

## Frequently Asked Questions

### Why are the rates increasing?

Recology needs to collect sufficient revenue through the rates that it charges to its customers, in order to cover its operating and capital costs. The most significant cost increases included in Recology's application for a rate increase were as follows:

- Rising operational expenses, including a new labor agreement
- Increasing demand for service for existing programs
- New landfill agreement with higher disposal costs
- Changes in the collection program to collect the higher volume of recyclables
- Regulatory costs for compost processing
- New capital investments for compost and trash processing

### But I am paying more than the 14.4% average increase. Why?

The average rate increase for all customers was 14.4%, but some will experience that it is above or below the average, depending on their level of service and account type.

As customers continue to reduce their trash service and increase their recycling and composting service, the rate structure also needs to change to become less dependent on collecting revenue from volume based charges for trash collection and reflect the operational reality that 60% of the costs of collecting and processing waste from customers are fixed. The increase in the unit charge moves the rate structure closer to the actual cost of service.

The new rates reflect the higher fixed cost of operations while retaining the price incentive for customers to recycle and compost rather than pay for a higher volume of trash service

### How are the refuse rates set in San Francisco?

Recology holds the permits to collect refuse. While Recology is the sole provider of services, the City has the authority to review and recommend the rates. This public review process also includes a draft application with thorough review by the City, a formal application, and a second round of review, public meetings with question-and-answer sessions, and the right of appeal to the Refuse Collection and Disposal Rate Board. This thorough and transparent rate-setting process ensures rates are fair and reasonable.

### What was the rate review timeline?

- **February 10, 2017**, Chair of the Refuse Collection and Disposal Rate Board received an application for a rate increase from Recology.
- **February 28, 2017**, Public Works held a technical workshop for the public.
- **March 8, 15, 22, 28 and April 19, 26**, the Director held **public hearings** to review Recology's application.
- **May 12, 2017**, the Public Works Director issued his report and recommended rate orders.
- **May 30, 2017**, Members of the public filed objections to the Director's Report and Recommended Orders.
- **June 16, 2017 and June 19, 2017**, the Refuse Collection and Disposal Rate Board held meetings and heard objections to the rates.

- **June 19, 2017**, The Rate Board issued a resolution affirming the Director's Report and Recommended Orders on.

### **Is there additional appeal process for the rate increase?**

Once the Rate Board has made its decision, the rates are considered final and are not subject to additional appeal.

### **What factors does the City consider in setting rates?**

The City looks at Recology's rate proposal, including the funding for existing programs and proposals for new or improved services, equipment and facilities. The City audits Recology's historic costs and revenues as well as its estimates for facility maintenance and improvements, labor, trucks, recycling equipment, bins, transportation expenses, fuel, insurance, revenue from the sale of recyclables, and more.

### **Does Recology make a profit on its services?**

Recology calculates rates based on a 91% operating ratio, resulting in an allowed 9.9% profit, with an additional 2% operating ratio available for achieving Zero Waste Incentives (i.e., an 89% operating ratio).

### **Was there public outreach conducted?**

Public Works conducted extensive outreach to inform the public about the rate review process. The department issued notices, two press releases on the rates, provided information to the Public Library and posted documents on the Public Works website. The Ratepayer Advocate, a group hired by Public Works, also put together and implemented a wide-ranging outreach program. They attended meetings with more than 50 community groups and at every neighborhood Police Station, placed advertisements on the Director's hearings in 13 local and multilingual newspapers, created a website, responded to letters and emails, and promoted the information on social media, such as Facebook and Twitter. Additionally, following the requirements of Proposition 218, every ratepayer and service address was sent a notice about the proposed rate increase by Recology.

### **Who can I call if I have more questions?**

- To confirm the required minimum levels of service for your account, discuss options for reducing your monthly bill, or to see whether you are eligible for any discounts on collection services, contact Recology: (415) 330-1300 <https://www.recology.com/recology-san-francisco/contact/>.
- For information on setting policy on minimum service and pilot programs under consideration, contact the San Francisco Department of the Environment: (415) 355-3700 <https://sfenvironment.org/contactform>.
- For more information on the rate review process or questions on the financial review undertaken by the City, contact Public Works: (415) 554-6920 <http://sfpublicworks.org/about/contact-us>.