



Sanitation and Streets Commission



Office of the Controller
Office of Refuse Rates Administration

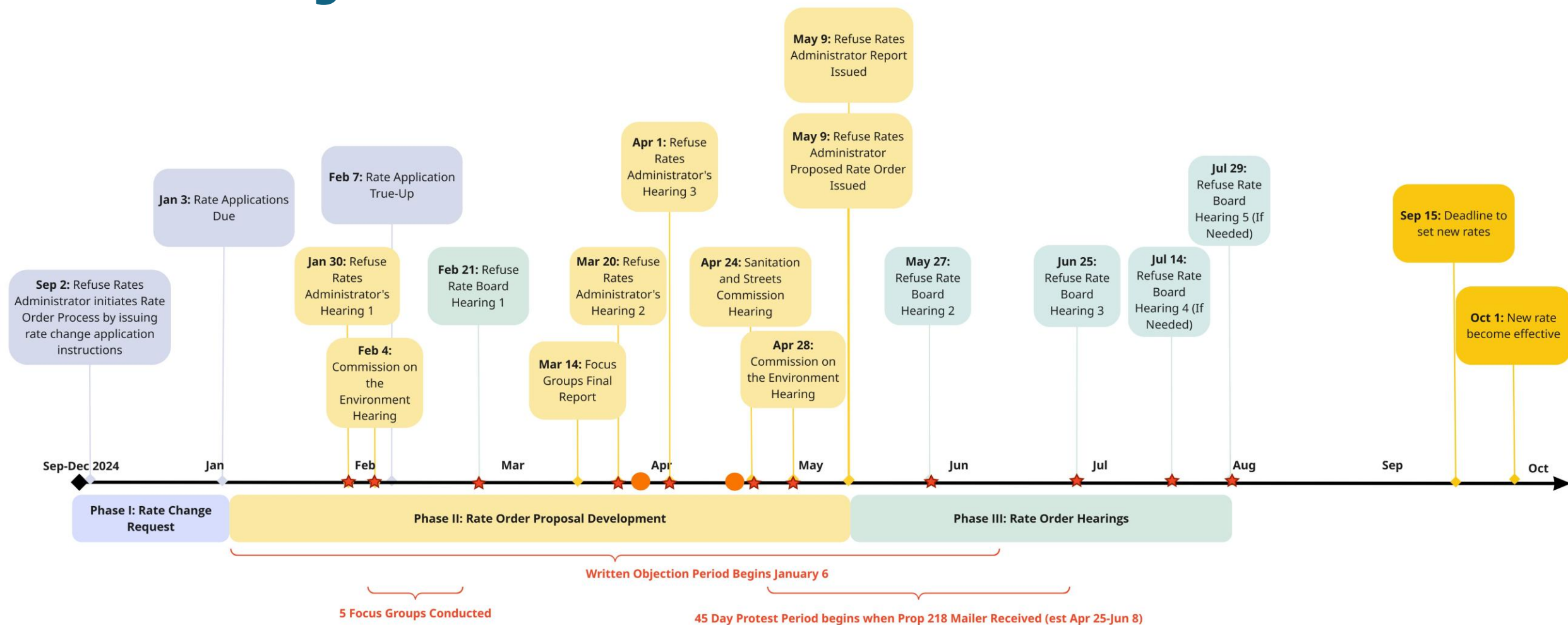
April 24, 2025

Refuse Rate Setting Background

Proposition F 2021

- Controller was made Refuse Rates Administrator
 - Established 4 Principles:
 1. Cost-effective service that meets service standards, with consideration for Environmental Goals
 2. Rate Stability and Rate Fairness
 3. Transparent, accountable, and publicly accessible process
 4. High Professional Ethical Standards
 - Refuse Rates Administrator must present proposed rate order to Streets and Sanitation Commission.
- Current process only sets residential refuse rates.
 - Considerations in rate-setting include costs related to the Impound Account, which funds programs within the Environment Department, Public Works, and the Controller's Office of Refuse Rates Administration
 - Additional goals for this rate-setting process:
 - Improved and sustainable regulatory structure
 - Long-term capital cost mitigation

Rate-Setting Timeline



Indicates opportunity for public comment (9-11 in total)



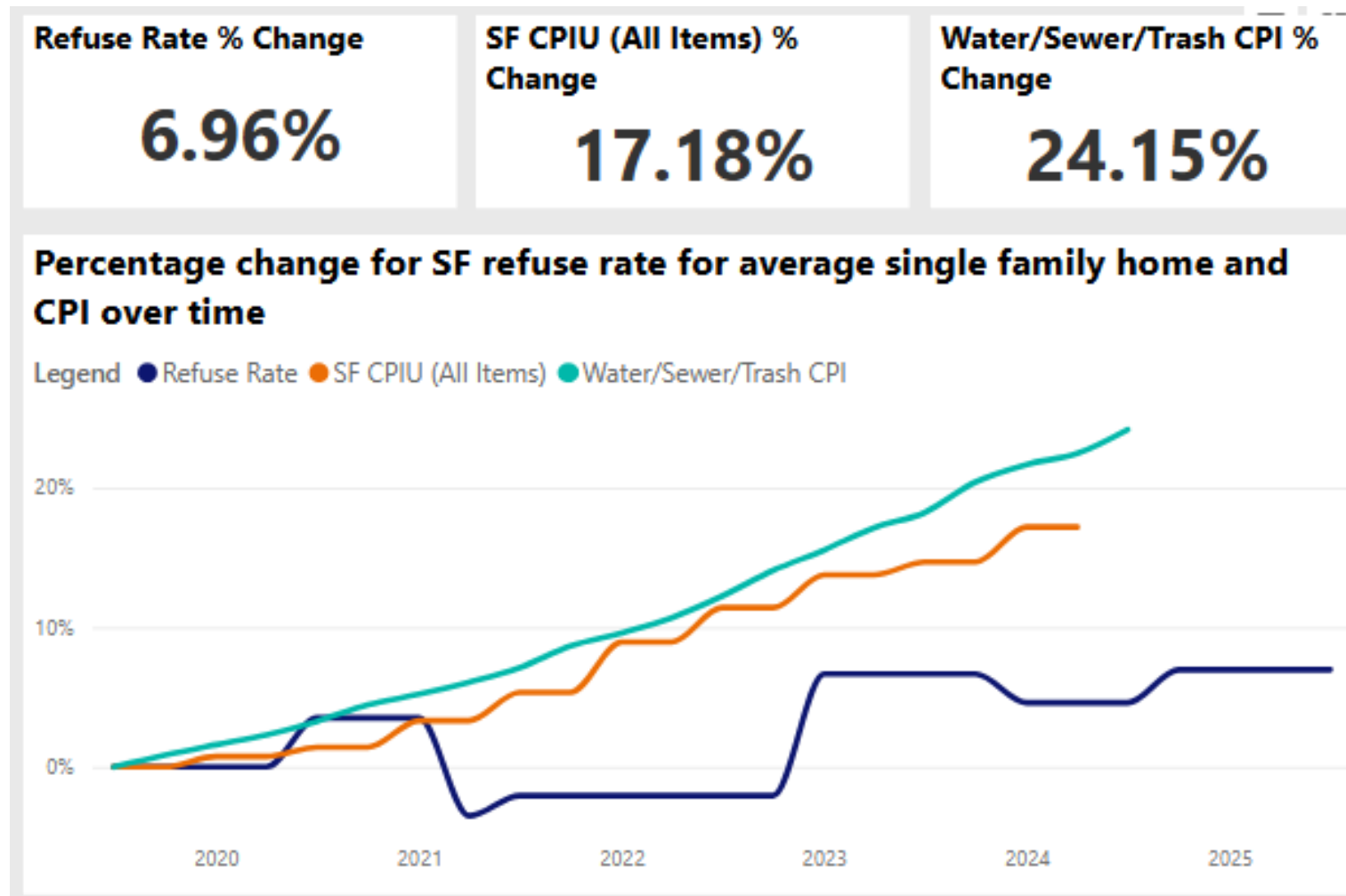
3/25 Proposed Rates Finalized for Prop 218 Mailer. 4/21 Prop 218 Mailers Printed and Sent

Proposed Rate Adjustments

Rate Application Request	RY 2024	RY 2025	Proposed Rate Application Years					
			RY 2026		RY 2027		RY 2028	
			Recology	RRA	Recology	RRA	Recology	RRA
Collections Rate Change	1.33%	-1.05%	18.18%	12.59%	7.53%	8.36%	3.86%	4.55%
Single Family Rate Monthly (Default)	\$47.50	\$47.00	\$55.55	\$52.92	\$59.73	\$57.34	\$62.03	\$59.95
Rate Impact %				-5.6%		0.8%		0.7%
Cumulative Rate Impact %				-5.6%		-5.1%		-4.5%
Single Family Rate Monthly (Default) Impact				-\$2.63		-\$2.39		-\$2.08

- Approximately 8.8% of the Rate Year 2026 rate increase is one-time structural and attributable to three factors: prior year over-projection of revenues, payroll projection correction, and business tax increase.
- The Refuse Rates Administrator's proposal represents a \$50 million rate savings compared to Recology's original rate application. With expenses accounting for over \$37 million of adjustments.
- Proposal was developed based on review of all costs and revenues to ensure estimates and fair and reasonable. Adjustments include changes to model assumptions, inflation estimates, payroll costs, administrative costs, and operational costs, and it aligns one-time revenues with one-time costs.
- Recology's proposal also included a contingent schedule to develop a trash processing facility at an estimated \$35million that would be amortized over a period of time. This would have an 1.49% and 2.88% impact on rates in Rate Years 2027 and 2028 respectively. Our office is not including this in our proposal.

Refuse Rate Change Compared to Inflation



Rates Compared to Peer Jurisdictions

Peer Jursdictions	Collections Rates
Los Angeles	\$55.95
Oakland	\$53.36
San Jose	\$53.45
Peer Jurisdction Average	\$54.25
Current San Francisco (Default Single Family)	\$47.00
Recology Proposed	\$55.55
Refuse Rates Administrator Proposed	\$52.92

What's in the rates?



Maintaining All Existing Services and Programs

- Builds in costs to maintain all 29 programs and services funded in existing rate order. Including:
 - Weekly curbside collection, transportation, landfill disposal, and composting
 - Street cleanliness through public receptacles and illegal dumping removal
 - Environmental programs supporting composting, reuse, and e-waste disposal
 - Other essential services such as annual curbside tree recycling, bulky-item pickup, household hazardous waste collection, and district-wide cleanup events that allow residents to dispose of large items responsibly.
 - Compliance with State and local laws that regulate waste and recycling
 - Ensuring solid waste infrastructure that supports San Francisco remains operational, compliant, and properly maintained.

New Funding

- Improvements/Enhancements to Meet Environmental Goals
- Enhancements to Improve Street Cleanliness
- Long-Term Capital Cost Mitigation

Impound Account Funding to Public Works

Public Works Impound Programs	RY 2026	RY 2027	RY 2028
Litter Patrol	\$5,125,205	\$5,304,587	\$5,463,725
Outreach & Enforcement (OnE) Team	\$2,865,289	\$2,965,574	\$3,054,541
Mechanical Sweeping	\$2,528,474	\$2,528,474	\$2,604,328
Public Trash Can Cleaning	\$1,719,837	\$1,761,113	\$1,813,946
Pblic Trash Can Administration	\$173,831	\$179,915	\$185,312
Public Trash Can Maintenance	\$97,346	\$100,753	\$103,776
Total Impound Budget	\$12,509,982	\$12,840,416	\$13,225,628

Continue Funding Key Initiatives to Support Meeting Standards of Cleanliness

- Refuse Rates Administrator's Proposal accepts Public Works's Impound budget request, which includes:
 - Litter patrol
 - Street sweeping
 - Public trash can cleaning, administration, and maintenance
 - Mechanical Street Sweeping

Public Trash Cans

- Refuse Rates Administrator's proposal includes \$13.5 million in use of Impound Account fund balance to support the procurement of new trash cans.



Street Cleanliness Programs

Continue Funding Existing Street Cleanliness Programming

- Abandoned Material Collections
- Public Receptacle Pickup, Sweeping, and Liner and Door Maintenance,
- Other curbside pickup: Bulky-Item, Holiday Tree Pickup, Household Hazardous Waste Collection
- Weekend District Cleanup Events

New Funding to Support Street Cleanliness

- **Afternoon Abandoned Material Collections:** Supplementing current AMC services with 3 zones in the afternoon.
- **Public Receptacle Pickup Verification:** Cameras to capture and verify public receptacle service.
- **Bulky-Item Outreach** for Apartments to increase utilization.

Long-Term Capital Costs Mitigation

\$ Millions	Rate Year 2027	Rate Year 2028	Total
Recology San Francisco	\$1.63	\$2.99	\$4.62
Sunset Scavenger/Golden Gate	\$4.02	\$7.70	\$11.72
Total	\$5.65	\$10.69	\$16.34

- Increasing fund to total \$16.34 million in capital reserves
- Rate Impact
 - Rate Year 2027: 1%
 - Rate Year 2028: 1.75%
- Known capital infrastructure costs in the next rate cycle will include shop consolidation and development of ZEV infrastructure. These costs are expected to amount to approximately \$50 million.
- Capital Reserves would represent 33% of those costs.
- Potential capital infrastructure costs:
 - Zero Emission Vehicles: \$360m - \$440m between 2026-2036
 - Pier 96 MRF: \$40m-\$103m between 2029-2034
 - Trash Processing: \$35m-\$100m

Rate Regulation Improvements

Service Level Agreements

- Documenting all existing and new agreed upon services

Cost Controls

- Cost Variance Review
- Cost Caps
- Baseline Operating Metrics
- Capital Expenditure Control

Balancing Account Adjustment

- 100% Balancing Account