



February 10, 2017

VIA HAND DELIVERY

Mr. Mohammed Nuru, Director
Ms. Julia Dawson, Deputy Director, Finance and Administration
San Francisco Public Works
City Hall, Room 348
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Re: 2017 Refuse Rate Application from Recology Sunset Scavenger, Recology Golden Gate,
and Recology San Francisco

Dear Mr. Nuru and Ms. Dawson,

Recology Sunset Scavenger, Recology Golden Gate, and Recology San Francisco (collectively “Recology”) are pleased to submit the accompanying rate application for the period of July 1, 2017 to June 30, 2018.

We share a mutual goal with the City and County of San Francisco to minimize the amount of material deposited in the landfill. Our partnership has yielded some of the most innovative diversion programs in the nation, and we look forward to continuing to develop these programs to support the City’s zero waste goals.

This 2017 Refuse Rate Application focuses on infrastructure and service improvements to help advance the City towards its zero waste goals. One initiative was recently completed and others are proposed. The recently completed initiative is a \$11.3 million upgrade to the sort lines and equipment at Recycle Central, increasing the throughput capacity and enabling Recology to recover additional materials not currently captured, such as textiles and aseptic containers.

The application proposes the construction of a new West Wing facility at Recology’s Tunnel Avenue facility to service the growing compost stream. The West Wing will replace the current Organics Annex and provide greater capacity for the City’s green bin program. The new building will feature a state-of-the-art Best Available Control Technologies (BACT) odor control system to mitigate the impact on nearby communities.

Recology proposes to begin processing 100 tons per day of trash to capture divertible material previously bound for the landfill. This is the culmination of a pilot trash processing program that pressurizes loads of trash to extract organic material suitable for anaerobic digestion. The end product is currently being used on a trial basis to generate energy at an East Bay Municipal

Utility District (EBMUD) facility. Beginning in 2017, also on a trial basis, Recology intends to screen trash loads prior to pressing in an effort to capture other possibly divertible materials (such as plastic, bottles, and cans).

The 2017 Refuse Rate Application features adjustments to Recology's collection services designed to help customers increase their diversion rates. The upgrades to the Recycle Central processing equipment allow Recology to accept additional recyclables in customers' blue bins (including bagged textiles, cartons, metal, and unpainted wood). The fact that these new materials are now recyclable will be promoted in customer communications.

Another proposed initiative encourages single family curbside customers to dispose less trash by making a smaller, 16-gallon black bin the default service level. In tandem with the smaller black bin, customers will be encouraged to increase their recycling and composting subscription levels. Multi-family and commercial customers will similarly be encouraged to decrease their trash subscription levels while increasing diversion services.

To better serve the rising diversion subscription levels that are expected from these initiatives, Recology proposes to redesign its existing routes to collect recyclables using single-chamber vehicles and to use split-chamber vehicles for trash and compostables. Currently, recyclables and trash are collected in split-chamber vehicles, while compostables are collected in single-chamber vehicles. This redesign will increase Recology's capacity to collect the City's rising volume of recyclables.

Recology proposes to install onboard Route Management Systems (RMS) in all collection vehicles. These systems will allow drivers and customer service to communicate service changes in real-time, helping to streamline the collection process. The system will also be an excellent tool to identify possible sources of contamination, as drivers can photograph improperly sorted material and share the findings with customer service and the Waste Zero Specialists to advance customer education efforts.

Over the years, Recology has found that customer education is vital to the success of the City's diversion programs. During RY 2018, Recology proposes to offer additional outreach to help customers better participate in diversion programs, including multiple mailings, cart hangers, social media campaigns, and community-based outreach efforts.

Recology proposes to place special focus on multi-unit properties through a new Apartment Diversion Program. Because of residential density, apartments and condominiums are excellent opportunities to capture more recoverable material. Recology proposes to offer this multi-faceted program, including a robust social media component, at select apartment buildings beginning in RY 2018 to increase tenant engagement.

Recology intends to support the City's measurement of its progress towards its zero waste goals by using a disposal-based reporting methodology developed by the California Department of Resources Recycling and Recovery (CalRecycle). This methodology measures jurisdictional progress based on program implementation and per capita disposal reductions, rather than simply tons diverted from landfill, and will be more understandable for residents and businesses as they

work to reduce their amount of black bin material.

Other program advancements in this 2017 Refuse Rate Application include an additional collection vehicle and driver to service the Household Hazardous Waste Home Collection Program and Retail Drop-off Program, and additional Bulky Item Recycling and Abandoned Material Collection routes.

To continue to progress toward zero waste, Recology believes the rate structure must be changed because it is currently too dependent on revenue from the trash bin, which, in line with zero waste goals, continues to make up less of the waste stream. Recology therefore proposes to transition to a rate structure that more accurately reflects its cost structure. To achieve that goal, we recommend increasing the base unit charge of the residential rates (defined as buildings with less than six units). Additionally, to better align charges with bin usage, we propose increasing the volumetric charge for recycling and composting bins, while reducing the volumetric charge for the trash bin.

As in the past, residential rate increase percentages will vary depending on the composition and volume of service. But by way of example, a typical household with 32-gallon service in all three material streams would see an increase from \$35.18 to \$40.88 per month in RY 2018. Under the proposed structure, residential customers who transition to the newest default 16-gallon trash and 64-gallon recycling will receive 16-gallons of additional capacity for the same price as a customer with 32-gallons of each service. This proposed structure, therefore, continues to encourage greater diversion.

This 2017 Refuse Rate Application also includes two contingent schedules for proposed projects that are awaiting necessary permit approvals. Under the first contingent schedule, Recology would construct a new C&D debris recovery facility at a permitted industrial site located within the City. This facility would replace the current *i*MRF located at the Tunnel Avenue facility. The new *i*MRF would be capable of processing 1,000 tons per day, significantly increasing capacity from the approximate 600 tons per day currently processed.

Once the C&D processing is relocated from Tunnel Avenue *i*MRF, Recology would have ample space to execute its second contingent schedule: a facility to process trash to recover divertible material. This proposed facility would be capable of processing more than 1,100 tons per day of trash. Costs for both contingent schedules are identified in Contingent Schedules 1 and 2, and are not included in the base rate application.

Any communications regarding this draft application and later applications, including notices of hearings, should be sent to the following persons:

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For almost 100 years, Recology has had the privilege of working with the City and County of San Francisco to develop diversion programs that have served as a model for municipalities around the world. We are excited to continue working with the City towards our mutual goal of zero waste.

Sincerely,

Mark Arsenault
Vice President and Group Manager
Recology Sunset Scavenger,
Recology Golden Gate, and
Recology San Francisco

cc: (w/o encls.)
Deborah Raphael, Department of the Environment
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