



October 30, 2015

Edwin M. Lee
Mayor

Mohammed Nuru
Director

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Refuse Collection and Disposal Rate Board
Ms. Naomi Kelly, City Administrator, Chair
Mr. Ben Rosenfield, Controller, Member
Mr. Harlan Kelly, General Manager of Utilities, Member

Dear Members of the Rate Board:

In the 2013 rate proceedings, the Rate Board requested that the Department of Public Works and the Department of the Environment submit reports to be considered when the Rate Board reconvenes. The requested reports are attached and summarized below.

Abandoned Materials Collection Program

The Rate Board requested a report on the Abandoned Materials Collection (AMC) Program on the effectiveness of the first two years of the pilot program, during which Recology assumed responsibility for collecting designated abandoned materials. Per the Rate Board request, the AMC Program Report includes data analysis as to whether there has been an increase in diversion from landfill of such materials, consistent with achieving the City's goal of zero waste, in a cost-effective manner.

In preparing the report, Public Works looked at three criteria for measuring program effectiveness – response time, service level, and diversion. As the report demonstrates, Recology has consistently met the response times established in the Director's Rate Order of four business hours on weekdays and eight business hours on weekends and holidays. With respect to service levels, the number of service requests referred to Recology has remained relatively constant over the first two years of the pilot program. By reconfiguring AMC operations, Recology has been able to divert more than 60 percent of the materials from landfill, a considerable improvement over the diversion rates for materials collected by Public Works (12-36 percent). In the first two years on the AMC Program, Recology collected 3,986 tons in FY2014 and 3,802 tons in FY2015, which represent approximately 25-30 percent

more materials than Recology assumed in their rate application. In effect, Recology is providing a higher service level than was funded in the 2013 rate application, which supports my conclusion that the program is cost-effective.

Special Reserve Fund

The Rate Board requested a report on the Special Reserve Fund (Fund) including all contributions to and expenditures from the Fund since its inception, and a preliminary assessment of future conditions that may require use of the Fund, particularly in connection with the expiration of the current Waste Disposal Agreement with Waste Management of Alameda County for the Altamont landfill. The Fund was created pursuant to the terms of the 1987 Agreement in Facilitation of Waste Disposal (Facilitation Agreement) between the City and Sanitary Fill Company (now Recology) for extraordinary expenses not covered by existing refuse collection and disposal rates.

The Department of the Environment (SFE), which oversees Fund expenditures, prepared the report with assistance from Public Works staff and my concurrence. Since its inception, the surcharge has generated approximately \$38.2 million for the Fund. Total expenditures from the Fund have equaled \$8.6 million for upgrades and improvements at the landfill driven by new regulatory requirements (e.g., wastewater treatment, electronic waste handling), various Alameda County fees, and equipment to accommodate Recology vehicles (e.g., tipper engines) and operations, leaving a current balance of \$29.6 million.

Based on current disposal volumes, SFE estimates that the City will reach its contracted capacity for disposal at the Altamont landfill (15 million tons) in January 2016, at which point the current landfill disposal agreement will terminate. At that point, Recology will begin hauling and disposing of the City's refuse at its Hay Road landfill, near Vacaville, under a new landfill disposal agreement. That agreement also has a Reserve Fund requirement (\$10 million, to be built up over four years through a one percent surcharge on solid waste generated in San Francisco).

In its report, SFE recommends the following disposition of the current balance in the Special Reserve Fund:

- Transfer \$3.75 million to the new Reserve Fund to provide for the initial funding of the Reserve Fund until the surcharge (or other mechanism) is adopted through a future rate proceeding;
- Transfer \$12 million to the new Reserve Fund. One expected use of this portion of the new Reserve Fund will be to cover the incremental cost of hauling and disposing of City waste at the Hay Road landfill for the next 18 months. Recology anticipates submitting a rate application in the fall of 2016 for new rates to go into effect in July 2017, which will include the full cost of transportation and disposal under the new landfill contract.; and

- Retain \$13.85 million (the balance) in the existing Special Reserve Fund until the Rate Board determines there is no need for the Fund, at which time the remaining monies must be used to the benefit of ratepayers. Transfer of monies to the new Reserve Fund to achieve the \$10 million funding level would be one such use.

The proposed uses of the Special Reserve Fund are consistent with Facilitation Agreement, and any disbursements would continue to be made pursuant to the procedures included in the Director's Report on the 2013 Rate Application.

Future Rate Board Proceedings

I believe the attached reports fulfill the requests of the Rate Board, and respectfully request that the Rate Board reconvene at your earliest convenience to consider them. In particular, with respect to the AMC Program report, I request that the Rate Board adopt a finding that the program has increased diversion in a cost-effective manner, which, as provided in the Rate Board's Resolution and Order, will have the effect of continuing the AMC Program beyond June 30, 2016, at the same rates as in the pilot program, subject to any adjustments authorized in the Rate Orders. If the Rate Board does not adopt such findings by December 31, 2015, inclusion of costs for the AMC Program in the residential rates shall terminate, effective July 1, 2016.

With respect to the Special Reserve Fund report, I request that the Rate Board direct that the Special Reserve Fund be redistributed according to the recommendations of the Department of the Environment. Both of these reports have been posted on DPW's web site and distributed to interested parties.

Thank you in advance for your consideration of these items. If you have any questions, please do not hesitate to contact Julia Dawson, Deputy Director of Finance and Administration (Public Works), at (415) 554-4831, or Jack Macy, Zero Waste Senior Coordinator (SFE), at (415) 355-3751. I look forward to attending the continuation of the Rate Board meeting.

Sincerely,



Mohammed Nuru, Director

cc: Deborah Raphael, Director, San Francisco Department of the Environment
Mark Arsenault, Vice President and Group Manager, Recology San Francisco

Thomas Owen, Deputy City Attorney
Brad Russi, Deputy City Attorney
Peter M. Deibler, 2013 Ratepayer Advocate

Attachments:

Abandoned Materials Collection Program Report
Special Reserve Fund Report

San Francisco Public Works
Abandoned Materials Collection Program
Report to the Refuse Collection and Disposal Rate Board
October 30, 2015

1. BACKGROUND

In July, 2013, Recology assumed responsibility for responding to routine requests (311 calls) for collecting abandoned materials. By dividing the City into five zones and using two trucks per zone (one packer and one box truck), Recology indicated that it would be able to reduce the response time for removing materials and would be able to increase the amount of material diverted from the landfill. The Rate Board approved transfer of the Abandoned Materials Collection (AMC) Program to Recology as part of the 2013 Rate Order, on a pilot basis, and requested that the Director of Public Works provide a report on the effectiveness of the program, using three measures – response time, service level, and diversion.

2. ABANDONED MATERIALS COLLECTION PROGRAM PERFORMANCE

Per the Rate Board request, the effectiveness of Recology’s assumption of the AMC Program can be measured according to response time, service level, and diversion, as discussed below.

a. Response Time

The City’s standard response time for 311 street and sidewalk cleaning service requests is 48 hours. One of the objectives of transferring the AMC Program to Recology was to reduce the length of time it takes to remove abandoned materials from City streets and public places. The Director’s Rate Order established the following requirements for Recology to close service requests for abandoned materials:

1. Weekdays: within 4 business hours (240 minutes)
2. Weekends: within 8 business hours (480 minutes)

All 311 calls concerning abandoned materials are referred to Recology. Recology then schedules pickups and closes out the service requests when the materials have been removed from the street. In some instances, Recology refers the request back to the City (e.g., small items that are still collected by litter patrol trucks, broken bags and scattered items that require cleanup, car batteries and other hazardous or dangerous items). Public Works collects all 311 data for abandoned materials and calculates Recology’s actual response time for the service calls they complete, according to the requirements established in the Director’s Rate Order.

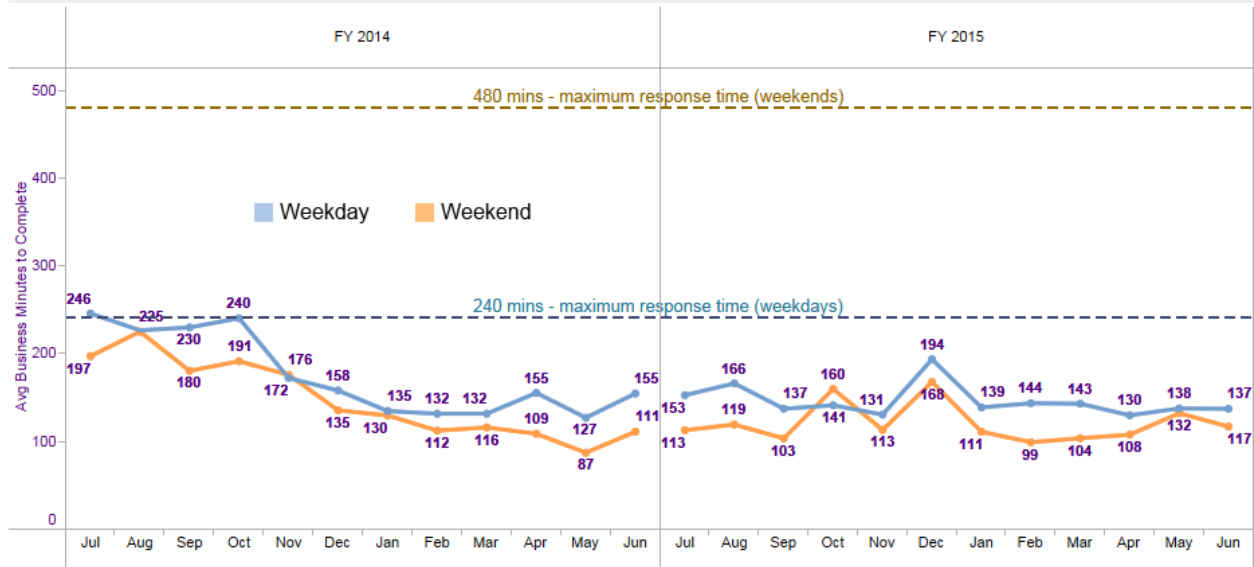
Figure 1 presents the results (in minutes) for Recology’s average response time during the first 24 months of their assumption of the AMC Program.

Figure 1

Recology Response Time

Average Time to Complete per Month and Day of the Week

By month entered: July 2013 - June 2015



As illustrated in Figure 1, Recology has consistently met the response time requirements established in the Director’s Rate Order (with the exception of the first month of the program). Within five months of assuming responsibility, Recology’s average weekday response time had fallen to less than 2.5 hours and has remained at that level for more than 18 months. This significant improvement in response time is due to Recology integrating 311 service call data with its route management system, allowing Recology to optimize collections in each zone. While the weekend response time requirement is longer (8 business hours), Recology has maintained an even shorter response time on weekends (on average less than 2 hours).

b. Service Levels

In its application, Recology expressed concern that faster response times could result in an *increase* in routine service requests, with the AMC Program requiring greater resources than Recology committed to in its rate application. Public Works has compiled 311 service requests for the first two years of the program, as presented in Figures 2a and 2b.

Figure 2a

AMC Requests and Response Time per Fiscal Year

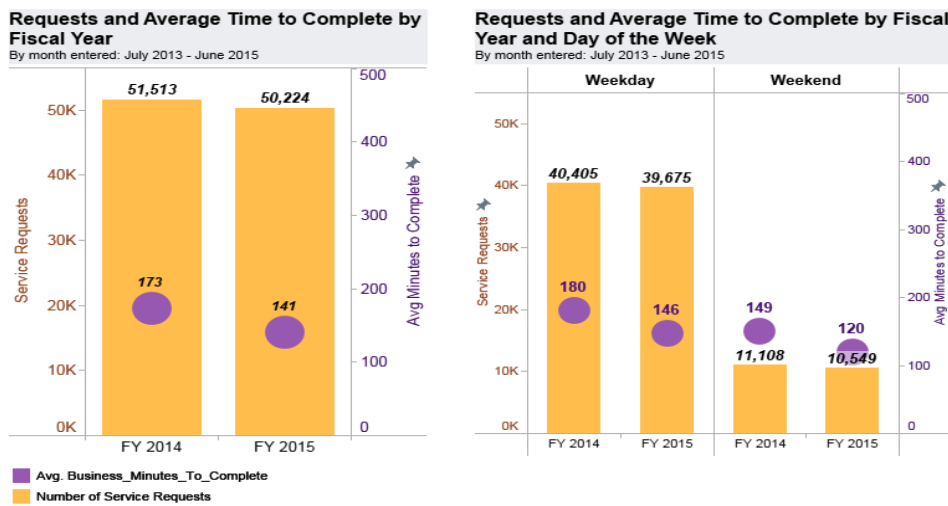
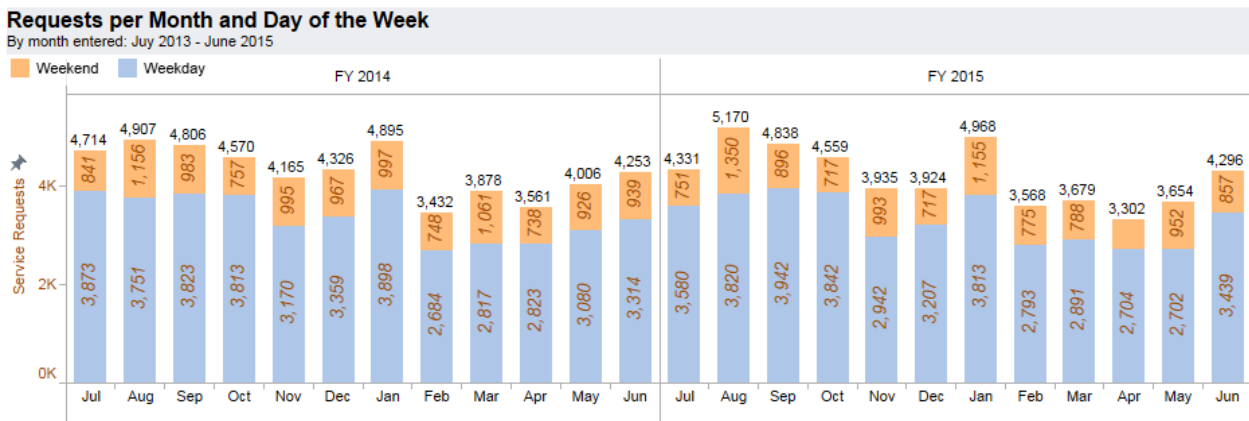


Figure 2b

AMC Requests per Month



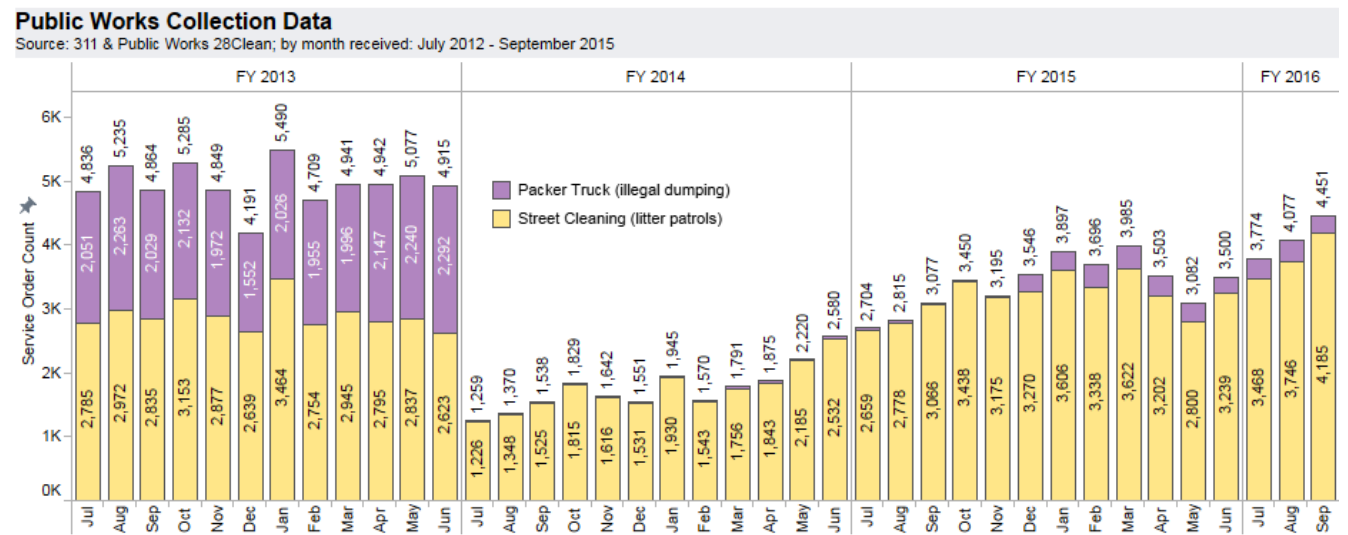
In the first two years of responsibility, Recology completed more than 50,000 service requests each year (responding to about 40,000 weekday calls and 10,000 weekend calls), as shown in Figure 2a. As illustrated in Figure 2b, the number of service requests completed by Recology each month has

remained relatively constant over the two-year period. The monthly data also show the seasonal fluctuation in service requests, with spikes in the late summer (August) and the beginning of the year (January). These spikes are likely attributable to people moving in and out of dwellings at the beginning of the school year and post-holiday discards of replaced and unwanted items.

As part of the AMC Program, Recology also indicated that it would direct drivers to collect abandoned materials along their routes, even if it was not part of a scheduled pickup in response to a 311 service request. While Recology drivers have instituted this practice and report unscheduled pickups internally, these pickups are not reflected in the 311 data for tracking service requests or average response time. Nevertheless, they represent an added benefit of transferring the AMC Program to Recology.

Recology’s service levels can be compared to Public Works activities prior to transferring the AMC Program in July 2013. As illustrated in Figure 3, in fiscal year 2013 Public Works responded to an average of 5,000 service calls per month for abandoned materials, dispatching either packer trucks or litter patrol pickups. This is comparable to the number of service requests now being completed by Recology.

Figure 3
Public Works Requests Before and After Transfer of AMC Program



In July 2013, Public Works reduced its deployment of packer trucks for abandoned materials, although it retained responsibility for some service calls, per an agreement with Recology (e.g., construction debris, hazardous materials, small items, broken bags and scattered items that require cleanup, homeless encampment items), which were assigned to litter patrol vehicles.

Figure 3 shows the reduction in service requests handled by Public Works with Recology’s assumption of the AMC Program for routine 311 calls in July 2013. Nevertheless, in the last 18 months, Public Works has seen a significant increase in the number of service calls handled by litter patrol vehicles (i.e., items for which Recology is not responsible, as noted above). In December 2014, Public Works placed several packer trucks back into service to support its Litter Patrol Services. Public Works is currently researching

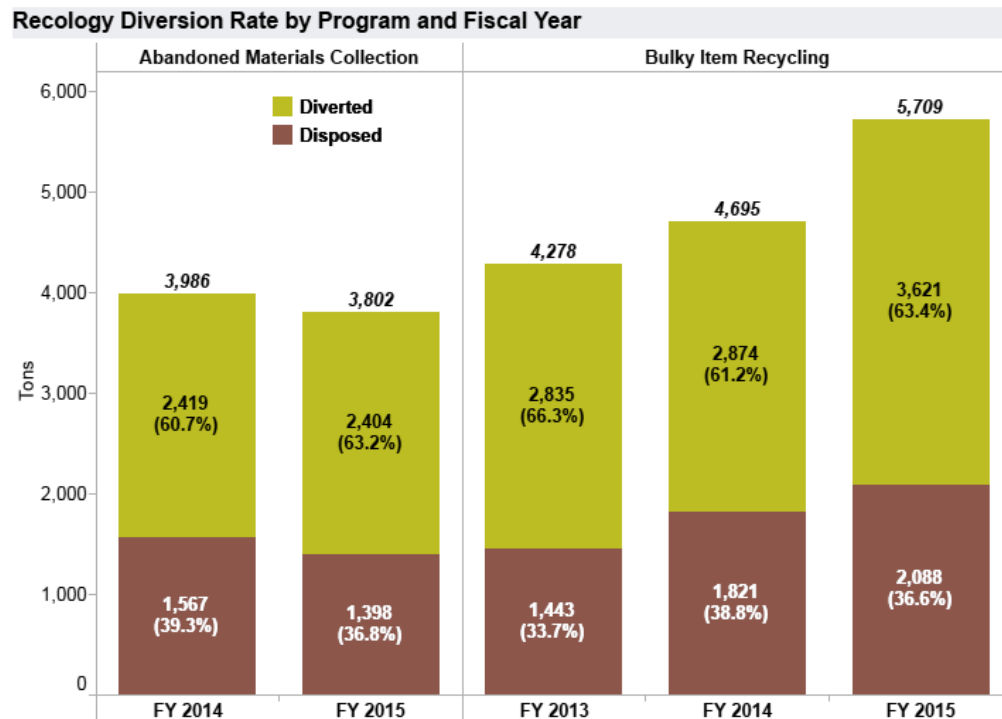
the potential causes of the increase in requests for service, which may be a byproduct of the economic growth the City is experiencing.

c. Diversion

A major objective of transferring the AMC Program to Recology was to increase the amount of materials diverted from the landfill, consistent with the City’s zero waste goals. Recology’s approach (two trucks per zone) allows them to operate the AMC Program more like the Bulky Item Recycling (BIR) Program, where potentially recoverable items (such as mattresses, electronics, appliances) are segregated at pickup.

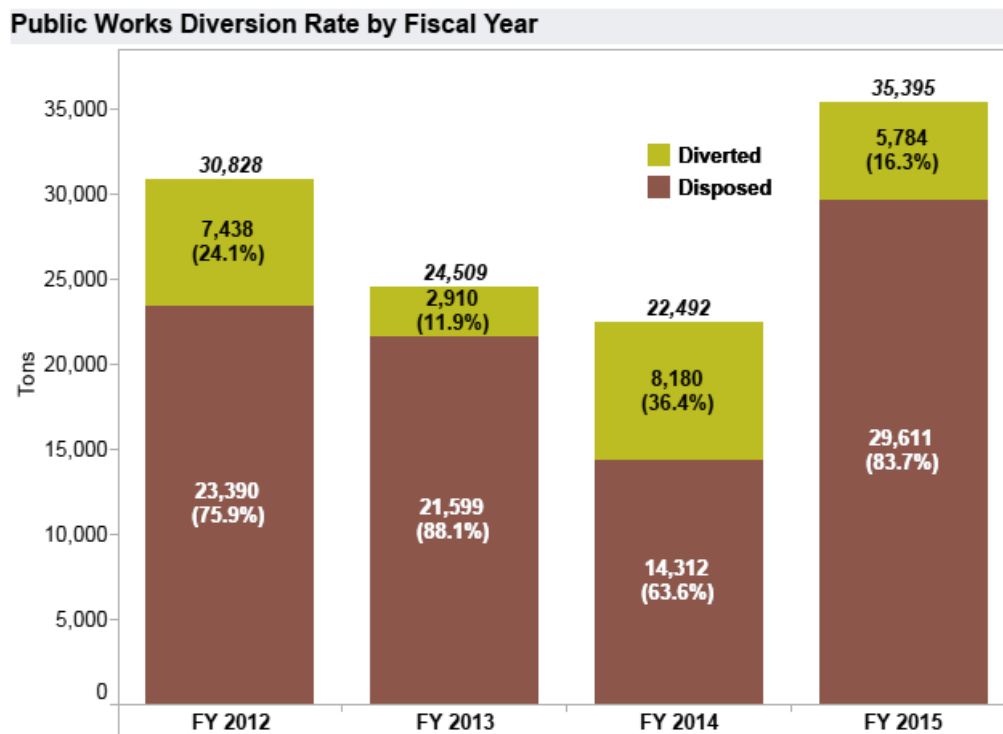
Figure 4 summarizes the amount of materials and percent diverted by Recology since their assumption of the AMC Program. Recology measures the total amount of materials diverted from landfill at its facilities (including the transfer station and recycling center) and then uses sampling to calculate the actual diversion rates for individual programs, such as the AMC and BIR. For comparison, Figure 4 also summarizes the same information for the BIR Program for the past three years. As illustrated, Recology has been able to divert more than 60 percent of the materials picked up through the AMC Program from the landfill, which is comparable to the diversion rate they are achieving through the BIR Program.

**Figure 4
Recology Diversion Rate**



In contrast, the diversion rate for materials brought to the transfer station by Public Works has been consistently lower, ranging from 12-36 percent in the last four years, as summarized in Figure 5. The higher diversion rate in 2014 is due to the composting street sweepings; this practice was discontinued in 2015 because of a lack of market demand for the recovered materials. It is important to note that Public Works tonnage includes street sweepings and event cleanups in addition to litter patrol and packer truck collections, and includes more and different types of materials than what is being collected by Recology as part of the AMC Program. Public Works and Recology will explore whether additional diversion can be achieved for the materials Public Works collects.

Figure 5
Public Works Diversion Rate



In addition to achieving a higher diversion rate, Recology has collected more materials (measured in tons) in the first two years of the AMC Program than they assumed in their rate application. Based on historical experience and 311 data, Recology estimated that they would collect and process 3,086 tons annually (see Exhibit 41 of 2013 rate application), whereas they have collected nearly 4,000 tons annually since assuming responsibility for the AMC Program. This represents about 25-30 percent more materials than Recology factored into the rate base. In effect, Recology is providing a higher service level than was anticipated in the 2013 rate application.



SF Environment
Our home. Our city. Our planet.
A Department of the City and County of San Francisco

Edwin M. Lee
Mayor

Deborah O. Raphael
Director

TO: Julia Dawson, Finance and Administration, Public Works
FROM: Jack Macy, Zero Waste Program, Department of the Environment
RE: Special Reserve Fund Report
DATE: October 30, 2015

1. BACKGROUND

The Refuse Collection and Disposal Rate Board (Rate Board) requested in their 2013 Rate Resolution and Order that the Director of Public Works and the Department of the Environment prepare a Report on the Special Reserve Fund (Fund) to the City Administrator and Rate Board no later than November 1, 2015. The Rate Board requested that the Report include but not be limited to: identification of all contributions to and expenditures from the Fund since its inception, including investment proceeds; and a preliminary assessment of future conditions that may require use of the Fund, particularly in connection with the expiration of the City's current Waste Disposal Agreement with Waste Management of Alameda County. If the Rate Board reconvenes on or before December 31, 2015 it may consider this Report at that time.

The 1987 Agreement in Facilitation of Waste Disposal Agreement (Facilitation Agreement) between the City and Sanitary Fill Company (now Recology) required the City, through the Director of Public Works, to recommend to the Rate Board the creation of a Fund to be used for payment of "justifiable extraordinary increases in costs, fees, charges and expenses," resulting from Recology's obligations under the Waste Disposal Agreement, as well as certain costs of hazardous and designated waste disposal, and any other recoverable costs which were not fully covered by the currently effective rates but expected to be recoverable through future rates. This Fund was not to take the place of normal ratemaking processes, but to protect the parties from major fluctuations in the rates that were not anticipated during the ratemaking process and avoid the need for continuous adjustments to the rates. The Rate Board approved the creation of the Fund and the imposition of a surcharge to fund it.

The Facilitation Agreement requires a minimum balance of \$15 million to be maintained through the term of the Waste Disposal Agreement, and until all of Recology's obligations under the Waste Disposal Agreement are resolved and satisfied. The Facilitation Agreement will expire concurrent with the expiration of the Waste Disposal Agreement between the City, Recology and Waste Management of Alameda County for use of the Altamont Landfill. The City expects that the Waste Disposal Agreement will expire in January 2016, when the cumulative tonnage limit in the agreement of 15 million tons is reached. Within five years after the expiration of the Waste Disposal Agreement, the Rate Board must determine whether there is any continuing need for the Fund. If the Rate Board determines that there is no further need for the fund, the Rate Board shall allocate the remaining funds for the benefit of current and future ratepayers. Otherwise, the parties will maintain the Fund until there is no further need for it.

2. FUND CONTRIBUTIONS

The Fund was funded by a 1.3% surcharge on Recology's volumetric billings to residential and commercial customers for service starting November 1, 1988. Recology does not apply a cost-of-living-adjustment (COLA) or make a profit on monies collected for this Fund. All interest earned on balances in the Fund is accrued to the Fund. Investments of the Fund are approved by the City Administrator, which are currently in four certificates of deposit that expire quarterly.

On September 30, 2010, when the Fund had reached nearly \$30 million, the Rate Board ordered that the proceeds from the 1.3% surcharge be reallocated to the Impound Account to offset incurred costs by Public Works for prevention and

management of litter and illegal dumping on City streets, and thereafter, as of October 1, 2010, the 1.3% surcharge was no longer deposited for use in the Fund. In July 2013, the surcharge was discontinued per the Director’s Report and Recommended Orders on the 2013 rate application. From the Fund’s inception through September 30, 2015, the total contributions from the 1.3% surcharge going into the Fund, plus total accrued interest minus all administrative fees, have amounted to a net total of \$38,231,084.

3. FUND EXPENDITURES

The procedures for use of the Fund are established in Attachment E to the 2013 Director’s Report. Requests for expenditures from the Fund are made by Recology. The Director of Public Works makes a recommendation to the City Administrator after the request is reviewed by staff from Public Works, Department of the Environment and the City Attorney’s Office. The City Administrator then makes the determination on the appropriateness of the request. The Director of Public Works memorializes the determination in a Director’s Order. A total of \$8,591,569 has been disbursed from the Fund since its inception. A summary of the disbursements is below:

Date	Expenditure	Purpose	Notes
Feb-95	\$574,181	1994 Alameda County Business License Tax	
Jul-95	\$2,750,000	Allowable pre-1995 regulatory cost recovery	Per the Implementation Protocol for Cost Recovery Pursuant to the Waste Disposal Agreement (Sep-95)
Jul-95	\$1,499,188	Construction costs of the landfill waste water treatment plant	Same as above
Jul-95	\$267,589	Transitional interest on Stage 1 of Subtitle D Waste Cell regulatory costs at the landfill	Same as above
Aug-03	\$383,948	E-waste disposal costs mandated by state legislation	
Feb-05	\$226,112	E-waste disposal costs mandated by state legislation	
Sep-06	\$972,267	Subtitle D landfill regulatory costs from Jan-05 thru Sep-05	
Oct-06	\$966,013	Subtitle D landfill regulatory costs from Oct-05 thru June-06	
Dec-07	\$658,142	Subtitle D landfill regulatory costs from Mar-07 thru July-07	
May-12	\$196,687	Long haul trailer tipper engines at the landfill	
Sep-14	\$97,442	Alameda County transportation & planning fees	
Total	\$8,591,569		

4. FUND BALANCE

The balance in the Fund is equal to the net total put into the Fund of \$38,231,084 minus total expenditures of \$8,591,569, which as of September 30, 2015 is \$29,639,515.

5. ASSESSMENT OF FUTURE CONDITIONS FOR USE OF FUND

The Department of the Environment and Recology’s preliminary assessment of current and future conditions that may require use of the Fund does not identify any specific or potential “extraordinary expenses” associated with Recology’s obligations under the Waste Disposal Agreement in light of the upcoming termination in January 2016 of the Waste

Disposal Agreement. As shown above, the most recent landfill regulatory (Subtitle D) costs reimbursed by the Fund were in December 2007 and the latest equipment (tippers) cost were in May 2012. No additional Altamont Landfill regulatory or equipment costs requiring Fund reimbursement have been identified or are anticipated at this time.

In 2002, Waste Management of Alameda County, Recology, and the City entered into "Amendment Number One to Implementation Protocol for Cost Recovery Pursuant to Waste Disposal Agreement" (Amendment No. 1). In Amendment No. 1, Recology and the City agreed to transfer certain funds to Waste Management and to pay Waste Management an additional \$0.27 per ton disposal charge, and Waste Management agreed to release the City and the ratepayers from any claims for reimbursement of closure/post-closure costs under the Waste Disposal Agreement.

6. NEW LANDFILL AGREEMENT SPECIAL RESERVE FUND

The Department of the Environment executed a new Landfill Disposal Agreement (new agreement) between the City and Recology on July 22, 2015 for use of Recology's Hay Road landfill. This new agreement provides for a new special reserve fund (New Reserve Fund) in an amount not less than \$10 million (in 2014 dollars), as adjusted by the Consumer Price Index, subject to the approval of the Director of Public Works (Director) and if applicable, the Rate Board. The New Reserve Fund may be funded gradually over the first four years of the new agreement. The New Reserve Fund is expected to be funded by a 1% surcharge on all trash delivered from San Francisco to Recology's transfer station or landfill and/or by reallocation of funds from the prior landfill agreement Fund. The size of the New Reserve Fund and/or amount of the surcharge may be changed by mutual agreement of the Department of the Environment and Recology, subject to approval by the Director and if applicable, the Rate Board.

The sole purpose of the New Reserve Fund is to reimburse Recology for costs related to the obligations under the new agreement, which are expected to be recoverable through rates but have not yet been recovered, such as landfill fees. The use of the New Reserve Fund is not intended to take the place of normal ratemaking processes, but to ensure that rates are not subject to major fluctuations that were not anticipated during the ratemaking process and to avoid the need for continuous adjustments to the rates. Expenditures would be approved by the City Administrator, similar to the use of the Fund, under procedures similar to those used for the current Fund. The Director and if applicable, the Rate Board, shall determine whether the New Reserve Fund continues after the term of the new agreement and shall allocate any remaining funds for the benefit of the ratepayers.

7. PROPOSED FUTURE USE OF FUND AND CONTRIBUTIONS INTO NEW RESERVE FUND

The Department of the Environment in consultation with Recology propose the following future use of the current Fund and contributions to and use of the New Reserve Fund:

A) Transfer \$3.75 million from the current Fund, in January 2016, as an initial contribution to the New Reserve Fund. This amount is calculated by the proportion of approximately the first 18 months of the new agreement, from January 2016 through June 2017, divided by the first four years of the new agreement times the \$10 million amount required for the New Reserve Fund. The first 18 months is the duration of the New Reserve Fund before the next anticipated rate change could authorize a 1% surcharge on trash delivered from San Francisco to the transfer station or landfill as the contributions to the New Reserve Fund. Four years is the period that the new agreement allows the New Reserve Fund to be gradually funded toward the required \$10 million. The next anticipated rate process can address how to raise the New Reserve Fund to \$10 million from July 2017 to January 2020.

B) Transfer an additional \$12 million from the current Fund, in January 2016, to the New Reserve Fund. This is the approximate estimated amount that would be used from the New Reserve Fund to reimburse Recology for increased costs incurred, from January 2016 through June 2017, under the new agreement for transportation to and disposal fees at the Hay Road landfill compared to costs approved in the rates for disposal at the Altamont landfill. This reimbursement would cover the increased costs before a new rate is anticipated that could include the increased costs

under the new agreement. The calculation of the estimated \$12 million and the process of reimbursement proposed are as follows:

(1) Recology has developed, and the Department of the Environment has reviewed and supports, a methodology to estimate additional costs of transporting and disposing of materials at the Hay Road landfill. Recology estimates the transportation cost will increase an average \$12 per ton, primarily due to increased labor and truck costs for the additional miles to the Hay Road landfill. This increased transportation cost results in a total projected transportation cost to Hay Road landfill of \$34.96 per ton in RY2016, which approximates the projected cost to Recology’s Ostrom Road landfill, plus CPI to 2016, of \$35.44 per ton that was presented in the Supervisor’s Budget and Legislative Analyst Report for the previous proposed disposal agreement with Recology. Recology also estimates the disposal cost will increase an average \$9.18 per ton. The disposal cost has fewer components than transportation, so the cost estimate is more precise. The new agreement requires the landfill base tip fee to increase annually by the Bay Area Consumer Price Index (CPI). Recology used the average of the last 5 years of CPI (2.5%) in their estimation of transportation and landfill base tip fee costs. This calculation results in an estimated total increased cost of \$21.18 per ton under the new agreement for the current Rate Year (RY) 2016 (\$12 for transportation and \$9.18 for disposal).

(2) Recology would submit reimbursement requests quarterly with the actual tons disposed in the previous quarter multiplied by the \$21.18 per ton cost increase described above for the period through June 2016, which is the remainder of RY2016. For RY2017 (July 2016 through June 2017) the \$12 per ton cost increase for transportation would be adjusted by the COLA in the previously approved rates and the \$9.18 disposal cost increase would be adjusted by the CPI per the new agreement to determine the new total cost per ton increase that would be multiplied by the actual tons disposed. The Department of the Environment will review the cost calculations and recommend to Public Works for their referral to the City Administrator for final reimbursement approval. Using Recology’s projected maximum disposal for mid-January 2016 through RY2017, the total estimated increased cost for reimbursement from the Fund is \$12 million.

C) Retain \$13.89 million in the current Fund, which is the remaining balance after the combination of proposed uses identified above totaling \$15.75 million, not including accrued interest minus fees. This balance would be retained in the Fund until the Rate Board determines there is no further need for the Fund, at which time the Rate Board shall allocate the remaining monies for the benefit of current and future ratepayers. The Department of Environment suggests that the transfer of monies to the New Reserve Fund to achieve the \$10 million funding level would be such a use. The Department of the Environment and Recology believe that balances in both the Fund and New Reserve Fund will be more than sufficient for any potential contingencies and that the proposed uses are to the benefit of current and future ratepayers.

Proposed Future Use of Fund and Contributions to New Reserve Fund through June 2017						
Date	Purpose	Fund Expenditure	Fund Balance	Contributions to New Reserve Fund	New Reserve Fund Expenditure	New Reserve Fund Balance
Oct-15			\$ 29,639,515			
Jan-16	Initial allocation to seed New Fund	\$ 3,750,000	\$ 25,889,515	\$ 3,750,000		\$ 3,750,000
Jan-16 thru Jun-17	Allocation for increased costs under new agreement	\$ 12,000,000	\$ 13,889,515	\$ 12,000,000	\$ 12,000,000	\$ 3,750,000

Note: Figures are approximate and actual balances may be higher with accrued interest minus fees.