Refuse Collection and Disposal Rate Board Resolution regarding the Abandoned Materials Collection ("AMC") Program; and adopting findings on uses of the Special Reserve Fund.

WHEREAS, The 1932 Refuse Collection and Disposal Ordinance, as amended, establishes and governs the process for approving residential refuse collection and disposal rates for the City and County of San Francisco ("City"); and,

WHEREAS, On March 14, 2013, Recology Sunset Scavenger, Recology Golden Gate, and Recology San Francisco ("Recology") filed an Application with the City Administrator requesting an increase in the Companies’ residential refuse collection and disposal rates ("the 2013 Rate Application"); and,

WHEREAS, On July 23, 2013, the Rate Board issued a Resolution and Order on Director of Public Works’ Recommended Orders on the 2013 Rate Application; and

WHEREAS, The Rate Board requested in its July 23, 2013 Resolution and Order that the Director of Public Works, prior to November 1, 2015, submit a report regarding the effectiveness of the Abandoned Materials Collection ("AMC") pilot program in diverting materials from landfill in a cost effective manner, consistent with the City’s goal of zero waste; and

WHEREAS, On October 30, 2015, the Director of Public Works submitted a report regarding the AMC Program consistent with the Rate Board’s July 23, 2013 Resolution and Order, in which the Director concluded that the AMC Program has resulted in an increase in diversion from landfill in a cost-effective manner; and
WHEREAS, The Rate Board requested in its July 23, 2013 Resolution and Order a report on the Special Reserve Fund ("Fund") identifying all contributions to and expenditures from the Fund since its inception, and an assessment of future conditions that may require use of the Fund; and

WHEREAS, On October 30, 2015, the Director of Public Works submitted a report from the Department of the Environment on the Fund addressing the request of the Rate Board in its July 23, 2013 Resolution and Order and proposing certain distributions from the Fund; and

WHEREAS, The Rate Board, consisting of Chair/Deputy City Administrator Jennifer Johnston, Member/Deputy Controller Todd Rydstrom, and Member/San Francisco Public Utilities Commission Deputy General Manager Michael P. Carlin, convened a public hearing on the reports on December 16, 2015; and

WHEREAS, Upon consideration and discussion following presentations of the reports at the December 16, 2015 hearing, the Rate Board has made determinations concerning the Abandoned Materials Collection Program and the Special Reserve Fund; now, therefore, be it

RESOLVED, That the Rate Board takes the following actions and adopts the following findings:

1. Regarding the AMC Program:

   A. The Rate Board finds that the AMC Program has resulted in an increase in diversion from landfill of materials, consistent with achieving the City’s goal of zero waste, in a cost-effective manner.

   B. Based on this finding, the AMC Program shall be continued beyond June 30, 2016, at the same rates as in the pilot program, subject to any adjustments authorized
in the Rate Orders.

C. The Rate Board requests that the Director of Public Works submit to the
City Administrator and the Rate Board prior to November 1, 2017, a report regarding any
progress made on the effectiveness of the AMC Program; and that the Director
concurrently post the report on the Public Works website and distribute it to interested
parties.

2. Regarding the Special Reserve Fund:

A. The Rate Board finds, for purposes of Section 5 of the 1987 Agreement in
Facilitation of Waste Disposal between the City and Sanitary Fill Company (now Recology
San Francisco), that there is a continuing need for $16.35 million in the Special Reserve
Fund, and the remaining monies in the Fund may be and are allocated for the benefit of
current and future ratepayers and commercial accounts of the City’s refuse collection
companies.

B. The Rate Board finds that the Department of the Environment’s proposed
distributions from the Fund are consistent with the intended uses of the Fund and benefit
the ratepayers.

C. The Rate Board concurs in part with the Department of the Environment’s
proposed distributions from the Fund, with the following modifications:

   i. Transfer $1.25 million to a new Reserve Fund (created pursuant to the
Landfill Disposal Agreement between the City and County of San Francisco and Recology
San Francisco ("Landfill Disposal Agreement"), dated July 22, 2015) to provide for initial
funding of the new Reserve Fund;

   ii. Transfer $12.0 million to the new Reserve Fund to be used to cover the
incremental cost of hauling and disposing of City waste under the Landfill Disposal
Agreement; and
iii. Retain $16.35 million (the balance) in the existing Special Reserve Fund until such time as the Rate Board determines that there is no need for the Fund, at which time the remaining monies must be used to the benefit of ratepayers.

D. The Rate Board requests that the Department of Environment submit to the Rate Board no later than June 2016, a report regarding any claims made against the existing Special Reserve Fund so that the Rate Board may reconvene in the summer of 2016 to review such report and consider whether to make any further allocations from the existing Special Reserve Fund.

3. The Rate Board requests that the Director of Public Works initiate the process of retaining a rate payer advocate prior to the submission of Recology's anticipated Rate Application in or around July 2016.

Approved by unanimous vote of the Refuse Collection and Disposal Rate Board (3 to 0 in favor), on December 16, 2015.

JENNIFER JOHNSTON, Chair
City and County of San Francisco Refuse Collection and Disposal Rate Board