



# Refuse Rates Administrator's Report



Office of the Controller  
Office of Refuse Rates Administration

March 13, 2026

# **Rate Year 2026 Status Update**

**Refuse Rates  
Administrator**

A circular inset image on the left side of the slide shows the Golden Gate Bridge in San Francisco, California. The bridge is a large suspension bridge with two prominent towers and a network of cables. It spans across a body of water, with a rocky shoreline and waves visible in the foreground. The sky is a clear, light blue.

# Rate-Setting Process Improvements

**Goal:** Support Decision-Making

- **Develop Capital Planning Process:** Contract Raftelis to develop framework for capital planning process:
  - Asset Inventory and Needs Identification
  - Capital Oversight and Decision-Making Framework
  - Capital Monitoring and Post-Approval Oversight
- **Forecasting Improvement:** Structured forecasting program to validate revenue and cost assumptions.
- **Automatic Escalator Study:** Survey escalator methodologies and analyze risks and potential rate impacts

# Rate-Monitoring Improvements



**Goal:** Improve rate-monitoring by developing sustainable and replicable processes.

- **Baseline Operating Metrics:** Form and Format Agreement
- **Customer Satisfaction Measurement:** Contract InterEthnica to conduct customer satisfaction survey. Multi-modal, 700-1,000 completed surveys.
- **Regular Reporting:** Database development. Annual Report. Quarterly Financial Dashboard Update.
- **Impound Account Transparency:** Documentation of impound account funded activities.

# City Department Service Level Agreements

1

## **Refuse Rates Administration:**

- Rate Setting
- Rate Monitoring

2

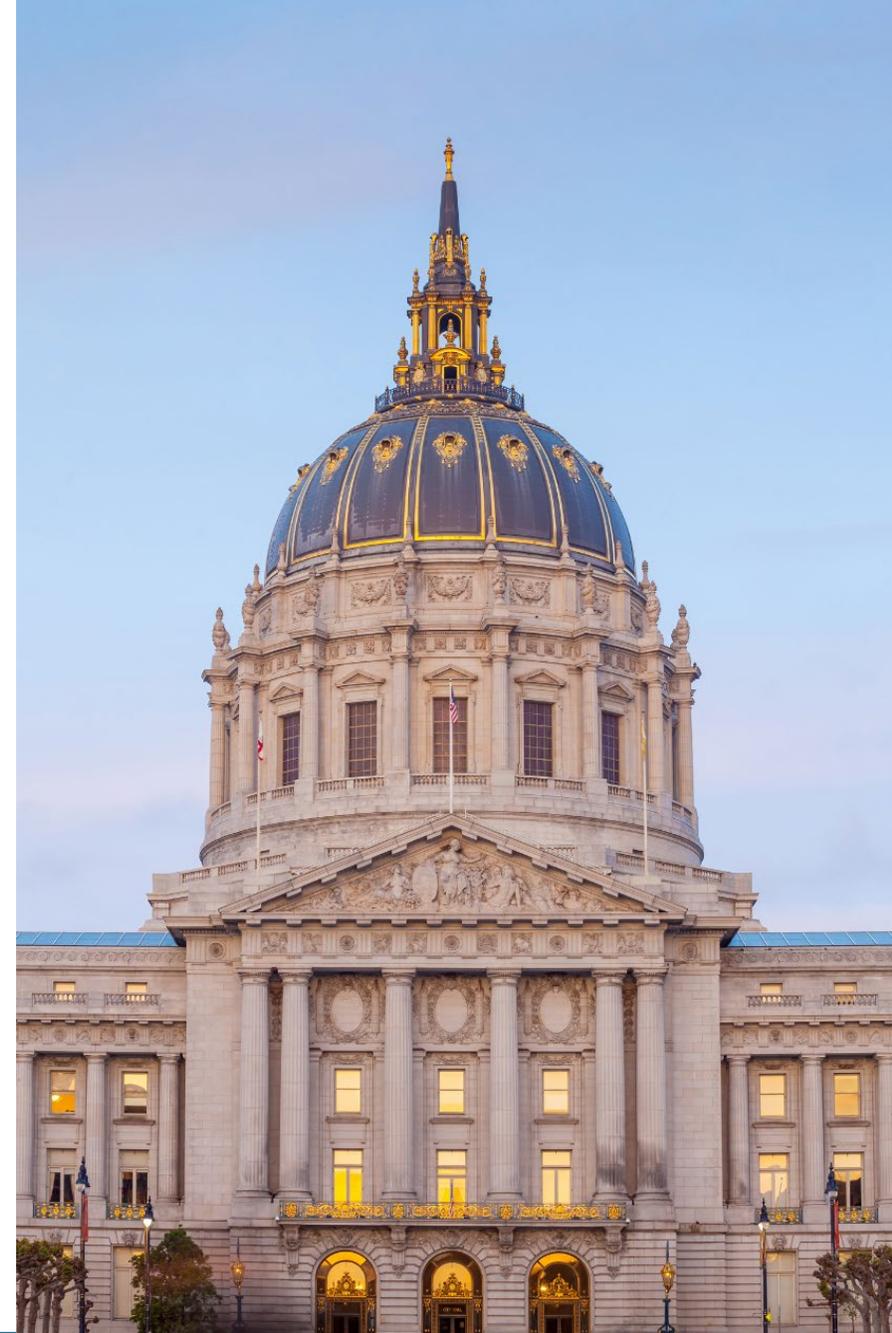
## **San Francisco Environment Department:**

- Zero Waste
- Toxics Reduction and Healthy Ecosystems
- Community Partnerships and Engagement
- Policy and Communications
- Climate

3

## **San Francisco Public Works:**

- OnE Team
- Litter Patrol and Mechanical Street Sweeping
- Public Refuse Receptacles



# **Annual Report: Rate Year 2025**

**Refuse Rates  
Administrator**

# Financial Performance: Operating Ratio/Profit Margin



Operating Ratio on Profit Eligible Expenses	Allowable	Actual
Sunset Scavenger and Golden Gate	91.0%	96.2%
Recology San Francisco	91.0%	92.1%
Combined	91.0%	94.7%

- In Rate Year 2025, Recology generated \$521.1 million in OR eligible revenue against \$502.8 million in OR eligible expenditures, resulting in a net profit of \$18.3 million.
- The net profit represents a 5.3% profit margin, which is 3.7% below the allowable threshold.
- The primary driver of this shortfall was an over-projection of revenues.

# Financial Performance: Balancing Account

Balancing Account	Total Balance	2025 Rate Order Projected Balance	Variance from Projected
2023 Rate Order Balancing Accounts	-\$9,114,936	-\$12,483,524	\$3,368,588

The 2023 Rate Order established a balancing account to capture 50% of any profit or loss variances relative to the 91.0% Operating Ratio target.

- **Current Balance:** 50% of the shortfall was added to the balance from the prior rate year. The resulting balance is –\$9.1 million.
- **2025 Rate Order Projection:** This outcome is more favorable than the –\$12.5 million balance projected in the 2025 Rate Order. The difference between projected and actual balances is \$3.4 million.



# Operational Performance: Environmental Goals

Recology Tonnage	Rate Year 2015	Rate Year 2025	% Change
Landfill Disposal (Target -50%)	389,559	392,385	0.7%

The Climate Action Plan 2021 adopted a goal to reduce landfill by 50% compared to 2015 levels. There has been no change in the amount of tonnage when comparing Recology’s landfilled tonnage in 2015 to 2025, which can be attributed to two main factors:

- **Economic/Population Growth:** After 2015, the population continued to grow as did landfill disposal tonnage. This trend reversed during the pandemic and has since returned to 2015 tonnage levels.
- **Declining Recovery Rate:** Methodology for calculating recovery rate has changed over time. However, recovery rates have likely fallen due to end of sustainable crushing operations, China’s Sword Policy implemented in 2017, and organics pre-processing that increased organics residual going to landfill.



# Operational Performance: Collections Operations



Collections Metrics	Rate Year 2024	Rate Year 2025
Lifts per Route Hour	34.9	35.5
Cost per Lift	\$9.66	\$10.10
Cost per Route Hour	\$364.22	\$387.12

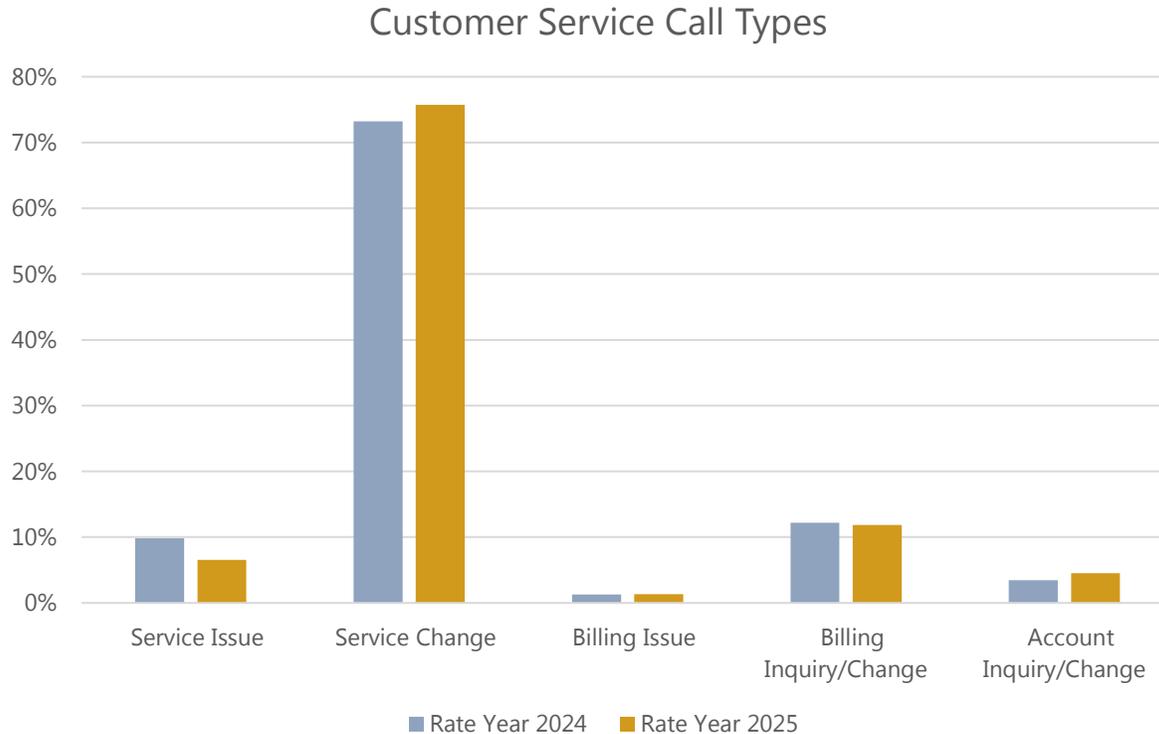
- **Service Volume:** Recology serviced nearly 163k customers and collected over 485k tons in Rate Year 2025, requiring over 32 million lifts.
- **Resource Utilization:** This service was conducted over 913k route hours requiring 605 route and maintenance personnel operating 369 active fleet units.
- **Operational Efficiency:** Lifts per route hour improved between Rate Year 2024 and 2025, however staffing increases to meet approved staffing levels have offset financial benefit from productivity gains.
- **Cost Efficiency:** Between Rate Year 2024 and 2025, cost per lift grew by 4.5% and the cost per route hour grew by 6.3%.

# Operational Performance: Post-Collections Operations

Post Collection Operations (Avg Per Ton Rate)	Rate Year 2024	Rate Year 2025	Comp Avg
Landfill	\$37.96	\$40.31	\$60.05
BVON Organics	\$92.23	\$94.72	\$116.67
Recycling (Incl Transport)		\$190.79	\$173.67

- Landfill and Organics processing rates compare favorably to other jurisdictions.
- Recycling costs are allocated from Recology San Francisco costs and include the cost of transport and freight and are offset by sales of commodities. Cost per ton compared to other jurisdictions is above average.
- Transfer Station operations operational efficiency can be measured by tons per load. MSW averaged 25.6 tons per load and organics averaged 22.7 tons per load.

# Operational Performance: Customer Service



- Recology had 359k calls or emails to customer service in Rate Year 2025.
- 76% of calls were related to change of service.
- 7% related to service issues, 96.5% of which were missed or partial pick up.
- Recology had 2.8 missed pick up calls per 10,000 lifts.
- This compares favorably to a national survey of 13 cities that showed an average of 7.7 missed pick ups.

Missed Pick Up Rate	Rate Year 2024	Rate Year 2025
Missed Pick Up per 10k Lifts	7.7	2.8

# Compliance Overview

Status Legend	
Compliant	
Partially Compliant	
Not Compliant	
N/A	

Review of adherence to 2023 Rate Order and other agreements showed no significant compliance issues. All approved funded projects and pilots were completed.

- **Reporting:** Some reports were delayed by a day or two in Rate Year 2025.
- **Billing:** While no agreements or terms related to billing were outlined in the 2023 Rate Order, the Department of Public Health has obligations under the Health Code to adjudicate bill disputes and have raised several issues such as rounding errors in fees, no bill/invoice for ratepayer accounts with positive balances etc. These issues are expected to be resolved with Recology Ready software.
- **Abandoned Material Collection:** 112k tickets in RY2025 and an SLA achievement of 94.3%. Up from 33.8% in RY2023.
- **Public Receptacle Collection:** 87k tickets in RY2025 and an SLA achievement of 95.7%. Up from 37.5% in RY2023.

Service Level Agreement Area	Compliance Status
Core Collections	
Abandoned Materials Collections	
Facilities	
Billing	
Customer Service	
Bulky Item Collection	
Holiday Tree Collection	
Household Hazardous Waste	
Public Disposal and Recycling Area	
Public Receptacle Collection	
City Self-Haul of Material	
Sustainability Education Program	
Waste Zero Program	
Weekend Cleanup Events	
Reporting Requirements	

# Solid Waste Impound Account Overview

SWIA Disbursements		
Department	Rate Year 2024	Rate Year 2025
San Francisco Environment	\$12,242,134	\$11,429,050
Public Works	\$11,961,629	\$12,036,775
<b>Total</b>	<b>\$24,203,763</b>	<b>\$23,465,825</b>

- In addition to rate funding ,the 2023 Rate Order approved use of fund balance for various programs. Fund balance use on projects during the rate cycle amounted to \$3.6 million and include projects like trash processing pilot, landfill contract work, waste characterization study, and supporting rate administration work.
- Other approved uses include new trash receptacles. Procurement of receptacles was delayed to 2026.
- Net Available Budgetary Basis Fund Balance ended with \$4.1 million in Fiscal Year 2024-25, which accounts for funds encumbered for future projects approved in the 2025 Rate Order such as new trash receptacles, customer satisfaction survey, EIR study, etc.