding to support street cleanliness, such as expansion of the illegal dumping removal program to include afternoon abandoned material pickup and public receptacle verification cameras.

The proposed rates also include several new investments to support environmental goals, including pre-organics processing equipment that would divert more organics from landfill, new outreach and compost programs, an extension of the contamination camera pilot, a free mattress recycling program, and a free wood recycling program.

The proposed rates also include additional funding for the Zero Waste Capital Reserve to help mitigate long-term capital costs. The Refuse Rates Administrator is anticipating several large capital projects that will require funding in the next rate cycle that could create large rate shocks. The Refuse Rates Administrator's proposal is including funding into a capital reserve of $16.3 million mitigate these rate shocks.

RECOMMENDED RATE ADMINISTRATION IMPOVEMENTS

In addition to rate adjustments, the Refuse Rates Administrator is proposing new mechanisms to support improvements to refuse rate administration. The Office of Refuse Rates Administration employs several tools to maintain oversight over Recology's operations and to monitor operational and financial performance. The Office's work has resulted in significant corrections to the rates. However, discovery, evaluation, and decision-making are still conducted on a situational basis. The Refuse Rates Administrator is proposing three new mechanisms to support improved and sustainable rate-monitoring and rate-setting processes:

Service Level Agreements: The absence of clear documentation for Recology's services impacts the City's ability to hold Recology accountable to agreed upon services. It also affects The Office's ability to evaluate performance and validate impacts to refuse rates when proposed changes to programs and services are being requested. The Refuse Rates Administrator is issuing a proposed rate order that will document all services that Recology is required to perform that will be funded through the collections rates. Twenty-six service level agreements were drafted in collaboration with Recology, the Environment Department, and the Department of Public Works.

Cost Controls: The Refuse Rates Administrator is proposing financial and operational reporting and rules to improve review and analyses of Recology's performance. New reporting would include a Variance Report and Baseline Operating Metrics that would allow The Office to tie financial variances to operational variances and determine appropriateness of cost changes. In addition, the proposed rate order will include rules that would help determine cost recovery eligibility for Recology including a Variance Threshold, provisions for calculation error and bad debt treatment, a capital expenditure approval processes, and a cost cap.

Balancing Account: The current rate monitoring process needs a systematic way to resolve issues to ensure rates are fair and reasonable. The current way of resolving issues creates a disparity in how over-projection and under-projection of costs are treated leading to less predictable outcomes and an unsustainable rate-setting process. The Refuse Rates Administrator is proposing that all cost and revenue variance issues should be handled through a 100% balancing account. This would not only ensure predictability but also rate fairness by guaranteeing the Operating Ratio. Ratepayers will be assured that Recology will not make more than they are allowed to, and Recology will be assured that they receive the allowable operating ratio.

Introduction

Voters passed Proposition F in 2021 making the Controller the Refuse Rates Administrator. The Controller created the Office of Refuse Rates Administration (The Office) for the purposes of rate monitoring and to facilitate a rate-setting process to propose adjustments to the refuse rates for consideration by the Refuse Rate Board. The Refuse Rates Administrator issued rate application instructions on September 3, 2024 to provide an opportunity for the City's waste hauler or any member of the public to make proposed changes to the refuse rates.

The City's regulatory structure on refuse services is governed by the Refuse Collection and Disposal Ordinance originally passed by voters in 1932, which allows waste haulers to operate in San Francisco through route permits and vehicles licenses issued by the Department of Public Health. Recology holds all the permits and licenses making them the sole waste hauling service in San Francisco. The Refuse Rates Administrator regulates three Recology subsidiaries that provide collections and post-collections services. The collections subsidiaries include Recology Golden Gate and Recology Sunset Scavenger. Regulated post-collections services are conducted through a third subsidiary, Recology San Francisco, which operates the transfer station and recycling facility.

The Office of Refuse Rates Administration conducted a rate-setting process that has three phases. The Application Phase marks the first phase of the rate-setting process, which began September 3, 2024, when The Office issued its Rate Application Instructions that includes several forms to detail changes that could impact rates. Applications were due January 3, 2025, marking the start of the Proposed Rate Order Development phase where The Office conducts analyses, builds a public record, and conducts a public process to determine if any adjustments to the rates are justified. And finally, The Refuse Rate Board Hearing phase begins once the Refuse Rates Administrator issues the Proposed Rate Order and the Refuse Rate Board considers any proposed changes to the rates. New rates as approved by the Refuse Rate Board will go into effect October 1, 2025.

The Office of Refuse Rates Administration has prepared this report based on Recology's 2025 Rate Application and the exhibits submitted to date and in consultation with Public Works' staff, Department of Environment staff, the City Attorney's Office, and other City staff. This report details the Office of Refuse Rates Administration's review of the Recology's rate application as well as the Refuse Rates Administrator's recommended rate adjustments to the Refuse Rate Board.

Collections Rate and Tipping Fee Structure

Recology's proposed rate structure includes rate schedules for residential customers (buildings with 1-5 units) apartment customers (buildings with 6 or more units), and a tipping fee (per ton fee) for dropping off solid waste at the Transfer Station.

RESIDENTIAL RATE STRUCTURE

The residential rate structure applies volumetric charges for weekly trash, recycling, and organics collection. Availability of bin sizes vary by line of service with trash carts available in 16-gallon increments between 16-gallon carts up to 96-gallons. Recyclable carts are available in 16-gallon increments beginning with 32-gallon carts and up to 96-gallon carts. Organics carts are available in 32-gallon and 96-gallon cart sizes.[1]

Table 1

Volume Charge for Weekly Collection	Trash	Recyclables	Organics
16 Gallon	$7.35	N/A	N/A
32 Gallon	$14.70	$7.35	$7.35
64 Gallon	$29.40	$14.70	$14.70
96 Gallon	$44.10	$22.05	N/A

In addition to the volumetric charge, Recology's residential rate structure includes a Base Charge for Service currently set at $17.60 per dwelling unit per month. Trash collections include an $11.74 premium for each 32 gallons of cart service above 32 gallons per unit. Recology also includes extra charges for:

- Distance Charge: No extra charge for collection less than 25 feet from curb. Currently, a $12.57 charge per cart is imposed for collection within each 25-foot increment thereafter.
- Elevation Charge: No extra charge for collection less than 4 feet elevation change from street level. Currently, a $13.64 charge per cart is imposed for collection within each 8-foot increment thereafter.
- Access Charge: Currently, a $7.90 per cart charge is imposed for key access to carts.

APARTMENT RATE STRUCTURE

Recology applies a volumetric charge to apartments equally for trash, recycling, and compost for volumes up to 2.0 cubic yards. Rates increase linearly with a premium for weekend service, which apply to four, six, and seven collections per week.[2]

Table 2

	Collections per Week						
Volume	1	2	3	4	5	6	7
32 Gallon	$28.20	$56.40	$84.59	$133.93	$140.98	$190.33	$267.88
64 Gallon	$56.39	$112.78	$169.18	$267.88	$281.97	$380.66	$535.73
96 Gallon	$84.59	$169.18	$253.76	$401.80	$422.95	$570.98	$803.60
1-Cubic Yard	$177.96	$355.92	$533.90	$845.34	$889.83	$1,201.27	$1,690.67
1.5-Cubic Yard	$266.96	$533.92	$800.86	$1,268.03	$1,334.77	$1,801.93	$2,536.05
2.0 Cubic Yard	$355.94	$711.88	$1,067.80	$1,690.67	$1,779.65	$2,402.54	$3,381.34

In addition to volumetric charges, Recology's apartment rate structure includes a Base Charge for Service currently set at $5.85 per dwelling unit per month. Apartment customers are also eligible for diversion discount based on how much of their total volume consists of recycling and composting.

$$\frac{\text{(Composting Volume + Recycling Volume)}}{\text{Total Volume}} - 25\% = \text{Diversion Discount}$$

Recology also includes extra charges for:

- Distance Charge: No extra charge for collection less than 50 feet from curb. Currently set at 12.5% times volume charge (before diversion discount) within each 50-foot increment thereafter.
- Elevation Charge: No extra charge for collection less than 4 feet elevation change from street level. Currently set at 25% times volume charge (before diversion discount) within each 8-foot increment thereafter.
- Access Charge: Currently, a $7.90 per cart charge is imposed for key access to carts.
- Other Extra Charge: An extra charge of 50% times volume charge (before diversion discount) for each trap door, clearing of a disposal chute, rake-out, or cart located on a ledge one foot or more above floor.

TIPPING FEE

The tipping fee encompasses the costs to all post-collections services related to disposal and processing, including Recology San Francisco's recycling facility and transfer station operations. Embedded in these costs are transportation for disposal at a landfill in Vacaville and processing of organics in Vernalis. Recology applies a per ton fee currently set at $244.44 per ton for solid waste delivered to Recology San Francisco facilities.[3]

Recology's Rate Application Summary

RECOLOGY'S RATE APPLICATION SUBMISSION

On January 3rd, 2025 Recology's subsidiaries Recology San Francisco, Recology Sunset Scavenger, and Recology Golden Gate (referred to as "Recology") submitted a rate application to the Refuse Rates Administrator requesting changes to the San Francisco residential refuse collection and disposal rates for the next three years beginning October 1, 2025. The initial submission consisted of:

- 2025 Rate Application Narrative Summary: Narrative description of Recology's rate application. Includes an overview of the business, proposed rate adjustments, programs included in the rates, rate-setting methodology, rate structure, and impound account.[4]
- 2025 Rate Application Summary of Assumptions: Summary of assumptions used in Recology's collections and post-collections rate models.[5]
- Collections Rate Model: Model to estimate proposed collections rate adjustments. Includes 46 schedules that detail components of 34 cost line-items and 14 revenue line-items.[6]
- Post-Collections Rate Model: Model to estimate proposed tipping fee adjustments. Includes 48 schedules that detail components of 34 cost line-items and 10 revenue line-items.[7]
- Supplemental Schedules: 13 schedules to support Refuse Rates Administrator's validation of revenues and costs. Includes point-in-time breakdown of Recology's revenue streams by number of accounts by cart size and days of pickup per week, as well as other charge detail, compactor and debris box revenue breakdowns. Also includes operational related schedules to detail number of vehicles, lifts, hauls, route hours and route and maintenance personnel.[8]

On February 3, 2025, Recology fulfilled their application requirement by submitting all the required program forms, which include cost and revenue detail across 12 different programs.[9] Program forms are required for transparency on adjustments to any specific program.

The Refuse Rates Administrator's conducted a review of the application to validate Recology's reported revenues and costs, to evaluate assumptions and projections, and to evaluate any allocation methodologies. Rate Application validation includes 3 components:

- Interrogatory Process: Formal information requests are submitted to Recology to build a public record of its investigation into the rate application. These information requests are based on the Office's audit and analyses and the need for additional backup, support, or explanation of any components of the application. Recology's responses to these requests are entered into the public record as exhibits.[10]
- Performance Audit: A consultant was contracted to conduct parallel audit of the rate application with a focus on validating actual costs and the basis for certain assumptions or projections. Any findings from the performance audit were relayed to Recology and were not considered resolved until Recology provided adequate backup or explanations.[11]
- 3rd Party Reconciliation: KPMG serves as the financial auditor for Recology and annually audits Recology's financials. Through Agreed Upon Procedures, KPMG reviews Recology's property detail, confirms the balancing account which validates Recology's profit margin, and reconciles Recology's rate reports with the audited financials.[12]

The Office of Refuse Rate Administration's Interrogatory Process resulted in 59 formal information requests and yielded 59 exhibits. The Performance audit had 62 findings, all of which were adequately resolved. These validation procedures formed the basis for several proposed rate adjustments being recommended by the Refuse Rates Administrator including payroll cost adjustments, model assumption adjustments, adjustments to correct certain calculation errors.

RATEMAKING METHODOLOGY

Recology's Rate Application uses a ratemaking methodology that combines all revenues and expenses of the two collection companies, Recology Sunset Scavenger and Recology Golden Gate. This represents the same ratemaking methodology that has been in place since the 2006 rate application where the methodology changed to address concerns around the incentive of shifting costs from unregulated operations into regulated operations. This methodology also seeks to address concerns about how residential costs are segregated from commercial expenses, since residential, apartment, and commercial services are provided on the same routes, with the same trucks and drivers, and carried to the same processing and transfer facilities. While the two companies have separate management structures, the collection drivers' union signs a single contract with both companies, policies and managerial directions are set by a regional manager who oversees both companies, and they share processing and transfer facilities that are operated by Recology San Francisco, all of which make a combined review of their programs, expenses, and revenues appropriate for rate-setting.

A separate model for Recology San Francisco is used for setting the tipping fee. The tipping fee is inclusive of all post-collection costs related to disposal and processing. These costs are incorporated in the collections model through an intercompany disposal and intercompany processing line-items to ensure that they are not double-counted.

Both rate models are based around an allowable operating ratio, which sets Recology's allowable profit margin. In addition, since the 2023 Rate Order, the rate model allocates out "unregulated" activity.

Operating Ratio

Consistent with long-standing practice, Recology's application uses a ratemaking formula that provides Recology with the ability to obtain their costs plus a fair profit margin calculated using an Operating Ratio. Certain costs are excluded for the purpose of determining profit. The 2023 Rate Order allowed an operating ratio of 91% applied to certain company expenses, which represents a profit margin of 9%. This application maintains this Operating Ratio. In 2023, the Office of Refuse Rates Administration commissioned HF&H Consultants to conduct a study of operating ratios for refuse services across 38 cities in California, which found an average operating ratio of 88.43%, which represents an 11.57% profit margin.[13] Based on this analysis, the Refuse Rates Administrator finds the request for 91% operating ratio to be reasonable.

In the 2023 rate application, intercompany disposal and processing, licenses and permits, and impound account funding were excluded as Operating Ratio expenses. The Refuse Rates Administrator's proposal also excludes business taxes.

Unregulated Customer Allocation

Rate revenues and expenses related to unregulated activity are excluded from the rate calculation. Unregulated customers include Open Market Debris Box, Contract Customers, and Equipment and Supply Sales. The disaggregation of unregulated activity was first used in rate-setting for the 2023 Rate Order, which used a revenue-based allocation. Recology is proposing an allocation methodology that uses a different basis depending on the expense category.[14]

Table 3

Expense Category	Allocation Method	Allocation
Payroll and Related	# of lifts	2.35%
Vehicle Costs	# of lifts	2.35%
I/C Disposal	Volume	7.67%
I/C Processing	Volume	7.67%
Licenses and Permits	# of lifts	2.35%
Other Expenses	Overhead Allocation	4.48%
Bad Debt	Non-Rate Share of Bad Debt	0.00%
Equipment and Supply Sales	Three-Year Average	0.00%

The bad debt expense is calculated as unregulated customers' share of total bad debt for the collection companies. The equipment and supply sales expense is determined using a three-year average from RY22 to RY24, projected to RY28 with an inflation adjustment to account for anticipated cost increases. The remaining expenses are allocated using specific allocation measures for each category. Payroll and related costs, and vehicle-related cost, and licenses and permits are allocated based on the ratio of lifts performed for unregulated customers to total lifts. Disposal and processing costs are allocated by volume, reflecting the amount of material handled for specific customers. The remaining expenses are allocated using an overhead-based methodology, which is calculated by dividing the unregulated activities by the total activities creating a proportionate blend of number of lifts and volume of service.

Rate Term

Proposition F allows for rate cycles of two-to-five years. By recommending approval of a rate covering the next three years, Recology is not expected to submit another application for a rate increase during the 3-year period except under extraordinary circumstances or as directed by the City. The 2023 Rate Order covered a two-year rate period, which did not allow for sufficient time to implement and assess new programs, equipment, and facilities before the next rate-setting process began. This has resulted in the need to reconcile the rate application with updated information in the middle of the current rate-setting process. A three-year rate cycle would allow enough time for implementation and assessment. Given the uncertainty in current economic conditions, a four- or five-year term would likely create circumstances in which Recology would need to submit another rate application.

RECOLOGY'S PROPOSED RATE CHANGES

Recology's proposal includes adjustments to the collections rates of 18.18% in Rate Year 2026, 7.53% in Rate Year 2027, and 3.86% in Rate Year 2028.[15] [16] In addition, Recology's proposal would increase the current tipping fee from $244.44 to $269.05 in Rate Year 2026, $284.05 in Rate Year 2027, and $294.27 in Rate Year 2028.[17] [18]

Table 4

Collections Rate Adjustments	RY 2026	RY 2027	RY 2028
Collections Rate Change	18.18%	7.53%	3.86%
Contingent Schedule	N/A	1.49%	2.88%
Tipping Fee Adjustments	**RY 2026**	**RY 2027**	**RY 2028**
Tipping Fee	$269.05	$284.50	$294.27
Tipping Fee Change	10.07%	5.74%	3.43%
Contingent Schedule Increment	N/A	$11.95	$27.01
Contingent Schedule Change	N/A	4.20%	8.38%

In addition to these rate adjustments, Recology also submitted a contingent rate schedule, which includes recovery of a capital investment for a mixed-waste processing (trash processing) facility of approximately $34.6 million, along with operating costs for trash processing at the Tunnel Avenue site. This contingent schedule is conditioned on receiving regulatory approvals and securing a satisfactory outlet for the tons recovered from the processing. If these conditions are satisfied, Recology would be able to increase its collections rates by an additional 1.46% in Rate Year 2027 and 2.88% in Rate Year 2028 as well as increase the tipping fee by an additional $11.95 in Rate Year 2027 and $27.01 in Rate Year 2028.[19] [20]

Recology attributes 12.46% of the adjustment as a correction to under-projections in the previous rate process and to cover increased governmental fees and taxes. In addition, Recology estimates that 2.02% of the increase is attributable to City-requested increases. Lastly, Recology estimates that 1.01% of the increase is attributable to balancing account adjustments.[21]

The Refuse Rates Administrator's analyses of Recology's application looked at the components of Recology's rate adjustment and found three distinct adjustment categories. This includes One-Time Structural, Account Adjustments, and Program Enhancements including Impound Account enhancements.

Table 5

Rate Change Components	RY 2026	RY 2027	RY 2028
One-Time Structural	8.84%	0.00%	0.00%
Account Adjustments	-0.62%	2.98%	2.91%
Program Enhancements/Impound Account	1.64%	0.93%	0.88%
Remaining Changes	8.32%	3.62%	0.07%
Total Rate Change	**18.18%**	**7.53%**	**3.86%**

One-Time Structural Adjustments

One-time structural adjustments account for 8.84% of the rate change and only impact Rate Year 2026. These are rate adjustments to fix a structural deficit in the current rates to account for prior rate order over projection of revenues, correction of a payroll projection error, and the passage of Proposition M, which increased the Recology's business tax burden.

- Prior rate order over-projection of revenues accounts for approximately $22.5 million or 6.4% of the rate change. The prior rate order assumed 2% tonnage growth in both Rate Years 2024 and 2025. This tonnage growth was not realized due to the persistence of work from home, reduction in the population, and overall stagnant economic growth in San Francisco.
- The payroll projection error was due to calculation error that did not account for a mid-year rate adjustment in Rate Year 2023. The payroll correction accounts for $3.6 million or 1.1% of the rate change.
- Business tax increase is attributable to the passage of Prop M, which increased Recology's tax burden by an estimated $4.8 million, or 1.4% of the rate change.

Account Adjustments

The rate order includes several accounts, including a programmatic reserve, a Zero Waste Capital Reserve, settlement agreement accounts, and a balancing account. In Recology's proposal, the combined impact of these accounts is a reduction in rates of 0.62% in Rate Year 2026, an increase in rates of 2.98% in Rate Year 2027, and an increase of 2.91% in Rate Year 2028.

- The Programmatic Reserve is meant for services requested by the City or Recology that were not included in the Rate Order. Funds for the reserve were not used and Recology's proposal eliminates this reserve to lower rates by 0.7% in Rate Year 2026.
- The Zero Waste Capital Reserve is intended to mitigate future capital costs to prevent rate spikes. No changes were made to the Zero Waste Capital Reserve for Rate Year 2026. Recology's proposal includes a 1.75% increase to the rates to fund the Capital Reserve in both Rate Years 2027 and 2028.
- The 2023 Rate Order included a balancing account to be funded at 50% over or under allowable operating ratio. Recology did not achieve their operating ratio and the balancing account had an estimated negative balance. Recology proposed an amortization of the balancing account that increases rate by 1.0% in Rate Year 2026, and 0.6% in both Rate Year 2027 and 2028.
- In a prior settlement agreement, a Rate Stabilization Account was created as well as a balancing account. These accounts serve to offset rate increases at a set schedule. These accounts reduce rates by 0.9% in Rate Year 2026 and 0.1% in both Rate Years 2027 and 2028.

Program Enhancements/Impound Account

Recology's application includes additional funding for new programs and Impound Account to support the City's environmental goals and street cleanliness.

- Impound Account funding supports the work of the Environment Department, Department of Public Works, and the Office of Refuse Rates Administration in the Controller's Office. In the prior rate order, impound account rate funding amounted to approximately $24 million. Recology's proposal, at the request of City departments includes over $4 million in additional funding, which include $3 million in new requests from the Environment Department, and support for the Office of Refuse Rates Administration, which was previously funded through fund balance. The impact is an increase in rates of 1.1% in Rate Year 2026, 0.2% in Rate Year 2027, and 0.3% in Rate Year 2028.
- Program enhancements to support environmental goals include new outreach, an Annual Composting event, free mattress recycling, free lumber reuse, and an investment in de-packaging equipment for organics pre-processing. The rate impacts represent $800k or 0.2% in Rate Year 2026, $1.9 million or 0.5% in Rate Year 2027, and $1.5 million or 0.3% in Rate Year 2028.
- Program enhancements to support street cleanliness includes new afternoon abandoned material pickup and public receptacle pickup verification cameras. The rate impacts represent $960k or 0.3% in Rate Year 2026, $1.0 million or 0.2% in both Rate Year 2027 and 2028.
- Overload cameras are also included as an enhancement in Recology's request. The application estimates that the revenues would offset costs of this investment.

Remaining Changes

Remaining changes are driven by assumptions around cost growth for payroll, administrative, and operational costs. These costs also assume new purchases, such as replacement of certain vehicles with electric vehicles, engineering estimates for site optimization, assumptions on various payroll costs, etc. Remaining changes account for 8.32% of the rate change in Rate Year 2026, 3.32% in Rate Year 2027, and 3.86% in Rate Year 2028.

Proposed Rate Adjustments: Collections

COLLECTIONS RATE ADJUSTMENT SUMMARY

Table 6

Residential Collections Rates	Rate Year 2026		Rate Year 2027		Rate Year 2028	
	Recology Proposal	Refuse Rate Administrator Proposal	Recology Proposal	Refuse Rate Administrator Proposal	Recology Proposal	Refuse Rate Administrator Proposal
Annual % Change Proposed	18.18%	12.59%	7.53%	8.36%	3.86%	4.55%
Cumulative % Change	18.18%	12.59%	27.08%	22.00%	31.98%	27.55%

Recology's application includes proposed residential refuse rates changes that would increase rates by 18.18% in Rate Year 2026, 7.53% in Rate Year 2027, and 3.86% in Rate Year 2028. Recology's proposal also includes a contingent schedule that would allow Recology to increase rates if certain conditions are met, to build and operate a $35 million mixed-waste processing facility. Given the magnitude of the cost and the risks associated with the project, the Refuse Rates Administrator does not include a contingent schedule for a mixed-waste processing facility investment in the proposal.

The Refuse Rates Administrator's recommended adjustments result in rate increases of 12.59% in Rate Year 2026, 8.36% in Rate Year 2027, and 4.55% in Rate Year 2028.[22] These adjustments represent a 5.59% reduction in the rate change in Rate Year 2026, 5.08% cumulative 2-year reduction in Rate Year 2027, and a 4.43% cumulative 3-year reduction in Rate Year 2028. Adjustments were based on line-item changes to revenues, expenditures and accounts, and represent $52.1 million in savings over the 3-year rate period.

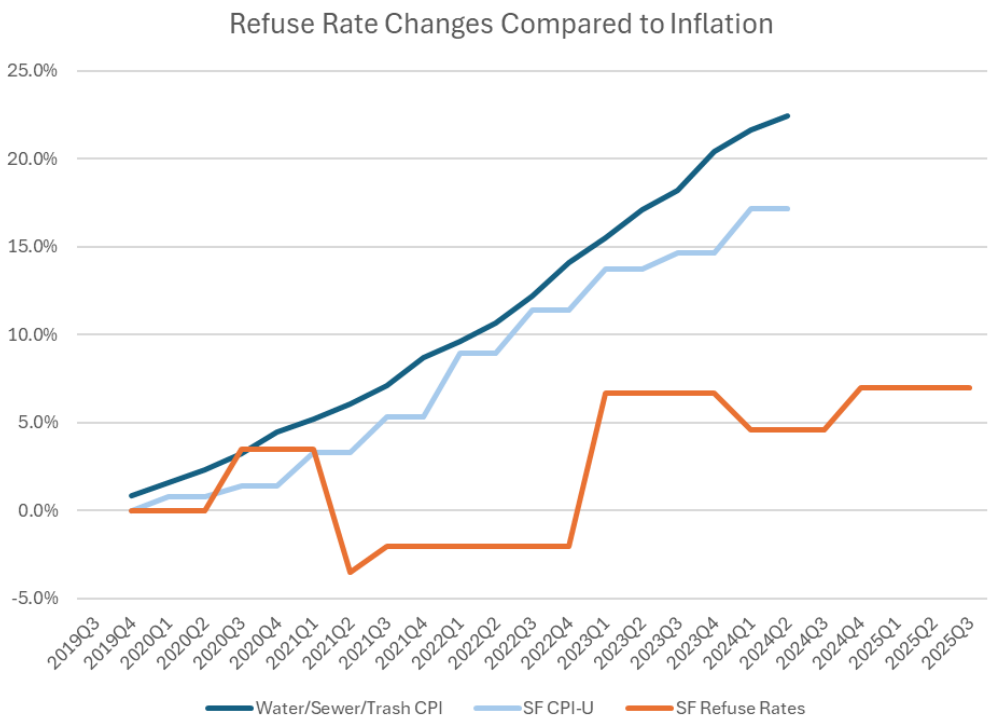
Table 7

Adjustment Rate Impact	RY 2026	RY 2027	RY 2028	Total
Revenue	-$2,558,383	-$2,680,613	-$2,716,779	-$7,955,775
Expenditures	-$12,088,091	-$12,587,746	-$9,454,207	-$34,130,045
Accounts	-$7,124,955	-$2,751,564	-$131,857	-$10,008,375
Net Adjustment	**-$21,771,429**	**-$18,019,923**	**-$12,302,843**	**-$52,094,195**

Table 7 summarizes the rate adjustments where negative signs represent a reduction to rates. Expenditure adjustments account for 65.5% of total adjustments. Changes to accounts make up 19.2% of total adjustments, while revenue adjustments account for the remaining 15.3%. The Refuse Rates Administrator proposal adjusts Recology's application using a combination of assumption changes, expenditure cuts, use of one-time funds, and policy changes. Use of one-time funds to reduce rates are limited to Rate Years 2026 and 2027 and will not impact future rate-setting processes.

While the Refuse Rates Administrator has made significant adjustments, the proposed 12.59% rate change in Rate Year 2026 still represents a significant increase. As noted earlier, 8.8% of the rate increase is due to structural issues brought on by various factors that have not allowed revenues from rates to keep up with costs.

Chart 1



For context, Chart 1 demonstrates how general Bay Area costs (SF CPI-U) have grown by 17.2% since 2019 and national Water/Sewer/Trash CPI costs have grown by 22.4% over the same period. By comparison, the San Francisco refuse rates have grown by 7.0%, lagging behind Bay Area inflation by 10.2% and by the Water/Sewer/Trash costs by 15.4% between 2019 and 2024.

For further context, San Francisco's current refuse rates compare favorable to other peer jurisdictions such as Los Angeles, Oakland, and San Jose.

Table 8

City	Collections Rate
Los Angeles	$55.95
Oakland	$53.36
San Jose	$53.45
Average	**$54.25**
Current San Francisco (Single Family Default)	**$47.00**
Recology Application	**$55.55**
Refuse Rates Administrator's Proposal	**$52.97**

The three jurisdictions have an average rate of $54.25, as compared to San Francisco current rate of $47.00. Recology's proposal would increase rates to just above San Francisco's peer jurisdictions at $55.55, while the Refuse Rates Administrator's proposal would increase rates to just below at $52.97.

IMPACT TO RESIDENTIAL AND APARTMENT RATEPAYERS

The dollar impact of the proposed rate changes will vary depending on the type of building and level of service. For illustrative purposes, this report looks at monthly cost impacts to five types of ratepayers including a single-family home, a 4-unit residential building, a small 6-unit apartment building, a medium-sized 50-unit apartment building, and a large 100-unit apartment building.

Single Family Residential Service: Once a week service for 16-gallon trash, 64-gallon recycling, and 32-gallon organics.

4-Unit Residential Building Service: Once a week service for 96-gallon and 64-gallon carts for both trash and recycling and 32-gallon organics. Access charge applies.

6-Unit Apartment Building Service: Once a week service for 96-gallon trash, 96-gallon and 32-gallon recycling, and 32-gallon organics. Access charge applies. Customer receives a diversion discount.

50-Unit Apartment Building Service: Four times a week service for 96-gallon carts for both trash and recycling, and 32-gallon organics. Access charge applies. Customer receives a diversion discount.

100-Unit Apartment Building Service: Two times a week service for 2-Yard trash. Four times a week service for 2-Yard recycling. Three times a week service for 64-gallon organics. Access charge applies. Customer receives a diversion discount.

Table 9

Per Unit Cost	Current Rates	Rate Year 2026		Rate Year 2027		Rate Year 2028	
	RY 2025	Recology	RRA	Recology	RRA	Recology	RRA
Single Family Residential	$47.00	$55.55	$52.93	$59.73	$57.35	$62.03	$59.97
4 Unit Residential	$59.81	$70.68	$67.34	$76.00	$72.97	$78.94	$76.30
6 Unit Apartment	$58.49	$69.13	$65.85	$74.33	$71.36	$77.20	$74.61
50 Unit Apartment	$43.83	$51.80	$49.35	$55.70	$53.48	$57.85	$55.91
100 Unit Apartment	$46.40	$54.83	$52.24	$58.96	$56.60	$61.24	$59.18

Recology's application would increase monthly per unit rate by $7.97 to $10.87 for an average cost increase of $9.39 across the five examples. By comparison, the Refuse Rates Administrator's proposal would increase rates by $5.52 to $7.53 for an average cost increase of $6.44. This represents savings to ratepayers of $2.45 to $3.34 per month per unit. Actual impacts will vary based on size of carts, frequency of service, and any special fees incurred such as access, elevation, or distance charges.

COLLECTIONS REVENUE

Collections revenues come from three sources and include ratepayer revenue, non-ratepayer revenue, and unregulated revenue (Table 10). In Rate Year 2024, total sources amount to $381.6 million and Recology projects this to grow by an average annual rate of 0.5% to $389.0 million in Rate Year 2028.[23]

Table 10

Sources	Actuals RY 2024	Projection RY 2025	Rate Application RY 2026	Rate Application RY 2027	Rate Application RY 2028
Ratepayer Revenue	$345,524,623	$352,273,542	$353,540,076	$356,092,143	$359,545,939
Non Ratepayer Revenue	$8,673,239	$4,001,003	$1,244,342	$1,255,098	$1,269,655
Unregulated Revenue	$27,398,753	$27,021,777	$27,224,440	$27,632,807	$28,185,463
Total Sources	**$381,596,615**	**$383,296,322**	**$382,008,859**	**$384,980,048**	**$389,001,057**

Ratepayer Revenue

Ratepayer revenue includes revenue line-items from residential, apartment, and commercial collections, as well as revenue from commercial compactor and debris box collection services to ratepayers.

Table 11

Ratepayer Revenue	Actuals RY 2024	Projection RY 2025	Rate Application RY 2026	Rate Application RY 2027	Rate Application RY 2028
Residential	$99,182,216	$101,118,380	$101,118,380	$101,118,380	$101,118,380
Apartment	$80,708,722	$82,283,949	$82,283,949	$82,283,949	$82,283,949
Commercial	$141,185,587	$143,950,475	$145,030,104	$147,205,556	$150,149,667
Commercial Compactors	$22,566,767	$23,011,130	$23,183,713	$23,531,469	$24,002,099
Debris Box	$1,881,331	$1,909,607	$1,923,929	$1,952,788	$1,991,844
Total Ratepayer Revenue	**$345,524,623**	**$352,273,542**	**$353,540,076**	**$356,092,143**	**$359,545,939**

Ratepayer revenue projections are based on underlying tonnage forecasts. Table 11 shows projected revenues under the current rates. Recology's overall growth assumptions in its rate application keeps Residential Ratepayer Revenue flat for all three application years, while projecting growth in revenues from Commercial customers at 0.75%, 1.50%, and 2.00% for Rate Years 2026, 2027, and 2028 respectively.[24] This results in an overall projected ratepayer revenue growth of 0.36% in Rate Year 2026, 0.72% in Rate Year 2027, and 0.97% in Rate Year 2028.[25]

Underlying tonnage growth has remained flat over the last two rate years and the anticipated 2% annual growth after the pandemic was never realized.[26] The major drivers of underlying tonnage growth are San Francisco's residential population and the daytime population, which includes workers commuting into San Francisco as well as out-of-town visitors. San Francisco's residential population has been declining since 2020 and in the most recent population estimate, San Francisco saw a 0.32% decline between January 1, 2024 and January 1, 2025.[27] Residential population changes based on net in-migration and the natural rate of population growth. Net in-migration was negative in both 2022 and 2023 and turned positive in 2024 despite persistent high housing costs. However, the natural rate of population growth became negative in 2024. Forecasts of population growth from the CA Department of Transportation predict an annual average

rate of 0.1% growth for the next few years.[28] These population trends and forecasts would support a zero-growth projection for residential ratepayer revenue.

Recent economic indicators present a mixed picture regarding workers and visitors. The San Francisco metro area has continued to shed jobs, particularly in the tech sector. However, several indicators of downtown economic activity have trended up in the past several months.[29] Muni ridership is averaging 60.6% of pre-pandemic ridership levels in Rate Year 2025 to-date, up 6.7% over the same period last year. Employees in Downtown San Francisco are at 60.4% of pre-pandemic levels, up 2.5% the same period in the prior year. Office attendance is up since early January of this year, when attendance was down to 28.6% of pre-pandemic levels and has trended up in recent months to 41.9%.[30] Lastly, hotel occupancy has trended upwards to 64.4% in March 2025, up 4.7% from the same time last year. The current trends support underlying commercial growth assumptions being projected by Recology.

The Refuse Rates Administrator's proposal makes no changes to underlying growth projections for ratepayer revenue. However, the proposal does correct a calculation error in Recology's application by adjusting the base year to account for a 2024 January Rate increase. The impact of this adjustment is an increase in revenue projected at current rates for Rate Years 2026 through 2028 of approximately $1.2 million in each year.

Non-Ratepayer Revenue

Non-Ratepayer revenue includes all other rate-related revenues to the collections companies that do not come from ratepayers.

Table 12

Non-Ratepayer Revenue	Actuals RY 2024	Projection RY 2025	Rate Application RY 2026	Rate Application RY 2027	Rate Application RY 2028
CalRecycle Payment	$527,271	$527,271	$527,271	$527,271	$527,271
Miscellaneous Income	$405,513	$405,513	$408,554	$414,683	$422,976
Interest Income	$306,220	$306,220	$308,517	$313,144	$319,407
ZWI Addback	$5,699,862	$0	$0	$0	$0
Rate Stabilization Fund	$1,734,373	$2,761,999	$0	$0	$0
Total Non-Ratepayer Revenue	**$8,673,239**	**$4,001,003**	**$1,244,342**	**$1,255,098**	**$1,269,655**

Non-Ratepayer Revenue includes revenues from CalRecycle incentive programs, miscellaneous income comprised mostly of start up and returned check fees, and interest income. The prior Rate Order eliminated ZWI (Zero Waste Incentive) account, and the remainder of the fund is added back in Rate Year 2024. The Rate Stabilization Fund was created through the March 2022 Settlement Agreement that allocated any remaining amounts in the settlement fund to offset rate increases in Rate Years 2024 and 2025.[31] The ZWI account and Rate Stabilization fund do not impact the rate application years. The Refuse Rates Administrator makes no adjustments to Non-Ratepayer Revenue.

Unregulated Revenue

Unregulated revenue includes all non-rate related revenue that is allocated out of the rate calculation.

Table 13

Unregulated Revenue	Actuals RY 2024	Projection RY 2025	Rate Application RY 2026	Rate Application RY 2027	Rate Application RY 2028
Open Market Debris Box	$8,814,065	$8,725,043	$8,790,481	$8,922,338	$9,100,785
Contract Customers	$7,887,184	$8,033,598	$8,093,850	$8,215,258	$8,379,563
City Services Contract	$8,683,689	$8,595,984	$8,660,454	$8,790,360	$8,966,168
Equipment & Supply Sales	$2,013,815	$1,667,152	$1,679,656	$1,704,850	$1,738,947
Total Unregulated Revenue	**$27,398,753**	**$27,021,777**	**$27,224,440**	**$27,632,807**	**$28,185,463**

These revenues come from activities and services not related to residential collections that are set or negotiated with other entities. As described in the rate-making methodology section, costs for unregulated activity are allocated out of the rate calculation, so revenues need to be allocated out of the rate calculation as well. Over $27 million in Unregulated Revenue is expected to be generated from Open Market Debris Box, Contract Customers, the City Services Contract, and certain Equipment & Supply Sales that will not be counted towards the rates.

Revenue Adjustment Recommendations

The Refuse Rates Administrator's recommendation adjusts Recology's projected Ratepayer Revenue to correct for a calculation error. This adjustment increases projected revenue at current rates by approximately $1.2 million in each year between Rate Years 2026 and 2028.

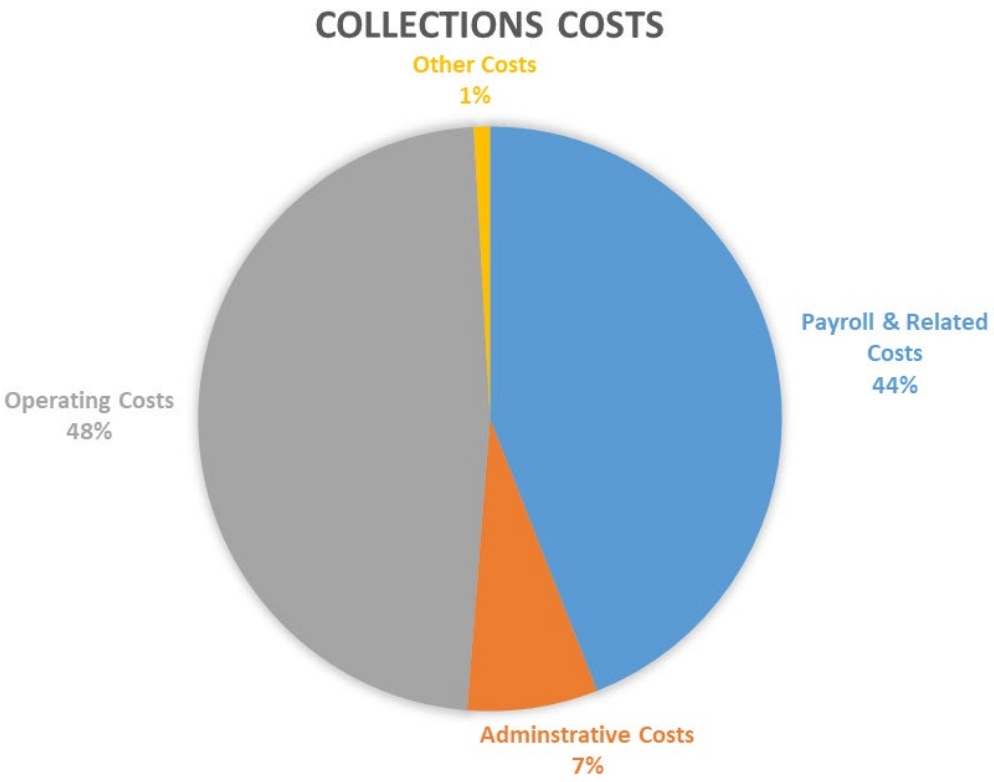
Table 14

	Rate Year 2026		Rate Year 2027		Rate Year 2028	
Ratepayer Revenue	Recology	RRA	Recology	RRA	Recology	RRA
Residential	$101,118,380	$101,455,548	$101,118,380	$101,455,548	$101,118,380	$101,455,548
Apartment	$82,283,949	$82,558,888	$82,283,949	$82,558,888	$82,283,949	$82,558,888
Commercial	$145,030,104	$145,513,067	$147,205,556	$147,695,763	$150,149,667	$150,649,678
Commercial Compactors	$23,183,713	$23,264,413	$23,531,469	$23,613,380	$24,002,099	$24,085,647
Debris Box	$1,923,929	$1,931,147	$1,952,788	$1,960,114	$1,991,844	$1,999,316
Total Ratepayer Revenue	**$353,540,076**	**$354,723,063**	**$356,092,143**	**$357,283,692**	**$359,545,939**	**$360,749,077**

COLLECTIONS COSTS

Recology's application includes four major cost centers: Payroll & Related, Administrative, Operating, and Other. Recology's rate application also breaks out Program Enhancements, which identifies costs of new programs and services. Line-item costs for these programs are reported in the same way as existing costs, but for the sake of transparency, costs for these programs are reported separately.

Chart 2



Operating costs represent 48% of total collections costs while Payroll & Related costs account for 44%. Administrative costs represent 7% of total costs and Other costs make up the remaining 1% of collections costs.

Table 15

Total Costs	Actuals RY 2024	Projection RY 2025	Rate Application RY 2026	Rate Application RY 2027	Rate Application RY 2028
Payroll & Related Costs	$147,666,820	$154,488,644	$164,783,705	$175,545,371	$185,964,924
Adminstrative Costs	$23,369,670	$25,371,986	$27,311,712	$28,648,281	$29,842,939
Operating Costs	$163,410,646	$167,885,419	$188,644,493	$200,207,365	$208,701,749
Other Costs	$3,144,882	$3,134,775	$3,223,696	$3,318,777	$3,417,090
Total Collections Costs	**$337,592,018**	**$350,880,825**	**$383,963,605**	**$407,719,793**	**$427,926,702**

In Recology's application, Collections Costs are anticipated to grow from $350 million in Rate Year 2025 to $427 million in Rate Year 2028.[32] This represents 6.9% average annual growth across the three application years. Most line-item costs are adjusted by a general inflation factor.

Table 16

Projected Inflation	Rate Application RY 2026	Rate Application RY 2027	Rate Application RY 2028
Recology	2.84%	2.95%	2.96%
RRA	2.65%	2.69%	2.57%

The Refuse Rates Administrator proposal proposes a different inflation factor that is aligned with the Controller's Office methodology for projecting inflation. This methodology utilizes an average of CA Department of Finance and Moody's projections. Under the Controller's Office methodology, CPI is adjusted down by 0.19% in Rate Year 2026, 0.26% in Rate Year 2027, and 0.39 in Rate Year 2028

Payroll & Related Costs

Payroll & Related Costs include all payroll related costs such as wages, health and welfare benefits, workers compensation, and related payroll taxes. Payroll & Related Costs include five line-item categories.

Table 17

Payroll & Related Costs	Actuals RY 2024	Projection RY 2025	Rate Application RY 2026	Rate Application RY 2027	Rate Application RY 2028
Payroll	$97,033,678	$101,230,015	$106,774,610	$113,010,521	$119,003,417
Payroll Taxes	$7,277,872	$7,592,612	$8,008,477	$8,476,192	$8,925,681
Pension	$8,101,235	$7,839,905	$8,307,882	$8,721,022	$9,126,876
Health Insurance	$26,181,466	$27,381,396	$30,369,738	$33,190,505	$36,005,043
Workers Compensation	$9,072,569	$10,444,714	$11,322,999	$12,147,131	$12,903,907
Total Payroll & Related	**$147,666,820**	**$154,488,644**	**$164,783,705**	**$175,545,371**	**$185,964,924**

In Rate Year 2024, total payroll related costs amounted to $147.7 million and Recology projects this to grow to $185.9 million by Rate Year 2028. This represents an average annual 5.9% growth rate across the four projected rate years.

Payroll Costs and Payroll Taxes

Payroll costs include wages for 684 employees across Recology Sunset Scavenger and Recology Golden Gate, which include 115 non-union employees and 569 union employees (Table 17). The main factors for payroll cost increases are the addition of new employees and projected wage increases. Recology's application includes the addition of 14 new positions, which are all related to program enhancements discussed in the Program Enhancements section below. 8 of the new positions are Non-union Exempt while the remaining 6 new positions are union. The Refuse Rates Administrator's proposal supports the inclusion of these new positions.

Table 18

Headcount	Actuals RY 2024	Projection RY 2025	Rate Application RY 2026	Rate Application RY 2027	Rate Application RY 2028
Non-Union Exempt	93	93	101	101	101
Non-Union Non-Exempt	14	14	14	14	14
Union - Clerical	37	37	38	38	38
Union - Driver/Helper	476	476	476	476	476
Union - Shop/Facility	50	50	55	55	55
Total Headcount	670	670	684	684	684

Wages related to payroll costs in Rate Year 2026 are based on existing collective bargaining agreements, which expire before Rate Year 2027.[33] The lack of a collective bargaining agreements in Rate Years 2027 and 2028 create significant uncertainty and poses a significant rate risk.

Pension Cost

Pension costs are based on actual cash contributions by Recology to the Defined Benefit Pension Plan as well as 401k contributions. In the prior rate-setting process in 2023, Recology's application had intended to fully fund the pension plan by June 20, 2024. However, the 2023 Rate Order reduced the contributions, which resulted in 93-94% funding level. Recology's application for this rate-setting process sets a pension target fund level at 94%. The Refuse Rates Administrator agrees with this pension target fund level and agrees to the contribution associated with the 94% target fund level set by a 3rd party actuary (Willis Towers Watson).

Health Insurance Cost

Recology's collective bargaining agreements specify health insurance and other post-employment benefits. Healthy and welfare programs include medical, prescription drug, dental, and vision coverage, long-term disability, life insurance, and employee assistance programs. Other post-employment benefits include post-retirement medical benefits for union members who qualify under the collective bargaining agreements. Recology's projections on cost increases are based on third-party (Mercer) estimates of health care insurance year-over-year cost increases. Based on these estimates, Recology projects health and welfare program expenses to increase by about 11.7% in Rate Year 2026, 10.1% in Rate Year 2027, and 9.8% in Rate Year 2028. By comparison, the City estimates its health costs to grow by approximately 7% annually over the same period. Given the uncertainty around health cost projections and the absence of a collective bargaining agreement in Rate Years 2027 and 2028, projections on health cost pose a rate risk.

Workers Compensation[34]

Recology is projecting $11.3 million in workers compensation expenses in Rate Year 2026, which amounts to 10.6% of payroll expense. In addition, Recology Golden Gate and Recology Sunset Scavenger are projected to account for 33% of companywide workers compensation expenses during the rate period. Workers compensation costs and claims have trended downward since 2021, however it is unclear as to what factors are driving this trend. The uncertainty in workers compensation costs creates a rate risk. More details are needed in this cost category and given the level of workers compensation costs relative to total payroll expenses, it is recommended that the Office of Refuse Rates Administration conduct a future review of workers compensation cost controls and analyze reported incidents by function and labor category.

Vacancies[35] [36]

A public integrity review conducted by the Controller's Office published in May 2022 noted that significant variances in employee headcount and payroll-related expenses due to vacancies contributed to Recology's variance over allowed profitability.[37] Office of Refuse Rates Administration analyzed existing vacancies. As of the first quarter of Rate Year 2025, the collections companies had 21 vacancies, which if not filled would represent an annualized cost savings to the companies of approximately $3.2 million in personnel costs and benefits. Since this analysis was conducted, some positions have been filled. Recology estimates that current vacancies represent $2.7 million in personnel costs and benefits. The Refuse Rates Administrator recommends a reduction in total payroll costs of $2.0 million in Rate Year 2026, $2.1 million in Rate Year 2027, and $2.3 million in Rate Year 2028. This represents 75% of the estimated savings from vacancies in each year.

Payroll Cost Recommendation[38] [39]

Given the level of uncertainty and the rate risks from wage, health and welfare, and workers compensation costs, the Refuse Rates Administrator is recommending a broad-based adjustment and reducing total payroll costs by $502k in Rate Year 2026, $1.4 million in Rate Year 2027, and $2.6 million in Rate Year 2028. Determinations of these amounts were based on combined adjustments to wages, health and welfare costs, and workers compensation costs. In addition to broad-based payroll cost adjustments, the Refuse Rates Administrator is recommending an additional total payroll adjustment to reflect vacancy savings, which would reduce total payroll costs by $2.0 million in Rate Year 2026, $2.1 million in Rate Year 2027, and $2.3 million in Rate Year 2028. The total impact to payroll costs amount to a reduction of $2.5 million in Rate Year 2026, $3.5 million in Rate Year 2027, and $4.9 million in Rate Year 2028. This represents rate reductions of 1.5%, 2.0%, and 2.6% across the same rate years.

Table 19

	Rate Year 2026		Rate Year 2027		Rate Year 2028	
Payroll Costs	**Recology**	**RRA**	**Recology**	**RRA**	**Recology**	**RRA**
Payroll Costs	$164,783,705	$164,281,528	$175,545,371	$174,158,704	$185,964,924	$183,331,691
Vacancy Savings		-$2,021,343		-$2,141,103		-$2,263,039
Total Payroll Costs	**$164,783,705**	**$162,260,185**	**$175,545,371**	**$172,017,601**	**$185,964,924**	**$181,068,652**

Administrative Costs

Administrative costs include nearly all non-payroll and non-operational costs, which captures costs such as back-office support, consultants, and taxes. Administrative costs include nine line-item categories. In Rate Year 2024, total administrative costs amounted to $23.4 million and Recology projects this to grow to $29.8 million by Rate Year 2028. This represents an average annual 6.3% growth rate across the four projected rate years.

Table 20

Administrative Costs	Actuals RY 2024	Projection RY 2025	Rate Application RY 2026	Rate Application RY 2027	Rate Application RY 2028
Corporate Allocations	$13,170,440	$14,792,234	$15,211,829	$15,660,493	$16,124,410
Bad Debt	$2,327,624	$940,314	$1,109,571	$1,187,241	$1,222,858
O/S Billing Services	$501,084	$514,129	$528,712	$544,306	$560,431
Office	$410,777	$421,471	$433,426	$446,210	$459,428
Postage	$23,274	$23,880	$24,557	$25,282	$26,030
Professional Services	$1,079,078	$1,480,279	$1,491,377	$1,544,634	$1,644,216
Security and Janitorial	$781,653	$893,261	$918,599	$945,693	$973,707
Taxes	$4,555,788	$5,772,930	$7,045,020	$7,729,622	$8,250,324
Telephone	$519,952	$533,488	$548,621	$564,802	$581,533
Total Administrative	**$23,369,670**	**$25,371,986**	**$27,311,712**	**$28,648,281**	**$29,842,939**

Administrative Cost Inflation Projection

In Recology's application, five of the nine categories grow solely by the assumed general inflation factor in the application. These categories include Outside Billing Services, Office, Postage, Security and Janitorial, and Telephone and make up 9% of total Administrative Costs totaling approximately $2.5 million. The Refuse Rates Administrator recommends using the Controller's Office CPI projection methodology for projecting these five administrative cost categories.

Corporate Allocations

The largest Administrative Cost category is Corporate Allocations, which makes up 56% of total administrative costs. Corporate Allocations are the proportion of corporate overhead allocated to all Recology subsidiaries based on proportion of revenue. The allocated costs include human resources, finance, and information technology. Recology has also included costs for a new customer service and billing system as part of Recology Ready. While all subcategories are projected to grow by the general inflation assumptions, Recology projects a 12% reduction in Information Technology costs in RY 2025 as compared to RY2024 actuals. This reduction is due to increased costs in RY 2024 to address a cybersecurity incident.

The Refuse Rates Administrator's analyses of Recology's revenue-based corporate allocation methodology would suggest that the methodology is not to the benefit of San Francisco ratepayers in comparison to other jurisdictions.[40] Certain corporate allocation subcategories may be more reasonably allocated based on other factors, such as number of accounts, number of facilities, or number of employees. The Refuse Rates Administrator and Recology could not come to agreement on allocation methodology. In lieu of a methodology adjustment, the Refuse Rates Administrator is recommending a 5% reduction in Corporate Allocations and further review of the methodology during the next rate cycle.

The Refuse Rates Administrator recommends additional oversight into the implementation of the new customer service and billing system, which is the main component of Recology Ready. The current legacy system has limitations that make it difficult to address billing support issues and to meet City reporting needs. However, the current level of information being provided in response does not give our office confidence that the system will meet customer and City needs, nor is there enough detail to demonstrate that the system will be in place by the estimated date of October 2027. The Refuse Rates Administrator is recommending that funds to support Recology Ready must be conditioned on provision of requested information and a plan to incorporate City input on business needs. This would include input sessions with City stakeholders including the Office of Refuse Rates Administration, Department of Public Health, Department of Public Works, and the Environment Department.

Bad Debt

In Rate Year 2024, bad debt amounted to $2.3 million in costs, most of which was related to a disagreement between Recology and the Department of Public Works over self-haul costs. This cost was removed for the rate application and projections of bad debt are closer to levels prior to the disagreement. Recology anticipates bad debt to increase by the same amount as the proposed rate increase.

Professional Services

Recology's professional services costs are categorized as Accounting Fees, Engineering Fees, Legal Fees, and Other Professional Fees. While Engineering Fees, and Other Professional Fees are anticipated to grow by inflation assumptions, Accounting Fees projections are based on anticipated need. The application's base year, Rate Year 2025, projects an increase in Accounting Fees of approximately $93k, which represents a 39.1% increase over the prior year. This is largely due to anticipated need for rate-setting support. Rate Year 2026 shows a 7% reduction in Accounting Fees to adjust for a non-rate setting year, while Rate Year 2028 projects a 19.4% increase to reflect rate-setting needs.

Taxes

In the base year RY 2025, taxes are projected to grow by 26.7%. The primary factor for this level of growth is the tax obligation increase due to the passage of Proposition M 2024, which adjusted the City's business tax schedule. Proposition M is projected to account for $1.1 million in costs in Rate Year 2025. The remaining growth is attributable to changes due to the legislation coupled with anticipated revenue growth.

Refuse Rates Administrator agrees with the projected increase. However, the application assumes that Business Taxes are operating ratio eligible costs. The Refuse Rates Administrator recommends excluding business taxes as operating ratio eligible since the cost drivers are not a function of Recology's operations. The net impact of adjustments to business taxes is approximately $584k in Rate Year 2026, $648k in Rate Year 2027, and $694k in Rate Year 2028.

Administrative Cost Adjustment Recommendations Summary

The Refuse Rates Administrator adjusted Recology's projection to general inflationary costs to be based on the Controller's estimates for the rate period. In addition, the Refuse Rates Administrator and Recology agreed to 5% reduction to Corporate Allocations in lieu of an allocation methodology adjustment. These two adjustments represent a reduction in costs of $1.0 million in Rate Year 2026, $1.1 million in Rate Year 2027, and $1.2 million in Rate Year 2028.

In addition, the Refuse Rates Administrator is recommending excluding Business Taxes from Operating Ratio eligibility. This effectively reduces costs by $584k in Rate Year 2026, $648k in Rate Year 2027, and $694k in Rate Year 2028. Total administrative cost adjustments account for $1.6 million in Rate Year 2026, $1.7 million in Rate Year 2027, and $1.8 million in Rate Year 2028. These reductions combined account for a 6.0% reduction in administrative costs.

Table 21

	RY 2026		RY 2027		RY 2028	
Administrative Costs	**Recology**	**RRA**	**Recology**	**RRA**	**Recology**	**RRA**
Corporate Allocations	$15,211,829	$14,423,637	$15,660,493	$14,809,660	$16,124,410	$15,187,196
Bad Debt	$1,109,571	$1,071,959	$1,187,241	$1,157,715	$1,222,858	$1,198,235
O/S Billing Services	$528,712	$527,753	$544,306	$541,950	$560,431	$555,878
Office	$433,426	$432,640	$446,210	$444,278	$459,428	$455,696
Postage	$24,557	$24,513	$25,282	$25,172	$26,030	$25,819
Professional Services	$1,491,377	$1,490,714	$1,544,634	$1,543,006	$1,644,216	$1,641,071
Security and Janitorial	$918,599	$916,932	$945,693	$941,598	$973,707	$965,797
Taxes*	$7,045,020	$356,871	$7,729,622	$364,008	$8,250,324	$371,288
Business Taxes		$6,490,859		$7,202,918		$7,711,919
Telephone	$548,621	$547,625	$564,802	$562,356	$581,533	$576,809
Total Administrative	**$27,311,712**	**$26,283,502**	**$28,648,281**	**$27,592,660**	**$29,842,939**	**$28,689,708**

*Taxes in Recology's application did not disaggregate taxes and treats Property Taxes and Business Taxes as a single line-item. The Refuse Rates Administrator's proposal disaggregates these costs and "Taxes" under the RRA column should be interpreted as Property Taxes only.

Operating

Operating costs include all collections-related operating expenditures, such as vehicles, repairs and maintenance, facility and property costs, disposal and processing costs, fuel, and freight, etc. Recology's application breaks this into 18 line-item categories (Table 22). In Rate Year 2024, total operating costs amounted to $163.4 million and Recology projects this to grow to $208.7 million by Rate Year 2028. This represents an average annual 6.4% growth rate across the four projected rate years.

Table 22

Operating Costs	Actuals RY 2024	Projection RY 2025	Rate Application RY 2026	Rate Application RY 2027	Rate Application RY 2028
Building & Facility Repair	$367,749	$403,410	$414,853	$427,089	$439,741
Depreciation	$1,156,957	$1,163,354	$1,147,638	$1,016,992	$933,973
Freight	$67,107	$68,854	$70,807	$72,895	$75,055
Fuel	$5,467,713	$5,817,242	$5,982,254	$6,158,696	$6,341,138
I/C Disposal	$58,532,786	$60,233,438	$72,366,343	$77,095,842	$80,540,820
I/C Processing	$59,827,305	$61,680,034	$68,144,512	$72,598,093	$75,842,092
Lease	$17,628,310	$18,616,860	$19,331,049	$21,083,060	$21,773,664
Liability Insurance	$6,482,739	$5,807,017	$6,293,003	$6,788,429	$7,345,268
Licenses & Permits	$2,533,854	$2,599,817	$2,673,564	$2,752,419	$2,833,955
O/S Disposal	$48,031	$49,281	$50,679	$52,174	$53,720
O/S Equipment Rental	$457,820	$457,342	$870,314	$484,186	$498,529
Parts	$3,256,155	$3,340,922	$3,435,690	$3,537,024	$3,641,802
O/S Property Rental	$880,511	$966,945	$999,870	$1,074,101	$1,106,296
I/C Property Rental	$198,372	$6,317	$0	$0	$0
Repairs & Maintenance	$1,870,859	$1,919,563	$1,974,013	$2,032,235	$2,092,437
Supplies	$3,222,261	$3,306,145	$3,399,927	$3,500,206	$3,603,894
Tires & Tubes	$758,302	$778,043	$800,113	$823,711	$848,113
Utilities	$653,815	$670,836	$689,864	$710,212	$731,250
Total Operating Costs	**$163,410,646**	**$167,885,419**	**$188,644,493**	**$200,207,365**	**$208,701,749**

Operating Cost Inflation Projection

In Recology's application, 11 of the 18 categories grow solely by the assumed general inflation factor in the application. These categories include Building & Facility Repair, Freight, Fuel, Licenses & Permits, O/S Disposal, O/S Equipment Rental, Parts, Repairs & Maintenance, Supplies, Tires & Tubes, Utilities. These ten categories make up 11% of total Operating Costs amounting to approximately $18.2 million in Rate Year 2024. The Refuse Rates Administrator recommends using the Controller's Office CPI projection methodology for projecting these 11 operating cost categories.

Depreciation

Recology's application provides existing and replacement depreciation expense for property and equipment, which are depreciated on a straight-line basis over the estimated useful lives of the assets. Replacement depreciation for collection operations reflects the depreciation of building improvements at 505 Tunnel Avenue, 50 Beatty Avenue, and the Bayshore building at approximately $1.3 million and asphalt repaving and concrete replacement at approximately $1.4 million. Assumptions of the useful life of assets were analyzed in

comparison to the modified accelerated cost recovery system provided by the Internal Revenue Service and are considered reasonable. However, stated useful life in Recology's Notes to Combined Financial Statements (9/30/23) in certain cases state different Useful Life assumptions.[41] The Refuse Rates Administrator model reclassifies a trailer at 515 Tunnel Avenue from Outside Equipment Rental to depreciable cost. While this has no impact on the total cost of the trailer, the reclassification impacts rates because the trailer's costs are now amortized across its depreciable life. This results in a $379k reduction in Rate Year 2026, and a $41k increase in both Rate Years 2027 and 2028. The Refuse Rates Administrator also recommends future review and reconciliation of the useful life assumption between the rate application and the Audited Financial Statements.

Intercompany Disposal and Processing

Collections costs related to intercompany disposal and processing are tied to tonnage growth rates and tipping fee costs related to Recology San Francisco. Intercompany disposal and processing accounts for the largest cost factor, making up 72% of total operating costs amount to approximately $118.4 million in Rate Year 2024. These line-items for collections operations are not eligible for application of the operating ratio and the collections companies do not receive profit margin on these costs.

Intercompany disposal and processing make up the largest part of the Refuse Rates Administrator's operational cost adjustments. These adjustments are due to reductions in post-processing costs resulting in a reduction to the proposed tipping fee. The tipping fee was reduced by 2.3% in both Rate Year 2026 and 2027, and an additional 1.3% in Rate Year 2028. The combined line-items are adjusted to reduce costs by $3.2 million in Rate Year 2026, $3.5 million in Rate Year 2027, and $2.1 million in Rate Year 2028. These adjustments are detailed in the Proposed Adjustments: Post-Collections section of the report.

Lease

Recology's application provides existing and replacement lease expenses for lease costs related to computer equipment, containers, furniture and fixtures, machine and equipment, and truck and auto. Lease expenses account for over 10% of total operating costs and amount to approximately $17.6 million in Rate Year 2024. Most of the expenses are attributable to vehicle lease costs.

California Air Resources Board (CARB) is implementing Advanced Clean Fleet (ACF) regulation that requires Recology to transition their entire fleet of heavy-duty vehicles to zero-emission vehicles (ZEV) by 2042. Under these requirements, Recology would be required to have approximately 83 zero-emission vehicles in their combined fleet by the end of 2029.[42] To address these regulatory requirements, Recology included the acquisition total 46 zero-emission vehicles between Rate Year 2026-2028 to replace aging non-zero-emissions pickup trucks, service vehicles, and light-duty collection vehicles that would otherwise not be ACF-compliant. Of the 46 vehicles, 36 would be acquired through the collections companies. Since the submission of this application, CARB rescinded a waiver with the Environmental Protection Agency that would have allowed them to enforce this regulation on private fleets. Given the changes in requirements, the Refuse Rates Administrator is proposing adjustment to the timing of the transition and reducing the number of ZEVs acquired by the collections companies from 36 to 14. Because the costs of ZEVs are amortized over their lease period, the impact to rates from this reduction is modest, accounting for approximately $31k reduction in Rate Year 2026, $77k reduction in Rate Year 2027, and a $334k reduction in Rate year 2028. This reduction represents a baseline cost for vehicle replacement. While the Refuse Rates Administrator's proposal includes

this adjustment, it would also be reasonable to keep the proposed ZEV vehicle replacement schedule in Recology's proposal to mitigate future rate increases related to ZEV replacement.

Liability Insurance

Recology's application includes several types of insurance including Auto & General Liability insurance, Auto & General Liability Umbrella Insurance, Property Insurance, Directors & Officers Insurance, Crime and EPL Insurance, Pollution Insurance, Cyber Risk and Other Insurance. Costs also include administration costs and performance bonds costs. Liability insurance is administered through plans by the parent company according to the Audited Financial Statement: "The Company, through plans managed by the Parent, is self-insured for various risk of loss related to general liability, automobile liability, property damages, employee & certain retiree healthcare, and workers compensation. The Parent established a reserve for self-insurance claims based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. Adjustments to the reserve are charged or credited to the Parent's expense in the periods on which they are determined to be necessary. The Parent also purchases commercial insurance on behalf of the Company and other subsidiaries to cover risks above the set limits."

Recology uses third-party estimates of assumptions about liability expense allocations to all the Recology subsidiaries. The allocation methodology is based on actual costs, historical claims experience, property values, headcount, type of operation, and number of vehicles. The allocation methodology was tested against alternatives and found reasonable.

Intercompany Property Rental

Intercompany property rental costs were the subject of the December 2022 Settlement Agreement.[43] As part of the agreement, intercompany property rental costs could no longer be included in the rates once total rental amount had been recovered. For Sunset Scavenger and Golden Gate, the only intercompany property rental cost were rental expenses for 505 Tunnel Avenue, which reached its full recovery during Rate Year 2025. The rate application years show no cost for intercompany property rentals.

Operating Cost Adjustment Recommendations Summary

The Refuse Rates Administrator's recommended adjustments impact the application of the inflation factor, adjustments to lease costs, a reclassification of a piece of equipment from an operating cost to a capital cost, and adjustments to intercompany processing and disposal costs.

Intercompany disposal and processing account for 93% of the adjustment, which is attributable to proposed adjustments in Post-Collections costs and the resulting Tipping Fee adjustment. Inflationary adjustments combine to make up most of the remaining adjustment. The resulting adjustments reduce total operating costs by $3.7 million in Rate Year 2026, $3.5 million in Rate Year 2027, and $2.2 million in Rate Year 2028.

Table 23

	Rate Year 2026		Rate Year 2027		Rate Year 2028	
Operating Costs	**Recology**	**RRA**	**Recology**	**RRA**	**Recology**	**RRA**
Building & Facility Repair	$414,853	$414,100	$427,089	$425,240	$439,741	$436,168
Depreciation	$1,156,957	$1,168,083	$1,016,992	$1,057,783	$933,973	$974,599
Freight	$70,807	$70,679	$72,895	$72,580	$75,055	$74,445
Fuel	$5,982,254	$5,971,399	$6,158,696	$6,132,030	$6,341,138	$6,289,623
I/C Disposal	$72,366,343	$70,706,799	$77,095,842	$75,318,166	$80,540,820	$79,478,876
I/C Processing	$68,144,512	$66,581,785	$72,598,093	$70,924,127	$75,842,092	$74,842,101
Lease	$19,331,049	$19,327,166	$21,083,060	$21,069,578	$21,773,664	$21,751,112
Liability Insurance	$6,293,003	$6,293,003	$6,788,429	$6,788,429	$7,345,268	$7,345,268
Licenses & Permits	$2,673,564	$2,668,713	$2,752,419	$2,740,501	$2,833,955	$2,810,932
O/S Disposal	$50,679	$50,587	$52,174	$51,948	$53,720	$53,283
O/S Equipment Rental	$870,314	$469,461	$484,186	$482,090	$498,529	$494,479
Parts	$3,435,690	$3,429,456	$3,537,024	$3,521,709	$3,641,802	$3,612,217
O/S Property Rental	$999,870	$999,750	$1,074,101	$1,073,807	$1,106,296	$1,105,728
I/C Property Rental	$0	$0	$0	$0	$0	$0
Repairs & Maintenance	$1,974,013	$1,970,431	$2,032,235	$2,023,436	$2,092,437	$2,075,438
Supplies	$3,399,927	$3,393,759	$3,500,206	$3,485,051	$3,603,894	$3,574,617
Tires & Tubes	$800,113	$798,661	$823,711	$820,145	$848,113	$841,223
Utilities	$689,864	$688,615	$710,212	$707,139	$731,250	$725,312
Total Operating Costs	**$188,653,811**	**$185,002,448**	**$200,207,365**	**$196,693,757**	**$208,701,749**	**$206,485,422**

Other Costs

Other costs include costs that do not fall under personnel, administrative, or operating costs. The application breaks Other Costs into two line-items, Contract Services, and Other (Table 24). The Other sub-category for the collections companies includes items such as bank service charges, outside interest income, shoes and uniforms, etc.

Table 24

Other Costs	Actuals RY 2024	Projection RY 2025	Rate Application RY 2026	Rate Application RY 2027	Rate Application RY 2028
Contract Services	$232,377	$146,450	$150,604	$155,046	$159,639
Other	$2,912,505	$2,988,325	$3,073,092	$3,163,731	$3,257,452
Total Other Costs	**$3,144,882**	**$3,134,775**	**$3,223,696**	**$3,318,777**	**$3,417,090**

All items in Other Costs are projected to grow by the general inflation factor. The Refuse Rates Administrator recommends using the Controller's Office CPI projection methodology for projecting these two administrative cost categories.

Other Cost Adjustment Recommendations

The Refuse Rates Administrator recommends Other Costs to be adjusted by Controller's Office inflation factor. This results in a reduction in Other Costs of $6k in Rate Year 2026, $14k in Rate Year 2027, and $27k in Rate Year 2028.

Table 25

	RY 2026		RY 2027		RY 2028	
Other Costs	Recology	RRA	Recology	RRA	Recology	RRA
Contract Services	$150,604	$150,330	$155,046	$154,374	$159,639	$158,342
Other	$3,073,092	$3,067,514	$3,163,731	$3,150,030	$3,257,452	$3,230,986
Total Other Costs	**$3,223,696**	**$3,217,844**	**$3,318,777**	**$3,304,405**	**$3,417,090**	**$3,389,328**

Program Enhancements

The Refuse Rates Administrator's proposal supports current services levels and includes program enhancement that would support the City's street cleanliness and environmental goals. The existing services being maintained include:

- Weekly curbside collection of recyclables, organics, and trash
- Transportation, processing, composting, and landfill disposal
- Street cleanliness through public receptacles collection and illegal dumping removal
- Environmental programs supporting recycling, composting, reuse, and e-waste disposal
- Essential services such as annual curbside tree recycling, bulky-item pickup, household hazardous waste collection, compost giveaways and district-wide cleanup events that allow residents to dispose of large items responsibly.

Recology collaborated with Public Works and the Environment Department to identify new programs and services that could support street cleanliness and to help meet our environmental goals, which are included in the Recology's rate application.

Table 26

Program Enhancements	FTE	RY 2026	RY 2027	RY 2028
Waste Zero	2	$703,544	$1,397,006	$739,435
Abandoned Materials Collections	3	$695,683	$739,053	$779,391
Public Receptacle Collections	0	$23,651	$32,917	$33,307
City Requested Program Enhancements	**5**	**$1,422,877**	**$2,168,977**	**$1,552,134**

Total cost of all the City requested program enhancements amount to $1.4 million in Rate Year 2026, $1.3 million in both Rate Years 2027 and 2028. These account for enhancements in programs related to Waste Zero, Abandoned Materials Collections, and Public Receptacles Collections.

In addition to the City requests, Recology included a program to install cameras to detect overloaded containers. This request is projected to generate revenue. The net impact is a reduction in rates of $1.6 million in Rate Year 2026, $2.3 million in Rate Year 2027, and $2.4 million in Rate Year 2028.

Table 27

Overload Cameras	FTE	RY 2026	RY 2027	RY 2028
Cost	1	$273,559	$283,412	$293,749
Revenue		$1,870,744	$2,573,656	$2,663,734
Net Impact to Rates	**1**	**-$1,597,185**	**-$2,290,244**	**-$2,369,985**

Waste Zero Program

Recology's Waste Zero Program is intended to provide services to increase diversion from landfills and to provide education around available collection programs and proper sorting techniques. The program currently supports 12 positions and amounts to $1.9 million in total costs.[44] Recology's rate application includes new funding for the Waste Zero program to support three outreach programs, and two compost enhancements, and the extension of a contamination camera pilot. Recology is also including an Overload Camera enhancement as part of the Waste Zero Program, but this is discussed separately below. The new program enhancements would increase rates by $700k in Rate Year 2026, $1.4 million in Rate Year 2027, and $739k in Rate Year 2028 and would include two new FTE.

New funding for outreach programs are the major drivers of the Waste Zero program cost increases:

- **Cart and Container Stickering and Gravity Carts:** At the request of the Environment Department, this is an effort to update container stickers to reflect new guidance and to maintain gravity cart inventory and deploy with updated container stickering and sufficient education on proper use. These enhancements combine to account for approximately $105k per year.
- **Commercial and Residential Outreach[45]:** At the request of the Environment Department, this is a campaign to send mailers to all commercial properties in Rate Years 2026 and 2028, and to all residential properties in Rate Year 2027. These enhancements account for approximately $100k per year for commercial properties and $774k per year for residential properties.
- **Bulky Item Recycling Outreach for Apartments:** In Rate Year 2024, the Refuse Rates Administrator commissioned a report to look at illegal dumping in San Francisco. Included in this report was a recommendation for additional outreach related to bulky-item recycling at apartments. In response to this report, Recology included funding for this outreach effort, averaging $173k per year.

New funding for two compost programs are also included in the application:

- **Annual Compost Event:** At the request of the Environment Department, this would be a single day event to occur at four locations across the City. Recology will provide up to 200 cubic yard of compost. This event would amount to approximately $82k per year.
- **Additional Compost:** At the request of the Environment Department, this is an additional 50 cubic yards per month of compost delivered to a City location for the Environment Department to distribute at their discretion. This would amount to approximately $23k per year.

Lastly, the application includes an extension of the Contamination Camera Pilot. This represents an enhancement of the prior rate order contamination camera pilot, which did not yield adequate performance. At the request of the Environment Department, this would be an extension of the past pilot but with the use of a different vendor, Prairie Robotics. This would be implemented on six vehicles and cost approximately $239k per year.

Afternoon Abandoned Material Collections[46]

The Abandoned Material Collections program currently includes active sweeps as well as morning service across six different routes. The current total costs of the program amount to approximately $10.6 million.[45] At the request of the Department of Public Works, Recology will include three afternoon abandoned materials sweep routes to be performed no earlier than 1:00pm. This is in addition to the other abandoned materials collections services. The projected cost for this service amounts to $696k in Rate Year 2026, $743k in Rate Year 2027, and $789k in Rate Year 2028.

Public Receptacle Service Verification[47]

Public Receptacle Service is supported by 11 FTE and at a cost of $11.8 million. At the request of the Department of Public Works, Recology will install cameras to verify public receptacle service on 12 trucks dedicated to public receptacle routes. The cost of this program enhancement amounts to $9k in Rate Year 2026 and $18k in both Rate Years 2027 and 2028.

Overload Cameras

Recology currently imposes overloaded bin charges to commercial customers. Identification of overloaded bins is determined by drivers and the application of charges is inconsistent. In the rate application, Recology is proposing the implementation of new overload cameras to identify overloaded carts. The costs associated with overload cameras include the lease costs, subscription per unit, and event processing costs, all of which would be provided by the vendor, 3rd Eye. Recology is also including an additional Waste Zero specialist to support the administration of the overload cameras.

In Recology's original application, overload cameras would be put on all trucks. While these cameras have been used in other jurisdictions, the Refuse Rates Administrator and other stakeholders expressed concerns about the efficacy and implementation of new technology, and the response to a wider application of overload charges from newly charged customers. Recology has agreed to first test this program on front loaders, which serve primarily commercial customers. Instead of the 168 cameras being rolled out over the first two rate years, Recology will start with 40 cameras on front loader trucks. This coincides with a reduction in cost on average of $173k per year.

In the original application, Recology made a conservative estimate that revenues generated from this program would offset costs. After adjustments to reduce the program, the Refuse Rates Administrator worked with Recology to review the revenue estimates based on implementation of this program across five other jurisdictions. Across the five jurisdictions, overloaded containers were identified in 14% of service events. To account for new implementation and to reduce risk of overestimating revenues, Recology and the Refuse Rates Administrator projects that the first three years of this program will be 30% as effective in identifying overloaded containers and assume that overloaded containers will account for 3.5% of service events on routes with cameras in Rate Year 2026 and 4% in Rate Years 2027 and 2028.[48] [49] Under this assumption, and based on average revenue per tag, the Refuse Rates Administrator recommends an adjusted revenue estimate that would increase overload charge revenue by an average of $1.5 million per year.

Contingent Schedule

Recology submitted a contingent rate schedule, which includes recovery of a capital investment into a mixed-waste processing (trash processing) facility of approximately $34.6 million, along with operating costs for trash processing at the Tunnel Avenue site. Recology proposes to repurpose the iMRF at Tunnel Avenue to process 500 tons per day (130,000 tons per year) of trash. The Refuse Rates Administrator hired HF&H to assess the proposal and evaluate it based on its alignment with Zero Waste Goals, Environmental impact, system fit, cost effectiveness, and technology risks.[50]

Zero Waste Goals: HF&H made determinations that a modern, well-run facility could divert 40%-60% of targeted material. In 2024, the Environment Department conducted the pilot at the Greenwaste Charles Street MRF, which would be considered a modern facility. Overall system diversion for the pilot test came to 39.11%. This represents the low end of diversion. However, there is the possibility of higher diversion by targeting organics-rich waste.

Environmental Impact: HF&H's review of environmental impact focused on the compost quality testing from the 2024 pilot. They found the results consistent with other trash processing facilities. "The final product made from those materials (compost) was of a poor quality that required higher-than-normal levels of dilution with clean compost to make it marketable." However, diverted organics from landfill also represent a positive environmental impact.

System Fit: Because San Francisco has a mature organic materials recycling program, a lower yield of organic materials from trash processing is to be expected.

Cost Effectiveness: This system would represent a relatively high cost per ton compared to recyclables, organics, and construction & debris processing.

Technology Risks: HF&H identified failed trash processing facilities and San Jose and Santa Barbara. The proposal currently does not provide enough information to assess how this facility may compare to others. HF&H surveyed the costs of more modern facilities, which could cost as much as $100 million. At Recology's proposed cost of $35 million, more detail is needed to understand how Recology will be able to achieve targeted diversion and marketable compost without running into the same failures as other jurisdictions.

HF&H recommends deferring the decision on development of a local trash processing facility and recommends further pilot-scale processing. Given the costs and risks associated with this proposal, the Refuse Rates Administrator is not including the contingent schedule in the proposed rate order. However, given the potential for mixed-waste processing to deliver high levels of diversion, the Refuse Rates Administrator is recommending an additional $400k in funding to the Environment Department through the Impound Account to conduct more testing and analyses, and to provide proposals for mixed-waste processing alternatives.

Proposed Rate Adjustments: Post-Collections

TIPPING FEE ADJUSTMENT SUMMARY

The tipping fee is intended to cover all costs related to disposal and processing. This includes the recycling facility and transfer station operated by Recology San Francisco. Cost of transportation for disposal of trash and processing of organics is included in the tipping fee.

Table 28

	Current		Proposed		
Tipping Fee	Rate Year 2024	Rate Year 2025	Rate Year 2026	Rate Year 2027	Rate Year 2028
Recology	$241.09	$244.44	$269.05	$284.50	$294.27
Refuse Rates Administrator			$262.88	$277.94	$290.39

The Refuse Rates Administrator is recommending reductions in the tipping fee compared to Recology's application. The Refuse Rates Administrator's proposal would reduce the tipping fee by $6.17 in Rate year 2026, $6.56 in Rate Year 2027, and $3.88 in Rate Year 2028.

These adjustments were made based on recommended changes to revenues, expenditures, and accounts. Table 29 shows the adjustment rate impact where a negative sign represents a reduction in rates. The Refuse Rates Administrator's adjustments to the tipping fee amount to approximately $10.4 million over the three rate years. Expenditure adjustments make up 61.1% if total adjustments, while revenues account for 34.2% and account adjustments make up 4.6%.

Table 29

Adjustment Rate Impact	RY 2026	RY 2027	RY 2028	Total
Revenue	-$1,182,986	-$1,191,549	-$1,203,138	-$3,577,674
Expenditures	-$2,278,746	-$2,210,277	-$1,913,188	-$6,402,211
Accounts	$768,986	-$1,454,033	$202,054	-$482,993
Net Adjustment	**-$2,692,746**	**-$4,855,860**	**-$2,914,272**	**-$10,462,878**

POST-COLLECTIONS REVENUE

Post-collections revenue is collected through Recology San Francisco and includes revenue from a tipping fee, as well as revenue from other sources such as the sales of recyclables.

Table 30

Sources	Actuals RY 2024	Projection RY 2025	Rate Application RY 2026	Rate Application RY 2027	Rate Application RY 2028
Tipping Fee	$131,851,727	$136,415,853	$155,533,964	$165,698,878	$173,103,027
Other Revenue	$24,830,028	$23,033,877	$23,104,136	$23,245,180	$23,434,649
Total Sources	**$156,681,755**	**$159,449,730**	**$178,638,099**	**$188,944,058**	**$196,537,676**

Tipping Fee Revenue

The underlying driver for tipping fee revenue is tonnage to Recology San Francisco facilities and the associated per tonnage fee. Tonnage comes from four sources, which include collections operations, San Francisco non-account customers, San Francisco account customers, and customers from outside of San Francisco.

Table 31

Tonnage	Actuals RY 2024	Projection RY 2025	Rate Application RY 2026	Rate Application RY 2027	Rate Application RY 2028
Collections Operations	498,746	498,746	522,248	526,165	531,427
Non-Account Customers	30,712	30,712	30,827	31,058	31,369
Account Customers	23,288	23,288	19,661	19,809	20,007
Total Non-San Francisco	5,329	5,329	5,349	5,389	5,443
Total Tonnage	**558,075**	**558,075**	**578,086**	**582,421**	**588,246**

- Collections operations refers to tonnage collected through San Francisco's residential, apartment, and commercial collections operations being served through Recology Sunset Scavenger and Recology Golden Gate.
- Non-Account customers are San Francisco-based customers who do not hold a registered account with Recology and pay a fixed fee to deposit waste at Recology's post-collection facility.
- Account customers are San Francisco-based customers who hold a registered account with Recology and self-haul their waste to Recology's post-collection facility.
- Non-San Francisco tonnage is material delivered to Recology San Francisco from outside the city limits, including neighboring cities and counties.

Recology's tonnage growth estimates are based on projections of tonnage generated by residential and commercial customers as described in the Ratepayer Revenue section of the report. Recology has reclassified tonnage collected from the City's public trash cans as part of the Collections Operations tonnage, which accounts for over 21k tons. When adjusting for this reclassification, Recology's overall growth assumptions in its rate application keeps Residential Ratepayer Revenue flat for all three application years, while projecting modest growth amongst Commercial customers of 0.75%, 1.50%, and 2.00% for Rate Years 2026, 2027, and 2028 respectively. This results in an overall projected ratepayer revenue growth of 0.36% in Rate Year 2026, 0.72% in Rate Year 2027, and 0.97% in Rate Year 2028.

These tonnage numbers are then multiplied by the proposed tipping fee to generate a revenue estimate. When adjusting for the Public Trash Can reclassification, underlying revenue growth amounts to 9.9% in Rate Year 2026, 6.5% in Rate Year 2027, and 4.5% in Rate Year 2028. Most of the growth is due to the per ton tipping fee adjustments proposed by Recology. These tipping fee adjustments are based on expected costs.

Table 32

Sources	Actuals RY 2024	Projection RY 2025	Rate Application RY 2026	Rate Application RY 2027	Rate Application RY 2028
Collections Operations	$117,947,724	$121,913,472	$140,510,855	$149,693,935	$156,382,913
Non-Account Customers	$7,273,655	$7,507,241	$8,294,050	$8,836,107	$9,230,943
Account Customers	$5,346,032	$5,692,519	$5,289,914	$5,635,637	$5,887,461
Total Non-San Francisco	$1,284,316	$1,302,621	$1,439,144	$1,533,199	$1,601,709
Total Sources	**$131,851,727**	**$136,415,853**	**$155,533,964**	**$165,698,878**	**$173,103,027**

Other Revenue

Other Revenue contains four line-items, including Net Recycling Revenue, Minimums for PRRA, Intercompany Dirt, Inerts & Others, and Rental Income.

Table 33

Other Revenue	Actuals RY 2024	Projection RY 2025	Rate Application RY 2026	Rate Application RY 2027	Rate Application RY 2028
Net Recycling Revenue	$20,531,561	$18,735,614	$18,805,873	$18,946,917	$19,136,386
Minimums for PRRA	$3,411,075	$3,410,871	$3,410,871	$3,410,871	$3,410,871
Intercompany Dirt, Inerts & Others	$836,487	$836,487	$836,487	$836,487	$836,487
Rental Income	$50,905	$50,905	$50,905	$50,905	$50,905
Total Other Revenue	**$24,830,028**	**$23,033,877**	**$23,104,136**	**$23,245,180**	**$23,434,649**

- Net Recycling Revenue refers to recyclables sold to manufacturers and commodity markets. This includes 15 types of recyclable materials, the largest volume of which comes from mixed paper, cardboard, mixed glass.
- Minimums for Public Reuse and Recycling Area (PRRA) refers to self-haul recycling, organics, trash, and reusable items from San Francisco residents and businesses.
- Intercompany Dirt, Inerts, and Others refers to non-hazardous materials that do not decompose or biodegrade slowly, such as dirt, rocks, concrete, and bricks.
- Rental Income refers to two structures on the Recology San Francisco properties that are leased out.

Net Recycling Revenue accounts for nearly 82% of Other Revenue, but is also one of the more difficult revenue streams to project due to variability in prices. China's National Sword policy implemented in 2017 limited and banned the import of certain types of waste, including plastics, which created uncertainty in the market. For example, Mixed Paper prices averaged $98.78 per ton in Rate Year 2022, but sold at only $50.88 per ton in Rate Year 2023, before bouncing up to $104.48 per ton in Rate Year 2024. Recology has proposed using a three year price average as the projected price and projects no change for any of the other line-items.

POST-COLLECTIONS COSTS

Recology's application includes a separate schedule of expenses for its post-collections entity, Recology San Francisco, and outlines four major cost centers: Payroll & Related, Administrative, Operating, and Other.

Payroll & Related Costs

Payroll & Related Costs include all payroll related costs such as wages, health and welfare benefits, workers compensation, and related payroll taxes. Payroll & Related Costs include five line-item categories.

Table 34

Payroll & Related Costs	Actuals RY 2024	Projection RY 2025	Rate Application RY 2026	Rate Application RY 2027	Rate Application RY 2028
Payroll	$48,754,002	$50,744,154	$52,890,980	$56,188,898	$59,341,657
Payroll Taxes	$3,704,978	$3,856,216	$4,019,361	$4,269,980	$4,509,569
Pension	$5,321,261	$5,059,920	$4,796,912	$4,532,217	$4,168,623
Health Insurance	$14,890,227	$15,340,099	$16,844,692	$18,447,934	$20,055,860
Workers Compensation	$2,843,345	$4,107,206	$4,408,831	$4,740,916	$5,048,414
Total Payroll & Related	**$75,513,813**	**$79,107,595**	**$82,960,775**	**$88,179,946**	**$93,124,123**

In Rate Year 2024, total payroll and related costs equaled $75.5 million and is projected to increase to $93.1 million by Rate Year 2028, representing an average annual increase of 5.38%.

Payroll costs include wages for 395 employees across Recology San Francisco. Payroll cost increases are primarily due to the addition of new employees and projected wage increases driven by scheduled union labor increases. Payroll taxes increase commensurately to payroll costs. Recology San Francisco is requesting 45 non-union employees and 350 union employees. The headcount additions include 1 non-union employee and 4 union employees, which are attributed to program enhancements further outlined in the Program Enhancements section of this report. The Refuse Rates Administrator's proposal supports the inclusion of these new positions.

Table 35

Headcount	Actuals RY 2024	Projection RY 2025	Rate Application RY 2026	Rate Application RY 2027	Rate Application RY 2028
Non-Union Exempt	38	38	39	39	39
Non-Union Non-Exempt	6	6	6	6	6
Union - Clerical	6	6	6	6	6
Union - Driver/Helper	75	75	75	75	75
Union - Equipment Operator	52	52	52	52	52
Union - Shop/Facility	55	55	55	56	57
Union - Sorter/Material Handler	128	128	130	130	130
Union - Technician	15	15	15	15	15
Union - Weighmaster/Dispatcher	15	15	15	15	15
Total Headcount	**390**	**390**	**393**	**394**	**395**

Wages related to payroll costs in Rate Year 2026 are based on existing collective bargaining agreements, which expire before Rate Year 2027. Without any collective bargaining agreements, Rate Years 2027 and 2028 are based on projections set by Recology and pose a significant rate risk. Recology's projections of Pension, Health Insurance, and Workers Compensation projections are calculated in the same way as their collections operations and based on 3rd party analyses.

Payroll Cost Recommendations

To mitigate uncertainty and rate risks, the Refuse Rates Administrator is recommending an overall adjustment and reduction in total payroll costs by $334k in Rate Year 2026, $791k in Rate Year 2027, and $1.35M in Rate Year 2028. Determinations of these amounts were based on combined adjustments to wages, health and welfare costs, and workers compensation costs.

Table 36

	Rate Year 2026		Rate Year 2027		Rate Year 2028	
Payroll Costs	Recology	RRA	Recology	RRA	Recology	RRA
Total	$82,960,775	$82,626,738	$88,179,946	$87,388,900	$93,124,123	$91,767,045

Administrative Costs

Administrative costs capture expenses such as back-office support, contractors, taxes, and infrastructure maintenance. Administrative costs include nine line-item categories.

Table 37

Administrative Costs	Actuals RY 2024	Projection RY 2025	Rate Application RY 2026	Rate Application RY 2027	Rate Application RY 2028
Corporate Allocations	$590,400	$653,677	$672,219	$692,045	$712,546
Bad Debt	-$150,152	$119,160	$131,076	$138,941	$148,666
Office	$224,619	$230,466	$237,004	$243,994	$251,222
Postage	$11,002	$11,288	$11,609	$11,951	$12,305
Professional Services	$794,348	$2,396,225	$3,081,805	$2,462,361	$1,423,324
Repairs & Maintenance	$839,538	$935,973	$962,522	$990,911	$1,020,265
Security & Janitorial	$1,217,812	$1,249,515	$1,284,959	$1,322,858	$1,362,045
Taxes	$3,698,769	$4,188,811	$4,811,118	$5,160,489	$5,434,161
Telephone	$330,613	$339,220	$348,842	$359,131	$369,770
Total Administrative	**$7,556,949**	**$10,124,335**	**$11,541,152**	**$11,382,681**	**$10,734,304**

In Rate Year 2024, administrative costs for Recology San Francisco totaled $7.5 million. Recology projects an average annual increase of 10.2% across the four rate years mainly due to increases in Professional Services costs. Administrative Costs are projected to average $11.2 million across the rate application years.

Administrative Cost Inflation Projection

Recology's application contains five cost categories that increase by inflation, which include: Office, Postage, Repairs & Maintenance, Security and Janitorial, and Telephone. These categories account for 17% of total Administrative Costs or approximately $1.9 million. The Refuse Rate Administrator recommends that the four administrative cost categories are projected using the Controller's Office CPI methodology. In addition, Recology projects Bad Debt to grow by the proposed tipping fee increase.

Corporate Allocations

Corporate Allocations makes up approximately 6.5% of total administrative costs and are allocated as a proportion of corporate overhead allocated to all of Recology's subsidiaries based on proportion of revenue. These costs are expected to grow by inflation. As described earlier in the Collections Costs section of the report, the Refuse Rates Administrator's analyses of Recology's revenue-based corporate allocation methodology would suggest that the methodology is not to the benefit of San Francisco ratepayers in comparison to other jurisdictions and in lieu of a methodology adjustment and in similar treatment to Corporate Allocations to Recology's collections operations, the Refuse Rates Administrator is recommending a 5% reduction in Corporate Allocations and further review of the methodology during the next rate cycle.

Professional Services

Professional Services constitute 26% of total administrative costs in Rate Year 2026. Recology contracts with accounting, engineering, and legal firms based on anticipated needs, which drive fluctuations in the costs. Rate Years 2026 and 2027 require a significant increase in engineering fees to support California Environmental Quality Act permitting for facility modernization and amount to $1.7 million in Rate Year 2026, and $1.0 million in Rate Year 2027. These engineering fees are one-time costs and the Refuse Rate Administrator recommends tying these costs to fund balance in the impound account, which serves as a one-time source.

Taxes

In the base year RY 2025, taxes are projected to grow by 21.62% primarily due to the Passage of Proposition M 2024, which adjusted the City's business tax schedule. Proposition M is estimated to account for approximately $400k in costs in Rate Year 2025. Recology's application considers Business Taxes as operating ratio eligible. In a similar treatment to the collections operation, the Refuse Rates Administrator recommends excluding business taxes from operating ratio eligibility. The net impact of adjustments to taxes is approximately $307k in Rate Year 2026, $339k in Rate Year 2027, and $363k in Rate Year 2028.

Administrative Cost Adjustment Recommendations

The Refuse Rates Administrator adjusted Recology's projection to general inflationary costs to be based on the Controller's estimates for the rate period. In addition, the Refuse Rates Administrator and Recology agreed to a 5% reduction to Corporate Allocations in lieu of an allocation methodology adjustment, as well as a reduction in Professional Services costs by reducing one-time Engineering Consulting costs and tying them to one-time sources. These three adjustments represent a reduction in costs of $1.8 million in Rate Year 2026, $1.1 million in Rate Year 2027, and $70k in Rate Year 2028. In addition, the Refuse Rates Administrator is recommending excluding Business Taxes from Operating Ratio eligibility. This effectively reduces costs by $308k in Rate Year 2026, $339k in Rate Year 2027, and $363k in Rate Year 2028. Total administrative cost adjustments account for $2.1 million in Rate Year 2026, $1.5 million in Rate Year 2027, and $432k in Rate Year 2028. These reductions combined account for a 12.0% reduction in administrative costs

Table 38

	Rate Year 2026		Rate Year 2027		Rate Year 2028	
Administrative Costs	**Recology**	**RRA**	**Recology**	**RRA**	**Recology**	**RRA**
Corporate Allocations	$672,219	$637,449	$692,045	$654,596	$712,546	$671,420
Bad Debt	$131,076	$128,693	$138,941	$136,414	$148,666	$141,189
Office	$237,004	$236,573	$243,994	$242,937	$251,222	$249,180
Postage	$11,609	$11,588	$11,951	$11,899	$12,305	$12,205
Professional Services	$3,081,805	$1,333,405	$2,462,361	$1,373,196	$1,423,324	$1,419,527
Repairs & Maintenance	$962,522	$960,776	$990,911	$986,621	$1,020,265	$1,011,977
Security & Janitorial	$1,284,959	$1,282,628	$1,322,858	$1,317,131	$1,362,045	$1,350,981
Taxes	$4,811,118	$1,697,098	$5,160,489	$1,731,039	$5,434,161	$1,765,660
Business Taxes*		$3,022,161		$3,353,698		$3,590,691
Telephone	$348,842	$348,209	$359,131	$357,576	$369,770	$366,766
Total Administrative Costs	**$11,541,152**	**$9,658,579**	**$11,382,681**	**$10,165,107**	**$10,734,304**	**$10,579,595**

*Taxes in Recology's application did not disaggregate taxes and treats Property Taxes and Business Taxes as a single line-item. The RRA proposal disaggregates these costs and "Taxes" under the RRA column should be interpreted as Property Taxes only.

Operating

Operating costs include all post collections-related operating expenditures, such as truck operations, processing equipment, lease costs, licenses and permits, and capital funding. There are 18 expenses itemized in Recology's rate application.

Table 39

Operating Costs	Actuals RY 2024	Projection RY 2025	Rate Application RY 2026	Rate Application RY 2027	Rate Application RY 2028
Bridge Tolls	$823,509	$845,200	$913,335	$997,188	$1,084,933
Building & Facility Repair	$1,222,677	$1,360,935	$1,401,841	$1,445,479	$1,490,690
Depreciation	$4,888,463	$3,396,637	$3,447,934	$3,239,311	$2,952,596
Amortization of ZWI Funding For Capital Expenditures	-$2,724,738	-$1,496,582	-$1,366,761	-$1,320,397	-$1,312,505
Freight	$1,939,557	$1,990,049	$2,046,498	$2,106,859	$2,169,271
Fuel	$3,617,309	$3,778,637	$3,885,821	$4,000,431	$4,118,938
I/C Processing & Disposal	$25,905,913	$26,664,995	$28,327,867	$29,316,329	$30,443,401
Lease	$3,587,264	$3,955,888	$4,838,384	$5,134,504	$5,694,922
Liability Insurance	$1,997,034	$2,076,440	$2,205,790	$2,369,095	$2,555,840
Licenses & Permits	$4,836,343	$4,979,703	$5,128,363	$5,281,981	$5,440,262
O/S Disposal	$1,329,621	$1,364,235	$1,402,932	$1,444,311	$1,487,096
O/S Equipment Rental	$635,760	$508,536	$828,962	$818,386	$834,335
Parts	$2,547,454	$2,613,771	$2,790,750	$2,873,061	$2,958,171
Outside Property Rental	$4,711,673	$4,745,192	$4,887,542	$5,034,166	$5,185,189
Intercompany Property Rental	$2,174,702	$2,174,703	$2,066,334	$1,619,283	$1,619,283
Supplies	$2,356,478	$2,417,824	$2,486,407	$2,559,742	$2,635,571
Tires & Tubes	$325,872	$334,355	$343,839	$353,981	$364,467
Utilities	$2,679,209	$2,748,956	$2,826,933	$2,910,311	$2,996,525
Total Operating Costs	**$62,854,100**	**$64,459,474**	**$68,462,771**	**$70,184,021**	**$72,718,984**

In Rate Year 2024, operating costs totaled $62.8 million and Recology estimates an average annual growth rate of 3.7% across the four projected rates years, increasing operating costs to $72.7 million by Rate Year 2028.

Operating Cost Inflation Projection

10 of the 18 expense categories are projected solely by forecasting with inflation, which include Building & Facility Repair, Freight, Fuel, Licenses & Permits, O/S Disposal, O/S Equipment Rental, Parts, Supplies, Tires & Tubes, and Utilities. These 11 categories constitute 33.8% or $23.1 million of total Operating Costs in Rate Year 2024. The Refuse Rates Administrator recommends using the Controller's Office CPI projection methodology for projecting these 10 operating cost categories. In addition to these categories, Bridge Tolls are projected to increase based on toll increases. Outside Property Rental costs are subject to existing rental agreements. No changes are recommended to Bridge Toll costs or Outside Property Rental costs.

Depreciation

Recology's request includes a depreciation schedule for property and equipment that depreciates on a straight-line basis over the estimated useful life of the asset. Replacement depreciation for post-collection operations reflects the acquisition and depreciation of $14.5 million in building improvements, $1.5 million in land improvements such as asphalt repaving and concrete replacement, and $2.3 million in leasehold improvements related to electrification improvements and electric vehicle charging stations. The methodology for validating Recology's useful life formula within its Collection operations was applied to Recology San Francisco's assets and determined that the request is reasonable. The Refuse Rates Administrator makes no recommended changes to depreciation costs, but further review and reconciliation of useful life assumptions between the application and the Audited Financial Statements needs to be conducted.

Amortization of ZWI Funding for Capital Expenditures

Prior to the 2023 Rate Order, a Zero Waste Incentive Account was created and intended to provide an economic incentive to Recology to increase diversion. While the diversion targets tied to the incentive account were not achieved, the Environment Department approved use of the account to support a portion of capital expenditures for equipment updated at Pier 96 and the iMRF. This line-item is included to show how the account offsets the Zero Waste Incentive Account's portion of the amortized deprecation costs.

Intercompany Disposal and Processing

Disposal and processing make up the largest single line-item of post-collections costs representing 41% of Operating costs amount to $25.9 million in Rate Year 2024. These costs represent the disposal of trash with Recology's Hay Road Landfill and processing of organic waste with Recology's Blossom Valley Organics North. Both subsidiaries charge a tipping fee that is passed along as intercompany disposal and processing costs.

Recology's Hay Road Landfill rates are set through a contract with the City and County of San Francisco that is administered by the Environment Department.[51] The landfill tipping fee was set through a contract executed in 2016 and extended last year. The contract allows the tipping fee to increase by the Consumer Price Index for San Francisco-Oakland-San Jose, All Urban Consumers. The current rate is set at $40.19 per ton, which is a favorable rate when compared to a survey of 16 California jurisdictions conducted by HF&H.[52] The current average across the surveyed jurisdictions is $60.05, with a median of $49.62.[53]

In Recology's application, Recology is proposing a new rate structure for organic waste that would have differential rates for processed vs unprocessed organics. Processed organics produces higher quality compost and would be accepted at a lower rate, while unprocessed organics produces lower quality compost and would be accepted at a higher rate. In the current rate order, Unprocessed and Processed organics are accepted at the same rate.

Table 40

Operating Costs	Actuals RY 2024	Projection RY 2025	Rate Application RY 2026	Rate Application RY 2027	Rate Application RY 2028
Commercial Organics (Unprocessed)	$95.10	$97.95	$120.57	$124.41	$128.63
Food (Processed)	$95.10	$97.95	$77.87	$80.59	$83.35
Brush	$54.65	$56.29	$91.42	$94.33	$96.95
Sheetrock	$40.15	$41.35	$42.52	$43.78	$45.07
Wood	$22.00	$22.00	$22.00	$22.00	$22.00

In the new rate structure, unprocessed organics would see a 23.1% increase in the per ton fee, while processed organics would see a 20.5% decrease in the per ton fee. The weighted average of the combined unprocessed and processed organics represents a fee of $106.04. In comparison to the survey of 16 California jurisdictions, the current commercial organics fee is $116.67 with a median of $119.00. In addition, the investments in pre-processing (see Lease section below) makes the tiered rate structure more favorable to ratepayers.

The proposed brush rates see a spike in the application years. Recology contends that this is to bring brush rates in line with current market rates. According to the survey of 16 California jurisdictions, the residential organics rate, which is typically brush in other jurisdictions, averages $96.72 with a median of $82.12. Recology's proposal places brush rates just below average.[54]

These expenses are ineligible for operating ratio, which prevents Recology San Francisco from earning profit for disposal and processing costs. The Refuse Rate Administrator makes no recommended changes to Recology's proposal for intercompany disposal and processing.

Lease

Lease costs are outlined in Recology's rate request for computer equipment, containers, machinery auto equipment, and trucks and auto. In total, lease expenses amount to 6% of total cost or $3.5 million in Rate Year 2024 with a bulk of leases concentrated in machinery and vehicles.

Recology outlined the acquisition of a trommel screen to support the removal of contamination in organic waste and reported that the trommel screen was removing a significant fraction of organics from its processing. Recology proposes an investment in more effective pre-processing machinery, which would produce cleaner feedstock and reduce the amount of organic material lost in processing. Recology would then sell or repurpose the trommel screen with full credit for the value of that equipment credited to the SF Recology Companies for the benefit of ratepayers. The sale and the removal of trommel lease costs which will result in savings of $29K and $79K in Rate Years 2027 and 2028 respectively.

To address CARB ACR regulatory requirements, Recology included the acquisition of zero-emission vehicles between Rate Year 2026-2028 to replace aging non-zero-emissions pickup trucks, service vehicles, and light-duty collection vehicles that would otherwise not be ACF-compliant. In a review of the fleet acquisition plan, the Refuse Rates Administrator adjusted the timing of transition and reduced the number of ZEVs acquired by the collections companies in conjunction with changes in the fleet acquisition plan for Recology San Francisco. The resulting impact is a rate increase of $99k in Rate Year 2026 a reduction of $139k in Rate Year 2027, and a reduction of $71k in Rate Year 2028.

Liability Insurance

Recology's application outlines several types of liability insurance including Auto & General Liability insurance, Auto & General Liability Umbrella Insurance, Property Insurance, Directors & Officers Insurance, Crime and EPL Insurance, Pollution Insurance, Cyber Risk and Other Insurance. Costs also include administration costs. Projections are provided by third party brokers and actuaries, including projected claims costs associated with fleet operations. The same tests of reasonableness of Recology's allocations of liability applied to the collections operations were applied to Recology San Francisco, and the allocation methodology was found reasonable.

Intercompany Property Rental

Intercompany property rental costs were the subject of the December 2022 Settlement Agreement.[55] As part of the agreement, intercompany property rental costs could no longer be included in the rates once total rental amount had been recovered. Recology San Francisco has rental expenses across six separate Recology facilities. Of the six facilities, 401-409 Tunnel reached its full recovery during Rate Year 2026 and shows a reduced rental cost that year, and no costs for the subsequent rate years. The other costs have been validated through the Property AUP.

Operating Cost Adjustment Recommendation

The Refuse Rates Administrator adjusted Recology's projection to general inflationary costs to be based on the Controller's estimates for the rate period. In addition, the Refuse Rates Administrator adjusted lease costs. Because of the cost reductions, the allocation of intercompany disposal and processing costs were also reduced. These adjustments represent a reduction of $60k in Rate Year 2026, $198k in Rate Year 2027, and $393k in Rate Year 2028.

Table 41

	Rate Year 2026		Rate Year 2027		Rate Year 2028	
Operating Costs	Recology	RRA	Recology	RRA	Recology	RRA
Bridge Tolls	$913,335	$913,335	$997,188	$997,188	$1,084,933	$1,084,933
Building & Facility Repair	$1,401,841	$1,399,501	$1,445,479	$1,439,730	$1,490,690	$1,479,582
Depreciation	$3,447,934	$3,447,603	$3,239,311	$3,238,343	$2,952,596	$2,951,026
Amortization of ZWI Funding For Capital Expenditures	-$1,366,761	-$1,366,761	-$1,320,397	-$1,320,397	-$1,312,505	-$1,312,505
Freight	$2,046,498	$2,042,785	$2,106,859	$2,097,736	$2,169,271	$2,151,648
Fuel	$3,885,821	$3,878,771	$4,000,431	$3,983,110	$4,118,938	$4,085,476
I/C Processing & Disposal	$28,327,867	$28,302,360	$29,316,329	$29,234,509	$30,443,401	$30,273,850
Lease	$4,838,384	$4,836,541	$5,134,504	$5,100,282	$5,694,922	$5,628,165
Liability Insurance	$2,205,790	$2,205,790	$2,369,095	$2,369,095	$2,555,840	$2,555,840
Licenses & Permits	$5,128,363	$5,127,528	$5,281,981	$5,279,930	$5,440,262	$5,436,299
O/S Disposal	$1,402,932	$1,400,387	$1,444,311	$1,438,057	$1,487,096	$1,475,015
O/S Equipment Rental	$828,962	$828,013	$818,386	$816,055	$834,335	$829,831
Parts	$2,790,750	$2,785,686	$2,873,061	$2,860,621	$2,958,171	$2,934,139
Outside Property Rental	$4,887,542	$4,887,535	$5,034,166	$5,034,149	$5,185,189	$5,185,157
Intercompany Property Rental	$2,066,334	$2,066,334	$1,619,283	$1,619,283	$1,619,283	$1,619,283
Supplies	$2,486,407	$2,481,896	$2,559,742	$2,548,659	$2,635,571	$2,614,159
Tires & Tubes	$343,839	$343,215	$353,981	$352,448	$364,467	$361,506
Utilities	$2,826,933	$2,821,803	$2,910,311	$2,897,710	$2,996,525	$2,972,181
Total Operating Costs	**$68,462,771**	**$68,402,323**	**$70,184,021**	**$69,986,506**	**$72,718,984**	**$72,325,586**

Other Costs

Other costs include expenses outside of personnel, administrative, and operating costs. Other Costs include two line-items, Contract Services, and Other. The Other line-item includes costs for shoes and uniforms, bank service charges, and community outreach to promote Zero Waste initiatives and recycling and organics programs.

Table 42

Other Costs	Actuals RY 2024	Projection RY 2025	Rate Application RY 2026	Rate Application RY 2027	Rate Application RY 2028
Contract Services	$133,080	$136,544	$140,418	$144,559	$148,842
Other	$747,663	$767,127	$788,887	$812,155	$836,213
Total Other Costs	**$880,743**	**$903,671**	**$929,305**	**$956,714**	**$985,055**

Other Costs are expected to increase by the general inflation factor. The Refuse Rates Administrator recommends using the Controller's Office CPI projection methodology for projecting these two administrative cost categories.

Other Cost Adjustments Recommendations

The Refuse Rates Administrator recommends Other Costs to be adjusted by Controller's Office inflation factor. This results in a reduction in Other Costs of $2k in Rate Year 2026, $4k in Rate Year 2027, and $8k in Rate Year 2028.

Table 43

	Rate Year 2026		Rate Year 2027		Rate Year 2028	
Other Costs	Recology	RRA	Recology	RRA	Recology	RRA
Contract Services	$140,418	$140,163	$144,559	$143,933	$148,842	$147,632
Other	$788,887	$787,456	$812,155	$808,638	$836,213	$829,420
Total Other Costs	**$929,305**	**$927,618**	**$956,714**	**$952,571**	**$985,055**	**$977,052**

Program Enhancements

Recology San Francisco requested program enhancements as part of its rate application, which represent new or enhanced programs and services. Program enhancements for Recology San Francisco were included at the request of the Environment Department to support its Waste Zero goals.

Table 44

Program Enahncements	Requested FTE	Rate Application RY 2026	Rate Application RY 2027	Rate Application RY 2028
Mattress Recycling	1	$174,441	$261,652	$304,661
Wood Recycling	1	$243,364	$259,372	$272,142
Total	**2**	**$417,805**	**$521,025**	**$576,803**

Both enhancements service the Public Disposal and Recycling Area, which currently is supported by 35 FTE and $13.1 million.[56] These enhancements would add 2 new FTE and increase PDRA total cost by 3.8%.

Mattress Recycling[57]

As part of a state sponsored Mattress Recycling Program, Recology collects mattresses from residents, hotels, public reuse and recycling area drop-offs, and designated collection trucks. Collected mattresses are loaded onto trailers located at the Tunnel Avenue facility and transported to a local company that specializes in mattress recycling. Up to four (4) mattresses or box springs per visit can be recycled at no charge to customers. Recology requests 1 full-time exempt employee to facilitate this program, including overhead costs. This service is anticipated to divert 375 tons per year from landfill while reducing illegal dumping of mattresses in the City. This program would be supported by 1 new FTE at a cost of $174k in Rate Year 2026, $261k in Rate Year 2027, and $304k in Rate Year 2028.

Wood Recycling

Recology collects dimensional lumber and pallets for reuse and recycling at its Tunnel Avenue facility from San Francisco residents and businesses. Reusable lumber and wood are identified and salvaged for either mulch or recycled use by consumers. This program is expected to divert 190 tons per year from landfill. This program would be supported by 1 new FTE at a cost of $243k in Rate Year 2026, $259k in Rate Year 2027, and $272k in Rate Year 2028.

Account Adjustments

There are five accounts that impact refuse rates that were created for varying purposes. This includes the Solid Waste Impound Account that supports City services related to refuse collections, two balancing accounts created through the 2023 Rate Order, a prior settlement agreement, a programmatic reserve to support collections services, and the Zero Waste Capital Reserve intended to mitigate long-term capital costs. Each section below describes the impound account and the impacts on rates. Positive values in the tables represent an increase to rates, while negative values represent a decrease to rates.

SOLID WASTE IMPOUND ACCOUNT[58]

The impound account provides funding for San Francisco Environment and the Department of Public Works to support programs that include the City's Zero Waste goals, the City's toxics reduction program, and the City litter patrol and street sweeping programs. All impound account funding requests were made by City departments to be included in Recology's application.

Table 45

	Rate Year 2025	Rate Year 2026		Rate Year 2027		Rate Year 2028	
Impound Account	Current	Department	RRA	Department	RRA	Department	RRA
Environment Department	$12,559,453	$15,915,712	$13,064,701	$16,385,226	$13,450,109	$16,870,228	$13,848,233
Public Works	$12,124,835	$12,509,982	$12,509,982	$12,840,416	$12,840,416	$13,220,492	$13,220,492
Refuse Rates Administrator	$0	$1,050,000	$950,000	$1,200,000	$1,150,000	$1,800,000	$1,725,000
Total	**$24,684,288**	**$29,475,694**	**$26,524,683**	**$30,425,641**	**$27,440,525**	**$31,890,720**	**$28,793,725**

The City's combined funding request amounts to $29.0 million in RY 2026, $29.9 million in RY 2027, and $31.4 million in RY 2028. The requested increases amount to nearly $4.5 million in additional funding for Rate Year 2026 compared to the prior rate order. This includes approximately $3.0 million in new funding for the Environment Department, cost of business adjustments for Public Works amount to $500k, and the addition of the Office of Refuse Rates Administration at $1.1 million, which was previously supported through fund balance.

Department of Public Works

Public Works's Impound Account request did not include any new funding except to account for cost of business increases. Impound funded work conducted by Public Works includes mechanics street sweeping, litter patrol, Outreach and Enforcement (OnE) Team, and refuse can maintenance, cleaning, and administration.

Table 46

Impound Account	Rate Year 2025 Current	Rate Year 2026 Department	Rate Year 2026 RRA	Rate Year 2027 Department	Rate Year 2027 RRA	Rate Year 2028 RRA
Mechanical Street Sweeping	$4,963,016	$2,528,474	$2,528,474	$2,528,474	$2,528,474	$2,603,317
Litter Patrol	$4,951,889	$5,125,205	$5,125,205	$5,304,587	$5,304,587	$5,461,603
OnE Team	$2,768,395	$2,865,289	$2,865,289	$2,965,574	$2,965,574	$3,053,355
Refuse Can Related	$1,941,535	$1,991,014	$1,991,014	$2,041,781	$2,041,781	$2,102,218
Total	**$12,124,835**	**$12,509,982**	**$12,509,982**	**$12,840,416**	**$12,840,416**	**$13,220,492**

Mechanical street sweeping supports removal of leaves and litter from the curb lane while litter patrol serves neighborhood trash pickup in the public right of way. These two services are supported by 29 FTE and include general laborers and truck drivers.

The OnE Team is responsible for educating merchants, property owners and residents of their rights and responsibilities regarding street and sidewalk cleanliness as well as enforcing City codes to ensure sanitation standards are met. The OnE Team is supported by 10 full-time employees.

Lastly, refuse can services refers to public trash can service and the costs support monthly trash can steam cleaning, service and maintenance of existing trash cans in the public right of way, and a trash can manager. Trash can maintenance and cleaning are contracted out and the trash can manager represents 1 FTE related to these costs.

The Office of Refuse Rates Administration makes no adjustments to Public Works's proposal. The Department only provided a proposal for two rate years. The Refuse Rates Administrator adjusted Rate Year 2027 for cost of doing business and the Department has agreed to this amount.

Office of Refuse Rates Administration

The Office of Refuse Rates Administration conducts work related to rate monitoring and rate-setting. In addition, the Refuse Rates Administrator serves as the Refuse Rate Board secretary and supports the Refuse Rates Board by making recommendations, conducting analyses and research on behalf of the Board, and facilitating hearings. In addition, the work of The Office requires public engagement, which includes outreach and facilitating ratepayer input. In Recology's application, The Office requested $1.1 million in Rate Year 2026, and $1.2 million in Rate Year 2027, and $1.8 million in Rate Year 2028.

Table 47

Impound Account	Rate Year 2025 Current	Rate Year 2026 Department	Rate Year 2026 RRA	Rate Year 2027 Department	Rate Year 2027 RRA	Rate Year 2028 Department	Rate Year 2028 RRA
Rate Administration Staff	$531,442	$723,532	$723,532	$749,990	$749,990	$775,856	$775,856
Rate Monitoring	$181,582	$129,768	$129,768	$253,210	$193,210	$139,144	$164,144
Rate-Setting	$573,186	$0	$0	$0	$0	$250,000	$250,000
Hearing and Public Engagement	$362,813	$101,700	$1,700	$101,800	$111,800	$540,000	$440,000
Other Costs	$73,774	$95,000	$95,000	$95,000	$95,000	$95,000	$95,000
Total	**$1,722,797**	**$1,050,000**	**$950,000**	**$1,200,000**	**$1,150,000**	**$1,800,000**	**$1,725,000**

The Office is currently supported by two FTE, a Refuse Rates Administrator and a Principal Refuse Rates Analyst. The Office is requesting one FTE to hire an entry-level Refuse Rates Analyst. The addition of this new FTE would allow The Office to reduce its consulting costs that would offset the new FTE and reduce rates overall. The impact of the additional FTE plus consulting cost reductions would result in net savings of $331k across the three rate years.

The Office's rate monitoring work is performed mainly by staff through analyses, report reviews, site visits, and regular meetings with Recology staff. However, the rate monitoring costs in Table 52 consist mainly of consulting services related to jurisdiction comparisons, engineering estimates, and other specialized analytical or auditing work. In comparison to the original request, The Office anticipates a reduction in consulting needs of around $52k in Rate Year 2026. For Rate Year 2027, The Office initially requested $120k, but is reducing this amount by $60k and shifting $25k of the cost to Rate Year 2028 to account for timing of Engineering estimate review needs.

The Office's rate-setting work is performed mainly by staff. Rate-setting costs in Table 47 consist mainly of consulting services related to specialized analytical and auditing work and support around capital planning. Rate-setting happens every two to five years and costs are typically incurred in the last year of a rate cycle. With the addition of a Refuse Rates Analyst, The Office anticipates a 56% reduction in rate-setting costs during the next process anticipated in Rate Year 2028.

The Office facilitates public hearings and conducts public outreach and engagement to solicit ratepayer feedback. These costs include hearing needs such as SFGovTV support and hearing room costs. Outreach efforts include the required Proposition 218 mailer, which is received by all residential property owners, required newspaper noticing, focus groups, and an anticipated customer satisfaction survey that the Refuse Rates Administrator intends to conduct in Rate Year 2027. Most Hearing and Public Engagement costs occur during rate-setting years. The Office is requesting $100k in Rate Year 2027 to conduct a customer satisfaction survey.

Lastly, The Office incurs Other Costs, which are overhead costs related to Controller's Office's allocated costs. In Rate Year 2025, the Controller's Office reduced their overhead allocation to the Office and absorbed those costs in other divisions. The Office's request includes a full anticipated cost of overhead.

Environment Department

At the time that the Refuse Rates Administrator's rate adjustments were set for Proposition 218 noticing, the Environment Department's request for additional funding did not include sufficient detail for the Office of Refuse Rates Administration to conduct a review. The proposal was received as presentations in the Refuse Rates Administrator's Hearing and Refuse Rate Board Hearing, which included top-line estimated cost as identified in Table 45 accompanied with narrative summary of Environment's major program areas.[59] [60] In absence of the necessary information to conduct a review, the Refuse Rates Administrator could not justify a rate increase for the full requested costs and instead estimated an appropriate budget detailed in Tables 48 and 49. Since the issuance of the Proposition 218 mailer, the Environment Department provided a revised request with the level of detail needed for review. These requests are currently being reviewed by The Office and any adjustments agreed upon by the Department and the Mayor's Budget Office will be presented to the Refuse Rate Board for their consideration in the final Rate Order.

Table 48[61]

	Rate Year 2025	Rate Year 2026		Rate Year 2027		Rate Year 2028	
Impound Account	Current	Department	RRA	Department	RRA	Department	RRA
Zero Waste	$3,036,326		$3,845,783		$3,959,234		$4,076,427
Community Engagement and Policy & Public Affairs	$3,493,374		$3,017,919		$3,106,948		$3,198,913
Toxics	$1,797,001		$1,848,035		$1,902,553		$1,958,868
Climate Action	$599,280		$616,300		$634,481		$653,261
Administration and Overhead	$3,633,473		$3,736,663		$3,846,895		$3,960,763
Total	**$12,559,453**	**$15,915,712**	**$13,064,701**	**$16,385,226**	**$13,450,109**	**$16,870,228**	**$13,848,233**

Table 48 represents estimated program costs by The Office of Refuse Rates Administration based on past information. The Environment Department provides services through four program areas.

The Zero Waste team implements the San Francisco Zero Waste commitments to reduce generation by 15% and reduce landfill by 50% by 2030 with 2015 as a base year. In addition, the staff work to implement the City's Environment codes, which include the Food Service and Packaging and Waste Reduction Ordinance, Plastic Bag Reduction Ordinance, Mandatory recycling and Composting. The Zero Waste team is also responsible for the local implementation of State law SB 1383, which regulated Short-Live Climate Pollutants to require comprehensive organics recovery including large food generators to prevent and donate their food, and to reach our compost procurement goals.

The Toxics Reduction Program implements policies, programs, and projects that advance toxics reduction, safer alternatives to toxic products or chemicals, producer responsibility, and/or proper disposal of hazardous waste. This program administers a wide range of hazardous waste collection services for spent or leftover toxic household products including medicine, sharps, batteries, paint, pesticides, computers, and mercury-containing products This team also administers programs to reduce the amount of toxic materials used while promoting the adoption of safer alternatives.

Climate Action program broadly monitors and implements the City's Climate Action Plan. The Climate team works collaboratively with other Environment Department program areas, City departments, community-based organizations, professional associations, city residents, and other stakeholders to aggressively reduce carbon emissions while developing and implementing policies and practices to protect residents, businesses , and visitors from the harmful impacts of climate change. The team is responsible for measuring, monitoring, and communicating progress on the City's carbon targets through annual emissions inventories, developing and monitoring the implementation and results of the City's Climate Action Plan, and for providing interdisciplinary expertise, resources, policy analyses and thought leadership on climate action.

Community Engagement and Policy & Public Affairs includes programs that support the goals of the Zero waste, Toxics Reduction, and Climate programs. The team creates culturally relevant accessible content to foster public awareness and participation in the City's environmental initiatives. They provide direct outreach through event staffing, door-to-door outreach, technical trainings, and community presentations, Examples of activities related to refuse include the Reuse Campaign, Food Waste Reduction Campaign, People in Life Transitions Campaign, which helps reduce toxins in homes by encouraging the use of the House Hazardous Waste Program.

The Environment's Department's proposal included seven requests that would increase rate funding. These programs as described in their presentations include:

Deconstruction: Generates a supply of building materials that can be diverted to reuse outcomes rather than recycling, downcycling, and landfilling.

Repair and Reuse: Right to Repair Act requires manufacturers of electronic and/or appliance products to provide documentation, parts, and tools to owners, service and repair facilities, and service dealers so they can diagnose, maintain, or repair the product.

Circular Economy: Advancing practices where goods that are purchased and consumed by ratepayers are kept in circulation longer. Efforts will reduce embodied carbon, enhance resource efficiency, and promote sustainable production and consumption.

Toxics Reduction: Address both upstream, by encouraging the use of safer alternatives instead of hazardous chemicals, and downstream, by helping ensure hazardous products are handled safely at the end of their lifecycle.

Comprehensive Campaigns to Change Behavior and Inform: Multilingual community engagement marketing and impact evaluation leveraging Green Business Network Grants to non-profit organizations Incentives programs.

Enforcement: Increase local and state compliance for mandatory source separation and edible food.

Landfill contracting: The City's landfill contracting function is now integrated into Environment's ongoing budget.

Review of new requests require line-item details allow The Office to understand rate impacts, personnel changes, cost-effectiveness, and goal alignment. In addition, new requests require City Attorney review for nexus. Lastly, because the impound account is subject to the City's budget process, The Office needs to coordinate around the budget request with the Mayor's Budget Office. The Office is currently reviewing the revised proposal, which includes the necessary detail. This proposal however, is based on the best information available at the time. Table 49 details the adjustments made by the Refuse Rates Administrator to the Environment Department's current budget.

Table 49[62]

Adjustments	Rate Year 2026
Rate Year 2025 Base Year	$12,559,453
Landfill Contract	$368,966
Reuse Policy Compliance	$154,260
Trash Processing Pilot	$200,000
Inflationary Adjustment	$356,688
One-Time Projects	-$574,667
Total	**$13,064,701**

The Refuse Rates Administrator reviewed the Environment Department's current year budget and noted that Landfill Disposal Agreement and Reuse Policy Compliance work were currently funded through fund balance.

These work streams were previously approved by the Rate Board to be conducted by Environment. The Landfill Disposal Agreement work is particularly vital to refuse services and the Refuse Rates Administrator determined that both these work streams should be carried by the rates. In addition, the Refuse Rates Administrator adjusted the current budget to address inflation.

The Refuse Rates Administrator is also recommending $200k per year for Rate Years 2026 and 2027 be included to support Environment Department's efforts in testing efficacy of trash processing. Lastly, at the request of the Refuse Rates Administrator, Environment identified three one-time projects that could be removed from the rates and supported through one-time fund balance sources. These one-time project costs amount to $574k per year. The combined changes amount result in a net $505k increase to rates in Rate Year 2026. The Refuse Rates Administrator then applied a general cost of business adjustments for Rate Years 2027 and 2028.

Fund Balance

Unused funds from the Impound Account are tracked as fund balance. Over time, Public Works generated $15 million in balance and has requested this balance be used for the purchase of 3,000 new public trash cans.

Table 50

Program ($ millions)	Trash Cans	Procurement	Installation	Total
Year 1 (Rate Year 2026)	500	$1.25	$1.00	$2.25
Year 2 (Rate Year 2027)	1,000	$2.50	$2.00	$4.50
Year 3 (Rate Year 2028)	1,500	$3.75	$3.00	$6.75
Year 4 to 9 (Rate Years 2029-2033)	0	$1.50	$0.00	$1.50
Total	**3,000**	**$9.00**	**$6.00**	**$15.00**

The schedule lays out trash can purchases across the three application years. Beyond the rate cycle, Public Works is reserving $1.5 million over five years for trash can maintenance costs. The Refuse Rates Administrator and Public Works have agreed to reducing the use of fund balance for trash cans to $13.5 million and reserving the $1.5 million originally intended for future maintenance to support reduction in rates.

The Environment Department has also generated surplus that has fallen into fund balance. Some of this fund balance was used in the prior rate order to support the Office of Refuse Rates Administration as well as work related to the Landfill Contract Agreement, a trash processing pilot, a seismic study of Pier 96, and a waste characterization study.

The remaining balance as of the beginning of the City's Fiscal Year 2025 is $4.8 million. This amount, combined with the trash can procurement reduction of $1.5 million, puts the fund balance at $6.3 million. The Refuse Rates Administrator is proposing for this amount to be tied to certain one-time costs to help reduce rates.

Table 51

One-Time Projects	RY 2026	RY 2027	RY 2028
Environment Marketing Campaigns	$316,667	$316,667	$316,667
Environment Education	$58,000	$58,000	$58,000
Environment Community Engagement	$200,000	$200,000	$200,000
Recology Environmental Review	$1,920,440	$1,194,725	$0
Refuse Rates Administrator Timing True-Up	$237,500	$0	$0
Total	**$2,732,607**	**$1,769,392**	**$574,667**

The Environment Department identified three one-time costs that could be supported through fund balance. This includes marketing campaigns related to Healthy Nail Salon, Green Business, and Healthy Homes, education effort to support a portion of the Climate Action Plan update, and community engagement for outreach and education activities including community ambassadors, youth engagement, and neighborhood activations. This amounts to $575k reduction in rates for each rate year.

Recology identified their environmental review for site optimization efforts that include shop consolidation and fleet electrification transition. This amounts to a $1.9 million reduction in rates in Rate Year 2026 and $1.2 million reduction in Rate Year 2027.

The Refuse Rates Administrator's funding in the current year is through the fund balance. As the funding for The Office transitions to the rates, there will be a one quarter difference between the City's fiscal year and the rate year. The Refuse Rates Administrator will use approximately $237k in fund balance to support its work during this one quarter gap.

BALANCING ACCOUNTS

Balancing Account-December 2022 Settlement

The December 2022 Settlement Agreement established a $25 million balancing account pursuant to the 2023 Rate Order. Any balance remaining after Rate Year 2023 will be spread evenly to offset rate increases between Rate Year 2025 and Rate Year 2029. The remaining balance amounted to $1.4 million, which would be amortized over 5 years at $285k per year. This would effectively lower rates by $284k per year.

Table 52

Balancing Account: Dec 2022 Settlement Amortization	RY 2026	RY 2027	RY 2028
Recology	-$284,868	-$284,868	-$284,868
Refuse Rate Administrator	-$284,868	-$284,868	-$284,868

Balancing Account-2023 Rate Order

The 2023 Rate Order established a balancing account that would adjust by 50% of above- or below-target profit earned or losses incurred based on the 91% Operating Ratio for Rate Years 2024 and 2025. Any balance, positive or negative could be used to adjust rates in subsequent years, and balance can be spread across multiple years, no more than five years.

By the end of Rate Year 2025, the balancing account is projected to have a -$12.5 million balance. Recology's proposal includes the use of this balance to increase rates by $3.4 million in Rate Year 2026 and then spread the remainder evenly across the next four years at $2.6 million per year. The Refuse Rates Administrator's proposal includes no use of the balancing account in Rate Year 2026 and spreading the remainder evenly across the subsequent four years at $3.1 million per year. This would in effect increase rates in Rate Years 2027 and 2028 by $3.1 million.

Table 53

Balancing Account: 2023 Rate Order Amortization	RY 2026	RY 2027	RY 2028
Recology	$3,366,696	$2,591,398	$2,591,398
Refuse Rate Administrator	$0	$3,131,697	$3,131,697

PROGRAMMATIC RESERVE

The Programmatic Reserve funds services requested by the City or Recology beyond services outline in the Rate Order. Approximately $2.5 million in funding was not used in the previous rate cycle and Recology's proposal eliminates this reserve to lower rates by 0.7% in Rate Year 2026.

The Refuse Rates Administrator recommends funding a Programmatic Reserve account at lower levels to support ad hoc services and projects subject to Refuse Rate Administrator approval. The Refuse Rate Administrator proposes total funding at $150,000 to be allocated at $50,000 every Rate Year.

Table 54

Programmatic Reserve	RY 2026	RY 2027	RY 2028
Recology	-$2,521,487	$0	$0
Refuse Rate Administrator	-$2,294,553	$50,000	$50,000

ZERO WASTE CAPITAL RESERVE

The Zero Waste Capital Reserve Fund was created in the 2023 Rate Order to mitigate long-term capital costs. The 2023 Rate Order funded the Reserve at 1% of regulated collections revenue in Rate Year 2024, which amounted to approximately $3.9 million. Recology proposal includes additional funding in this rate order equal to 1.75% net revenue for both Rate Years 2027 and 2028, which projects to add nearly $9.0 million and $11.4 million in each year respectively.

Table 55

Zero Waste Capital Reserve	RY 2026	RY 2027	RY 2028
Recology	$0	$8,995,532	$11,412,171
Refuse Rate Administrator	-$3,985,193	$5,653,670	$10,690,016

The Refuse Rates Administrator adjusted the funding levels for this reserve to support rate reduction. In Rate Year 2026, the Refuse Rates Administrator's proposal uses the full amount of the existing balance to reduce rates by nearly $4.0 million in Rate Year 2026. In Rate Year 2027, the Refuse Rates Administrator's proposal includes funding to the Capital Reserve at 1% of regulated revenue, which is projected to increase the fund by $5.7 million. In Rate Year 2028, the Refuse Rates Administrator's proposal includes funding to the Capital Reserve at 1.75% of regulated revenue, which will add an additional $10.7 million. The Capital Reserve is expected to total $16.3 million at the end of the rate cycle.

The Refuse Rates Administrator is anticipating several future capital projects. That would total between $475.1 million to $698.0 million.[63] As capital projects, these costs would be amortized over time. However, given the magnitude of the potential costs, the amortized costs can still create significant rate spikes. Table 56 shows six potential capital projects and their estimated costs. Shop Consolidation and Zero Emission Vehicle Infrastructure are capital projects anticipated to begin in Rate Year 2029. Zero Emission Vehicle Fleet timing is uncertain. Pier 96 MRF relocation, trash processing facility, and landfill closure are all contingent on various factors.

Table 56

Long-Term Capital Investments ($ Millions)	Recology Estimates	HF&H Estimates
Shop Consolidation	$37.40	$30.0-$40.0
Zero Emission Vehicle Infrastructure	$13.50	$10.0-$15.0
Zero Emission Vehicle Fleet	$360-$440	$360.0-$440.0
Pier 96 MRF Relocation	$103.30	$40.0-$103.0
Trash Processing Facility	$35.10	$35.0-$100.0
Landfill Closure	TBD	TBD
Total	**$475.1-$698.0**	

Shop Consolidation, Zero Emission Vehicle Infrastructure, and Landfill Closure

The current proposed rate order includes a site optimization study to support plans for Shop Consolidation and Zero Emission Vehicle Infrastructure projected for the Rate Year 2029 rate cycle. HF&H determined that certain facilities are functional but past their planned life, and many buildings on the site may have structural or seismic issues. In addition, significant construction will be needed to install chargers and reconfigure vehicle parking in anticipation of ZEV fleet transition.

Shop consolidation would constitute the consolidation of Recology's three repair shops into one location and to modernize facilities. The consolidation would allow reconfiguration of the site to support ZEV infrastructure. HF&H recommends moving forward with both projects.

Landfill closure costs will be determined by the site optimization study. Parts of Recology's Transfer Station property is located on a landfill. Depending on site reconfiguration, some portions of the property will require proper closure for development.

Zero Emission Vehicle Fleet

The California Air Resources Board (CARB) imposed The Advanced Clean Fleets (ACF) regulation aimed at accelerating the adoption of zero-emission vehicles in medium and heavy-duty fleets. The regulation would require waste haulers to transition to a fully zero emissions fleet by 2042 over a set schedule. At the request of the Refuse Rates Administrator, HF&H drafted a compliance plan that that would minimize cost of compliance. Recology has proposed a similar schedule and the estimated costs are aligned.

In January of 2025, CARB rescinded a waiver with the Environmental Protection Agency that would allow enforcement of this regulation on private fleets. This action was taken in anticipation of the current Federal administration likely rejecting or revoking waivers for CARB's emission standards, including ACF. The immediate consequence is that Recology is currently not required to comply with the regulation. However, the medium and long-term impacts are uncertain and the conventional wisdom is that this action only delays the implementation of the regulation on private fleets.

Pier 96 MRF Relocation and Trash Processing Facility

Pier 96 MRF Relocation and Trash Processing Facility assume approval for building new facilities. The San Francisco Port asked Recology to conduct a seismic study of Pier 96, and depending on the results of this study, Recology and the City will have to weigh the alternatives for site repair, facilities relocation, and finding an alternative for recyclables processing. The estimates in Table 56 give a range for cost for site relocation. If

Pier 96 is not a long-term solution for recyclables processing, then the Refuse Rates Administrator would recommend conducting a procurement process to allow the City to weigh the alternatives of facilities relocation and contracting with another facility.

The Environment Department will be conducting additional analysis on trash processing. Table 56 gives a range of costs for building a trash processing facility at Tunnel Avenue. If it is determined that the City wants to invest in trash processing, then the Refuse Rates Administrator would recommend conducting a procurement process to allow the City to weigh the alternatives of building a new facility or contracting with another facility.

Capital Reserve Impact

Amortization of capital costs allows us to spread large costs over time. HF&H ran various amortization scenarios assuming all capital projects were approved at their average estimated cost, that implementation would begin in Rate Year 2029, and the ZEV costs represent the net incremental cost for replacement.

Chart 3

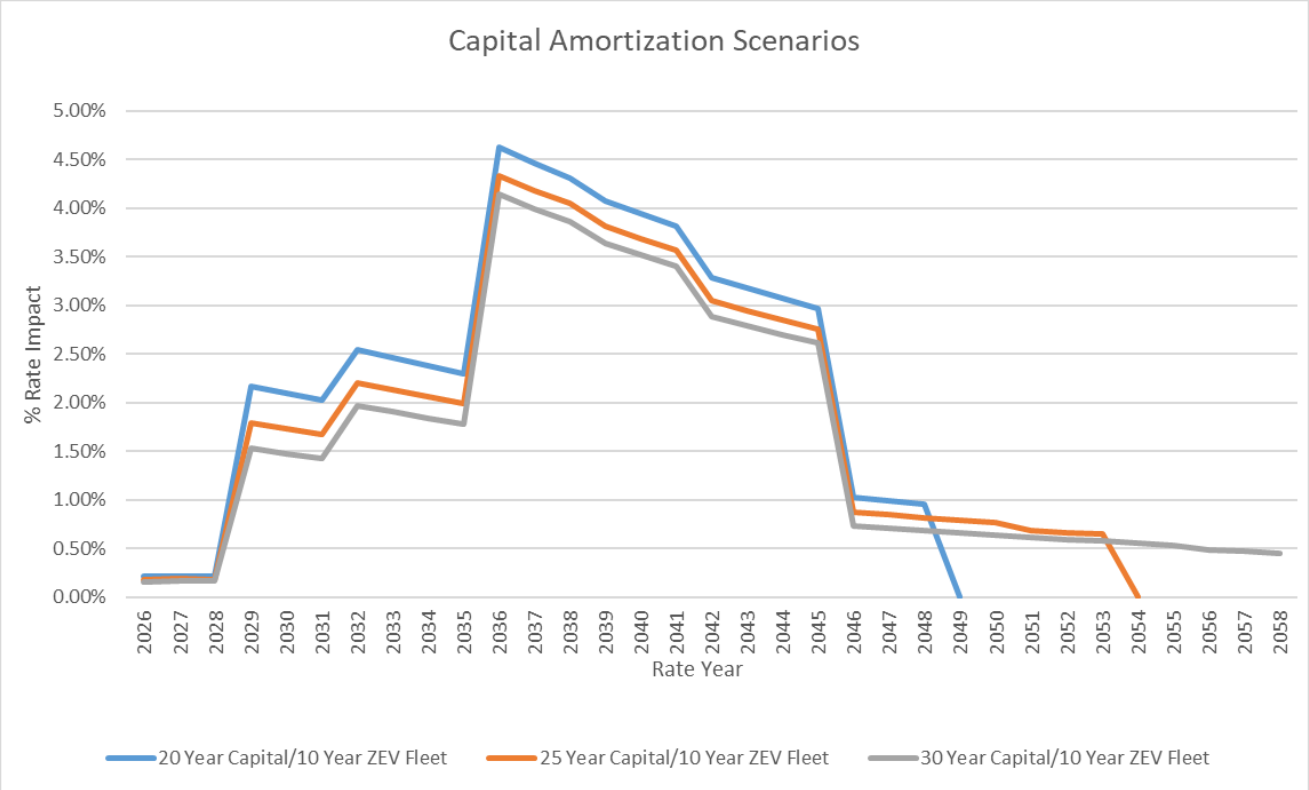


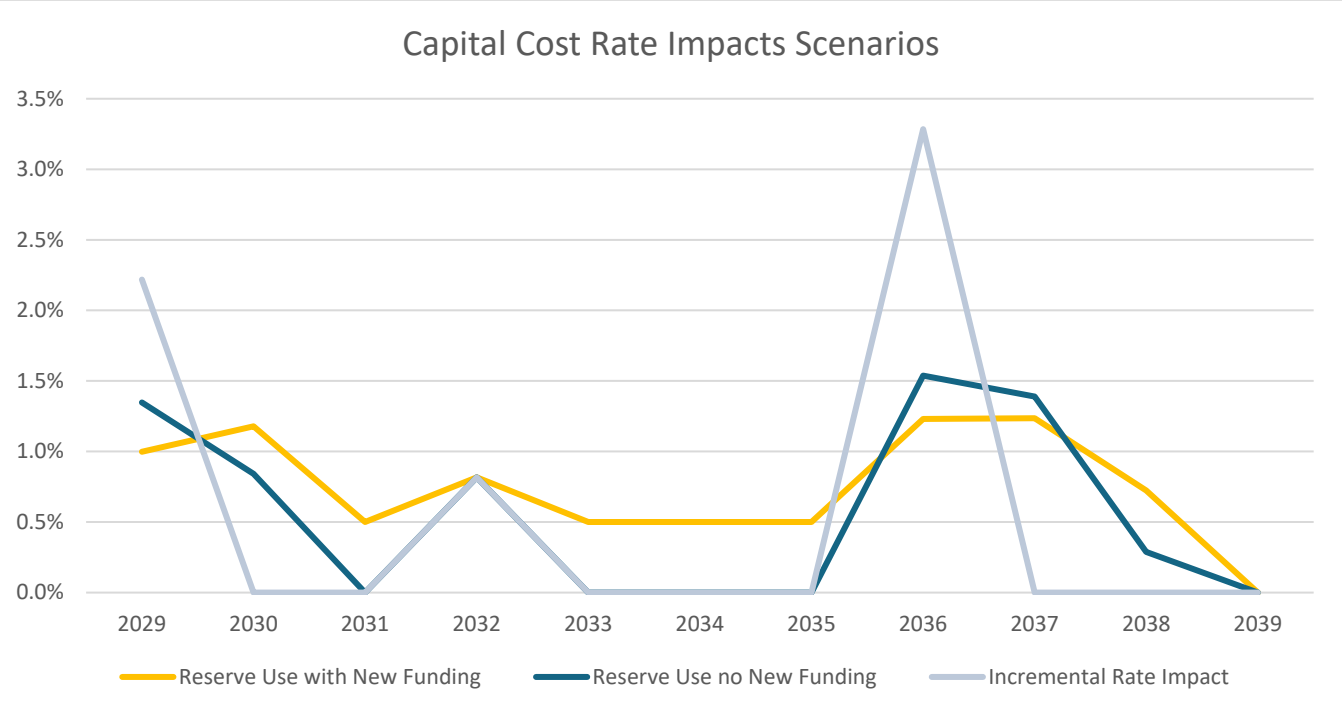
Chart 3 shows how much higher rates would be in a given year with all five capital projects being funded. For example, in Rate Year 2036, the combined amortized costs of all projects will have increased rates by 4.36% over a baseline of funding no capital projects.

Rate changes only happen when incremental amortized costs change. For example, amortized costs for Shop Consolidation amount to $1.8 million per year beginning in Rate Year 2029. This would be an effective 0.37% rate increase in Rate Year 2029, but once that cost is built into the rates, there will be no rate change related

to Shop Consolidation until the end of the amortization period when the rates will adjust back down . The Capital Reserve is intended to help mitigate those initial rate shocks when new capital projects come on line.

The Refuse Rates Administrator conducted two scenarios to illustrate strategic use of the Zero Waste Capital Reserve. In Chart 4, the light blue line shows the rate change for incremental amortized cost changes without any cost mitigation from the Capital Reserve. This shows that without any capital cost mitigation, amortized capital costs will increase rates by 2.2% in Rate Year 2029 and 3.3% in Rate Year 2036.

Chart 4



The yellow and dark blue lines show scenarios where the Capital Reserve can be used to smooth rates. The dark blue line shows strategic use of the Capital Reserve with no new funding in future rate years. In this scenario, the reserve used to offset rates in Rate Years 2029 and Rate Year 2036 and keeping rates at or below 1.5%. The yellow line shows a similar scenario, but replenishing the fund by 0.5% of revenue in years where there are no incremental rate increases due to capital costs. This allows us to keep rates below 1.25% in any given year.

Other Recommendations

RATE ADMINISTRATION

The Office of Refuse Rates Administration employed several tools to maintain oversight over Recology's operations and to monitor operational and financial performance in its first year of rate monitoring. The main tool include the various reports Recology is required to submit per the 2023 Rate Order. In addition, The Office conducts site visits, ride-alongs, makes information requests, and facilitates regular meetings with Recology staff. The Office's work has resulted in significant corrections to the rates. However, discovery, evaluation, and decision-making are still conducted on a situational basis. The Refuse Rates Administrator is proposing three new mechanisms to create a more sustainable rate monitoring and rate-setting processes. These new mechanisms include service level agreements, cost controls, and a balancing account.

Service Level Agreements[64]

Clear documentation of Recology's services is essential to the City's ability to hold Recology accountable to agreed upon services, evaluate performance, and validate impacts to refuse rates when changes to programs or service are proposed.

The Refuse Rates Administrator is issuing a proposed rate order that will document all services that Recology is required to perform that will be funded through the collections rates. Twenty-six service level agreements were drafted. The 16 service level agreements described in this report were drafted in collaboration with Recology, the Environment Department, and the Department of Public Works.

Core Services: Details Recology's obligations for core residential collections services for single-family homes and apartments and core processing. The agreements stipulate the hours of collection, container characteristics, frequency of service, service locations, acceptable and prohibited materials, missed collection procedures, and extra service and contamination charges.

Abandoned Materials Collection: Details proactive and responsive sweeps for refuse left in the public right of way. Proactive sweeps of abandoned materials include a Bayview sweep zone, downtown sweep zone, new afternoon sweeps, and proactive abandoned cardboard collection. In addition, Recology will respond to notices in the City's 311 reporting system within four (4) hours of receiving notice and to provide additional Public Works-directed sweeps on an as-needed basis to meet dynamic needs of the City.

Bulky-Item Collection: Details appointment-based collection of household furnishings and other items which don't fit in the regular carts, reducing illegal dumping. Outlines quantity and volume of items that can be collected in a single collection event, the service frequency, location, acceptable and prohibited materials, additional services, request methods, and requirements around reuse, recycling, and hazardous waste.

Compost Giveaway: Describes an annual citywide event for the distribution of compost which is derived from San Francisco's organics collection program. This compost will be distributed on behalf of the City and County of San Francisco to benefit its residents. The SF Recology Companies will promote, manage, staff, and operate a Compost Giveaway event for SF residential customers once per year.

Facilities Operations: Describes the maintenance and post-collection operation of the Tunnel Avenue and Pier 96 Recycle Central facilities. Services include receipt of collected material, solid waste transfer and transport,

recycling and organics processing, and recovered material transfer and transport. Details general facility operations and functions.

Household Hazardous Waste: Describes the required programs for handling and disposal of hazardous waste and is aligned with the most recent revision to the Household Hazardous Waste Collection Program Agreement and the Household Hazardous Waste Collection Facility Operation Plan.

Public Disposal and Recycling Area: Describes the operations of a facility for public refuse drop-off.

Public Receptacles Collection: Outlines Recology's obligations to proactively and responsively collect public receptacle trash cans located throughout San Francisco's right of way as part of Recology's regular collection route services and with an additional twelve dedicated trucks assigned to public receptacle-specific routes. The agreement also defines response times, numbers, and measurement periods.

Self-Haul: Outlines Recology's obligations to accept and document City-delivered non-hazardous material collected from San Francisco's right of way.

Sustainability Education: Outlines Recology's educational programs related to reuse, recycling, and composting. These initiatives educate school children and adults on recycling, material reuse, resource conservation, and consumption reduction, supporting San Francisco's zero waste and diversion goals.

Holiday Tree Collection: Holiday Tree Collection occurs for two consecutive weeks in January beginning the first regular workday following the New Year's Day holiday.

Waste Zero: Outlines Recology's initiatives to educate customers on the importance of increasing diversion from landfills, available collection programs, and proper sorting techniques. Services include citywide outreach including a welcome letter to all new accounts, tabling at public events, social media, an email and web-based quarterly newsletter, direct mail information on proper sorting, and contamination outreach to assist ratepayers in correcting ongoing contamination.

Weekend Cleanup: Outlines Recology's commitment to conduct once-yearly local opportunities for residents to drop off items too big to fit in the regular collection bins in eleven locations across San Francisco. The agreements detail the number of events, rules around dates and times, eligible participants, accepted and prohibited materials, public notification, and outreach.

Reporting: The Refuse Rate Board requires that Recology produce regular reports during this rate cycle and deliver them to the Refuse Rates Administrator and/or other City departments as designated. Reporting requirements include rate reports, baseline operating metrics, audited financial statements, household hazardous waste reporting, customer communication records, landfill tonnage, etc.

Billing: Outlines Recology's responsibility to collect billings, with the exception of the City's lien process administered through the Department of Public Health.

Customer Service: Outlines Recology's responsibility to communicate and respond to customer communications in accordance with the City's standards. This includes City accessibility standards and ordinances, availability via telephone, email, website, and in-person on public-serving Recology-operated premises.

Cost Controls

The Office of Refuse Rates Administration currently conducts review of all Recology's operational and financial reporting. However, discovery of variances or audit findings from these reviews are evaluated on a situational basis. In addition, while current reporting requirements allow for identification of issues, evaluation requires additional information requests from Recology, which can delay resolution of any audit findings. The Refuse Rates Administrator is proposing financial and operational mechanisms to improve review and analyses of Recology's performance. These mechanisms will allow the Refuse Rates Administrator to determine if certain costs over projection are reasonable. These procedures include two components: Financial and Operational Performance Analysis, Eligible Cost Rules.

Financial and Operational Performance Analysis

Currently, the level of operational detail does not provide enough information on inputs that have a direct impact on costs or productivity measures that provide insight into efficiency. The Refuse Rates Administrator proposal includes Baseline Operating Metrics, a Variance Report, and Eligible Cost Rules to address these reporting issues and to provide guidelines on assessment.

Baseline Operating Metrics: The Refuse Rates Administrator's proposal includes a set of Baseline Operating Metrics that cover routes, lifts, hauls, personnel, productivity statistics, vehicles, and reports out on operational changes to improve The Office's ability to conduct performance analyses. These metrics will allow The Office to tie financial variances to operational variances to determine appropriateness of cost changes.

Variance Report: The Office already conducts a variance analysis. However, to create greater transparency, the Refuse Rates Administrator's proposal includes a variance report highlighting all line-item revenue-adjusted cost variances from projected costs of greater than 5% and greater than $500,000, negative or positive. This reporting will be used as part of the eligible cost determination outlined under eligible cost rules.

Eligible Cost Rules: The Refuse Rates Administrator proposal includes a set of rules to help determine eligibility for Recology to recover costs through the balancing account.

- 5% and $500k Variance Threshold: Any actual revenue-adjusted costs greater than 5% and $500k over projected costs will fall to review to the Refuse Rates Administrator who will make a determination on the reasonableness of the cost variance based on Baseline Operating Metrics and other factors and determine if costs are eligible for recovery through the balancing account.
- Calculation Error: Any variances due to calculation error where the underlying data was not disclosed to the Refuse Rates Administrator are not eligible for recovery. For example, the error discovered in Rate Year 2024 was related to lease costs being calculated based on depreciable life instead of lease life. The Refuse Rates Administrator would not have been able to identify this error with the information provided. Under these rules, costs from this error would not be eligible for recovery.
- Bad Debt: The Department of Public Health is tasked with adjudicating delinquent bill issued to Residential and Apartment customers. If the Department of Public Health rejects a complaint, then the costs due to the complaint are not eligible for cost recovery.
- Capital Expenditure Management: The rate proposal includes a capital cost recovery schedule that details a capital expense plan that includes assets approved for purchase. If Recology needs to

acquire an asset not approved on this list, the Refuse Rates Administrator's approval will be required before purchase.

- Cost Cap: The Refuse Rates Administrator is proposing 6 cost categories that consolidate all line-item costs and imposing a 10% cost cap variance on those categories. This means that if the total cost variances for any of these cost categories exceeds 10%, those costs would not be eligible for recovery.

Balancing Account

The current rate monitoring process needs a systematic way to resolve issues in a way that ensures rates are fair and reasonable. The current way of resolving issues creates a disparity in how over-projection and under-projection of costs are treated. For example, in Rate Year 2024, calculation errors that overestimated lease costs and underestimated revenue were discovered. Recology rebated the full amount to ratepayers and lowered rates in Rate Year 2025 to account for the error. This allowed ratepayers to immediately recover the full amount of the mistake. Near the same time, a payroll calculation error similar in nature to the revenue error was discovered, but in this case benefitted ratepayers by under-projecting payroll costs. Under the current rate order, Recology was able to recover 50% of the shortfall in future years. While these decisions were beneficial to ratepayers in the short-term, they created a structural issue in the rates that the current rate proposal is addressing. This has contributed to larger than anticipated proposed rate increases in Rate Year 2026.

A sustainable rate administration process needs more predictable outcomes. The Refuse Rates Administrator is proposing that all cost and revenue variance issues should be handled through a 100% balancing account. This would not only ensure predictability but also rate fairness by guaranteeing the Operating Ratio. Ratepayers will be assured that Recology will not make more than they are allowed to, and Recology will be assured that they receive the allowable operating ratio.

The balancing account would start with a zero balance and Recology would increase or decrease the notional balance based on profits earned or losses based on the 91% operating ratio on eligible costs for each rate year.

$$above/below\ target\ profit = actual\ net\ profits - \left[\frac{expenses}{0.91} - expenses\right]$$

Appendix A: File References

Reference Number	Title	Link
1	RY 2025 Residential Rate Sheets	https://sf.gov/sites/default/files/2023-11/Residential%20Rates%20RY%202025%20Final%20Rate%20Order%20for%20Oct%201%202024.pdf
2	Recology Refuse Rate Change Request Narrative Summary	https://www.sf.gov/sites/default/files/2025-01/2025%20Rate%20Application%20-%20Narrative.pdf
3	Recology Refuse Rate Change Request Summary of Assumptions	https://www.sf.gov/sites/default/files/2025-01/2025%20Rate%20Application%20-%20Summary%20of%20Assumptions.pdf
4	Collections Rate Model	https://api.sf.gov/documents/40534/Collections_Rate_Model_4VdhMlO.xlsx
5	Post-Collections Rate Model	https://api.sf.gov/documents/40535/Post_Collection_Rate_Model_z3Ge0Ho.xlsx
6	Supplemental Schedules	https://api.sf.gov/documents/40533/Supplemental_Schedules_Iom3T0O.xlsx
7	Program Service Form - Cardboard Routes Program	https://api.sf.gov/documents/40173/Program_Service_Form_-_Cardboard_Routes_Program.xlsx
8	Program Service Form - Core Processing Operations	https://api.sf.gov/documents/40178/Program_Service_Form_-_Core_Processing_Operations.xlsx
9	Program Service Form - Household Hazardous Waste	https://api.sf.gov/documents/40179/Program_Service_Form_-_Household_Hazardous_Waste.xlsx
10	Program Service Form - Public	https://api.sf.gov/documents/40180/Program_Service_Form_-_Public_Reuse_and_Recycling_Area.xlsx

	Reuse and Recycling Area	
11	Program Service Form - Sustainability Educational Programs	https://api.sf.gov/documents/40181/Program_Service_Form_-_Sustainability_Educational_Programs.xlsx
12	Program Service Form - Waste Zero Programs Version 2	https://api.sf.gov/documents/40182/Program_Service_Form_-_Waste_Zero_Programs_V2.xlsx
13	Program Service Form - Public Works	https://api.sf.gov/documents/40183/Program_Service_Form_-_Public_Works.xlsx
14	Program Service Form - Abandoned Materials Program	https://api.sf.gov/documents/40170/Program_Service_Form_-_Abandoned_Materials_Program.xlsx
15	Program Service Form - Bulky Items Recycling Program	https://api.sf.gov/documents/40171/Program_Service_Form_-_Bulky_Items_Recycling_Program.xlsx
16	Program Service Form - City Cans Program	https://api.sf.gov/documents/40172/Program_Service_Form_-_City_Cans_Program.xlsx
17	Program Service Form - Core Collections Operations	https://api.sf.gov/documents/40176/Program_Service_Form_-_Core_Collection_Operations.xlsx
18	Program Service Form - Waste Zero Programs	https://api.sf.gov/documents/40175/Program_Service_Form_-_Waste_Zero_Programs.xlsx
19	Program Service Form - Weekend	https://api.sf.gov/documents/40174/Program_Service_Form_-_Weekend_Cleanups_Program.xlsx

	Cleanups Program	
20	RRA Proposed Service Level Agreements	https://media.api.sf.gov/documents/RRA_Proposed_Service_Level_Agreements_2025.pdf
21	Rate Order 2025 Interrogatory Tracker	https://api.sf.gov/admin/documents/edit/40514/?next=%2Fadmin%2Fdocuments%2F%3Fordering%3D-created_at
22	CPI Analyses of Recology Application Executive Summary	https://api.sf.gov/documents/40358/CPI_Analyses_of_Recology_Application_-_03.25.2025_final_d_-_Copy.docx
23	Recology Fiscal Year ending September 30, 2024 Combined Independently Audited Financial Statements	https://api.sf.gov/documents/36342/FY24_Recology_San_Francisco_Group_Audited_Financial_Statement.pdf
24	Recology Rate Year 2024 Intercompany Property Rental Independent Accountants' Agreed-Upon Procedures Report Conducted By KPMG	https://api.sf.gov/documents/36368/FY24_SF_Properties_AUP_Report.pdf
25	Recology Rate Year 2024 Reconciliation Schedules Independent Accountants'	https://api.sf.gov/documents/36366/FY24_SF_Rate_Recon_AUP_Report.pdf

	Agreed-Upon Procedures Report Conducted By KPMG	
26	San Francisco Jurisdiction Comparison Review	https://api.sf.gov/documents/40515/SF_Jurisdiction_Comparison_Review.pdf
27	Unregulated Carve Out RY26-28	https://api.sf.gov/documents/40516/Unregulated_Carve_Out_RY26_-_RY28.xlsx
28	Collections Rate Model – Proposition 218	https://api.sf.gov/documents/40534/Collections_Rate_Model_4VdhMlO.xlsx
29	Post Collections Rate Model – Proposition 218	https://api.sf.gov/documents/40535/Post_Collection_Rate_Model_z3Ge0Ho.xlsx
30	2024 Q4 Rate Report	https://api.sf.gov/documents/36340/RY2024_-_Financial_Rate_Report.pdf
31	California Department of Finance Population Estimates for Cities, Counties, and the State, 2021-2025, with 2020 Benchmark	https://api.sf.gov/documents/40517/E-4_2025_InternetVersion_version_1.xlsx
32	California Department of Transportation Forecast	https://api.sf.gov/documents/40630/DOT_Forecast.pdf
33	Status of the San Francisco Economy: March 2025	https://api.sf.gov/documents/40518/Status_of_the_San_Francisco_Economy_March_2025_h5TUbeT.pdf
34	Chart Data for	https://api.sf.gov/documents/40631/Chart_data_for_downtown_indicators.xlsx

	Downtown Indicators	
35	Stipulated Injunction Filed June 30, 2021	https://api.sf.gov/documents/40519/2021-06-30_Filed_Stamped_Stipulated_Injunction.pdf
36	Recology Sunset Scavenger and Recology Golden Gate Driver and Mechanic Collective Bargaining Agreement January 1, 2022 - December 31, 2026	https://api.sf.gov/documents/40200/RSS__RGG_Driver_Mechanic_CBA_1.1.22_-_12.31.26.pdf
37	Health and Welfare Forecast	https://api.sf.gov/documents/40191/Health_and_Welfare_Forecast_3.xlsx
38	Response to Interrogatory #29 and #30 - Listing of Vacancies and New Positions by Labor Group	https://api.sf.gov/documents/40184/29__30_-_Listing_of_Vacancies_and_New_Positions_by_Labor_Group.xlsx
39	Public Integrity Review – May 16, 2022	https://api.sf.gov/documents/40520/Public_Integrity_Deliverable_10_-_Refuse_Rate-Setting_Process__05.16.22.pdf
40	Recology ZEV Fleet Summary	https://api.sf.gov/documents/40521/Recology_ZEV_Fleet_Summary.xlsx
41	December 2022 Settlement Agreement	https://api.sf.gov/documents/40522/25m_Signed_Recology_Settlement.pdf
42	3rd Eye Summary	https://api.sf.gov/documents/40210/3rd_Eye_Summary_-_1.3.2025.xlsx
43	Recology Overload	https://api.sf.gov/documents/40214/Recology_Overload_Percentages_Feb.xlsx

	Percentages - February	
44	Recommendations for 2026-2028 Rate Order from HF&H	https://api.sf.gov/documents/40523/RRB_Recommendations_05072025.pdf
45	Landfill Disposal Agreement Approved July 22, 2015	https://api.sf.gov/documents/40524/Landfill_Agreement_Executed_7_22_2015.pdf
46	Monthly Tonnage Comparison Report	https://api.sf.gov/documents/40525/Monthly_Tonnage_Comparison_Report_RSF_to_RHR_2025_01.xlsx
47	Post Collection Benchmarking to the City	https://api.sf.gov/documents/40526/Post_Collection_Benchmarking_to_the_City.xlsx
48	Impound Account Document from Refuse Rates Administrator	https://api.sf.gov/documents/40599/Rate_Order_2025_-_Impound_Account_Prop_218.xlsx
49	San Francisco Environment Presentation for Refuse Rate Rates Administrator's Hearing	https://media.api.sf.gov/documents/Refuse_Rate_Administrator_January_2025_Hearing_ENV.pdf
50	San Francisco Environment Impound Account Presentation for Refuse Rate Board Hearing	https://media.api.sf.gov/documents/UPDATE1_P5cAS3k.PDF
51	Refuse Rates Change Request for Rate Years	https://www.sf.gov/sites/default/files/2024-09/Refuse%20Rate%20Application%20Instructions%202024.pdf

	Ending 2026 and 2027 and 2028 Instructions	
52	Refuse Rates Change Request for Rate Years Ending 2026 and 2027 and 2028 Templates	https://api.sf.gov/documents/40130/RY2026_-_RY2028_Rate_Model_Template.zip
53	Transcript for Refuse Rates Administrator's Hearing	https://media.api.sf.gov/documents/Transcript_for_Refuse_Rates_Administrator_Hearing_1.vtt
54	Refuse Rates Administrator Impound Account Presentation for Refuse Rates Administrator's Hearing	https://media.api.sf.gov/documents/RRA_Impound_Budget_RRA_Hearing_1.pdf
55	Recology Presentation for Refuse Rates Administrator's Hearing	https://media.api.sf.gov/documents/Refuse_Rate_Administrator_Hearing_1_Recology_Presentation_-_1.30.2025.pdf
56	San Francisco Environment Trash Processing Presentation for Refuse Rate Rates Administrator's Hearing	https://media.api.sf.gov/documents/UPDATE1.PDF
57	Department of Public Works Presentation for Refuse	https://media.api.sf.gov/documents/20250127_Refuse_Rate_Update_-_Public_Works_final.pdf

	Rates Administrator's Hearing	
58	Video Recording of Refuse Rates Administrator's Hearing	https://sfpublic.webex.com/sfpublic/ldr.php?RCID=a475bb991a8eb3cc707908b87946520c
59	Refuse Rates Administrator Presentation for Refuse Rate Board Hearing	https://media.api.sf.gov/documents/RRA_Presentation_250221.pdf
60	Refuse Rates Administrator Impound Account Presentation for Refuse Rate Board Hearing	https://media.api.sf.gov/documents/RRA_Impound_Budget_v2.pdf
62	Department of Public Works Impound Account Presentation for Refuse Rate Board Hearing	https://media.api.sf.gov/documents/20250221_Refuse_Rate_Board_Hearing_1_-_Public_Works.final.pdf
63	Recology Presentation for Refuse Rate Board Hearing	https://media.api.sf.gov/documents/Refuse_Rate_Board_Hearing_1_Recology_Presentation_-_2.21.2025.pdf
64	HF&H Capital Planning Presentation for Refuse Rate Board Hearing	https://media.api.sf.gov/documents/HFH_SF_Capital_Plan_Recs_021825.pdf
65	San Francisco Environment Presentation	https://media.api.sf.gov/documents/SFE_RR_Board_Hearing_20_25_0221_UPDATED.pdf

	for Refuse Rate Board Hearing	
66	Video Recording of Refuse Rate Board Hearing	https://sanfrancisco.granicus.com/player/clip/48770?view_id=226&redirect=true
67	Refuse Rates Administrator's Presentation for Refuse Rate's Administrator's Hearing	https://media.api.sf.gov/documents/RRA_Hearing_2_Presentation.pdf
68	Refuse Rates Administrator's Presentation for Refuse Rate's Administrator's Hearing	https://media.api.sf.gov/documents/Updated-RRA_Presentation_250401.pdf
69	HF&H Capital Planning Presentation for Refuse Rate's Administrator's Hearing	https://media.api.sf.gov/documents/SF_Capital_Plan_Recs_040225.pptx
70	Environment Commissioner Austin Hunter Letter to Refuse Rates Administrator	https://media.api.sf.gov/documents/Signed_-_Commissioner_Hunter_Refuse_Rate_Letter.pdf
71	San Francisco Environment Impound Account Presentation for Refuse Rates	https://media.api.sf.gov/documents/Program_Slides_-_SWIA_ENV_Budget_Proposed_2025-2893.pdf

	Administrator's Hearing	
72	San Francisco Environment Impound Account Budget Details - Rate Years 2026-2028 Proposal	https://media.api.sf.gov/documents/SFE_Budget_Details_-_RYs_2025-2028_Proposal_03-14-25_RRA_Meeting60.xlsx
73	Contamination Charge and Removal of Diversion Discount	https://api.sf.gov/documents/40196/ContaminationCharge_RemovalofDiscount_2024.pdf
74	COLA Calculation Package	https://api.sf.gov/documents/40160/COLA_Calculation_Package_CY2023_v2_W3d9h6u.pdf
75	Capital Contingency Schedule - Mockup	https://api.sf.gov/documents/40161/Capital_Contingency_Schedule_-_Mockup.xlsx
76	Green Waste Bid Sheet	https://api.sf.gov/documents/40224/SE9708_P-695_Attachment_4_-_Bid_Sheet_final_2.xlsx
77	Municipal Solid Waste Processing and Price Increase Breakdown	https://api.sf.gov/documents/40225/MSW_Processing_and_PI_Breakdown.pdf
78	RY25 Collection Companies Revenue Breakdown	https://api.sf.gov/documents/40226/RY25_Collection_Companies_Revenue_Breakdown_1.xlsx
79	Collective Bargaining Agreement Wage Spreadsheet Support for Rate Application RY26-28	https://api.sf.gov/documents/40177/CBA_Wage_Spreadsheet_Support_for_Rate_App_RY26-RY28.pdf

80	Litter Collection Services Arrangement for San Francisco Community Benefit Districts	https://api.sf.gov/documents/40185/LITTER1.PDF
81	RY26 - RY28 Community Benefit District Revenue	https://api.sf.gov/documents/40186/RY26_-_RY28_Community_Benefit_Districts_Revenue.xlsx
82	RY26 - RY28 Collection Companies Revenue Breakdown	https://api.sf.gov/documents/40187/RY25_-_RY28_Collection_Companies_Revenue_Breakdown.xlsx
83	Recology Rate Development Methodology Letter from Mercer	https://api.sf.gov/documents/40159/Recology_Rate_Development_Methodology_Letter_Dec_4_2024.pdf
84	Response to Interrogatory #46 - Overtime Hours	https://api.sf.gov/documents/40189/46_-_Overtime_Hours.xlsx
85	Pension Details - 2025-2028	https://api.sf.gov/documents/40192/Pension_Details_-_2025-2028.xlsx
86	Collection Rate Model Revised March 5, 2025	https://api.sf.gov/documents/40204/Collection_Rate_Model_Revised_V2_-_3.5.2025.xlsx
87	Post Collection Rate Model Revised March 5, 2025	https://api.sf.gov/documents/40205/Post_Collection_Rate_Model_Revised_V2_-_3.5.2025.xlsx

88	Response to Interrogatory #56 - RSF Intercompany Processing and Disposal	https://api.sf.gov/documents/40197/56_-_RSF_IC_Processing__Disposal.xlsx
89	Response to Interrogatory #60 - Contract Customer Detail	https://api.sf.gov/documents/40198/60_-_Contract_Customer_Detail.xlsx
90	Professional Fees Funded by the Impound Account and EIR Work	https://api.sf.gov/documents/40199/Professional_Fees_funded_by_the_Impound__EIR_Work.xlsx
91	Response to Interrogatory #51 and #52 - Questions on other Professional Fees Details	https://api.sf.gov/documents/40194/51__52_-_Questions_on_Other_Professional_Fees_Details.xlsx
92	Recology Sunset Scavenger and Recology Golden Gate Driver and Mechanic Collective Bargaining Agreement January 1, 2022 - December 31, 2026	https://api.sf.gov/documents/40200/RSS__RGG_Driver_Mechanic_CBA_1.1.22_-_12.31.26.pdf
93	Response to Interrogatory #58 - Lease Costs	https://api.sf.gov/documents/40201/58_-_Lease_Costs_for_the_RRA.xlsx
94	Response to Interrogatory	https://api.sf.gov/documents/40202/61_-_RY2024_Community_Benefit_Districts_Estimated_Costs.xlsx

	#61 - RY24 Community Benefit Districts Estimated Costs	
95	List of Rate Adjustments March 25, 2025	https://api.sf.gov/documents/40203/List_of_Rate_Adjustments_3.25.2025_V2.xlsx

Exhibit B

CITY AND COUNTY OF SAN FRANCISCO

Service Level Agreements for the Refuse Rate Board's 2025 Rate Order

1. INTRODUCTION 1

1.1 Overview 1
1.2 Format 1
1.3 Coordination of SLAs with Existing Regulatory Mechanisms 1
1.4 Modified and New SLAs 2
1.5 Other Reporting 2
1.6 Recology Assistance in City Regulatory Compliance 2
1.7 Defined Terms 2
1.8 Behested Payments 2

2. DEFINITIONS 3

2.1 General 3
2.2 Material Types 5
2.3 Service Delivery 5
2.4 Transport, Transfer, Processing, Disposal 6
2.5 Existing Agreements 7

3. RATE SHEETS 8

3.1 Rates for Residential Buildings 8

4. CORE COLLECTIONS 14

4.1 One to Five Unit Residential Services 14
4.1.1 Municipal Solid Waste Collection 14
4.1.2 Organic Materials Collection 17
4.1.3 Recyclable Materials Collection 21
4.1.4 Six-Unit or Larger Residential Apartment Services 25
4.1.5 Municipal Solid Waste Collection 25
4.1.6 Organic Materials Collection 28
4.1.7 Recyclable Materials Collection 32
4.2 Additional Services 36
4.2.1 Container Management 36

4.2.2 Equipment Testing/Piloting 36

5. ABANDONED MATERIAL COLLECTION 37

5.1 Service Description and Delivery 37

5.1.1 Proactive Sweeps 37
5.1.2 Abandoned Cardboard Collection 40
5.1.3 Responsive Abandoned Materials Collection 41
5.1.4 Additional Public Works Directed Sweeps 42

5.2 Oversight 42

6. FACILITIES 43

6.1 Post Collection Facilities 43

6.2 Facility Operations 43

6.2.1 Material Acceptance/Waste Control 44
6.2.2 Equipment 44
6.2.3 Personnel 44
6.2.4 Safety 44
6.2.5 Vehicle Tare Weights 44
6.2.6 Electronic Scales 44
6.2.7 Data Collection and Reporting 45
6.2.8 Diversion 45
6.2.9 Material Marketing 45

6.3 Tunnel Avenue Operations 45

6.4 Recycle Central (Pier 96) Operations 46

6.5 Reporting 46

6.5.1 Tunnel Ave and Pier 96 Tonnage Data Reporting 46

7. BILLING 47

7.1 Service Description 47

7.2 Service Delivery 47

7.2.1 Billing Frequency 47
7.2.2 Billing Logistics 48

7.3 Access to Billing System 48

7.4 Account Management and Modifications 48
7.4.1 Vacation Holds 48
7.5 Data Tracking 49
8. CUSTOMER SERVICE 49
8.1 Service Description 49
8.2 Service Delivery 49
8.2.1 Availability of Representatives 49
8.2.2 Telephone 50
8.2.3 Web Site, Email Address, and Other Customer Engagement 50
8.2.4 Language Access 51
8.3 Service Requests and Complaints 51
8.4 Missed Collection, Non-Collection and Courtesy Collection 51
8.4.1 Missed Collection Complaints 51
8.4.2 Non-Collection Notices 52
8.4.3 Non-Collection of Discarded Materials 52
8.4.4 Courtesy Collections for Late Set-Outs or No Set-Outs 53
8.4.5 Non-Collection Due to Contamination 53
8.4.6 Non-Collection Due to Excluded Waste 54
8.4.7 Courtesy Collections After Non-Collection 54
8.4.8 Disposal of Heavily Contaminated Containers 55
8.4.9 Record of Non-Collection 55
8.5 Reporting 55
8.5.1 Quarterly Reporting 55
8.5.2 Bi-Annual Reporting 55
9. BULKY ITEM COLLECTION 56
9.1 Service Description 56
9.2 Service Delivery 56
9.3 Reporting 58
9.3.1 Bulky Item Collection Report 58
9.3.2 Quarterly Operational Report 59

9.4 Oversight 59
9.5 Bulky Item Collection Outreach to Large Apartments 59
10. HOLIDAY TREE COLLECTION 60
10.1 Service Description 60
10.2 Service Delivery 61
10.3 Reporting 63
10.3.1 Holiday Tree Collection Report 63
11. HOUSEHOLD HAZARDOUS WASTE 63
11.1 Service Description 63
11.2 Service Delivery 63
11.3 Very Small Quantity Generator (VSQG) Collection Program 64
11.4 Reporting Requirements 64
11.5 Oversight 64
12. PUBLIC DISPOSAL AND RECYCLING AREA (PDRA) 64
12.1 Overview 64
12.2 Mattress Program 65
12.3 Other Materials 65
12.4 Universal Waste Recycling Drop-Off 65
13. PUBLIC RECEPTACLE COLLECTION 66
13.1 Service Description 66
13.2 Service Delivery 66
13.3 Recordkeeping and Reporting 69
13.3.1 Video 69
13.4 Oversight 69
14. CITY SELF-HAUL OF MATERIAL 69
14.1 Service Description 69

14.2 Service Delivery 70
14.2.1 Eligible Material 70
14.2.2 Non-Eligible Material 70
14.2.3 Classification of Eligible Material and City Vehicles 71
14.3 Reporting 72
14.3.1 Quarterly Operational Report 72
14.3.2 Annual Operational Report 73
15. SUSTAINABILITY EDUCATION PROGRAM 73
15.1 Sustainability Education Program 73
15.2 School Tour Program 73
15.3 Artist in Residence Program 74
15.4 Staffing 74
16. WASTE ZERO PROGRAM 74
16.1 Service Description 74
16.2 Service Delivery 74
16.2.1 Citywide Outreach 74
16.2.2 Contamination Outreach 75
16.2.3 Contamination Camera Pilot 75
16.2.4 Waste Zero Champions 76
16.2.5 Clean Street (Gravity) Carts 76
16.3 Reporting 76
17. WEEKEND CLEANUP EVENTS 76
17.1 Service Description 76
17.2 Service Delivery 77
17.3 Reporting 78
17.3.1 Quarterly Operational Report 78

18. IMPOUND ACCOUNT DEPOSITS AND REMITTANCES 79

19. ZERO WASTE CAPITAL RESERVE FUND 80

19.1 Purpose 80

19.2 Funding 80

19.3 Interest 81

19.4 Reporting 81

20. PROGRAMMATIC RESERVE PROVISIONS 81

20.1 Purpose 81

20.2 Funding 82

20.3 Withdrawal 82

20.4 Limitations 83

20.5 Reporting 83

20.6 Unused Balance 83

20.7 Interest on the Programmatic Reserve Balance 84

21. THE 2024 BALANCING ACCOUNT 84

21.1 Rate Year 2024 Balancing Account Amortization in the 2026 - 2028 Rate Order 84

22. THE 2026 BALANCING ACCOUNT 85

22.1 Overview 85

22.2 Calculation of Above-/Below-Target Profit 86

22.3 No Effect on Profit Calculation 87

22.4 Use of Notional Balance 87

22.5 Interest on Balancing Account Notional Amounts 88

22.6 Reporting 88

23. COST CONTROLS METHODOLOGY 88

Purpose 88

Process 89

24. CAPITAL EXPENDITURES MANAGEMENT 96

24.1 Recology Ready Implementation 97

24.1.1 Implementation Milestones 97
24.1.2 Notice and Opportunity to Cure 97
24.1.3 Appeal Process 97

CITY AND COUNTY OF SAN FRANCISCO

Service Level Agreements for the Refuse Rate Board's 2025 Rate Order

1. INTRODUCTION

1.1 Overview

The Service Level Agreements (SLAs) define the key operational responsibilities of the SF Recology Companies (Recology) and the relevant City and County of San Francisco (City) departments in providing City residents with Rate-funded Solid Waste, Recyclable Materials, and Organic Materials Collection, Transfer, Transport, and Processing services. The SLAs generally fall into two (2) categories. First, broad SLAs addressing the full range of regularly scheduled Residential Collection services, and Recology's operations at the Tunnel Avenue and Pier 96 facilities. Second, SLAs that address specific ancillary services that directly impact residents such as Bulky Item Collection and Household Hazardous Waste (HHW) Collection events, or that assist City departments such as Collection of abandoned material.

1.2 Format

The SLAs generally follow the same format, with a brief description of the service, a more detailed description of the service identifying the operational roles and responsibilities of Recology and applicable City departments(s) responsible for delivering the service, requirements for Recology and City data tracking, specification of the content and frequency of Recology and City reporting as necessary to monitor activities funded through this Rate Order as detailed in the Reporting Requirements for the 2025 Rate Order, and the oversight roles and responsibilities of City departments for ensuring services are provided effectively and cost efficiently.

1.3 Coordination of SLAs with Existing Regulatory Mechanisms

In addition to the SLAs, there are several other mechanisms by which the City has codified Recology service requirements. The Department of Public Health issues Recology licenses and route permits that allow Recology to perform Collection services. The Office of Contract Administration has an agreement with Recology governing Collection from City facilities. The Department of the Environment (SFE) manages the City's Landfill Disposal and Household Hazardous Waste Collection Program Agreements with Recology. In addition, SFE and Recology have agreed on a detailed operations plan for the HHW program, which is updated periodically. Finally, Pier 96 is a Recology-operated facility situated on property leased from the City. The SLAs provide a larger umbrella governing Recology-provided Collection and facility-related services and codify the specific service areas that are not covered in the documents identified above. The SLAs are intended to be consistent with, and not to replicate or replace, the documents described above.

1.4 Modified and New SLAs

During this Rate Order period, it may be necessary to amend one or more of the SLAs, or to add an additional SLA(s) to address changes in law, unforeseeable extraordinary changes in costs, or City-directed and/or Recology-requested changes in programs. New or modified SLAs will be subject to approval by the Refuse Rate Board, the Refuse Rates Administrator, the applicable City department(s), and Recology, as applicable. Any changes to the SLAs will not alter Rates as established in the Rate Order.

1.5 Other Reporting

The Refuse Rate Board and the Refuse Rates Administrator may, in support of the Rate Order, request additions to the reporting requirements contained in the Rate Order, as generally referenced above. Additions, modifications, or any other changes made to the reporting requirements will be made by mutual agreement between the Refuse Rates Administrator and Recology. City departments shall promptly notify the Refuse Rates Administrator of any requested changes to the reporting requirements of the various agreements.

1.6 Recology Assistance in City Regulatory Compliance

Inherent in the SLAs is Recology's responsibility to work proactively to ensure it operates in compliance with all Applicable Law. The SLAs identify key areas in which the City relies on Recology to ensure that the City is itself in compliance. Recology acknowledges that the information reported to the City may be reported to other regulatory agencies, and Recology agrees to supply all documentation reasonably requested by the City (which may exceed the reporting requirements of this Rate Order) to support City compliance.

1.7 Defined Terms

The SLAs use a set of shared defined terms that are included in Section 2 Definitions.

1.8 Behested Payments

Section 3.620 of the SF Campaign & Governmental Conduct Code prohibits City officers and designated employees from directly or indirectly soliciting behested payments from interested parties under certain conditions. The SF Recology Companies have also notified the RRA that they have an internal policy against behested payments. Avoiding behested payments is in the best interests of Ratepayers because it supports the integrity of the Ratemaking process and avoids burdening the SF Recology Companies with costs that were not considered in the Rate process. The code defines "Behested payment" to include a monetary payment, or the delivery of goods

or services, that is made at the request or direction of a City official, and that is made principally for a legislative, governmental, or charitable purpose. Behested payments do not include any payments made or services provided pursuant to this Rate Order or any written contract between the City and any of the SF Recology Companies.

2. DEFINITIONS

The following definitions are intended to provide consistency in the use of key terms across the Service Level Agreements. To the extent there is a conflict with any definitions contained in the existing City-Recology agreements, as they may be added to, deleted, and/or modified during the Rate Order period, the existing City-Recology definition shall prevail.

2.1 General

"Applicable Law" means all Federal, State, County, and local laws, regulations, rules, orders, judgments, degrees, permits, approvals, or other requirements that are in force on the effective date of this Rate Order and as may be enacted, issued, or amended during the term of this Rate Order. Applicable Law includes, but is in no way limited to, San Francisco Health Code Article 6, San Francisco Environment Code Chapter 19, AB 939 (California Public Resources Code Sections 40000 et seq.), AB 341 (Chapter 476, Statutes of 2011) , AB 1826 (Chapter 727, Statutes of 2014 modifying Division 30 of the California Public Resources Code), and SB 1383 (Chapter 395, Statutes of 2016) and resulting Organic Waste Reductions regulations adopted on November 3, 2020 that created Chapter 12 of 14 CCR, Division 7 and amended portions of regulations of 14 CCR and 27 CCR).

"Business Days" means Days during which City offices are open to conduct business with the public Monday through Friday except City Holidays.

"City" means the City and County of San Francisco and all the territory lying within its boundaries as presently existing or as such boundaries may be modified.

"Day", "Days" means calendar days, including Saturdays, Sundays, and Holidays, except as otherwise specifically provided herein.

"Department of the Environment," "SFE" means the City and County of San Francisco's Department of the Environment.

"Department of Public Health," "DPH" means the City and County of San Francisco's Department of Public Health.

"Department of Public Works," "DPW" means the City and County of San Francisco's Department of Public Works.

"Diversion" (or other variations thereof) means to prevent materials from Disposal at a landfill or transformation facility(ies) (including pyrolysis, distillation, or gasification) through source reduction, reuse, recycling, composting, anaerobic digestion, or other method of Processing, in accordance with the provisions of AB 939 and SB 1383.

"Holidays" are Days that City offices will be closed for business, and are defined as New Year's Day, Dr. Marton Luther King, Jr. Day, Presidents' Day, Memorial Day, Juneteenth, Independence Day, Labor Day, Indigenous Peoples' Day, Veterans' Day, Thanksgiving Day and the Day after, and Christmas Day.

"Rate" means the maximum dollar amount to be charged by Recology for providing the services described in this Rate Order.

"Rate Order" means the Refuse Rate Order for Rate Year 2026, Rate Year 2027, and Rate Year 2028 as adopted by the Refuse Rate Board.

"Rate Year" means the period from October 1 of a given calendar year through September 30 of the following calendar year.

"Recology," "SF Recology Companies" means Recology Golden Gate, Recology Sunset Scavenger, and Recology San Francisco companies individually or collectively, as applicable.

"Refuse Rates Administrator," "RRA" means the Refuse Rates Administrator within the Controller's Office of the City and County of San Francisco. The RRA is responsible for administering Solid Waste Rates and reports to the Refuse Rate Board.

"Refuse Rate Board," "RRB" means the City and County of San Francisco's Refuse Rate Board who reviews the costs and operations of San Francisco Solid Waste collectors and adopts Rate Orders. The Refuse Rate Board is composed of the City Administrator (chair), the General Manager of the San Francisco Public Utilities Commission, and an appointed Ratepayer Representative.

"Service Level Agreement(s)," "SLA" means the Service Level Agreements contained in the Rate Order specifying various aspects of Recology service and City oversight.

"SLA Measurement Period(s)," "Measurement Period(s)" for the purpose of the Abandoned Material Collection and Public Receptacle Collection SLAs means a continuous 8.5-hour period at

times and on Days mutually agreed upon by Recology and the Department of Public Works. For the response times described in the SLAs to apply, a request or notice for service must be received within the applicable SLA Measurement Period. Recology may need to work outside of the SLA Measurement Periods to satisfy the SLAs, but the time limits described in the SLAs shall not apply to requests or notices for service received outside of an SLA Measurement Period.

2.2 Material Types

"Bulky Item(s)," "BIC" has the same meaning as specified in the Bulky Item Service Level Agreement, as it may be amended from time to time.

"E-Waste," "Covered Electronic Device," or "Covered Electronic Waste" has the same meaning as specified in the Household Hazardous Waste Collection Program Agreement, as it may be amended from time to time.

"Household Hazardous Waste," "HHW" has the same meaning as specified in the Household Hazardous Waste Collection Program Agreement, as it may be amended from time to time.

"Organic Materials," "Organics" means any food scraps, plant trimmings, food soiled paper, or other waste that can be composted into usable products in a safe and timely manner by facilities accepting such material Collected in San Francisco's Collection programs.

"Recyclable Materials," "Recyclables" means any waste that can be returned to the economic mainstream in the form of raw material for new, reused, or reconstituted products that meet the quality standards necessary to be used in the marketplace.

"Solid Waste," "Municipal Solid Waste," or "MSW" has the same meaning as specified in the Landfill Disposal Agreement, as it may be amended from time to time.

"Universal Waste (U-Waste)," "Universal Waste Electronic Device" have the same meaning as specified in the Household Hazardous Waste Collection Program Agreement, as it may be amended from time to time.

2.3 Service Delivery

"**Clean Street Carts**" means carts containing gravity locks that release when the cart is tipped.

"Collect," "Collection" (or other variations thereof) means the act of removing discarded materials from the place of generation within the City and Transporting such materials to the Tunnel Avenue or Pier 96 facilities, or to another Recology-designated facility, as applicable.

"Commercial" means of, from, or pertaining to premises where business activity is conducted, including, but not limited to, retail sales, services, wholesale operations, institutions, manufacturing and industrial operations, and including hotels, motels, and other similar premises, and facilities operated by governmental entities within the City, but excluding businesses conducted upon Residential premises that are permitted under applicable zoning regulations and are not the primary use of the property. Commercial rates apply to buildings that have more than six hundred (600) rooms (excluding kitchens and bathrooms), or that utilize a container three (3) cubic yards in size or larger, or that have compactor service, or that are mixed-use premises without dedicated Residential containers.

"Customer" means the person whom Recology submits its billing invoice to and collects payment from for Collection services provided to a premises. The Customer may be either the Tenant or owner of the premises.

"Residential" means single-family dwellings or multi-family dwellings with any number of dwelling units or rooms used for human shelter, irrespective of whether such dwelling units are rental units or are owner-occupied, excluding hotels, motels, or other similar premises. Residential Customers may voluntarily subscribe to Commercial services. Commercial rates apply to buildings that have more than six hundred (600) rooms (not including kitchens and bathrooms), or that utilize a container three (3) cubic yards in size or larger, or that have compactor service, or that are mixed-use premises without dedicated Residential containers.

"Service Level" means the size of a Customer's container(s) and the frequency of Collection service.

"Tenant" means a person or persons who legally reside in a unit in a Residential premises.

2.4 Transport, Transfer, Processing, Disposal

"Disposal" has the same meaning as specified in the Landfill Disposal Agreement between the City and Recology, and as it may be amended from time to time.

"Pre-Processing" means preparation of material for Processing.

"Process," "Processing" means the controlled separation, volume reduction, or conversion of materials including, but not limited to, organized, manual, automated, or mechanical sorting, the use of vehicles for spreading of waste for the purpose of recovery, and/or includes the use of conveyor belts, sorting lines, or volume reduction equipment, or as otherwise defined in 14 CCR Section 17402(a)(20) to produce recoverable materials for recycling.

"Recycle Central," "Pier 96" means the City-owned and Recology-operated facility located at 1000 Amador Street.

"Solid Waste Transfer Station," "Transfer Station," or "Tunnel Avenue" means the Recology-owned facility located at 501 Tunnel Avenue.

"Transfer," "Transferring" (or other variations thereof) means receiving re-loading and/or consolidating of materials into a Transfer vehicle for longer-distance Transport.

"Transport," "Transporting" (or other variations thereof) means conveyance of materials from the point of Collection or other location to a facility, or between facilities.

2.5 Existing Agreements

"City Facility Collection Agreement" means the "Agreement between the City and County of San Francisco and Sunset Scavenger Company (d/b/a Recology Sunset Scavenger), Golden Gate Disposal & Recycling Company (d/b/a Recology Golden Gate), and Recology San Francisco, Term Contract 83151, Refuse Collection & Disposal Services," as it may be amended or superseded during the Rate Order period.

"Contamination Charges and Removal of Diversion Discounts Protocol" means an agreement between the City and County of San Francisco and Recology San Francisco, as it may be amended or superseded during the Rate Order period.

"Household Hazardous Waste Collection Program Agreement," "HHW Agreement" means the "Household Hazardous Waste Collection Program Agreement Between the City and County of San Francisco and Recology San Francisco" dated February 5, 2024, and the related "Hazardous Waste Collection Operations Plan," as they may be amended or superseded during the Rate Order period.

"Landfill Disposal Agreement," "LDA" means the "Landfill Disposal Agreement between The City and County of San Francisco and Recology San Francisco" date July 22, 2015, as amended to-date, and as it may be amended or superseded during the Rate Order period.

"Pier 96 Lease" means "Lease No. L-17035 By and Between the City and County of San Francisco Operating By and Through the San Francisco Port Commission and Recology San Francisco, a California Corporation Pier 96" dated December 22, 2023, as it may be amended or superseded during the Rate Order period.

3. RATE SHEETS

3.1 Rates for Residential Buildings

Description of Monthly Charge	RY 2026 Charge	RY 2027 Charge	RY 2028 Charge
Rates for 1-5 Unit Residential Buildings			
Monthly Base Charge for Service			
Per dwelling unit	$19.75	$21.16	$21.88
Monthly Solid Waste Volume Charge for Weekly Collection			
For 16 gallons of cart service (default)	8.25	8.84	9.14
For 20 gallons of cart service (grandfathered Customers only)	8.25	8.84	9.14
For 32 gallons of cart service	16.50	17.68	18.28
For 64 gallons of cart service	33.00	35.36	36.57
For 96 gallons of cart service (current Customers only)	49.50	53.04	54.85
Premium for each 32 gallons of cart service above 32 gallons per dwelling unit	13.18	14.12	14.60
Monthly Recyclable Materials or Organic Materials Volume Charge for Weekly Collection			
For 32 gallons of cart service (default for Organics)	8.25	8.84	9.14
For 64 gallons of cart service (default for Recyclables)	16.50	17.68	18.28
For 96 gallons of cart service (Recyclable Materials only)	24.75	26.52	27.43
Distance, Elevation, Access and Special Service Charges			
No extra charge for Collection that is less than twenty-five (25) feet from the curb. Distance charge per cart for Collection within each twenty-five- (25) -foot increment thereafter.	14.11	15.12	15.64
No extra charge for Collection that is less than four (4) feet elevation change from street level. Elevation charge per cart for Collection within each eight (8)-foot increment thereafter.	15.31	16.40	16.96
Monthly charge for weekly access (per cart)	8.87	9.50	9.82
Special pick-up or return trip pick-up is twenty-five percent (25%) of the Customer's monthly subscribed Rate.			

Description of Monthly Charge	RY 2026 Charge	RY 2027 Charge	RY 2028 Charge
Extra bag/cart - Solid Waste			
Less than 32 gallons	2.75	2.95	3.05
32 gallons	5.51	5.90	6.10
64 gallons	11.01	11.80	12.20
96 gallons	16.49	17.67	18.27
Extra bag/cart - Recyclable Materials or Organic Materials			
Less than 32 gallons	1.39	1.49	1.54
32 gallons	2.75	2.95	3.05
64 gallons	5.51	5.90	6.10
96 gallons	8.22	8.84	9.14
Excess cardboard (per eight (8) cubic feet, bundled)	6.13	6.57	6.79
Cart replacement	140.38	150.42	155.56
Container exchange	287.72	308.29	318.83
Rates for 6 Unit and Larger Residential Apartment Buildings*			
Monthly Base Charge for Service*			
Per dwelling unit	6.57	7.04	7.28
Monthly Volume Charges for Weekly Collection			
Collection volume is charged equally for Solid Waste, Recyclable Materials, and Organic Materials. A landfill Diversion discount equal to the Diversion volume percentage less twenty-five percent (25%) is then subtracted. Diversion volume percentage equals Recyclable and Organic Materials volume divided by total volume. The diversion discount applies only to regularly scheduled subscribed-for collection services. It does not apply to any other fees or charges, including premium services (such as distance, elevation and access charges), on-call services, contamination or overage fees, or ancillary fees.			
For 32 gallons of cart service	31.65	33.91	35.07
For 64 gallons of cart service	63.29	67.82	70.14
For 96 gallons of cart service	94.94	101.73	105.21

CITY AND COUNTY OF SAN FRANCISCO

Service Level Agreements for the Refuse Rate Board's 2025 Rate Order

Description of Monthly Charge	RY 2026 Charge	RY 2027 Charge	RY 2028 Charge
1-cubic yard bin	199.74	214.02	221.34
Distance, Elevation, Access and Special Service Charges*			
No extra charge for Collection less than fifty (50) feet from curb. Distance charge is twelve and one-half percent (12.5%) times volume charge (before Diversion discount) for weekly Collection within each fifty- (50) foot increment thereafter. Distance is from curb to farthest container.			
No extra charge for Collection less than four (4) feet elevation change from street level. Elevation charge is twenty-five percent (25%) times volume charge (before Diversion discount) for weekly Collection from elevation changes within each eight (8)-foot increment thereafter. Elevation is from street level to farthest container.			
Weekly access charge per container	$8.87	$9.50	$9.82
An extra charge of fifty percent (50%) times volume charge (before Diversion discount) applies for each trap door (collector must lift a cover and pull carts up to street level), clearing of a Disposal chute, rake-out (Disposal chute without a cart) or cart located on a ledge one foot or more above floor.			
Special pick-up or return trip pick-up is 25% of the Customer's monthly subscribed Rate.			
Extra bag/cart - Solid Waste, Recyclable Materials, or Compost*			
Less than 32 gallons	$5.28	$5.66	$5.85
32 gallons	$10.53	$11.28	$11.67
64 gallons	$21.09	$22.60	$23.37
96 gallons	$31.65	$33.91	$35.07
Per yard	$65.91	$70.62	$73.04
Excess cardboard (per 8 cubic feet, bundled)	$6.13	$6.57	$6.79
Cart replacement	$140.38	$150.42	$155.56
Container exchange	$287.72	$308.29	$318.83

* The Rates in this Section apply to Residential Customers in buildings with six (6) or more units, but less than six hundred (600) rooms, which are not subscribed to Commercial services.

Additional Provisions and Requirements for all Customers
Households with income less than or equal to two hundred percent (200%) of the poverty level may qualify for 25% base and volume discounts. Nonprofit housing organizations may qualify for 10% discounts.
Distance, elevation and access charges are waived for Customers with a permanent disability that pay for individual service and certify they are physically unable to place carts at the curb and no able-bodied persons live in their building. Customer must place carts in a location as accessible as possible for Collection.
Residential one- (1) to five- (5) unit and six (6) unit and larger apartment Rates apply to single and multi-family homes, flats, apartments, condominiums, tenancies in common, in-law units, lofts, live/work spaces (unless clearly Commercial), single room occupancy hotels (with an apartment license), and low income housing. Buildings with more than 600 rooms (not counting kitchens and bathrooms), buildings with weekly service greater than or equal to (3) yards or compacted service, mixed use buildings without dedicated Residential carts, and all other buildings are charged Commercial rates. Customer must provide accurate unit and room counts, subject to verification by Recology.
City law mandates everyone must have adequate Solid Waste service, pay for service on time, and properly separate Recyclable Materials, Organic Materials, and Solid Waste. Minimum weekly service per unit is sixteen (16) gallons for Solid Waste, sixteen (16) gallons for Recyclable Materials, and eight (8) gallons for Organic Materials, unless there is no contamination in any cart. Carts may be shared by dwelling units within one (1) building if Solid Waste service minimums are met. Apartment Rates are for shared carts only.
Recyclable Materials, Organic Materials, and Solid Waste carts should be at the same location. Carts shall be unobstructed and easily accessible so they can be used and serviced in a normal and safe manner, as determined by Recology.
Solid Waste is to be in standard carts. Loose material, overflowing/overfilled (lid must be closed), overweight (more than two (2) pounds per gallon), or non-standard carts may be charged the next highest standard cart Rate as a surcharge. Cardboard must be placed in a Recyclable Materials cart, cardboard box, or paper bags not exceeding two (2) feet in any dimension or eight (8) cubic feet total. Customers with excess cardboard not in a cart on service Day may be charged a cardboard fee for every eight (8) cubic feet of excess cardboard.

Additional Provisions and Requirements for all Customers
Additional frequency charges are linear (weekly service charges are multiplied by the number of Collections per week). Sixteen- (16) and twenty- (20) gallon carts are not serviced more frequently than one (1) time per week. Customers must exceed minimums in order to subscribe to more than once-weekly service.
Saturday service is seventy-five percent (75%) more than the applicable Rate (including volume, distance, elevation, access, and other special service charges) for weekday service. Customers must subscribe to at least three (3) Days per week services in order to subscribe to Saturday Collection. Saturday service is not available to 1-5 unit residential buildings.
Sunday service is one hundred and seventy-five percent (175%) more than the applicable Rate (including volume, distance, elevation, access, and other special service charges) for weekday service. Customers must subscribe to daily service in order to subscribe to Sunday Collection. Sunday service is not available to 1-5 unit residential buildings.
Street level and curb is where Collection vehicles must park to service Customer's containers. Distance is measured from vehicle along service path to containers. Elevation is determined by adding all distances up and down along service path.
Volume, distance, elevation, access, and other charges are per location. Charges may be split among Customers at the same location at one hundred fifty percent (150%) of the otherwise applicable Rate. If two (2) or more Customers split service charges, they will be applied to each bill payer equally or as designated by the Customers, subject to approval by Recology.
An access charge will be applied for each container at a location when a key, padlock, combination lock, key pad, entry code, electronic door opener, transmitter, or other similar entry mechanism is required to enter or leave/secure premises. An access charge will be applied per container, for each occurrence of unlocking a container. An additional access charge will be applied for relocking each container serviced should a front-loader driver be required to get out of the vehicle again. An additional charge will not be applied for re-securing rear load or side load containers at the curb.
Customers with contaminated Recyclable Material, Organic Material, and/or Solid Waste containers above the applicable threshold for that container type may have their Diversion discount removed and a one hundred percent (100%) contamination charge assessed. If a bin containing Recyclable Materials or Organic Materials requires Disposal due to contamination, a fee equal to the "Extra Bag/Cart" for an equivalent volume of Solid Waste may be assessed. See the Contamination Charge and Removal of Diversion Discount policy and Section 4 Core Collections for more information.

Additional Provisions and Requirements for all Customers
It is the Customer's responsibility to monitor all services and charges and notify Recology of any possible discrepancies. Service credits will not exceed thirty (30) Days or one (1) billing cycle, whichever is greater, from the time of notification by the Customer. Recology performs periodic audits and will correct charges and recommend service changes.
Recology is responsible for normal wear of containers provided to Customers. Customers are responsible for damaged containers beyond normal wear, reporting missing carts, excessive missing containers, and may be responsible for replacement cost. Container cleaning service is available at an extra charge.
Twenty dollars ($20.00) will be charged to open a service account. Closing an account is only allowed for residency changes. Credit will be given for suspension of service (e.g., vacations) for one to three months. Customers must notify Recology of the suspension and restart dates before start of suspension. Base charges are not credited and an administrative charge of ten dollars ($10.00) is required to restart service after suspension.
Electronic bill payers receive a one dollar ($1.00) credit on each bill.
Twenty-five dollars ($25.00) will be charged for each check returned for insufficient funds.
Recology shall bill all one- (1) to five- (5) unit Residential Customers quarterly for services provided. Recology shall bill one- (1) to five- (5) unit Residential Customers not earlier than one (1) month nor later than two (2) months into each quarterly billing cycle. Quarterly one- (1) to five- (5) unit Residential Customer invoices shall be due fifteen (15) calendar Days after the bill date. Monthly six- (6) unit and larger Residential Apartment Customer invoices shall be issued in the month following the billing period and shall be due fifteen (15) calendar Days after the invoice date.

4. CORE COLLECTIONS

Except as otherwise specified, all services contained in this SLA are to be provided within the approved Rates specified in Section 3 Rate Sheets of this Rate Order. The SLA also specifies types of additional charges and/or fees Recology may assess such as those for container replacement, extra service, and contamination, with reference to the applicable Section(s) of the Rate Order defining the specific amounts Recology is authorized to charge in each instance.

4.1 One to Five Unit Residential Services

One- (1) to five- (5) unit Residential Customers are single-family dwelling units and buildings consisting of five (5) or fewer dwelling units.

4.1.1 Municipal Solid Waste Collection

Recology shall Collect MSW placed in Recology-provided carts one (1) time per week (or more frequently, based on subscription), Monday through Friday generally between the hours of 5:00AM and 5:00PM from one- (1) to five- (5) unit Residential Customers. Due to various factors that may impede the ability to provide service during this time frame, Recology may collect Residential Customers outside of the 5:00AM and 5:00PM service hours. MSW Collected from one- (1) to five- (5) unit Residential Customers will be Transported to the Tunnel Avenue Transfer Station and then Transported to the designated Disposal facility.

Containers: Wheeled Cart. Grey in color.

Available Sizes: 16 gallon, 32 gallon, 64 gallon, and 96 gallon.

Recology is responsible for normal wear and tear and the occasional replacement of carts provided to the Customer. Customers may be assessed a replacement charge for excessive damage and missing carts occurring more than once every two (2) years.

Default Size: Sixteen (16) gallons for single family dwellings and 16 gallons per Residential unit for buildings five (5) units or less.

Frequency: At least one (1) time per week. Monday through Friday.

All material streams will be serviced on the same Day provided the service location is curbside. Recology is solely responsible for determining the assigned Collection Day. Recology may change the

Collection Day at their sole discretion with fourteen (14) Days' advance notice to the Customer.

Collection services will not be provided on Christmas Day or New Year's Day each year. Recology will notify impacted Customers of their alternative Collection service Day each year.

Service Location:

Curbside in front of a Customer's property or at a location on Customer's property mutually agreed upon between the Customer and Recology.

Collection of material at a specified location on a Customer's property is available for an additional charge as measured from where the Collection vehicle is located to the Collection point.

Carts for all material streams should be placed for service at the same location for Collection each week.

Carts shall be unobstructed and placed for easy access by Recology, so they can be serviced in a normal and safe manner by Recology personnel each week.

Acceptable Materials:

Municipal Solid Waste.

Recology shall accept household batteries separately bagged in a clear plastic bag and set out on top of the lid of the Solid Waste cart on the Customer's service Day.

Prohibited Materials:

Recyclable Materials, Organic Materials, hazardous waste (including HHW), E-Waste, other materials described below.

If Recology determines that material placed in any container for Collection is hazardous waste (including HHW), designated waste, or other material that may not legally be Disposed of at the designated Disposal location, handled at the Processing facility, or presents a hazard to Recology's employees, Recology shall have the right to refuse to Collect a cart containing such material.

In such cases, Recology shall leave a non-Collection notice and comply with any provisions of the Household Hazardous Waste Collection Program Agreement and the Household Hazardous Waste Collection Facility Operation Plan. See Section 8.4.5 Non-Collection Due to Contamination, 8.4.6 Non-Collection Due to Excluded Waste, 8.4.7 Courtesy Collections After Non-Collection, 8.4.8 Disposal of Heavily Contaminated Containers, and 8.4.9 Record of Non-Collection.

Missed Collection:

Recology shall return within twenty (24) hours of notification by Customer of a missed Collection to remedy the service discrepancy. See Sections 8.4.1 Missed Collection Complaints and 8.4.4 Courtesy Collections for Late Set-Outs or No Set-Outs.

Recology shall provide regular reporting of missed Collections to the Refuse Rates Administrator as part of its quarterly reporting.

Extra Service Charges:

The following extra service charges are specified in Section 3 Rate Sheets.

An access charge will apply to each container being serviced on a Customer's property for each key, padlock, keypad, entry code, opener, or similar access device required for Collection. An access charge will apply to each curbside cart with a manual locking device.

Distance, elevation, and access charges may be divided amongst Customers at the same location at the Rates outlined in Section 3 Rate SheetsRate Sheets.

Residential Customers in one- (1) to five- (5) unit buildings may set out additional bagged Solid Waste, in no larger than thirty-two (32) gallon bags, next to or on top of the Customer's Solid Waste cart on service Day. Additional bagged materials set out for Collection on a Customer's service Day will be Collected for an additional charge per bag.

Recology shall provide additional Solid Waste carts to one- (1) to five- (5) unit Residential Customers upon request and will charge the appropriate Rate approved by the City.

No extra charges will apply for Collection less than twenty (25) feet from the curb. A distance charge per cart for Collection will apply for each twenty-five (25) foot increment beyond the original twenty-five (25) feet.

No extra charge for Collection locations with less than a four (4) foot elevation change from street level. An elevation charge per cart will apply for Collection of each cart with an elevation change of greater than four (4) feet. Elevation charges will be applied in eight (8) foot increments after the original four (4) feet elevation change. For example, an elevation charge will apply to carts with an elevation change from street level from five (5) feet in elevation to twelve (12) feet in elevation. An additional elevation charge will apply to carts with an elevation change from thirteen (13) feet to twenty (20) feet.

Contamination Charges: Contamination charges such as extra bag/cart Collection fees may apply if contamination is found in MSW carts or bins. Thresholds for contamination are twenty-five percent (25%) by volume for MSW carts and bins. Contamination charges are outlined in the Contamination Charge and Removal of Diversion Discount policy.

4.1.2 Organic Materials Collection

Recology shall Collect Organic Materials placed in Recology provided carts one (1) time per week (or more frequently, based on subscription), Monday through Friday generally between the hours of 5:00AM and 5:00PM from one- (1) to five- (5) unit Residential Customers. Due to various factors that may impede the ability to provide service during this time frame, Recology may collect Residential Customers outside of the 5:00AM and 5:00PM service hours. Organic Materials Collected from one- (1) to five- (5) unit Residential Customers will be Transported to the Tunnel Avenue Transfer Station and then Transported to the designated Processing facility.

Containers: Wheeled Cart. Green in color.

Available Sizes: 32 gallons and 64 gallon.

Recology is responsible for normal wear and tear and the occasional replacement of carts provided to the Customer. Customers may be assessed a replacement charge for excessive damage or missing carts occurring more than once every two (2) years.

At the time a new Customer opens an account, Recology shall provide each single-family unit with one (1) kitchen pail at no additional cost. Replacement kitchen pails will be provided upon request (up to one (1) kitchen pail every two (2) years). Kitchen pails are designed to store and transport food scraps inside a property prior to placement of food waste in the Customer's Organic Materials cart. Kitchen pail specifications shall be approved by the City prior to ordering and distribution. Kitchen pails will not be serviced by Recology.

Default Size: 32 gallons for single family 'dwellings and 32 gallons per Residential unit for buildings five (5) units or less.

Frequency: At least one (1) time per week. Monday through Friday.

All material streams will be serviced on the same Day provided the service location is curbside. Recology is solely responsible for determining the assigned Collection Day. Recology may change the Collection Day at their sole discretion with fourteen (14) Days' advance notice to the Customer.

Collection services will not be provided on Christmas Day or New Year's Day each year. Recology will notify impacted Customers of their alternative Collection service Day each year.

Service Location: Curbside in front of a Customer's property or at a location on Customer's property mutually agreed upon between the Customer and Recology.

Collection of material at a specified location on a Customer's property is available for an additional charge as measured from where the Collection vehicle is located to the Collection point.

Carts for all material streams should be placed for service at the same location for Collection each week.

Carts shall be unobstructed and placed for easy access by Recology, so they can be serviced in a normal and safe manner by Recology personnel each week.

Acceptable Materials: Organic Materials (i.e., yard trimmings, food waste).

Prohibited Materials: Municipal Solid Waste (MSW), Recyclable Materials, dirt, hazardous waste (including HHW), E-Waste, cooking oil, tree limbs and trunks more than six (6) inches in diameter and more than three (3) feet in length, other materials described below.

Recology may refuse to Collect an Organic Materials cart that contains more than five percent (5%) by volume of prohibited materials or contaminants, as outlined in the Contamination Charges and Removal of Diversion Discounts Protocol. In such cases, Recology will leave a tag informing the Customer of the reason Collection did not occur.

If Recology determines that material placed in any container for Collection is hazardous waste (including HHW), designated waste, or other material that may not legally be Disposed of at the designated Disposal location, handled at the Processing facility, or presents a hazard to Recology's employees, Recology shall have the right to refuse to Collect a cart containing such material.

In such cases, Recology shall leave a non-Collection notice and comply with any provisions of the Household Hazardous Waste Collection Program Agreement and the Household Hazardous Waste Collection Facility Operation Plan. See Section 8.4.5 Non-Collection Due to Contamination, 8.4.6 Non-Collection Due to Excluded Waste, 8.4.7 Courtesy Collections After Non-Collection, 8.4.8 Disposal of Heavily Contaminated Containers, and 8.4.9 Record of Non-Collection.

Missed Collection: Recology shall return within twenty (24) hours of notification by Customer of a missed Collection to remedy the service discrepancy.

See Sections 8.4.1 Missed Collection Complaints and 8.4.4 Courtesy Collections for Late Set-Outs or No Set-Outs.

Recology shall provide regular reporting of missed Collections to the Refuse Rates Administrator as part of its Quarterly Reporting.

Extra Service Charges: The following extra service charges are specified in Section 3 Rate Sheets of the Rate Order.

An access charge will apply to each container being serviced on a Customer's property for each key, padlock, keypad, entry code, opener, or similar access device required for Collection. An access charge will apply to each curbside cart with a manual locking device.

Distance, elevation, and access charges may be divided amongst Customers at the same location at the Rates outlined in Section 3.

Residential Customers in one- (1) to five- (5) unit buildings may set out additional bagged yard waste only, in paper yard waste bags no larger than thirty-two (32) gallons each, next to or on top of their Organic Materials cart on their service Day. Up to ten (10) paper yard waste bags with yard waste material only may be set out for Collection on a Customer's service Day at no additional charge. Additional yard waste bags beyond the ten (10) additional bags allowed will be Collected for an additional charge equivalent to the extra bag/cart fee in the Rate sheets for the respective volume.

Sod, dirt, tree trunks, and food waste are not accepted in additional yard waste bags and will not be Collected. Paper yard waste bags are not provided by Recology and must be provided by the Customer. Materials set out in plastic bags will be handled as MSW and will be Collected as such. Applicable charges for materials set out in plastic bags and Collected as MSW will apply. Each additional yard waste bag must weigh less than twenty-five (25) pounds to be Collected. Bags weighing more than twenty-five (25) pounds will not be Collected.

Recology shall provide additional Organic Materials carts to one- (1) to five- (5) unit Residential Customers upon request and will charge the appropriate Rate approved by the City.

No extra charge will apply for Collection less than twenty (25) feet from curb. A distance charge per cart for Collection will apply for each twenty-five (25) foot increment beyond the original twenty-five (25) feet.

No extra charge for Collection locations with less than a four (4) foot elevation change from street level. An elevation charge per cart will apply for Collection of each cart with an elevation change of greater than four (4) feet. Elevation charges will be applied in eight (8) foot increments after the original four (4) feet elevation change. For example, an elevation charge will apply to carts with an elevation change from street level from five (5) feet in elevation to twelve feet in elevation. An additional elevation charge will apply to carts with an elevation change from thirteen (13) feet to twenty (20) feet.

Contamination Charges: Contamination charges such as extra bag/cart Collection fees may apply if contamination is found in Organic Materials carts or bins. Thresholds for contamination are five percent (5%) by volume for organic materials carts and bins. Contamination charges are outlined in the Contamination Charge and Removal of Diversion Discount Protocol.

4.1.3 Recyclable Materials Collection

Recology shall Collect Recyclable Materials placed in Recology provided carts one (1) time per week (or more frequently, based on subscription), Monday through Friday generally between the hours of 5:00AM and 5:00PM from one- (1) to five- (5) unit Residential Customers. Due to various factors that may impede the ability to provide service during this time frame, Recology may collect Residential Customers outside of the 5:00AM and 5:00PM service hours. Recyclable Materials Collected from one- (1) to five- (5) unit Residential Customers will be Transported to the Recology Pier 96 facility for Processing.

Containers: Wheeled Cart. Blue in color.

Available Sizes:	32 gallon, 64 gallon, and 96 gallon. Recology is responsible for normal wear and tear and the occasional replacement of carts provided to the Customer. Customers may be assessed a replacement charge for excessive damage or missing carts occurring more than once every two (2) years.
Default Size:	64 gallons for single family dwellings and 64 gallons per Residential unit for buildings five (5) units or less.
Frequency:	At least one (1) time per week. Monday through Friday. All material streams will be serviced on the same Day provided the service location is curbside. Recology is solely responsible for determining the assigned Collection Day. Recology may change the Collection Day at their sole discretion with fourteen (14) Days advance notice to the Customer. Collection services will not be provided on Christmas Day or New Year's Day each year. Recology will notify impacted Customers of their alternative Collection service Day each year.
Service Location:	Curbside in front of a Customer's property or at a location on Customer's property mutually agreed upon between the Customer and Recology. Collection of material at a specified location on a Customer's property is available for an additional charge as measured from where the Collection vehicle is located to the Collection point. Carts for all material streams should be placed for service at the same location for Collection each week. Carts shall be unobstructed and placed for easy access by Recology, so they can be serviced in a normal and safe manner by Recology personnel each week.
Acceptable Materials:	Recyclable Materials.

Prohibited Materials:

Municipal Solid Waste, Organic Materials, hazardous waste (including HHW), E-Waste, and other materials described below.

Recology may refuse to Collect a Recyclable Materials cart that contains more than ten percent (10%) by volume of prohibited materials or contaminants, as outlined in the Contamination Charges and Removal of Diversion Discounts Protocol. In such cases, Recology will leave a tag informing the Customer of the reason Collection did not occur.

If Recology determines that material placed in any container for Collection is hazardous waste (including HHW), designated waste, or other material that may not legally be disposed of at the designated Disposal location, handled at the Processing facility, or presents a hazard to Recology's employees, Recology shall have the right to refuse to Collect a cart containing such material.

In such cases, Recology shall leave a non-Collection notice and comply with any provisions of the Household Hazardous Waste Collection Program Agreement and the Household Hazardous Waste Collection Facility Operation Plan. See Section 8.4.5 Non-Collection Due to Contamination, 8.4.6 Non-Collection Due to Excluded Waste, 8.4.7 Courtesy Collections After Non-Collection, 8.4.8 Disposal of Heavily Contaminated Containers, and 8.4.9 Record of Non-Collection.

Missed Collection:

Recology shall return within twenty (24) hours of notification by Customer of a missed Collection to remedy the service discrepancy. See Sections 8.4.1 Missed Collection Complaints and 8.4.4 Courtesy Collections for Late Set-Outs or No Set-Outs.

Recology shall provide regular reporting of missed net Collections to the Refuse Rates Administrator as part of its Quarterly Reporting.

Extra Service Charges:

The following extra service charges are specified in Section 3 Rate Sheets of the Rate Order.

An access charge will apply to each container being serviced on a Customer's property for each key, padlock, keypad, entry code, opener, or similar access device required for Collection. An access charge will apply to each curbside cart with a manual locking device.

Distance, elevation, and access charges may be divided amongst Customers at the same location at the Rates outlined in Section 3 Rate Sheets.

Recology will Collect additional Recyclable Materials for an additional charge that have been set out on a Customer's service Day such as cardboard that has been flattened and bundled together with twine. Cardboard bundles can be no larger than two (2) feet cubed (i.e., 2' x 2' x 2'). Cardboard bundles must be set out next to a Customer's Recyclable Materials cart on their service Day and will be charged the appropriate Rate approved by the City.

Recology shall provide additional Recyclable Materials carts to one- (1) to five- (5) unit Residential Customers upon request and will charge the appropriate Rate approved by the City.

No extra charges will apply for Collection less than twenty (25) feet from curb. A distance charge per cart for Collection will apply for each twenty-five (25) foot increment beyond the original twenty-five (25) feet.

No extra charge for Collection locations with less than a four (4) foot elevation change from street level. An elevation charge per cart will apply for Collection of each cart with an elevation change of greater than four (4) feet. Elevation charges will be applied in eight (8) foot increments after the original four (4) feet elevation change. For example, an elevation charge will apply to carts with an elevation change from street level from five (5) feet in elevation to twelve (12) feet in elevation. An additional elevation charge will apply to carts with an elevation change from thirteen (13) feet to twenty (20) feet.

Contamination Charges: Contamination charges such as extra bag/cart Collection fees may apply if contamination is found in Recyclable Material carts or bins. Thresholds for contamination are ten percent (10%) by volume for Recyclable Material carts and bins. Contamination charges are outlined in the Contamination Charge and Removal of Diversion Discount policy.

4.1.4 Six-Unit or Larger Residential Apartment Services

Six- (6) unit and larger Residential apartment accounts are buildings consisting of six (6) or more dwelling units. Residential buildings with more than six hundred (600) rooms not including kitchens and bathrooms, or that utilize waste containers three (3) yards in size or larger, or that have any form of compacted waste service, or are considered mixed-use buildings without dedicated Residential carts, will have Commercial services (not described in this SLA and not governed by Residential Rates under this Rate Order).

4.1.5 Municipal Solid Waste Collection

Recology shall Collect MSW placed in Recology-provided carts or bins between one (1) time per week and up to seven (7) times per week. Service will be offered each Day of the week, Monday through Sunday, at the recommendation of Recology and at the Customer's request. Recology may perform Collections twenty-four (24) hours per Day. The size of carts and bins may be selected by the Customer subject to approval by Recology for each service location. Recology may provide a recommendation to Customers on the appropriate size cart or bin and the frequency of service for their service location. MSW will be Collected by Recology from six- (6) unit and larger Residential Customers and Transported to the Tunnel Avenue Transfer Station and then Transported to the designated Disposal facility.

Containers: Wheeled carts, grey in color. Wheeled bins, labeled for MSW.

Available Size Carts: 32 gallons, 64 gallons, and 96 gallons.

Available Size Bins: 1-yard, 1.5-yard, and 2-yard.

Recology is responsible for normal wear and tear and the occasional replacement of containers provided to the Customer. Customers may be assessed a replacement charge for excessive damage or missing containers.

Default Size:	16 gallons per unit for six (6) unit or more Residential buildings.
Frequency:	One (1) time per week up to seven (7) times per week. Monday through Sunday. To receive Collection service at a location on a Saturday, the account must receive service at least three (3) Days during the week, Monday through Friday. To receive Collection service at a location on a Sunday, the account must receive service daily (i.e., six (6) times per week). Recology is solely responsible for determining the assigned Collection Day. Recology may change the Collection Day at their sole discretion with fourteen (14) Days advance notice to the Customer. Collection services will not be provided on Christmas Day or New Year's Day each year. Recology will notify impacted Customers of their alternative Collection service Day each year.
Service Location:	Curbside in front of a Customer's property or at a location on Customer's property mutually agreed upon between the Customer and Recology. Collection of material at a specified location on a Customer's property is available for an additional charge as measured from where the Collection vehicle is located to the Collection point. Containers for all material streams should be placed for service at the same location for Collection each week. Carts and bins shall be unobstructed and placed for easy access by Recology, so they can be serviced in a normal and safe manner by Recology personnel each week.
Acceptable Materials:	Municipal Solid Waste.

Prohibited Materials:

Recyclable Materials, Organic Materials, hazardous waste (including HHW), E-Waste, other materials described below.

If Recology determines that material placed in any container for Collection is hazardous waste (including HHW), designated waste, or other material that may not legally be Disposed of at the designated Disposal location, handled at the Processing facility, or presents a hazard to Recology's employees, Recology shall have the right to refuse to Collect a container containing such material.

In such cases, Recology shall leave a non-Collection notice and comply with any provisions of the Household Hazardous Waste Collection Program Agreement and the Household Hazardous Waste Collection Facility Operation Plan. See Section 8.4.5 Non-Collection Due to Contamination, 8.4.6 Non-Collection Due to Excluded Waste, 8.4.7 Courtesy Collections After Non-Collection, 8.4.8 Disposal of Heavily Contaminated Containers, and 8.4.9 Record of Non-Collection.

Missed Collection:

Recology shall return within twenty (24) hours of notification by Customer of a missed Collection to remedy the service discrepancy. See Sections 8.4.1 Missed Collection Complaints and 8.4.4 Courtesy Collections for Late Set-Outs or No Set-Outs.

Recology shall provide regular reporting of missed Collections to the Refuse Rates Administrator as part of its Quarterly Reporting.

Extra Service Charges:

The following extra service charges are specified in Section 3 Rate Sheets of the Rate Order.

An access charge will apply to each container being serviced on a Customer's property for each key, padlock, keypad, entry code, opener, or similar access device required for Collection. An access charge will apply to each curbside container with a manual locking device.

Distance, elevation, and access charges may be divided amongst Customers at the same location at the Rates outlined in Section 3 Rate Sheets.

Six-unit and larger Residential Customers may set out additional bagged Solid Waste, in no larger than thirty-two (32) gallon bags, next to their Solid Waste container on their service Day. Additional bagged materials set out for Collection on a Customer's service Day will be Collected for an additional charge per bag.

Recology shall provide additional Solid Waste containers to six- (6) unit and larger Residential Customers upon request and will charge the appropriate Rate approved by the City.

No extra charges will apply for Collection less than fifty (50) feet from the curb. A distance charge per cart or bin for Collection will apply for each fifty (50) foot increment beyond the original fifty (50) feet.

No extra charge for Collection locations with less than a four (4) foot elevation change from street level. An elevation charge per cart will apply for Collection of each cart with an elevation change of greater than four (4) feet. Elevation charges will be applied in eight (8) foot increments after the original four (4) feet elevation change. For example, an elevation charge will apply to carts with an elevation change from street level from five (5) feet in elevation to twelve (12) feet in elevation. An additional elevation charge will apply to carts with an elevation change from thirteen (13) feet to twenty (20) feet.

Contamination Charges: Contamination charges may apply if contamination is found in MSW carts or bins. Thresholds for contamination are twenty-five percent (25%) by volume for MSW carts and bins. Contamination charges are outlined in the Contamination Charge and Removal of Diversion Discount policy.

4.1.6 Organic Materials Collection

Recology shall Collect Organic Materials placed in Recology-provided carts or bins between one (1) time per week and up to seven (7) times per week. Service will be offered each Day of the week,

Monday through Sunday, at the recommendation of Recology and at the Customer's request. Recology may perform Collections twenty-four (24) hours per Day. The size of carts and bins may be selected by the Customer subject to approval by Recology for each service location. Recology may provide a recommendation to Customers on the appropriate size cart or bin and the frequency of service for their service location. Organic Materials will be Collected by Recology from six- (6) unit and larger Residential Customers and Transported to the Tunnel Avenue Transfer Station and then Transported to the designated Processing facility.

Containers: Wheeled carts, green in color. Wheeled bins, labeled for Organic Materials.

Available Cart Sizes: 32 gallons and 64 gallons.

Available Bin Sizes: 1-yard, 1.5-yard, and 2-yard.

Recology is responsible for normal wear and tear and the occasional replacement of containers provided to the Customer. Customers may be assessed a replacement charge for excessive damage or missing containers.

Upon a six- (6) unit and larger Residential building Customer opening their account, Recology shall provide each unit with one (1) kitchen pail at no additional cost. Replacement kitchen pails will be provided upon request (up to one (1) kitchen pail every two (2) years). Kitchen pails are designed to store and transport food scraps inside a property prior to placement of food waste in the Customer's Organic Materials container. Kitchen pail specifications shall be approved by the City prior to ordering and distribution. Kitchen pails will not be serviced by Recology.

Default Size: Eight (8) gallons per unit for six- (6) unit or more Residential buildings.

Frequency: One (1) time per week up to seven (7) times per week. Monday through Sunday.

Recology is solely responsible for determining the assigned Collection Day. Recology may change the Collection Day at their sole discretion with fourteen (14) Days' advance notice to the Customer.

To receive Collection service at a location on a Saturday, the account must receive service at least three (3) Days during the week, Monday through Friday.

To receive Collection service at a location on a Sunday, the account must receive service daily (i.e., six (6) times per week).

Collection services will not be provided on Christmas Day or New Year's Day each year. Recology will notify impacted Customers of their alternative Collection service Day each year.

Service Location: Curbside in front of a Customer's property or at a location on Customer's property mutually agreed upon between the Customer and Recology.

Collection of material at a specified location on a Customer's property is available for an additional charge as measured from where the Collection vehicle is located to the Collection point.

Containers for all material streams should be placed for service at the same location for Collection each week.

Containers shall be unobstructed and placed for easy access by Recology, so they can be serviced in a normal and safe manner by Recology personnel each week.

Acceptable Materials: Organic Materials (i.e., yard trimmings, food waste, food-soiled paper, nonhazardous wood).

Prohibited Materials: Municipal Solid Waste (MSW), Recyclable Materials, dirt, hazardous waste, E-Waste, cooking oil, sod, tree limbs and trunks more than six (6) inches in diameter and more than three (3) feet in length, other materials described below.

Recology may refuse to Collect an Organic Materials container that contains more than five percent (5%) by volume of prohibited materials or contaminants, as outlined in the Contamination Charges and Removal of Diversion Discounts Protocol. In such cases, Recology

will leave a tag informing the Customer of the reason Collection did not occur.

If Recology determines that material placed in any container for Collection is hazardous waste (including HHW), designated waste, or other material that may not legally be Disposed of at the designated Disposal location, handled at the Processing facility, or presents a hazard to Recology's employees, Recology shall have the right to refuse to Collect a container containing such material.

In such cases, Recology shall leave a non-Collection notice and comply with any provisions of the Household Hazardous Waste Collection Program Agreement and the Household Hazardous Waste Collection Facility Operation Plan. See Section 8.4.5 Non-Collection Due to Contamination, 8.4.6 Non-Collection Due to Excluded Waste, 8.4.7 Courtesy Collections After Non-Collection, 8.4.8 Disposal of Heavily Contaminated Containers, and 8.4.9 Record of Non-Collection.

Missed Collection: Recology shall return within twenty (24) hours of notification by Customer of a missed Collection to remedy the service discrepancy. See Sections 8.4.1 Missed Collection Complaints and 8.4.4 Courtesy Collections for Late Set-Outs or No Set-Outs.

Recology shall provide regular reporting of missed Collections to the Refuse Rates Administrator as part of its Quarterly Reporting.

Extra Service Charges: The following extra service charges are specified in Section 3 Rate Sheets of the Rate Order.

An access charge will apply to each container being serviced on a Customer's property for each key, padlock, keypad, entry code, opener, or similar access device required for Collection. An access charge will apply to each curbside container with a manual locking device.

Distance, elevation, and access charges may be divided amongst Customers at the same location at one hundred fifty percent (150%) of the otherwise applicable Rate. If two (2) or more Customers split

service charges, they will be applied to each bill payer equally or as designated by the Customers, subject to approval by Recology.

Recology shall provide additional Organic Materials containers to six- (6) unit and larger Residential Customers upon request and will charge the appropriate Rate approved by the City.

No extra charges will apply for Collection less than fifty (50) feet from the curb. A distance charge per cart or bin for Collection will apply for each fifty (50) foot increment beyond the original fifty (50) feet.

No extra charge for Collection locations with less than a four (4) foot elevation change from street level. An elevation charge per cart will apply for Collection of each cart with an elevation change of greater than four (4) feet. Elevation charges will be applied in eight (8) foot increments after the original four (4) feet elevation change. For example, an elevation charge will apply to carts with an elevation change from street level from five (5) feet in elevation to twelve (12) feet in elevation. An additional elevation charge will apply to carts with an elevation change from thirteen (13) feet to twenty (20) feet.

Contamination Charges: Contamination charges may apply if contamination is found in Organic Materials carts or bins. Thresholds for contamination are five percent (5%) by volume for Organic Materials carts and bins. Contamination charges are outlined in the Contamination Charge and Removal of Diversion Discount policy.

4.1.7 Recyclable Materials Collection

Recology shall Collect Recyclable Material placed in Recology-provided carts or bins between one (1) time per week and up to six (6) times per week. Service will be offered each Day of the week Monday through Saturday at the recommendation of Recology and at the Customer's request. Seven- (7) Day-service, including Sunday, may be available on specific routes if mutually agreed between Recology and the Refuse Rates Administrator. Recology may perform Collection twenty-four (24) hours per day. The size of carts and bins may be selected by the Customer subject to approval by Recology for each service location. Recology may provide a recommendation to Customers on the appropriate size cart or bin and the frequency of service for their service location. Recyclable Materials will be Collected by Recology from six- (6) units and larger Residential Customers and Transported to the Recology Pier 96 facility for Processing.

Containers:	Wheeled carts, blue in color. Wheeled bins, labeled for Recyclable Materials.
Available Cart Sizes:	32 gallon, 64 gallon, and 96 gallon.
Available Bin Sizes:	1-yard, 1.5-yard, and 2-yard. Recology is responsible for normal wear and tear and the occasional replacement of containers provided to the Customer. Customers may be assessed a replacement charge for excessive damage or missing containers.
Default Size:	Sixteen (16) gallons per unit for units with six (6) or more Residential buildings.
Frequency:	One (1) time per week up to at least six (6) times per week. Monday through Saturday. Sunday service may be available on specific routes if mutually agreed between Recology and the Refuse Rates Administrator. To receive Collection service at a location on a Saturday, the account must receive service at least three (3) Days during the week Monday through Friday. Recology is solely responsible for determining the assigned Collection Day. Recology may change the Collection Day at their sole discretion with fourteen (14) Days advance notice to the Customer. Collection services will not be provided on Christmas Day or New Year's Day each year. Recology will notify impacted Customers of their alternative Collection service Day each year.
Service Location:	Curbside in front of a Customer's property or at a location on Customer's property mutually agreed upon between the Customer and Recology. Collection of material at a specified location on a Customer's property is available for an additional charge as measured from where the Collection vehicle is located to the Collection point.

Containers for all material streams should be placed for service at the same location for Collection each week.

Containers shall be unobstructed and placed for easy access by Recology, so they can be serviced in a normal and safe manner by Recology personnel each week.

Acceptable Materials: Recyclable Materials.

Prohibited Materials: Municipal Solid Waste (MSW), Organic Materials, hazardous waste (including HHW), E-Waste, other materials described below.

Recology may refuse to Collect a Recyclable Materials container that contains more than ten percent (10%) by volume of prohibited materials or contaminants, as outlined in the Contamination Charges and Removal of Diversion Discounts Protocol. In such cases, Recology will leave a tag informing the Customer of the reason Collection did not occur.

If Recology determines that material placed in any container for Collection is hazardous waste (including HHW), designated waste, or other material that may not legally be Disposed of at the designated Disposal location, handled at the Processing facility, or presents a hazard to Recology's employees, Recology shall have the right to refuse to Collect a container containing such material.

In such cases, Recology shall leave a non-Collection notice and comply with any provisions of the Household Hazardous Waste Collection Program Agreement and the Household Hazardous Waste Collection Facility Operation Plan. See Section 8.4.5 Non-Collection Due to Contamination, 8.4.6 Non-Collection Due to Excluded Waste, 8.4.7 Courtesy Collections After Non-Collection, 8.4.8 Disposal of Heavily Contaminated Containers, and 8.4.9 Record of Non-Collection.

Missed Collection: Recology shall return within twenty (24) hours of notification by Customer of a missed Collection to remedy the service discrepancy.

See Sections 8.4.1 Missed Collection Complaints and 8.4.4 Courtesy Collections for Late Set-Outs or No Set-Outs.

Recology shall provide regular reporting of missed Collections to the Refuse Rates Administrator as part of its Quarterly Reporting.

Extra Service Charges: The following extra service charges are specified in Section 3 Rate Sheets of the Rate Order.

An access charge will apply to each container being serviced on a Customer's property for each key, padlock, keypad, entry code, opener, or similar access device required for Collection. An access charge will apply to each curbside container with a manual locking device.

Distance, elevation, and access charges may be divided amongst Customers at the same location at the Rates outlined in Section 3 Rate Sheets.

Recology will Collect additional Recyclable Materials for an additional charge that have been set out on a Customer's service Day such as cardboard that has been flattened and bundled together with twine. Cardboard bundles can be no larger than two (2) feet cubed (i.e., 2' x 2' x 2'). Cardboard bundles must be set out next to a Customer's Recyclable Materials container on their service Day and will be charged the appropriate Rate approved by the City.

Recology shall provide additional Recyclable Materials containers to six- (6) unit and larger Residential Customers upon request and will charge the appropriate Rate approved by the City.

No extra charges will apply for Collection less than fifty (50) feet from the curb. A distance charge per cart or bin for Collection will apply for each fifty (50) foot increment beyond the original fifty (50) feet.

No extra charge for Collection locations with less than a four (4) foot elevation change from street level. An elevation charge per cart will apply for Collection of each cart with an elevation change of greater than four (4) feet. Elevation charges will be applied in eight (8) foot

increments after the original four (4) feet elevation change. For example, an elevation charge will apply to carts with an elevation change from street level from five (5) feet in elevation to twelve (12) feet in elevation. An additional elevation charge will apply to carts with an elevation change from thirteen (13) feet to twenty (20) feet.

Contamination Charges: Charges may apply if contamination is found in Recyclable Materials carts or bins. Thresholds for contamination are ten percent (10%) by volume for Recyclable Materials carts and bins. Contamination charges are outlined in the Contamination Charge and Removal of Diversion Discount policy.

4.2 Additional Services

4.2.1 Container Management

Containers are Recology-provided carts and bins used by the Customer to Collect Municipal Solid Waste, Organic Materials, and Recyclable Materials generated at their location and set out for Recology for Collection and Transport.

Recology shall provide all Customers with carts or bins that correspond to their Service Levels, are compatible with Recology Collection vehicles, and can safely be Collected from Customers' setout location. Recology is responsible for normal wear and tear and the occasional replacement of containers provided to the Customer. Customers may be assessed a replacement charge for excessive damage or missing containers occurring more than once every two (2) years.

Special containers with manual locking mechanisms are available upon request for an additional charge. Customers requesting locks will receive locks from Recology for an additional charge. Locks that are excessively lost, stolen, or removed may result in the removal of the special manual locking container. Specially designed containers with an auto-locking mechanism may be used by Recology in specific locations as determined by Recology staff.

Cart and bin cleaning services are available to Customers upon request for an additional charge.

4.2.2 Equipment Testing/Piloting

Novel equipment is defined as new equipment and/or technology for potential introduction in Recology operations. Recology may test/pilot novel equipment at any time in San Francisco in their sole discretion to determine the viability and effectiveness of the new equipment or

technology, provided that such new equipment or technology, and the testing/piloting method, complies with all Applicable Law and does not significantly impact core services provided to Customers. The City of San Francisco is only responsible for the cost of new equipment and/or technology and any extraordinary costs of testing/piloting novel equipment, if such equipment or technology and related testing/piloting received prior approval from the Refuse Rates Administrator or Refuse Rate Board. Recology will notify the Refuse Rates Administrator and applicable City departments when testing of new equipment or technology is expected to noticeably impact service or has noticeably impacted service.

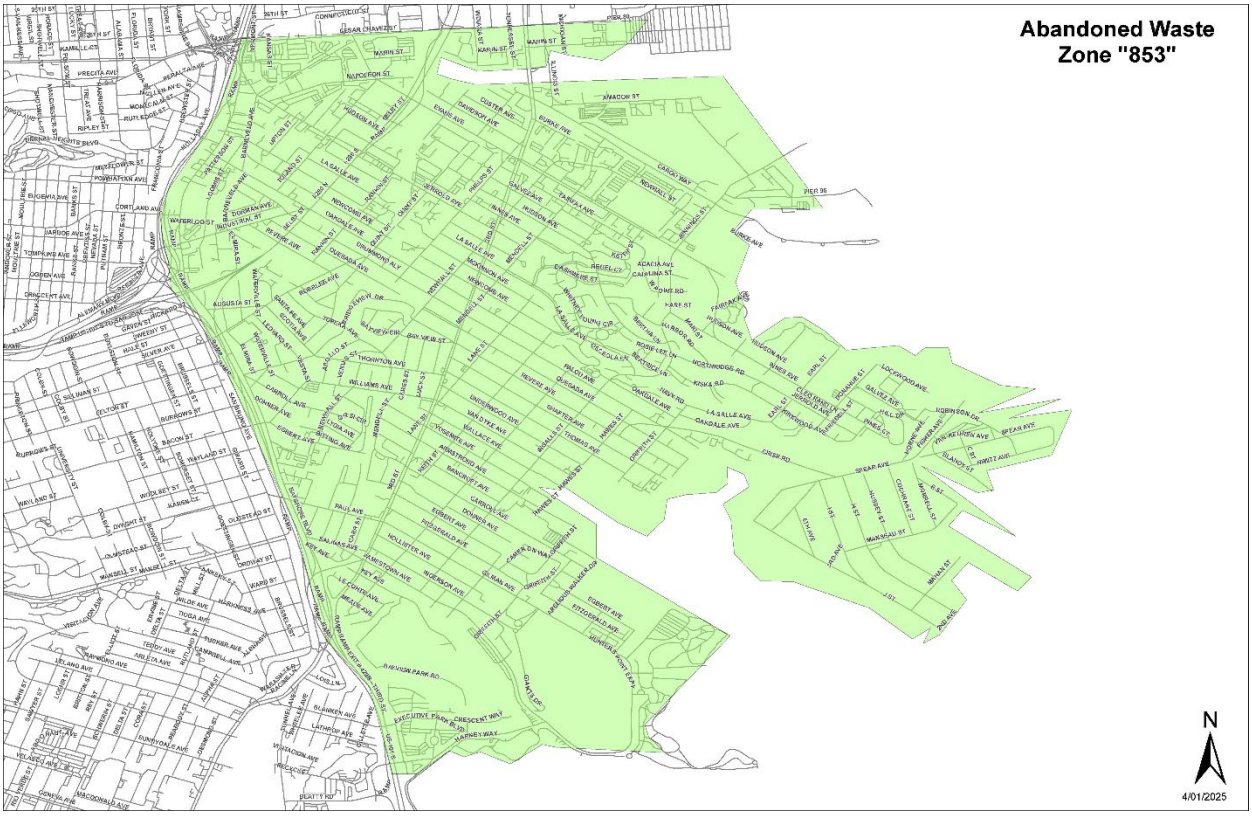
5. ABANDONED MATERIAL COLLECTION

5.1 Service Description and Delivery

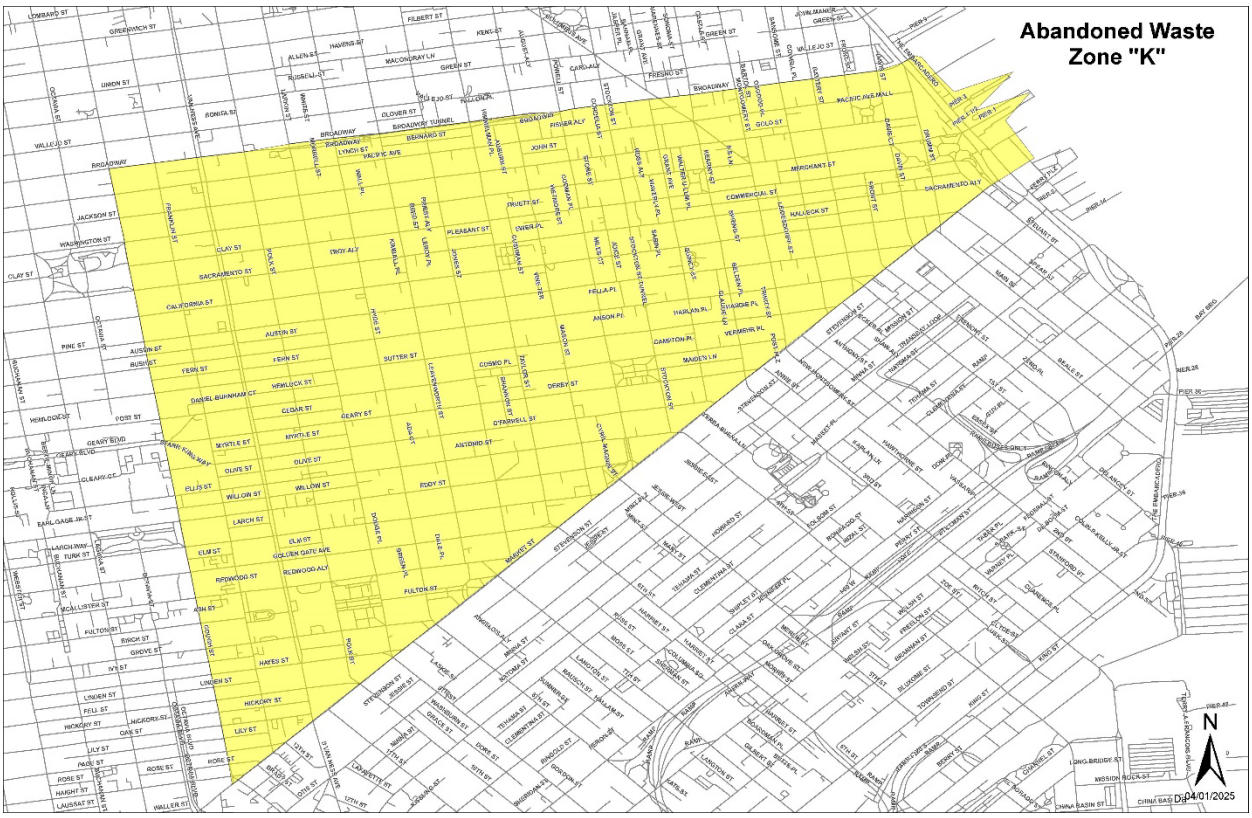
5.1.1 Proactive Sweeps

Recology shall perform proactive sweeps for abandoned materials as follows:

Bayview Sweep "Zone 853": In the Bayview neighborhood, Monday through Friday, at hours mutually agreed upon by Recology and San Francisco Public Works, not to exceed an eight and one half (8.5) -hour period and no less than six (6) hours per weekday. As frequently as daily Monday through Friday, San Francisco Public Works may provide direction to Recology staff on specific areas to target within the Bayview for abandoned materials Collection. Recology shall provide one (1) driver and one (1) Collection truck to work at the direction of San Francisco Public Works in Collecting abandoned materials within the Bayview neighborhood.



Zone K Sweep: In Zone K, defined as the area bounded by Gough St., Broadway, Embarcadero, and Market St., Monday through Friday, at hours mutually agreed upon by Recology and San Francisco Public Works, not to exceed an 8.5-hour period and no less than six (6) hours per weekday, Recology shall provide two (2) drivers, one (1) box truck, and one (1) Collection truck to Collect abandoned materials within this Zone K. This Zone K proactive sweep shall include two daily stops at locations mutually agreed upon by Recology and San Francisco Public Works to meet with San Francisco Public Works crews during which the Public Works crews may offload materials that they have Collected onto a Recology truck.

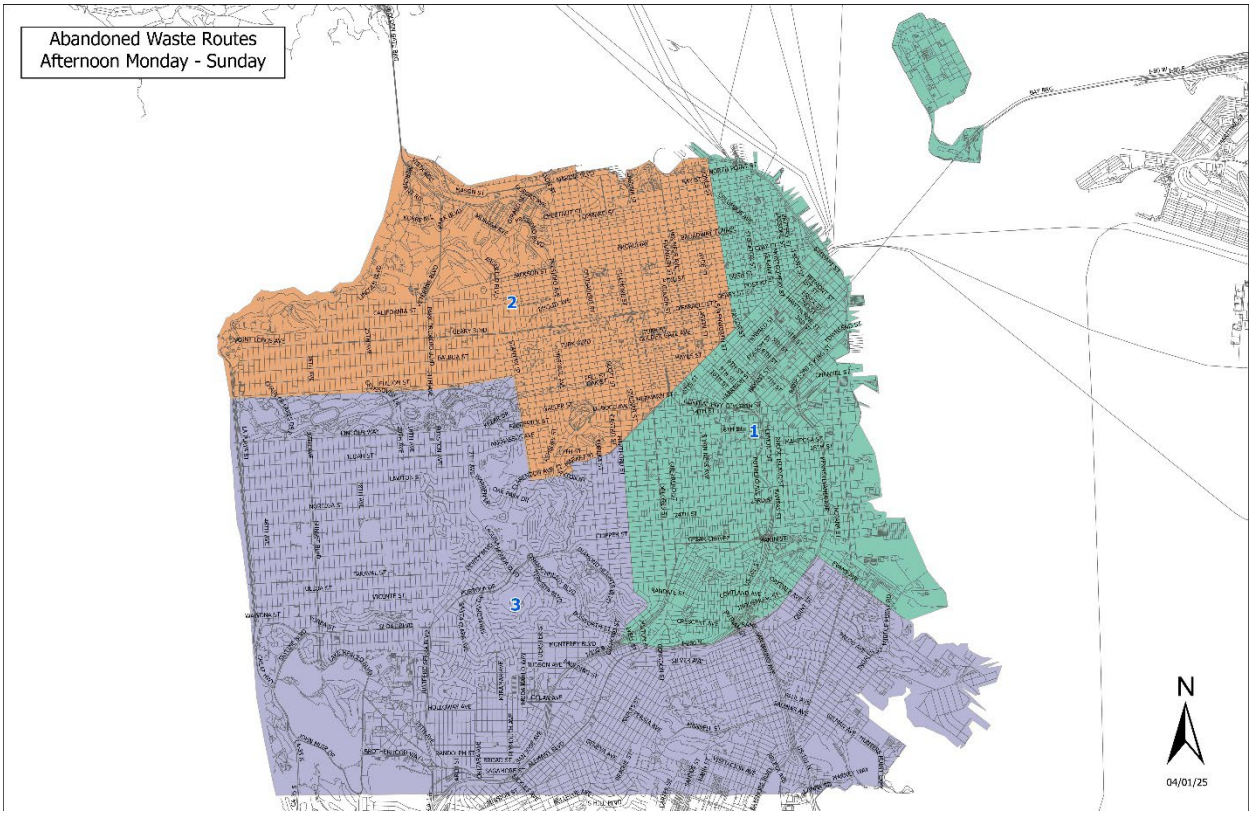


Afternoon Sweeps: Recology will operate three (3) afternoon abandoned material sweep routes through the City Monday through Friday. Each route will consist of one (1) driver and one (1) Collection vehicle.

These routes will perform proactive Collection of abandoned materials in the public right of way after the morning abandoned material zone routes are complete, but not earlier than 1:00 PM, unless an earlier Collection time has been mutually agreed upon by Recology and San Francisco Department of Public Works. Hours for each afternoon abandoned material sweep route shall be mutually agreed upon by Recology and San Francisco Public Works and shall not exceed eight and one-half (8.5) hours in a Day.

The areas covered by the afternoon abandoned material sweep routes shall be mutually agreed upon by Recology and San Francisco Public Works. These areas may be adjusted periodically during a Rate Year to address shifts in abandoned material locations. Recology will collaborate with San Francisco Department of Public Works to identify abandoned material locations

throughout the City and will adjust afternoon abandoned material sweep routes as mutually agreed. The afternoon sweep zone map below is preliminary and subject to change.

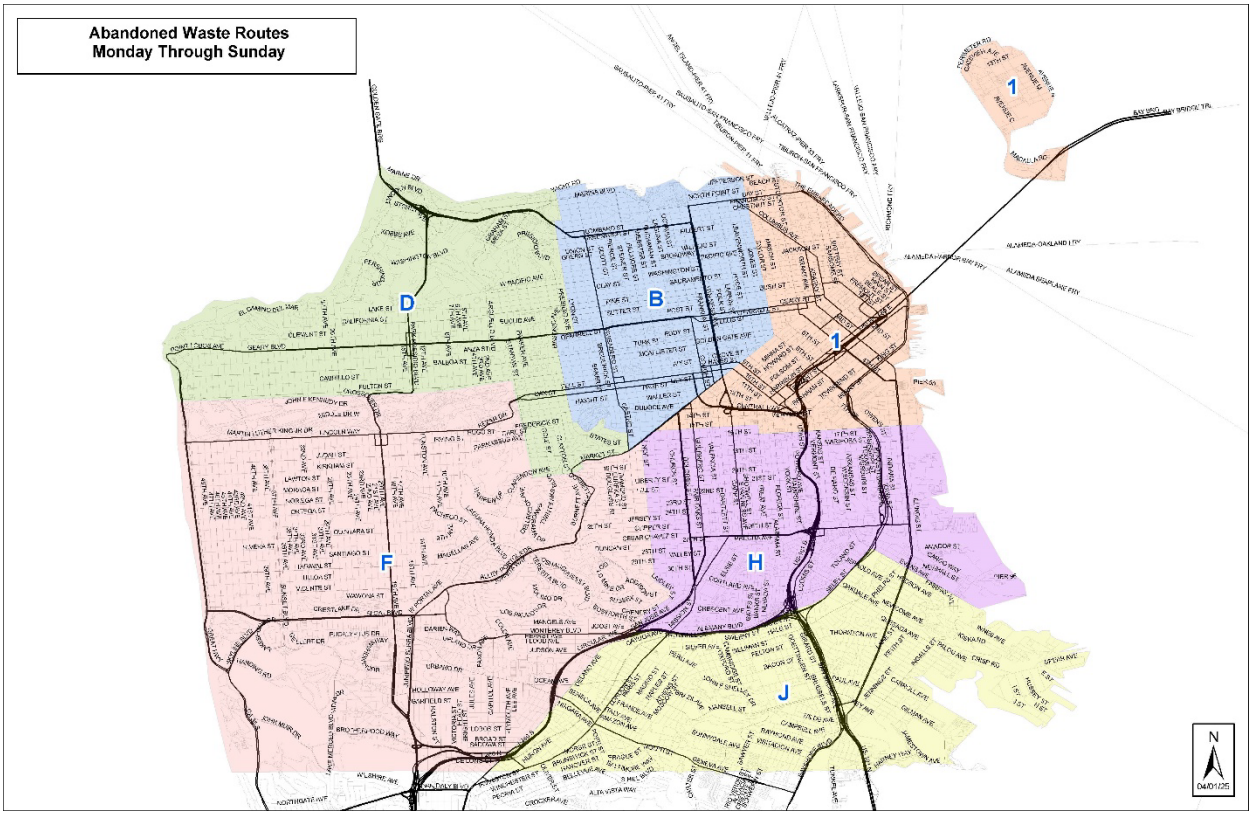


5.1.2 Abandoned Cardboard Collection

Recology shall provide two (2) drivers and two (2) Collection vehicles to Collect abandoned cardboard in the public right of way, Monday through Friday, at hours and areas mutually agreed upon between the Recology and San Francisco Department of Public Works. Total hours for each abandoned cardboard Collection route shall not exceed eight and one-half (8.5) hours in a Day, unless at the direction of Recology management in their sole discretion. The areas covered by the abandoned cardboard Collection routes shall be mutually agreed upon by Recology and San Francisco Public Works. These areas may be adjusted periodically during a Rate Year to address shifts in abandoned cardboard areas. Recology will collaborate with San Francisco Department of Public Works to identify areas with abandoned cardboard throughout the City and will adjust abandoned cardboard Collection routes as mutually agreed.

5.1.3 Responsive Abandoned Materials Collection

This Section of the Service Level Agreement applies to the six (6) dedicated abandoned materials zones for the purpose of responding to notices of abandoned materials received from the City's 311 reporting system. The six (6) zones are identified in the map below as zones 1, B, D, F, H, and J. This Section does not apply to the separate proactive sweeps for abandoned materials described in the Bayview Sweep, Zone K Sweep, and Afternoon Sweeps described in Section 5.1.1 Proactive Sweeps.



Measurement Periods will be continuous 8.5-hour periods at times and on Days mutually agreed upon by Recology and San Francisco Public Works. For the response times to apply, a request or notice for service must be received within the applicable Measurement Period. Recology may need to work outside of the Measurement Periods to satisfy this SLA, but the time limits described in the SLA shall not apply to requests or notices for service received outside of a Measurement Period.

Recology shall be required to Collect materials abandoned in the public right of way within the City and County of San Francisco within four (4) hours of receiving notice via the City's 311

reporting system of such abandoned materials during the applicable Measurement Period, Monday through Friday, not including San Francisco public Holidays. Recology shall be required to Collect materials abandoned in the public right of way within the City and County of San Francisco within eight (8) hours of receiving notice via the City's 311 reporting system of such abandoned materials during the appliable Measurement Period on Saturdays, Sundays, and San Francisco public Holidays.

The timeframes noted in the preceding paragraph shall not apply in the event that Recology has responded to (a) more than 329 notices of abandoned materials in one Day; or (b) more than 10,000 notices of abandoned materials in one month; or (c) more than 120,000 notices of abandoned materials in one Rate Year. All services provided to respond to abandoned materials notices count towards the Service Levels stated in clauses (a) and (b) of the preceding sentence, including notices received outside the applicable Measurement Periods.

Recology will attempt to respond as soon as reasonably possible to notices of abandoned materials received outside the applicable Measurement Periods, or in excess of the daily, monthly, or annual Service Levels, but the response times may be longer than the time limits described in this SLA.

5.1.4 Additional Public Works Directed Sweeps

Additional public works directed sweeps are instances where the City's Department of Public Works may direct additional abandoned material sweeps/stops on an as-needed basis to meet the dynamic needs of the City. These public works directed sweeps/stops require crews to be reallocated from the six (6) abandoned materials dedicated zones. Each crew consists of two (2) drivers, one (1) box truck, and one (1) rear-end loader truck. The hours dedicated to these additional public works directed sweeps shall be converted into a calculated equivalent of 311 system notices responded to using the following conversion factor: one (1) crew can respond to eight (8) 311 notices per hour. This calculated equivalent shall be counted toward the three hundred twenty-nine (329) notices per Day, ten thousand (10,000) notices per month, and one hundred twenty thousand (120,000) notices per year Service Level described above in Section 5.1.3 Responsive Abandoned Materials Collection.

5.2 Oversight

San Francisco Public Works will proactively review data on a quarterly basis and meet with Recology as needed to improve service delivery and/or reduce costs. After each quarterly meeting, Public Works will report out to the Refuse Rates Administrator on the status of each individual

Collection program described above, and updates such as changes in Service Levels or modifications to routes.

6. FACILITIES

6.1 Post Collection Facilities

Recology conducts post-Collection operations at the Tunnel Avenue Solid Waste Transfer Station and Recycle Central (also known as Pier 96) facilities, located at 501 Tunnel Avenue and 1000 Amador Street, respectively. Between the two (2) facilities, services include receipt of Collected material, Solid Waste Transfer and Transport, Recyclable Materials and Organic Materials Processing, and recovered material Transfer and Transport. Recology provides services to Customers directly at Tunnel Avenue as specified in the Self-Haul and Public Disposal and Recycling Area SLAs and cardboard drop off at Pier 96.

Recology provides a range of services for Commercial Customers at both Tunnel Avenue and Pier 96, as well as user-funded Processing of construction and demolition materials at Tunnel Avenue. The Tunnel Avenue site and facility are owned by Recology. Pier 96 is a Recology-operated facility situated on property leased from the City. Section 2 defines the lease as the Pier 96 Lease. The Facilities SLA is in no way intended to conflict with the Pier 96 Lease.

Recology is solely responsible for conducting facility operations at both facilities in full compliance with Applicable Law, including but not limited to obtaining and maintaining all required permits and regulatory approvals. Except as otherwise specified, all services contained in this SLA are to be provided within the Customer Rates approved in this Rate Order (Section 3: Rate Sheets). This SLA addresses ongoing operations. While this SLA does not specifically address pilot projects, Recology shall conduct pilots that are approved through this Rate Order or during the Rate Order period, and that involve operations at one (1) or both facilities and/or material Transport in a manner that is consistent with the Facilities SLA.

The following Sections address operations and functions that are common to both facilities and those that are specific to Tunnel Avenue and Pier 96.

6.2 Facility Operations

This Section describes Recology functions that apply to both facilities and for which, except as otherwise noted, Recology is solely responsible.

6.2.1 Material Acceptance/Waste Control

Recology's Waste Acceptance Control Program (WACP) staff inspect all incoming loads at both facilities to ensure they do not contain prohibited or hazardous waste that may not be Transported to or Disposed of at a sanitary landfill. In addition, material sorters are trained to identify and recover hazardous items from the Solid Waste stream. If identified, such material is sequestered and Disposed in accordance with Applicable Law. The WACP, as periodically revised, is incorporated by reference in the Landfill Disposal Agreement (LDA) between the City and Recology.

6.2.2 Equipment

Recology obtains and maintains all rolling stock and fixed equipment, and such backup and substitute equipment as is necessary to off-load and handle all materials upon delivery including, but not limited to, material Pre-Processing, Processing, Transfer to Transfer vehicles, and Transport to offsite facilities. Recology will, at a minimum, apply industry standard practices for preventive maintenance to maximize the useful life of all equipment.

6.2.3 Personnel

Recology hires and trains staff and maintains staffing levels as necessary and sufficient to conduct and manage operations at each facility.

6.2.4 Safety

Recology will use, at a minimum, industry standard practices for ensuring safety prevention, training, and management.

6.2.5 Vehicle Tare Weights

No less than annually and on adding vehicles to the Collection and/or Transfer fleet, and otherwise at City request, Recology shall promptly identify and report tare weights for all Collection and Transfer vehicles to ensure accurate weighing of all materials delivered to or Transported from each facility.

6.2.6 Electronic Scales

Recology will purchase, calibrate, operate, and maintain electronic scales and weight tag systems at each facility to ensure accurate weighing of all materials delivered to or Transported from each facility, recording the date, time, weight, material type, and vehicle ID/asset number or license plate number. Recology shall check scale accuracy no less than monthly, and promptly upon City request.

6.2.7 Data Collection and Reporting

Recology shall ensure that facility operational and Transport-related data is collected and reported in a form that meets the requirements of the Rate Order.

6.2.8 Diversion

Recology will conduct all material Processing in a manner that provides for Diversion of high-quality recovered materials that meet product specifications established by end users, brokers and/or mills.

6.2.9 Material Marketing

Recology is solely responsible for marketing materials at the best price, with periodic updates to SFE and the RRA regarding any changes to the list of materials to be marketed.

6.3 Tunnel Avenue Operations

Tunnel Avenue serves as the Collection, Processing, and Transfer point for various materials Collected from City residences, as well as delivered directly by City staff and the public. Tunnel Avenue provides handling and Transfer of Municipal Solid Waste, and Pre-Processing of Residential Organic Materials. Tunnel Avenue also provides Processing and recovery of construction and demolition materials and inert debris at the Integrated Material Recovery Facility (iMRF), a function that is not funded through the Rates. Tunnel Avenue may accept up to five thousand (5,000) tons of non-hazardous Solid Waste per Day and may operate up to seven (7) Days per week, up to twenty-four (24) hours per Day, and up to three hundred and sixty-five (365) Days per year. The Self-Haul and Public Disposal and Recycling Area SLAs identify the hours that Tunnel Avenue is available to the public.

Municipal Solid Waste is reloaded into Transfer vehicles for Transport to Hay Road Landfill. Organic Materials are delivered to the Organic Materials Transfer facility at Tunnel Avenue in Recology Collection vehicles. The Organic Materials Transfer facility receives, Pre-Processes, and Transfers source-separated Organic Materials in preparation for further Processing and/or composting. Equipment at the Organics Transfer Station separates contaminants from the Organic Materials stream prior to loading into Transfer trucks. Organic Materials are then Transported to either Blossom Valley Organics North (BVON), Jepson Prairie Organics (JPO), or other approved facilities for additional processing and reuse. Residual waste from the Organics stream is Transported to Hay Road Landfill.

6.4 Recycle Central (Pier 96) Operations

Recology's Recycle Central is located on Pier 96 at the Port of San Francisco. The facility provides large volume Processing, recycling, and Transfer services for Recyclable Materials Collected from residences in the City. Recology processes these Recyclable Materials to recover marketable materials. Except for public drop-off of cardboard, only Collection vehicles may deliver single-stream Recyclable Materials to Pier 96. Materials targeted for recovery are high-value single-stream Recyclable Materials that have known markets and can be recovered in a cost-effective manner using mechanical and manual sorting techniques.

These materials currently include, but are not limited to, mixed grades of Recyclable Materials, including fiber (mixed wastepaper), containers (i.e., aluminum beverage cans, tin cans, plastic tubs, glass and plastic bottles, aseptic packages, etc.), mixed plastic, other incidental scrap metals, and wood. Pier 96 cannot receive hazardous waste, Organic Materials, or Solid Waste that is less than fifty percent (50%) recyclable. Recovered commodities are baled and shipped to domestic and foreign buyers for further Processing for use as feedstock in a variety of manufacturing processes.

6.5 Reporting

6.5.1 Tunnel Ave and Pier 96 Tonnage Data Reporting

Quarterly Operational Reporting

a. Pier 96 total tons of Recyclable Materials received from curbside Collection and cardboard drop-off.

b. Pier 96 total tons of Recyclable Materials recovered.

c. Tunnel Avenue total tons of Organic Materials, iMRF materials, and landfill-bound Solid Waste received from curbside Collection.

d. Tunnel Avenue total tons of Organic Materials, iMRF materials, and landfill-bound Solid Waste recovered.

Annual Operational Reporting

a. Pier 96 total tons of Recyclable Materials received from curbside Collection and cardboard drop-off.

b. Pier 96 total tons of Recyclable Materials recovered.

c. Tunnel Avenue total tons of Organic Materials, iMRF materials, and landfill-bound Solid Waste received from curbside Collection.

d. Tunnel Avenue total tons of Organic Materials, iMRF materials, and landfill-bound Solid Waste recovered.

7. BILLING

7.1 Service Description

Recology shall bill all one- (1) to five- (5) unit Residential and six- (6) unit and larger Residential Apartment Customers and, except for the City's lien process, shall be solely responsible for collecting billings. Billings shall be at Rates not to exceed those set in accordance with the currently approved Rate Order. Billing shall be performed on the basis of services rendered or subscribed for. Individual contracts between Recology and a Residential Customer for services provided under this Rate Order shall be prohibited.

7.2 Service Delivery

7.2.1 Billing Frequency

Recology shall bill all one- (1) to five- (5) unit Residential Customers quarterly for services provided. Recology shall bill one- (1) to five- (5) unit Residential Customers not earlier than one (1) month nor later than two (2) months into each quarterly billing cycle. Quarterly one- (1) to five- (5) unit Residential Customer invoices shall be due fifteen (15) calendar Days after the bill date.

Recology shall bill all six- (6) unit and larger Residential Customers on a monthly basis in arrears. The date of that billing is the bill through date. Monthly six- (6) unit and larger Residential Apartment Customer invoices shall be issued in the month following the billing period and shall be due fifteen (15) calendar Days after the invoice date.

Should there be failure to make a payment, Recology may participate in the complaint of non-payment process as specified under Section 291 of the San Francisco Health Code.

Nothing in this SLA shall be deemed to limit Recology's rights under Section 291 of the San Francisco Health Code or to apply to billing or Collection from Commercial Customers.

7.2.2 Billing Logistics

Recology shall bill Customers electronically using paperless invoices as the preferred billing method, however Recology shall bill Customers who do not sign up for paperless billing by standard mail, using standard (paper) invoices. Recology's website shall allow Customers to pay their bill(s) electronically. Recology shall provide Customers the ability to pay their bills through an electronic check or credit card and include the ability for Customer billings to be automatically charged on a recurring basis. Recology shall also allow Customers to pay bills by check.

Recology shall provide Customers with bill inserts in accordance with current practices. Recology will work with City staff to determine what content will be distributed. Recology will limit the frequency and cost to align with historical activity, unless specifically increased or decreased in the current Rate Order.

7.3 Access to Billing System

The Refuse Rates Administrator and/or their designee shall have on site access to the billing system. The Refuse Rates Administrator and Recology shall meet and confer during the Rate Order to discuss how to ensure the Recology Ready system can provide secure remote access for the Refuse Rates Administrator and/or their designee as specified in Section 24.1 Recology Ready Implementation.

7.4 Account Management and Modifications

Customers are responsible for maintaining and monitoring their accounts, including Service Levels and billing. Customers may open, close, and make account modifications by contacting Recology via phone or email. Customers will be assessed a twenty dollar ($20) administrative fee for each account opening. The administrative fee will not be charged in instances for administrative clean up.

7.4.1 Vacation Holds

Once per year, Residential Customers may request a vacation hold for temporary instances where Collection service is not required due to inhabitants not being present in the residence for more than one (1) month, but less than three (3) months. Such vacation hold will last no more than three (3) months in duration. Additional terms for instituting a vacation hold include:

a. Accounts will be assessed a ten dollar ($10) administrative fee for each vacation hold.

b. The base charge per dwelling unit for one- (1) to five- (5) unit Residential Customers shall continue for the duration of any vacation hold.

c. Customers must provide Recology with the date they wish the vacation hold to start, and the date service is to be reinstated, at the time the vacation hold is requested.

d. Vacation holds are not available to six- (6) unit and larger Residential Customers.

7.5 Data Tracking

Recology shall develop and maintain a database of Customer contact information, which shall include an email address for each Customer account, excluding email addresses for Customers who do not provide or specifically decline to provide such information. Recology shall maintain and make such database available upon request by the Refuse Rates Administrator.

Recology shall maintain copies of all billings and receipts, each in chronological order, for the term covered by this Rate Order and for one (1) year following the end of the term covered by this Rate Order. Recology shall make billings and receipts available for inspection and verification by the Refuse Rates Administrator at any reasonable time, but in no case more than thirty (30) calendar Days after receiving such request.

8. CUSTOMER SERVICE

8.1 Service Description

Recology will provide timely, accurate, and professional Customer service to all Customers. Customer service may be provided in person or via phone or email as described below.

8.2 Service Delivery

8.2.1 Availability of Representatives

Recology maintains a Customer service department capable of receiving, handling, and addressing Customer inquiries. The department is staffed with representatives Monday through Friday, 8:00AM to 4:30PM. Recology will provide a twenty-four (24) hour email communication platform for Customers to submit inquiries which will be addressed by representatives during the hours of operation.

Recology will maintain an after-hours telephone number allowing twenty-four- (24) hour a Day access to Recology management by the Refuse Rates Administrator in the event of an emergency involving Recology's equipment or services including, but not limited to: service interruptions, priority service requests, or major incidents.

8.2.2 Telephone

Recology will maintain a telephone system in operation from 8:00AM to 4:30PM and will have sufficient equipment and staff to handle the peak volume of calls experienced in the normal course of business, and such telephone equipment will be capable of recording Recology's responsiveness to incoming calls. Multilingual assistance is available via 3rd party language support services and/or Recology staff for people speaking English, Spanish, Cantonese, Mandarin, Tagalog, Vietnamese, and other languages.

If Recology's telephone Customer service department experiences wait or hold times greater than fifteen (15) minutes on average in any one (1) week period Monday through Friday, Recology will promptly notify the Refuse Rates Administrator of the cause and provide an estimated time to resolve the issue giving rise to the greater than fifteen (15) minute average wait or hold times.

Recology's telephone system will offer Customers who have been placed into an initial call queue the option to receive a call back rather than remain on-hold. Recology will provide a live call back on the same Day to all Customers who leave call back requests by 1:00PM and will provide a live call back by 12:00PM of the following workday for any call back requests made after 1:00PM. For call-back requests received after 1:00PM on a Friday, a live call back will be made by 12:00PM on the Monday immediately following the original request.

8.2.3 Web Site, Email Address, and Other Customer Engagement

Recology will develop and maintain a website that is accessible to the public and dedicated to services provided in the City. Recology will post all City-approved service-related information and Customer portals such as that for Bulky Item Collection requests on its website and will review and update service-related information at least one (1) time per quarter or more frequently if needed. Recology's website will include all Rates and fees allowed to be charged as approved by the Refuse Rate Board, all public education and outreach materials produced and distributed, and provide Customers with the ability to e-mail Recology questions, billing inquiries, and service requests, including starting service, changing or stopping existing service, and other general service inquiries. Recology will respond to all Customers who send e-mail messages within twenty-four (24) hours Monday through Thursday. For Customers who send e-mail messages on a Friday, Saturday, or Sunday, Recology will respond by 5:00PM the following Monday. Recology may respond to Customer e-mails via e-mail or by phone.

8.2.4 Language Access

For Customer service calls, Recology will clearly indicate that Customer service will be offered in multiple languages including English, Spanish, Cantonese, Mandarin, Tagalog and Vietnamese. This will be indicated on Recology's website and periodically in the Customer newsletter.

Outreach collateral such as signs and stickers will, to the maximum extent possible, convey information using visual images. Necessary text shall be in English with key words translated into Spanish and Chinese or other languages as agreed upon by Recology and the City. Customer newsletters will be made available online and translated into Spanish and Chinese. Recology's website will provide options to be translated into multiple languages, including Spanish and Chinese. Container stickers will include Spanish and Chinese for key words. New carts will be hot stamped with messaging in English but with key words in Spanish and Chinese.

In person tours will be made available in Spanish and Chinese, if requested.

8.3 Service Requests and Complaints

Recology will be responsible for the prompt and courteous attention to, and reasonable resolution of, all Customer service requests and complaints. Recology will record, in its computer system or a separate log, all service complaints, noting the name and address of Customer, date and time of the complaint, nature of the complaint, and nature and date of resolution. Recology will record and respond to all complaints as communicated by the Customer and will work to ensure Customer satisfaction. Recology will compile and submit a summary of the complaint log through their regular reporting schedule.

Recology will respond to all complaints received in accordance with the requirements of this Service Level Agreement. Complaints related to missed or incomplete Collection will be addressed in accordance with the following Section.

8.4 Missed Collection, Non-Collection and Courtesy Collection

8.4.1 Missed Collection Complaints

Recology will resolve each Customer's complaint of a missed or incomplete Collection by returning to the Customer address and retrieving the missed materials. For missed Collection complaints that are received before 9:00AM, Recology will return to the Customer address and Collect the missed materials on the same Day on which the missed Collection was reported, except for dense or high-traffic areas where Collection is only safe and practicable at night or in the early morning. For missed Collection complaints that are received after 9:00AM, Recology will return to

the Customer address and Collect the missed materials by 5:00PM the following Day. If Recology fails to resolve a properly reported and verified missed Collection within forty-eight (48) hours of receiving and verifying such missed Collection, Recology will credit the Customer for the missed Collection.

However, Recology will not document a missed Collection in its system, and will not be required to respond to a missed Collection complaint if any of the following occur:

a. Recology's driver has left a non-Collection notice in accordance with this Rate Order; or

b. Recology's driver observed there were no containers set out for Collection and coded the Customer as "not out."

However, Recology will provide courtesy Collections, as provided below in Section 8.4.4 Courtesy Collections for Late Set-Outs or No Set-Outs.

8.4.2 Non-Collection Notices

Non-Collection notices are intended to provide communication to Customers as to the reason why a Collection may not have occurred. Non-Collection notices will:

a. inform the Customer of the reason(s) for non Collection.

b. include the date the notice was left.

c. include information on proper Disposal of any excluded waste.

d. describe the process for Recology to return and Collect the container after the reason for the non-Collection notice is resolved by the Customer and Recology has been informed of the remedy.

Non-Collection notices may also inform Customers that Recology may charge additional fees for contamination. The notice may be left attached to the Customer's container, gate, door, or access point to the premises, at the time the issue giving rise to non-Collection is discovered by Recology. Recology may also notify the Customer via phone or email.

8.4.3 Non-Collection of Discarded Materials

Recology will make its best effort to service all materials properly set out for Collection. In the event Recology encounters circumstances at a Customer premises which prevent Recology from Collecting discarded materials that have been set out for Collection, Recology will provide a non-

Collection notice clearly explaining Recology's reason for refusal to Collect the discarded materials. Such reasons for a Customer receiving a non-Collection notice may include:

a. overweight containers (carts not able to be hoisted into the hopper, and metal bins not able to be moved to the Collection vehicle by a single driver).

b. containers overfilled such that material is strewn about requiring unreasonable clean up.

c. inability to access containers.

Recology will not be required to Collect discarded materials that are reasonably believed to contain hazardous or otherwise excluded waste.

8.4.4 Courtesy Collections for Late Set-Outs or No Set-Outs

In the event that a Customer does any of the following:

a. reports that their container(s) were placed for Collection after Recology's Collection vehicle had already passed the premises for regularly scheduled Collection,

b. claims that Recology missed the Collection, even though Recology's driver coded the Customer as "not out"; and the Customer requests that Recology return and Collect their containers,

Recology will return to the Customer premises and provide a courtesy Collection at no charge, provided that Recology is not required to provide more than two (2) courtesy Collections per Customer per calendar year, or more than one (1) courtesy Collection in a six- (6) month period. Customers who repeatedly fail to set out carts on time may be subject to additional special pick up or return trip pick up fees, as set forth in the Rate Order. For one- (1) to five- (5) unit and six- (6) unit and larger Residential Customers, one (1) courtesy Collection represents Collection of all containers that were documented as either "late" or "not out". Recology will complete the courtesy Collection by 5:00PM the next Collection Day following the request.

8.4.5 Non-Collection Due to Contamination

Recology may refuse to Collect a Recyclable Materials or Organic Materials container that appears to contain more than ten percent (10%) by weight or volume of contamination or an Organic Materials container that appears to contain more than five percent (5%) by weight or volume of contamination, provided that Recology leaves a non-Collection notice in accordance with this Rate Order and the Contamination Charges and Removal of Diversion Discounts Protocol. Contamination fees as listed in this Rate Order will be charged in accordance with the

Contamination Charge and Removal of Diversion Discount Protocol posted on the City's Refuse Rates Administrator website.

8.4.6 Non-Collection Due to Excluded Waste

If a Collection vehicle driver observes excluded waste in an uncollected container, the driver will attach a non-Collection notice to the container in accordance with this Service Level Agreement and will not Collect the container. The non-Collection notice will list the phone number of a facility that accepts the excluded waste or a phone number of an entity that can provide information on proper Disposal of the excluded waste. If a Collection vehicle driver observes excluded waste, including instances in which the container with the excluded waste has been Collected, the Collection vehicle driver will record that observation, which will include photographic evidence (if available), in the on-board computer system or other record keeping system.

8.4.7 Courtesy Collections After Non-Collection

Upon request from the Customer, Recology will return to the Customer premises and provide a courtesy Collection at no charge of containers that received non-Collection notices due to contamination or excluded waste, provided that

a. the Customer has removed the contamination or excluded waste,

b. the request is made at least two (2) Days excluding Saturday and Sunday prior to the Customer's regularly scheduled Collection Day, and

c. the container is properly set out. Such courtesy Collections will be made within one (1) Working Day after the Customer's request.

For clarity, except for courtesy Collections under this Section 8.4.7 Service Delivery and Section 8.4.4 Courtesy Collections for Late Set-Outs or No Set-Outs above and the Contamination Charges and Removal of Diversion Discounts Protocol, Recology may charge Customers the Rate for a special pick-up ("return trip pick-up") for any special pickup requested by the Customer, provided that Recology notifies the Customer of the Rate for this service at the time the request is made by the Customer. Situations where Recology may charge for special pickups include, but are not limited to, situations where a Recyclable Materials or Organic Materials container was not Collected due to contamination, but instead of removing the contamination, the Customer asks that Recology Collect the container as Solid Waste.

8.4.8 Disposal of Heavily Contaminated Containers

If Recology observes that a Customer's Organic Materials container or Recyclable Materials container is so contaminated that it needs to be Collected as Solid Waste (above the 5% threshold), Recology may do so and charge the Customer the appropriate Rate as outlined in the Contamination Charges and Removal of Diversion Discounts Protocol, provided Recology tags the container to inform the Customer of the contamination and the charge.

8.4.9 Record of Non-Collection

The driver will record the non-Collection event in the on-board computer system (if available), by calling it in to Recology's dispatch, by noting it on the route sheet, by keeping a "receipt" of the non-Collection notice, or through some other process, and the Customer's computerized account record will be updated to note the event. Recology will maintain electronic records of all non-Collection notices, listing the service address where each notice was left, the date of the notice, the reason for the notice, and the date and manner of resolution of each instance.

8.5 Reporting

8.5.1 Quarterly Reporting

This report is to be submitted to both the Department of the Environment and the Refuse Rates Administrator.

a. Phone information on the number of answered and unanswered calls, the average call wait time, and the average call talk time.

b. Number of Customer calls and email tickets by type, sector, and zip code through the call center.

c. Capture the number of calls with language(s) delivered and language needs that were not met.

8.5.2 Bi-Annual Reporting

This report is to be submitted to both the Department of the Environment and the Refuse Rates Administrator.

a. Upload a comprehensive dataset containing all the call and email tickets opened over the most recent six months.

9. BULKY ITEM COLLECTION

9.1 Service Description

Bulky Item Collection (BIC) events will be scheduled on weekdays, Monday through Friday beginning the third (3rd) full week of January through the second (2nd) Friday of December.

The SF Recology Companies will utilize seven (7), two- (2) person crews and schedule up to four hundred and twenty (420) BIC events per weekday. Each crew will utilize one (1) rear-load Solid Waste truck and one (1) box truck. Recology will offer to schedule a BIC event within three (3) Business Days of a Customer's or Tenant's request, or as soon as possible thereafter if the number of scheduled BIC events equals or exceeds four hundred and twenty (420) Collection events per weekday for the next three (3) Business Days.

In the event that the number of requested BIC events on a weekday is less than three hundred (300), Recology may assign one (1) or more two-person BIC crews to another assignment such as, but not limited to, abandoned material Collection or cardboard Collection. Recology will make reasonable efforts to utilize BIC crews in an efficient and effective manner.

9.2 Service Delivery

Recology shall Collect acceptable Bulky Items described herein from Customers and Tenants and Transport them to the RSF Transfer Station for processing as described below. Changes may be made to the list of accepted or prohibited materials by mutual agreement between Recology and the Refuse Rates Administrator, and such agreement will be documented in writing.

Containers: Not applicable.

Service Level: For each Collection event, up to ten (10) individual items, not exceeding two (2) cubic yards total for all items combined.

Service Frequency: Up to two (2) times per year for Residential Customers in buildings with one (1) to five (5) units and up to one (1) time per year per dwelling unit for Residential Customers in buildings with six (6) or more units, at no additional cost to the Customer or Tenant. Services may be requested by the Tenant or property manager/owner.

Additional on-call BIC's may be made at the Customer's or Tenant's request. Additional Collections will be charged at Rates not exceeding those approved in the Rate Order.

Service Location: Curbside, in front of each individual premises, or other location on or adjacent to the Customer's or Tenant's premises, as agreed to by the Customer or Tenant and Recology.

Acceptable Materials: Acceptable materials include Residential appliances (i.e., stoves, refrigerators, etc.), furniture, carpets, mattresses, E-Waste, tree branches not exceeding six (6) feet in length and six (6) inches in diameter, bathroom fixtures (toilets and any other porcelain fixtures must be boxed and/or wrapped), tanks, and clean textiles (bagged or boxed for reuse). Items must be able to be handled safely by a two (2) person crew, weigh no more than two hundred (200) pounds, and not require special Collection due to their size.

If Customers or Tenants have questions regarding the acceptability of items, they may contact the Recology Customer Service Department at (415) 330-1300 or contact Customer Service via email by visiting the Recology website at www.recology.com/recology-san-francisco/contact/.

Prohibited Materials: Solid Waste, Recyclable Materials, and Organic Materials which are part of regularly scheduled service; hazardous waste (including HHW); construction and demolition debris or materials; liquids, sludge, rocks, cement, dirt, bundled wood exceeding six (6) feet in length, tree branches exceeding six (6) feet in length or six (6) inches in diameter, tree trunks, infectious waste, cast iron tubs and sinks, Commercial appliances, any porcelain fixtures (such as toilets) that are not boxed and/or wrapped, or any single item that cannot be safely serviced or that exceeds two hundred (200) pounds in weight (i.e., pianos, etc.).

Additional Service: Recology shall Collect additional Bulky Items (as described herein) that exceed the required Service Level and/or service frequency (as requested by Customer or Tenant) and may charge the appropriate

Rate approved in the Rate Order for such additional material Collected.

Request Methods: Recology shall maintain an online portal for City Customers to request and schedule BIC events. Recology will utilize this online portal as the primary method for Customers to schedule a BIC. As a secondary method for BIC scheduling, Recology will also allow Customers and Tenants to schedule BIC events by calling the Recology Customer Service Department at (415) 330-1300 or by contacting Customer Service via email by visiting the Recology website at www.recology.com/recology-san-francisco/contact/. At Recology's discretion, additional methods such as software applications may be made available and maintained.

Other Requirements: Bulky Items must be generated by the Customer or Tenant at the service address wherein the Bulky Items are Collected.

Recology will make reasonable efforts to reuse and/or recycle items Collected through the BIC program. Items that cannot be reused and/or recycled will be Disposed of in a manner compliant with Applicable Law.

If Recology determines that material set out for Collection is hazardous waste (including HHW), designated waste, or other material that may not legally be Disposed of at the Disposal or Processing facilities used by Recology, or presents a hazard to Recology's employees, Recology shall have the right to refuse to Collect such material, provided that Recology's employee leaves a non-Collection notice and documents the reason for not Collecting the item(s).

9.3 Reporting

9.3.1 Bulky Item Collection Report

The BIC Report is to be delivered monthly to the Refuse Rates Administrator and the Department of the Environment.

Reporting requirements:

a. Number of BIC events per Day and per month.

b. Bulky Item tonnage reused, tonnage recycled, and tonnage Disposed (estimated based on type and number of items Collected).

c. Number of Bulky Items Collected by Customer type ((one- (1) to five- (5) unit Residential or six- (6) unit and larger Residential).

d. Percent change in total number of requests per month compared with the prior year.

9.3.2 Quarterly Operational Report

a. Percentage of BIC events not scheduled within three (3) Business Days of request.

b. Scheduled appointments in quarter.

c. Tons Collected during quarter.

9.4 Oversight

Unless otherwise mutually agreed by San Francisco Public Works and Recology, the scheduled BIC locations shall be provided to San Francisco Public Works by no later than 7:00PM on the Day prior to the scheduled BIC event for monitoring purposes and to ensure coordination with abandoned material Collection routes (except that, for BIC events scheduled on a Monday, the locations shall be provided by no later than 8:00AM on that Monday).

9.5 Bulky Item Collection Outreach to Large Apartments

During Rate Years 2026, 2027 and 2028, Recology will conduct the following outreach for six- (6) unit and larger Residential Apartment residents, with the goal of decreasing material sent to landfill and decreasing illegal dumping by increasing utilization of the BIC program. The outreach program consists of three (3) categories:

1. **Mailers.** Recology will conduct two (2) mailing events per year – one in February and the second in July or August. Each mailing event in the first Rate Year (Rate Year 2026) will include fifty thousand (50,000) recipients per mailing. Each mailing in the subsequent two (2) Rate Years (Rate Years 2027 and 2028) will include one hundred thousand (100,000) recipients per mailing, provided the Refuse Rates Administrator has determined the mailers demonstrated efficacy in the first Rate Year. Recology will develop a marketing slogan (i.e.

"Moving?") to direct residents in six- (6) unit and larger Residential Apartment buildings to use the Recollect app via QR code and/or Recology website to schedule a Bulky Item Collection. In advance of each mailing event, Recology will coordinate outreach messaging with San Francisco Environment to guide residents to donate what they can before setting out, and coordinate messaging with San Francisco Public Works on discouraging illegal dumping. After each mailing, Recology will meet and share information with the Refuse Rates Administrator to determine the efficacy of the mailer outreach program.

2. **Social Media Outreach Campaign.** Recology will conduct two (2) social media Outreach campaigns per Rate Year. Each campaign will run roughly one (1) month after each mailing event. Recology will align the slogans and messaging for the social media outreach campaign with the mailing events, and coordinate with San Francisco Environment and Public Works.

3. **Durable Bulky Item Collection Signage Offering.** Recology will offer a durable (aluminum or similar) Bulky Item Collection sign to six- (6) unit and larger Residential Apartment buildings. The signs are intended to be placed in common areas and will feature information about how to schedule a Bulky Item Collection event. Up to one thousand (1,000) signs will be provided per Rate Year on a first-come, first-serve basis. Recology will develop an outreach plan to the six- (6) unit and larger Residential Apartment building owners or managers via a direct mailer and email to offer the free signage each Rate Year. Recology will provide information on the Bulky Item Collection program to all Residential Apartment building managers/owners that the managers can forward to their tenants via email. Recology will provide information to the San Francisco Apartment Association that can be shared with association members to inform them of the Bulky Item Collection program. Recology will align the slogans and messaging for the signage with the mailing events, and coordinate with San Francisco Environment and Public Works.

10. HOLIDAY TREE COLLECTION

10.1 Service Description

Holiday tree Collection occurs Monday through Friday for two (2) consecutive weeks in January beginning the first regular workday following the New Year's Day Holiday. During this time, Bulky Item Collection service resources will be reallocated to support holiday tree Collection in accordance with the Bulky Item Collection SLA.

Recology will operate holiday tree Collection routes with one (1) driver and one (1) Collection vehicle each to remove holiday trees that have been set out for Collection. Recology will deploy as many holiday tree Collection routes as it deems appropriate to remove all properly set out holiday trees from City streets. The number of holiday tree Collection routes may be adjusted each Day during the two (2) week period to meet holiday tree Collection needs.

10.2 Service Delivery

Recology will Collect trees from one- (1) to five- (5) unit and six- (6) unit and larger Residential Customers and Transport them to the Tunnel Avenue Transfer Station for Processing as described below. Changes may be made to the list of accepted or prohibited materials by mutual written agreement between Recology and the Refuse Rates Administrator.

Service Level: Collection of holiday trees for Residential Customers, at no additional charge during the service frequency timeframe described below.

Service Frequency: For a two (2) week period on the first workday following January 1st, all one- (1) to five- (5) unit and six- (6) unit and larger Residential locations will receive holiday tree Collection on their regularly assigned Collection Day.

Large apartments with Commercial service may coordinate special Collection arrangements directly with Recology. Large apartments may coordinate special Collection arrangements directly with Recology.

Service Location: At the curb in front of individual properties. Large-generating apartment Customers requiring special Collection arrangements may contact Recology and determine a Collection date and location agreed to by the Customer and Recology.

Acceptable Materials: Holiday trees only that are no longer than six (6) feet in length, with all decorations, adornments, and bases removed.

Prohibited Materials: Flocked trees, artificial trees, trees with decorations and adornments still attached, trees with bases still attached, yard waste including tree branches.

CITY AND COUNTY OF SAN FRANCISCO

Service Level Agreements for the Refuse Rate Board's 2025 Rate Order

Service Level: Collection of holiday trees for Residential Customers, at no additional charge during the service frequency timeframe described below.

Service Frequency: For a two (2) week period on the first workday following January 1st, all one- (1) to five- (5) unit and six- (6) unit and larger Residential locations will receive holiday tree Collection on their regularly assigned Collection Day.

Large apartments with Commercial service may coordinate special Collection arrangements directly with Recology. Large apartments may coordinate special Collection arrangements directly with Recology.

Service Location: At the curb in front of individual properties. Large-generating apartment Customers requiring special Collection arrangements may contact Recology and determine a Collection date and location agreed to by the Customer and Recology.

Acceptable Materials: Holiday trees only that are no longer than six (6) feet in length, with all decorations, adornments, and bases removed.

Prohibited Materials: Flocked trees, artificial trees, trees with decorations and adornments still attached, trees with bases still attached, yard waste including tree branches.

Processing: Holiday trees that have been Collected during this period will be brought to the SF Transfer Station and consolidated for Transport to the Jepsen Prairie Organics facility, where they will be chipped or ground into mulch for beneficial reuse applications and for compost feed stock.

Request Methods: Customers do not need to request curbside holiday tree Collection as all one- (1) to five- (5) unit and six- (6) unit and larger Residential locations will receive this service automatically. Large-generating apartment Customers requiring special Collection arrangements may contact Recology and determine a Collection date and location agreed to by the Customer and Recology.

Other Requirements: Holiday trees must be generated by the Customer and at the service address where the holiday trees are Collected.

10.3 Reporting

10.3.1 Holiday Tree Collection Report

Holiday Tree Collection Report is to be delivered in the first regular quarterly report immediately following the month of January.

Reporting requirements:

a. Tons of holiday trees Collected during the two (2) week Collection period which occurs in January of each year.

11. HOUSEHOLD HAZARDOUS WASTE

11.1 Service Description

Recology will offer Household Hazardous Waste (HHW) Collection services to residents in the City and County of San Francisco at Recology's Household Hazardous Waste Collection Facility located at 501 Tunnel Ave., San Francisco, CA 94134.

11.2 Service Delivery

Recology will conduct Household Hazardous Waste Collection services as described in the most recent revision to the "Household Hazardous Waste Collection Program Agreement Between the City and County of San Francisco and Recology San Francisco" (the HHW Agreement) and the most recent revision of the Household Hazardous Waste Collection Facility Operation Plan (the HHW Operation Plan) as agreed to between the City and County of San Francisco and Recology San Francisco.

Recology will provide HHW Collection services in accordance with the current HHW Agreement and the current HHW Operation Plan and will update those services in conjunction with any revisions to the HHW Agreement or HHW Operation Plan. The current versions of the HHW Agreement and the HHW Operation Plan can be found on the City's website and may be amended from time to time as deemed necessary by the parties to the HHW Agreement and HHW Operation Plan.

11.3 Very Small Quantity Generator (VSQG) Collection Program

Recology also offers hazardous waste drop-off for qualified San Francisco businesses generating less than one hundred (100) kilograms (approximately two hundred twenty (220) pounds or twenty (27) gallons) or one (1) kilogram of extremely hazardous waste per month through the "Very Small Quantity Generators (VSQG) Drop-Off Program". This service is by advance appointment only and is available every other Wednesday (excluding City Holidays) at the HHW Collection Facility.

11.4 Reporting Requirements

Recology will submit quarterly summary reports on the operations of the HHW program in accordance with requirements specified in the HHW Agreement and Operation Plan. Reports shall include, but not be limited to, Form 303 data (HHW weights and disposition by type by program), Retail Site weights by type and site, zip code summary for HHW facility drop-off, Home Collection Service, Battery Bucket Collection, and narrative report.

11.5 Oversight

San Francisco Department of the Environment (SFE) will review quarterly and regular reporting, will provide oversight, and will coordinate revisions to the HHW Agreement and HHW Operations Plan as needed by mutual agreement between SFE and Recology.

12. PUBLIC DISPOSAL AND RECYCLING AREA (PDRA)

12.1 Overview

Recology will accept non-hazardous materials and specified Universal Wastes that are delivered by public Customers to the facility at 501 Tunnel Avenue up to eight and one-half (8½) hours per Day and up to seven (7) Days per week, excluding Holidays. Recology may adjust these hours at Recology's discretion based on seasonal trends and market conditions. Recology will identify public Customers by material type and direct them to the appropriate off-loading location on the property. Depending on the material being delivered, Recology may record the gross weight of the Customer's vehicle and/or other apparatus upon entry and exit, to obtain a weight for the materials delivered. Recology will charge Customers corresponding Rates according to material type, weight, and/or each count for the material being delivered to the PDRA. Recology will maintain a list of acceptable materials that will be shared regularly with the Refuse Rates Administrator and SF Department of the Environment.

The PDRA tipping area is separated into three (3) distinct areas: two (2) distinct areas that are inside the public Transfer Station building and the Auxiliary Disposal and Recycling Area (ADRA), which is outside of the public Transfer Station. The two (2) distinct areas inside of the public Transfer Station building consist of an area for general Solid Waste and an area for construction and demolition (C&D) material. The ADRA consists of several bunkers outside of the public Transfer Station building designed for the tipping, storage, and transloading of green waste, dirt, aggregates, and other mixed inert materials.

Recology personnel will direct public customers to the appropriate area depending on the type of material type(s) being delivered. In the general Solid Waste area, Recology will employ practices to separate and recover materials such as but not limited to expanded polystyrene, cardboard, E-Waste, mattresses, box springs, metals, batteries, fluorescent tubes, appliances, used oil, and carpet. Recology will also Collect and separate re-usable items such as furniture and other household items for redistribution to secondhand stores.

12.2 Mattress Program

Recology will participate in the state-sponsored Mattress Recycling Program and will allow non-Commercial Customers to recycle up to four (4) mattresses or box springs per visit at no charge.

12.3 Other Materials

Recology will recover dimensional lumber and pallets from the PDRA for reuse. Recology will direct public customers delivering mixed inert materials, aggregates, concrete, dirt, grass clippings, leaves, tree trimmings, brush, holiday trees, and other green waste materials to the ADRA. Materials delivered to this area will be transloaded for Transportation to the appropriate facility for Processing. Grass clippings, leaves, tree trimmings, brush, holiday trees, and other green waste materials are Transported to Recology's Jepson Prairie Organics for composting and mulch. Mixed inert materials, aggregates, concrete, and dirt are Transported to the Hay Road Landfill for use in landfill construction projects and maintenance, and other beneficial reuse. Recology may Transport these materials to an alternative facility or facilities at the direction of the Refuse Rates Administrator or by notifying the Refuse Rates Administrator that delivery to an alternative location is necessary.

12.4 Universal Waste Recycling Drop-Off

Recology will accept the following Universal Waste items from the public at the PDRA:

a. Covered Electronic Devices (including covered battery-embedded products), including up to five (5) items per Day at no charge.

b. Fluorescent tubes and bulbs – must be boxed and properly labelled - first thirty (30) tubes or bulbs per month at no charge. The current gate Rate will be charged for each fluorescent tube or bulb over thirty (30) per month.

c. Loose (or removable) household batteries – up to five (5) gallons per month at no charge. The current gate Rate per pound will be charged for each pound of household batteries over five (5) gallons, prorated for fractions of a pound.

d. Mattresses, box springs, and Universal Waste items must be delivered separately without other Solid Waste in order to be accepted at no charge (i.e., no separate unloading of these items). If a customer arrives with a comingled load, the customer will be given the opportunity to unload the mattresses, box springs and Universal Waste items first, at no charge, and then have their vehicle weighed to determine the tip fee charged for the other Solid Waste. If the customer does not wish to follow this procedure, the tip fee will be charged on the entire comingled load, including the mattresses, box springs, Universal Waste items, as well as the other Solid Waste.

13. PUBLIC RECEPTACLE COLLECTION

13.1 Service Description

Recology shall be required to Collect materials from public receptacles located within the City as part of Recology's regular Collection route service.

13.2 Service Delivery

Containers: City-provided containers intended for incidental public use, as identified by San Francisco Public Works.

Service Level: Recology will Collect and empty all materials inside of a public receptacle as well as materials that have been set out for Collection that are bagged, boxed, bundled, or otherwise contained, and which are on top of, next to, or within a five (5) foot radius of the public receptacle. Recology is required to Collect loose materials (i.e., materials not bagged, bundled, boxed, or containerized in some fashion) that are on top of, next to, or are within a five (5) foot radius of the public receptacle if such loose materials can be Collected by a gloved hand with no more than a reasonable amount of effort, so as to leave the area around the can reasonably clean, and without impairing route efficiency. If loose materials are spilled during

Recology's Collection of the public receptacle, Recology is required to Collect all loose materials that have been spilled. Recology will not be required to Collect materials that do not appear to have been set out for Collection (e.g., personal possessions such as a bicycle, shopping cart, tent, etc.).

Service Frequency:

Regular daily public receptacle service is provided as part of Recology's regular Collection route service.

Measurement Periods will be continuous 8.5-hour periods at times and on Days mutually agreed upon by Recology and San Francisco Public Works. For the response times to apply, a request or notice for service must be received within the applicable Measurement Period. Recology may need to work outside of the SLA Measurement Periods to satisfy this SLA, but the time limits described in the SLA shall not apply to requests or notices for service received outside of an SLA Measurement Period.

Non-sensor notices for overflowing receptacles shall be prioritized over notices from receptacle sensors. If, during the applicable SLA Measurement Period, Recology receives a non-sensor notice from San Francisco Public Works that a public receptacle is overflowing and needs to be Collected, Recology shall empty such public receptacle within two (2) hours of receiving said notice. If, during the applicable SLA Measurement Period, Recology receive a notice via a receptacle sensor from San Francisco Public Works that a public receptacle is seventy five percent (75%) or more full and needs to be Collected, Recology shall empty such public receptacle within eight (8) hours of receiving said notice. This SLA shall not apply if Recology has responded to (a) more than two hundred forty-one (241) notices for public receptacle Collection in any single Day or (b) more than eighty-seven thousand eight hundred and twenty-five (87,825) notices for public receptacle in any Rate Year. All services provided to respond to public receptacle Collection notices count towards the Service Levels stated in clauses (a) and (b) of the preceding sentence, including notices received outside the applicable SLA Measurement Periods.

Recology will attempt to respond as soon as reasonably possible to public receptacle Collection notices received outside the applicable SLA Measurement Periods, or in excess of the two hundred forty-one (241) notices per Day and eighty seven thousand, eight hundred and twenty-five (87,825) notices per year Service Levels, but the response times may be longer than the time limits described in this SLA.

Staff Needs

At least twelve (12) drivers will be utilized to service public receptables on at least twelve (12) dedicated public receptable routes.

Equipment Needs

At least twelve (12) Collection vehicles will be dedicated to service public receptacles.

Door and Liner Replacement

Recology shall be required to replace doors and liners in certain public receptacles located within the City within seventy-two (72) hours (excluding weekends) of receiving notice that such receptacles require door or liner replacement during the period Monday through Friday, not including weekends and City Holidays.

For the purposes of this SLA, "door and liner replacement" is defined as (a) replacing doors on public receptacles with outer facings of concrete, where the new door can be placed on existing hinges, (b) replacing the plastic latching mechanism on public receptacles with outer facings of concrete, (c) replacing liners in public receptacles with outer facings of concrete, (d) replacing liners in "Renaissance" style public receptacles, and/or (e) replacing liners in other types of public receptacles if mutually agreed by San Francisco Public Works and Recology.

Recology shall not be required to perform any other repair or replacement work on public receptacles besides that described in the preceding paragraph, or any repair or replacement work on other types of public receptacles. For the purpose of clarity, the replacements described in this SLA refer to routine replacements and do not include any unusual or time-consuming repairs that may be required.

Recology's ability to replace doors and liners in public receptacles is dependent on timely receiving all necessary parts and liners from San Francisco Public Works. In the event that San Francisco Public Works does not supply Recology with the necessary parts or liners to perform replacements on public receptacles, this SLA shall not apply.

13.3 Recordkeeping and Reporting

13.3.1 Video

At least twelve (12) trucks assigned to public receptacle-specific routes will be equipped with video cameras on their working side to capture video before and after service, documenting the cleanliness of the public receptacle at each pick up where possible due to routing and physical constraints. This video will be made available to Public Works and the Refuse Rates Administrator upon request. Video will generally be recorded only between the hours of 10:00AM and 6:00PM from the public receptacle-specific route vehicles. In instances where video is not available, Recology will provide Global Positioning System (GPS) and time data to confirm whether the receptacle was serviced.

13.4 Oversight

San Francisco Public Works will proactively review data on a quarterly basis and meet with Recology as needed to improve service delivery and/or reduce costs through improved efficiency of Collection. After each quarterly meeting, Public Works will report to the Refuse Rates Administrator on the status of each individual above Collection program and provide updates such as Service Levels or modifications to routes.

14. CITY SELF-HAUL OF MATERIAL

14.1 Service Description

City self-haul material is nonhazardous material as defined by the California Code Regs. Title 27, Section 20220(a) (Nonhazardous Solid Waste), which is removed from the public right of way and delivered to Recology's Transfer Station at 501 Tunnel Avenue by various City departments in City-owned vehicles for processing or disposal. Recology SF will provide proper handling and disposition of this material. "City department" is used in this SLA to refer to any City department, division, body, operation, etc., and "City-owned vehicle" is used to refer to any vehicle owned by any such City department.

14.2 Service Delivery

14.2.1 Eligible Material

a. San Francisco Public Works may deliver the following types of material to the Transfer Station in City-owned vehicles at no additional charge for nonhazardous material removed from the public right of way ("eligible material"): Street sweepings from Public Works' street sweeping activities;

b. Abandoned waste, bulky items, general refuse, cardboard, litter, trash, and other debris, in each case that has been collected from sidewalks, streets or other public rights of way as part of Public Works' street cleaning, illegal dumping, and abandoned waste collection efforts; and

c. Green material, such as trees, stumps, grass clippings, leaves, branches, brush, flowers, and tree trimmings from work performed by the Public Works Bureau of Urban Forestry in public-right-of-way areas, such as street medians, sidewalks and streets. This does not include materials originating from work done in public parks or open spaces. No individual item may exceed three (3) inches in diameter or eight (8) inches in length.

d. To qualify as eligible material, the material must be delivered to the Transfer Station in Public Works' street sweeping vehicles (mechanical sweepers) or Public Works' trucks. Eligible material does not include construction and demolition materials from building repairs or otherwise, office furniture or fixtures from office cleanouts or renovations or otherwise, concrete, dirt, asphalt or aggregates from street repairs or otherwise, or any other materials not originating from the Public Works activities described in (1)-(3) above. The types of materials outlined in the paragraphs above are considered eligible if collected from the public right of way as abandoned waste and delivered in designated vehicles.

14.2.2 Non-Eligible Material

a. Except for eligible material from the above-described Public Works activities delivered in designated vehicles, all other City departments, including Public Works, shall be required to pay the then-applicable tipping fee for all nonhazardous material delivered to the Transfer Station. For clarity, non-eligible material, on which the tipping fee will be charged, includes, but is not limited to:All material delivered by City departments other than Public Works, such as the San Francisco Recreation and Park Department, Port of San Francisco, San Francisco Public Utilities Commission, San Francisco Municipal Transportation Agency (SFMTA), etc.

b. All material that does not qualify as eligible material, such as concrete, dirt, asphalt, and aggregates, unless delivered by Public Works Bureau of Street Environmental Services (BSES) as abandoned waste from the public right of way. Concrete, dirt, asphalt and aggregates collected in the public right of way as abandoned materials may be delivered in City department vehicles no larger than a ten (10)-wheel dump truck.

c. All material not originating from the Public Works activities described in section 15.2.1 Eligible Material above.

d. All material not delivered in a City-owned vehicle identified in advance by Public Works as primarily hauling eligible material.

14.2.3 Classification of Eligible Material and City Vehicles

Recology will use an electronic scale and weight tag system to weigh all material delivered by City-owned vehicles. The system will record the date, time, weight, material type, and vehicle ID/asset number. The vehicle ID/asset number used will be the number assigned by the relevant City department using the procedure below.

At least one (1) time per calendar quarter on or around October 1st, January 1st, April 1st, and July 1st of each rate year, Public Works will submit to Recology a detailed list of all its vehicles that will deliver material to the Transfer Station. Within said list, Public Works will clearly identify those vehicles that are expected to collect and deliver eligible materials from the public right of way. The list shall include the City department name, vehicle ID/asset number, license plate number, vehicle type (including but not limited to street sweeper, packer truck, pickup truck, flat rack truck, 10-wheel dump truck, or chipper truck).

It is the responsibility of Recology to determine the type of materials being delivered, knowing that the primary use of the Public Works vehicle may change. Recology will use vehicle lists provided by Public Works, as well as a visual inspection of materials being delivered in the load, to determine which vehicle loads will be charged and billed to City departments. Only City-owned vehicles that are identified in advance as primarily hauling eligible material, and that meet the other criteria described above ("designated vehicles"), will be allowed to dump at no charge. All other vehicles will be charged the then-applicable tipping fee.

It is the responsibility of Recology to ensure proper billing by department and type of material. It is the responsibility of all City departments to timely pay invoices submitted by Recology. If a City department disputes an invoice or a line item on an invoice, they must notify Recology within thirty (30) days of receiving the invoice which charge(s) are in dispute. The City department

disputing the charge(s) will work with Recology to promptly remedy the disputed charge(s). If there is no dispute within thirty (30) days after receiving the invoice, the City will pay the invoice. Recology will work with the City department disputing the charge(s) to provide additional information requested, and that is available, to remedy the disputed charge(s). If Recology and a City department disagree over the characterization of any material or billing for any loads, the Refuse Rates Administrator (RRA) will review the issue and make a final determination.

The vehicle list submitted by Public Works may be modified by Public Works at any time by submitting an updated list by email to Recology San Francisco's General Manager or his/her designee. However, an updated vehicle list must be provided whenever Public Works adds or removes a vehicle that utilizes the Transfer Station, whenever Public Works temporarily assigns a vehicle to another City department (or has a vehicle assigned to Public Works by another City department) for use in delivering material to the Transfer Station, and whenever the type of material primarily delivered to the Transfer Station by the vehicle changes from eligible to non-eligible or vice-versa.

Any updated vehicle list must be provided at least two (2) business days before the change in vehicles or material occurs. If Public Works fails to timely update its vehicle list, it will be responsible for all tipping fees charged to it (or incorrectly not charged to it) under its most recent vehicle list.

At least one (1) time per Rate Year, all City-owned vehicles utilizing the Transfer Station will be made available to record the vehicle's tare weight into Recology's electronic weight tag system. Tare weights of City-owned vehicles may be collected while the vehicle is at the Transfer Station delivering material. Recology staff will notify City personnel when the tare weight is required, and City personnel will accommodate Recology's reasonable requests.

14.3 Reporting

14.3.1 Quarterly Operational Report

A. Tons of Organic Materials, iMRF sorted materials, and landfill-bound Solid Waste received from San Francisco Public Works' self-haul operations during the quarter.

B. Tons Organic Materials, iMRF sorted materials, and landfill-bound Solid Waste received from other City departments' self-haul operations during the quarter.

14.3.2 Annual Operational Report

A. Tons Organic Materials, iMRF sorted materials, and landfill-bound Solid Waste received from San Francisco Public Works' self-haul operations during the Rate Year.

B. Tons Organic Materials, iMRF sorted materials, and landfill-bound Solid Waste received from other City departments' self-haul operations during the Rate Year.

15. SUSTAINABILITY EDUCATION PROGRAM

15.1 Sustainability Education Program

The Sustainability Education Program at Recology is based out of the Environmental Learning Center Facility (ELC) and operates the Recology School Tour Program and the Artist in Residence (AIR) Program. These initiatives educate school children and adults on recycling, material reuse, resource conservation, and consumption reduction, supporting San Francisco's zero waste and Diversion goals. The programs are interconnected, with the AIR Program supporting the ELC curriculum.

15.2 School Tour Program

The School Tour Program runs from September through June and is tailored to grade school students in the San Francisco Unified School District (SFUSD) and other schools in San Francisco. Tours are conducted for fourth (4^{th}) grade students and align with the City's curriculum on recycling and circular systems.

In partnership with the SF Department of the Environment (SFE), Recology hosts school tours that include in-depth classroom presentations at the ELC, facility walkthroughs, and artist interactions. During the summer months, ELC staff work to develop educational activities, displays, and games that can be incorporated into the school curriculum.

Outreach to San Francisco preschools unable to visit the site occurs year-round through off-site presentations. A staff member visits classrooms or auditoriums to deliver interactive recycling education tailored to engage young learners. Additionally, staff provide off-site presentations for San Francisco colleges and universities upon request, ensuring broader access to sustainability education across Diverse age groups and institutions.

The School Tour Program also provides year-round tours to the general public, businesses, community groups, and local colleges and universities. The tours are guided by Recology staff

members and include a classroom presentation, a visit to the Transfer Station, the Public Disposal and Recycling Area, the art studio, and Pier 96.

15.3 Artist in Residence Program

The Artist in Residence (AIR) Program supports the educational efforts of the School Tour Program. Annually, professional artists and university and college level student artists participate in a four (4) month on-site residency, culminating in three (3) public art exhibitions per year. The program recruits local artists that are vetted by an advisory committee comprised of educators and artists to select the participants from an applicant pool.

The ELC/AIR team organizes offsite exhibitions, showcasing the artists' works in office buildings and public spaces throughout San Francisco. The staff hosts tabling events, panels, and other educational activities throughout the year. Staff also manage social media platforms and are responsible for creating virtual learning experiences, videos, newsletters, and art show announcements.

15.4 Staffing

The Sustainability Education Program consists of up to three (3) Recology employees and utilizes a contracted Graphic Designer and temporary labor as required. The three (3) Recology staff members will include one (1) full-time Program Manager and two (2) Program Specialists that support the School Tour Program and the AIR Program.

16. WASTE ZERO PROGRAM

16.1 Service Description

Recology will staff a Waste Zero Department to educate Customers on the importance of increasing Diversion from landfills, available Collection programs, and proper sorting techniques. Each September, the San Francisco Department of the Environment (SFE) and the Recology Waste Zero team will mutually agree on the annual action plan for the upcoming Rate Year.

16.2 Service Delivery

16.2.1 Citywide Outreach

As part of its Citywide outreach activities, all new accounts will be mailed a Welcome Letter outlining the services Recology provides (such as Bulky Item Collection and battery recycling), and explaining how to properly sort material, where to learn more, and how to contact Recology for

further assistance. Recology will conduct additional outreach by setting up outreach tables at public events, as well as by sending out direct mail material informing Customers of proper sorting practices. Recology will also provide useful tips and sorting information through various social media channels, as well as through a quarterly newsletter that will be posted on the Recology website and mailed directly to Customers with their bill.

16.2.2 Contamination Outreach

Recology will assist Customers in correcting ongoing contamination due to improperly sorted materials found in Recyclable Materials, Organic Materials, or Solid Waste containers. Observed contamination in excess of allowable thresholds will be noted by Recology personnel, including drivers on route and Diversion Auditors conducting quality assurance inspections either on-site or at the Recology Transfer Station. As provided in the Contamination Charge and Removal of Diversion Discount policy, Waste Zero Specialists will contact Customers to coach them on improved source separation, emphasizing the cost savings and environmental benefits of Diverting as much as possible from landfill. The Contamination Charge and Removal of Diversion Discount policy will be amended regularly in agreement with Recology, the Refuse Rates Administrator, and SF Environment.

16.2.3 Contamination Camera Pilot

During Rate Years 2026-2028 Recology will continue conducting contamination camera pilots. Recology will track the performance of all vendors it uses for monitoring contamination in the Organic Materials and Recyclable Materials streams. Additionally, Recology will assess the performance of contamination notices generated by cameras compared to those generated by drivers through capturing and reporting quarterly the following metrics:

a. Customer association (how accurately are the cameras able to match the account to the contamination event)

b. Numbers of notice, warning and final notices

c. Numbers of accounts with contamination charges and removal of Diversion discounts by waste stream.

d. Conversion rate (proportion of notices that escalate to warning letters)

e. Staffing effort to administer the programs, especially the camera technologies piloted

Recology will meet with SFE and technology vendor(s) to evaluate the effectiveness of these contamination monitoring tools.

16.2.4 Waste Zero Champions

The Waste Zero Champions program is a joint effort between Recology and SFE. It is currently memorialized in a Waste Zero Champions non-binding MOU, which may be continued or modified if mutually agreed in the annual action plan. The purpose of the Waste Zero Champions program is to engage Residential and Commercial volunteers with relevant information and to offer resources and opportunities for promoting zero waste in their communities.

16.2.5 Clean Street (Gravity) Carts

Recology will maintain an inventory of up to eight hundred (800) Clean Street Carts containing gravity locks that release when the cart is tipped. Recology will develop educational materials to teach users best practices for using Clean Street Carts. Carts sizes include 96 gallon blue, 96 gallon grey, and 64 gallon green. Recology and SFE may agree to add 64 gallon blue carts as part of the eight hundred (800) Clean Streets Carts inventory. These Clean Street Carts are intended for use in Commercial corridors, prioritizing accounts with contamination issues and other impacted areas with high-foot traffic. The carts will be placed at individual Customer locations, as agreed with the Customer, in place of the equivalently sized standard carts.

16.3 Reporting

Recology shall provide the following reports on its Waste Zero activities:

a. Customer outreach for source separation (quarterly)

b. Contamination charges and recovery discount removals (quarterly)

c. Contamination charges quarterly data summary (quarterly)

17. WEEKEND CLEANUP EVENTS

17.1 Service Description

Annual weekend cleanup events provide local opportunities for residents to drop off items too big to fit in the regular Collection containers.

17.2 Service Delivery

Number of Events: Recology will promote, manage, staff, and operate one (1) weekend cleanup drop-off event in each of the eleven (11) supervisorial districts across the City for a total of eleven (11) weekend cleanup drop-off events each Rate Year.

Date and Time: Each weekend cleanup event will be scheduled on a Saturday during a four- (4) hour period from 8:00AM to 12:00PM. Recology will determine the date and location of each event and will coordinate with the appropriate City departments and other necessary entities to secure the proper permits and permissions for the event.

Participants: Residents living within the supervisorial district in which the event is being held may participate in the weekend cleanup event being held in their district of residence only. Residents are required to demonstrate proof of residence within the district by providing a driver's license or recent utility bill. The weekend cleanup events are for individual residents only, not businesses, institutions, non-profits, or other entities.

Acceptable Materials: Residents may deliver up to two (2) cubic yards per household of Solid Waste, source-separated Recyclable Materials, and source-separated Organic Materials at each weekend cleanup event held within their district of residence. This includes Bulky Items and larger items that will not fit in regular Collection containers as a part of a Customer's or Tenant's regularly scheduled three- (3) stream Collection service. Events will provide for drop-off of E-Waste and reuse items such as furniture, clothes, books, and other items in reusable condition.

Weekend cleanup events will include a compost giveaway for residents to take up to a maximum of fifteen (15) gallons (i.e., three (3) five-gallon buckets) of finished compost at no charge, at each event held within their district of residence. Recology staff will have discretion to allow residents to take additional compost as capacity allows in order to maximize distribution. Residents will be responsible for supplying their own container or method for carrying their compost. Recology will supply shovels. Recology will provide up to a

maximum of fifteen (15) cubic yards of compost per event, which will be distributed on a first-come, first-served basis.

Prohibited Materials: Items not accepted at weekend cleanup drop-off events include, but are not limited to, batteries, oils, paints, fluorescent lamps, tires, and other Household Hazardous Waste.

Notification: As each weekend cleanup event approaches, and at least thirty (30) Days prior to a weekend cleanup event, Recology will release the schedule on their website and notify the Refuse Rates Administrator, the San Francisco Department of the Environment, and Department of Public Works.

Outreach: Recology will email each member of the Board of Supervisors at least thirty (30) Days in advance of an event in their district. A mailer may be sent to residents surrounding each neighborhood. Advertisements may also be purchased to publicize the events.

17.3 Reporting

17.3.1 Quarterly Operational Report

1. Weekend Cleanup Collections
    a. Number of weekend cleanup events conducted
    b. Number of attendees
    c. Estimated tonnage received by stream (Solid Waste, Recyclable Materials, Organic Materials)
    d. Quantity of E-Waste received
    e. Quantity of reuse items received
2. Compost Giveaway
    a. Dates compost was provided to the public
    b. Source of product (including name, physical location, contact information for each entity, operation or facility from whom recovered organic waste products were sourced)
    c. Type of product

d. Number of San Francisco residents by distribution location and in total participating in the event across all distribution locations

e. Quantity of product (yards)

f. Invoice or other record or documentation demonstrating purchase, procurement, or Transfer of material to distribution location

18. IMPOUND ACCOUNT DEPOSITS AND REMITTANCES

The funds from the Impound Account will be utilized to fund the costs of certain City departments and programs relating to Solid Waste Collection. The SF Recology Companies are required to make monthly deposits into the Impound Account, as follows:

a. For Rate Year 2026, monthly deposits will be two million, two hundred fourteen thousand, five hundred and twenty-nine dollars and eight cents ($2,214,529.08), totaling twenty-six million, five hundred seventy-four thousand, three hundred and forty-nine dollars ($26,574,349).

b. For Rate Year 2027, monthly deposits will be two million, two hundred eighty-seven thousand, eight hundred forty-seven dollars ($2,287,847), totaling twenty-seven million, four hundred fifty-four thousand, one hundred sixty-four dollars ($27,454,164).

c. For Rate Year 2028, monthly deposits will be two million, three hundred sixty-six thousand, seven hundred fifty-five dollars and eight cents ($2,366,755.08), totaling twenty-eight million, four hundred and one thousand, and sixty-one dollars ($28,401,061).

The Impound Account will be held in a separate bank account earning a market interest rate consistent with the interest rate applicable to bank accounts held by the SF Recology Companies.

The uses are as follows:

1. **Payee**: City and County of San Francisco
2. **Purpose**: Department of the Environment, Department of Public Works, and Refuse Rates Administrator costs, as approved in the City budget.

   The use of funds from the Impound Account shall be subject to the following conditions:

   a. The purpose of expenditures shall be limited to the above-listed obligations and shall not be enlarged to cover any unrelated purposes.

b. The unexpended balance of the funds at the end of Rate Year 2028, if any, shall continue to earn interest as described above.

c. The Impound Account will continue to be held as a separate bank account under the combined control of the SF Recology Companies and the City Administrator of the City and County of San Francisco.

d. The SF Recology Companies will make monthly deposits into the Impound Account in the amounts specified above.

e. Withdrawals from the Impound Account will be in the form of wire or ACH transfers to the City Administrator.

f. The SF Recology Companies shall report Impound Account deposits and withdrawals in the Quarterly and Annual Financial Rate Reports.

19. ZERO WASTE CAPITAL RESERVE FUND

19.1 Purpose

The Capital Reserve Fund is intended to accumulate funds in anticipation of future capital investments necessary to serve San Francisco Ratepayers. Building up a Capital Reserve Fund will help reduce the burden on San Francisco Ratepayers at the time a capital investment is made. The Capital Reserve Fund shall be held in an interest-bearing bank account to be managed by the SF Recology Companies. The Capital Reserve Fund may not be used to fund other types of activities but can be used to offset future Rates. No operating ratio shall be allowed until balances are spent on capital approved by the Refuse Rates Administrator or approved through a future Rate Order.

19.2 Funding

In Rate Year 2026, the SF Recology Companies shall use the balance of the Capital Reserve Fund as of September 30, 2025 to offset the change to Collection Rates applicable to that Rate Year.

For Rate Years 2027 and 2028, the SF Recology Companies shall not make deposits into the Capital Reserve Fund.

The SF Recology Companies may submit a proposal for the withdrawal of funds from the Capital Reserve Fund to cover expenses for capital investments or to offset future Rates. Such proposals may be submitted either as part of a future Rate application or separately and may be approved either by the Refuse Rates Administrator or by the Refuse Rate Board. Approval by the Refuse Rates Administrator or the Refuse Rate Board represents a binding commitment to allow the SF

Recology Companies to withdraw the funds for the stated purpose, subject to any written conditions included in the approval. However, funds can be withdrawn only when expenditures are required. The dates for all deposits, approvals, and withdrawals shall be included in the Quarterly and Annual Financial Rate Reports.

Upon completion of the capital investment, the SF Recology Companies shall prepare a reconciliation of the actual costs of the capital investment as compared to the proposed costs and include it in the Quarterly and Annual Financial Rate Reports.

19.3 Interest

The Capital Reserve Fund will be held in a bank account earning a market interest rate consistent with the interest rate applicable to bank accounts held by the SF Recology Companies. The interest rates for all accounts, including but not limited to the Balancing Account, the Reserve Fund, the Impound Account, the Zero Waste Capital Reserve Fund, and the Programmatic Reserve, shall be required to be reported on all Quarterly and Annual Financial Rate Reports covered by the Rate Order.

19.4 Reporting

All activity of the Capital Reserve Fund in the applicable period shall be reported as a separate appendix in the Quarterly and Annual Financial Rate Reports for the SF Recology Companies. The encumbrances and withdrawals, which must be based on incurred costs, from the Capital Reserve Fund shall be separately reported as a separate table in the Quarterly and Annual Financial Rate Reports for the SF Recology Companies, entitled "Amortization of Capital Reserve Funds for Capital Expenditures." The current period amortization will also be reported as a discrete line item on the capital expenditure expense line as reported in Tables 4(A) and/or 5 of the Financial Rate Report. Withdrawals from the Capital Reserve Fund shall be included as a credit against depreciation of the asset in the Quarterly and Annual Financial Rate Reports. In no event shall an operating ratio or other profit be allowed on Capital Reserve deposits until costs are actually incurred by the SF Recology Companies, at which point the depreciation cost shall become an OR-Eligible Expense.

20. PROGRAMMATIC RESERVE PROVISIONS

20.1 Purpose

The purpose of the Programmatic Reserve Fund is to provide a payment mechanism for the City to make service requests beyond those services outlined in this Rate Order. Service requests must

be approved by the Refuse Rates Administrator and performed on behalf of the Ratepayers, such as initiatives to support street cleanliness. The Programmatic Reserve Fund may only be used for services beyond those Service Levels and Service Level Agreements described in this Rate Order. The Programmatic Reserve Fund may not be used to cover service requests that are typically billed to unregulated customers, such as open market debris box customers, Commercial contract customers, or those services provided under the City Facility Collection Agreement.

20.2 Funding

During the term of this Rate Order, Recology shall make equal monthly payments into the Programmatic Reserve fund at $50,000 annually for the Rate Years 2026 through 2028, for a total contribution of $150,000.

During the term of this Rate Order, Recology shall make equal monthly payments into the Programmatic Reserve fund at fifty thousand dollars ($50,000) annually for the Rate Years 2026 through 2028, for a total contribution of one hundred fifty thousand dollars ($150,000).

20.3 Withdrawal

Upon receiving a request from a City department for additional public purpose services that are not otherwise covered and funded in this Rate Order or subject to the City Facility Collection Agreement, Recology shall forward the request to the Refuse Rates Administrator with a cost estimate for the services along with a separate line item showing the allowed target profit using the ninety-one percent (91%) Operating Ratio, a description of the supplemental service or enhancement, a description of how the request is above and beyond the Service Levels outlined in this Rate Order, why this enhancement is needed according to the requesting City department and/or Recology, along with the proposed performance period and completion date. The requested service is subject to review and mutual agreement between the Refuse Rates Administrator and Recology prior to the performance of service. Upon completion of the work, Recology shall submit a final invoice requesting payment (i.e., a drawdown from the Programmatic Reserve). At a minimum, the invoice must include all of the following.:

a. Name of the requesting City department and the City department contact person.

b. Date(s) the service was performed.

c. Description of the services provided, including a line-item breakdown of service costs (excluding the allowed target profit).

d. Allowed target profit amount, calculated in accordance with the ninety-one percent (91%) Operating Ratio authorized under this Rate Order.

e. the total amount due.

Following the completion of the work performed, the requesting City department must jointly notify the Refuse Rates Administrator and Recology. Any service disputes between the requesting City department and Recology will be reviewed in a timely manner by the Refuse Rates Administrator, who is authorized by the Refuse Rate Board to make the final determination.

20.4 Limitations

All service requests must be for periods not to exceed one Rate Year and not to extend beyond the end of Rate Year 2028. For a service request to be fulfilled, the balance of the Programmatic Reserve Fund must be sufficient to allow Recology to withdraw the estimated cost for that service request plus the allowed profit target associated with the ninety-one percent (91%) Operating Ratio as authorized by this Rate Order. The balance of the Programmatic Reserve Fund may not fall below zero dollars ($0.00).

20.5 Reporting

All activity of the Programmatic Reserve in the applicable period and interest accruals shall be reported in the Quarterly and Annual Financial Rate Reports. The actual expenses incurred for each service request, offset by the amount withdrawn from the Programmatic Reserve for the requested services, shall be included in calculating above- or below-target profit for the purposes of Balancing Account adjustments.

20.6 Unused Balance

Any unused Programmatic Reserve Fund balance at the end of each Rate Year will roll over into the following Rate Year. The Refuse Rates Administrator is authorized to fund service requests that extend beyond the end of Rate Year 2028 if any unused balances exist at the end of Rate Year 2028, and if a new Rate Order has not superseded this Rate Order. Unused Programmatic Reserve balances may also be recommended by the Refuse Rates Administrator to the Refuse Rate Board to roll over into the subsequent Rate Year or be used to offset Rate increases in subsequent Rate Year(s).

20.7 Interest on the Programmatic Reserve Balance

Interest shall accrue on any balance of the Programmatic Reserve at the greater of the annualized bank interest rate that Recology credits the Solid Waste Fee Impound Account balances held by the company, prior to those amounts being transferred to the City, or the annualized bank interest rate that Recology credits the Reserve Account held by the company, that was funded by San Francisco Ratepayers. The interest rates for all accounts, including but not limited to the Programmatic Reserve, the Balancing Account, the Reserve Account, the Solid Waste Fee Impound Account and the Zero Waste Capital Reserve Account, shall be required to be reported on all Quarterly and Annual Financial Rate Reports covered by the Rate Order.

21. THE 2024 BALANCING ACCOUNT

The 2024 Balancing Account was a notional account established pursuant to the Refuse Rate Board's 2023 Rate Order to cover Rate Years 2024 and 2025. The 2024 Balancing Account was to be adjusted based on a surplus or shortfall of profits earned relative to the target profit for each Rate Year. The adjustments were to be calculated by multiplying 50% of the profits earned for each Rate Year, above or below the target profit that would have been earned using a 91% Operating Ratio on OR-Eligible Costs, and according to the timing provisions and methodology specified in the 2023 Rate Order.

Under the 2023 Rate Order, any notional balance for Rate Year 2024 and Rate Year 2025, whether positive or negative, after final adjustments for the difference between estimated and actual values, is to be reported in an audited schedule filed as a component of the SF Recology Companies' Annual Audited Financial Statements and the Annual Financial Rate Report. The balance is to be applied to adjust Rates in any subsequent years beginning in Rate Year 2026, over a period not to exceed five years, based on an allocation determined by the Refuse Rates Administrator.

21.1 Rate Year 2024 Balancing Account Amortization in the 2026 - 2028 Rate Order

The actual Rate Year 2024 shortfall of one million, nine hundred forty-two thousand, five hundred eighty-five dollars ($1,942,585) for the SF Recology Companies, along with the estimated Rate Year 2025 shortfall of six million, nine hundred thirty-one thousand, five hundred sixty-seven dollars ($6,931,567) for Recology Golden Gate & Recology Sunset Scavenger, and the estimated Rate Year 2025 shortfall of three million, six hundred fifty-two thousand, six hundred thirty-six dollars ($3,652,636) for Recology San Francisco, will be amortized in equal annual amounts over Rate Year 2027 through Rate Year 2030. The total estimated impact to Ratepayers over the five

(5) years (including Rate Year 2026 in which no Balancing Account amortization will be applied) is twelve million, five hundred twenty-six thousand, seven hundred eighty-eight dollars ($12,526,788), before notional interest. The SF Recology Companies will submit reporting for the actual profits or losses for Rate Year 2025 along with their Audited Financial Statements for that year. The final Balancing Account balance for Rate Year 2025 will then be reconciled, notional interest will be calculated and applied as provided in the 2023 Rate Order, and the result will be allocated across Rate Year 2027 through Rate Year 2030.

	Balancing Account Amortization Adjustment Per Year					
	RY2026	**RY2027**	**RY2028**	**RY2029**	**RY2030**	***Total***
GG/SS & RSF RY2024 Actual Notional Balancing Account Surplus (Shortfall)	$ 0	$ (485,646)	$ (485,646)	$ (485,646)	$ (485,646)	***$ (1,942,585)***
Estimated GG/SS RY2025 Notional Balancing Account Surplus (Shortfall)	$ 0	$ (1,732,892)	$ (1,732,892)	$ (1,732,892)	$ (1,732,892)	***$ (6,931,567)***
Estimated RSF RY2025 Notional Balancing Account Surplus (Shortfall)	$ 0	$ (913,159)	$ (913,159)	$ (913,159)	$ (913,159)	***$ (3,652,636)***
Total (before notional interest)	***$ 0***	***$ (3,131,697)***	***$ (3,131,697)***	***$ (3,131,697)***	***$ (3,131,697)***	***$ (12,526,788)***

22. THE 2026 BALANCING ACCOUNT

22.1 Overview

The 2026 Balancing Account shall cover Rate Year 2026 through Rate Year 2028. The account shall start with a zero balance as of 10/1/2025. The SF Recology Companies shall adjust the notional balance of the 2026 Balancing Account based on the surplus or shortfall of profits earned for each Rate Year covered by this Rate Order. The adjustments shall be calculated by multiplying 100% by the actual profits earned above or below the target profit that would have been earned using a 91% Operating Ratio on Operating Ratio-Eligible Costs (OR-Eligible Costs) for each Rate Year, and according to the timing provisions and methodology specified below. This process shall be followed unless and until superseded by a subsequent Rate Order by the Refuse Rate Board. OR-Eligible Costs include all Rate-recoverable costs of the SF Recology Companies, excluding intercompany Disposal and processing costs, and the costs of licenses, permits and San Francisco business taxes.

With the issuance of each Quarterly Financial Rate Report, the SF Recology Companies shall report the notional balance of the 2026 Balancing Account as of the end of the quarter that is the subject of the Quarterly Financial Rate Report. The SF Recology Companies shall increase or decrease the notional balance to 100% of the quarterly estimated profit above or below the target profit on OR-Eligible Costs that would have been earned using a 91% Operating Ratio, calculated according to the methodology specified in the next Section, titled "Calculation of Above-/Below-Target Profit." Following the end of Recology's Fiscal Year and the Rate Year, both of which end on September 30th, and the issuance of the Annual Audited Financial Statements and the associated Annual Financial Rate Report, the SF Recology Companies shall true-up the Balancing Account (increase or decrease the notional balance, as necessary) for the Rate Year to reflect the difference, if any, in the calculation between the actual figures used in the previous quarters of the Rate Year and the actual figures included in the Annual Financial Rate Report. Each Quarterly and the Annual Financial Rate Report shall include a schedule showing these adjustments to the notional Balancing Account, along with the Rate Year and Quarterly beginning and ending notional balances, along with a summary explaining the key revenue and/or cost factors causing the adjustments.

22.2 Calculation of Above-/Below-Target Profit

The quarterly increase or decrease shall be calculated by taking the difference between actual net profits earned or losses incurred during each quarter and reported in the Quarterly Financial Rate Report, as applicable, and (actual OR-Eligible Costs for the applicable period divided by the 91% Operating Ratio less actual OR-Eligible Costs) as illustrated in the equation below, where "expenses" means OR-Eligible Costs and "actual net profits" means actual net profits or losses based on actual OR-Eligible Costs and revenues reported in the Quarterly or Annual Financial Rate Reports:

$$above/below\ target\ profit = actual\ net\ profits - \left[\frac{expenses}{0.91} - expenses\right]$$

Above- or below-target profit, as adjusted, shall be calculated separately for Recology Sunset Scavenger and Recology Golden Gate, on the one hand, and for Recology San Francisco, on the other. The results of these calculations shall be added to obtain a combined adjusted net above- or below-target profit. Elimination of intercompany charges between Recology Sunset Scavenger, Recology Golden Gate, and Recology San Francisco must be made to ensure the target profit amount is not being inflated. Each of the OR-Eligible Costs represents costs with no imbedded profit accruing to another Recology subsidiary or the parent corporation.

A positive value of the combined adjusted net above- or below-target profit shall result in the SF Recology Companies increasing the notional balance of the Balancing Account in an amount equal to 100% of that positive value. Increases or positive value amounts reflect funds identified as held for the benefit of San Francisco ratepayers in future periods. A negative value of the combined adjusted net above- or below-target profit shall result in the SF Recology Companies decreasing the notional balance of the Balancing Account by an amount equal to 100% of that negative value, including below zero, if applicable. Reductions or negative value amounts reflect funds identified as due from San Francisco ratepayers in future periods.

22.3 No Effect on Profit Calculation

Increases or decreases in the notional balance of the 2026 Balancing Account shall have no effect on the calculation of above- or below- target profit for Rate Year 2026, Rate Year 2027, or Rate Year 2028.

22.4 Use of Notional Balance

Any notional balance for a Rate Year, positive or negative after true-up occurs, shall be reported in an audited schedule filed as a component of the SF Recology Companies' Annual Audited Financial Statements for the Rate Year, which is submitted with the Annual Financial Rate Report for the Rate Year. The notional balance as so reported shall be subject to adjustment pursuant to the Cost Controls Methodology set forth in Section 23 Cost Controls Methodology. Specifically, if any costs for a given Rate Year are finally determined to be disallowed or excluded pursuant to the Cost Controls Methodology, the above- or below-target profit for that Rate Year, and the resulting increase or decrease in the notional balance of the Balancing Account, shall be recalculated with those costs excluded, and the reported notional balance shall be adjusted accordingly. The full amount of the notional balance as so adjusted shall be applied to adjust Rates in a subsequent Rate Year. The adjusted notional balance for Rate Year 2026 shall be applied to adjust Rates for Rate Year 2028 up to a maximum Rate adjustment of +/- 3%, with the unapplied remainder to stay in the Balancing Account to be applied on a schedule determined in a future Rate Order. The adjusted notional balances for Rate Year 2027 and Rate Year 2028 shall be applied to adjust Rates over a period of one to five years (ending no later than Rate Year 2033 and Rate Year 2034, respectively) as determined in a future Rate Order.

Adjusted notional balances shall be applied as follows. If the adjusted notional balance for Rate Year 2026 is positive, the positive notional balance shall offset any Rate increase that would otherwise occur in Rate Year 2028. The dollar amount of the offset shall cause the notional balance of the Balancing Account to decrease by an equal dollar amount. If the adjusted notional balance for Rate Year 2026 is negative, the negative notional balance shall increase Rates in Rate Year

2028, over and above any Rate adjustment that would otherwise occur in Rate Year 2028. The dollar amount of the increase shall cause the notional balance of the Balancing Account to increase by an equal dollar amount. The adjusted notional balances for Rate Year 2027 and Rate Year 2028 shall be applied in a similar manner, but on a schedule determined in a future Rate Order.

22.5 Interest on Balancing Account Notional Amounts

Notional interest shall be calculated due to San Francisco Ratepayers for positive balances (and due from San Francisco Ratepayers for negative balances) in the 2026 Balancing Account at a market interest rate consistent with the interest rate applicable to bank accounts held by the SF Recology Companies. The interest rates for all accounts, including but not limited to the Balancing Account, the Reserve Account, the Solid Waste Fee Impound Account, the Zero Waste Capital Reserve Account, and the Programmatic Reserve, shall be required to be reported on all Quarterly and Annual Financial Rate Reports covered by the Rate Order.

22.6 Reporting

Each Quarterly and Annual Financial Rate Report shall include a schedule showing all adjustments to the 2026 Balancing Account, showing separately the 2022 Settlement Balancing Account and the 2024 Balancing Account, during the period of the report and shall include beginning and ending notional balances for the Rate Year (to-date) and Quarter.

The SF Recology Companies' Annual Audited Financial Statements shall include a schedule disclosing the activities in and adjustments to the Balancing Account over the period covered by the audit, for Rate Year 2024 and onward. If the Annual Audited Financial Statements do not include such a schedule, the schedule must be separately submitted in an Agreed Upon Procedures report issued by the SF Recology Companies' external, independent auditors.

23. COST CONTROLS METHODOLOGY

Purpose

1. The purpose of this Cost Controls Methodology is to protect Ratepayers by ensuring that the SF Recology Companies (Recology) effectively manage costs within their control. This methodology will apply to costs incurred between Rate Year 2026 and Rate Year 2028 and the Balancing Account calculations for those years. This methodology replaces the Substituted Costs mechanism that was utilized in Rate Year 24-25.

Process

2. This Cost Controls Methodology will be applied each Rate Year to costs incurred in the prior Rate Year, beginning with costs incurred in Rate Year 26.

3. Recology will provide the Refuse Rates Administrator with a Cost Controls Report with the Annual Rate Report, beginning with the report for RY26. The report perform each of the following functions:

   a. Calculate revenue-adjusted projected costs

   b. Detail variances between actual costs and revenue-adjusted projected costs

   c. Identify any Line-Item Variances and Line-Item Savings

   d. Explain and justify any Line-Item Variances

   e. Include a Cost Cap variance analysis and identify any Cost Cap exceedances.

4. The Refuse Rates Administrator will review Recology's submission as provided in item numbers 14 through 16 below. Within forty-five (45) Days after submission of the Annual Rate Report, the Refuse Rates Administrator will issue written findings regarding the results of its review, including any adjustments to the Balancing Account resulting from application of the Cost Controls Methodology. Recology will have 45 Days after receipt of the Refuse Rates Administrator's proposals to appeal them to the Refuse Rate Board under items 22 and 23 in this Section below, which Recology may do by filing a written notice of appeal with the Refuse Rates Administrator and the Refuse Rate Board. If a notice of appeal is filed timely, the Refuse Rate Board will hear the appeal at a public hearing to be held within forty-five (45) Days of the filing of the notice of appeal. After final determination by the Refuse Rate Board of any issues subject to appeal, any Balancing Account adjustments resulting from application of the Cost Controls Methodology will be applied to the Balancing Account balance for the Rate Year under review.

5. Recology will include a Cost Controls analysis in its quarterly reports in Rate Year 2026 through Rate Year 2028, for monitoring purposes. However, since there may be seasonality not accounted for in the quarterly reporting, the methodology will be applied on a full Rate Year basis only.

6. This Cost Controls Methodology is applied to all allowable costs of the SF Recology Companies, including both OR-eligible and pass-through costs, and costs for both regulated and unregulated services.

Methodology

7. This Cost Controls Methodology has 2 main components: a *line-item variance analysis*, and a *cost cap variance analysis*. Both involve comparing actual costs to revenue-adjusted projected costs, and then determining whether any excess amounts are justified. The rationale for adjusting projections based on revenue is that higher-than-projected revenue indicates greater-than-projected business, and therefore higher-than-projected costs, depending on the elasticity of the line item to revenue.

Line-Item Variance Analysis

8. The line-item variance analysis involves measuring actual costs against revenue-adjusted projected costs for each line-item expense shown in Exhibit A. If an actual line-item cost exceeds the revenue-adjusted projected cost for that line item by at least 5% (except for Payroll and Related, Administrative Costs, or Professional Services, for which the limit is at least 3%) and at least $500K in a given Rate Year, then the RRA will evaluate those variances, and may limit Balancing Account cost recovery for the excess amounts.

9. The line items that comprise Payroll & Related Costs will be aggregated for purposes of the line-item variance analysis. The analysis will be applied to Payroll & Related Costs as if Payroll & Related Costs were a single line item, rather than applying the analysis individually to each of its constituent line items (Payroll, Payroll Taxes, Pension, Health Insurance and Workers Compensation).

10. The line items that comprise Disposal & Processing Costs will likewise be aggregated for purposes of the line-item variance analysis. The analysis will be applied to Disposal & Processing Costs as if Disposal & Processing Costs were a single line item, rather than applying the analysis individually to each of its constituent line items (I/C Disposal, I/C Processing, O/S Disposal, O/S Processing).

11. The first step in the line-item variance analysis is to calculate the Revenue Adjustment Factor for the Rate Year under review. The Revenue Adjustment Factor equals the percentage by which actual revenue from paying customers exceeds (positive number) or falls short of (negative number) projected revenue from paying customers. Paying customers includes customers for both regulated and unregulated services. The rationale for using revenue from both categories of customers is that expenses are reported on a combined basis across both categories of customers, so this allows for comparison on the same basis. Paying customers excludes revenue from commodity sales and revenue from CalRecycle under the California Beverage Container Recycling Program.

12. The next step in the line-item variance analysis is to calculate the revenue-adjusted projected cost for each line item. This is done by taking the projected cost for the line item as shown in the Rate model, and adjusting it by the product of (a) the Revenue Adjustment Factor calculated above and (b) the Elasticity Factor for the line item shown in Exhibit A. The Elasticity Factor is an agreed percentage that indicates the sensitivity of the line item to changes in revenue.

    a. For example, if a line item's projected cost in the Rate model is $3.00M for Rate Year 2026, and the Revenue Adjustment Factor for Rate Year 2026 is +4%, and the Elasticity Factor for the line item is 50%, then the revenue-adjusted projected cost for the line item would be $3.06M (= $3.0 * (1+(.04*.50)).

13. The actual cost and the revenue-adjusted projected cost are then compared:

    a. If the actual cost is *greater than* the revenue-adjusted projected cost by an amount that is at least $500,000 and at least 5% of the revenue-adjusted projected cost (except for Payroll and Related, Administrative Costs, or Professional Services, for which the threshold is at least 3%), then the dollar amount in excess of the larger of the two (2) thresholds ($500,000 or 5% or 3%) is referred to as a Line-Item Variance. Line-Item Variances are subject to review by the RRA as provided in items 14-16 of this Section below.

    b. If the actual cost is *less than* the revenue-adjusted projected cost by an amount that is at least $500,000 and at least 5% (except for Payroll and Related, Administrative Costs, or Professional Services, for which the threshold is at least 3%) of the revenue-adjusted projected cost, then the dollar amount below the lower of the two thresholds ($500,000 or 5% or 3%) is referred to as a Line-Item Savings. Line-Item Savings may affect the Balancing Account adjustment as provided in item 17 of this Section below.

    For example, if the revenue-adjusted projected cost for a line item is $3.06M for Rate Year 2026, and the actual cost for the line item is $3.70M for Rate Year 2026, there would be a Line-Item Variance of $140K (=$3.70M-$3.06M-$500K). If instead the actual cost was $2.40M for Rate Year 2026, there would be a Line-Item Savings of $160K (=$3.06M-$2.40M-$500K). (Note: The 5% or 3% threshold is not relevant in these examples because $500K exceeds 3% and 5% of $3.06M.)

Evaluation Procedure

14. Each Line-Item Variance identified above will be evaluated by the RRA using the following procedure. For each variance, Recology will submit an explanation of the variance and any supporting documentation Recology deems appropriate as part of the Cost Controls Report. The RRA will then review each variance and determine whether it was justified under the

standard below, taking into account Recology's submissions, relevant operating statistics, and other relevant information. Recology will provide such additional information as the RRA may reasonably request in connection with the RRA's review of the variance.

15 A variance will be deemed justified to the extent Recology can demonstrate, or the RRA finds**:**

a. That it was reasonable in amount and necessary to perform Recology's obligations under the Rate Order;

b. That it was reasonable in amount and necessary to perform Recology's obligations under Applicable Law (e.g., new regulatory mandates, increased governmental fees/taxes) – but excluding any fines or penalties for Recology's violation of law;

c. That it was reasonable in amount and necessary to perform Recology's obligations under contracts pertaining to Residential or Commercial services (e.g., a CBA, or the Landfill Disposal Agreement);

d. That it resulted from increases in prices paid by Recology to third parties (e.g., fuel price spikes, vehicle cost increases); or

e. That it resulted from factors beyond Recology's reasonable control (e.g., natural disasters, fires, National Sword, COVID, macroeconomic conditions, other acts of God).

16. If the RRA determines that all or part of a variance is justified, no adjustment to the Balancing Account calculation will be made with respect to the justified amount. If the RRA determines that all or part of a variance is not justified, then the RRA may disallow all or part of the variance for the purpose of adjusting the Balancing Account. The disallowed amount is referred to as a Disallowed Variance.

Disallowed Variances

17. The sum total of Disallowed Variances, net of any Line-Item Savings, will be excluded from Rate-allowed expenses for purposes of the Balancing Account calculation. The effect of this is that Recology will bear the full cost of the excluded net amount. The rationale for reducing Disallowed Variances by Line-Item Savings is that, if there are significant cost "underruns" in certain areas, they should be used to offset significant cost overruns in other areas.

Cost Caps

18. The Cost Cap variance analysis involves measuring actual costs against revenue-adjusted projected costs for each of the 5 Cost Categories shown in Exhibit A: Payroll & Related Costs, Disposal & Processing Costs, Vehicle Costs, Facilities Costs, and Administrative Costs. Each Cost Category comprises various line items, as specified in Exhibit A. If actual costs for a Cost Category exceed the revenue-adjusted projected cost for that Cost Category by more than

the Cost Cap (one hundred ten percent (110%) for Disposal & Processing Costs, Vehicle Costs, or Facilities Costs, adjusted for inflation and allowed Line-Item Variances as described in item 19 in this Section below, or one hundred and seven percent (107%) for Payroll & Related Costs, Administrative Costs, or Professional Services Costs), then the Balancing Account cost recovery will be limited only to the dollar amounts below the Cost Cap.

19. The Cost Cap for each Cost Category for a given Rate Year is determined by adding the revenue-adjusted projected cost for each line item included in the Cost Category and multiplying the result by one hundred ten percent (110%) for Disposal & Processing Costs, Vehicle Costs, or Facilities Costs, or one hundred and seven percent (107%) for Payroll & Related Costs, Administrative Costs, or Professional Services Costs. The one hundred ten percent (110%) or one hundred and seven percent (107%) figure will be adjusted for the difference between the inflation factor used in the Rate application, and actual inflation over the period in question. In addition, if there was a Line-Item Variance for any of the line items included in the Cost Category, and some or all of the variance was found to be justified under Sections 14 through 16 above, then the Cost Cap will be increased by the justified amount.

    a. For example, if the Rate Year under review is Rate Year 2027 (the second (2^{nd}) year of the Rate cycle), and the inflation factor used in the Rate application was three percent (3.0%) in Rate Year 2026 and Rate Year 2027, but actual inflation was three and four tenths percent (3.4%) in Rate Year 2026 and three and seven tenths percent (3.7%) in Rate Year 2027, then the Cost Cap for Rate Year 2027 would be calculated as one hundred eleven and one tenth percent (111.1%) of the revenue-adjusted project costs for the Cost Category for Disposal & Processing Costs, Vehicle Costs, or Facilities Costs (1.1% = 0.4% + 0.7%) or would be calculated as one hundred and eight and one tenth percent (108.1%) of the revenue-adjusted project costs for the Cost Category for Payroll & Related Costs, Administrative Costs, or Professional Services Costs (1.1% = 0.4% + 0.7%).

<u>Other Balancing Account Adjustments</u>

20. In addition to the cost controls set forth above, two (2) other adjustments will be made to the Balancing Account calculation.

    a. First, shortfalls that are the result of Recology's Rate calculation errors and underlying data was not disclosed to the RRA during the Rate application and review process, will be included at fifty percent (50%) in the Balancing Account calculation. For clarity, assumptions or projections that are forecasts of future events are not considered errors merely because the events do not occur as forecast. The intent of this adjustment is to ensure that Recology is held accountable for the accuracy of its calculations.

b. Second, bad debt associated with Late-Submitted Lien Amounts will be excluded from Rate-allowed expenses for purposes of the Balancing Account calculation, meaning Recology will bear the full cost of such bad debt. Late-Submitted Lien Amounts means the amount of any delinquent bill issued to a one- (1) to five- (5) unit or six- (6) unit and larger Residential Customer, where Recology submitted a verified written complaint with respect to such bill to the Department of Public Health under Section 291.5 of the Health Code, but which DPH rejects because such complaint was submitted more than 180 Days after the bill became delinquent. The intent of this adjustment is to ensure that Recology is incentivized to process delinquent bills timely through the lien process.

Appeal Process

22. If Recology disagrees with the determination of the RRA as to any Line-Item Variances, Recology may appeal the RRA's decision to the Refuse Rate Board within the time frame specified in Section 4. The appeal will be considered by the Refuse Rate Board in a public hearing. The RRA and Recology will each be entitled to submit their positions and relevant supporting documentation to the Refuse Rate Board in writing in advance of the hearing, and to present their positions to the Refuse Rate Board at the hearing.

23. If actual costs for a Cost Category exceed the revenue-adjusted projected cost for that Cost Category by more than the allowable threshold (one hundred ten percent (110%) for Disposal & Processing Costs, Vehicle Costs, or Facilities Costs, adjusted for inflation and allowed Line-Item Variances, or one hundred and seven percent (107%) for Payroll & Related Costs, Administrative Costs, or Professional Services Costs adjusted for inflation and allowed Line-Item Variances) due to extraordinary circumstances that prevented Recology from performing services stipulated in the Rate Order without exceeding the Cost Caps, Recology may appeal to the Refuse Rate Board to allow for an exception to the Cost Cap within the time frame specified in Section 4. The appeal will be considered by the Refuse Rate Board in a public hearing. Recology will be entitled to submit its position and relevant supporting documentation to the Refuse Rate Board in writing in advance of the hearing, and to present its position to the Refuse Rate Board at the hearing.

[Exhibit A follows]

EXHIBIT A

Line Items & Cost Categories

Cost Category/*Line Item*	Fixed/Variable	Elasticity Factor
Payroll & Related Costs		
Payroll	Variable	50%
Payroll Taxes	Variable	50%
Pension	Fixed	10%
Health Insurance	Fixed	10%
Workers Compensation	Variable	50%
Disposal & Processing		
I/C Disposal	Variable	100%
I/C Processing	Variable	100%
O/S Disposal	Variable	100%
O/S Processing	Variable	100%
Vehicle Costs		
Lease	Fixed	10%
O/S Equipment Rental	Variable	50%
Fuel	Variable	50%
Repairs & Maintenance	Fixed	10%
Supplies	Variable	50%
Tires & Tubes	Fixed	10%
Parts	Fixed	10%
Liability Insurance	Fixed	10%
Licenses & Permits	Fixed	10%
Freight	Fixed	10%
Facilities Costs		
Security & Janitorial	Fixed	10%
Building & Facility Repair	Fixed	10%
Depreciation	Fixed	10%
Outside Property Rental	Fixed	10%
Intercompany Property Rental	Fixed	10%
Utilities	Fixed	10%
Administrative Costs		
Corporate Allocations	Variable	50%
Bad Debt	Variable	50%

O/S Billing Services	Variable	50%
Office	Fixed	10%
Postage	Variable	50%
Professional Services	Fixed	10%
Taxes	Fixed	10%
Telephone	Fixed	10%
*Other**	Fixed	10%

* Includes other costs under any Cost Category that are not covered under one of the specified line items.

24. CAPITAL EXPENDITURES MANAGEMENT

The goal of this approach to regulating capital expenditures is :

a. increase transparency with respect to Rate recovery of capital investments

b. ensure that cost recovery reflects the assets placed into service

c. create a capital expenditure cost cap

A list of assets to be acquired during the upcoming Rate Order was submitted with the Rate application. Final Rate approval of the Rate Order shall include approval of the detailed asset listings for both Collection and post-Collection operations.

For assets on the approved list, no other approval will be required. In the event Recology needs to acquire an asset not specifically on the approved asset listing, approval from the RRA will be required before the asset can be purchased. Appropriate recovery will be proposed as part of the request for the asset to be purchased. In the event that the purchase value of assets acquired reaches the total approved capital expenditures in the Rate Order, any additional expenditures must be approved by the Refuse Rate Board. Capital expenditures not completed in Rate Year 2026 carry forward to Rate Year 2027 and expenditures not completed in Rate Year 2027 carry forward to Rate Year 2028.

Actual asset acquisition cost and timing may vary from the estimate included in the Rate Order. Likewise lease rates may vary from the Rate Order as they are set monthly based on Recology's then-current borrowing costs. Variances between the projected cost of any specific asset, along with variances in timing and variances in the rate used to originate leases, will flow through the Balancing Account.

Reconciliation of all assets purchased and measurement of actual expenditures against the Rate-Order-approved expenditures will be done on an annual basis. Reporting of assets purchased and placed in service will be included in quarterly and annual Rate reports.

24.1 Recology Ready Implementation

The Rate Order includes a line item for the implementation of Recology Ready, which among other improvements includes replacement of the current operations, customer service and billing system. The SF Recology Companies have committed to achieving specific milestones for implementation of this system, outlined in Section 25.1.1 below. If the SF Recology Companies do not meet these milestones, the Refuse Rates Administrator may request additional information, assess the status of the project, and potentially disallow a portion of the cost recovery associated with replacement of the system. Any disallowed costs will be reflected through an adjustment to the Balancing Account, consistent with the Cost Controls Methodology specified in the Rate Order.

24.1.1 Implementation Milestones

a. Input from City Departments: May – September 2025

b. Development Roadmap Finalized: February 2026

c. Begin Data and Site Preparation: March 2026

d. New Functionality Preview: August 2026

e. Preliminary Migration and Training: December 2026

f. Cutover and Go-Live: April 2027

24.1.2 Notice and Opportunity to Cure

The SF Recology Companies will provide written notice to the Refuse Rates Administrator if there will be a delay in meeting any of the milestones outlined in Section 25.1.1. If the delay is due to circumstances beyond the SF Recology Companies' control (e.g., vendor-related issues), the timeframe will be extended for such additional period as is reasonably necessary to achieve the milestone. If the milestone is not achieved within that period, a portion of the cost recovery may be disallowed for failing to meet the milestone, as provided in Section 25.1.1.

24.1.3 Appeal Process

If any costs are disallowed by the Refuse Rates Administrator, the SF Recology Companies may submit a written notice of appeal within forty-five (45) Days of receiving the Refuse Rates

Administrator's decision. If a notice of appeal is timely filed, the Refuse Rate Board will hear the appeal at a public hearing to be held within forty-five (45) Days from the filing of the notice of appeal. The Refuse Rates Administrator and the SF Recology Companies will each be entitled to submit their positions and relevant supporting documentation to the Refuse Rate Board in writing in advance of the hearing, and to present their positions to the Refuse Rate Board at the hearing.

Exhibit C

Reporting Requirements For The 2025 Refuse Rate Order

Contents

General: 3

Due Dates: 4

Annual Reporting Requirements 7

- Annual Operating Rate Report 7
- Annual Financial Report 15
- Annual Baseline Operating Metrics 26
- Annual Audited Financial Statements and Agreed Upon Procedures 27
- Weight Scale Records 27
- Report by Line of Business 28
- SB 1383 Waste Evaluation 33
- Hazardous Waste Landfill Report 34
- Landfill Greenhouse Gas Capture 34

Quarterly Reporting Requirements 35

- Quarterly Operating Rate Report 35
- Quarterly Financial Rate Report 41
- Pension Reports 52
- Commercial and Apartment Customer Outreach for Source Separation 52
- Noncompliant Accounts 53
- Contamination Charges and Recovery Discount Removals 53
- Refuse Separation Compliance Ordinance 53
- Household Hazardous Waste Report 54
- Customer Communication Record Export 54
- Special Events 54
- Compost Procurement and Distribution Invoices 55

Monthly Reporting Requirements 57

- Route Collection Reports 57

AR ALTAR 58
Landfill Tonnage and Landfill Fee Statement 58
Bulky Item Collection Report 58
As-Needed and Continual Reporting 60
Bulky Item Collection Locations 60
Suspected Mistake or Error Disclosure 60
Confirmed Mistakes or Error Disclosure 61
Public Receptacle Collection Electronic Documentation 62
Abandoned Material Collection 62
Collection Locations and Days 63

Reporting Requirements For The 2025 Refuse Rate Order

General:

The Refuse Rate Board requires that Recology produce regular reports during this rate cycle (Rate Years 2026 – 2028) and deliver them to the Refuse Rates Administrator and/or other City departments as designated. These reports shall be made to the knowledge of the signatory after reasonable investigation, signed under penalty of perjury, and are intended to assist the City in ensuring that Recology is providing the services contained in this Rate Order, to fulfil local, state, and federal reporting obligations, and to conduct analyses which will allow the City to better serve ratepayers.

Each reporting requirement in this Rate Order contains specific deliverables related to data. For reporting data and requirements which have not been included in prior rate orders, Recology and the City will work together in good faith to develop the form and format. For all Recology-generated reports with tables, tables should be provided in machine-readable (Microsoft Excel) format or both PDF and Excel format.

Included in this Rate Order is the development and launch of Recology Ready, a new operations and customer management system which will be integrated into Recology's operations, customer experience, billing, and reporting. Recology and the City will work together during the development and implementation of the new system, and the form and format of these reporting requirements may be modified in relation to that system by agreement between Recology and the City. The Service Level Agreements for Capital Expenditures Management contain additional detail on Recology Ready implementation.

Certain information required to be provided by these reporting requirements, or that Recology may elect to provide to the City, may constitute the confidential information of Recology, of ratepayers, or of third parties. Recology and the Refuse Rates Administrator will cooperate in good faith to maintain the confidentiality of such information, taking into account the City's public disclosure ordinances and obligations under the California Public Records Act. Measures to maintain the confidentiality of such information may include redacting sensitive data, providing information via screen sharing or onsite review, and/or Recology marking files or documents as "Confidential – CPRA Exemption Requested." City agrees not to disclose or make public any information so marked, except to the extent required under the City's public disclosure ordinances and/or California Public Records Act, after providing Recology reasonable prior notice so that Recology may seek a court order enjoining the disclosure.

Reporting Requirements For The 2025 Refuse Rate Order

Due Dates:

Recology is required to produce the following reports on the schedule listed below:

Annual Reporting Due Dates					
Rate Year	**Report Period**	**End of Period**	**Days Due After Reporting Period**	**Due Date**	**Note**
RY2026	Q1-Q4 2026	9/30/2026	120	1/28/2027	
RY2027	Q1-Q4 2027	9/30/2027	120	1/28/2028	
RY2028	Q1-Q4 2028	9/30/2028	120	1/29/2029	*

Quarterly Reporting Due Dates					
Rate Year	**Report Period**	**End Of Period**	**Days Due After Reporting Period**	**Due Date**	**Note**
RY2026	Q1 2026	12/31/2025	60	3/2/2026	*
	Q2 2026	3/31/2026	60	6/1/2026	*
	Q3 2026	6/30/2026	60	8/29/2026	
	Q4 2026**	9/30/2026	60	11/30/2026	*
RY2027	Q1 2027	12/31/2026	60	3/1/2027	
	Q2 2027	3/31/2027	60	5/31/2027	*
	Q3 2027	6/30/2027	60	8/30/2027	*
	Q4 2027**	9/30/2027	60	11/29/2027	
RY2028	Q1 2028	12/31/2027	60	2/29/2028	
	Q2 2028	3/31/2028	60	5/30/2028	
	Q3 2028	6/30/2028	60	8/29/2028	
	Q4 2028**	9/30/2028	60	11/29/2028	

Reporting Requirements For The 2025 Refuse Rate Order

Monthly Reporting Due Dates					
Rate Year	**Report Period**	**End of Period**	**Days Due After Reporting Period**	**Due Date**	**Note**
RY2026	October 2025	10/31/2025	30	12/1/2025	*
	November 2025	11/30/2025	30	12/30/2025	
	December 2025	12/31/2025	30	1/30/2026	
	January 2026	1/31/2026	30	3/2/2026	
	February 2026	2/28/2026	30	3/30/2026	
	March 2026	3/31/2026	30	4/30/2026	
	April 2026	4/30/2026	30	6/1/2026	*
	May 2026	5/31/2026	30	6/30/2026	
	June 2026	6/30/2026	30	7/30/2026	
	July 2026	7/30/2026	30	8/31/2026	*
	August 2026	8/31/2026	30	9/30/2026	
	September 2026	9/30/2026	30	10/30/2026	
RY2027	October 2026	10/31/2026	30	11/30/2026	
	November 2026	11/30/2026	30	12/30/2026	
	December 2026	12/31/2026	30	2/1/2027	*
	January 2027	1/31/2027	30	3/2/2027	
	February 2027	2/28/2027	30	3/30/2027	
	March 2027	3/31/2027	30	4/30/2027	
	April 2027	4/30/2027	30	5/31/2027	*
	May 2027	5/31/2027	30	6/30/2027	
	June 2027	6/30/2027	30	7/30/2027	
	July 2027	7/30/2027	30	8/30/2027	*
	August 2027	8/31/2027	30	9/30/2027	
	September 2027	9/30/2027	30	11/1/2027	*
RY2028	October 2027	10/31/2027	30	11/30/2027	
	November 2027	11/30/2027	30	12/30/2027	
	December 2027	12/31/2027	30	1/31/2028	*
	January 2028	1/31/2028	30	3/1/2028	
	February 2028	2/28/2028	30	3/29/2028	
	March 2028	3/31/2028	30	5/1/2028	*
	April 2028	4/30/2028	30	5/30/2028	
	May 2028	5/31/2028	30	6/30/2028	
	June 2028	6/30/2028	30	7/31/2028	*
	July 2028	7/30/2028	30	8/29/2028	
	August 2028	8/31/2028	30	10/2/2028	*
	September 2028	9/30/2028	30	10/30/2028	

*Indicates due date has been extended when date would fall on a weekend or holiday.

**Indicates that separate 4th Quarter reports are not due because reporting for the 4th Quarter will be included in Annual Reports.

Reporting Requirements For The 2025 Refuse Rate Order

If Recology determines it will not be able to deliver any of these reports by their deadline, Recology will notify the Refuse Rates Administrator and any relevant City department recipients as far in advance as possible via email, along with the reason for delay and an expected delivery date.

Recology may contact the Refuse Rates Administrator for clarification as to who the proper recipients are within each City department and what their contact details are.

Reporting Requirements For The 2025 Refuse Rate Order

Annual Reporting Requirements

Annual Operating Rate Report

Due dates: 1/28/2027, 1/28/2028, and 1/29/2029

Recipients: Refuse Rates Administrator, SF Environment, SF Public Works

The Annual Operating Rate Report will capture operational metrics from the prior Rate Year for Recology Golden Gate, Recology Sunset Scavenger, and Recology San Francisco, and may be provided in the format used during the RY 2024-2025 Rate Order, or may be modified in agreement with the Refuse Rates Administrator.

- Introduction
    - Background on the Rate Order and this reporting requirement.
- Table 1: Recovery and Disposal Tonnage for Combined SF Companies. Metrics to be provided as tonnage received, tonnage recovered, tonnage disposed, and percent of tonnage recovered.
    - Recycle Central Recyclables: Collected, Dropoff, Total Recyclables
    - Tunnel Avenue Organics: Collected, SF Public Works, Other City departments, Account Customers, Non-Account Customers, Sorted Residuals, Total Organics
    - Tunnel Avenue iMRF: Collected, SF Public Works, Other City departments, Account Customers, Total iMRF
    - Other Tunnel Avenue: Collected other trash, collected roll-off trash, abandoned material collection, bulky item collection, public refuse receptacles, SFDPW, Other CCSF, Account customers, non-account customers, collected inerts, construction material reuse, other recycling, total other Tunnel Avenue.
    - Adjustments, Total Tons
    - BVON organics tiers
    - Disposal Tonnage Breakdown: landfills and residual, total disposal tonnage
    - iMRF Fines for ADC
- Table 2: Toxics Collection and Participation for Recology San Francisco. Metrics to be provided as collection weight, pounds handled and service standard number, and/or number of units.
    - HHW Facility Drop Off
    - HHW Home Collection

  - Very Small Quantity Generator
  - Residential Curbside Battery Collection
  - Apartment Building Battery Collection
  - Commercial Battery Collection
  - Retail Collection Partners
  - Waste Acceptance Control Program
  - E-Waste sent to the Processor
- Table 3: Where Our Recyclables Go for Recology San Francisco. Metrics to be provided as material type, tons, percentage, and recycling market locations.
  - Cardboard & Paper
  - Plastic - Domestic
  - Plastic - Export
  - Glass
  - Tin & Metal
  - Aluminum
  - Total
- Table 4: Number of Accounts and Subscription Percentage for Recology Sunset Scavenger and Recology Golden Gate. Metrics to be provided as the number of accounts per customer type, trash subscription number and percentage, recycling subscription number and percentage, and organics subscription number and percentage.
  - Residential
  - Apartment
  - Commercial
  - City and County of San Francisco
  - School District & University of California San Francisco
  - Contract Customers
  - Total
- Table 5: Residential Minimum Volume Trash Subscriptions for Recology Sunset Scavenger and Recology Golden Gate. Metrics to be provided as the number of residential units subscribing to 16 and 20-gallon trash service.
  - Total Residential Accounts subscribing for 16-Gallon and 20-Gallon Trash Bins
  - Total Residential Accounts
  - Percentage of Residential Accounts with 16-Gallon and 20-Gallon Trash Bins

- Table 6: Carts and Containers in Service by Size for Recology Sunset Scavenger and Recology Golden Gate. Metrics to be provided as Carts and Containers in Service by Size for Residential, Apartment, and Commercial, subdivided by trash, recycling, and organics.
    - 16 and 20 Gallon Carts
    - 32 Gallon Carts
    - 64 Gallon Carts
    - 96 Gallon Carts
    - 1.0 Yd Container
    - 1.5 Yd Container
    - 2.0 Yd Container
    - 2.5 Yd Container
    - 3.0 Yd Container
    - 4.0 Yd Container
    - 6.0 Yd Container
    - 7.0 Yd Container
    - 0.75 Yd Compactor
    - 1.0 Yd Compactor
    - 1.25 Yd Compactor
    - 1.5 Yd Compactor
    - 2.0 Yd Compactor
    - 2.25 Yd Compactor
    - 2.5 Yd Compactor
    - 2.75 Yd Compactor
    - 3.0 Yd Compactor
    - 3.25 Yd Compactor
    - 3.5 Yd Compactor
    - 4.0 Yd Compactor
    - 4.25 Yd Compactor
    - 6.0 Yd Compactor
    - 15 Yd Debris Box
    - 20 Yd Debris Box
    - 30 Yd Debris Box
    - Other cart, container, compactor, and debris box volumes not described above.

- Table 7A: Type of Vehicle for Recology Sunset Scavenger and Recology Golden Gate. Metrics to be provided as the type of vehicle and the number of vehicles. Zero-emission vehicle types to be reported as separate lines.
    - Container Truck
    - Front Loader
    - Office Vehicle
    - Rear Loader
    - Rear Loader, Split
    - Roll Off
    - Service Truck
    - Side Loader
    - Side Loader, Split
    - Special Flatbed
    - Any other vehicles
- Table 7B: Type of Vehicle for Recology San Francisco. Metrics to be provided as type of vehicle and number of vehicles. Zero-emission vehicle types to be reported as separate lines.
    - Office & Support Vehicles
    - Roll-Off
    - Flatbeds
    - Stakebeds
    - Shop Truck
    - Trailer
    - Tractor
    - Any other vehicles
- Table 8: Number of Lifts for Recology Sunset Scavenger and Recology Golden Gate. Metrics to be provided as ratepayer type and number of lifts from rate-regulated activity.
    - Residential
    - Apartment
    - Commercial
- Table 9: Number of hauls for Recology Sunset Scavenger and Recology Golden Gate. Metrics to be provided as ratepayer type and number of hauls from rate-regulated activity.
    - Compactor
    - Debris Box

Reporting Requirements For The 2025 Refuse Rate Order

- Table 10: Route Labor Hours for Recology Sunset Scavenger and Recology Golden Gate.
- Table 11: Route and Maintenance Personnel for Recology Sunset Scavenger and Recology Golden Gate. Metrics to be provided as Route and Maintenance Personnel type, Category (Maintenance or Operations), and Employee Headcount.
    - Assistant Foreperson - Shop
    - Equipment Maintenance Manager
    - Equipment Maintenance Supervisor
    - Foreperson - Shop
    - Mechanic
    - Shop Person
    - Dispatch Supervisor
    - District Manager
    - Route Assignment Coordinator
    - Driver
    - Helper
    - Geographic Information Systems Specialist
    - Geographic Systems Supervisor
    - Operations Manager
    - Operations Manager Senior
    - Operations Supervisor
    - Other positions not described above
- Appendix A: Program Metrics for Recology Sunset Scavenger, Recology Golden Gate, and Recology San Francisco.
    - Bulky Item Collection:
        - Compliance Percentage with Days to Schedule per SLA
        - Scheduled Appointments
        - Tons Collected
    - Holiday Tree Collection
        - Tons of Holiday trees collected
    - Disposal of Street Sweeping
        - Vehicle Drop offs
        - Tons Received
    - Disposal of Abandoned Waste
        - Vehicle Drop offs
        - Tons Received

Reporting Requirements For The 2025 Refuse Rate Order

- Public Disposal and Reuse Area
  - Customer Drop offs
  - Tons Received
- Safe Needle Program
  - Small containers delivered
- Perfectly Good Reuse Program
  - Outbound Trailers
  - Tons Shipped Out
- Mattress Recycling
  - Mattresses Shipped Out
  - Tons Shipped Out
- Tire Recycling
  - Tons Received
- Styrofoam Drop-Offs
  - Customer Drop-offs
  - Tons Received
- Litter Collection from Community Benefit Districts
  - Customers
  - Total Subscription Service
- Special Event Recycling
  - Number of events
- Educational Tour Program and Artist In Residence
  - Number of Tours, and School Presentations
  - Number of Visitors, Student Participation, Webinar Attendees, and Exhibition Attendees
- Artist in Residence
  - Number of Artist Applicants
  - Number of Artists
  - Square Footage of Studio Spaces, Learning Centers and Classrooms
  - Staff Hours Spent on Program
  - Program Costs
- Compost Giveaway
  - Number of Events
  - Number of Recipients
  - Compost Giveaways In Yards

- Appendix B: Weekend Cleanup Program Metrics for Recology Sunset Scavenger and Recology Golden Gate.
    - Event Date
    - Supervisorial District
    - Tons Collected
    - Recovery Rate
    - Number of attendees
    - Tonnage received by stream (garbage, recyclables, organics)
    - E-waste received by weight
    - Reuse items received by weight
- Appendix C: Abandoned Materials Collection Program Metrics for Recology Sunset Scavenger and Recology Golden Gate.
    - Number of notices of abandoned materials to which the SF Recology Companies have responded in the applicable period.
    - Total number of notices of abandoned materials to which the SF Recology Companies are projected to respond in the rate year (for the 12 months).
    - Number of days during the applicable period on which the SF Recology Companies responded to more than 329 notices.
    - Number of responses to notices of abandoned materials received during the applicable SLA Measurement Period completed within the time limits described in the SLA.
    - Total tons of abandoned materials collected during the applicable period, with a separate breakout of the total tons of abandoned cardboard collected on the Abandoned Cardboard Collection routes described above.
    - Total hours spent on Additional Public Works Directed Sweeps and calculated equivalent of 311 system notices.
    - Dedicated Zone
        - Requests
        - Tons (including Bayview, Zone K, and Abandoned Cardboard)
        - Average Response Time (Mon - Fri)
        - Average Response Time (Sat - Sun)
    - Bayview Zone
        - Tons
    - Zone K
        - Tons
    - Abandoned Cardboard

        - Tons
- Appendix D: Public Receptacles Collection Program Metrics for Recology Sunset Scavenger and Recology Golden Gate.
    - Number of notices for public receptacle collection to which the SF Recology Companies have responded in the applicable period.
    - Total number of notices for public receptacle collection to which the SF Recology Companies are projected to respond in the rate year (for the 12 months).
    - Number of days during the applicable period on which the SF Recology Companies responded to more than 241 notices for public receptacle collection.
    - Number of responses to notices for public receptacle collection received during the applicable SLA Measurement Period completed within the time limits described in the SLA.
    - Total tons of material collected from public receptacles outside of regular collection route service.
    - Sensor Requests
    - Non-Sensor Requests
    - Total Requests
    - Tons
    - Average Response Time (Mon - Sun) - Sensor
    - Average Response Time (Mon - Sun) - Non-Sensor
- Appendix E: Public Receptacles Door & Liner Replacements Service Level Agreement for Recology Sunset Scavenger and Recology Golden Gate.
    - Date, location, and type of replacement performed (e.g., door replaced, liner replaced) for each instance of replacement work performed.
    - Compliance % per SLA
- Appendix F: Customer Communication Tracking for Recology Sunset Scavenger and Recology Golden Gate.
    - Total Number of Answered Calls
    - Total Number of Unanswered Calls
    - Average Call Wait Time
    - Average Call Talk Time
    - Number of Call Tickets By Type, Sector, and Reporting Zip Code for Residential, Apartment, Commercial, and Total
        - Service-Related Communication

        - Billing Inquiry
        - Customer Feedback
        - Other
        - Total
    - Number of Email Tickets By Type, Sector, and Reporting Zip Code for Residential, Apartment, Commercial, and Total
        - Service-Related Communication
        - Billing Inquiry
        - Customer Feedback
        - Other
        - Total
    - Language Support Number of Callers
        - Cantonese
        - Spanish
        - Mandarin
        - Chin Hakha
        - Hmong
        - Taishanese
        - Tagalog
        - Japanese
        - Korean
        - Turkish
        - Farsi
        - Other languages
        - Total
        - Number of callers for whom language needs were not met

Annual Financial Report

Due dates: 1/28/2027, 1/28/2028, and 1/29/2029

Recipients: Refuse Rates Administrator, SF Environment, SF Public Works

The Annual Financial Rate Report will capture financial metrics from the prior Rate Year for Recology Golden Gate, Recology Sunset Scavenger, and Recology San Francisco, and may be provided in the format used during the RY 2024-2025 Rate Order, or may be modified in agreement with the Refuse Rates Administrator.

Reporting Requirements For The 2025 Refuse Rate Order

- Introduction
    - Introduction: Background on the Rate Order and this reporting requirement.
    - Bank account reporting
    - Reserve funds
    - Impound funds
    - Programmatic reserve
    - Capital reserves
    - Balancing accounts
    - Rate-eligible and operating ratio-eligible expenses
    - Defined-benefit pension plans
- Table 1: Net Revenue Retained for Recology Sunset Scavenger and Recology Golden Gate. Metrics to be provided as revenue description, regulated and unregulated projection, Less Unregulated Projection, Regulated Projection – Rate, Regulated and Unregulated Actual, Less Unregulated Actual, Regulated Actual – Rate, $ Variance – Rate, Percentage Variance – Rate.
    - Residential
        - All line items
    - Apartment
        - All line items
    - Commercial
        - All line items
    - Commercial Compactors
    - Debris Box
    - Total Revenue from Ratepayers
    - CalRecycle
    - Miscellaneous Income
    - Interest Income
    - ZWI Addback
    - Rate Stabilization
    - Total Non Ratepayer Rate Revenue
    - Total Rate Related Revenue
    - Open Market Debris Box
    - Contract Customers
    - City Services Contract
    - Equipment & Supply Sales
    - Total Revenue not Subject to Rate

  - Total Sources
  - Impound Account Funding
  - Programmatic Reserve Funding
  - Zero Waste Capital Reserve Funding
  - Net Revenue Retained
- Table 2: Net Revenue Retained for Recology San Francisco. Metrics to be provided as revenue description, tonnage (Projection, Actual, Tonnage Variance, Percentage Variance), and revenue (Projection, Actual, $ Variance, Percentage Variance).
  - Tonnage & Revenue from Tipping Fee
  - Recology Sunset Scavenger/Golden Gate
  - Recycle Central
  - Organics
  - iMRF
  - Trash
  - Other
  - Subtotal (Recology Sunset Scavenger/Golden Gate)
  - Non-Account Customers
  - Account Customers
  - Total San Francisco
  - Total Non-San Francisco
  - Tipping Fee Tonnage, and Revenue
  - Non Tipping Fee Tonnage
  - Total Tipping Fee and Non-Tip Fee Tonnage and Revenue
  - Net Recycling Revenue
  - Minimums for PRRA
  - Intercompany Dirt, Inerts & Drayage
  - Rental Income
  - Total Other Revenue
  - Total Sources
  - ZWI Addback
  - Net Revenue Retained
- Table 3: Net Recycling Revenue for Recology San Francisco. Metrics to be provided as tons, revenue, and price per ton, subdivided into projections from this rate-setting process, actuals, and variance between projections and actuals in both actual tons or dollars and percent of variance.
  - Mixed Paper

  - Cardboard
  - Aseptic Carton
  - EPS Foam
  - Aluminum
  - Metal/Ferrous
  - PET
  - HDPE Blend
  - Plastic Film
  - Mixed Plastics 3-7
  - Mixed Glass
  - Total Recycle Central
  - Tunnel Avenue
  - Metal
  - Wood
  - Mixed Rigid Plastic
  - SB20/50 E-Waste
  - Total Tunnel Avenue
  - Total Recycling Revenue
  - Processing Expenses
  - Purchases
  - Net Recycling Revenue
- Table 4(A): Total Expenses for Recology Sunset Scavenger and Recology Golden Gate. Metrics to be provided as regulated and unregulated projections based on the rate-setting model for this rate order, regulated and unregulated actuals, and variance between projections and actuals in dollars and percent of variance. The total number of employees at the end of the reporting period will also be reported. If expenses for unregulated activity are included, an explanation of such will be provided along with information on how unregulated activity expenses can be removed for purposes of calculating the rate-related Operating Ratio.
  - Payroll
  - Payroll Taxes
  - Pension
  - Health Insurance
  - Workers Compensation
  - Total Payroll & Related
  - Corporate Allocations

  - Bad Debt
  - O/S Billing Services
  - Office
  - Postage
  - Professional Services
  - Security & Janitorial
  - Taxes
  - Telephone
  - Total Administrative
  - Building & Facility Repair
  - Depreciation
  - Freight
  - Fuel
  - I/C Disposal
  - I/C Processing
  - Lease
  - Liability Insurance
  - Licenses & Permits
  - O/S Disposal
  - O/S Equipment Rental
  - Parts
  - Outside Property Rental
  - Intercompany Property Rental
  - Repairs & Maintenance
  - Supplies
  - Tires & Tubes
  - Utilities
  - Total Operating
  - Contract Services
  - Other
  - Total Other
  - Total Expenses
- Table 4(B): Total Expenses Subject to Rate for Recology Sunset Scavenger and Recology Golden Gate. Metrics to be provided as Regulated and Unregulated Projection, Less Unregulated Projection, Regulated Projection – Rate, Regulated and

Unregulated Actual, Less Unregulated Actual, Regulated Actual – Rate, $ Variance – Rate, Percentage Variance – Rate.
    - OR Eligible Expenses
    - Processing
    - Disposal
    - Licenses & Permits
    - Total Expenses
- Table 5: Total Expenses Subject to Rate for Recology San Francisco. Metrics to be provided as projections based on the rate-setting model for this rate order, actuals, and variance between projections and actuals in dollars and percent of variance. The total number of employees at the end of the reporting period, and any expenses that are not rate-eligible will also be reported.
    - Payroll
    - Payroll Taxes
    - Pension
    - Health Insurance
    - Workers Compensation
    - Total Payroll & Related
    - Corporate Allocations
    - Bad Debt
    - Office
    - Postage
    - Professional Services
    - Repairs & Maintenance
    - Security & Janitorial
    - Taxes
    - Telephone
    - Total Administrative
    - Bridge Tolls
    - Building & Facility Repair
    - Depreciation
    - Amortization of ZWI Funding For Capital Expenditures
    - Freight
    - Fuel
    - I/C Processing & Disposal
    - Lease

- Liability Insurance
- Licenses & Permits
- O/S Disposal
- O/S Equipment Rental
- Parts
- Outside Property Rental
- Intercompany Property Rental
- Supplies
- Tires & Tubes
- Utilities
- Total Operating
- Contract Services
- Other
- Total Other
- Total Expenses

- Table 6: Statement of Operating Ratios and Profit Margin Subject to Rates for Recology Sunset Scavenger and Recology Golden Gate. Metrics to be provided as Crosswalk to other tables in the report, Regulated Projection – Rate, Regulated Actual – Rate, dollar Variance – Rate, and Percentage Variance – Rate for both Sources and Uses. Net profit, operating ratio on OR-eligible expenses, operating ratio on all expenses, and profit margin on all expenses will also be reported.
  - Sources:
    - Residential
    - Apartment
    - Commercial
    - Commercial Compactors
    - Debris Box
    - Total Revenue from Ratepayers
    - CalRecycle Payment
    - Miscellaneous Income
    - Interest Income
    - ZWI Addback
    - Rate Stabilization
    - Total Non Ratepayer Rate Revenue
    - (a) Total Sources
  - Uses:

        - Impound Account Funding (Not OR Eligible)
        - Programmatic Reserve Funding (Not OR Eligible)
        - Zero Waste Capital Reserve Funding (Not OR Eligible)
        - Processing (Not OR Eligible)
        - Disposal (Not OR Eligible)
        - Licenses & Permits (Not OR Eligible)
        - (b) OR Eligible Expenses
        - (c) Total Uses
    - (d) NET PROFIT
        - = (a) less (c)
    - OPERATING RATIO ON PROFIT ELIGIBLE EXPENSES
        - = 100% less ((d) divided by ((b) plus (d)))
    - OPERATING RATIO ON ALL EXPENSES
        - = 100% less ((d) divided by ((c) plus (d)))
    - PROFIT MARGIN ON ALL EXPENSES
        - = (d) divided by (a)
- Table 7: Statement of Operating Ratios and Profit Margin Subject to Rates for Recology San Francisco. Metrics to be provided as Crosswalk to other tables in report, Projection, Dollar Variance, and Percentage Variance for both Sources and Uses. Net profit, operating ratio on profit eligible expenses, operating ratio on all expenses, and profit margin on all expenses will also be reported.
    - Sources:
        - Tipping Fee Revenue
        - Net Recycling Revenue
        - Other Revenue
        - ZWI Addback
        - Revenue
        - (a) Total Sources
    - Uses:
        - I/C Processing & Disposal (Not OR Eligible)
        - Licenses & Permits (Not OR Eligible)
        - (b) OR Eligible Expenses
        - (c)Total Uses
    - (d) NET PROFIT
        - = (a) less (c)
    - OPERATING RATIO ON PROFIT ELIGIBLE EXPENSES

        - = 100% less ((d) divided by ((b) plus (d)))
    - OPERATING RATIO ON ALL EXPENSES
        - = 100% less ((d) divided by ((c) plus (d)))
    - PROFIT MARGIN ON ALL EXPENSES
        - = (d) divided by (a)"
- Table 8(A): Statement of Operating Ratios and Profit Margin Subject to Rates for Recology Combined San Francisco companies. Metrics to be provided as Crosswalk to other tables in report, Projection, Dollar Variance, and Percentage Variance for both Expenses and Uses. Combined operating ratio on profit eligible expenses, combined operating ratio on all expenses, and profit margin on all expenses will also be reported.
    - RSS & RGG OR Eligible Expenses
    - RSF OR Eligible Expenses
    - (b) Combined Recology OR Eligible Expenses
    - RSS & RGG Total Uses
    - RSF Total Uses
    - (c) Combined Recology Total Uses
    - RSS & RGG Net Profit
    - RSF Net Profit
    - COMBINED OPERATING RATIO ON PROFIT ELIGIBLE EXPENSES
        - = 100% less ((d) divided by ((b) plus (d)))
    - COMBINED OPERATING RATIO ON ALL EXPENSES
        - = 100% less ((d) divided by ((c) plus (d)))
    - PROFIT MARGIN ON ALL EXPENSES
        - = (d) divided by ((c) plus (d))
- Table 8(B): Above/Below Target Profit Calculation for Recology Combined San Francisco companies. Metrics to be provided:
    - Combined Recology Actual Net Profit
    - Target Profit ((b) divided by 91% less (b))
    - Above/Below Target Surplus (Shortfall)
    - 100% of Above/Below Target Surplus (Shortfall)
- Table 9: Amortization of ZWI Funds for Capital Expenditures for Recology San Francisco. Metrics to be provided as ZWI Fund Received, Date Received, Amortization Start Date, ZWI Funds to be Amortized, Cumulative Amortization End of Prior Rate Year, Amortization in Current Report, Cumulative Amortization as of this Report, and Remaining Balance for all capital expenditure projects.

- Table 10: Programmatic Reserve for Recology Sunset Scavenger and Recology Golden Gate:
    - Beginning Balance (with date)
    - Funding
    - Eligible Programmatic Expenses
    - Operating Ratio on Programmatic Expenses
    - Interest
    - Ending Balance (with date)
- Table 11: Zero Waste Capital Reserve for Recology San Francisco.
    - Beginning Balance (with date)
    - Funding
    - Eligible Capital Expenditures
    - Interest
    - Ending Balance (with date)
- Appendix A: Combined San Francisco Companies Bank Account Details.
    - Deposits, Disbursements, and Balances
    - Interest
    - Administrative Fees
    - Impound Deposits
    - Impound Disbursements
    - Programmatic Reserve Deposit Details
    - Zero Waste Capital Reserve Deposit Details
- Appendix B: 2022 Settlement Notional Balancing Account for Combined San Francisco Companies
    - Beginning notional balance
    - Ending notional balance
- Appendix C: 2024 Rate Order Notional Balancing Account for Combined San Francisco Companies
    - Beginning notional balance
    - 50% of Above/Below Target Surplus (Shortfall)
    - Notional Interest
    - Ending notional balance
- Appendix D: RY2026 Rate Order Notional Balancing Account for Combined San Francisco Companies
    - Beginning notional balance
    - 100% of Above/Below Target Surplus (Shortfall)

  - Notional Interest
  - Ending notional balance
- Appendix E: Nonprofit Disclosures
  - Recology shall disclose all contributions of money or goods valued at $1,000 or more to Non-profit Entities based in the City and County of San Francisco. The Non-profit Disclosures shall report contributions from the preceding quarter. The Non-profit Disclosures shall be made to the knowledge of the signatory after reasonable investigation, and shall be signed under penalty of perjury. If the SF Recology Companies discover any good-faith errors in previously disclosed Non-profit Disclosures, the SF Recology Companies shall have 30 days from the date of discovery of the error to cure the error by the submission of amended Non-profit Disclosures to the Refuse Rates Administrator, and then shall include the amended disclosure in the next quarterly submission.
  - For purposes of this reporting requirement, "Non-profit Entity" shall mean an organization with tax-exempt status under 26 United States Code Section 501(c), 501(d), 501(e), 501(f), or 501(k).
- Appendix F: Contact Disclosures
  - Recology shall disclose all Reportable contacts with City Government Officials for the preceding month. The Contact Disclosure shall be made to the knowledge of the signatory after reasonable investigation and be signed under penalty of perjury. If the SF Recology Companies discover any good faith errors in previously disclosed Contact Disclosures, the SF Recology Companies shall have 30 days from the date of the discovery of the error to cure the errors by the submission of amended Contact Disclosures to the Refuse Rates Administrator, and then shall include the amended disclosure in the next quarterly submission.
  - For purposes of this reporting requirement, "Reportable Contact" shall have the same meaning as "Contact" as defined in San Francisco Campaign and Governmental Conduct Section 2.106, but shall not include any communication, oral or written, made for the purpose of discussing
    - (1) the SF Recology Companies' day-to-day operations, including but not limited to collection and processing services, payments, and invoicing;
    - (2) the implementation or modification of any of the programs, services or other requirements contemplated by this Rate Order;

        - (3) the implementation of the Refuse Rate Reform Ordinance of 2022 (Proposition F), including but not limited to the ratemaking process; or
        - (4) the implementation of other applicable laws, including but not limited to Article 6 (Garbage and Refuse) of the San Francisco Health Code, and Chapter 19 (Mandatory Recycling and Composting) of the San Francisco Environment Code.
    - "City Government Officials" shall mean
        - (a) any Officer (as defined in San Francisco Campaign and Governmental Conduct Code Section 3.203) of the City and County of San Francisco, or
        - (b) any employee of the City and County of San Francisco who has decision-making authority concerning the refuse rate-making process or who participates in the City's decision-making concerning the refuse rate-making process.

Annual Baseline Operating Metrics

Due dates: 11/21/2025, 1/28/2027, 1/28/2028, and 1/29/2029

Recipients: Refuse Rates Administrator

The annual baseline operating metrics are intended to help the Refuse Rates Administrator evaluate variances as a component of cost controls.

Recology shall provide the following metrics for Rate Year 2024 Actuals and Projected Rate Years 2025, 2026, 2027, and 2028 (based on rate application) to the Refuse Rates Administrator by September 30, 2025, and actuals for Rate Years 2025-2028 on the same deadline as the annual financial and operating rate reports.

- Routes, lifts, or containers, and hauls by Customer Type:
    - Number of routes per day.
    - Lifts or containers per scheduled day.
    - Types of vehicles.
    - Crew size per route.
    - Number of full-time equivalent (FTE) routes.
    - Number of accounts per route.
    - Average cost per route.
- Personnel:
    - Organizational chart (anonymized).

    - Job classifications and number of employees (e.g., administrative, Customer service representatives, drivers, supervisors, educational staff).
    - Total wages by job classification (i.e. line of business).
    - Number of hours per job classification per year.

- Productivity Statistics:
    - Average number of accounts per route per day by Customer Type.
    - Average Tons per route per day by vehicle type (i.e., side-loader, front-loader, roll-off).
- Vehicles:
    - List of Collection vehicles including year purchased, mileage, and ZEV status.
    - Average age of collection equipment.
- Operational Changes:
    - Number of routes.
    - Staffing.
    - Supervision.
    - Collection services.

Annual Audited Financial Statements and Agreed Upon Procedures

Due Dates: 1/28/2027, 1/28/2028, and 1/29/2029

Recipients: Refuse Rates Administrator

Audited Financial Statements for the SF Recology Companies shall include the following:

- Standard Independently-audited financial statements for the combined companies, including balancing and reserve accounts.
- The SF Recology Companies shall provide to the Refuse Rates Administrator in view-only format within 15 days of the issuance of the Audited Financial Statements:
    - any and all management representation letters in support of the Annual Audited Financial Statements; and
    - any and all internal control letters issued by the independent auditor of the Annual Audited Financial Statements.

- Agreed Upon Procedures (AUP) schedules for Recology properties paid for with ratepayer funds and for reconciliation between audited financial statements and the annual rate reports, including balancing and reserve accounts.

Weight Scale Records

Due Dates: 1/28/2027, 1/28/2028, and 1/29/2029

Reporting Requirements For The 2025 Refuse Rate Order

Recipients: Refuse Rates Administrator, SF Environment, SF Public Works

- Weight scale records will be provided in Microsoft Excel format. Columns include transfer station outgoing; Hay Road incoming, explanation, monthly summary
- Table 1: Recovery and Disposal Tonnage for Combined SF Companies. Metrics to be provided as tonnage received, tonnage recovered, tonnage disposed, percent of tonnage recovered, and Reference.
    - Recycle Central Recyclables: Collected, Dropoff, Total Recyclables
    - Tunnel Avenue Organics: Collected, SF Public Works, Other City departments, Account Customers, Non-Account Customers, Sorted Residuals, Total Organics
    - Tunnel Avenue iMRF: Collected, SF Public Works, Other City departments, Account Customers, Total iMRF
    - Other Tunnel Avenue: Collected other trash, collected roll-off trash, abandoned material collection, bulky item collection, public refuse receptacles, SFDPW, Other CCSF, Account customers, non-account customers, collected inerts, construction material reuse, other recycling, total other Tunnel Avenue.
    - Adjustments, Total Tons
    - BVON organics tiers
    - Disposal Tonnage Breakdown: landfills and residual, total disposal tonnage
    - iMRF Fines for ADC
- Table 2: Type of Tonnage for Combined SF Companies. Metrics to be provided as Table 1 Reference, OPM3, Others, Dollar Variance, Percent Variance, and Notes.
    - Collected
    - Public Works
    - Dropoff
    - Incoming Tons Excluding Public and Commercial
    - Public & Commercial Customers
    - Total Tons
- Table 3: OPM3. Metrics to be provided as Franchise, Commodity, Loads, Net Pounds, Net Tons, Average Tons, Units, and Dollars for all commodities.

Report by Line of Business

Due Dates:1/28/2027, 1/28/2028, and 1/29/2029

Reporting Requirements For The 2025 Refuse Rate Order

Recipients: Refuse Rates Administrator

- Revenue Streams
    - Residential, apartment, and commercial revenues for
        - Bin Collection
        - Commercial Compactor
        - Debris Box
        - Base Charge Revenue
        - Special Charges
        - Contamination Fee
        - Discounts and Credits
        - Total Collections Revenue
- Compactor Charges
    - For each zone:
        - Customers
        - Tons
        - Transportation Charge Revenue
        - Disposal Charge Revenue
        - Container Rotation Charge Revenue
        - Total Revenue
- Bin Collection Revenue
    - For the number of bins by days of pickup per week:
        - Residential (5 units or Less)
            - Trash
                - 16 Gallons
                - 20 Gallons
                - 32 Gallons
                - 64 Gallons
                - 96 Gallons
                - Total
            - Recycling
                - 32 Gallons
                - 64 Gallons
                - 96 Gallons
                - Total
            - Compost
                - 32 Gallons

        - 64 Gallons
        - 96 Gallons
        - Total
- Apartment (6 units to 599 units)
    - Trash
        - 32 Gallons
        - 64 Gallons
        - 96 Gallons
        - 1 Yd
        - 1.5 Yd
        - 2 Yd
        - 2.5 Yd
        - 3 Yd
        - 4 Yd
        - 6 Yd
        - 7 Yd
        - Total
    - Recycling
        - 32 Gallons
        - 64 Gallons
        - 96 Gallons
        - 1 Yd
        - 1.5 Yd
        - 2 Yd
        - 2.5 Yd
        - 3 Yd
        - 4 Yd
        - 6 Yd
        - 7 Yd
        - Total
    - Compost
        - 32 Gallons
        - 64 Gallons
        - 96 Gallons
        - 1 Yd
        - 1.5 Yd

        - 2 Yd
        - 2.5 Yd
        - 3 Yd
        - 4 Yd
        - 6 Yd
        - 7 Yd
        - Total
- Commercial
    - Trash
        - 32 Gallons
        - 64 Gallons
        - 96 Gallons
        - 1 Yd
        - 1.5 Yd
        - 2 Yd
        - 2.5 Yd
        - 3 Yd
        - 4 Yd
        - 6 Yd
        - 7 Yd
        - Total
    - Recycling
        - 32 Gallons
        - 64 Gallons
        - 96 Gallons
        - 1 Yd
        - 1.5 Yd
        - 2 Yd
        - 2.5 Yd
        - 3 Yd
        - 4 Yd
        - 6 Yd
        - 7 Yd
        - Total
    - Compost
        - 32 Gallons

        - 64 Gallons
        - 96 Gallons
        - 1 Yd
        - 1.5 Yd
        - 2 Yd
        - 2.5 Yd
        - 3 Yd
        - 4 Yd
        - 6 Yd
        - 7 Yd
        - Total
    - For the number of weekday and Saturday and Sunday collections:
        - Front-Load/Commercial Compactor
            - 0.5 Yds
            - 0.75 Yds
            - 1 Yd
            - 1.5 Yds
            - 2 Yds
            - 2.5 Yd
            - 3 Yd
            - 4 Yd
            - 4.5 Yd
            - 6 Yd
            - 7 Yd
            - Total
- Regulated Debris Box
    - Bins collected, tons, and total revenues for
        - 14 Yard
        - 20 Yard
        - 30 Yard
        - Total
- Additional Charges
    - For Residential, Apartment, and Commercial, provide number of customers and revenues for:
        - Base Charge
        - Distance Charge

- Elevation Charge
- Access Charge
- Contamination Fee
- Overweight Fee

SB 1383 Waste Evaluation

Due Dates: 1/28/2027, 1/28/2028, and 1/29/2029

Recipients: Refuse Rates Administrator, SF Environment

Recology will report waste evaluations performed per the Container Contamination Minimization requirements of SB 1383 Section 18984.5(c). The methodology and format of reporting will align with those agreed between Recology and San Francisco Environment Department.

Twice (2 times) each year during different seasons, Recology will evaluate three (3) routes (1 solid waste, 1 organics, and 1 recycling). At the transfer station, Recology will evaluate a minimum number of samples/containers. Each sample is a minimum of 200 pounds. If samples exceed 25% of contaminants by weight, Recology will confirm they have conducted outreach or a targeted route review on that route.

Reporting by season:

- Company Number
- Route Number
- Residential, Commercial, Apartment
- Container Type and Container Color
- Number of Customers on Route
- Facility Name and Hauler Name
- Route Description and Area Description
- Day of the week
- Total Sample Weight
- Contaminants Weight and Ratio
- Notified On Date
- Actual Date
- Whether Notification was Required and Notified All Generators

Reporting Requirements For The 2025 Refuse Rate Order

Hazardous Waste Landfill Report

Due Dates: August 31st annually or as otherwise established in the Landfill Disposal Agreement.

Recipients: Refuse Rates Administrator, SF Environment

This reporting requirement is contained in section 6.2 of the Landfill Disposal Agreement between Recology San Francisco and the City (San Francisco Environment Department). This requirement is an annual report on the quantities of unpermitted hazardous waste and unpermitted designated waste removed prior to and at the landfill from the City's waste stream during the prior July through June period.

- Reporting period
- Pounds
- Tons

Landfill Greenhouse Gas Capture

Due Dates: August 31st annually or as otherwise established in the Landfill Disposal Agreement.

Recipients: Refuse Rates Administrator, SF Environment

This reporting requirement is contained in section 6.3 of the Landfill Disposal Agreement between Recology San Francisco and the City (San Francisco Environment Department). This requirement is an annual report on the percent and amount of landfill gas captured from the gas recovery system.

Requirements include:

- Reporting period
- Greenhouse gas emissions percentage
- Greenhouse gas emissions captured
- Assumptions

Reporting Requirements For The 2025 Refuse Rate Order

Quarterly Reporting Requirements

Quarterly Operating Rate Report

Due dates: 3/2/2026, 6/1/2026, 8/29/2026, 3/1/2027, 5/31/2027, 8/30/2027, 2/29/2028, 5/30/2028, and 8/29/2028. Fourth-quarter reports are not required as all data will be included in the Annual Report.

Recipients: Refuse Rates Administrator, SF Environment, SF Public Works

The Quarterly Operating Rate Report will capture operational metrics from the prior Rate Year for Recology Golden Gate, Recology Sunset Scavenger, and Recology San Francisco, and may be provided in the format used during the RY 2024-2025 Rate Order, or may be modified in agreement with the Refuse Rates Administrator.

- Introduction
    - Background on the Rate Order and this reporting requirement.
- Table 1: Recovery and Disposal Tonnage for Combined SF Companies. Metrics to be provided as tonnage received, tonnage recovered, tonnage disposed, and percent of tonnage recovered.
    - Recycle Central Recyclables: Collected, Dropoff, Total Recyclables
    - Tunnel Avenue Organics: Collected, SF Public Works, Other City departments, Account Customers, Non-Account Customers, Sorted Residuals, Total Organics
    - Tunnel Avenue iMRF: Collected, SF Public Works, Other City departments, Account Customers, Total iMRF
    - Other Tunnel Avenue: Collected other trash, collected roll-off trash, abandoned material collection, bulky item collection, public refuse receptacles, SFDPW, Other CCSF, Account customers, non-account customers, collected inerts, construction material reuse, other recycling, total other Tunnel Avenue.
    - Adjustments, Total Tons
    - BVON organics tiers
    - Disposal Tonnage Breakdown: landfills and residual, total disposal tonnage
    - iMRF Fines for ADC
- Table 2: Toxics Collection and Participation for Recology San Francisco. Metrics to be provided as collection weight pounds handled and service standard number and unit.

  - HHW Facility Drop Off
  - HHW Home Collection
  - Very Small Quantity Generator
  - Residential Curbside Battery Collection
  - Apartment Building Battery Collection
  - Commercial Battery Collection
  - Retail Collection Partners
  - Waste Acceptance Control Program
  - E-Waste sent to the Processor
- Table 3: Where Our Recyclables Go for Recology San Francisco. Metrics to be provided as material type, tons, percentage, and recycling market locations.
  - Cardboard & Paper
  - Plastic - Domestic
  - Plastic - Export
  - Glass
  - Tin & Metal
  - Aluminum
  - Total
- Table 4: Number of Accounts and Subscription Percentage for Recology Sunset Scavenger and Recology Golden Gate. Metrics to be provided as the number of accounts per customer type, trash subscription number and percentage, recycling subscription number and percentage, and organics subscription number and percentage.
  - Residential
  - Apartment
  - Commercial
  - City and County of San Francisco
  - School District & University of California San Francisco
  - Contract Customers
  - Total
- Table 5: Residential Minimum Volume Trash Subscriptions for Recology Sunset Scavenger and Recology Golden Gate. Metrics to be provided as the number of residential units subscribing to 16 and 20-gallon trash service.
  - 16-Gallon and 20-Gallon Trash Bins
  - Total Residential Accounts
  - Percentage of Residential Accounts with 16-Gallon and 20-Gallon Trash Bins

Reporting Requirements For The 2025 Refuse Rate Order

- Appendix A: Program Metrics for Recology Sunset Scavenger, Recology Golden Gate, and Recology San Francisco.
    - Bulky Item Collection:
        - Compliance Percentage with Days to Schedule per SLA
        - Scheduled Appointments
        - Tons Collected
    - Holiday Tree Collection
        - Tons of Holiday trees collected
    - Disposal of Street Sweeping
        - Vehicle Drop offs
        - Tons Received
    - Disposal of Abandoned Waste
        - Vehicle Drop offs
        - Tons Received
    - Public Disposal and Reuse Area
        - Customer Drop offs
        - Tons Received
    - Safe Needle Program
        - Small containers delivered
    - Perfectly Good Reuse Program
        - Outbound Trailers
        - Tons Shipped Out
    - Mattress Recycling
        - Mattresses Shipped Out
        - Tons Shipped Out
    - Tire Recycling
        - Tons Received
    - Styrofoam Drop-Offs
        - Customer Drop-offs
        - Tons Received
    - Litter Collection from Community Benefit Districts
        - Customers
        - Total Subscription Service
        - Revenue from CBDs
    - Special Event Recycling
        - Number of events

- Educational Tour Program and Artist In Residence
  - Number of Tours, and School Presentations
  - Number of Visitors, Student Participation, Webinar Attendees, and Exhibition Attendees
- Artist in Residence
  - Number of Artist Applicants
  - Number of Artists
  - Square Footage of Studio Spaces, Learning Centers and Classrooms
  - Staff Hours Spent on Program
  - Program Costs
- Compost Giveaway
  - Dates when compost was provided to the public.
  - Source of product
    - Name
    - Physical location
    - Contact information for each entity
    - Operation or facility from whom Recovered Organic Waste Products were procured
  - Type of product
  - Number of San Francisco residents by distribution location and in total participating in the event across all distribution locations
  - Quantity of product (Yards)

- Appendix B: Weekend Cleanup Program Metrics for Recology Sunset Scavenger and Recology Golden Gate.
  - Event Date
  - Supervisorial District
  - Tons Collected
  - Recovery Rate
  - Number of attendees
  - Tonnage received by stream (garbage, recyclables, organics)
  - Quantity of e-waste received
  - Quantity of reuse items received
- Appendix C: Abandoned Materials Collection Program Metrics for Recology Sunset Scavenger and Recology Golden Gate.
  - Number of notices of abandoned materials to which the SF Recology Companies have responded in the applicable period.

- Total number of notices of abandoned materials to which the SF Recology Companies are projected to respond in the rate year (for the 12 months).
- Number of days during the applicable period on which the SF Recology Companies responded to more than 329 notices.
- Number of responses to notices of abandoned materials received during the applicable SLA Measurement Period completed within the time limits described in the SLA.
- Total tons of abandoned materials collected during the applicable period, with a separate breakout of the total tons of abandoned cardboard collected on the Abandoned Cardboard Collection routes described above.
- Total hours spent on Additional Public Works Directed Sweeps and calculated equivalent of 311 system notices.
- Dedicated Zone
  - Requests
  - Tons (including Bayview, Zone K, and Abandoned Cardboard)
  - Average Response Time (Mon - Fri)
  - Average Response Time (Sat - Sun)
- Bayview Zone
  - Tons
- Zone K
  - Tons
- Abandoned Cardboard
  - Tons

- Appendix D: Public Receptacles Collection Program Metrics for Recology Sunset Scavenger and Recology Golden Gate.
  - Number of notices for public receptacle collection to which the SF Recology Companies have responded in the applicable period.
  - Total number of notices for public receptacle collection to which the SF Recology Companies are projected to respond in the rate year (for the 12 months).
  - Number of days during the applicable period on which the SF Recology Companies responded to more than 241 notices for public receptacle collection.
  - Number of responses to notices for public receptacle collection received during the applicable SLA Measurement Period completed within the time limits described in the SLA.

    - Total tons of material collected from public receptacles outside of regular collection route service.
    - Sensor Requests
    - Non-Sensor Requests
    - Total Requests
    - Tons
    - Average Response Time (Mon - Sun) - Sensor
    - Average Response Time (Mon - Sun) - Non-Sensor
- Appendix E: Public Receptacles Door & Liner Replacements Service Level Agreement for Recology Sunset Scavenger and Recology Golden Gate.
    - Date, location, and type of replacement performed (e.g., door replaced, liner replaced) for each instance of replacement work performed.
    - Compliance % per SLA
- Appendix F: Customer Communication Tracking for Recology Sunset Scavenger and Recology Golden Gate.
    - Total Number of Answered Calls
    - Total Number of Unanswered Calls
    - Average Call Wait Time
    - Average Call Talk Time
    - Number of Call Tickets By Type, Sector and Reporting Zip Code for Residential, Apartment, Commercial, and Total
        - Service-Related Communication
        - Billing Inquiry
        - Customer Feedback
        - Other
        - Total
    - Number of Email Tickets By Type, Sector and Reporting Zip Code for Residential, Apartment, Commercial, and Total
        - Service-Related Communication
        - Billing Inquiry
        - Customer Feedback
        - Other
        - Total
    - Language Support Number of Callers
        - Cantonese
        - Spanish

- Mandarin
- Chin Hakha
- Hmong
- Taishanese
- Tagalog
- Japanese
- Korean
- Turkish
- Farsi
- Other languages
- Total
- Number of callers for whom language needs were not met

Quarterly Financial Rate Report

Due dates: 3/2/2026, 6/1/2026, 8/29/2026, 3/1/2027, 5/31/2027, 8/30/2027, 2/29/2028, 5/30/2028, and 8/29/2028. Fourth-quarter reports are not required as all data will be included in the Annual Report.

Recipients: Refuse Rates Administrator, SF Environment, SF Public Works

The Quarterly Financial Rate Report will capture financial metrics from the prior quarter of the Rate Year for Recology Golden Gate, Recology Sunset Scavenger, and Recology San Francisco, and may be provided in the format used during the RY 2024-2025 Rate Order, or may be modified in agreement with the Refuse Rates Administrator.

- Introduction
    - Introduction: Background on the Rate Order and this reporting requirement.
    - Bank account reporting
    - Reserve funds
    - Impound funds
    - Programmatic reserve
    - Capital reserves
    - Balancing accounts
    - Rate-eligible and operating ratio-eligible expenses
    - Defined-benefit pension plans

Reporting Requirements For The 2025 Refuse Rate Order

- Table 1: Net Revenue Retained for Recology Sunset Scavenger and Recology Golden Gate. Metrics to be provided as revenue description, regulated and unregulated projection, Less Unregulated Projection, Regulated Projection – Rate, Regulated and Unregulated Actual, Less Unregulated Actual, Regulated Actual – Rate, $ Variance – Rate, Percentage Variance – Rate.
    - Residential
        - All line items
    - Apartment
        - All line items
    - Commercial
        - All line items
    - Commercial Compactors
    - Debris Box
    - Total Revenue from Ratepayers
    - CalRecycle
    - Miscellaneous Income
    - Interest Income
    - ZWI Addback
    - Rate Stabilization
    - Total Non Ratepayer Rate Revenue
    - Total Rate Related Revenue
    - Open Market Debris Box
    - Contract Customers
    - City Services Contract
    - Equipment & Supply Sales
    - Total Revenue not Subject to Rate
    - Total Sources
    - Impound Account Funding
    - Programmatic Reserve Funding
    - Zero Waste Capital Reserve Funding
    - Net Revenue Retained
- Table 2: Net Revenue Retained for Recology San Francisco. Metrics to be provided as revenue description, tonnage (Projection, Actual, Tonnage Variance, Percentage Variance) and revenue (Projection, Actual, $ Variance, Percentage Variance).
    - Tonnage & Revenue from Tipping Fee
    - Recology Sunset Scavenger/Golden Gate

  - Recycle Central
  - Organics
  - iMRF
  - Trash
  - Other
  - Subtotal (Recology Sunset Scavenger/Golden Gate)
  - Non-Account Customers
  - Account Customers
  - Total San Francisco
  - Total Non-San Francisco
  - Tipping Fee Tonnage and Revenue
  - Non Tipping Fee Tonnage
  - Total Tipping Fee and Non-Tip Fee Tonnage and Revenue
  - Net Recycling Revenue
  - Minimums for PRRA
  - Intercompany Dirt, Inerts & Drayage
  - Rental Income
  - Total Other Revenue
  - Total Sources
  - ZWI Addback
  - Net Revenue Retained
- Table 3: Net Recycling Revenue for Recology San Francisco. Metrics to be provided as tons, revenue, and price per ton, subdivided into projections from this rate-setting process, actuals, and variance between projections and actuals in both actual tons or dollars and percent of variance.
  - Mixed Paper
  - Cardboard
  - Aseptic Carton
  - EPS Foam
  - Aluminum
  - Metal/Ferrous
  - PET
  - HDPE Blend
  - Plastic Film
  - Mixed Plastics 3-7
  - Mixed Glass

  - Total Recycle Central
  - Tunnel Avenue
  - Metal
  - Wood
  - Mixed Rigid Plastic
  - SB20/50 E-Waste
  - Total Tunnel Avenue
  - Total Recycling Revenue
  - Processing Expenses
  - Purchases
  - Net Recycling Revenue
- Table 4(A): Total Expenses for Recology Sunset Scavenger and Recology Golden Gate. Metrics to be provided as regulated and unregulated projections based on the rate-setting model for this rate order, regulated and unregulated actuals, and variance between projections and actuals in dollars and percent of variance. The total number of employees at the end of the reporting period will also be reported. If expenses for unregulated activity are included, an explanation of such will be provided along with information on how unregulated activity expenses can be removed for purposes of calculating the rate-related Operating Ratio.
  - Payroll
  - Payroll Taxes
  - Pension
  - Health Insurance
  - Workers Compensation
  - Total Payroll & Related
  - Corporate Allocations
  - Bad Debt
  - O/S Billing Services
  - Office
  - Postage
  - Professional Services
  - Security & Janitorial
  - Taxes
  - Telephone
  - Total Administrative
  - Building & Facility Repair

  - Depreciation
  - Freight
  - Fuel
  - I/C Disposal
  - I/C Processing
  - Lease
  - Liability Insurance
  - Licenses & Permits
  - O/S Disposal
  - O/S Equipment Rental
  - Parts
  - Outside Property Rental
  - Intercompany Property Rental
  - Repairs & Maintenance
  - Supplies
  - Tires & Tubes
  - Utilities
  - Total Operating
  - Contract Services
  - Other
  - Total Other
  - Total Expenses
- Table 4(B): Total Expenses Subject to Rate for Recology Sunset Scavenger and Recology Golden Gate. Metrics to be provided as Regulated and Unregulated Projection, Less Unregulated Projection, Regulated Projection – Rate, Regulated and Unregulated Actual, Less Unregulated Actual, Regulated Actual – Rate, $ Variance – Rate, Percentage Variance – Rate.
  - OR Eligible Expenses
  - Processing
  - Disposal
  - Licenses & Permits
  - Total Expenses
- Table 5: Total Expenses Subject to Rate for Recology San Francisco. Metrics to be provided as projections based on the rate-setting model for this rate order, actuals, and variance between projections and actuals in dollars and percent of variance.

Reporting Requirements For The 2025 Refuse Rate Order

The total number of employees at the end of the reporting period, and any expenses that are not rate-eligible will also be reported.

- Payroll
- Payroll Taxes
- Pension
- Health Insurance
- Workers Compensation
- Total Payroll & Related
- Corporate Allocations
- Bad Debt
- Office
- Postage
- Professional Services
- Repairs & Maintenance
- Security & Janitorial
- Taxes
- Telephone
- Total Administrative
- Bridge Tolls
- Building & Facility Repair
- Depreciation
- Amortization of ZWI Funding For Capital Expenditures
- Freight
- Fuel
- I/C Processing & Disposal
- Lease
- Liability Insurance
- Licenses & Permits
- O/S Disposal
- O/S Equipment Rental
- Parts
- Outside Property Rental
- Intercompany Property Rental
- Supplies
- Tires & Tubes
- Utilities

- Total Operating
- Contract Services
- Other
- Total Other
- Total Expenses

- Table 6: Statement of Operating Ratios and Profit Margin Subject to Rates for Recology Sunset Scavenger and Recology Golden Gate. Metrics to be provided as Crosswalk to other tables in the report, Regulated Projection – Rate, Regulated Actual – Rate, dollar Variance – Rate, and Percentage Variance – Rate for both Sources and Uses. Net profit, operating ratio on profit eligible expenses, operating ratio on all expenses, and profit margin on all expenses will also be reported.
  - Sources:
    - Residential
    - Apartment
    - Commercial
    - Commercial Compactors
    - Debris Box
    - Total Revenue from Ratepayers
    - CalRecycle Payment
    - Miscellaneous Income
    - Interest Income
    - ZWI Addback
    - Rate Stabilization
    - Total Non Ratepayer Rate Revenue
    - (a) Total Sources
  - Uses:
    - Impound Account Funding (Not OR Eligible)
    - Programmatic Reserve Funding (Not OR Eligible)
    - Zero Waste Capital Reserve Funding (Not OR Eligible)
    - Processing (Not OR Eligible)
    - Disposal (Not OR Eligible)
    - Licenses & Permits (Not OR Eligible)
    - (b) OR Eligible Expenses
    - (c) Total Uses
  - (d) NET PROFIT
    - = (a) less (c)

- OPERATING RATIO ON PROFIT ELIGIBLE EXPENSES
  - = 100% less ((d) divided by ((b) plus (d)))
- OPERATING RATIO ON ALL EXPENSES
  - = 100% less ((d) divided by ((c) plus (d)))
- PROFIT MARGIN ON ALL EXPENSES
  - = (d) divided by (a)

- Table 7: Statement of Operating Ratios and Profit Margin Subject to Rates for Recology San Francisco. Metrics to be provided as Crosswalk to other tables in report, Projection, Dollar Variance, and Percentage Variance for both Sources and Uses. Net profit, operating ratio on profit eligible expenses, operating ratio on all expenses, and profit margin on all expenses will also be reported.
  - Sources:
    - Tipping Fee Revenue
    - Net Recycling Revenue
    - Other Revenue
    - ZWI Addback
    - Revenue
    - (a) Total Sources
  - Uses:
    - I/C Processing & Disposal (Not OR Eligible)
    - Licenses & Permits (Not OR Eligible)
    - (b) OR Eligible Expenses
    - (c)Total Uses
  - (d) NET PROFIT
    - = (a) less (c)
  - OPERATING RATIO ON PROFIT ELIGIBLE EXPENSES
    - = 100% less ((d) divided by ((b) plus (d)))
  - OPERATING RATIO ON ALL EXPENSES
    - = 100% less ((d) divided by ((c) plus (d)))
  - PROFIT MARGIN ON ALL EXPENSES
    - = (d) divided by (a)
- Table 8(A): Statement of Operating Ratios and Profit Margin Subject to Rates for Recology Combined San Francisco companies. Metrics to be provided as Crosswalk to other tables in the report, Projection, Dollar Variance, and Percentage Variance for both Expenses and Uses. Combined operating ratio on profit eligible expenses,

combined operating ratio on all expenses, and profit margin on all expenses will also be reported.

  - RSS & RGG OR Eligible Expenses
  - RSF OR Eligible Expenses
  - (b) Combined Recology OR Eligible Expenses
  - RSS & RGG Total Uses
  - RSF Total Uses
  - (c) Combined Recology Total Uses
  - RSS & RGG Net Profit
  - RSF Net Profit
  - COMBINED OPERATING RATIO ON PROFIT ELIGIBLE EXPENSES
    - = 100% less ((d) divided by ((b) plus (d)))
  - COMBINED OPERATING RATIO ON ALL EXPENSES
    - = 100% less ((d) divided by ((c) plus (d)))
  - PROFIT MARGIN ON ALL EXPENSES
    - = (d) divided by ((c) plus (d))

- Table 8(B): Above/Below Target Profit Calculation for Recology Combined San Francisco companies. Metrics to be provided:
  - Combined Recology Actual Net Profit
  - Target Profit ((b) divided by 91% less (b))
  - Above/Below Target Surplus (Shortfall)
  - 100% of Above/Below Target Surplus (Shortfall)
- Table 9: Amortization of ZWI Funds for Capital Expenditures for Recology San Francisco. Metrics to be provided as ZWI Fund Received, Date Received, Amortization Start Date, ZWI Funds to be Amortized, Cumulative Amortization End of Prior Rate Year, Amortization in Current Report, Cumulative Amortization as of this Report, and Remaining Balance for all capital expenditure projects.
- Table 10: Programmatic Reserve for Recology Sunset Scavenger and Recology Golden Gate:
  - Beginning Balance (with date)
  - Funding
  - Eligible Programmatic Expenses
  - Operating Ratio on Programmatic Expenses
  - Interest
  - Ending Balance (with date)
- Table 11: Zero Waste Capital Reserve for Recology San Francisco.

  - Beginning Balance (with date)
  - Funding
  - Eligible Capital Expenditures
  - Interest
  - Ending Balance (with date)
- Appendix A: Combined San Francisco Companies Bank Account Details.
  - Deposits, Disbursements and Balances
  - Interest
  - Administrative Fees
  - Impound Deposits
  - Impound Disbursements
  - Programmatic Reserve Deposit Details
  - Zero Waste Capital Reserve Deposit Details
- Appendix B: 2022 Settlement Notional Balancing Account for Combined San Francisco Companies
  - Beginning notional balance
  - Ending notional balance
- Appendix C: 2024 Rate Order Notional Balancing Account for Combined San Francisco Companies
  - Beginning notional balance
  - 50% of Above/Below Target Surplus (Shortfall)
  - Notional Interest
  - Ending notional balance
- Appendix D: RY2026 Rate Order Notional Balancing Account for Combined San Francisco Companies
  - Beginning notional balance
  - 100% of Above/Below Target Surplus (Shortfall)
  - Notional Interest
  - Ending notional balance
- Appendix E: Nonprofit Disclosures
  - Recology shall disclose all contributions of money or goods valued at $1,000 or more to Non-profit Entities based in the City and County of San Francisco. The Non-profit Disclosures shall report contributions from the preceding quarter. The Non-profit Disclosures shall be made to the knowledge of the signatory after reasonable investigation, and shall be signed under penalty of perjury. If the SF Recology Companies discover any good-faith errors in

previously disclosed Non-profit Disclosures, the SF Recology Companies shall have 30 days from the date of discovery of the error to cure the error by the submission of amended Non-profit Disclosures to the Refuse Rates Administrator, and then shall include the amended disclosure in the next quarterly submission.

- For purposes of this reporting requirement, "Non-profit Entity" shall mean an organization with tax-exempt status under 26 United States Code Section 501(c), 501(d), 501(e), 501(f), or 501(k).

- Appendix F: Contact Disclosures
  - Recology shall disclose all Reportable contacts with City Government Officials for the preceding month. The Contact Disclosure shall be made to the knowledge of the signatory after reasonable investigation and be signed under penalty of perjury. If the SF Recology Companies discover any good faith errors in previously disclosed Contact Disclosures, the SF Recology Companies shall have 30 days from the date of the discovery of the error to cure the errors by the submission of amended Contact Disclosures to the Refuse Rates Administrator, and then shall include the amended disclosure in the next quarterly submission.
  - For purposes of this reporting requirement, "Reportable Contact" shall have the same meaning as "Contact" as defined in San Francisco Campaign and Governmental Conduct Section 2.106, but shall not include any communication, oral or written, made for the purpose of discussing
    - (1) the SF Recology Companies' day-to-day operations, including but not limited to collection and processing services, payments, and invoicing;
    - (2) the implementation or modification of any of the programs, services or other requirements contemplated by this Rate Order;
    - (3) the implementation of the Refuse Rate Reform Ordinance of 2022 (Proposition F), including but not limited to the ratemaking process; or
    - (4) the implementation of other applicable laws, including but not limited to Article 6 (Garbage and Refuse) of the San Francisco Health Code, and Chapter 19 (Mandatory Recycling and Composting) of the San Francisco Environment Code.
  - "City Government Officials" shall mean

- (a) any Officer (as defined in San Francisco Campaign and Governmental Conduct Code Section 3.203) of the City and County of San Francisco, or
- (b) any employee of the City and County of San Francisco who has decision-making authority concerning the refuse rate-making process or who participates in the City's decision-making concerning the refuse rate-making process.

Pension Reports

Due dates: 3/2/2026, 6/1/2026, 8/29/2026, 11/30/2026, 3/1/2027, 5/31/2027, 8/30/2027, 11/29/2027, 2/29/2028, 5/30/2028, 8/29/2028, and 11/29/2028.

Recipients: Refuse Rates Administrator

Pension plan Administrators and Fiduciaries, like Recology, receive monthly investment reports. The pension report will be inclusive of the actuarial valuation and market valuation. The third-party reports may be provided to the Refuse Rates Administrator with a confidentiality clause if necessary.

Commercial and Apartment Customer Outreach for Source Separation

Due dates: 3/2/2026, 6/1/2026, 8/29/2026, 11/30/2026, 3/1/2027, 5/31/2027, 8/30/2027, 11/29/2027, 2/29/2028, 5/30/2028, 8/29/2028, and 11/29/2028

Recipients: Refuse Rates Administrator, SF Environment

Commercial and apartment building accounts (defined by SIC code) with one or more assists (e.g., site visit, presentation, phone exchange, email or letter offering outreach, outreach materials sent, self-assessment forms completed, waste zero champion sign-up, service level recovery improvement). Include relevant account details, including address, zip code, and language served for assistance. For each customer:

- Ratepayer Type
- Customer Number
- Customer Name
- Service Address
- Service Zip Code
- Number of Outreach Events by Month and Total for Quarter
- Contamination Communication

- CC/RODD Outreach (Remove Charges)
- Diversion Attempt Communication
- Phone, Email, or Mailed
- Customer Increased Diversion
- Order Kitchen Pail
- Waste Zero Champion Signup
- Presentation/Tabling Rate Quote
- Training/Site Visit
- Total Number of Outreach Types

Noncompliant Accounts

Due dates: 3/2/2026, 6/1/2026, 8/29/2026, 11/30/2026, 3/1/2027, 5/31/2027, 8/30/2027, 11/29/2027, 2/29/2028, 5/30/2028, 8/29/2028, and 11/29/2028

Recipients: Refuse Rates Administrator, SF Environment

This reporting requirement will be developed by mutual agreement between SF Environment and Recology. Reporting includes all commercial accounts and residential accounts 5 units or more without collection service for any refuse stream.

Contamination Charges and Recovery Discount Removals

Due dates: 3/2/2026, 6/1/2026, 8/29/2026, 11/30/2026, 3/1/2027, 5/31/2027, 8/30/2027, 11/29/2027, 2/29/2028, 5/30/2028, 8/29/2028, and 11/29/2028

Recipients: Refuse Rates Administrator, SF Environment

This reporting requirement will be developed by mutual agreement between SF Environment and Recology. Reporting includes a detailed quarterly breakdown of Recology's contamination charges program, focusing on contamination charges assessed and preventative notices issued. The intended purpose is to help SF Environment evaluate the distribution and effectiveness of contamination charges and preventative notices in addressing improper source-separation.

Refuse Separation Compliance Ordinance

Due Dates: 3/2/2026, 6/1/2026, 8/29/2026, 11/30/2026, 3/1/2027, 5/31/2027, 8/30/2027, 11/29/2027, 2/29/2028, 5/30/2028, 8/29/2028, and 11/29/2028

Recipients: Refuse Rates Administrator, SF Environment

Reporting Requirements For The 2025 Refuse Rate Order

This report focuses on Large refuse generator (LRG) accounts (compactor or 40 cy/week total refuse collection volume) under the Refuse Separation Compliance Ordinance.

- ALTAR, account, and address numbers
- Account name, address, and contact information
- Total garbage, recycling, compost, and total volumes
- Qualified
- Franchise and SIC codes
- Contamination charge
- Current Removal of Diversion Discount

Household Hazardous Waste Report

Due Dates: As agreed in the Household Hazardous Waste Agreement or with SF Environment

Recipients: Refuse Rates Administrator, SF Environment

Reporting requirements are as agreed in the Household Hazardous Waste Agreement or with SF Environment. Such requirements may include Form 303 data (weights and disposition by type by program), Retail Site weights by type and site, zip code summary for Facility Drop-off, Home Collection Service, Battery Bucket Collection, and narrative reporting.

Customer Communication Record Export

Due Dates: 3/2/2026, 6/1/2026, 8/29/2026, 11/30/2026, 3/1/2027, 5/31/2027, 8/30/2027, 11/29/2027, 2/29/2028, 5/30/2028, 8/29/2028, and 11/29/2028

Recipients: Refuse Rates Administrator, SF Environment

Recology will export all customer communication records for prior quarter including emails and phone calls records in Microsoft Excel format. The form and format of this reporting requirement may be adjusted through mutual agreement with Recology and the Refuse Rates Administrator.

Special Events

Due Dates: 3/2/2026, 6/1/2026, 8/29/2026, 11/30/2026, 3/1/2027, 5/31/2027, 8/30/2027, 11/29/2027, 2/29/2028, 5/30/2028, 8/29/2028, and 11/29/2028

Recipients: Refuse Rates Administrator, SF Environment

Reporting Requirements For The 2025 Refuse Rate Order

Recovery rate reports for special events, including service levels, recovery percentage, applicable audit results and contact information. To satisfy Mandatory Recycling and Composting Ordinance requirement for special event source separation. For each event:

- Event No.
- Month
- Event Name
- Account Name
- Contact Name
- Contact Phone
- Contact Email
- Landfill Service Level
- Landfill Total Volume (yards)
- Recycling Service Level
- Recycling Total Volume (yards)
- Organics Service Level
- Organics Total Volume (yards)
- Total Diversion Volume (Yards)
- Total Special Event Volume (Yards)
- Diversion Rate
- Audit Results
- Total Recovery Rate
- Audit notes

Compost Procurement and Distribution Invoices

Due Dates: 3/2/2026, 6/1/2026, 8/29/2026, 11/30/2026, 3/1/2027, 5/31/2027, 8/30/2027, 11/29/2027, 2/29/2028, 5/30/2028, 8/29/2028, 11/29/2028, and as-requested given ten (10) days' notice if requested by CalRecycle.

SF Environment must provide this reporting to CalRecycle annually on August 1st, and as-requested by CalRecycle given ten (10) days' notice.

Recipients: Refuse Rates Administrator, SF Environment

This reporting deliverable may be modified in agreement between Recology and SF Environment as-needed to satisfy CalRecycle requirements. Components of this reporting

requirement may be incorporated in the Quarterly and Annual Operating Rate Reports, where possible, such as Appendix A.

This report will focus on SB 1383-qualified "organic waste products" procured on behalf of the City & County of SF ratepayers and distributed directly within San Francisco as part of the compost distribution programs outlined in the Rate Order. Recology will provide invoices or other records or documentation demonstrating purchase, procurement, or transfer of material to giveaway locations.

Reporting Requirements For The 2025 Refuse Rate Order

Monthly Reporting Requirements

Route Collection Reports

Due Dates: 12/1/2025, 12/30/2025, 1/30/2026, 3/2/2026, 3/30/2026, 4/30/2026, 6/1/2026, 6/30/2026, 7/30/2026, 8/31/2026, 9/30/2026, 10/30/2026, 11/30/2026, 12/30/2026, 2/1/2027, 3/2/2027, 3/30/2027, 4/30/2027, 5/31/2027, 6/30/2027, 7/30/2027, 8/30/2027, 9/30/2027, 11/1/2027, 11/30/2027, 12/30/2027, 1/31/2028, 3/1/2028, 3/29/2028, 5/1/2028, 5/30/2028, 6/30/2028, 7/31/2028, 8/29/2028, 10/2/2028, and 10/30/2028

Recipients: Refuse Rates Administrator, SF Environment

Recycling, composting, and trash graphs, summary, monthly Table 1 and disposal. Used for technical assistance, overall communication, and SF Environment reporting to the Refuse Rates Administrator.

- Collections Summary Tables
- Trash Collections Chart
- Recycling Collections Chart
- Composting Collections Chart
- Hay Road BVON Disposal Tonnage Table
- Monthly Table 1: Recovery and Disposal Tonnage for Combined SF Companies. Metrics to be provided as tonnage received, tonnage recovered, tonnage disposed, and percent of tonnage recovered.
    - Recycle Central Recyclables: Collected, Dropoff, Total Recyclables
    - Tunnel Avenue Organics: Collected, SF Public Works, Other City departments, Account Customers, Non-Account Customers, Sorted Residuals, Total Organics
    - Tunnel Avenue iMRF: Collected, SF Public Works, Other City departments, Account Customers, Total iMRF
    - Other Tunnel Avenue: Collected other trash, collected roll-off trash, abandoned material collection, bulky item collection, public refuse receptacles, SFDPW, Other CCSF, Account customers, non-account customers, collected inerts, construction material reuse, other recycling, total other Tunnel Avenue.
    - Adjustments, Total Tons
    - BVON organics tiers
    - Disposal Tonnage Breakdown: landfills and residual, total disposal tonnage

- iMRF Fines for ADC

AR ALTAR

Due Dates: 12/1/2025, 12/30/2025, 1/30/2026, 3/2/2026, 3/30/2026, 4/30/2026, 6/1/2026, 6/30/2026, 7/30/2026, 8/31/2026, 9/30/2026, 10/30/2026, 11/30/2026, 12/30/2026, 2/1/2027, 3/2/2027, 3/30/2027, 4/30/2027, 5/31/2027, 6/30/2027, 7/30/2027, 8/30/2027, 9/30/2027, 11/1/2027, 11/30/2027, 12/30/2027, 1/31/2028, 3/1/2028, 3/29/2028, 5/1/2028, 5/30/2028, 6/30/2028, 7/31/2028, 8/29/2028, 10/2/2028, and 10/30/2028

Recipients: Refuse Rates Administrator, SF Environment

This reporting is used to update the City's CRM service information and provide direct technical assistance for compliance with source separation and adequate service. The reporting format will include all account information from AR and ALTAR services in one row in Excel format.

Landfill Tonnage and Landfill Fee Statement

Due Dates: The 20th of each month for the prior calendar month, or as otherwise established in the Landfill Disposal Agreement between Recology and the City (SF Environment).

Recipients: Refuse Rates Administrator, SF Environment

This reporting requirement is contained in section 3.1 of the Landfill Disposal Agreement between the City (SF Environment) and Recology.

Recology shall prepare and submit to the City a fee statement for all Fees paid to Recology, including Solid Waste tonnage, Organics-Free Waste tonnage and Beneficial Use Material tonnage, by the 20th of each month for the prior calendar month. If the initial categorization of material is subsequently modified (e.g., if material initially categorized as Beneficial Use Material is subsequently determined to be unsuitable for such use and must be disposed of), then an appropriate adjustment shall be made in a subsequent fee statement.

Bulky Item Collection Report

Due Dates: 12/1/2025, 12/30/2025, 1/30/2026, 3/2/2026, 3/30/2026, 4/30/2026, 6/1/2026, 6/30/2026, 7/30/2026, 8/31/2026, 9/30/2026, 10/30/2026, 11/30/2026, 12/30/2026, 2/1/2027, 3/2/2027, 3/30/2027, 4/30/2027, 5/31/2027, 6/30/2027, 7/30/2027, 8/30/2027, 9/30/2027, 11/1/2027, 11/30/2027, 12/30/2027, 1/31/2028, 3/1/2028, 3/29/2028, 5/1/2028, 5/30/2028, 6/30/2028, 7/31/2028, 8/29/2028, 10/2/2028, and 10/30/2028

Reporting Requirements For The 2025 Refuse Rate Order

Recipients: Refuse Rates Administrator, San Francisco Environment Department

The form and format of the Bulky Item Collection Report will be developed in agreement between Recology and the Refuse Rates Administrator.

- Number of BIC events per day and per month.
- Bulky Item tonnage reused, tonnage recycled, and tonnage disposed (estimated based on type and number of items collected).
- Number of Bulky Items collected by customer type (Residential or Apartment).
- Percent change in total number of requests per month compared with the prior year.
- Holiday Tree collection tonnage

Reporting Requirements For The 2025 Refuse Rate Order

As-Needed and Continual Reporting

Bulky Item Collection Locations

Cadence: Continual Reporting

Recipients: San Francisco Public Works

Unless otherwise mutually agreed by San Francisco Public Works and Recology, the scheduled BIC locations shall be provided to San Francisco Public Works by no later than 7:00 pm on the day prior to the scheduled BIC event for monitoring purposes and to ensure coordination with abandoned material collection routes (except that, for BIC events scheduled on a Monday, the locations shall be provided by no later than 8:00am on that Monday).

Suspected Mistake or Error Disclosure

Cadence: As-needed

Recipients: Refuse Rates Administrator, Refuse Rate Board

The following definitions shall apply to this Section A and Section B below:

> "Material Mistake or Error" means a mistake or error in Rate Reporting or Rate Applications for which the correction of said mistake or error would change the estimated total revenue or total expenses by more than $2 million in a Rate Year. Assumptions and projections in a rate application that are forecasts of future events are not Material Mistakes or Errors to the extent such events do not occur as forecast. A change in accounting methodology is not a Material Mistake or Error. An omission of data in a rate application that should have been reported, or a calculation error in a rate application, would be a Material Mistake or Error, as long as the dollar threshold is met.
>
> "Marginal Mistake or Error" has the same meaning as "Material Mistake or Error," except that the dollar threshold is less than or equal to $2 million in a Rate Year.
>
> "Rate Reporting or Rate Applications" means any rate-making calculations, information, figures, or data communicated to the City by the SF Recology Companies in connection with a rate application process, quarterly reports to the City, as required by a Rate Order, or annual reports to the City, as required by a Rate Order.

"Suspected" means a belief or opinion based on objectively reasonable facts or information that may be true, but is subject to confirmation.

Within forty-five (45) days of any discovery by SF Recology Companies of a Suspected Material or Marginal Mistake or Error, SF Recology Companies shall disclose a description of the Suspected Material or Marginal Mistake or Error ("Suspected Mistake Disclosure"). Within forty-five (45) days of the Suspected Mistake Disclosure, SF Recology Companies shall disclose whether the Suspected Material or Marginal Mistake or Error has been confirmed or not confirmed. If confirmed, SF Recology Companies shall follow the procedures set forth in Section B below.

All disclosures required by this Section A shall be signed under penalty of perjury and sent to the San Francisco Refuse Rates Administrator. Complete copies of each Suspected Material Mistake or Error Disclosure shall be sent electronically to all members of the Refuse Rate Board

Confirmed Mistakes or Error Disclosure

Cadence: As-needed

Recipients: Refuse Rates Administrator, Refuse Rate Board

Within thirty (30) days after disclosing that a Suspected Material or Marginal Mistake or Error has been confirmed, the SF Recology Companies shall disclose and explain the following:

1. The scope of the Mistake or Error, and
2. The cause of the Mistake or Error.

Within sixty (60) days after disclosing that a Suspected Material or Marginal Mistake or Error has been confirmed, the SF Recology Companies shall disclose and explain the following:

1. The plan to address the Mistake or Error, and
2. The proposed timeline to cure the Mistake or Error.

All disclosures of Confirmed Marginal Mistakes or Errors required by this section shall be signed under penalty of perjury and sent to the Refuse Rates Administrator.

All disclosures of Confirmed Material Mistakes or Errors required by this section shall be signed under penalty of perjury, visibly posted on the SF Recology Companies' website, and uploaded to the San Francisco Refuse Rates Administrator's website. Complete copies

of each Confirmed Material Mistake or Error disclosure shall be sent electronically to all members of the Refuse Rate Board.

The deadlines set forth in this section and Section A above may be extended by mutual agreement of the SF Recology Companies and the San Francisco Refuse Rates Administrator.

Unless otherwise mutually agreed by the SF Recology Companies the Refuse Rates Administrator, the SF Recology Companies shall correct any previously filed Annual Financial Reports affected by the Marginal or Material Mistake or Error, but shall not be required to correct any previously filed Quarterly Financial Reports.

Public Receptacle Collection Electronic Documentation

Cadence: As-needed

Recipients: San Francisco Public Works

At least twelve (12) trucks assigned to public receptacle-specific routes will be equipped with video cameras on their working side to capture video before and after service, documenting the cleanliness of the public receptacle at each pickup where possible due to routing and physical constraints. This video will be made available to Public Works and the Refuse Rate Administrator upon request. Video will generally be recorded only between the hours of 10:00 a.m. and 6:00 p.m. from the public receptacle-specific route vehicles. In instances where video is not available, Recology will provide Global Positioning System (GPS) and time data to confirm whether the receptacle was serviced.

San Francisco Public Works will proactively review data on a quarterly basis and meet with Recology as needed to improve service delivery and/or reduce costs through improved efficiency of collection. After each quarterly meeting, Public Works will report out to the Refuse Rates Administrator on status of each individual above collection program, and updates such as service levels or modifications to routes.

Abandoned Material Collection

Cadence: As-needed

Recipients: San Francisco Public Works

San Francisco Public Works and Recology may agree on a form and format for AMC data review. San Francisco Public Works will proactively review data on a quarterly basis and meet with Recology as needed to improve service delivery and/or reduce costs. After each quarterly meeting, Public Works will report out to the Refuse Rates Administrator on the

status of each individual collection program described above, and updates such as changes in service levels or modifications to routes.

Collection Locations and Days

Cadence: As-needed

Recipients: San Francisco Public Works

San Francisco Public Works and Recology may agree on a method for Recology to share route collection locations and related information with Public Works, as-needed to assist Public Works in refuse and street-cleaning-related activities.