

FINAL REPORT

Study to Examine Practices for Selecting Refuse Collection, Hauling and Disposal Providers



Prepared for:
**San Francisco Local Agency Formation
Commission**

April 14, 2011

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1.0 Purpose of the Study

1.1 Introduction

The San Francisco Local Agency Formation Commission (LAFCo) engaged R3 Consulting Group, Inc. (R3) to analyze the policies and procedures that jurisdictions within the Greater Bay Area, including San Francisco, used to select refuse collection, transfer, recycling and disposal service providers. To address LAFCo's request, R3 surveyed the procurement practices of jurisdictions in the Greater Bay Area in order to compare those practices to those currently used by San Francisco. R3 also examined jurisdictions outside of the Greater Bay Area that use barge and rail as a way to transport waste.

In 1932, the City and County of San Francisco ("City" or "San Francisco"), through a voter approved ballot initiative, established a system of licenses and permits to provide for refuse collection and disposal services for all residents and businesses within San Francisco. Subsequent to the 1932 ballot initiative, Recology (formerly "Norcal Waste Systems"), through the acquisition of all the permits, has become the sole provider in San Francisco for the collection of commercial and residential refuse, without commercial value.

It should be noted that R3 does not have any relationship and/or employment agreement with any private waste haulers or landfill operators. In addition, R3 does not provide services to any private waste haulers or landfill operators. R3 has also never engaged in a contract with any San Francisco City or County agency prior to this study.

1.2 Limitations

This study is based on our phone and data survey of 95 jurisdictions in the Greater Bay Area, discussions with San Francisco and LAFCo staff, information received from Recology, Waste Management of Alameda County, and other sources available to R3. Table 1 lists the jurisdictions whose information is included in the report.

This study was limited to the information that was available to R3 and to information that could to be gathered within the two-week span of the study. Because of the time constraints there were limitations on our ability to follow-up with jurisdictions that did not respond to our initial request for data or who presented partially complete data.

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This study is not intended to analyze San Francisco's solid waste system, nor is it intended to revise the current system. This study is also not intended to be an in depth analysis of landfill disposal, rail hauling or barging practices. Currently San Francisco and Recology are conducting individual studies on barging as a means of transporting trash, recyclables, and organics from the Port of San Francisco.

2.0 Background

2.1 Current Services in San Francisco

Recology provides for the collection of commercial and residential trash, recycling and organics. In 2008, San Francisco reported diversion of 77 percent of its waste from landfill disposal, as the result of having one of the most comprehensive recycling and organics collection and diversion programs in the country.

Recology, through a Facilitation Agreement, also is the sole transporter of refuse without commercial value in San Francisco. San Francisco holds a separate agreement with Waste Management, Inc. (Waste Management) for waste disposal at the Altamont Landfill.

Solid waste collection in San Francisco is based on a variable can rate, or "pay as you throw". For residential collection, higher rates are charged for the larger refuse containers and organic and recyclables carts are available free of charge.

Commercial customers are offered discounts from the base refuse rate that are based on their participation in the recycling and organics programs. Both residential and commercial customers are required to source-separate recyclables and compostable materials through a Mandatory Recycling and Composting Ordinance adopted by the Board of Supervisors in 2009.

Compostable Organics, which include green waste as well as food waste, are collected weekly and taken to the Organics Annex Building where they are transferred and taken either to Recology's Jepson-Prairie Composting Facility in Vacaville, CA or to the Recology Grover Facility in Vernalis, CA. Most of the compost produced is used by regional agricultural businesses. Commingled recyclable materials are collected and taken to the Recology owned Recycle Central at Pier 96 where they are sorted using both manual and mechanical processes. Once the recyclables are recovered, they are sold to various manufacturers locally and abroad. Trash collected in San Francisco is taken to the San Francisco Recycling and Disposal Solid Waste Transfer Station on Tunnel Road where it is placed in transfer trailers and then transported to the Altamont Landfill in Livermore, CA.

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In addition to offering one of the most comprehensive recycling and organics programs in the country, Recology also offers the following services in San Francisco:

- Community cleanups;
- Special events;
- Compost give-a-ways;
- E-waste and U-waste collection;
- Bulky waste collection;
- Oil and oil filter collection;
- Battery collection;
- Household hazardous waste (HHW) collection from residences;
- Operation of a HHW facility;
- Collection from City facilities at no charge and reduced rates;
- Abandoned waste collection; and
- City litter can collection.

2.2 History of Collection, Transport, and Disposal of Refuse in San Francisco

The collection, transport and disposal of refuse generated within the City are governed by the following three documents, which are discussed below:

- The Refuse Collection and Disposal Ordinance of 1932, as amended;
- The Facilitation Agreement; and
- The Waste Disposal Agreement.

Due to the evolution of the refuse collection, transport, and disposal system in San Francisco, there have been numerous proposed changes, which are discussed below including:

- Ballot Initiatives: Proposition Z, 1993 and Proposition K, 1994; and
- Staff Reports:
 - The Budget Analyst's 2002 Report on the Refuse Rate Application Process;
 - The San Francisco Department of the Environment's (DOE) proposed resolution to amend the Facilitation Agreement and award a new Landfill Disposal Agreement; and
 - The Budget Analyst's 2010 Report in response to the DOE's proposed resolution.

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Complete copies of the Refuse Collection and Disposal Ordinance of 1932, as amended, the Facilitation Agreement, the Waste Disposal Agreement, and the staff reports can be found in Appendix A.

2.2.1 1932 Refuse Collection and Disposal Ordinance

The Refuse Collection and Disposal Ordinance (Ordinance), approved by voters in 1932 dictates the collection and hauling of refuse in San Francisco. Only a voter proposition can amend or repeal the Ordinance. The following key issues related to this study are established by the Ordinance:

- The Ordinance divided San Francisco into 97 distinct refuse routes, and except as discussed below, provides that a single licensed hauler be issued a permit for each route, (Ordinance Section 4);
- The permits to collect or dispose of refuse without commercial value in San Francisco or to transport such refuse through the streets of San Francisco provided for in the Ordinance are exclusive and not subject to the San Francisco's competitive bidding process. A permit remains exclusive unless 20 percent of the service recipients of a particular route file a petition stating that they are not adequately served and the Director of Public Health verifies this claim. In this case multiple permits may be issued by the director of Public Health for the same route, (Ordinance Section 4);
- Only licensed refuse haulers are allowed to collect and transport refuse without commercial value "through the streets of San Francisco" (Ordinance Section 4);
- The manner and method of disposal of refuse collected by (permitted) refuse collectors shall be designated by the San Francisco Board of Supervisors, (Ordinance Section 5);
- Residential rates and the mechanism for adjustments are controlled by the Rate Board, (Ordinance Section 6);
- Commercial, (establishments other than residences, flats or apartment houses of not more than 600 rooms) rates are subject to agreement between the licensed refuse collector and the producer of the refuse, (Ordinance Section 6); and
- The licenses issued under the terms of the Ordinance may be revoked by the Director of Public Health, (Ordinance Section 9).

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Since the Ordinance was enacted, Recology has become the only licensed hauler through the acquisition of all the individual permits.

2.2.2 Facilitation Agreement for Transport of Refuse within San Francisco

Like the current collection system in San Francisco, transportation of solid waste is not subject to a competitive bidding process due to the provision of the 1932 Ordinance that gives the right of transporting refuse within San Francisco exclusively to licensed permit holders. The existing Facilitation Agreement was entered into on January 2, 1987 and requires Recology to operate the Tunnel Road Transfer Station where trash is first taken for consolidation and then transported to the Altamont Landfill. Because the Tunnel Road Transfer Station is in San Francisco and reaching it requires traveling through San Francisco roads, along with the fact that Recology holds all of the 97 permits required to transport refuse through San Francisco streets, Recology is the only company that has been authorized to provide the services required by the Facilitation Agreement. The current Facilitation Agreement expires the same time as San Francisco's agreement with Waste Management for disposal at the Altamont Landfill expires.

2.2.3 Waste Disposal Agreement

As mentioned above, San Francisco contracts with Waste Management for disposal of all solid waste collected in San Francisco at the Altamont Landfill. The Waste Disposal Agreement, which was entered into on January 2, 1987 has a term of up to 65 years or until 15 million tons of San Francisco's trash is deposited. It is estimated that the remaining capacity allocated to San Francisco will be exhausted in 2015. While San Francisco's agreement for landfill disposal can be competitively bid, the current contract with Altamont Landfill was negotiated without a bid process.

2.2.4 Ballot Initiatives

Two Ballot Initiatives have sought to alter the 1932 San Francisco's charter ordinance as described below. Both measures failed.

2.2.4.1 Proposition Z

In 1993 Proposition Z was put on the ballot. The proposition would have, among other things, repealed the 1932 Ordinance, opened up a competitive bidding process for residential collection services and a one-year permit system for commercial collection services,

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and required contractors to pay an annual fee to San Francisco. The Proposition, backed by then Senator Quentin Kopp as well as the San Francisco Taxpayers Association failed receiving only 24 percent of the vote.

2.2.4.2 Proposition K

The next year, Proposition K was put on the ballot and was also voted down, although by a smaller margin than the previous year, receiving 34 percent of the vote. Proposition K would have amended the 1932 Ordinance by allowing permits to be issued for commercial recyclers, required contracts for services to be competitively bid, and authorized the regulation of rates for commercial collection.

2.2.5 Staff Reports and Interviews

2.2.5.1 2002 Report

The Budget Analyst for San Francisco issued a 2002 report on the Rate Refuse Application Process and the 2001 residential refuse rate increase. The following is a summary of the Budget Analyst's policy recommendations:

- *The Department of Public Health should actively encourage more refuse companies to seek licenses and permits to operate in the City;*
- *The City should explore the possible mechanisms to acquire and manage the transfer station;*
- *The company should be required to segregate all residential costs from its commercial costs, and should also amend the Ordinance in order to allow the City to regulate commercial rates; and*
- *San Francisco should review alternative mechanisms to selecting contractors.*

2.2.5.2 Department of the Environment (DOE) Proposed Resolution for the Execution of the Landfill Disposal Agreement and Amendment to the Facilitation Agreement

On February 9, 2011 the DOE proposed a resolution that would authorize the DOE to execute a new Landfill Disposal Agreement with Recology as well as approve an amendment to the existing Facilitation Agreement.

The new Landfill Disposal Agreement was requested after a competitive bid process was conducted by the DOE. The new agreement would designate Recology's Ostrom Road Landfill in Yuba County as San Francisco's exclusive disposal site with five

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million tons of solid waste able to be deposited at the site and a term of up to ten years beginning in 2015; as mentioned previously 2015 is the estimated expiration of the Waste Disposal Agreement with Waste Management.

The amended Facilitation Agreement would carry the same term as the Landfill Disposal Agreement and would require Recology to continue to consolidate trash at its transfer station, and to transport it to Ostrom Road by way of truck and rail. The amended Facilitation Agreement was not put out to competitive bid, as again Recology is the only hauler permitted to transfer refuse without commercial value through San Francisco.

2.2.5.3 2010 Budget Analyst's Report on the DOE's Proposed Resolution

In response to the proposed resolution by the DOE, the Budget Analyst issued the following policy alternatives:

- *Submit a proposition to the voters to repeal the Refuse Collection Ordinance of 1932, such that the collection and transport of refuse would be subject to the City's competitive bidding process; or*
- *Request that the Department of the Environment analyze the potential costs and benefits of using a firm other than Recology.*

2.2.5.4 Interviews with DOE Staff

In interviews with DOE Staff, R3 discussed the Rate Setting Process, services provided by Recology and how new services are established, and competitive procurement processes. DOE Staff indicated that the current process they use to negotiate services and set customer rates with Recology results in a high level of services and competitive customer rates. Further, they indicated that because Recology and the City are long-term partners, Recology has the ability to implement new and innovative programs and amortize capital purchases in favorable terms to rate payers. Staff indicated that having a long-term relationship is an appropriate alternative to a competitive procurement process.

3.0 Data Sources and Methodology

We used a combination of phone and e-mail surveys, interviews, Internet research, and existing franchise agreements to compile the information used in this Report. Data compiled for this Study was gathered from the following sources:

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- The Department of Resources Recycling and Recovery (CalRecycle);
- Surveyed jurisdictions and service providers;
- Data gathered in previous studies and projects by R3;
- Interviews with San Francisco Agencies;
- Documents provided by various entities; and
- Internet Research.

3.1 California Department of Resources Recycling and Recovery (CalRecycle)

For this study, R3 used CalRecycle's Solid Waste Information System (SWIS) in order to:

- Obtain information on franchised waste disposal in the Greater Bay Area;
- Obtain information on the remaining landfill capacity of the disposal sites used by jurisdictions in the Greater Bay Area; and
- Obtain jurisdiction diversion rates.

3.2 Jurisdiction and Hauler Surveys

A total of 95 jurisdictions in the Greater Bay Area and two franchised solid waste service providers were contacted by phone and/or by email. Some jurisdictions are divided into multiple districts. Information was also received from Recology, and Waste Management of Alameda County.

Table 1, on the following page, is a list of jurisdictions included in this report.

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TABLE 1
Jurisdictions Included in this Report (By County)

San Francisco County	Contra Costa County (continued)	San Mateo County (continued)
San Francisco	Walnut Creek	West Bay Sanitary District
Alameda County	County of Contra Costa	Woodside
Alameda	Uninc. West Contra Costa County	County of San Mateo
Albany	Marin County	Santa Clara County
Castro Valley SD	Almonte Sanitary District	Campbell
Dublin	Belvedere	Cupertino
Emeryville	Fairfax	Gilroy
Fremont	Larkspur	Los Altos
Hayward	Las Gallinas Valley SD	Los Altos Hills
Livermore	Mill Valley	Los Gatos
Newark	Novato	Milpitas
Oakland	Ross	Monte Sereno
Oro Loma SD L1& L2	San Anselmo	Morgan Hill
Oro Loma SD L3	San Rafael	Mountain View
Piedmont	Sausalito	Palo Alto
Pleasanton	Tiburon	San José
San Leandro	San Mateo County	Santa Clara
Union City	Atherton	Saratoga
Contra Costa County	Belmont	Sunnyvale
Antioch	Brisbane	County of Santa Clara
Clayton	Burlingame	Sonoma County
Danville	Colma	Cloverdale
El Cerrito	Daly City	Cotati
Hercules	East Palo Alto	Healdsburg
Lafayette	Foster City	Petaluma
Martinez	Granada Sanitary District	Rohnert Park
Moraga	Hillsborough	Santa Rosa
Oakley	Menlo Park	Sebastopol
Orinda	Montara Sanitary District	Sonoma
Pinole	Pacifica	Windsor
Pittsburg	Redwood City	County of Sonoma
Pleasant Hill	San Bruno	
Richmond	San Carlos	
San Pablo	San Mateo	
San Ramon	South San Francisco	

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Appendix B provides data collection forms used in the surveys. The key information that was gathered from jurisdictions and service providers is listed below:

- Methodology used to select current collection and /or service provider;
- Exclusive disposal agreements (if any);
- Franchised haulers and associated contract terms;
- Date of last rate increase and next anticipated rate increase;
- Methodology used to set rates;
- Current account information;
- Current diversion rate;
- Services included in rates;
- Method of collection;
- Government fee information;
- Disposal information, including fees per ton; and
- Current customer rate sheets.

3.3 Data Gathered Previously by R3

R3 used data and information that was gathered as part of our current and past work in Bay Area Communities including Marin County, Alameda County, Sonoma County, and South Bayside Waste Management Authority.

3.4 Phone Interviews

R3 conducted phone interviews with the following entities:

- San Francisco Port Authority;
- San Francisco Department of the Environment;
- San Francisco Department of Public Works; and
- Recology.

3.5 Documents Provided by Various Entities

Documents provided by various entities for this study include:

- Department of Public Works Rate Order;
- Refuse Collection and Disposal Rate Hearing Rules of Procedure;
- The Facilitation Agreement;
- Waste Disposal Agreement;
- The 2002 Budget Analyst's Report; and

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- The February 9, 2011 Budget and Finance Committee Agenda Packet:
 - Resolution;
 - Staff Report;
 - Contract;
 - Load Checking Program; and
 - Waste Acceptance Control Program Manual.

3.6 Internet Research

R3 conducted Internet research to collect the following information:

- Survey data including rate sheets, franchise agreements' individual jurisdiction contact information, ordinances and resolutions, service providers, diversion rates, and other relative information;
- Information on barge and rail as a way to transfer refuse; and
- Historical information on the refuse system in San Francisco, including news articles, ordinances, ballot measures, and staff reports.

4.0 Analysis

4.1 Solid Waste Service Providers

We were able to obtain information on 23 different solid waste service providers in the Greater Bay Area jurisdictions. However, we noted that the area is primarily serviced by three companies who provide service the majority of jurisdictions surveyed:

- Republic Services Inc. provides services in 29 of the jurisdictions. Republic Services Inc. is a publicly traded corporation.
- Recology provides services in 23 of the jurisdictions. Recology is owned by its employees under the terms of an Employee Stock Ownership Plan (ESOP).
- Waste Management Inc. provides services in 23 of the jurisdictions. Waste Management Inc. is publicly traded corporation.

The remaining 20 service providers, of which 19 are independent/privately owned and 1 is a publicly traded company, provide services in 48 jurisdictions.

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Table 2 contains the solid waste service providers in the jurisdictions surveyed. A complete list, including jurisdictions and service areas can be found in Appendix C.

TABLE 2 Solid Waste Service Providers		
Service Provider	Type of Company	Number Jurisdictions Serviced
Republic Services, Inc. and Affiliates	Publicly Traded Corporation	29
Recology and Affiliates	ESOP	23
Waste Management, Inc. and Affiliates	Publicly Traded Corporation	23
Marin Sanitary Service	Independent/Privatey Owned	6
North Bay Corporation and Affiliates	Independent/Privatey Owned	6
Mill Valley Refuse	Independent/Privatey Owned	5
Green Waste Recovery	Independent/Privatey Owned	4
West Valley Collection and Recycling	Independent/Privatey Owned	4
South San Francisco Scavenger Company	Independent/Privatey Owned	3
Alameda County Industries	Independent/Privatey Owned	2
Mission Trails Waste Systems	Independent/Privatey Owned	2
Garaventa Enterprises and Affiliates	Independent/Privatey Owned	2
Green Team of San José	Publicly Traded Corporation	2
Garden City Sanitation	Independent/Privatey Owned	2
California Waste Solutions	Independent/Privatey Owned	2
Amador Valley Industries	Independent/Privatey Owned	1
Bay Cities Refuse	Independent/Privatey Owned	1
East Bay Sanitary	Independent/Privatey Owned	1
Livermore Sanitation	Independent/Privatey Owned	1
Pleasanton Garbage Services	Independent/Privatey Owned	1
Sonoma Garbage Collectors	Independent/Privatey Owned	1
Specialty Solid Waste and Recycling	Independent/Privatey Owned	1
Tri-CED	Independent/Privatey Owned	1

Note: Some jurisdictions have more than one service provider (i.e., Allied Waste Services provides trash collection for Walnut Creek, while Waste Management provides green waste and recycling collection).

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4.2 Service Provider Selection

4.2.1 Selection Process

There are a variety of different processes used by local jurisdictions to select their contractors for solid waste and recycling collection, transfer, and disposal services. These services may be provided by a single contractor or multiple contractors within a single jurisdiction. However, in each instance, the service provider is selected using one of following methods.

4.2.1.1 Collection Services

- **Sole Source Selection.** Historically, many jurisdictions received collection services from a single solid waste collection company. In many cases this service was conducted exclusively between the contractor and the customer. However as the rules and regulations controlling the collection and disposal of solid waste became more complex, and with the need to implement recycling and diversion requirements, more jurisdictions became involved in the collection and disposal process. At that time many jurisdictions simply offered exclusive franchise agreements to their existing contractors. These franchise agreements included service requirements and a service term limit
- **Conduct a Competitive Procurement Process.** Jurisdictions may obtain their collection service contractor through the use of a competitive procurement process. This process involves the development of initial program requirements, diversion requirements, franchise fee amounts, insurance requirements, etc. Once the initial program options have been developed, the jurisdiction prepares and issues a request for proposals to all interested and qualified contractors. The contractors' responses are evaluated and the top ranked proposer(s) are awarded an exclusive franchise. The franchise agreement includes service requirements and a service term limit.
 - While the use of the competitive procurement process is usually a voluntary process on the part of a jurisdiction, there are several instances where is it mandated. Some franchise agreements specify the maximum number of years that the agreement may be extended, if it is extended. In addition some franchise agreements provide that the agreement may not be extended. Finally we are aware of one jurisdiction which is required by

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Municipal Code to competitively procure collection services at least once every ten years

- **Renegotiate the Current Franchise Agreement with the Current Contractor.** At the end of the current franchise agreement term the contractor and the jurisdiction renegotiate an extension to the agreement. This process may involve extensive changes in collection programs and services or it may only include minor revisions. The renegotiated franchise agreement contains service requirements and a service term limit.
 - In some instances, as is discussed further in this report jurisdictions have continued to extend original franchise agreements and have never obtained collection services through the use of a competitive procurement process.
- **Provide for Non-Exclusive Franchise Services Through the Use of Permits or Licenses.** Jurisdictions may provide for collection services through the award of non-exclusive franchise agreements, which require that the contractor have a license or permit. The non-exclusive franchise agreement contains service requirements but often does not include a service term limit as the validity of the franchise agreement is based on the annual renewal of the licenses or permit. This type of procurement process is normally used to secure commercial or industrial collection services, but not normally used to procure residential collection services.
- **San Francisco.** San Francisco, through the Refuse Collection and Disposal Ordinance of 1932 initially provided multiple licensed collection companies with a total of 97 permits to collect solid waste. Each permit was related to a specific collection route and the process allowed the holder of a permit to be replaced in the event of poor service. Over time the permits were sold to several companies, which eventually became Recology. Under the terms of the original 1932 ordinance and all subsequent amendments, as the result of holding all of the original permits, Recology is the exclusive licensed collection service provider for San Francisco. However, they do not operate under any specific or codified terms and conditions such as would be found in a typical franchise agreement nor is there a service term limit.

4.2.1.2 Disposal Services

- **Conduct a Competitive Procurement Process.** Jurisdictions may select their disposal service contractor

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through the use of a competitive procurement process. This process involves the development of initial program requirements, diversion requirements, insurance requirements, etc. Once the initial requirements have been developed, the jurisdiction prepares and issues a request for proposals to all interested and qualified disposal contractors. The contractors' responses are evaluated and the top ranked proposer(s) are awarded an exclusive disposal agreement. The disposal agreement includes service requirements and a service term limit.

- While the use of the competitive procurement process is usually a voluntary process on the part of a jurisdiction, there are several instances where it is mandated. Some disposal agreements specify the maximum number of years that the agreement may be extended, if it is extended. In addition, some disposal agreements provide that the agreement may not be extended.
- **Renegotiate the Current Disposal Agreement with the Current Contractor.** At the end of the term of the current disposal agreement the contractor and the jurisdiction may renegotiate an extension to the agreement. The renegotiated disposal agreement contains service requirements and a service term limit.
- **Provided by Collection Service Contractor.** The collection service contractor may provide disposal services as part of the collection services. In these instances the jurisdiction is not a party to the disposal service agreement. As part of the collection service agreement, jurisdictions may require that the contractor utilize a specific disposal facility or they may only require that the disposal facility utilized by the contractor be properly permitted and operate in a legal manner.
- **San Francisco.** San Francisco selects its disposal service provider through the use of a competitive procurement process.

4.2.1.3 Transfer Facility and Transport Services

In the Greater Bay Area, transfer facility services are normally selected as part of the collection service provider selection process or the disposal service provider selection process. The transport of material received and consolidated at the transfer facility is provided by the operator of the transfer station.

San Francisco. In 1987 San Francisco entered into a Facilitation Agreement with Recology which requires Recology to operate the

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Tunnel Road Transfer Station and transport the consolidated trash to the Altamont landfill. Because the Tunnel Road Transfer Station is located in the City and reaching it requires traveling through City streets, and Recology holds all of the permits required to transport refuse without commercial value through San Francisco's streets, Recology is the only company that can provide these services.

4.2.2 Survey Results

4.2.1.4 Collection Services

Information was obtained from 71 jurisdictions regarding the process that was used to select their residential and commercial collection service provider. The specific jurisdictions included in Charts 1 and 2 below are listed in Appendix C.

Of those 71 jurisdictions, 55% selected their residential and commercial service provider through a competitive procurement process while 45%, including San Francisco, selected their residential and commercial service provider using a non-competitive procurement process.

Those jurisdictions using a competitive procurement process to select their collection service provider all utilize a franchise agreement with a fixed term to set the terms and conditions of service. In addition, most of the franchise agreements include the ability to extend the agreement through negotiations.

With the exception of San Francisco, those jurisdictions who selected their collection service provider through the use of a non-competitive procurement process also utilize a franchise agreement to set the terms and conditions of service. All of these agreements include provisions for extension of the term of the agreement. San Francisco is the only jurisdiction that controls exclusive residential and commercial collection services through the use of a permit process.

Due to the fact that many of these agreements originated over 35 years ago it is not possible to determine if the original agreement was awarded as part of a sole source negotiation, or as a formalization of an existing business arrangement with a company that was at the time the only service provider. In addition, in many instances the franchise agreement has been purchased one or more times so that while the services have never been competitively procured, there have been more than one service provider.

The following charts illustrate the average methods for contracting for residential and commercial service agreements.

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CHART 1
Surrounding Area Residential Service Agreement Process

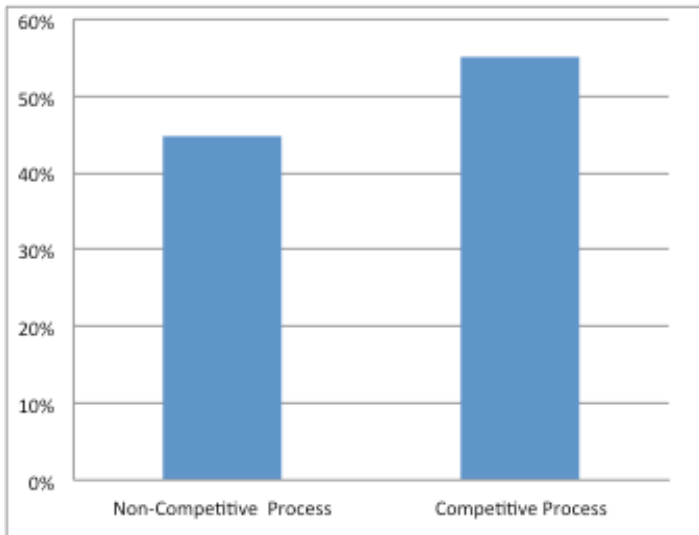
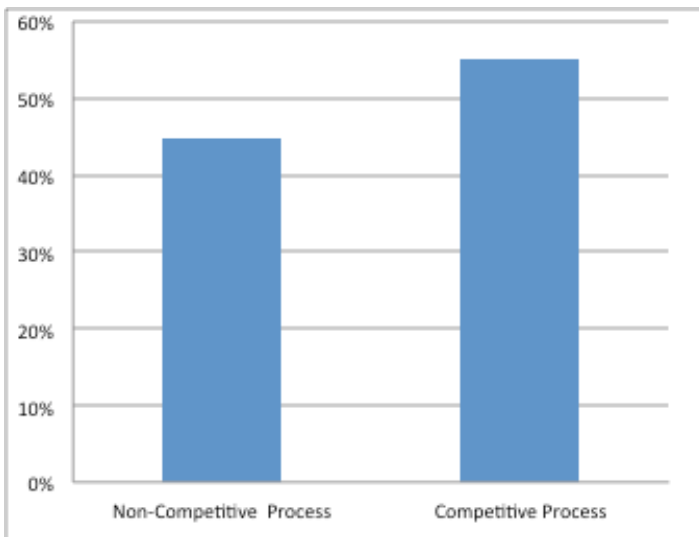


CHART 2
Surrounding Area Commercial Service Agreement Process



4.2.1.5 Disposal Services

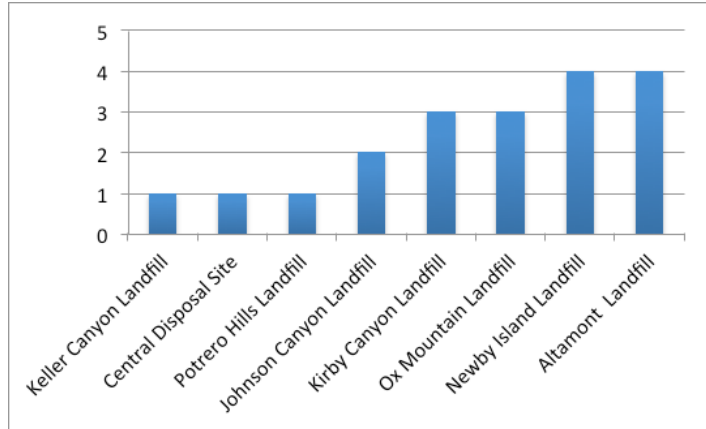
Of the 71 jurisdictions that provided disposal facility information, 19 have direct contracts with a specific landfill. However, some regional authorities, such as the South Bayside Waste Management Authority/Agency (SBWMA) contract directly with a specific disposal facility for the use of their member agencies. The chart below illustrates the landfills that have separate contracts for disposal and the corresponding number of agreements. The

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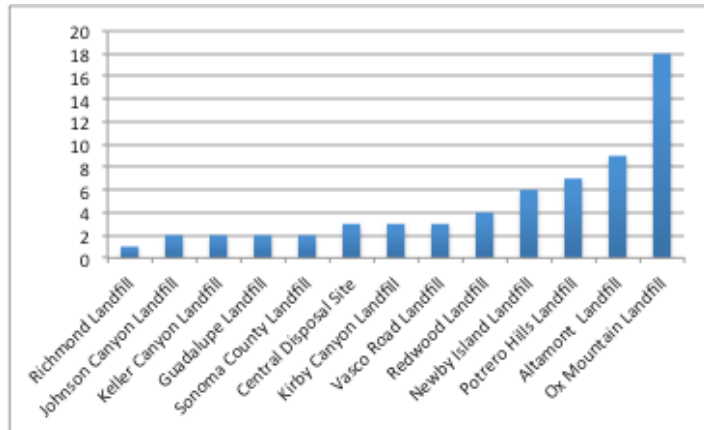
specific jurisdictions included in Charts 3 and 4 below are listed in Appendix C.

CHART 3
Surrounding Area Disposal Agreements



Data was also gathered on Disposal Facilities used by jurisdictions in the Greater Bay Area. Of the 62 jurisdictions that disposal data was obtained for, 29 percent (18 jurisdictions) disposed of materials at Ox Mountain Sanitary Landfill and 15 percent (9 jurisdictions) disposed of materials at Altamont Landfill. The following chart illustrates the number of jurisdictions who dispose of materials at each of the reported landfills. It should be noted that many jurisdictions dispose of trash at multiple landfills.

CHART 4
Landfills Utilized in the Greater Bay Area



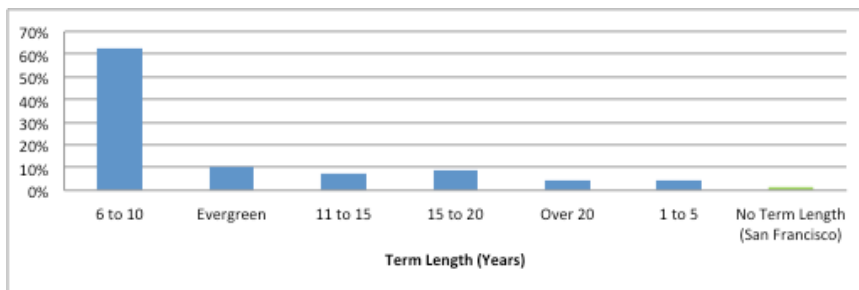
4.2.1.6 Residential Service Term Lengths

We received information on service term lengths from 71 jurisdictions. The specific jurisdictions included in Chart 5 below are listed in Appendix C. Each of these jurisdictions included the

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term of service in a franchise agreement. In most cases the franchise agreement also allowed for an extension to the initial term of the agreement. ***San Francisco is the only jurisdiction in the Greater Bay Area that does not have a service term.*** The average term of service is 11 years. Of the 71 jurisdictions for which information was obtained, 10% percent (7 jurisdictions) have an evergreen contract in place. This type of contract has a clause that automatically renews it annually, unless notice for termination is given. Service term lengths based on our survey are displayed in the following chart.

**CHART 5
Residential Service Term Lengths**



4.3 Rate Setting Methodologies

There are a variety of different processes used to set rates. The most frequently used are described below. In some cases the jurisdiction has a rate hearing to formerly approve the rates. In other jurisdictions it is administered at an administrative level without a public hearing.

Information on rate setting methodologies was received from 73 jurisdictions. The majority of those (41) used a CPI indexed adjustment to set rates. Of those, 10 alternated between a detailed rate review and an index adjustment. Another 11 jurisdictions used an RRI and 9 used only detailed rate reviews. The remaining 2 jurisdictions operate on a pre-scheduled rate increase. The specific jurisdictions included in Chart 6 below are listed in Appendix C.

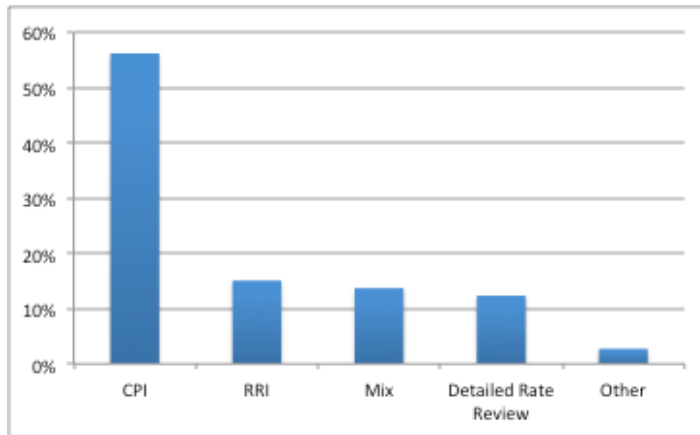
The following chart summarizes the rate setting methods used by jurisdictions in the Greater Bay Area.

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CHART 6
Rate Setting Methodologies



4.3.1 Consumer Price Index

The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. These indices are published monthly by the Department of Labor and can be obtained on the Internet at the Department of Labor's website. Under this methodology the current service rate is multiplied by the percentage change, or in some cases a portion of the percentage change, in the CPI over a twelve-month period.

4.3.2 Refuse Rate Index

The Refuse Rate Index (RRI) is a multiple index approach, which was designed specifically for adjusting solid waste collection rates. The RRI is based on various national indices that are directly applicable to the direct costs of the collector, such as No. 2 diesel fuel, vehicle repair and maintenance and labor. These indices are published monthly by the Department of Labor and can be obtained on the Internet at the Department of Labor's website.

Each year, the collector submits unaudited financial information in a format that is set forth in the franchise agreement. The format requires the company to separate its cost of operations into five major categories: Labor, Fuel, Vehicle Replacement; Maintenance; and All Other. Based on its particular value as a percentage of total cost, each category is assigned a weight. Each category is associated with a specific national index and the change in that index is calculated for the appropriate period, normally a year. The change in each index is then multiplied by the "weight factor" for the appropriate category, and the sum of the results is the adjustment factor (the RRI) for that period. The

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current collection rate is then multiplied by the new RRI to establish the new collection rate.

4.3.3 Detailed Rate Review

A detailed rate review is a review of all of the collector's costs (labor related, vehicle related, recyclable materials processing, etc.), allocation costs (container and vehicle maintenance, depreciation, etc.), profit, and pass-through costs (disposal, processing, city fees, etc.).

Many jurisdictions use both a detailed rate review and an indexed adjustment. For example, San Francisco completes a detailed rate review approximately every 5 years and an indexed adjustment during the interim years.

4.3.4 San Francisco's Rate Setting Process

The 1932 Ordinance and the Rate Adjustment Procedure govern the refuse collection and disposal rate setting in San Francisco. The rate setting process generally takes place every five years with the interim years adjusted for cost of living calculated by indexed adjustments. The rate setting process takes place in the following order:

4.3.4.1 Pre-Filing Procedures for Regulated Entities

The first step in the rate setting process requires the applicant to submit a Notice of Intent to File Application to the Director of the Department of Public Works (Director). The notice must include a brief description of any significant new programs, projects or fundamental changes in rate methodology. The description also must include a discussion of the underlying assumptions, impact on the rate, costs and revenues, and other technical information and analysis to assist City staff and the public to understand the proposed programs and upcoming rate adjustment methodology. A public notice is then posted on the Department of Public Works (DPW)'s website.

A minimum of two technical workshops are held during this time with DPW Staff and the applicant in which the applicant presents current data and proposed rate changes and is available to answer technical questions posed by DPW staff and/or the public. These meetings do not involve agreements or decisions, but instead are intended to ensure full understanding of the rate application and the issues involved and to facilitate public participation.

Following the workshops, a draft application is filed by the applicant with the Director, and if the application is found to be complete, DPW staff will notify the applicant in writing.

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4.3.4.2 Rate Adjustment Application

The applicant files the Rate Application (Application) with the Chair of the Rate Board, which is then immediately referred to the Director. The Director then determines the completeness of the application. Appendix D contains a full list of required components.

After the Application is submitted a minimum of two technical workshops are held open to the public. The focus of the workshops is to identify any changes from the pre-application documents. As with the pre-filing workshops, the purpose is to ensure full understanding of the rate application and the issues involved and to facilitate public participation.

4.3.4.3 Hearings Before the Director

Within thirty (30) days of receipt of the Application, a formal public hearing is commenced. The hearing is transcribed and contains the following processes:

- A presentation by the applicant;
- Cross-examination of the presenter, which can be given by any interested party, including members of the public;
- Presentations by interested parties which can include members of the public;
- A final presentation by DPW staff, followed by a cross-examination of DPW staff; and
- Finally, the applicant has the opportunity for rebuttal. That rebuttal is also subject to cross-examination.

Upon the conclusion of the hearing the Director submits a report on the application to the Chairman of the Rate Board that includes a Recommended Order. The Recommended Order is then published in the official newspaper and on the DPW website as well as mailed to the applicant and any interested party.

4.3.4.4 Hearing Before the Rate Board

Within 15 days after the filing of the Recommended Order, objections may be filed in writing to the Chair of the Rate Board, by the applicant or any interested party. If no objections to the Recommended Order are filed, the Recommended Order is then deemed the Order of the Rate Board, and takes effect with no changes.

If objections to the Recommended Order are made a hearing is held before the rate board, and notice is posted. The Rate Board is comprised of the City Administrator, the Controller and the Manager of Utilities. During the hearing presentations by objectors and non-objectors are made; the presentations are limited by the

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subject matter of the written objections and by the evidence and records made at the hearing before the Director of Public Works. After the presentations, time for Public Comment is given.

Following the Rate Board Hearing, the Rate Board either grants or denies the application for a rate adjustment in whole or in part and will issue an Order.

4.4 Service Rate Comparisons

There are many variables may affect the rates of each jurisdiction.

- The method of selecting a service provider (i.e. competitive or non-competitive);
- The overall scope of services;
- The term of agreement;
- An exclusive or non-exclusive franchise agreement;
- Mandatory or voluntary services;
- Frequency of service;
- Diversion requirements;
- Rate setting methodology;
- The amount of franchise, administrative or other jurisdictional fees;
- A separate or bundled charge for recycling and/or green waste services;
- The inclusion of services, such as City facilities, special events, compost give-a-ways, e-waste, u-waste and bulky waste collection, and community clean-up events in the base rates;
- Fees paid to the public agency; and
- Disposal fees.

The following sections include a comparison of services and discussion government fees, followed by a comparison of residential and commercial customer rates. While service rates are used by many jurisdictions for comparison, it is impossible to make a valid comparison without knowing the contractual terms and conditions behind each rate.

4.4.1 Residential Collection Services

Many jurisdictions in the Greater Bay Area require that the service provider offer recyclables and/or green waste and/or food waste as part of the collection service; in most cases the cost of these services is bundled together in the base price for collection service. While it is standard practice that trash and food waste are collected weekly, frequency of green waste and recycling services varies between weekly and bi-weekly collection, with some

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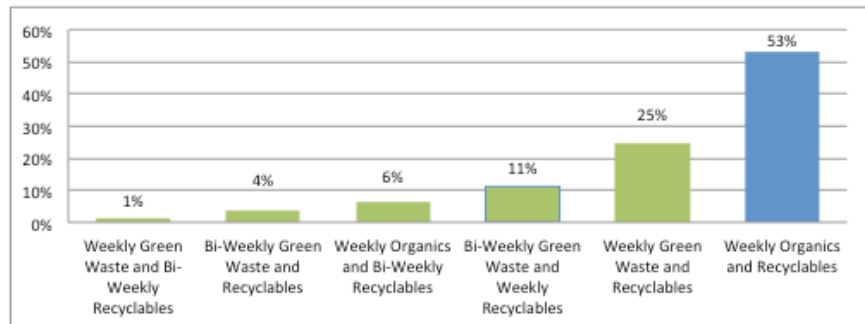
jurisdictions choosing to alternate weeks between recycling and green waste collection. In San Francisco curbside collection of recyclables and compostables (food waste and green waste) occurs weekly; however, apartment collection often occurs more frequently.

Of the 81 jurisdictions that provided information about their curbside collection services:

- 48 jurisdictions offer food waste collection;
 - 43 of those 48 jurisdictions who collect food waste, green waste and recyclables do so *weekly*; and
- The remaining 33 jurisdictions offer collection of green waste and recyclables at various frequencies.

The following chart illustrates the averages of curbside collection services and frequencies. The specific jurisdictions included in Chart 7 below are listed in Appendix C.

CHART 7
Residential Services and Collection Frequency



4.4.2 Commercial Collection Services

Many jurisdictions in the Greater Bay Area require that the service provider offer recyclables, and/or green waste and/or food waste as part of the collection service. These services may be offered at a separate rate from trash collection or bundled in the base rate of trash collection. Of the collection services that are offered at a separate rate, many are given a discounted rate from the rate of trash collection in order to provide an incentive to reduce waste being sent to the landfill. In San Francisco the collection of recyclables and compostables (food waste and green waste) is mandatory and the customer rates are discounted based on the amount of refuse diverted from the landfill.

There may also be limits on the amount of services included in the customer rates; for example, jurisdictions that are members of the Central Contra Costa Solid Waste Authority offer recyclable and food waste collection service included in the commercial customer

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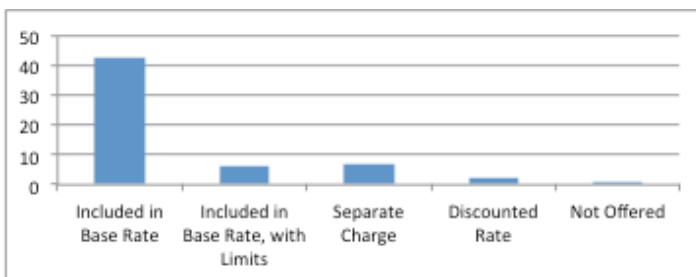
base rates but only if the customer subscribes to under 2 cubic yards.

Of the 59 jurisdictions that responded to our request for commercial food waste and recyclable collection services:

- For collection of recyclables;
 - 43 jurisdictions include the service in the base rate;
 - 6 jurisdictions include the service in the base rate, but with limits to the volume allowed per week;
 - 7 jurisdictions offer the service as an extra charge;
 - 2 jurisdictions offer the service at a discounted rate; and
 - 1 jurisdiction did not offer the service.
- For the collection of food waste:
 - 17 jurisdictions include the service in the base rate;
 - 6 jurisdictions include the service in the base rate, but with limits to the volume allowed per week;
 - 9 jurisdictions offer the service as an extra charge;
 - 14 jurisdictions offer the service at a discounted rate; and
 - 13 jurisdictions did not offer the service.

The following two charts illustrate the jurisdictions inclusion of commercial recyclable and food waste collection in customer rates. The specific jurisdictions included in Charts 8 and 9 below are listed in Appendix C.

CHART 8
Commercial Recycling Collection Services

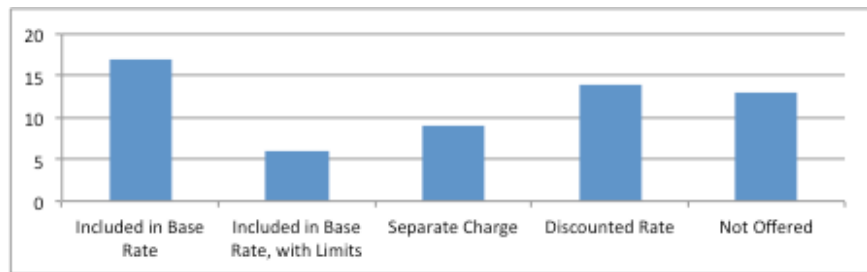


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CHART 9
Commercial Food Waste Collection Services



4.4.3 Additional Services Included in Customer Rates

The customer rates for jurisdictions in the Greater Bay Area include a variety of different services such as:

- Community Cleanups;
- City Facility Collection at discounted or no cost;
- Special Event Collection;
- Compost Give-a-ways;
- E-waste and U-waste Collection;
- Public School Collection;
- Street Sweeping;
- Oil and Oil Filter Collection;
- Abandoned Waste Collection;
- HHW Facility Operation and Curbside Collection; and
- City Litter Can Collection.

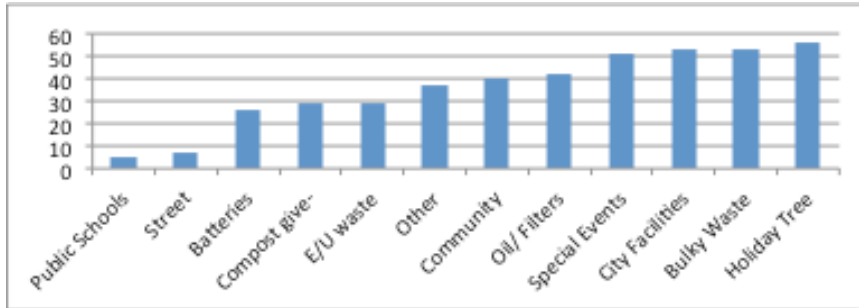
These services also vary in frequency, quantity and method of collection. For example, many service providers offer bulky waste collection services; these can take place on a scheduled route basis, through the use of on call pick-ups, or require the service recipient to deliver the bulky waste items to centralized location, and there are often limits placed on items as by type or size. R3 did not analyze services based on these factors; instead the total amount of services offered was tallied in order to compare the number of services offered.

73 jurisdictions provided information on the other services offered to the customer. Over half of the jurisdictions included holiday tree collection (57), bulky waste collection (54 jurisdictions), city facilities (54 jurisdictions), special events (51 jurisdictions), oil and oil filter collection (43 jurisdictions) and community cleanups (41 jurisdictions). Compost give-a-ways and E-waste and U-waste collection were offered by 29 jurisdictions and battery collection was offered in 26 jurisdictions. Public schools (5 jurisdictions) and

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street sweeping (7 jurisdictions) were offered to a lesser extent. Chart 10 summarizes other services offered. The specific jurisdictions included in Chart 10 below are listed in Appendix C.

**CHART 10
Other Services Offered**



4.4.4 Diversion Data

The per capita disposal rate is a jurisdiction-specific index and cannot be compared between jurisdictions. The per capita disposal rate is used as one of several “factors” in determining a jurisdiction’s compliance with the intent of AB 939, and allows the California Department of Resources Recycling and Recovery (CalRecycle) and jurisdictions to set their primary focus on successful implementation of diversion programs. Meeting the disposal rate targets is not necessarily an indication of compliance.¹

R3 has obtained the per capita disposal rate for all jurisdictions surveyed and calculated a diversion rate based on the following calculation.

$$((Target\ Rate\ X\ 2) - Disposal\ pound\ per\ day) / (Target\ Rate\ X\ 2)$$

In other words, R3 calculated the total amount generated, and subtracted the amount disposed to get the total amount diverted. Then we divided the amount diverted by the total amount generated to get the percentage diverted.

Sonoma County Waste Management Agency, Marin County Hazardous and Waste Management Joint Powers Agency and the City and County of San Francisco report to the Department of Resource Recycling and Recovery (CalRecycle) on a regional basis and jurisdictions within Contra Costa, San Mateo, Santa Clara and Alameda counties report on a jurisdictional basis. Because of this, the diversion rates have been averaged by County and are displayed in the Chart below. The specific jurisdictions included in Chart 11 below are listed in Appendix C.

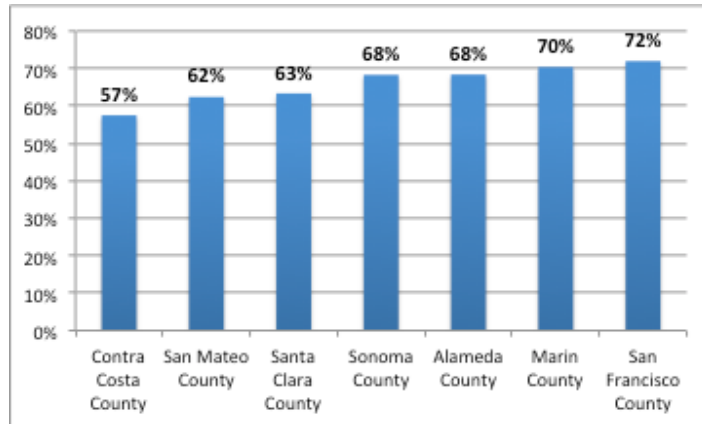
¹ <http://www.calrecycle.ca.gov>

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CHART 11
Average Diversion Rate by County



4.4.5 Public Agency Fees

Many fees paid by the hauler to a jurisdiction are included in the customer rates. The following are examples of these fees:

- Franchise Fees;
- AB 939 Fees;
- Vehicle Impact Fees;
- HHW Fees;
- City Administrative Fees; and
- Integrated Waste Management Fees.

For example, Franchise Fees are usually a percentage of the total gross receipts of the hauler, AB 939 fees are usually a flat fee paid for administration purposes, and vehicle impact fees can be a flat fee or a percentage of gross receipts. Comparison of fees is extremely difficult for these reasons. Most jurisdictions surveyed in the Greater Bay Area impose a franchise fee on their solid waste service provider. Franchise Fee payments range from 2% of the total gross receipts to 21%, vehicle impact fees can range from 0.1% to 3% of gross receipt, and AB 939 and city administrative fees can range from 1% – 5% of gross receipts.

In comparison, San Francisco receives impound account fees from Recology, but does not receive a franchise fee. The authority for these fees originates from the 1932 Refuse Collection and Disposal Ordinance. The impound account fees are used by the City to fund program activities conducted by the DOE that relate to the production and management of the City's waste stream. The annual impound fund fee is not based on annual revenues but instead is set every five years as part of the rate setting process. The specific jurisdictions receiving Public Agency Fees are listed in Appendix C.

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4.4.6 Customer Rate Comparisons

During the study, residential rates were collected for 20 gallon, 32 gallon, 64 gallon and 96 gallon container sizes. The differences between the highest customer rates and the lowest customer rates were large. For example, in one jurisdiction the base rate for a 20 gallon can was \$6.09 and in another the base rate was \$45.48; a \$39.39 difference. This illustrates the difficulty in comparing customer rates, without understanding the services and fees supported by those rates.

Two different sets of rates were analyzed. In the first analysis all of the collected rates were compared; in the second analysis the rates were separated and only customer rates in jurisdictions in which food waste, green waste and recyclables collection occurred weekly were compared. The following subsets were reviewed for both analyses:

- The *lowest* customer rate;
- The *highest* customer rate;
- The average of all customer rates;
- The average of customer rates in jurisdictions that selected the service provider through a *competitive* process; and
- The average of customer rates in jurisdictions that selected the service provider through a *non-competitive* process.

This study found that on average residential customer rates in jurisdictions that selected service providers competitively were slightly lower than those jurisdictions that used a non-competitive process to select service providers. San Francisco's residential customer rates were comparable to the average of the Greater Bay Area customer rates, both competitive and non-competitive. As discussed at the beginning of this Section, there are many factors that affect customer rates; accordingly, you cannot conclude from this data that competitively procured services will always provide the lowest customer rate.

A list of residential rates is included in Appendix C. Chart 12 contains a comparison of all residential rates and Chart 13 contains a comparison of residential customer rates of jurisdictions which included weekly collection of food waste, green waste and recyclables in their service rates. The specific jurisdictions included in Chart 12 and 13 below are listed in Appendix C.

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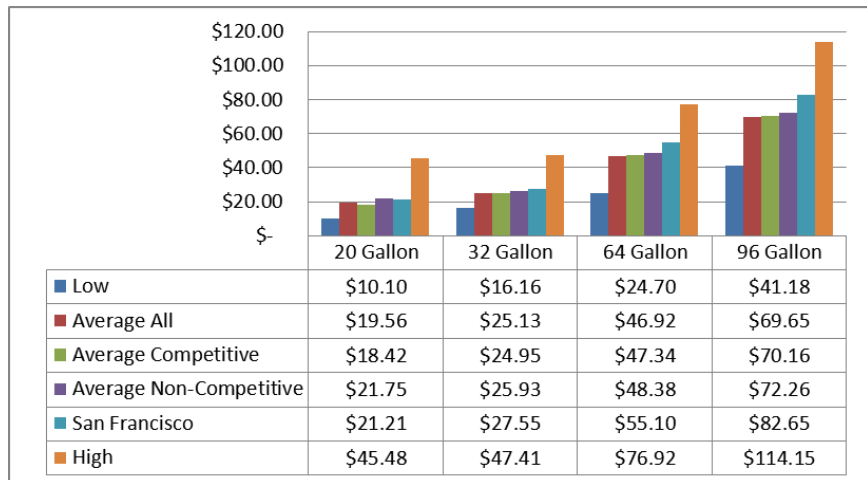
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CHART 12
Residential Rate Comparison of All Surveyed Jurisdictions



CHART 13
Residential Rate Comparison of Jurisdictions that Provide Weekly Collection of Organics and Recyclables



Commercial rates were obtained for 52 jurisdictions, using a once a week collection of 1 cubic yard, 2 cubic yard, and 4 cubic yard sizes. There was a wide range of customer rates for individual container sizes partially due to the fact that service requirements and regulations are different in almost every jurisdiction; accordingly a comparison of commercial rates is extremely difficult, if not impossible. For example, San José currently operates on an open market system and does not regulate commercial rates; Oakland regulates commercial refuse collection, but does not regulate commercial recycling collection rates. San Francisco is the only jurisdiction in the Greater Bay

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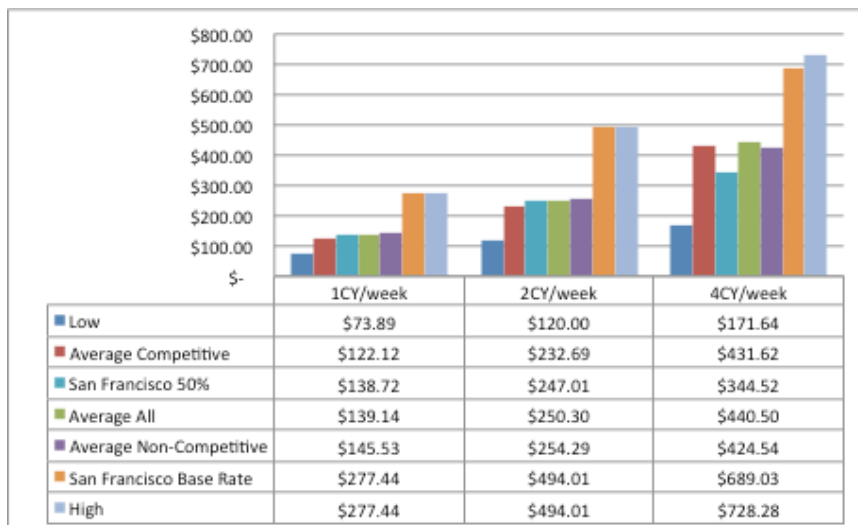
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Area that we are aware of who has mandatory commercial recycling and composting ordinance; Los Altos requires an equal capacity disposal of trash and compostable and/or recyclables and strict diversion requirements of the hauler but there is no mandatory ordinance in place.

When base refuse rates were compared, San Francisco's base refuse rates for commercial collection were the highest in the study. However because San Francisco's commercial rate structure provides discounts based on the level of recycling and composting service subscribed to, and San Francisco has a mandatory composting and recycling ordinance in place that requires each business to source separate recyclables and compostables, virtually all businesses pay less than the base refuse service rate. According to DOE staff the most common discount received by commercial customers is 50%. Accordingly, for purposes of comparing commercial rates in this study, a discount of 50% was applied to the base rates. Using the 50% discount, San Francisco's commercial rates were near average and sometimes below average for the jurisdictions that were studied. Average rates for jurisdictions in which service providers were selected through competitive and non-competitive processes as well as the overall averages for sample container size are shown in Chart 14.

As previously discussed there are many factors that affect customer rates; accordingly, you cannot conclude from this data that competitively procured services will provide the lowest customer rate. The specific jurisdictions included in Chart 14 below are listed in Appendix C.

CHART 14
Commercial Rates



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4.5 Barging

4.5.1 Barging and San Francisco

Recently three ideas have been discussed between the Port of San Francisco and the DOE; relating to the barging of refuse. The first idea involves barging recyclables from the Port of San Francisco to the Port of Oakland. According to a discussion with Port staff, the local barge market is not sufficiently developed for short distance barge travel to be economically feasible. There are also concerns about the materials being double handled. Barge market conditions could change with changes in fuel prices, congestion on the Bay Bridge and/or changes in stevedoring costs.

The second idea is the barging of compostable material from the Port of San Francisco to windrow composting facilities. This involves a longer travel time and is thus more economically feasible. However, under this concept, initial composting of some material would occur at the Recology facility using in-vessel technology. The Port and DOE are jointly evaluating this option as part of future plans for in-vessel composting.

The third idea is to move materials along the California Marine Highway. The America's Marine Highway program is a Congressionally approved initiative to transport cargo and passengers, when possible, on designated water routes to relieve traffic congestion on land and reduce greenhouse gas emissions. In August of 2010, \$7 million of federal funding became available for the existing 18 rivers and coastal routes throughout the nation.² Additionally, a \$30 million Transportation Investment Generating Economic Recovery (TIGER) grant from the U.S. Department of Transportation was awarded to the California Marine Highway Project, which connects Oakland, Stockton, and West Sacramento.³ The United States Department of Transportation Maritime Administration claims that, if fully implemented, the California Marine Highway Project would eliminate 180,000 truck trips from I-580, I-80, and I-205 annually. This would save approximately seven million gallons of fuel every year and significantly reduce Greenhouse Gas Emissions in the area.⁴

² United State Department of Transportation Maritime Administration "America's Marine Highway Program."
http://www.marad.dot.gov/ships_shipping_landing_page/mhi_home/mhi_home.htm#

³ Department of Transportation Final TIGER Grant Report.
<http://www.dot.gov/documents/finaltigergrantinfo.pdf>

⁴ United State Department of Transportation Maritime Administration Marine Corridors Presentation.

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Vessel Operations between Oakland, Stockton and West Sacramento are expected to begin in early 2012.

Some of the potential benefits of barging waste are listed below.

- Significant decrease in damage to City streets and highways due to garbage trucks;
- Reduced greenhouse gas emissions due to garbage trucks; and
- Reduced traffic congestion due to garbage trucks.

Conversely, some of the potential negative effects of barging waste are as follows.

- Possible water contamination;
- Increase water-way traffic; and
- Short-distance transport, especially without an intermodal rail facility, may not be economically viable (i.e., garbage trucks will still have to haul waste to the shipping port and from the receiving port).

4.5.2 Barge-to-Rail in New York City

On May 18, 2010, The Port Authority Board of Commissioners (States of New York and New Jersey) approved the purchase and redevelopment of the Greenville Yards, which is a rail yard in New Jersey that will serve as a method of transportation of solid waste generated in New York. The Port Authority of New York and New Jersey expect the barge-to-rail system to be operational by 2013, in which the port of New York will barge waste to New Jersey, which will then be rail-hauled to an appropriate disposal facility. Once active, New York City plans to barge approximately 120,000 to 180,000 containers of solid waste to New Jersey annually. The barge-to-rail system is expected to relieve traffic congestion along major highways by reducing the amount of truck traffic by up to 360,000 garbage trucks per year. In addition, the barge-to-rail system is expected to significantly decrease the deterioration of city streets and highways and lessen negative environmental consequences due to truck traffic.⁵

4.5.3 Honolulu, Hawaii

The City of Honolulu, Hawaii, was recently denied permission to barge waste to Washington State. Many environmental interest groups and fishing organizations oppose the barging of waste

http://www.marad.dot.gov/documents/Marine_Highway_Corridors13_Sep_10.pdf

⁵ The Port Authority of New York and New Jersey May 18, 2010 press release. http://www.panynj.gov/press-room/press-item.cfm?headline_id=1281

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from Honolulu to the Continental United States because of strong concerns that the transport could potentially contaminate the surrounding ocean water.

4.6 Waste by Rail

4.6.1 San Francisco

If approved, the Landfill Disposal Agreement between the City and County of San Francisco and Recology's Ostrom Road Landfill would trigger an amendment of the current Facilitation Agreement. The agreement would require Recology to transport the City's waste first by truck and then by rail directly to the landfill site. Although the Ostrom Road Landfill is 75 miles farther away than Altamont, the combination of using truck and rail is projected to save 1.15 tons of carbon dioxide emissions per ton of waste when compared to using only truck to transport waste to Altamont.⁶

4.6.2 Los Angeles County

The Los Angeles County Sanitation Districts (LACSD) is in the process of constructing a waste-by-rail system in southern California, in which waste from Los Angeles County will travel from an intermodal facility near the Puente Hills Landfill to an intermodal facility at Mesquite Regional Landfill, located in Imperial County. LACSD expects the intermodal rail facility to be operational by the end of 2012.⁷

4.6.3 New York and New Jersey

In July of 2006, the City of New York entered into a rail-haul agreement with Allied Waste Systems to service Staten Island. Allied currently rail-hauls Staten Island's waste directly to the Bishopville landfill in South Carolina. Additionally, in August of 2007, the City of New York entered into a rail-haul agreement with Waste Management to service the Bronx. Waste Management currently rail-hauls this waste directly to the Waverly Landfill in Virginia.⁸

As mentioned in the barging section of this Report, the Port Authority of New York and New Jersey is planning to barge waste from New York to New Jersey to then be rail-hauled to an

⁶ The February 9, 2011 Budget Analyst Report

⁷ Los Angeles County Sanitation Districts Mesquite Regional Landfill Fact Sheet.

<http://www.lacsd.org/civica/filebank/blobdload.asp?BlobID=2901>

⁸ HDR Presentation "Moving New York City's Trash by Rail."

<http://community.swana.org/SWANA/Upload/2b8c03f8-8c97-44ca-851e-6b73b7d8adb0.pdf>

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appropriate disposal facility. The Port Authority of New York and New Jersey expects this barge-to-rail system to be operational by 2013.⁹

5.0 Study Findings

The following are the major findings of this study:

- Due to the 1932 Ordinance, San Francisco is the only jurisdiction in this study that did not have a formal agreement in place with its service provider and has never conducted a competitive procurement process for collection services.
 - All other communities have the ability to conduct a competitive proposal process.
 - 55% of the communities surveyed have conducted a competitive proposal process.
- 19 of 71 jurisdictions surveyed have separate landfill agreements, including San Francisco.
- There are 23 collectors operating in the jurisdictions included in this study. Of them, the top three, Waste Management, Recology, and Republic Services provide service in the majority of the jurisdictions.
- Of the jurisdictions surveyed, Recology provides one of the most comprehensive services to San Francisco residents and businesses.
 - San Francisco's residential rates are similar to the average of jurisdictions surveyed.
 - Assuming a 50% discount on commercial rates, San Francisco's rates were near average and sometimes below average for the jurisdictions that were studied.
 - San Francisco has the highest calculated diversion rate of all counties in the Greater Bay Area.
- While no apparent service lapses or voids have occurred, it does not appear that Recology is contractually obligated to 1) negotiate with SF, or 2) continue providing services.
- It is unclear if Recology could sell or reassign its licenses/permits to a different company. If this were to happen, it is unclear if the new owner would be obligated to provide the same level of services that are provided by Recology.

⁹ The Port Authority of New York and New Jersey May 18, 2010 press release. http://www.panynj.gov/press-room/press-item.cfm?headLine_id=1281

Study to Examine Practices for Selecting Refuse Collection, Hauling and Disposal Providers

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Study to Examine Practices for Selecting Refuse Collection, Hauling and Disposal Providers

6.0 Recommendations

The trash, recyclables, and organics collection and transport services in San Francisco are unique in both the level of services provided, as well as the way in which the services are obtained. While the system appears to work effectively, this relies on the high level of cooperation between the City and Recology. However, it does not appear that there is a viable option currently in place for the City to change the way that services are obtained, except in voter approved change to the 1932 Ordinance.

R3 has the following recommendations:

- The City should consider developing a more formalized agreement with Recology in order to clearly define areas such as service requirements, expectations, and the rate setting process. This would provide both parties and the stakeholders with a better understanding of the overall collection system as it operates in San Francisco.
- The City should consider modifying or repealing the 1932 Ordinance in order to provide San Francisco with the flexibility to conduct a competitive process to contract for collection and transport services if they wish to do so in the future. While the City appears to be receiving very good services at rates that are within the norm for the Greater Bay Area, the current system provides no flexibility in the event of unforeseen circumstances that may occur in the future.

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Appendix A

Collection Transport and Disposal Documents

- A1. *The Refuse Collection and Disposal Ordinance of 1932*
- A2. *The Facilitation Agreement*
- A3. *The Waste Disposal Agreement*
- A4. *The Budget Analyst's 2002 Report of the Refuse Rate Application Process*
- A5. *The San Francisco Department of the Environment's proposed resolution to amend the Facilitation Agreement and award a new Landfill Disposal Agreement*
- A6. *The Budget Analyst's 2010 Report in response to the Department of the Environment's proposed resolution*

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San Francisco, California, Administrative Code >> APPENDIX 1: - REFUSE COLLECTION AND DISPOSAL ORDINANCE >>

APPENDIX 1: - REFUSE COLLECTION AND DISPOSAL ORDINANCE

Adopted November 8, 1932

Providing for the Collection and Disposition of Refuse in the City and County of San Francisco; Providing for the Licensing of Refuse Collectors by the Director of Public Health; Fixing the Maximum Rates or Charges for the Collection of Refuse by Licensed Refuse Collectors from Homes, Apartment Houses, Stores, etc.; Dividing City and County of San Francisco into Collection Routes; Providing Penalties for the Violation of the Provisions of this Ordinance.

Be it Ordained by the People of the City and County of San Francisco:

SECTION 1.

The term "refuse" as used in this ordinance shall be taken to mean all waste and discarded materials from dwelling places, households, apartment houses, stores, office buildings, restaurants, hotels, institutions and all commercial establishments, including waste or discarded food, animal and vegetable matter from all kitchens thereof, waste paper, cans, glass, ashes, and boxes and cuttings from trees, lawns and gardens. Refuse as used herein does not include debris and waste construction materials, including wood, brick, plaster, glass, cement, wire, and other ferrous materials, derived from the construction of or the partial or total demolition of buildings or other structures.

SECTION 2.

It shall be unlawful for any person, firm or corporation to dispose of refuse as defined in this ordinance except as herein provided, save that the provisions of this ordinance shall not include refuse which may be incinerated by an owner of a building for himself or for his tenants on the premises where produced; provided, however, that such incineration shall be subject to inspection and control by the Director of Public Health and the Fire Department. Failure of any householder producing refuse to subscribe to and pay for refuse collection, unless such householder is a tenant for whom refuse collection service is provided by his landlord, shall be prima facie evidence that such householder is disposing of refuse in violation of this ordinance.

SECTION 3.

Refuse consisting of waste or discarded food, animal and vegetable matter, discarded containers of food, animal and vegetable matter and ashes shall be collected and placed in suitable metal cans of such capacity as the Director of Public Works may prescribe (but not to exceed 32 gallons in the case of a can serving one single family dwelling unit) by the producer or landlord who by reason of contract or lease with an occupant is obligated to care for such refuse, for collection by a refuse collector to be disposed of as herein provided. Waste paper and boxes and other refuse materials not subject to putrefaction or decay, and cuttings from trees, lawns and gardens may be placed in any suitable container and delivered by the producer or landlord, who by reason of contract or lease with the occupant is obligated to care for such refuse and deliver same to a refuse collector, to be disposed of as herein provided; provided, however, that it shall be optional with the producer or landlord to deliver waste paper or other refuse having commercial value to a refuse collector, and the producer or landlord may dispose of the same in any manner he may see fit. Refuse, which under the provisions hereof must be deposited in a metal can of suitable capacity, shall be removed daily from the place where the same is created.

SECTION 4.

It shall be unlawful for any person, firm or corporation, other than a refuse collector licensed by the Director of Public Health as in this ordinance provided, to transport through the streets of the City and County of San Francisco any refuse as in this ordinance defined, or to collect or to dispose of the same, except waste paper, or other refuse having a commercial value. It is provided, however, that a license for a refuse collector, as provided in Section 8 hereof, shall be distinguished from a permit to operate, in the City and County of San Francisco on a certain designated route, as hereinafter provided.

Upon the conviction of any person, firm or corporation for any violation of the provisions of this ordinance, the permit of such person, firm or corporation issued under the provisions of this ordinance, shall be forthwith and immediately terminated and canceled as of the date of conviction.

The City and County of San Francisco is herewith divided and established into routes for the collection of refuse, as designated on a map of the City and County of San Francisco, attached hereto, each said route to include only the side of the street or streets bounding each route as designated by a number on said map, said

routes being numbered one to ninety-seven, inclusive, and said map and said routes are marked Exhibit A, and attached hereto and made a part of this ordinance.

Any person, firm or corporation desiring to transport through the streets of the City and County of San Francisco, any refuse as herein defined, or to collect or dispose of the same, shall make application to the Director of Public Health for permission so to do. Said application for such permit shall contain the name of the person, firm or corporation, any of the particular route or routes, designated in said map of routes, proposed to be served by said person, firm or corporation, and a statement that said person, firm or corporation will abide by all the provisions of this ordinance, and will not charge a greater rate for the collection and disposition of said refuse than that fixed in or pursuant to this ordinance.



The Director of Public Health shall grant a permit to such applicant unless the route proposed is already adequately served by a licensed refuse collector. An application for a permit must be granted, however, by the said Director of Public Health, and it is mandatory on said director to grant the same, when it shall appear to any said application for a route or routes by a person, firm or corporation, that 20 percent or more of the householders, business men, apartment house owners, hotel keepers, institutions or residents in said route or routes, using refuse service, and paying for same, or obligated to do so, have signed a petition or contract in which they have stated that they are inadequately served by any refuse collector who is then collecting refuse on said route, provided that said director finds upon substantial evidence that such statement is correct. That inadequate service is hereby defined as the failure, on the part of any refuse collector to properly collect, handle or transport refuse on said route, or the overcharging for the collection of same, or insolence towards persons whose refuse has been collected, or the collection by any refuse collector whose license has been revoked as provided in Section 9 hereof. Such permit so granted by the Director of Public Health shall not be exclusive, however, and one or more persons, firms or corporations may be given a permit to collect on the same route.

Persons, firms or corporations desiring to transport through the streets of the City and County of San Francisco only waste paper or other refuse having a commercial value, and to collect and dispose of same need not obtain a permit therefor under the provisions of this ordinance.

SECTION 5.

Refuse collected by refuse collectors shall be disposed of by such persons, firms or corporations and in such manner or by such method or methods as from time to time designated by the Board of Supervisors of the City and County of San Francisco.

Until and unless changed in the manner herein provided, the maximum rate or charge for the disposal of refuse to be charged the refuse collector by any person, firm or corporation authorized by the Board of Supervisors to dispose of refuse shall be \$1.50 per ton. Such rate or charge may, from time to time, be adjusted in the same manner, and in accordance with the same procedures, as is provided for the adjustment of rates and charges for the collection of refuse in Section 6(a) of this ordinance.

SECTION 6.

- (a) Until and unless changed in the manner hereinafter set forth, the maximum rates or charges for the collection and disposition of refuse as herein defined, by refuse collectors, from residences, flats and apartment houses of not more than 600 rooms, and the regulations relating to such rates or charges, shall be as follows:

Rate Schedules

Monthly rates from residences and flats for one container of not exceeding 32 gallons. Made from the ground floor:

Collections Per Week				
No. Rooms	1.	2.	3.	4.
1 to 4	\$.80	\$1.20	\$1.35	\$1.50
5	.85	1.25	1.40	1.55
6	.85	1.25	1.40	1.55
7	.95	<u>1.35</u>	<u>1.50</u>	1.70
8	1.00	<u>1.50</u>	1.70	1.80
9	1.00	<u>1.50</u>	1.70	1.80
10	1.00	<u>1.50</u>	1.70	1.80
11	1.00	<u>1.50</u>	1.70	1.80
12	1.00	<u>1.50</u>	1.70	1.80

Monthly rates from residences and flats for one container of not exceeding 32 gallons. Made from second floor, one stairway above ground floor or basement:

Collections Per Week				
No. Rooms	1.	2.	3.	4.
1 to 4	\$.85	\$1.25	\$1.40	\$1.55
5	.95	<u>1.35</u>	1.45	1.60
6	.95	<u>1.35</u>	1.45	1.60
7	1.00	1.40	1.55	1.75
8	<u>1.10</u>	1.60	1.80	1.90
9	<u>1.10</u>	1.60	1.80	1.90
10	<u>1.10</u>	1.60	1.80	1.90
11	<u>1.10</u>	1.60	1.80	1.90
12	<u>1.10</u>	1.60	1.80	1.90

Monthly rates from residences and flats for one container of not exceeding 32 gallons. Made from third floor, two stairways above ground floor or basement:

Collections Per Week				
No. Rooms	1.	2.	3.	4.
1 to 4	\$.90	\$1.30	\$1.45	\$1.60
5	.95	<u>1.35</u>	<u>1.50</u>	1.65
6	.95	<u>1.35</u>	<u>1.50</u>	1.65
7	<u>1.10</u>	1.55	1.70	1.80
8	<u>1.15</u>	1.70	1.90	2.00
9	1.25	1.75	1.95	<u>2.10</u>
10	1.25	1.75	1.95	<u>2.10</u>
11	1.25	1.75	1.95	<u>2.10</u>

12	1.25	1.75	1.95	2.10
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Monthly rates from residences and flats for one container of not exceeding 32 gallons. Made from fourth floor, three stairways above ground floor or basement:

Collections Per Week				
No. Rooms	1.	2.	3.	4.
1 to 4	\$1.00	\$1.40	\$1.55	\$1.70
5	1.10	1.50	1.65	1.80
6	1.10	1.50	1.65	1.80
7	1.20	1.60	1.75	1.90
8	1.20	1.70	1.90	2.05
9	1.25	1.75	1.95	2.10
10	1.25	2.00	2.20	2.40
11	1.25	2.00	2.20	2.40
12	1.25	2.00	2.20	2.40

Monthly rates from apartment houses:

Collections Per Week					
No. Rooms	6.	4.	3.	2.	1.
10	\$3.00	\$2.40	\$2.20	\$1.90	\$1.80
20	5.70	4.90	4.40	3.90	3.70
30	7.90	6.40	5.90	5.20	
40	9.80	8.70	7.40		
50	11.30	10.20	8.70		
60	12.50	11.50			
70	13.80	12.90			
80	15.00	14.00			
90	16.30	15.20			
100	17.50	16.20			
110	19.00				
120	20.40				
130	21.80				
140	23.20				
150	24.50				
160	25.90				
170	27.30				
180	28.70				
190	30.00				
200	31.40				
210	32.50				

220	33.80
230	35.00
240	36.30
250	37.50
260	38.80
270	40.00
280	41.30
290	43.80
300	45.00
310	46.30
320	47.50
330	48.80
340	50.00
350	51.30
360	52.50
370	53.80
380	56.30
390	57.50
400	58.80
410	59.00
420	60.40
430	61.80
440	63.20
450	64.50
460	65.90
470	<u>67.30</u>
480	68.70
490	70.00
500	71.40
510	72.80
520	74.20
530	75.50
540	76.90
550	78.30
560	79.70
570	82.30
580	82.40
590	83.80
600	85.00

Rate Regulations

Rates for residences and flats shall be increased for more than one container of a maximum of 32 gallons by 10 cents per additional container per collection.

Any charge made by a refuse collector for removal of waste material not required to be placed in metal cans and which is delivered to him in other suitable containers as provided by Section 3 hereof, shall not exceed the rates fixed herein for collection and disposal of equivalent volumes of refuse in metal cans.

In determining the number of rooms of any household, building or apartment in order to ascertain the rate for the collection and disposition of refuse therefrom, halls, alcoves, storerooms, bathrooms, closets and toilets shall not be considered as rooms, nor shall basements or attics be considered as rooms unless the same be occupied as living quarters.

Any collection and disposition charges not specifically set forth herein shall be subject to agreement between the producer and a duly licensed refuse collector.

Procedure for Adjustment

There is hereby created a Rate Board consisting of the Chief Administrative Officer, who shall act as chairman, the Controller, and the Manager of Utilities. The Board shall convene upon call of the Chairman or the other two members and two members shall constitute a quorum. The Board shall act by majority vote. Any member of the Board may from time to time designate a subordinate from his own department to act in his place and stead as a member of the Board.

Any person, firm or corporation (including any holder of a permit to collect and dispose of refuse) affected by the above schedules of rates, or by revised schedule of rates hereafter placed in effect, and desiring an increase, decrease, or other adjustment or change in, or addition to, such rates or schedules or the regulations appertaining, shall file an application therefor with the Chairman of the Rate Board, who shall thereupon refer the same to the Director of Public Works for hearing, report and recommendation as hereinafter provided, unless the Rate Board shall determine that the application lies beyond its powers or presents no substantial question as to the justice or reasonableness of the rates, schedules of rates or regulations then in effect or is otherwise frivolous, in any of which events the Rate Board shall deny the application without further proceedings thereon.

Within 30 days thereafter, the Director of Public Works shall commence a public hearing upon the application and shall, not less than 20 days in advance of such hearing, cause to be published at least once in the official newspaper notice of the time and place thereof. The Director of Public Works shall be empowered to make or cause to be made such studies and investigations as he may deem pertinent to the application, to continue the hearing from time to time for that purpose, and to introduce the results of such studies and investigations in evidence. The applicant, and any person, firm or corporation affected by the application, shall be entitled to appear at the hearing and be heard. Any such person, firm or corporation desiring notice of further proceedings or action upon the application may file with the Chairman of the Rate Board a written request for such notice, setting forth his name and mailing address.

Upon the conclusion of the hearing and within 90 days after referral to him of the application, the Director of Public Works shall make and file with the Chairman of the Rate Board a Report setting forth the facts as found by him from the evidence taken and record made at the hearing, and a Recommended Order. The Recommended Order, if it provides for any change in the rates, schedules of rates, or regulations then in effect, shall set forth the date upon which the change is to take effect, which date shall be not less than 15 days from the date of filing of the Recommended Order with the Chairman of the Rate Board. The Chairman of the Rate Board shall publish the Recommended Order, together with notice of filing thereof, in the official newspaper, and shall mail notice of the filing of the Report and Recommended Order to the applicant and to any others who shall have filed written requests for notice as hereinabove provided.

At any time, within 15 days after filing of the Director of Public Works' Report and Recommended Order with the Chairman of the Rate Board, the applicant or any person, firm or corporation affected by the application, may file with the Chairman of the Rate Board any objections that he may have to the Recommended Order. If no such objections be filed, then the Recommended Order shall be deemed the Order of the Rate Board and shall take effect according to its terms without other or further action by the Rate Board. If any such objections be filed, then the Rate Board, upon not less than 10 days notice by mail to the applicant and to others who shall have filed written requests for notice as hereinabove provided, shall hear the objections and, upon the basis of the evidence taken and record made upon the hearing before the Director of Public Works, shall grant or deny the application in whole or in part and shall make such order, to take effect at such time, as may be just and reasonable. In the event of inability or failure of the Rate Board to render a decision within 60 days of the date of filing with it of the Director of Public Work's Report and Recommended Order, then the said Recommended Order shall be deemed the order of the Board and shall take effect upon expiration of said 60 day period.

Any revised rates, schedules of rates or regulations placed in effect pursuant hereto shall be just and reasonable.

An application filed pursuant to this section and denied in whole or in part may not be renewed for a period of one year from the date of filing in the absence of an intervening change in conditions.

- (b) Any collection and disposition of rates or charges for establishments other than residences, flats and apartment houses of not more than 600 rooms, shall be subject to contract between the producer and a duly licensed refuse collector.

SECTION 7.

It shall be unlawful for any refuse disposer or refuse collector to charge a greater rate for the disposal of refuse or for the collection and disposition of refuse than that fixed in, or pursuant to, Sections 5 and 6(a) of this ordinance.

Nothing herein contained shall be taken or construed as preventing a refuse disposer or a refuse collector from charging a lesser rate or charge for the disposal of refuse or for the collection and disposition of refuse than that fixed in, or pursuant to, Sections 5 and 6(a) of this ordinance.

SECTION 8.

Each licensed refuse collector shall be assigned a number by the Director of Public Health. The Director of Public Health shall furnish each collector a metal badge on which is marked the number assigned the collector, who at all times while collecting refuse shall wear said badge in plain view. The Director of Public Health shall collect from each collector for the expense of providing said badge and the issuance of said license the sum of \$5. Each vehicle or wagon in which refuse is transported through the streets shall be assigned a number by the Director of Public Health and the number thereof shall be plainly marked thereon.

SECTION 9.

The license, as distinguished from a permit herein, of any refuse collector, may be revoked by the Director of Public Health for failure on the part of the refuse collector to properly collect refuse, or for overcharging for the collection of same, or for insolence towards persons whose refuse he is collecting, and it shall be unlawful for any person whose license is so revoked to collect refuse in the City and County of San Francisco.

No license of a refuse collector shall be revoked except upon a hearing of which the refuse collector has been given a notice of at least three days.

SECTION 10.

Upon the payment of the rate fixed in or pursuant to Section 6(a) of this ordinance for the collection and removal of refuse, the person paying the same shall be entitled to, and there shall be delivered to him, a receipt on which shall be shown the amount paid, the premises for which it is paid, the name and number of the collector, the number of the vehicle or wagon, and, in clearly legible print, the schedule of rates applicable to his classification of establishment. On the face of said receipt there shall be printed the following words: "The rates for the collection of refuse are fixed pursuant to initiative ordinance and are printed on the back of this receipt. Complaints as to service should be made to the Department of Public Health."

Upon the payment of a rate fixed by contract pursuant to Section 6(b) hereof, the person paying the same shall be given a receipt which shall show the amount paid, the period for which paid, the premises for which paid, the name and number of the collector and the date of payment, and shall bear the notation that the rate charged is subject to private contract.

SECTION 11.

Disputes over charges made by collectors or as to the character of the service performed shall be decided by the Director of Public Health. Any charges made in excess of rates fixed pursuant to this ordinance, when determined by the Director of Public Health, shall be refunded to the person or persons who paid the excess charge.

SECTION 12.

A refuse collector shall be entitled to payment for the collection of refuse at the end of each month from each householder or landlord served by him and from whom the payment is due.

SECTION 13.

The initiative ordinance passed by the People of the City and County of San Francisco on June 14, 1927, providing for the collection and disposition of refuse in the City and County of San Francisco; providing for the licensing of refuse collectors by the Board of Health; fixing the maximum rates or charges for the collection of refuse by licensed refuse collectors from homes and apartment houses; dividing City and County of San Francisco into collection routes; and providing penalties for the violation of the provisions of this ordinance, and all other ordinances in conflict therewith, are herewith repealed.

SECTION 14.

Any person, firm or corporation who shall violate any of the provisions of this ordinance shall be guilty of a misdemeanor, and upon conviction thereof shall be punished by a fine not to exceed \$500, or by imprisonment in the County Jail for not more than six months, or by both such fine and imprisonment.

SECTION 15.

This ordinance shall take effect ten days after the declaration of the official count of the votes cast therefor; provided, however, that for the purpose of issuing licenses to refuse collectors, application may be filed and the licenses issued during the period between the final approval of this ordinance and the date of its taking effect.

SECTION 16.

The Controller shall furnish the Director of Public Health with such financial data, including data as to the cost of refuse collections, as may be required by the Director to enable him to perform his functions under this ordinance. The Controller shall likewise make available at any hearing before the Director of Public Works upon an application filed pursuant to Section 6 hereof such financial data, including data as to the cost of refuse collections, as the Director of Public Works may deem pertinent to the issues raised by the application. Each collector holding a permit shall keep such records and render such reports as may be required by the Controller to enable him to develop the above-mentioned data, and the Controller shall have access to such records.

SECTION 17.

If any section, subsection, sentence, clause or phrase of this act is for any reason held to be unconstitutional, such decision shall not affect the validity of the remaining portions of this act. It is hereby declared that this act, and each section, subsection, sentence, clause and phrase thereof, would have been passed irrespective of the fact that any one or more other sections, subsections, sentences, clauses or phrases had been declared unconstitutional. **(Adopted, 1932; amended, 1946; 1954; 1960)**

AGREEMENT IN FACILITATION

OF

WASTE DISPOSAL AGREEMENT

THIS AGREEMENT is made and entered into this 2nd day of January, 1987, by and between SANITARY FILL COMPANY ("Company"), a California corporation, and the CITY AND COUNTY OF SAN FRANCISCO ("City").

WHEREAS, Company and the City are contemporaneously with execution of this Agreement, entering into a long-term Waste Disposal Agreement ("Contract") with Oakland Scavenger Company under which Solid Waste collected within the City will be transported by Company for landfill disposal pursuant to the Contract and the Initiative Refuse Collection and Disposal Ordinance of November 8, 1932;

WHEREAS, by entering into the Contract, Company is assuming substantial obligations on behalf of the City and its residents, the full potential magnitude of which cannot now be estimated;

NOW, THEREFORE, IT IS MUTUALLY AGREED:

1. For the life of the Contract, Company shall provide facilities for receipt of Nonhazardous Solid Waste, as defined in the Contract, collected by refuse collectors in the City for its transfer to the landfill site specified in the Contract or to any other supplemental or replacement disposal site.

2. Pursuant to Section 5 of the Initiative Refuse Collection and Disposal Ordinance of November 8, 1932, as amended

(the "Initiative Ordinance"), by execution of this Agreement, the City designates the Company for the life of the Contract as the sole entity for receipt and disposal of all refuse, as defined in the Initiative Ordinance, collected by refuse collectors within the City and specifies that all such refuse shall be delivered to the Company at its transfer station in the City for disposal in accordance with the Contract and the Initiative Ordinance.

3. City, through its Director of Public Works, shall recommend to the Refuse Collection and Disposal Rate Board (the "Rate Board"), which regulates Company's charges pursuant to the Initiative Ordinance, that all of the obligations assumed by the Company under this Agreement and under the Contract and all of the costs, fees, charges and expenses resulting from the undertakings of and indemnities by the Company thereunder are prudent, reasonable and necessary for the Company to incur in order to render its service to the public. Except as arising out of the willful or negligent failure of the Company to meet or fulfill its obligations under the Contract and this Agreement, City, through its Director of Public Works, shall recommend to the Rate Board, that all such costs, fees, charges and expenses, to the extent that they have been or will be reasonably incurred, will be included in costs of operation in setting rates for refuse disposal and for collection of refuse from residences, flats and apartments in the City, provided that the Company's affiliated refuse collectors shall, within the limits of competitive factors, collect an appropriate share of such costs in rates for refuse collection service to commercial customers,

which rates are not regulated by the Rate Board. The share of such costs so collected from commercial customers shall be credited against revenue requirements from service to residences, flats and apartments.

4. Notwithstanding anything in paragraph 3, above, with respect to the obligations under the Contract to control Hazardous Waste and Designated Waste, as defined in the Contract, the Company and City shall prepare and shall submit to the Rate Board for its approval a program ("program") to meet those obligations, which program will go into effect on or before November 1, 1988. The City and Company shall periodically review and modify the program as either or both shall deem necessary to have an effective program. In the event the City and Company should not agree on the program or any modification thereof, the decision of the City shall determine what the program or modification shall be. The City, through its Director of Public Works, will recommend to the Rate Board that all costs of any program or modification thereof as approved by the Rate Board shall be included as operating expenses for rate making purposes. If the Company complies in all material respects with the approved program, as it may be modified from time to time, the City, through its Director of Public Works, shall recommend to the Rate Board that all costs, so long as they are reasonably incurred, including the cost of indemnity, with regard to the obligations of the Company under the Contract with respect to Hazardous Waste and Designated Waste, will be included in operating expenses for ratemaking purposes; provided however,

that any failure by the Company to comply with the program which directly and proximately results in Hazardous Waste or Designated Waste being deposited in the landfill shall be a material breach of the program. The parties recognize that, notwithstanding the steps taken by the Company pursuant to the approved program to prevent the delivery of Hazardous Waste or Designated Waste to the landfill, some prohibited waste may nonetheless get through and be delivered to the landfill. Thus, the mere delivery of Hazardous Waste or Designated Waste to the landfill is not necessarily in itself evidence of failure by the Company to comply with the approved program.

5. City, through its Director of Public Works, shall recommend to the Rate Board that there be created from a 1.3 percent surcharge on all current refuse collection volumetric billings, including commercial accounts, a single purpose reserve fund in the minimum amount of \$15,000,000.00, to be maintained for the life of the Contract and thereafter until all obligations of the Company under the Contract are resolved and satisfied; any increase in the size of the fund shall be determined by the Rate Board. The reserve fund may be drawn upon from time to time by the Company, subject to appropriate City controls as approved by the Rate Board. Withdrawals shall be limited solely to reimbursement of the Company and its affiliated refuse collection companies for justifiable extraordinary increases in costs, fees, charges and expenses resulting from the undertakings of and indemnities by the Company under the Contract and, subject to the limitations of paragraph 4, above, the costs of control and

alternative disposal of Hazardous and Designated Wastes which, in addition to all otherwise recoverable costs, for any reason are not fully reimbursed as incurred in the revenues from then current rates for refuse disposal and for collection of refuse from residences, flats and apartments pursuant to the authority of the Rate Board under the Initiative Ordinance. To the extent that rates are increased as the result of a happening or occurrence which caused a withdrawal from the fund, then the monies derived from this increase shall be used to replenish the fund. It is understood that it is not the intention of the parties that withdrawals from the reserve fund should take the place of normal ratemaking processes by which rates are adjusted to recover costs as they are incurred but that the reserve fund is designed to assure that refuse collection and disposal rates are not subject to major fluctuations from time to time and to protect the Company against unusual circumstances in which rates are not or cannot reasonably be adjusted to provide adequate revenues to recover increased costs under the Contract as they are incurred. Not later than five years after the expiration of the Contract, the Rate Board shall determine whether there is any continuing need for the fund. If the Rate Board determines there is no further need for the fund, the Rate Board shall allocate the remaining monies in the fund for the benefit of the then current and future residential rate payers and commercial accounts of the collection companies.

6. Nothing in the Agreement shall create any pledge on or claim against the City's General Fund for reimbursement of the

Company for any costs incurred pursuant to the contract or this Agreement.

7. This Agreement shall become effective upon approval by the Board of Supervisors of the City and upon the effectiveness of the order of the Rate Board implementing the recommendations stated in paragraphs 3, 4 and 5 above.

WHEREFORE, this Agreement has been executed on the date first above written.

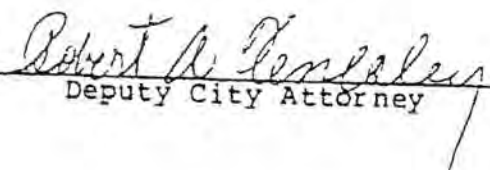
SANITARY FILL COMPANY,
a California corporation

By 
Manuel C. Conte, President

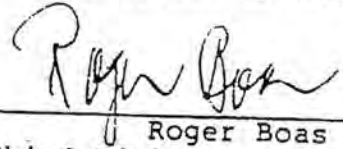
By 
Livio Cristanelli,
Vice President

APPROVED AS TO FORM:

LOUISE H. RENNE
City Attorney

By 
Deputy City Attorney

CITY AND COUNTY OF SAN FRANCISCO

By 
Roger Boas
Chief Administrative Officer

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WASTE DISPOSAL AGREEMENT

THIS AGREEMENT is made and entered into this 2nd day of January, 1987, by and between OAKLAND SCAVENGER COMPANY ("Owner"), a California corporation, the CITY AND COUNTY OF SAN FRANCISCO ("City"), and SANITARY FILL COMPANY ("Company"), a California corporation.

In consideration of the mutual promises and conditions herein contained, the parties agree as follows:

SECTION 1. Definitions. Unless a different meaning is clearly required, definitions contained in this section shall govern the construction of this Agreement.

1.01. The definitions of "Hazardous Waste," "Designated Waste," "Nonhazardous Solid Waste," and "Inert Waste" in regulations promulgated by the California State Water Resources Control Board for classification of wastes discharged to land shall apply to this Agreement. Those regulations are found currently in Title 23, California Administrative Code, Sections 2521 through 2524.

1.02. All substances defined as hazardous wastes in Section 1.01 above, California Health and Safety Code Section 25117 and regulations promulgated thereunder by the Department of Health Services, or in the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Section 6901, et seq., and the regulations promulgated thereunder, and any other applicable federal, state

or local law, including changes to the statutory and regulatory definitions during the term of this Agreement, shall be considered "Hazardous Wastes" in this Agreement.

1.03. "Solid Waste" shall include all Nonhazardous Solid Waste and Inert Waste which may be or is required to be placed for collection and disposal in accordance with ordinances of the City or any agreement between the City and Company, and all Nonhazardous Solid Waste and Inert Waste offered for disposal by the City. The term Solid Waste shall not include any Residue produced by a waste-to-energy facility, or any Bypass or Non-processible Solid Waste from the proposed waste-to-energy facility, as provided in Section 2.03, but shall include any Non-processible Solid Waste which is pre-processed at the Transfer Station and not sent to a waste-to-energy facility or any Bypass or Non-processible Solid Waste which is not sent to a waste-to-energy facility.

1.04. "Transfer Station" means the transfer station presently operated by the Company for the purpose of receiving solid waste delivered by licensed collectors and other waste collected within the City of San Francisco for transportation to a disposal site.

1.05. "Landfill" shall mean the Owner's Altamont sanitary landfill site, consisting of approximately 1500 acres located on Old Altamont Pass Road northeast of the City of Livermore. A legal description of the landfill site is attached to this Agreement as Appendix A.

1.06. "Legislation" shall mean any statute, code, regulation, ordinance, resolution, order or any other formal enactment or ruling of the United States, the State of California, the County of Alameda or any other governing body or administrative agency which now exists or which may hereafter be adopted and which constitutes law or regulation governing operation of the landfill. It does not mean orders or judgments of courts or quasi-judicial determinations of administrative agencies.

1.07. "Unavoidable Delay" shall mean delay with respect to any act required under this Agreement which substantially affects performance and which is caused by conditions beyond the reasonable control of the party required to perform (provided the party uses all reasonable effort to correct the condition) such as: Acts of God, war, riots or labor disputes.

1.08. "Resource Recovery" means the reclamation or salvage of wastes for reuse, conversion to energy or recycling.

1.09. "Rate Board" means the San Francisco Refuse Collection and Disposal Rate Board created pursuant to the Refuse Collection and Disposal Ordinance of November 8, 1932, as amended.

1.10. "Bypass" means solid wastes which cannot be processed in a waste-to-energy facility due to partial or total closure of the plant for maintenance, repair or other reasons.

1.11. "Non-processible Solid Waste" means solid wastes which are non-burnable or which are separated or screened out prior to reaching the boilers in a waste-to-energy facility.

1.12. "Residue" means the bottom ash remaining after solid

waste is processed in the boilers of a waste-to-energy plant and fly-ash which is collected in the air pollution equipment of the plant.

1.13. "Municipal Wastewater Treatment Sludge" means stabilized wastewater treatment plant sewage sludge containing no more than eighty percent (80%) moisture by weight on an annual basis.

1.14. "Resolution 78" means Resolution No. 78 passed by the Alameda County Solid Waste Management Authority on December 18, 1985.

SECTION 2. Subject.

2.01. Term of Agreement. The Owner hereby agrees to provide the City and the Company for a period of not more than sixty-five (65) years, from the first day of November 1988, the right to deposit for disposal, in a lawful manner, all Solid Waste collected and offered for disposal by the City, until 15 million tons have been deposited at the Landfill.

Owner further agrees to provide the City and the Company, from the first day of November 1988, the right to deposit for disposal, in a lawful manner, up to 130,000 tons per year of Municipal Wastewater Treatment Sludge. Disposal of Municipal Wastewater Treatment Sludge shall be in accordance with rules and regulations promulgated by regulatory agencies having jurisdiction over the disposal of Municipal Wastewater Treatment Sludge, including any decision by the Alameda County Solid Waste Management Authority to limit such disposal so as to permit

disposal of Municipal Wastewater Treatment Sludge from Alameda County, and shall be at a solids-to-liquids ratio as required by said agencies. The "solids" portion of the ratio shall be computed exclusively on the basis of the City's Solid Waste, excluding Municipal Wastewater Treatment Sludge, delivered by the Company for disposal at the Landfill. X

2.02. Exclusive Disposal Site. The parties agree that the Landfill will be the exclusive disposal site used by the City or Company for all City's Solid Waste accumulating in the City that is required to be accumulated and offered for collection according to the Refuse Collection and Disposal Ordinance adopted November 8, 1932, as amended, of the City or that is collected under agreements, permits or licenses issued by the City. Provided, that if the amount of Solid Waste exceeds the total tons allowed to be imported to the Landfill from the City in any given twelve-month period, or if such Solid Waste cannot be accepted at the Landfill due to other permit conditions and restrictions, the excess or unacceptable Solid Waste may be placed for disposal at another location. The City or Company shall have the right to divert recyclable material for Resource Recovery, but it is otherwise the intent of this Agreement that disposal of non-recyclable solid waste shall be done at the Landfill. With five (5) days written notice to the Owner, limited amounts of Solid Waste may be diverted only as necessary for the purpose of testing transportation time and fuel consumption to alternative disposal sites. Notice shall indicate the amounts to

be diverted, the purpose, and the dates on which testing will occur.

2.03. Diversion to Waste-to-Energy Facility. The parties acknowledge that there are plans to construct a waste-to-energy facility during the term of this Agreement for disposal of solid wastes. Unlimited amounts of Solid Waste may be diverted to that facility for testing and operation. Notwithstanding anything contained herein, if a waste-to-energy facility is constructed anywhere to which City's Solid Waste is committed, then City's obligation to dispose of Solid Waste at the Landfill will be limited to City's Solid Waste, which, for any reason, does not go to the facility, provided that any Non-processible Solid Waste separated or screened out at the Transfer Station will be disposed of at the Landfill. In addition, any Bypass and Non-processible Solid Waste at the facility which are to be landfilled may, but need not be disposed of at the Landfill, but such shall be limited to that portion of any Bypass and Non-processible Solid Waste of the facility which bears the same ratio to the total amount of Bypass and Non-processible Solid Waste removed from the facility as the total amount of the City's Solid Waste delivered to the facility bears to the total amount of Solid Waste delivered to the facility. The City will provide in any agreement to commit Solid Waste to such a facility for Owner to have reasonable access to records of the City, Company and waste-to-energy facility for the purpose of auditing the diversion of Solid Waste.

Notwithstanding anything contained herein to the contrary,

any Solid Waste delivered to the Transfer Station which Company knows or has reason to know cannot be disposed of at a waste-to-energy facility, as a result of the partial or total closure of said facility, shall be disposed of at the Landfill.

2.04. Annual Tonnage Limitation. The parties agree and understand that the amount of Solid Waste which can be deposited at the Landfill on an annual basis will be determined by the Alameda County Solid Waste Management Authority in the following manner:

(a) On the first day of July each year, City shall provide the Alameda County Solid Waste Management Authority with data giving the weight of municipal solid waste generated in San Francisco and disposed of through the Transfer Station for each of the preceding ten (10) calendar years.

(b) Authority shall calculate the annual growth rate of the weight of municipal solid waste for each year of the ten (10) year period, expressed as a decimal. For example, an annual growth rate of two percent (2%) per year shall be expressed as 0.02. Authority shall then calculate the average annual increase by taking the average of said annual growth rates.

(c) The resulting average annual increase shall be applied to the weight of municipal solid waste generated in San Francisco, plus ten percent (10%), during the immediately preceding year. This is summarized in the formula:

$$\text{Annual tonnage limit} = [W + (W \times .10)] \times (1 + A)$$

where W = weight generated during the immediately preceding calendar year

A. = average annual increase, expressed as a decimal.

X 2.05. Enforcement. The City agrees to enact any ordinance and take any administrative or legal action as is reasonable and necessary for the continued enjoyment by all parties of the benefits of this Agreement during its full term, regardless of any change in the identity of persons collecting, transporting or consolidating for transportation any solid waste, or of any change in the manner in which these acts are performed. To this end, where the word "Company" appears in this Agreement, it applies as well to any other person engaged in the collection, transportation or consolidation for transportation of solid waste collected in the City who is duly approved and licensed according to the laws regulating the issuance of licenses or permits of this type.

2.06. Hazardous and Designated Wastes Not Included. The Landfill is currently designated as a Class II-1 disposal site, subject to pending reclassification under revisions to Title 23, Subchapter 15 of the California Administration Code. The City and the Company have been provided with, and acknowledge receipt of, a copy of the Solid Waste Facilities Permit issued by the Alameda County Public Health Service, Division of Environmental Health, under which the Landfill currently operates along with a copy of Resolution 78 and the proposed revision currently awaiting final approval of the California Waste Management Board. Any waste material which is currently permitted for disposal under this section but later reclassified as Hazardous Waste or

Designated Waste shall cease to be covered by this Agreement until such time as those classifications are removed. Arrangements for disposal of Hazardous Waste or Designated Waste must be made by separate agreement.

2.07. Permits and Approvals. Each party will pay its own expenses for preparation of such applications, environmental impact reports (EIS or EIR), and other documents and studies which have been necessary to obtain all permits and approvals from various government agencies required for operation under this Agreement at the landfill. No additional permits or approvals are contemplated. In the event any litigation becomes necessary to protect the continued validity of permits or approvals affecting landfill operations, the cost of that litigation will be borne by the Owner.

SECTION 3. Disposal Rates.

3.01. Base Rates. The Company agrees to pay the disposal fees specified in this Agreement. The Base Disposal Fees per ton of solid waste delivered to the landfill pursuant to this Agreement shall be those specified in Appendix B. The parties acknowledge that the mitigation fee portion of the Base Disposal Fees set forth in Appendix B is to be paid to the Alameda County Solid Waste Management Authority in accordance with the terms set forth in paragraph 13 of Resolution 78. The City agrees to make the payments specified in paragraph 13 of Resolution 78, however Owner agrees to make those payments on behalf of the City in accordance with the following terms:

(a) Owner shall borrow monies to make the initial \$2 million payment, with said borrowing being fully amortized over five (5) years commencing 60 days following the effective date of the rates approved by the Rate Board.

(b) The obligation of Owner to borrow the amount specified in subparagraph (a) above shall be contingent on the Rate Board having provided, upon written request by the Owner, for allocation and dedication from the City's refuse rate structure, of sufficient funds to be used exclusively for the purpose of:

- (i) reimbursing Owner, through City's refuse rate structure, for all payments of principal which are to be made as a result of the borrowing which is set forth above;
- (ii) reimbursing Owner for one-half of any interest payments made by Owner up to \$1 million, with any additional interest payments to be borne solely by the refuse rate structure of City; and
- (iii) providing to Owner, through City's refuse rate structure, at annual intervals, the means with which to remit the six annual \$1 million payments set forth in paragraph 13 of Resolution 78. Such payments shall be made to the Owner not less than ten (10) days prior to the date they are due to the Alameda County Solid Waste Management Authority pursuant to Resolution 78.

(c) The obligation to reimburse Owner as set forth in Paragraph 3.01(b) above shall apply irrespective of whether or not City disposes of Solid Waste at the Landfill.

3.02. Credits. Any reimbursement for payments made pursuant to subparagraphs 3.01(b)(i) or 3.01(b)(iii) shall be a credit to apply in payment of Base Disposal Fees (set forth in Appendix B), to the extent that said amounts include payment to Authority of the mitigation fee portion of the Base Disposal Fees set forth in Appendix B (e.g., a payment of the Base Disposal Fee in the amount of \$9.75, with a payment being made pursuant to subparagraphs 3.01(b)(i) or 3.01(b)(iii) above in the amount of \$3.50 per ton, will result in a credit to the City of \$3.50 per ton, and City shall pay to Owner the amount of \$6.25 per ton).

3.03. Rate Adjustments. There shall be an annual adjustment of the Base Disposal Fees commencing on July 1, 1989. The base rates will be adjusted according to the following formula:

$$P = A \times \frac{\frac{(B)}{(C)} + \frac{(D)}{(E)}}{2}$$

A equals the Base rate per ton in effect on November 1, 1988.

B equals the Adjusted Hourly Earnings Index Total Private Non-Agricultural (in current dollars) published by the Department of Labor, Bureau of Labor Statistics, in effect on the first day of the new twelve (12) month period of the Agreement.

C equals the Adjusted Hourly Earnings Index Total Private Non-Agricultural (in current dollars) published by the

Department of Labor, Bureau of Labor Statistics, in effect on November 1, 1988.

- D equals the gross National Product Implicit Price Deflator for Producer's Durable Equipment (Nonresidential) published quarterly by the Department of Commerce, Bureau of Economic Analysis, in effect on the first day of the new twelve (12) month period of the Agreement.
- E equals the Gross National Product Implicit Price Deflator for Producer's Durable Equipment (Nonresidential) published by the Department of Commerce, Bureau of Economic Analysis, for the third quarter of 1988 and in effect on November 1, 1988.
- P equals the adjusted base rate per ton for the succeeding twelve (12) month period.

There shall be no adjustment below the Base Disposal Fee in effect on November 1, 1988.

3.04. Should the formula standards or publications become unavailable in the present form and on the same basis as the last standards published immediately prior to the execution of this Agreement, the parties shall agree to a replacement standard. The purpose of such replacement shall be to produce as nearly as possible the same result as would have been achieved using the standards in their present form. The Department of Labor may not issue the appropriate "Adjusted Hourly Earnings Total Private Non-agricultural (in current dollars)" on the first day of each quarter; similarly, the Department of Commerce may not issue the "Gross National Product Implicit Price Deflation for Producer's Durable Equipment (Nonresidential)" on the first day of each month. Any adjustment shall nonetheless be effective retroactively on the first day of July for each respective year.

3.05. Regulatory Fees and Reserves.

(a) The Company shall reimburse the Owner for its ratable share of all costs or fees incurred as a result of, or reserves mandated by, Legislation or regulations issued, modified or made effective, or on account of permit conditions or changes in disposal methods mandated by any political or regulatory body, after the date of execution of this Agreement. For the purpose of determining the Company's share of such costs, fees or reserves, the following principles shall apply:

- (i) Non-capital expenditures relating to current operations shall be allocated on a per-ton basis as incurred;
- (ii) Capital expenditures relating to current operations shall be amortized over the useful life of the capital improvement and allocated on a per-ton basis; and
- (iii) Reasonably anticipated additional expenditures relating to the closure of the Site shall be amortized over the remaining useful life of the Site and allocated on a per-ton basis.

(b) At least 90 days prior to the date of any invoice to Company and/or City containing any additional cost, fee or reserve, Owner shall deliver to Company and/or City a certificate executed by an officer of Owner setting forth facts pertaining to such cost sufficient to permit the other parties to determine that such cost, fee or reserve is a proper charge pursuant to

this Paragraph 3.05, and, where the services or materials supplied are supplied by Owner or an Affiliate of Owner, a statement that in Owner's reasonable belief, such costs, fees or reserves are at a competitive price for the services or materials supplied. In addition, if Owner has actual knowledge that an additional cost, fee or reserve will occur within the immediately following three months, Owner shall so notify City and/or Company of the same.

(c) City and/or Company, by written notice to Owner given within 60 days after receipt of Owner's certificate describing the additional cost, fee or reserve, may elect to contest such cost, fee or reserve. If City and/or Company fails to deliver such a written notice to Owner within 60 days, then City and/or Company shall be deemed to have approved such cost, fee or reserve.

3.06. Daily Weight Reports. The Company will provide the Owner with accurate daily weight reports showing, for each load delivered to the landfill, the truck number and tare weight, gross weight, and net weight of solid waste delivered to the Landfill, date and time of weighing and location of scales, the rate classification according to Appendix B, and such further information as the Owner may reasonably require for billing and audit purposes. Reports will be transmitted to the Owner within three (3) working days after the end of each month. In the event of a transfer of stock or ownership of Company subject to section 7.05, or if the Company ceases to weigh and record all loads by

computer or on scales having a current valid certification by an agency of the State of California, the Owner may elect to gross weigh and tare weigh any vehicle for purposes of auditing. The Owner will not unreasonably delay the movement of Company's vehicles. The Owner shall be permitted reasonable access to records of the City, the Company and any waste-to-energy facility to which the City may commit waste pursuant to Section 2.03, for the purpose of auditing performance under this Agreement and to the Company's facilities to inspect its scales and audit its scaling operations.

3.07. Payment of Fees and Charges.

(a) The Owner shall prepare and issue invoices for all disposal fees and reimbursable charges on or before the tenth (10th) day of each calendar month. Each invoice shall include all disposal fees and charges which have accrued for service up to the last day of the preceding calendar month. Payment will be due on the twentieth (20th) calendar day of the month in which the invoice is issued, or the first business day immediately following the twentieth (20th) calendar day of the month should the twentieth (20th) day fall on a business holiday or weekend, and a service charge of one and one-half percent (1-1/2%) per month will be charged on all amounts not paid by the twenty-fifth (25th) calendar day).

(b) In the event City and/or Company contest any additional cost, fee or reserve claimed by Owner under Paragraph 3.05, City and/or Company may withhold payment of the disputed amount only

and shall pay all undisputed amounts on the date such amounts are due and payable. Additional costs, fees or reserves due under Paragraph 3.05 shall be due on the date when payment is required of the Owner and payable based on invoices provided pursuant to Paragraph 3.07(a), but not before the earlier of 300 days after the date of the notice required by Paragraph 3.05(b) or 60 days after the date on which all actions have been taken by the Rate Board, if any, in order that Company and/or City are lawfully capable of collecting such additional costs, fees or reserves from the rate-payers. Late charges with respect to such costs, fees, or reserves shall be calculated at the annual percentage rate of 1-1/2% per month and shall accrue and be payable from the date such costs, fees, or reserves shall become due. If the Rate Board has not approved the necessary rate adjustment before the additional costs, fees or reserves become due and payable, the Owner at its option may suspend operations under this Agreement until it receives payment.

3.08. Annual Statements. Within ninety (90) days of the end of each of the Company's fiscal years during the term of this Agreement, the Company shall furnish to the City's Controller a financial statement with respect to its operations hereunder. Such statement shall be under oath and in such detail as the Controller may reasonably require.

3.09. Compliance With Laws. The Company shall comply with all applicable laws, ordinances, orders and regulations of any governmental entity with respect to its operations hereunder;

provided, that the Company may contest the validity or applicability of any such law, ordinance, order or regulation so long as such contest is conducted without prejudice, liability, damage or expense to the City or the Owner hereunder.

SECTION 4. Equipment Provided By Company.

4.01. Tippers. The Company will provide to the Owner at no cost and for use at the Landfill two (2) tippers currently in operation at the Landfill site now used by the City and the Company.

4.02. Tipper Operation. The tippers shall remain the exclusive property of the Company and shall be considered part of the Company's transportation operation. However, operation of the tippers at the Landfill shall be performed exclusively by employees or subcontractors of the Owner at the Owner's expense and under its sole supervision.

4.03. Maintenance and Repairs. The Owner shall perform at its own expense all maintenance and repair on the tippers according to the standard practice used for its own tippers in operation at the Landfill. Provided, that the Company will replace with like equipment in good repair, condition and working order any tipper which no longer can be repaired due to unavailability of replacement parts, or which cannot be made to operate safely due to structural failure or metal fatigue. In the event of any loss or damage to a tipper, proceeds of property damage insurance carried by the Owner shall be used to meet the cost of repairs, unless the Company elects to replace the tipper and so

notifies the Owner in writing prior to commencement of repairs, in which case the proceeds shall be turned over to the Company. The Company shall assign to Owner any claim or right of action it may have against any party for loss or damages to the tippers which the Owner is obligated to repair under the Agreement.

4.04. Security. The Owner shall provide, at its expense, security for the tippers and related equipment during hours when the Landfill is not in normal operation.

4.05. Emergency Scheduling. In the event that damage, loss or operating failure of the tippers or other equipment at the landfill results in a disruption of the normal operating schedule, or if other exceptional and unplanned delays occur which make it necessary to continue work after normal hours, the Company and the Owner will each cooperate to temporarily reschedule operations. In such event, each party will assume any increased expenses it incurs.

4.06. Labor Disputes. In the event the Owner is unable to perform operations at the landfill for more than twenty-four (24) hours due to a labor dispute with its employees, the Company and the City shall have the right (a) to divert solid waste to another disposal site, or (b) to take temporary possession of the Owner's equipment at the Landfill to continue in the interest of public health and safety the services which the Owner has agreed to provide. In the latter case, the Company shall take full responsibility for any loss or damage to the equipment or any person or property at the Landfill, whether it occurs during actual operation or during off-hours; the Company shall employ only qualified

operators satisfactory to the Owner; the Company shall comply with all instructions of the Owner's supervisor at the Landfill for the conduct of operations; and the disposal rates provided in Section 3 shall apply.

4.07. Alterations. The Owner shall not make any alterations, additions or improvements to the tippers without prior written consent of the Company. All additions and improvements of whatsoever kind or nature made to the tippers shall belong to and become the property of the Company upon the termination of this Agreement.

4.08. Additional Tippers. The Owner and the Company each will have priority for the use of its own tippers. However, the Owner will utilize all tippers at the Landfill, including its own, to expedite traffic and minimize waiting, and all parties will cooperate in this effort. In the event that the operations anticipated by this Agreement cannot be conducted during normal operating hours without additional tippers, the Company will provide and deliver to the Landfill and place in operation, at its sole expense and subject to all of the provisions of this Section 4, such additional tippers as are required.

4.09. Taxes and Registration Fees. The company shall pay all license fees, registration fees, assessments, charges and taxes (municipal, state and federal) which may be imposed upon the ownership, possession or use of the tippers.

4.10. Surrender. Upon the termination of this Agreement, the Owner shall return the tippers to the Company at the Landfill

in good repair, condition and working order, ordinary wear and tear resulting from proper use excepted. The Company shall accept and remove the tippers from the Landfill at its sole expense within ten (10) days after the Owner gives written notice of surrender. After such notice, the Company shall bear the entire risk of loss and damage to the equipment.

4.11. Ownership. The tippers are, and shall at all times be and remain, the sole and exclusive property of the Company; and the Owner shall have no right, title or interest in the tippers except as expressly provided in this Agreement.

SECTION 5. Transportation of Solid Waste.

5.01. Delivery of Solid Waste to the Landfill. All solid waste to be delivered to the Landfill site by Company and/or City shall be hauled in trucks that are enclosed to prevent blowing of material, or in other appropriate vehicles, upon the following terms and conditions:

(a) From U.S. Highway 101 to the landfill site, the Company shall utilize the following route:

Route 1. Highway 101 northbound to Route 80, over the Bay Bridge to southbound Highway 17, exit to Highway 238 eastbound which turns into Highway 580; east on Highway 580 to Altamont Pass Road which leads to the landfill site.

Route 2. Highway 101 southbound to the San Mateo Bridge; east to Highway 17; north on Highway 17 to Highway 238 to Highway 580; eastbound 580 to Altamont Pass Road which leads to the landfill site.

(b) The Company agrees to study the economic feasibility of scheduling truck trips alternating use of the two routes described above to avoid rush-period congestion on the routes.

(c) To minimize potential traffic impacts, tank trucks transporting Municipal Wastewater Treatment Sludge shall be limited to no more than thirty (30) round trips per day with a limit of eight (8) tank truck round trips between 7 a.m. and 9 a.m. and the same number between 4 p.m. and 6 p.m. on Alameda County roads or highways. These numbers may be exceeded in the time of emergency as defined in the Alameda County Solid Waste Management Contingency Plan.

(d) To minimize potential traffic impacts, the number of transfer truck round trips per day shall not exceed the daily transfer truck limit, which shall be calculated each calendar year by the Alameda County Solid Waste Management Authority in the following manner:

$$\text{Daily transfer truck limit} = \frac{A}{D \times P} \times 1.25$$

Where A = annual solid waste tonnage limit for the current year, as calculated pursuant to Section 2.04 above.
D = delivery days per year, or 260, whichever is greater.
P = transfer truck payload, in tons, or 25, whichever is greater.

In addition, there shall be a limit of fifteen (15) transfer truck round trips between 7 a.m. and 9 a.m. and the same number between 4 p.m. and 6 p.m. on Alameda County roads or highways.

These numbers may be exceeded in time of emergency as defined in the Alameda County Solid Waste Management Contingency Plan.

SECTION 6. Landfill Operations.

6.01. Hours of Operation. The landfill will receive Solid Waste under this Agreement during two 10-hour shift periods determined by agreement of the parties and consistent with the provisions of Section 5.01, Monday through Friday, including holidays except New Year's Day and Christmas Day. When these latter holidays occur during the regular workweek, they may be worked on the Sunday preceding, and on the two Sunday's following, Christmas Day. Deliveries at other hours will be made only with the consent of the Owner and except as provided in Sections 4.05 and 6.04 will be subject to a surcharge. A surcharge shall also apply for deliveries on July 4th, Labor Day, Thanksgiving Day and on Sundays worked in connection with the Christmas and New Year's Day holidays. The surcharge will be in an amount equal to all incremental direct expenses and related overhead incurred by the Owner as a result of these operations, plus an additional ten percent (10%) of these incremental expenses and overhead for administration and profit.

6.02. Inspection of Operations. The designated representative of the City and Company shall have the right to observe and review the Owner's operations and enter the Owner's premises at the landfill for the purpose of such observation and review during normal operating hours, subject to reasonable notice.

6.03. Control and Direction Over Operations on Landfill. None of the provisions of this Agreement shall be construed as giving to the Company or the City any right to exercise control

over the business or operations of the Owner or to direct in any respect the manner in which this business and operations shall be conducted. The Owner shall have the right to exercise full and complete control over, and to direct the conduct and activities of, any employee or agent of the City or Company while present on the Landfill to the extent necessary to insure the safe and efficient conduct of landfill operations. Employees and agents of the City or Company shall be required to observe and operate according to Owner rules applicable generally to operations on the Landfill, copies of which shall be provided to all parties. The Company and City will assure that each of their agents and employees are fully aware of and directed to comply with the Owner's directions and site rules while on the Landfill, and the Owner shall be free to eject from the Landfill any person who fails to so comply.

6.04. Unavoidable Delay. The Owner shall not be responsible for any expense or inconvenience incurred by the Company or the City as the result of construction along the access road to the landfill or unavoidable delay. If delay occurs, the parties shall attempt to arrange emergency scheduling. If operations outside normal operating hours are required, each party shall bear its own expenses.

6.05 Compliance With Law and Regulations. Each party shall comply with all requirements of applicable local, state and federal authorities now in force or which hereafter may be imposed.

6.06 Hazardous Waste and Designated Waste. The Company shall take all reasonable steps to see that only Solid Wastes permitted under this Agreement are delivered to the Landfill. As a condition of the indemnity agreements given by the Owner to the Company in Section 7.02, insofar as they relate to Hazardous or Designated Waste, the Company agrees to use reasonable efforts to identify and remove from the waste stream Hazardous Waste or Designated Waste placed for collection in the City or delivered to the Transfer Station, including customer education, employee training, and inspections by qualified personnel. The Owner shall have the right to audit compliance pursuant to Section 3.06 and shall give prompt notice to the Company to cure any violation. If the Company delivers to the Landfill solid wastes not permitted under this Agreement, the Owner may, at its sole option:

(a) Remove the prohibited material from the Landfill with its own employees and charge to the Company all costs and expenses related to that removal;

(b) Contract for removal of the prohibited material at the Company's expense; or,

(c) Require the Company to remove the prohibited material. Election of any of these options shall not waive any liability the Company may have for any damages the Owner, its agents or employees, or third parties may suffer as a consequence of delivery of the prohibited material to the Landfill.

6.07. Resource Recovery. The parties acknowledge that the Owner is required, under the terms of its Solid Waste Facilities

Permit, to study the technical and economic practicability of implementing a program of large-scale Resource Recovery and ultimately to construct and operate such a system to reduce the volume of solid waste which must be landfilled. The parties further acknowledge that the Owner has made commitments to other cities and special districts for future use of the Landfill. As a condition of this Agreement, the City agrees that it will practice Resource Recovery at a level equal to or greater than the level practiced by East Bay jurisdictions using the Landfill. The parties contemplate a reduction in the waste stream as a result of Resource Recovery, and such reduction shall not be a violation of this Agreement.

6.08. Identification and Lettering of Vehicles. Each vehicle used to deliver solid waste to the Landfill shall be appropriately identified in a uniform manner. Each of the Company's drivers will carry suitable identification establishing his/her employment with the Company.

6.09. City, Owner and Company shall develop a contingency plan to be used in the event of a temporary closure of the Landfill or the Transfer Station and shall submit said plan to the Alameda County Solid Waste Management Authority for approval.

SECTION 7. Miscellaneous.

7.01. Insurance. The Owner and the Company shall maintain in effect at all times, insurance covering the operation of its vehicles and equipment and acts of their employees and agents, with the coverage specified in Appendix C. Provided, however,

that the Owner shall carry public liability and property damage insurance covering the tippers. Each party shall name the other and the City, except under Workers' Compensation coverage, as a co-insured, and each shall supply the other and the City with certificates of insurance, or at the option of the other party, with insurance agreements, providing the minimum coverage required. The insuring agreements shall provide that the policy may not be cancelled or lapsed until thirty (30) days after written notice of any such proposed action has been given to the parties by the insuring company. Proceeds of property damage insurance on the tippers shall be applied to repair or replacement as provided in Section 4.03.

7.02. Indemnity. The Owner agrees to indemnify, defend and hold harmless the Company and the City, their officers, agents and employees, against any and all claims for damage of any kind whatsoever arising out of operations of the Owner at the Landfill. The Owner also agrees that, upon termination of this Agreement, it will indemnify, defend and hold harmless the Company and the City against any claim thereafter made for damages on account of any substance deposited in the Landfill. In connection therewith, the Company agrees that it will assign to the Owner any claim it may have against any customer or generator of Hazardous or Designated Waste in relation to Section 6.06 of this Agreement. For its part, the Company agrees to indemnify, defend and hold harmless the Owner and City, their officers, agents and employees, from any and all claims for damages of any kind

whatsoever arising out of the operations of the Company's trucks or the acts or omission of its officers, agents or employees at the Landfill. The Company further agrees, only during the term of this Agreement, to indemnify, defend and hold harmless the Owner and the City, their officers, agents and employees, against any and all claims for damage of any kind whatsoever arising by reason of the delivery by the Company to the landfill of any substance not permitted by this Agreement. The City agrees to indemnify, defend and hold harmless the Owner and the Company, their officers, agents and employees, from any and all claims for damages of any kind whatsoever arising out of the operation of its vehicles or the acts or omissions of its officers, employees or agents at the Landfill.

7.03. Incorporation Into Rate Structure. For the purpose of assuring the ability of the Company to pay the disposal fees and reimbursable charges and expenses for which this Agreement provides, the City agrees to recommend to its Rate Board that provisions be made for these fees, charges, and expenses in the rate structure for collection of residential Solid Waste within the City. Company agrees that within 30 days after execution of this Agreement by all parties it will file an appropriate application with the Rate Board for approval of this Agreement. Neither Owner nor the Company shall have any further obligations under this Agreement unless and until within 270 days after execution of this Agreement a final order of the Rate Board shall have become effective which specifically: (1) approves this

Agreement and the Agreement in Facilitation of Waste Disposal Agreement executed by City and Company contemporaneously with this Agreement, (2) finds that all obligations undertaken herein by the Company and all fees, costs and expenses incurred or to be incurred by the Company hereunder are and will be prudent and necessary for it to undertake and incur in order to render its service to the public, and (3) authorizes the incorporation of all such fees, costs and expenses into the rates for refuse disposal and for collection of refuse from residences, flats and apartments in the City so that funds are available to the Company as necessary to pay such costs, fees and expenses as they are incurred or become payable.

7.04 Assignment of Agreement. All of the terms, conditions and covenants of this Agreement shall inure to the benefit of and be binding upon the parties and their heirs, successors and assigns. Any right or interest of the Company or the Owner under this Agreement may be assigned or transferred by the respective party, or by operation of law, with the consent of all other parties, and such consent shall not be unreasonably withheld; provided, however, that the burdens upon any party to this Agreement shall not be materially increased by such assignment or transfer. Notwithstanding the above, there shall be no assignment, trade, sale or creation of any other interest by City, in its right to dispose of Solid Waste at the Landfill.

7.05 Transfer of Stock or Owner. Any transfer of stock in the Company or the Owner, other than by operation of law, which individually or cumulatively is sufficient to effect control of

either corporation, shall be deemed to be a transfer of this Agreement for purposes of this paragraph and shall require the consent of the remaining parties. Consent shall not be unreasonably withheld.

7.06. Nondiscrimination in Employment/Divestment.

(a) All parties will comply, as a condition of this Agreement, with the provisions of Chapter 12B of the Administrative Code of the City and County of San Francisco, as amended, and any applicable provisions of state or federal law regarding nondiscrimination in employment, the terms of which are attached hereto as Appendix D. This provision is a condition only, and does not confer upon any present or third party an independent right of action for damages.

(b) Compliance with South African Divestment Ordinance.

The following is a requirement of this Agreement as a result of the South African Divestment Ordinance No. 36-86.

Incorporation by Reference

Chapter 10, Article XIX of the San Francisco Administrative Code, and any amendments thereto, are incorporated herein by reference and made a part hereof. (Appendix E)

Liquidated Damages

In the event the Owner fails to comply in good faith with any of the provisions of Article XIX of the San Francisco Administrative Code, Owner shall be liable for liquidated damages for each violation in an amount equal to the Owner's net profit on this Agreement, or One Thousand Dollars (\$1,000), whichever is greatest. Owner acknowledges and agrees that the liquidated

damages assessed shall be payable to the City and County of San Francisco upon demand and may be set off against any monies due to Owner from any agreement with the City and County of San Francisco.

Affidavit

The Affidavit of Compliance with South African Divestment Ordinance, attached hereto as Appendix F, must be executed by Owner and Company prior to this Agreement becoming effective.

7.07. Condemnation. The Owner shall notify the City and Company in writing within ten (10) days after receipt from any public authority of a notice of hearing and intent to adopt a resolution of necessity for the purpose of acquiring all or significant parts of the Landfill by eminent domain. The purpose of the notice is to allow the City and the Company as much time as possible to locate an alternative site for disposal. If sixty percent (60%) or more of the landfill surface area, or thirty percent (30%) of the fill areas for which there then exist a current valid solid waste facilities permit and conditional use permit, shall be acquired or condemned by eminent domain, then the Owner may cancel this Agreement by giving thirty (30) days' written notice within one hundred eighty (180) days from the date that final judgment of condemnation is entered or the condemning authorities take possession pursuant to court order, however, Owner shall use its best efforts to locate an alternative site for disposal so that the City's Solid Waste may be disposed of therein pursuant to all of the terms and conditions of this Agreement modified only to accommodate location of the landfill at

such other site. The City and the Company shall not be entitled to any portion of the award, whether or not the Agreement is terminated.

7.08. Specific Performance. The parties agree that it is essential to the City and the Company to have a landfill site available throughout the entire term of this Agreement, and damages would be an inadequate remedy to the City and the Company for the loss of such a site. Therefore, the parties agree that the obligation of the Owner to permit the City and the Company to deposit solid wastes at the Landfill pursuant to the provisions of this Agreement shall be specifically enforceable.

7.09. Other Remedies. In addition to the remedies expressly provided for herein, the parties hereto may exercise any and all rights and remedies provided by law or equity for any breach of this Agreement.

7.10. Integrated Agreement. This Agreement constitutes the entire agreement between the parties pertaining to the subject matter contained in it and supersedes all prior and contemporaneous agreements, representations and understandings of the parties. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by all the parties. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

7.11. No Third Party Beneficiaries Intended. Except as provided in Section 2.05, nothing in this Agreement, whether expressed or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than the parties to it, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third person to any party to this Agreement, nor shall any provision give any third persons any right of subrogation or action against any party to this Agreement.

7.12. Rights on Termination. Neither the City nor the Company shall have any rights in the Landfill or anything deposited in the Landfill. Upon termination of this Agreement, no party shall have any rights against another under this Agreement, other than for payment of disposal charges, claims made prior to termination, or claims for indemnification pursuant to Section 7.02.

7.13. General Saving Clause. In the event that any provision of this Agreement is finally held or determined to be illegal or void as being in contravention of any laws, rulings or regulations of any governmental authority or agency having jurisdiction over the subject matter of this Agreement, the remainder of the Agreement shall remain in full force and effect unless the parts so found to be void are wholly inseparable from the remaining portion of the Agreement.

7.14. Manner of Execution. This Agreement may be executed simultaneously in one or more counterparts, each of which shall

be deemed an original, but all of which together shall constitute one and the same instrument.

7.15. Authority to Execute. Owner and Company are properly authorized to enter into this Agreement and resolutions authorizing execution are attached as Appendices G and H. The Chief Administrative Officer has been authorized by ordinance of the Board of Supervisors to execute the Agreement attached hereto as Appendix I.

7.16. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given on the date of service if served personally on a managing officer of the party to whom notice is to be given, or on the fifth (5th) day after mailing to the principal office of the party to whom notice is to be given, by first class mail, registered or certified, postage prepaid, and properly addressed as follows:

TO: The City and County of San Francisco
Donald J. Birrer
Director of Public Works
Room 260 City Hall
San Francisco, CA 94102

TO: The Sanitary Fill Company at:
Manuel C. Conte, President
501 Tunnel Avenue
San Francisco, CA 94134

TO: The Oakland Scavenger Company
Peter Borghero, President
2601 Peralta Street
Oakland, CA 94607

These addresses may be changed from time to time by written notice served upon or mailed to all of the parties as provided above.

7.17 Ratification. If this Agreement is not approved by the City's Board of Supervisors on or before December 15, 1986, then the obligations of the parties hereto will have no force or effect and this Agreement will automatically terminate.

The parties hereto have executed this Waste Disposal Agreement the day and year first above written.

APPROVED AS TO FORM:

OAKLAND SCAVENGER COMPANY,
a California corporation

By Peter Borghero
Peter Borghero, President

By _____

SANITARY FILL COMPANY,
a California corporation

By Manuel C. Conte
Manuel C. Conte, President

By Livio Cristanelli
Livio Cristanelli,
Vice President

APPROVED:

CITY AND COUNTY OF SAN FRANCISCO

[Signature]
Director of Public Works

By [Signature]
Chief Administrative Officer

APPROVED AS TO FORM:

LOUISE H. RENNE
City Attorney

By Robert A. Kinsley
Deputy City Attorney

2685w:12/18/86

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642 FAX
(415) 252-0461

February 14, 2002

Honorable Tom Ammiano, President and Members of the Board of
Supervisors City and County of San Francisco Room 244, City Hall 1 Dr. Carlton
B. Goodlett Place San Francisco, CA 94102-4689

Dear President Ammiano:

Pursuant to a motion approved by the Board of Supervisors on September 17, 2001, transmitted herewith is the Budget Analyst's report on (a) the Refuse Rate Application Process, and (b) the 2001 residential refuse rate increases. This report also includes the Budget Analyst's expedited review of the financial statements for the San Francisco operations of Norcal Waste Systems, Inc, (Norcal Companies). These Norcal Companies consist of the Sunset Scavenger Company, the Golden Gate Disposal & Recycling Company and the Sanitary Fill Company. Finally, this report contains the results of a comparative survey conducted by the Budget Analyst of the rates and procedures for regulating both residential and commercial refuse collection in 38 jurisdictions in the San Francisco Bay Area.

An Initiative Ordinance, approved by the San Francisco voters in 1932, is the law that dictates how garbage is collected and disposed of, how permits and licenses are issued and how refuse rates are established in San Francisco. In accordance with this 1932 Ordinance, residential refuse rates are specifically subject to a City rate review process and commercial refuse rates are subject to agreements between the City's permitted and licensed refuse collector and the individual commercial producers of the refuse. Any changes to the provisions contained in this 1932 Initiative Ordinance are subject to voter approval.

In FY 1987-1988, the Board of Supervisors approved the existing Waste Disposal Agreement, designating the Norcal Company-owned transfer station, located on Tunnel Road across U.S. Highway 101 from Candlestick Park and the Altamont landfill, owned by Waste Management, Inc. in Alameda County, as the exclusive disposal facilities for the City. The transfer station is used to sort and transfer the refuse from the individual Norcal Company garbage collection trucks to the

Norcal Company larger, longer haul trucks that are used to transport the refuse to the Altamont landfill. In San Francisco, Norcal Waste System, Inc. includes the Sunset Scavenger Company, the Golden Gate Disposal & Recycling Company and the Sanitary Fill Company. The Sanitary Fill Company is owned equally by the Golden Gate Disposal & Recycling Company and the Sunset Scavenger Company, which are both wholly owned subsidiaries of Norcal Waste Systems, Inc., which in turn is wholly owned by the Norcal Waste Systems, Employee Stock Ownership Plan (ESOP). Sunset Scavenger collects primarily residential refuse, serving the majority of the City and Golden Gate Disposal collects primarily commercial refuse, serving the northeastern portion of the City. Sanitary Fill is responsible for the disposal of all of San Francisco's waste, through the transfer station, to the Altamont landfill.

The Waste Disposal Agreement is in effect for up to 65 years or until 15.0 million tons of solid waste are deposited to the Altamont landfill site. Based on current estimates of San Francisco's disposal rates to the landfill site, this Agreement will expire in an estimated 9 to 12 years. Board of Supervisors hearings are anticipated to be held in the near future to discuss the City's future waste disposal plans.

In 2001, in response to an application from the Norcal Companies for a 58 percent residential refuse rate increase, the San Francisco Rate Board approved a 27 percent rate increase in the residential monthly refuse rates effective July 1, 2001, increasing the basic monthly residential rates from \$11.68 to \$14.83 per 32-gallon can, an increase of \$3.15 per can per month in the first rate year of a five-year rate plan increase. In accordance with the 1932 Initiative Ordinance, the Rate Board is comprised of the City Administrator (formerly the Chief Administrative Officer), who acts as the Chair, the Controller and the General Manager of the Public Utilities Commission (PUC). Overall, the Rate Board authorized that by the fifth year, or by June 30, 2006, the base monthly rate per 32-gallon can will increase to \$16.65, which is \$4.97 or 42.6 percent greater than the \$11.68 rate in effect prior to July 1, 2001. The Rate Board also approved a cost-of-living adjustment to be applied to these refuse rates, from 2002 through 2006, such that automatic rate increases will occur over the next five years, without the requirement of further rate setting hearings.

To establish these rates, in the 2001 rate review process, the Rate Board maintained Sunset Scavenger's and Sanitary Fill's financial operating ratios at 91.55 percent, which corresponds to approximately an 8.45 percent annual profit

for each company. In accordance with the 1932 Initiative Ordinance, the refuse rates must be 'just and reasonable'. The City uses a ratemaking formula called an operating ratio, to provide the regulated garbage companies with adequate funds to pay their expenses plus receive a profit, to determine that the rates are just and reasonable. The operating ratio is a formula that compares the companies' annual projected expenses to their annual projected revenues for ratemaking purposes. The City has established an operating ratio of 91.55 percent, which, on a simplified basis, allows the companies to make an annual profit margin of 8.45 percent (100% minus 91.55%).

The Budget Analyst's review of the audited financial statements and financial data found that, as reported as part of the 2001 Rate Application, the regulated companies, Sunset Scavenger and Sanitary Fill, actually achieved better than the 91.55 percent operating ratio, as set by the City, or an average annual profit margin of 8.45 percent, over the past five years. In fact, between 1996 and 2000, Sunset Scavenger actually realized average annual profit margins of 10.86 percent. Thus, over the five-year period from 1996 through 2000, Sunset Scavenger actually achieved an average annual profit of 28.5 percent more than the profit margin established in the operating ratio formula set by the City. The Sanitary Fill Company realized average annual profit margins of 15.84 percent, or 87.5 percent more than the rate set by the City.¹

Even more significant, between 1996 and 2000, Golden Gate Disposal achieved average annual profit margins of 27.24 percent, from primarily commercial refuse collection operations. It should be noted that the City has no regulatory authority over commercial refuse rates. In accordance with the 1932 Initiative Ordinance, such commercial refuse rates are subject to agreements between the City's permitted and licensed refuse collectors (Sunset Scavenger and Golden Gate Disposal) and the individual commercial producers of the refuse (i.e., commercial tenants and building owners). It should be noted that in many cases, it is the commercial building owners that actually pay the commercial refuse fees to Sunset Scavenger and Golden Gate Disposal. Normally, if tenants occupy such buildings for commercial purposes, the commercial refuse fees are passed on to the tenants as part of the overall rent and operating costs; as a result, it is likely that many commercial tenants do not know how much they are actually paying for commercial refuse collection.

The Budget Analyst's reviews of the financial statements found that during 1999 and 2000, Golden Gate Disposal, which collects primarily commercial refuse, was

able to pay \$2,153,862 in direct subsidies to Sunset Scavenger's recycling operations and yet still maintain their 27.24 percent profit margin, which is, as noted below, a profit margin of 164 percent greater than the average annual profit margin reported in the 25 Bay Area jurisdictions that use operating ratio data. In addition, the financial data submitted for 2002 through 2006 disclosed that Golden Gate Disposal is projected to pay approximately an additional \$20 million of subsidies to Sunset Scavenger, which can then use such subsidies to maintain lower refuse collection rates for residential customers. However, typically residential users together with commercial users are actually paying for the higher commercial rates imposed on the commercial customers because businesses typically pass on all of their costs to consumers. Furthermore, the commercial customers are required to pay whatever rates the San Francisco commercial refuse collection companies impose, since the two Norcal Companies, namely Sunset Scavenger and Golden Gate Disposal, have a refuse collection monopoly in San Francisco. Since the City does not review or regulate the commercial rates, there is therefore no outlet for local businesses to protest or complain pertaining to their commercial refuse rates.

In fact, on February 11, 2002, the Budget Analyst, for audit procedure purposes, called Golden Gate Disposal's Customer Service telephone number to attempt to complain about commercial refuse collection and commercial refuse rates and to inquire how to lodge a complaint with an outside party, such as the City and County of San Francisco, if a customer were not satisfied with commercial services or rates. Golden Gate Disposal's customer service representative offered to either take the complaint directly, or, alternatively, provide the Budget Analyst with a City and County of San Francisco contact telephone number that would allegedly take such complaints. The Budget Analyst called the City number, only to be informed that the Budget Analyst had contacted the Department of Public Work's Street Cleaning Division, and that that Division did not handle such commercial refuse complaints. The Street Cleaning Division employee then directed the Budget Analyst back to Golden Gate Disposal to lodge the complaint. The Budget Analyst then called Golden Gate Disposal back, contacted the same customer information representative, who then admitted that there was nobody to call at the City and County of San Francisco for purposes of placing such a complaint.

However, it is interesting to note that Section 249.6 of the City's Business and Taxation Code requires a Department of Public Health annual license fee of

\$2,273 to be paid to the Tax Collector for each garbage truck operating in the City. In accordance with these provisions, such license fees are intended to be used for the inspection and licensing of refuse vehicles and adjudicating refuse collection rate disputes (emphasis added). The responsibilities for adjudicating such refuse collection rate disputes are with the Department of Public Health's (DPH) Environmental Health Division. The Budget Analyst therefore contacted the general telephone number for the DPH's Environmental Health Division, only to be informed that if a customer wanted to lodge a complaint regarding refuse rates, the customer should contact the refuse company directly. Only after repeatedly assuring the City employee on the telephone that their Division did handle such complaints, was the Budget Analyst transferred to an employee within the DPH's Environmental Health Division to take such complaint.

Based on discussions with the DPH's Environmental Health Division, although they can take complaints from both residential and commercial customers, the DPH telephone number is only listed on the residential refuse rate bills, and is not listed on the commercial refuse rate bills. Furthermore, based on the experience of the Budget Analyst, it would appear virtually impossible for any business to find the DPH's Environmental Health Division telephone number, in order to place such a complaint. And lastly, even if a commercial refuse customer was able to contact the DPH's Environmental Health Division regarding high commercial rates, since the City does not regulate commercial rates, there would be little that the City could do.

Our survey of 38 Bay Area jurisdictions (excluding San Francisco), found that unlike San Francisco (a) all jurisdictions have entered into franchise agreements or other long-term contractual arrangements with private refuse haulers for the provision of residential and commercial refuse collection, and (b) all jurisdictions regulate residential rates and all jurisdictions, except two, regulate commercial refuse rates. The only two cities that do not regulate commercial rates are the City of Los Altos Hills, which has no commercial businesses, and the City of San Jose, which has a competitive commercial market, with 23 commercial refuse collectors operating in the City. Similar to San Francisco, 25 of the 38 jurisdictions rely on operating ratios to determine refuse rates. However, unlike San Francisco, all 25 of these jurisdictions use their operating ratios to establish both residential and commercial rates.

In contrast, the City of San Francisco (a) under the provisions of the 1932 Ordinance, issues licenses and permits for refuse collection and does not have

any franchise or contract agreements with the existing collection companies, Sunset Scavenger, which collects primarily residential refuse, or Golden Gate Disposal, which collects primarily commercial refuse and (b) regulates only residential refuse rates, and does not regulate commercial refuse rates. Furthermore, although San Francisco uses an operating ratio to establish refuse rates, the operating ratio formula is only applied to the residential rates and not to the commercial rates.

A list of the 38 jurisdictions is as follows: Cities of Alameda, Atherton, Belmont, Burlingame, Campbell, Cupertino, Danville, East Palo Alto, Foster City, Gilroy, Hillsborough, Lafayette, Livermore, Los Altos, Los Gatos, Milpitas, Menlo Park, Moraga, Morgan Hill, Mountain View, Napa, Oakland, Orinda, Pacifica, Palo Alto, Redwood City, San Carlos, San Jose, San Leandro, San Mateo, Santa Clara, Santa Rosa, Saratoga, Sunnyvale, Walnut Creek, the Town of Los Altos Hills, and the unincorporated areas of Contra Costa County and San Mateo County.

San Francisco's recently set residential refuse rates are comparable to the 38 other surveyed jurisdictions, ranging from 5.13 percent below the average monthly rates of the surveyed jurisdictions for one 30-35 gallon can, to 2.09 percent higher than the average for a 60-64 gallon can (or two 32-gallon cans), as shown in the Table below. In addition, San Francisco's established residential operating ratio of 91.55 percent is well within the range of between 85.0 percent and 96.0 percent for the 25 other jurisdictions that use operating ratios to determine residential refuse rates. However, as shown in Table 1 below, San Francisco's established operating ratio of 91.55 percent is approximately 2.09 percent higher than the average and .60 percent higher than the median operating ratios for these other jurisdictions.

Table 1

Sunset Scavenger's actual average operating ratios for the five-year period between 1996 and 2000 was 89.14 percent, which is 0.60 percent less than the average reported operating ratios of 89.68 percent for the 25 other Bay Area jurisdictions that use operating ratio formulas that were surveyed by the Budget Analyst. This means that Sunset Scavenger actually realized a 5.23 percent greater profit than the profit margins established in the 25 other Bay Area jurisdictions. Similarly, Sanitary Fill's actual average operating ratio for the five-year period between 1996 and 2000 was 84.16 percent, or 6.16 percent lower

than the average reported operating ratios of 89.68 percent for the 25 other Bay Area jurisdictions. This means that Sanitary Fill actually achieved a 53.5 percent greater profit than the profit margins established in these 25 other Bay Area jurisdictions. It should be noted that in the survey conducted by the Budget Analyst, the Budget Analyst obtained the operating ratio data, and the related refuse rates, that were set by the individual jurisdictions and did not obtain data on the actual operating ratios or profit margins subsequently realized by the individual refuse companies in these other jurisdictions.

Regarding commercial rates, which are not regulated in San Francisco, the Budget Analyst's survey results found that San Francisco's published commercial rate of \$114.86 per month for one cubic yard of waste is 45.90 percent higher than the average for the 37 surveyed jurisdictions (excludes Los Altos Hills), as shown in Table 2 below:

Table 2

*The average, median and range of operating ratios shown in Table 2 above reflect the ratios reported by other jurisdictions in their rate setting formulas. In contrast, because San Francisco does not regulate commercial rates, the operating ratio shown for San Francisco is the actual operating ratio over the last five years achieved by the Golden Gate Disposal & Recycling Company, the primary commercial refuse hauler.

Not only are San Francisco's commercial rates significantly higher than the average of all the other surveyed jurisdictions, only four of the 38 jurisdictions surveyed, as detailed in Attachment I, actually had higher commercial rates than San Francisco. Of these four jurisdictions, one (the City of Napa) is currently addressing the rate issue with a competitive bid process and the other three jurisdictions, (the Cities of East Palo Alto, Orinda and the unincorporated areas of Contra Costa County) have uniquely different characteristics, such as additional City-imposed surcharges and requirements and very low density developments, that might justify such higher rates. Golden Gate Disposal, which provides primarily commercial operations for San Francisco, realized an average annual operating ratio of 72.76 percent over the past five years, which reflects an average annual profit of approximately 27.24 percent, the highest reported in the Bay Area.

As shown in Tables 1 and 2, the operating ratios for the 25 Bay Area jurisdictions

that use operating ratios is the same for both residential and commercial refuse services. As shown in Tables 1 and 2 above, the average operating ratio in these 25 surveyed jurisdictions is 89.68 percent, or a profit margin of 10.32 percent. Therefore, as shown in Table 2 above, Golden Gate Disposal's actual operating ratio of 72.76 percent is 18.87 percent lower than the average of the 25 surveyed Bay Area jurisdictions. Another way of explaining this difference is that Golden Gate Disposal's actual average 27.24 percent annual profit margin is 164 percent greater than the average annual profit margin of 10.32 percent of the 25 Bay Area jurisdictions that reported operating ratio data.

Based on this review, the Budget Analyst has identified the following six policy issues and has made the following recommendations:

(1) Since the only two refuse companies currently licensed and permitted to operate in San Francisco, Sunset Scavenger Company and Golden Gate Disposal & Recycling Company, are currently owned by one major company, Norcal Waste System, Inc., a private monopoly is essentially in effect. This monopoly occurred during the 1980s, when Norcal acquired both of these refuse collection companies, which were previously independently licensed and permitted to operate in the City. According to the City Attorney's Office, in accordance with the 1932 Initiative Ordinance, the San Francisco Department of Public Health can issue multiple permits and licenses for other garbage companies to operate and collect refuse in San Francisco. However, until the existing Waste Disposal Agreement expires, which will occur when 15 million tons of solid waste have been deposited in the Altamont landfill site, estimated to occur in the next 9 to 12 years, the financial feasibility for other refuse companies to collect refuse in San Francisco is uncertain. To foster a more competitive environment, the Budget Analyst recommends that the City's Department of Public Health more openly encourage other refuse companies to seek licenses and permits to collect refuse in San Francisco.

(2) The City's existing Waste Disposal Agreement designates the Sanitary Fill Company, which is owned by both Sunset Scavenger and Golden Gate Disposal (Norcal Companies), as the sole entity that can receive and dispose of all San Francisco solid waste, specifying that all such waste be delivered to the Norcal-owned transfer station, located on Tunnel Road, across U.S Highway 101 from Candlestick Park. The City is therefore currently limited to exclusive use of these transfer station and disposal facilities, neither of which are under the City's ownership or direct control. This Waste Disposal Agreement, between the City,

the Sanitary Fill Company and Waste Management is anticipated to expire in the next 9 to 12 years, when 15.0 million tons of refuse are estimated to be deposited in the Altamont landfill. The Budget Analyst recommends that the Board of Supervisors immediately explore future mechanisms for assuming control of the transfer station requesting that various City departments and divisions (i.e., the City Attorney, the Department of Public Works (DPW), the Real Estate Division) research and study the potential financial and legal mechanisms to acquire and manage the transfer station for the City.

(3) In accordance with the 1932 Ordinance, only residential refuse collection rates are subject to the City's rate review. The refuse rate review is conducted by the Director of DPW and the City's Rate Board, which, in accordance with the 1932 Ordinance, consists of the City Administrator, the Controller and the General Manager of the PUC. Under current law, the Board of Supervisors has no authority to approve or disapprove decisions of the City's Rate Board. Currently, the DPW Director and the Rate Board also do not have any authority to regulate commercial rates.

To set the residential rates, San Francisco has historically relied on the operating and financial data submitted by only the Sunset Scavenger Company, which is responsible for a majority of the residential refuse collection services in the City. As noted above, the Budget Analyst's survey results found that all of the 38 surveyed jurisdictions regulate residential refuse rates, but that, unlike San Francisco, which has no authority to regulate commercial refuse rates, 36 of the 38 Bay Area jurisdictions surveyed also regulate commercial refuse rates. Only the Town of Los Altos Hills, which does not have any commercial businesses and the City of San Jose, which has a highly competitive commercial refuse environment, do not regulate commercial refuse rates. Not surprisingly, the Budget Analyst's survey results found that except for the Cities of East Palo Alto, Napa, and Orinda and the unincorporated areas of Contra Costa County, San Francisco commercial customers currently pay the highest refuse collection rates in the entire Bay Area, or rates that are 45.9 percent higher than the average of the 37 other jurisdictions. As a result, Golden Gate Disposal, which serves primarily commercial customers, achieved an average five year annual profit margin of 27.24 percent, the highest in the Bay Area. This 27.24 percent annual profit margin is approximately 164 percent more than the average annual profit margin of 10.32 percent of the 25 Bay Area jurisdictions that reported operating ratio data.

However, even though commercial refuse rates are not regulated by the City, it is the same Norcal Companies that provide commercial refuse collection and disposal services, under the same negotiated labor contracts, providing the same benefits, with the same trucks, and in fact, along many of the same routes as the residential refuse services, that are regulated by the City. Although both of the collection companies, namely Sunset Scavenger and Golden Gate Disposal, have residential and commercial customers, in setting the residential rates, San Francisco has historically relied only on the operating and financial data for Sunset Scavenger Company, which is responsible for a greater proportion of the residential services in the City.

The Budget Analyst recommends that (a) to be consistent with the preferred practices of nearly every other Bay Area jurisdiction, (b) to accurately reflect that two refuse collection companies in San Francisco, namely Sunset Scavenger and Golden Gate Disposal, serve both residential and commercial customers, (c) to enable a full disclosure of the facts during the rate review process of the profit margins realized and the potential subsidies made by the refuse collection companies, and (d) to permit more realistic customer refuse rates to be established, the Director of the DPW and the Rate Board should review the entire range of operating and financial data of residential and commercial operations for both the Sunset Scavenger and the Golden Gate Disposal refuse collection Companies. This should be accomplished immediately through the Director of DPW requiring Norcal Waste Systems, Inc. to segregate all of its residential costs from its commercial costs. Such segregation of costs is not presently submitted to the Director of DPW or to the Rate Board. At the same time, the Board of Supervisors should submit an Ordinance to the electorate to amend the 1932 Initiative Ordinance to require the City, through its rate review process, to regulate commercial refuse rates, consistent with other Bay Area jurisdictions, in addition to the City's present authority to regulate residential refuse rates. The Director of DPW and the City's Rate Board should then require that all of the San Francisco-based Norcal collection and disposal companies submit combined financial and operating data for purposes of the rate review process.

(4) Each of the 38 jurisdictions surveyed by the Budget Analyst have either franchise agreements or other contractual agreements with their private haulers to collect refuse. Under these franchise and other contractual agreements, 35 of the 38 Bay Area jurisdictions also collect franchise fees from the refuse collection companies. Such franchise fees are used for various recycling and other General

Fund municipal purposes. Contrary to the 38 jurisdictions surveyed, San Francisco is the only jurisdiction in the Bay Area that does not have any formalized contractual agreements with the City's refuse collection companies. As previously noted, the Department of Public Health simply issues licenses and permits to the refuse collection companies, but no other formalized contractual agreements between the City and the refuse collection companies exist. Although San Francisco has a Norcal-funded Impound Account to pay for related solid waste management activities, San Francisco does not collect any franchise fees from the refuse collection companies. In fact, the City pays approximately \$4 million of annual commercial refuse fees to Sunset Scavenger and Golden Gate Disposal for refuse collection services provided to various City departments. Most of this approximately \$4 million annual cost is paid from General Fund revenues.

The actual process that other jurisdictions use to select the specific refuse collection companies varies, including the use of competitive bidding, negotiated agreements and non-exclusive contracts with numerous haulers. San Francisco's procedures have not changed, in accordance with the 1932 Ordinance, which provides for the Department of Public Health's issuance of licenses and permits for a refuse collection company to operate. The Budget Analyst recommends that the Board of Supervisors review alternative mechanisms for selecting future refuse collectors, including a requirement that franchise or contractual agreements be executed between the City and the refuse collection companies. Such alternatives could include the payment of franchise fees to the City, the use of a competitive bid process, negotiated separate agreements or entering into non-exclusive agreements with multiple refuse collectors.

(5) Although DPW has followed the public notice requirements for the DPW public hearings and the Rate Board hearings, and has even provided additional public notices, one of the issues appealed to the Rate Board was the lack of public notification of the Rate Hearings. Given the potential magnitude of pending refuse rate increases on virtually every household in the City, the Budget Analyst recommends that the refuse collection companies that are requesting refuse rate changes be required to notify each ratepayer by mail regarding such proposed refuse rate changes.

(6) The 1932 Initiative Ordinance's strict timing requirements, coupled with the significant volumes of technical material that are submitted by the applicant (which is generally the refuse collection company), and the numerous consultant studies, financial reports and detailed staff analyses, make the entire refuse Rate

Review process in San Francisco extremely technical, cumbersome and difficult for the general public to review and comprehend. This is coupled with the fact that no new evidence may be presented at the Rate Board hearings that was not already presented before the Director of the DPW. Given the public's frustration with the ability to participate in the City's rate review process, a temporary City public interest attorney or referee expert should be retained by the Director of DPW and the City's Rate Board to advocate on behalf of the City's ratepayers.

Respectfully submitted,

Harvey M. Rose Budget Analyst

cc:

Supervisor Daly

Supervisor Gonzalez

Supervisor Hall

Supervisor Leno

Supervisor Maxwell

Supervisor McGoldrick

Supervisor Newsom

Supervisor Peskin

Supervisor Sandoval

Supervisor Yee

Clerk of the Board

Controller

City Administrator

General Manager of the PUC

Director of DPW

Tina Olson

Robert Haley

Ben Rosenfield

Ted Lakey

Mark Lomele, Norcal Chief Financial Officer

1 [Landfill Disposal and Facilitation Agreements – Recology San Francisco]

2
3 **Resolution approving a ten-year Landfill Disposal Agreement and Facilitation**
4 **Agreement with Recology San Francisco under Charter Section 9.118.**
5

6 WHEREAS, The California Department of Resources Recycling and Recovery requires
7 that the City have a plan for 15 years of landfill disposal capacity; and

8 WHEREAS, The Department of the Environment estimates that the City will exhaust its
9 landfill disposal capacity under the current agreement with Waste Management of Alameda
10 County, Inc., by 2014 or 2015; and

11 WHEREAS, The Department of the Environment issued a Request for Proposals for
12 Landfill Disposal Capacity on February 9, 2009, and subsequently selected Recology San
13 Francisco as the highest qualified scorer under the Request for Proposals; and

14 WHEREAS, A copy of the proposed Landfill Disposal Agreement and Facilitation
15 Agreement are on file with the Clerk of the Board of Supervisors in File No. 101225 and are
16 hereby declared to be a part of this Resolution as if set forth fully herein; and

17 WHEREAS, Under the Landfill Disposal Agreement, Recology San Francisco
18 ("Recology") would grant the City, upon expiration of the current agreement, the right to
19 deposit at Recology's landfill all solid waste collected in the City until December 31, 2025, or
20 until 5 million tons have been deposited; and

21 WHEREAS, The City would in turn designate Recology's landfill as the exclusive site
22 for disposal of solid waste collected in the City; and

23 WHEREAS, The City would not be required to pay for the right to deposit solid waste at
24 the landfill, but would authorize Recology to charge waste haulers "tipping fees" specified in
25 the Agreement; and

1 WHEREAS, Under the Facilitation Agreement, Recology would agree to specific limits
2 on transportation costs in connection with rail transportation of solid waste collected in the
3 City; and

4 WHEREAS, The City would in turn provide Recology with assurances regarding
5 reimbursement of Recology's costs to develop the contemplated rail transport system through
6 the fees Recology is allowed to charge waste haulers and the rates that waste haulers are
7 permitted to charge customers;

8 WHEREAS, San Francisco Charter Section 9.118 requires the Board of Supervisors to
9 approve contracts having a term of more than 10 years; now, therefore, be it

10 RESOLVED, That the Board of Supervisors under Charter Section 9.118 approves the
11 Landfill Disposal Agreement and Facilitation Agreement for terms exceeding 10 years; and,
12 be it

13 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of the
14 Department of the Environment to execute agreements in substantially the form of the Landfill
15 Disposal Agreement and Facilitation Agreement on file with the Clerk of the Board of
16 Supervisors; and, be it

17 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of the
18 Department of the Environment to enter into any additions, amendments, or other
19 modifications to the Landfill Disposal Agreement and Facilitation Agreement (including,
20 without limitation, preparation and attachment of, or changes to, any or all of the exhibits,
21 appendices, or ancillary agreements) that the Director, in consultation with the City Attorney,
22 determines to be in the best interest of the City, do not materially increase the obligations or
23 liabilities of the City or materially decrease the public benefits accruing to the City, and are
24 necessary or advisable to complete the transactions contemplated and to effectuate the
25

1 purpose and intent of this Resolution, such determination to be conclusively evidenced by the
2 execution and delivery by the Director of any such documents; and, be it

3 FURTHER RESOLVED, That the Board of Supervisors approves and ratifies all prior
4 actions taken by the officials, employees, and agents of the Department of the Environment
5 and the City with respect to the Landfill Disposal Agreement and Facilitation Agreement.
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Item 11
File 10-1225

Department(s):
Department of the Environment (DOE)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would authorize the Department of the Environment (DOE) to execute a new Landfill Disposal Agreement with Recology San Francisco (Recology) which, beginning in 2015 and extending for a term of up to ten years, would (a) designate Recology's Ostrom Road Landfill in Yuba County, California, as the City's exclusive landfill site, and (b) allow for the deposit of up to 5,000,000 tons of solid waste collected in San Francisco into that landfill.
- The proposed resolution would also approve an amendment to an existing Facilitation Agreement (the Amended Facilitation Agreement) between DOE and Recology which governs the consolidation of refuse collected in the City and transportation of that refuse to the City's designated landfill site. The proposed amendment would require Recology to (a) transport refuse collected in the City to the City's new designated landfill site in Yuba County (instead of the current designated landfill site in Livermore, California), and (b) transport such refuse primarily by rail, instead of through the current exclusive trucking method.

Key Points

- Refuse collection in the City is governed by the City's Refuse Collection and Disposal Ordinance of 1932, as previously approved by the voters of San Francisco, which requires that only permitted refuse haulers collect and transport refuse "through the streets of the City and County of San Francisco." The ordinance created 97 permanent permits, which, due to a number of acquisitions since the ordinance was approved, are currently all owned by Recology. Therefore, the Refuse Collection and Disposal Ordinance of 1932 has resulted in Recology becoming the exclusive and permanent refuse collector without Recology ever having gone through the City's normal competitive bidding process.
- The only portion of the refuse collection and disposal process subject to competitive bidding has been the award of the landfill site where the City's refuse is finally disposed. Under an existing Landfill Disposal Agreement with Waste Management of Alameda County (Waste Management), Waste Management's Altamont Landfill site in Livermore, California is the City's current designated landfill site, which allows for the deposit of up to 15,000,000 tons of refuse in that landfill site.
- The Department of the Environment (DOE) anticipates that the 15,000,000 ton capacity of the City's current landfill site in Livermore, California will be exhausted by 2015, at which time the existing Landfill Disposal Agreement with Waste Management would expire. The DOE is now requesting, after having conducted a competitive bid process, that a new Landfill Disposal Agreement between the DOE and Recology be awarded to Recology in order to permit the deposit of up to 5,000,000 tons of solid waste collected in San Francisco into Recology's Ostrom Road Landfill site in Yuba County, California, over a term of up to ten years beginning in 2015.
- According to Mr. David Assmann, Deputy Director of the Department of the Environment, in order to control the transport and handling of refuse in San Francisco by Recology, DOE previously entered into an existing Facilitation Agreement, without a competitive bidding process, which required Recology to

consolidate collected refuse at its transfer station in San Francisco, then transport such refuse to Waste Management's Altamont Landfill site in Livermore, California, the City's present designated landfill site. The term of the existing Facilitation Agreement with Recology will expire simultaneously when the existing Landfill Disposal Agreement with Waste Management is anticipated to expire in 2015.

- In order to provide continued control over the transport and handling of City's refuse by Recology, the proposed resolution would approve an amendment to the existing Facilitation Agreement (the Amended Facilitation Agreement) with Recology, to begin upon the expiration of the existing Facilitation Agreement which is currently anticipated to occur in 2015, to require Recology to (a) continue consolidating collected refuse at its transfer station in San Francisco, and (b) transport the consolidated refuse from Recology's transfer station to Recology's Ostrom Road Landfill site (the City's proposed new designated landfill site) by a combination of truck and rail.
- Mr. Assmann noted that neither the existing Facilitation Agreement nor the proposed Amended Facilitation Agreement were competitively bid because under the City's Refuse Collection and Disposal Ordinance of 1932, Recology is the City's only permitted waste hauler, and, as such, Recology is the only firm authorized to (a) transport refuse "through the streets of the City and County of San Francisco," and (b) transport refuse from Recology's transfer station in San Francisco, "through the streets of the City and County of San Francisco." Recology's transfer station is located near Candlestick Park.

Fiscal Impacts

- The proposed two Agreements, the Amended Facilitation Agreement and the new Landfill Disposal Agreement, include two fees which would be payable to Recology (a) a tipping fee for the deposit of waste into Recology's Ostrom Road Landfill, and (b) a rail transport fee to cover the cost of transporting waste over rail rather than by truck. Under the proposed two Agreements, these fees (and the inflationary adjustments to such fees which are included in the existing Facilitation Agreement and Landfill Disposal Agreement) would be incorporated into the rate setting process which is used to determine the rates for refuse collection paid by San Francisco residents and businesses which receive refuse collection services from Recology. The proposed two Agreements are anticipated to increase refuse collection rates by 3.0 percent for the first year of the Agreements, such that the monthly rates paid by a single family residence with a 32-gallon waste container would increase by \$0.82 from \$27.55 to \$28.37, a 3.0 percent increase, and the monthly rates paid by a business for the collection of two cubic yards of waste would increase by \$14.82, from \$494.01 to \$508.83, a 3.0 percent increase.
- The Budget and Legislative Analyst notes that unlike water rates charged by the Public Utilities Commission, which are subject to approval of the Board of Supervisors, neither residential nor commercial refuse collection rates are subject to Board of Supervisors approval. Under the City's Refuse Collection and Disposal Ordinance of 1932, residential refuse collection rates are subject to approval by the Director of Public Works, but if such rates are appealed, then such rates are subject to approval by the City's Rate Board which is composed of the City Administrator, the Controller, and the Director of the Public Utilities Commission. Collection rates, paid by San Francisco businesses, are not subject to approval by either the Director of Public Works, the City's Rate Board, or by the Board of Supervisors.
- Regarding refuse collection services provided by Recology to City-owned facilities, the City's waste collection costs are anticipated to increase by 3.0 percent, or, \$172,500 for the first year, from the City's

current annual refuse collection cost of \$5,750,000 to \$5,922,500.

Policy Alternatives

- As discussed above, the City's Refuse Collection and Disposal Ordinance of 1932 has resulted in Recology becoming the City's permanent and exclusive refuse collection firm, without Recology ever having undergone the City's normal competitive bidding process. The Budget and Legislative Analyst notes that it may be advantageous for a City to have the collection of refuse provided exclusively by a single firm. However, the Budget and Legislative Analyst believes that such a firm should be selected through the City's normal competitive bidding process. Therefore, a policy alternative for consideration by the Board of Supervisors includes submitting a proposition to the voters to (a) repeal the City's existing Refuse Collection and Disposal Ordinance of 1932, such that future refuse collection and transportation services would be required to be awarded by the City under the City's normal competitive process, and (b) require that refuse collection rates for both residential and commercial services be subject to Board of Supervisors approval.
- As also discussed above, the existing Facilitation Agreement and proposed Amended Facilitation Agreement were not subject to the City's normal competitive bidding process because, according to Mr. Assmann, (a) under the Refuse Collection and Disposal Ordinance of 1932, only Recology can transport refuse "through the streets of the City and County of San Francisco," and (b) transport of refuse from Recology's transfer station, which is located in San Francisco near Candlestick Park, requires travelling "through the streets of the City and County of San Francisco." However, the Budget and Legislative Analyst was unable to identify any portion of the Refuse Collection and Disposal Ordinance of 1932 which governs the transport of refuse which does not occur "through the streets of the City and County of San Francisco." Therefore, it may be possible for a second firm, other than Recology, to transport refuse after it has been collected by Recology, if that second firm's transfer station was either outside the City limits or was located near marine or rail facilities, such that refuse from the transfer station to the City's designated landfill could avoid being transported "through the streets of the City and County of San Francisco." Should the Board of Supervisors elect not to submit a proposition to the voters to repeal the City's existing Refuse Collection and Disposal Ordinance of 1932, a second policy alternative for consideration by the Board of Supervisors includes requesting the DOE to analyze the potential costs and benefits of using Recology to continue collecting refuse, but using a second separate firm to provide refuse transportation services which avoids transporting refuse "through the streets of the City and County of San Francisco."

Recommendations

- Although the proposed Landfill Disposal Agreement was subject to the City's normal competitive bidding process, the transportation and the collection of the City's refuse have never been subject to the City's normal competitive bidding process. Therefore, approval of the proposed resolution is a policy matter for the Board of Supervisors.
- The Budget and Legislative Analyst recommends that the Board of Supervisors consider submitting a proposition to the voters to (a) repeal the City's existing Refuse Collection and Disposal Ordinance of 1932, such that future refuse collection and transportation services would be required to be awarded by the City under the City's normal competitive bidding process, and (b) require that refuse collection rates for both residential and commercial services be subject to Board of Supervisors approval.

MANDATE STATEMENT AND BACKGROUND**Mandate Statement**

According to California Public Resources Code Section 41260, all California cities must maintain a “plan” for 15 years of landfill disposal capacity. According to Mr. David Assmann, Deputy Director of the Department of the Environment, a “plan” can include landfill disposal capacity from both (a) executed agreements, and (b) anticipated agreements.

According to the City’s Refuse Collection and Disposal Ordinance of 1932, codified in San Francisco Administrative Code Appendix 1, (a) only permitted collectors may transport refuse “through the streets of the City and County of San Francisco”, with one permit issued for each of the 97 refuse collection routes in the City, and (b) the residential refuse collection rates¹ charged to residents must be approved by the Director of Public Works, or if such approved rates are appealed by a member of the public, approval must be granted by the City’s Rate Board composed of the Director of the Department of Public Works, the Controller, and the Director of the Public Utilities Commission. Prior to the authorization of any residential rate increase, the Director of DPW and (if such a rate increase is appealed by a member of the public) the City’s Rate Board must first find that all residential rate increases requested by the authorized permitted collector (Recology) are “just and reasonable.” Residential Refuse and Collection rates are not subject to approval by the Board of Supervisors. Further, the City’s Refuse Collection and Disposal Ordinance of 1932 is not subject to amendment or repeal by the Board of Supervisors. Only a voter proposition can amend or repeal the City’s Refuse Collection and Disposal Ordinance of 1932.

Notably, commercial refuse collection rates, paid by San Francisco businesses, are not subject to approval by either the Director of Public Works, the City’s Rate Board or by the Board of Supervisors. Such commercial rates are established directly by the presently authorized collector (Recology) without any approval processes by the City. Mr. Assmann noted that under Section 11 of the City’s Refuse Collection and Disposal Ordinance of 1932, any disputes regarding commercial refuse collection services, such as the frequency of collection service or the volume collected, are decided by the Director of Public Health. However, the Budget and Legislative Analyst notes that such dispute resolution by the Director of Public Health does not include any authority to approve commercial refuse collection rates.

Section 9.118 of the San Francisco Charter requires any agreement with a term of more than ten years be approved by the Board of Supervisors. The proposed resolution would approve two Agreements, a Landfill Disposal Agreement and an Amended Facilitation Agreement, each with terms beginning in 2015 and extending up to ten years.

¹ For the purposes of this report, the term “rates” refers to the charges payable to Recology for refuse collection services by residents and businesses which are not established in the subject agreements. The term “fees” refers to charges payable to Recology which are established in the subject agreements, including (a) a “Rail Transportation Fee” which would be incorporated as a just and reasonable cost into the refuse collection rate setting process and ultimately paid by refuse collection customers in San Francisco, and (b) “tipping fees” which are payable by permitted haulers or self-haulers (persons disposing of their own waste, which is permitted under the City’s Refuse Collection and Disposal Ordinance of 1932) depositing waste into Recology’s Ostrom Road Landfill.

Background

Current refuse collection, transportation, and disposal practices in the City of San Francisco can be divided into three main areas: (1) 97 permits issued by the City which permit the collection and transport of refuse, (2) an existing Facilitation Agreement between the City and Recology which governs the consolidation of refuse collected in the City and transportation of that refuse to the City's designated landfill, and (3) an existing Landfill Disposal Agreement which designates Waste Management's Altamont Landfill site in Livermore, California as the City's exclusive landfill site, and allows for the deposit of up to 15,000,000 tons of solid waste collected in San Francisco into that landfill.

For the purposes of this report, the term "refuse" refers to all types of disposables, including (a) recyclables, (b) compostables, and (c) "solid waste", which is neither recyclable nor compostable, and therefore is deposited into the landfill.

(1) Permits to Collect Refuse

Under the City's Refuse Collection and Disposal Ordinance of 1932, the City of San Francisco was divided into 97 distinct refuse collection routes, and one permit for each route was issued. According to Mr. Assmann, due to a number of business acquisitions since the Refuse Collection and Disposal Ordinance of 1932 was approved, Recology San Francisco (Recology)² currently now owns all 97 permits. Such refuse collection permits would not be affected by the proposed resolution.

According to the City's Refuse Collection and Disposal Ordinance of 1932, such permits are permanent and not subject to the City's normal competitive bidding process, and can only be revoked if 20 percent or more of the "householders, business men, apartment house owners, hotel keepers, institutions or residents" within a particular route file a petition that they are not adequately served. Therefore, the City's Refuse Collection and Disposal Ordinance of 1932 has resulted in Recology becoming the exclusive and permanent refuse collector without Recology ever having gone through the City's normal competitive bidding process.

The Refuse Collection and Disposal Ordinance of 1932 also requires all permitted haulers who collect refuse to deposit such refuse as directed by the City. The Facilitation Agreement discussed below requires the permitted refuse haulers (i.e., Recology) to deposit the refuse in Recology's transfer station, which is currently located within the City on Tunnel Road near Candlestick Park.

(2) Facilitation Agreement

According to Mr. Assmann, in order to control the consolidation and transport of City refuse by Recology, DOE previously entered into an existing Facilitation Agreement with Recology, without conducting a competitive bidding process, which became effective on January 2, 1987. The existing Facilitation Agreement requires Recology to consolidate collected refuse at a

² For the purposes of this report, "Recology" refers to Recology San Francisco. Recology was previously known as (a) NorCal Waste Systems, (b) Sunset Scavenger, and (c) Golden Gate Disposal.

transfer station, then transport the refuse to Waste Management's Altamont Landfill in Livermore, California, the City's current designated landfill site, as discussed below.

The term of the existing Facilitation Agreement with Recology will expire simultaneously with the existing Landfill Disposal Agreement with Waste Management, which, as discussed below, is anticipated to expire in 2015.

The costs incurred³ by Recology under the existing Facilitation Agreement for the consolidation and transportation of refuse are incorporated into the rate setting process which is used to determine the rates for refuse collection services paid by San Francisco residents as described in the Background Section above. Notably, the Facilitation Agreement states that the Director of Public Works (if such a rate increase is appealed by a member of the public) and the City's Rate Board must find that all costs incurred by Recology due to the terms of the Facilitation Agreement be considered as "just and reasonable" during any request by Recology to increase residential refuse collection rates. As discussed above, commercial refuse collection rates are established directly by the authorized collector (Recology) without any City approval processes.

The existing Facilitation Agreement also established a Reserve Fund, to be funded by a 1.3 percent surcharge on refuse collection rates. Under the terms of the existing Facilitation Agreement, Recology may withdraw funds from the Reserve Fund, subject to approval by the Director of Public Works, if the revenues from refuse collection rates charged to residents and businesses do not cover Recology's costs of refuse collection and transportation services. According to Mr. Assmann, the Reserve Fund, which has a current balance of approximately \$28,500,000 is intended to be drawn down upon in order to temporarily cover increased operating costs which occur (a) after an unforeseen event which causes an increase in collection and transportation costs (for example, the collection and recycling of electronics which was not previously included in the rate setting process), but (b) before the City's rate setting process for residential collection services has approved such new rate increases which incorporate the previously unforeseen costs.

Mr. Assmann noted that the existing Facilitation Agreement was not competitively bid because (a) under the City's Refuse Collection and Disposal Ordinance of 1932, as the only permitted waste hauler, only Recology can transport refuse "through the streets of the City and County of San Francisco," and (b) transport of refuse from Recology's transfer station, which is in the City near Candlestick Park, requires travelling "through the streets of the City and County of San Francisco."

(3) Landfill Disposal Agreement

Subsequent to a competitive negotiation process, the City executed a Landfill Disposal Agreement with Waste Management of Alameda County, Inc. (Waste Management) effective on January 2, 1987 which designates Waste Management's Altamont Landfill in Livermore,

³ In contrast to the proposed Amended Facilitation Agreement discussed below, the existing Facilitation Agreement with Recology does not expressly include any specific fees payable to Recology. However, the existing Facilitation Agreement does require the Director of Public Works to recommend to the City's Rate Board, that all costs to be incurred by Recology in order for Recology to perform their obligations in the Facilitation Agreement shall be considered "just and reasonable" and therefore should be included in the approved residential refuse collection rates.

California as the City's designated landfill site, and allows for the deposit of up to 15,000,000 tons of the City's refuse in that landfill.

The fees charged to Recology by Waste Management for depositing waste in Waste Management's Altamont Landfill site in Livermore, under the existing Landfill Disposal Agreement, known as "tipping fees," are ultimately paid by San Francisco residents and businesses which receive refuse collection services, directly to Recology. The "tipping fees" as of July 1, 2010, was set at \$20.05 per ton⁴ of solid waste deposited in the landfill, and are paid to Waste Management by Recology, who is responsible for transporting the City's solid waste to Waste Management's Altamont landfill site under the Facilitation Agreement. According to Mr. Assmann, such tipping fees are one of many factors which determine the overall cost of collecting and disposing refuse in the City, such that tipping fees impact the residential and commercial refuse collection rate setting process described above.

The term of the existing Landfill Disposal Agreement between the City and Waste Management is the earlier of (a) 65 years, or (b) when 15,000,000 tons of solid waste is deposited into the Altamont Landfill site⁵. As of November 30, 2010, approximately 13,090,000 tons of solid waste had been deposited at the landfill, such that 1,910,000 tons of capacity remains. Mr. Assmann estimates that such remaining capacity will be exhausted by 2015.

According to Mr. Assmann, in order to comply with California Public Resources Code Section 41260 which states that all California cities must maintain a "plan" for 15 years of landfill disposal capacity, the Department of the Environment is now requesting approval for a new Landfill Disposal Agreement to replace the existing Landfill Disposal Agreement when the term of the existing Agreement is anticipated to expire in 2015. However, as discussed above, a "plan" for landfill capacity can include both (a) executed agreements, and (b) anticipated agreements.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would authorize the Department of the Environment to execute (a) an amendment without conducting a competitive bidding process, to the City's existing Facilitation Agreement with Recology which governs the consolidation of refuse collected in the City and the transportation of that refuse to the City's designated landfill site, and (b) the award, based on a competitive bidding process, of a new Landfill Disposal Agreement with Recology San Francisco (Recology) which would designate Recology's Ostrom Road Landfill in Yuba County, California, as the City's exclusive landfill site and allow for the deposit of up to 5,000,000 tons of solid waste into that landfill.

⁴ Tipping fees are paid to Waste Management by Recology based on the number of tons of solid waste disposed at the landfill site and include all governmental fees. As of July 1, 2010, the tipping and governmental fees was \$20.05 per ton, however that rate has changed according to cost of living adjustments annually since the inception of the Agreement.

⁵ According to Mr. Assmann, the 65 year term of the existing Landfill Agreement was not intended to provide landfill capacity for 65 years, rather, the term was selected to ensure there would be sufficient time for the City to make full use of the 15,000,000 ton landfill capacity.

Amended Facilitation Agreement

The existing Facilitation Agreement with Recology requires Recology to (a) operate a transfer station, which is located in San Francisco, and which serves as a temporary holding area for refuse collected within the City and County of San Francisco, and (b) transport the consolidated refuse from the transfer station to Waste Management of Alameda County Inc. (Waste Management's) Altamont Landfill site in Livermore, the City's current designated landfill site.

The proposed Amended Facilitation Agreement would also require Recology to (a) operate a transfer station, which is located in San Francisco, and which serves as a temporary holding area for refuse collected within the City and County of San Francisco, and (b) then transport the consolidated refuse from the transfer station to Recology's Ostrom Road Landfill site in Yuba County, the proposed new designated landfill site (instead of Waste Management's Altamont Landfill), anticipated to be effective as of 2015.

Under the existing Facilitation Agreement, Recology transports the City's solid waste approximately 55 miles to Waste Management's Altamont Landfill by truck. Because Recology's Ostrom Road Landfill in Yuba County is approximately 130 miles from Recology's transfer station, which is located near Candlestick Park, or 75 miles further than Waste Management's Altamont Landfill site, the proposed Amended Facilitation Agreement requires Recology to transport the City's solid waste to the Ostrom Road Landfill in Yuba County using a combination of truck and rail⁶.

The Amended Facilitation Agreement would allow Recology to include an additional rail transport fee in future residential rate increase applications to the City's Rate Board⁷. This rail transport fee would be \$563 per rail container, which would be adjusted in the future based on (a) an inflation adjustment according to the All-Inclusive Index Less Fuel, (b) adjustments for changes in governmental fees, and (c) adjustments for increases in fuel costs. Mr. Assmann noted that all rail transport would occur through a third party rail hauler over existing rail infrastructure⁸.

According to Mr. Assmann, the DOE estimated the environmental impact which would result from transporting refuse an additional 75 miles to Recology's Ostrom Road Landfill in Yuba County instead of Waste Management's Altamont Landfill in Livermore. According to Mr. Assmann, this analysis included the impact of transporting the refuse by (a) biodiesel and liquefied natural gas fueled trucks to Waste Management's Altamont Landfill, and (b) liquefied natural gas powered trucks and diesel powered rail to Recology's Ostrom Road Landfill. As shown in Table 1 below, transportation to Recology's Ostrom Road Landfill site in Yuba

⁶ According to Mr. Assmann, solid waste would be transported from the transfer station to Oakland by truck, a distance of approximately 15 miles, then by rail from Oakland into the Ostrom Road Landfill, a distance of approximately 115 miles.

⁷ According to Mr. Assmann, the rail fee would also impact commercial refuse collection rates. However, as discussed above, such rates are not subject to approval by the Director of Public Works or the Rate Board.

⁸ According to Mr. Assmann, a small rail spur would be constructed by Recology from the existing rail line into the Ostrom Road Landfill. Mr. Assmann noted that the construction cost of such a rail spur is included in the estimated transportation cost of \$30.41 shown in Table 3 (column B) below, and because such construction is not a project of the City and County of San Francisco, the project would not be subject to environmental review under the California Environmental Quality Act (CEQA).

County is estimated to generate 1.15 less tons of carbon dioxide than transportation to Waste Management's Altamont Landfill in Livermore.

Table 1: Comparison of Carbon Dioxide Emissions

Landfill	Miles Transported	Transportation Method	Tons of Carbon Dioxide Emitted per Ton of Waste
Recology's Ostrom Road Landfill in Yuba County	130	Truck, Rail	9.4
Waste Management's Altamont Landfill in Livermore	55	Truck Only	10.55
Difference	75		-1.15

The proposed new Amended Facilitation Agreement would continue to provide for a Reserve Fund, which, as discussed above, can be drawn down by Recology if the revenues from refuse collection rates charged to residents and businesses do not fully cover Recology's cost of refuse collection and transportation services.

A Competitive Bidding Process Has Not Been Conducted by the City for the Proposed Amended Facilitation Agreement With Recology

The DOE did not conduct a competitive bidding process prior to requesting award of the proposed Amended Facilitation Agreement with Recology. According to Mr. Assmann, the Amended Facilitation Agreement was not competitively bid because Recology's transfer station is located in San Francisco, near Candlestick Park, and transportation of the refuse from the Recology transfer station to the new Ostrom Road Landfill would require the transport of refuse "through the streets of the City and County of San Francisco." Under the City's Refuse Collection and Disposal Ordinance of 1932, only permitted haulers can transport refuse "through the streets of the City and County of San Francisco". Since Recology is the only such firm permitted to collect and transport refuse within the City, only Recology has been authorized to provide such services required in the Facilitation Agreement.

Landfill Disposal Agreement

The proposed resolution would also authorize the Department of the Environment to execute a new Landfill Disposal Agreement with Recology which permits the deposit of solid waste collected in San Francisco into Recology's Ostrom Road Landfill site in Yuba County. The term of this Agreement would begin upon the expiration of the existing Altamont Landfill Disposal Agreement with Waste Management, which Mr. Assmann anticipates will expire in 2015. The term of the proposed Landfill Disposal Agreement would terminate the earlier of (a) ten years from the commencement date, or (b) when 5,000,000 tons of solid waste had been deposited into the Ostrom Road Landfill.

Based on the analysis conducted by the City in 2009, the proposed Landfill Disposal Agreement with Recology would increase the tipping fees (including related government fees)⁹ charged to permitted haulers¹⁰ or self-haulers (persons disposing of their own waste, which is permitted under the City's Refuse Collection and Disposal Ordinance of 1932), from \$18.66 per ton to \$28.53, an increase of \$9.87 or 52.9 percent (see the Fiscal Analysis Section below for a discussion on how the proposed tipping fees will impact refuse collection rates for customers).

The City Conducted A Competitive Bidding Process For Award of the Proposed New Landfill Disposal Agreement with Recology

Following a series of public hearings in 2007, the Department of the Environment issued a Request for Qualifications (RFQ) to firms providing landfill disposal capacity. According to Mr. Assmann, the RFQ was sent to all landfill companies in California, and responses were due on August 29, 2008. Three firms responded to the RFQ, and subsequent to evaluation of the three submissions, all three firms were determined to be qualified under the terms of the RFQ.

A Request for Proposals (RFP) to provide for landfill disposal capacity was issued on February 9, 2009, and sent out to all three firms that qualified through the Request for Qualifications process discussed above. Three firms submitted responses. However, one firm was disqualified for failing to attend a mandatory pre-bidding conference. The two qualified responses were from Recology and Waste Management. An evaluation panel of three members included (a) Mr. Ed Lee, former City Administrator/current Mayor, (b) Ms. Susan Katchee, Environmental Services Director, City of Oakland, and (c) Mr. David Assmann, Deputy Director, Department of the Environment. The evaluation panel reviewed and scored both proposals and conducted oral interviews using standardized criteria. As shown in Table 2 below, the evaluation panel recommended award of the subject Agreement to Recology, based on receiving 254 points, as compared to 240 points received by Waste Management, out of a total of 300 points.

Table 2: Proposals Scoring Results

Evaluation Category	Maximum		
	Points	Waste Management	Recology
Environmental and Labor Practices	75	58	56
Landfill Capacity	75	57	57
Experience and References	30	30	30
Cost (including Tipping Fees and Transportation Costs)	75	54	74
Oral Interview	45	41	37
Total	300	240	254

⁹ As discussed above, "tipping fees" are fees charged by the landfill owner for the deposit of waste into that landfill. Government fees are those fees which are also imposed for landfill deposits by various governmental entities such as the county in which the landfill is located.

¹⁰ Recology is divided into various different subsidiaries, such that the tipping fees imposed on permitted haulers by the proposed Landfill Disposal Agreement would result in Recology's collection subsidiaries paying tipping fees to Recology's landfill subsidiary.

The Budget and Legislative Analyst notes that the largest difference in the RFP scoring between the two firms was cost, such that Recology's proposal was determined to result in significantly lower costs than Waste Management's proposal. According to Mr. Assmann, the increased 75 mile transportation distance between Recology's transfer station in San Francisco to Recology's proposed new Ostrom Road Landfill site in Yuba County, which is 130 miles from Recology's transfer station, instead of the current Waste Management Altamont Landfill, which is 55 miles from Recology's Transfer Station, as well as the proposed use of rail transportation by Recology, were included in the evaluation of proposals received, and are reflected in the scores shown in Table 2 above. Notably, the Evaluation Panel still found that Recology's annual costs were lower than Waste Management's costs.

A notice of intent to award the subject Landfill Disposal Agreement was sent to Recology on September 10, 2009. Waste Management subsequently submitted two formal protests covering a total of ten separate topics of protest, all of which the DOE evaluated and rejected.

The Attachment to this report, provided by the DOE, details Waste Management's objections and the related analysis by the Department of Environment, and provides (a) a summary of each of Waste Management protests, (b) Recology's responses, and (c) DOE's responses. Mr. Assmann noted that Recology's responses were included in the protest response according to advice received from the City Attorney's Office.

FISCAL ANALYSIS

Agreement Fees and Costs

As shown in Table 3 below, the proposed two Agreements with Recology, including the Landfill Disposal Agreement and the Amended Facilitation Agreement, was calculated to result in the cost per ton of solid waste disposal increasing by \$21.95 per ton, from \$36.99 per ton to \$58.94 per ton. According to Mr. Assmann, this increase is the result of solid waste disposal costs of \$36.99 per ton being significantly below market rates because the existing rates were originally set in 1987, then adjusted by an inflation factor averaging approximately 1.17 percent. As also shown in Table 3 below, the rejected proposal from Waste Management would have increased costs by \$48.13 per ton, from \$36.99 per ton to \$85.12 per ton.

Table 3: Fees and Costs of the Proposed Agreements

Fee or Cost Category	2009 Rate ¹¹	Proposed Recology Rate	Increase	Rejected Waste Management Rate	Increase
	A	B	C = B - A	D	E = D - A
Tipping Fees and Government Fees Per Ton	\$18.66	\$28.53	\$9.87	\$66.79	\$48.13
Transportation Cost Per Ton (under the Proposed Amended Facilitation Agreement)	18.33	30.41	12.08	18.33	0.00
Total Cost Per Ton	\$36.99	\$58.94	\$21.95	\$85.12	\$48.13

Mr. Assmann advises that under the terms of the proposed agreements, the Director of Public Works must recommend to the City's Rate Board that all the proposed fees and costs shown in

¹¹ Table 3 compares the actual rates in 2009 to the two bids that were received and evaluated in 2009. As of July 1, 2010, the Tipping Fees and Government Fees Per Ton were \$20.05 and the Transportation Cost Per Ton was unchanged at \$18.33 for a Total Cost Per Ton of \$38.38.

Table 3 above are “just and reasonable” as it relates to in any requested rate increase application submitted by Recology to the Rate Board. As shown in Table 4 below, based on data provided by Mr. Assmann, the increased costs shown in Table 3 above are estimated to increase residential refuse collection rates charged to residential customers, subject to approval by the Rate Board, by 3.0 percent.

If the proposed Agreements are approved, the average single family residence cost is estimated to increase from \$27.55 per month to \$28.37 per month, an increase of \$.82 per month, or 3.0 percent. As also shown in Table 4 below, the proposal from Waste Management would have increased rates by approximately 6.5 percent, from \$27.55 to \$29.33, an increase of \$1.78 per month.

Table 4: Impact on Refuse Collection Rates Paid By San Francisco Single Family Home Owners for 32-Gallon Waste Containers

Row	Cost Calculation	Proposed Recology Agreement	Rejected Waste Management Agreement
A ¹²	Increased Cost Per Ton	\$21.95	\$48.13
B	Estimated Total Tons of Solid Waste Disposed	277,000	277,000
C = A x B	Total Increased Cost	\$6,080,150	\$13,332,010
D	Current Total Refuse System Cost ¹³	\$206,000,000	\$206,000,000
E = C ÷ D	Percent Increase	3.0%	6.5%
F	Current Single Family Refuse Collection Monthly Cost	\$27.55	\$27.55
G = E x F	Cost Increase	\$0.82	\$1.78
H = F + G	Estimated Increased Monthly Cost	\$28.37	\$29.33

As reflected in Table 4 above, the annual cost for San Francisco’s refuse collection, transportation and disposal is approximately \$206,000,000. If the proposed Agreements are approved, all refuse collection, transportation and disposal would be the responsibility of Recology. All of these costs are paid by residential and commercial ratepayers.

Under the proposed Landfill Agreement, the term would terminate the earlier of (a) ten years from the commencement date, or (b) when 5,000,000 tons of solid waste had been deposited into the Ostrom Road Landfill. Mr. Assmann estimates the value of the proposed Landfill Agreement is approximately \$112,000,000 over the ten-year period. The proposed Facilitation Agreement has the same term as the proposed Landfill Agreement, but there is not a specific value tied to the Facilitation Agreement.

City Costs

All of the costs included in the proposed new Landfill Agreement and the Amended Facilitation Agreement would be incorporated into the rates paid by the City’s residential and commercial waste collection customers. Regarding City-owned facilities, the City, as a commercial customer, contracts with Recology to dispose of solid waste generated by City-owned buildings

¹² Increased cost per ton is from Table 3 rows C and E above.

¹³ The Current Total Refuse System Cost of \$206,000,000 represents the total cost of refuse collection, transportation, and disposal, and is the basis for determining collection rates charged to residential customers.

and facilities. In FY 2009-2010, the City paid Recology \$5,750,000 to dispose of the solid waste from City-owned facilities.

Mr. Assmann notes that increases approved by the Rate Board for residential refuse collection rates have historically also resulted in equivalent increases to commercial refuse collection rates. Therefore, the anticipated one-time 3.0 percent increase in residential refuse collection rates will likely also result in a 3.0 percent increase in commercial refuse collection rates. As a customer of commercial refuse collection services from Recology, the City's waste collection costs are anticipated to increase by 3.0 percent, or, \$172,500, from their current annual cost of \$5,750,000 to \$5,922,500.

Department of the Environment Operating Funds

In addition to the fees and costs under the proposed new Landfill Agreement and the proposed Amended Facilitation Agreement discussed above, a portion of DOE's operating expenditures¹⁴ are also incorporated into the rates paid by the residents and businesses for refuse collection services. Such expenditures are subject to annual appropriation approval to DOE by the Board of Supervisors. According to Mr. Assmann, the annual average amount appropriated by the Board of Supervisors to the Department of the Environment for such operating costs is approximately \$7,000,000 per year. Mr. Assmann stated that the proposed Agreements would not increase or decrease the amount available to cover DOE's operating costs.

POLICY ALTERNATIVES

Alternative 1:

Submit a proposition to the voters to repeal the Refuse Collection and Disposal Ordinance of 1932, such that the collection and transport of refuse would be subject to the City's competitive bidding process.

According to the Refuse Collection and Disposal Ordinance of 1932, codified in San Francisco Administrative Code Appendix 1, there are 97 permits to collect and transport refuse within the City of San Francisco, and only authorized refuse collectors which have permits from the City may transport refuse "through the streets of the City and County of San Francisco." Due to a number of acquisitions since the Refuse Collection and Disposal Ordinance of 1932 was approved, Recology now owns all 97 permits and therefore is the City's designated permanent exclusive refuse collection and transportation firm for the refuse collected in San Francisco.

The Budget and Legislative Analyst notes that, in order to avoid having multiple refuse collection firms operating throughout the City, it may be in the City's best interests to have only one exclusive provider of refuse collection and transportation services. However, such exclusive collection and transportation services should be (a) provided by a firm selected

¹⁴ According to Mr. Assmann, such operating costs include DOE programs for recycling, green building, environmental justice, and long term planning for waste disposal.

through the City's normal competitive bidding process, and (b) provided for only a finite term after which a new competitive bidding process should occur.

The Budget and Legislative Analyst also notes that it is possible that competitive bidding could potentially result in reduced refuse collection rates for residents and businesses in San Francisco. For example, Table 5 below shows that while rates paid by residential refuse collection customers are comparable, commercial refuse collection customer rates in Oakland are significantly lower than those rates paid by San Francisco businesses. However, according to Mr. Assmann, San Francisco's refuse costs are higher because (a) San Francisco currently diverts 77 percent of refuse from the landfill as compared to Oakland which currently diverts 67 percent from their landfill, partially because San Francisco mandates the collection of organic materials, and (b) San Francisco has higher density and narrower streets which require more-labor intensive practices than Oakland.

Table 5: Comparison of Residential and Published Commercial Refuse Collection Rates (for One Collection Per Week)

Current Rate Type for Once Per Week Collection Service	Oakland	San Francisco	Difference in Cost	Percent
Residential Rates for 32-35 Gallon Containers ¹⁵	\$27.68	\$27.55	(\$0.13)	(0.5%)
Commercial Rate for 2 Cubic Yards	\$237.75	\$494.01	\$256.26	107.8%

Therefore, a policy alternative for consideration by the Board of Supervisors includes submitting a proposition to the voters to (a) repeal the City's Refuse Collection and Disposal Ordinance of 1932, such that refuse collection and transportation services would be required to be awarded under the City's normal competitive bidding process, and (b) require that refuse collection rates for both residential and commercial services be subject to Board of Supervisors approval.

Notably, the voters of San Francisco have previously rejected two propositions which would have amended the City's Refuse Collection and Disposal Ordinance of 1932 and allowed for competitive bidding for refuse collection and transportation, including (a) Proposition Z in November of 1993, which was rejected by 76.3 percent of the voters, and (b) Proposition K in November of 1994, which was rejected by 64.5 percent of the voters.

Alternative 2:

Request that the Department of the Environment analyze the potential costs and benefits of using a firm other than Recology for the transportation of refuse which does not occur "through the streets of the City and County of San Francisco."

The existing Facilitation Agreement with Recology and the proposed Amended Facilitation Agreement with Recology were not subject to a competitive bidding process because, according to Mr. Assmann, (a) under the Refuse Collection and Disposal Ordinance of 1932, only Recology can be authorized to transport refuse "through the streets of the City and County of

¹⁵ Residential collection rates in San Francisco are based on 32-gallon containers while residential collection rates in Oakland are based on 35-gallon containers. Because most of the costs of collection result from labor and vehicle expenses to pick up individual containers, the rates in Oakland and San Francisco are comparable.

San Francisco,” and (b) transport of refuse from Recology’s transfer station, which is located in San Francisco near Candlestick Park, requires travelling “through the streets of the City and County of San Francisco.” However, the Budget and Legislative Analyst was unable to identify any portion of the Refuse Collection and Disposal Ordinance of 1932 which governs the transport of refuse which does not occur “through the streets of the City and County of San Francisco.”

Therefore, it may be possible for a second firm, other than Recology, to transport refuse after it has been collected by Recology, if that second firm’s transfer station was located either outside the City limits or was located near marine or rail facilities, such that refuse from the transfer station to the City’s designated landfill could avoid being transported “through the streets of the City and County of San Francisco.” Should the Board of Supervisors elect not to submit a proposition to the voters to repeal the City’s existing Refuse Collection and Disposal Ordinance of 1932, a second policy alternative for consideration by the Board of Supervisors includes requesting the DOE to analyze the potential costs and benefits of using Recology to continue collecting refuse, but using a second separate firm to provide refuse transportation services if such a firm could avoid transporting refuse “through the streets of the City and County of San Francisco.”

RECOMMENDATIONS

1. Although the proposed Landfill Disposal Agreement was subject to the City’s normal competitive bidding process, because the Landfill Disposal Agreement is the sole portion of the refuse collection, transportation, and disposal process which is subject to the City’s normal competitive bidding process, and because the transfer and the collection of the City’s refuse has never been subject to the City’s normal competitive bidding process, approval of the proposed resolution is a policy matter for the Board of Supervisors.
2. The Budget and Legislative Analyst recommends that the Board of Supervisors consider submitting a proposition to the voters to (a) repeal the City’s existing Refuse Collection and Disposal Ordinance of 1932, such that future refuse collection and transportation services would be required to be awarded by the City under the City’s normal competitive bidding process, and (b) require that refuse collection rates for both residential and commercial services be subject to Board of Supervisors approval.

Appendix B

Data Collection Forms

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City and County of San Francisco LAFCo

Jurisdiction:

Name/Title:

Phone:

Date:

1. What process did the (City/County) undergo for the current refuse collection services? (negotiations then procurement, negotiations only, procurement only, open competition/permits required, other)

- Residential _____
- Multi-Family _____
- Commercial _____
- C&D / Temporary Debris Boxes _____

2. Who is the current service provider for refuse collection, hauling, transfer, transport, recycling and disposal services?

- Residential _____
- Multi-Family _____
- Commercial _____
- C&D / Temporary Debris Boxes _____

3. Is there a separate agreement for landfill disposal? _____
If so, for what landfill? _____

4. When was the current contract(s) put in place? And when does it expire?

- Residential _____
- Multi-Family _____
- Commercial _____
- C&D / Temporary Debris Boxes _____

5. When was the last rate increase? _____

6. When is the next rate increase anticipated? _____

7. What is the methodology used to set rates? (RRI/CPI/ rate comparison/detailed rate review) _____

8. How many accounts does the hauler service in the community?

- Residential _____
- Multi-Family _____
- Commercial _____
- C&D / Temporary Debris Boxes _____

9. What is the current diversion rate? _____

City and County of San Francisco LAFCo

10. What is the minimum frequency of collection for residential customers? (once/week, twice/week, every other week)

- Green Waste/Organics _____
- Food Waste _____
- Recyclables _____

11. Automated / Manual collection?

12. Does the hauler provide any "Free" services under the terms of the Collection Agreement?

- Community Clean-up _____
- City Facilities _____
- Special Events _____
- Compost Give-a-ways _____
- E-waste/U-Waste Collection _____
- Bulky Waste Collection _____
- Public Schools _____
- Street Sweeping _____
- Other (Christmas trees, oil/filters) _____

13. Are there any Franchise Fees, AB 939 Fees, Vehicle Impact Fees, HHW fees, City Administrative Fees, or other fees associated with the collection agreement? (Amount, %, etc.)

- Yes (please list all associated fees) No

14. Where are your materials currently disposed of?

15. What are the current disposal fees? _____ Per ton

16. Is there a separate charge for Commercial:

- Recycling Collection Service
 - Yes (please provide cost)
 - No
 - Not Available to Commercial Sector
- Food Waste Collection Service
 - Yes
 - No
 - Not Available to Commercial Sector

17. Can you provide a current rate sheet (including size and frequency) for residential, MFD, commercial and debris box collection?

Appendix C

Jurisdictional Data

- C1. *Jurisdictional Data*
- C2. *Solid Waste Service Providers*
- C3. *Surrounding Area Service Agreement Process*
- C4. *Surrounding Area Landfills Used for Disposal and Disposal Agreements*
- C5. *Residential Service Term Lengths*
- C6. *Rate Methodology Used to Set Rates*
- C7. *Residential Services and Collection Frequency*
- C8. *Commercial Recycling and Food Waste Collection Services*
- C9. *Additional Services Included in Customer Rates*
- C10. *Diversion Data by Population*
- C11. *Public Agency Fees*
- C12. *Customer Rate Comparisons – Residential Rates*
- C13. *Customer Rate Comparisons – Commercial Rates*

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APPENDIX C2 Solid Waste Service Providers

County/ Jurisdiction	SFD	Commercial
City and County of San Francisco	Recology	Recology
Alameda County		
Alameda	Alameda County Industries	Alameda County Industries
Albany	Waste Management	Waste Management
Castro Valley Sanitary District	Waste Management	Waste Management
Dublin	Amador Valley Industries	Amador Valley Industries
Emeryville	Waste Management	Waste Management
Fremont	Allied Waste Services	Allied Waste Services
Hayward	Waste Management	Waste Management
Livermore	Livermore Sanitation	Livermore Sanitation
Newark	Waste Management	Waste Management
Oakland	Waste Management: All Garbage and Recycling including East Oakland Recycling, California waste solutions: North & West Oakland recycling	WMAC, Permit/License for Recycling
Oro Loma	Waste Management	Waste Management
Piedmont	Richmond Sanitary Services	Richmond Sanitary Services
Pleasanton	Pleasanton Garbage Services	Pleasanton Garbage Services
San Leandro	Alameda County Industries	Alameda County Industries
Union City	Allied Waste Services: Refuse and Organics, Tri-CED: Recycling	Allied Waste Services: Refuse and Organics, Tri-CED: Recycling
Contra Costa County		
Antioch	Allied Waste Services	Allied Waste Services
Clayton	Allied Waste Services	
County of Contra Costa	Allied Waste Services: Refuse, Waste Management: Green Waste and Recycling	Allied Waste Services: Refuse, Waste Management: Recycling
Danville	Allied Waste Services: Refuse, Waste Management: Green Waste and Recycling	Allied Waste Services: Refuse, Waste Management: Recycling
El Cerrito	East Bay Sanitary	East Bay Sanitary
Hercules	Richmond Sanitary Services	Richmond Sanitary Services
Lafayette	Allied Waste Services: Refuse, Waste Management: Green Waste and Recycling	Allied Waste Services: Refuse, Waste Management: Recycling
Martinez	Allied Waste Services	
Moraga	Allied Waste Services: Refuse, Waste Management: Green Waste and Recycling	Allied Waste Services: Refuse, Waste Management: Recycling
Oakley	Oakley Disposal Garraventa	Oakley Disposal Garraventa
Orinda	Allied Waste Services: Refuse, Waste Management: Green Waste and Recycling	Allied Waste Services: Refuse, Waste Management: Recycling
Pinole	Richmond Sanitary Services	Richmond Sanitary Services
Pittsburg	Pittsburg Disposal (Garraventa)	Pittsburg Disposal (Garraventa)
Pleasant Hill	Allied Waste Services	
Richmond	Richmond Sanitary Services	Richmond Sanitary Services
San Pablo	Richmond Sanitary Services	Richmond Sanitary Services
San Ramon	Waste Management	Permit/License
Unincorporated West Contra Costa County	Richmond Sanitary Services	Richmond Sanitary Services
Walnut Creek	Allied Waste Services: Refuse, Waste Management: Green Waste and Recycling	Allied Waste Services: Refuse, Waste Management: Recycling
Marin County		
Almonte Sanitary District	Mill Valley Refuse	Mill Valley Refuse
Belvedere	Mill Valley Refuse	Mill Valley Refuse
Fairfax	Marin Sanitary Service	Marin Sanitary Service
Larkspur	Marin Sanitary Service	Marin Sanitary Service
Las Gallinas Valley Sanitary District	Marin Sanitary Service	Marin Sanitary Service
Mill Valley	Mill Valley Refuse	Mill Valley Refuse
Novato	Novato Disposal	Novato Disposal
Ross	Marin Sanitary Service	Marin Sanitary Service
San Anselmo	Marin Sanitary Service	Marin Sanitary Service
San Rafael	Marin Sanitary Service	Marin Sanitary Service
Sausalito	Bay Cities Refuse	Bay Cities Refuse
Tiburon	Mill Valley Refuse	Mill Valley Refuse
San Mateo County		
Atherton	Recology	Recology
Belmont	Recology of San Mateo County	Recology
Brisbane	South San Francisco Scavenger Company	
Burlingame	Recology	Recology

APPENDIX C2 Solid Waste Service Providers

County/ Jurisdiction	SFD	Commercial
Colma	Allied Waste Services	Allied, Scavenger, Recology
County of San Mateo	Recology	Recology
Daly City	Allied Waste Services	Allied Waste Services
East Palo Alto	Recology	Recology
Foster City	Recology	Recology
Granada Sanitary District	Recology of the Coast	Recology of the Coast
Hillsborough	Recology	Recology
Menlo Park	Recology	Recology
Montara Sanitary District	Recology of the Coast	Recology of the Coast
Pacifica	Recology	Recology
Redwood City	Recology	Recology
San Bruno	Recology San Bruno	Recology San Bruno
San Carlos	Recology	Recology
San Mateo	Recology	Recology
South San Francisco	South San Francisco Scavenger Company	
West Bay Sanitary District	Recology	Recology
Woodside	Green Waste Recovery	Green Waste Recovery
Santa Clara County		
Campbell	West Valley Collection and Recycling	
County of Santa Clara	Recology South Bay	Recology South Bay
Cupertino	Recology Cupertino	Recology Cupertino
Gilroy	Recology South Valley	Recology South Valley
Los Altos	Mission Trails Waste Systems	Mission Trails Waste Systems
Los Altos Hills	Green Waste Recovery	
Los Gatos	West Valley Collection and Recycling	
Milpitas	Allied Waste Services	
Monte Sereno	West Valley Collection and Recycling	
Morgan Hill	Recology South Valley	Recology South Valley
Mountain View	Recology Mountain View	Recology Mountain View
Palo Alto	Green Waste Recovery	
San Jose	Garden City Sanitation: Refuse, California Waste Solutions: Recycling, Green Team: Refuse and Recycling	Non-Exclusive (Permit/License)
Santa Clara	Recology : Recycling, Mission Trails Waste Systems: Refuse & Organics	Permit/License: Industrial, Mission Trails Waste Systems: Retail
Saratoga	West Valley Collection and Recycling	
Sunnyvale	Specialty Solid Waste and Recycling	Specialty Solid Waste and Recycling
Sonoma County		
Cloverdale	Waste Management	Waste Management
Cotati	Redwood Empire Disposal	Redwood Empire Disposal
Healdsburg	Redwood Empire Disposal	Redwood Empire Disposal
Petaluma	Petaluma Refuse and Recycling	Petaluma Refuse and Recycling
Rohnert Park	Rohnert Park Disposal	Rohnert Park Disposal
Santa Rosa	North Bay Corporation	North Bay Corporation
Sebastopol	Waste Management	
Sonoma	Sonoma Garbage Collectors	
Windsor	Windsor Refuse and Recycling	

APPENDIX C3
Surrounding Area Service Agreement Process

County/Jurisdiction	Residential Selection Process	Commercial Selection Process
City and County of San Francisco	Non-Competitive	Non-Competitive
Alameda County		
Alameda	Competitive	Competitive
Albany	Non-Competitive	Non-Competitive
Castro Valley Sanitary District	Competitive	Competitive
Dublin	Competitive	Competitive
Emeryville	Non-Competitive	Non-Competitive
Hayward	Non-Competitive	Non-Competitive
Livermore	Competitive	Competitive
Newark	Non-Competitive	Non-Competitive
Oakland (Recycling)	Competitive	Non-Competitive
Oakland (Refuse)	Non-Competitive	Non-Competitive
Oro Loma Sanitary District	Non-Competitive	Non-Competitive
Piedmont	Competitive	Competitive
Pleasanton	Non-Competitive	Non-Competitive
San Leandro	Competitive	Competitive
Union City	Competitive	Competitive
Contra Costa County		
County of Contra Costa	Competitive	Competitive
Danville	Competitive	Competitive
El Cerrito	Non-Competitive	Non-Competitive
Lafayette	Competitive	Competitive
Moraga	Competitive	Competitive
Orinda	Competitive	Competitive
Richmond	Non-Competitive	Non-Competitive
San Pablo	Non-Competitive	Non-Competitive
San Ramon	Competitive	Competitive
Walnut Creek	Competitive	Competitive
Marin County		
Almonte Sanitary District	Non-Competitive	Non-Competitive
Belvedere	Non-Competitive	Non-Competitive
Fairfax	Competitive	Competitive
Larkspur	Non-Competitive	Non-Competitive
Las Gallinas Valley Sanitary District	Non-Competitive	Non-Competitive
Novato	Non-Competitive	Non-Competitive
Ross	Non-Competitive	Non-Competitive
San Anselmo	Non-Competitive	Non-Competitive
San Rafael	Non-Competitive	Non-Competitive
Sausalito	Non-Competitive	Non-Competitive
Tiburon	Non-Competitive	Non-Competitive

APPENDIX C3

Surrounding Area Service Agreement Process

County/Jurisdiction	Residential Selection Process	Commercial Selection Process
San Mateo County		
Atherton	Competitive	Competitive
Belmont	Competitive	Competitive
Burlingame	Competitive	Competitive
Colma	Non-Competitive	Non-Competitive
County of San Mateo	Competitive	Competitive
Daly City	Non-Competitive	Non-Competitive
East Palo Alto	Competitive	Competitive
Foster City	Competitive	Competitive
Granada Sanitary District	Competitive	Competitive
Hillsborough	Competitive	Competitive
Menlo Park	Competitive	Competitive
Montara Sanitary District	Competitive	Competitive
Pacifica	Non-Competitive	Non-Competitive
Redwood City	Competitive	Competitive
San Bruno	Non-Competitive	Non-Competitive
San Carlos	Competitive	Competitive
San Mateo	Competitive	Competitive
West Bay Sanitary District	Competitive	Competitive
Woodside	Non-Competitive	Non-Competitive
Santa Clara County		
County of Santa Clara	Competitive	Competitive
Cupertino	Non-Competitive	Non-Competitive
Gilroy	Non-Competitive	Non-Competitive
Los Altos	Competitive	Competitive
Los Altos Hills	Competitive	N/A
Morgan Hill	Non-Competitive	Non-Competitive
Mountain View	Non-Competitive	Non-Competitive
San Jose	Competitive	Competitive
Santa Clara (Recycling)	Competitive	Competitive
Santa Clara (Solid Waste and Organics)	Non-Competitive	Competitive, Non-Competitive
Sonoma County		
Healdsburg	Competitive	Competitive
Petaluma	Competitive	Competitive
Rohnert Park	Non-Competitive	Non-Competitive
Santa Rosa	Competitive	Competitive
Windsor	Competitive	Competitive

APPENDIX C4
Surrounding Area Landfills Used for Disposal and Disposal Agreements

Jurisdiction	Landfill Used For Disposal	Separate Disposal Agreement	
		Yes	No
City and County of San Francisco	Altamont Landfill	x	
Alameda County			
Alameda	Altamont Landfill	x	
Albany			x
Castro Valley Sanitary District	Altamont Landfill	x	
Dublin	Altamont Landfill		x
El Cerrito	Potrero Hills Landfill		
Emeryville	Altamont Landfill	x	
Hayward	Altamont Landfill		x
Hercules	Potrero Hills Landfill		
Livermore	Vasco Road Landfill		x
Newark	Altamont Landfill		x
Oakland	Altamont Landfill		x
Oro Loma Sanitary District	Altamont Landfill		x
Piedmont	Vasco Road Landfill		x
Unincorporated	Potrero Hills Landfill		
Union City	Newby Island Landfill		x
Contra Costa County			
County of Contra Costa		x	
Danville			x
Lafayette			x
Moraga			x
Oakley	Potrero Hills Landfill		
Orinda			x
Pinole	Potrero Hills Landfill		x
Pleasant Hill	Keller Canyon Landfill		x
Richmond	Richmond Landfill		x
San Pablo	Keller Canyon & Potrero Hills	x	
San Ramon	Vasco Road Landfill		x
Walnut Creek			x
Marin County			
Almonte Sanitary District	Redwood Landfill		x
Belvedere	Redwood Landfill		x
Fairfax			x
Larkspur			x
Las Gallinas Valley Sanitary District			x
Mill Valley			x
Novato			x
Ross			x
San Anselmo			x
San Rafael	Redwood Landfill		x
Sausalito			x
Tiburon	Redwood Landfill		x
San Mateo County			
Atherton	Ox Mountain Landfill		x
Belmont	Ox Mountain Landfill		x
Burlingame	Ox Mountain Landfill		x
Colma	Ox Mountain Landfill		x
County of San Mateo	Ox Mountain Landfill		x
Daly City	Ox Mountain Landfill		x
East Palo Alto	Ox Mountain Landfill		x
Foster City	Ox Mountain Landfill		x
Granada Sanitary District	Ox Mountain Landfill	x	
Hillsborough	Ox Mountain Landfill		x

APPENDIX C4

Surrounding Area Landfills Used for Disposal and Disposal Agreements

Jurisdiction	Landfill Used For Disposal	Separate Disposal Agreement	
		Yes	No
Menlo Park	Ox Mountain Landfill		X
Montara Sanitary District	Ox Mountain Landfill	X	
Pacifica	Ox Mountain Landfill	X	
Redwood City	Ox Mountain Landfill		X
San Bruno	Potrero Hills Landfill		X
San Carlos	Ox Mountain Landfill		X
San Mateo	Ox Mountain Landfill		X
West Bay Sanitary District	Ox Mountain Landfill		X
Woodside	Ox Mountain Landfill		X
Santa Clara County			
Campbell	Guadalupe Landfill		X
County of Santa Clara	Newby Island Landfill		X
Cupertino	Newby Island Landfill	X	
Gilroy	Johnson Canyon Landfill	X	
Los Altos	Newby Island Landfill	X	
Morgan Hill	Johnson Canyon Landfill	X	
Mountain View	Kirby Canyon Landfill	X	
Palo Alto	Kirby Canyon Landfill	X	
San Jose	Newby Island Landfill	X	
Santa Clara	Newby Island Landfill	X	
Saratoga	Guadalupe Landfill		
Sunnyvale	Kirby Canyon Landfill	X	
Sonoma County			
Cloverdale			X
Healdsburg	Sonoma County Landfill		X
Rohnert Park	Central Disposal Site		X
Sebastopol	Central Disposal Site	X	
Sonoma	Central Disposal Site		X
Windsor	Sonoma County Landfill		X

APPENDIX C5
Residential Service Term Lengths

Jurisdiction	Term Length
City and County of San Francisco	No Term
Alameda County	
Alameda	10/6/2002-10/5/2012
Albany	5/1/2004-4/30/2011
Castro Valley Sanitary District	5/1/2009-4/30/2019
Dublin	7/1/2005-6/30/2012
Emeryville	2/1/2011-12/31/2020
Fremont	7/1/2003-12/31/2013
Hayward	6/1/2007-5/31/2014
Livermore	7/1/2010-6/31/2020
Newark	5/12/2005-5/31/2012
Oakland	1/1/2005-12/31/2012
Oro Loma Sanitary District	1993-2012
Piedmont	7/6/2008-6/30/2018
Pleasanton	5/16/1989-6/30/2019
San Leandro	2/1/2000-1/31/2020
Union City	1/6/2005-6/30/2015
Contra Costa County	
County of Contra Costa	2005-2015
Danville	2005-2015
El Cerrito	12/31/17
Lafayette	2005-2015
Moraga	2005-2015
Oakley	2010-2025
Orinda	2005-2015
Richmond	1999-2019
San Pablo	1986-2025
San Ramon	2006-10/2013
Walnut Creek	2005-2015
Marin County	
Almonte Sanitary District	1/1/2004 - 12/31/2013
Belvedere	11/6/1995 - 1 yr. evergreen
Fairfax	6/30/1998 - 6/30/2013
Larkspur	2/19/2003 - 1 yr. evergreen until 2024
Las Gallinas Valley Sanitary District	2/1/2000 - 1 yr. evergreen until 12/31/2021
Mill Valley	1/16/1996 - 1 yr. evergreen
Novato	3/2/2011 - 12/31/2025
Ross	amended 10/12/2000 - 1 yr. evergreen until 12/31/2020
San Anselmo	1/1/2010 - 12/31/2019
San Rafael	9/4/2001 - 1 yr. evergreen until 12/31/2021
Sausalito	2/5/2002 - 2/4/2014
Tiburon	12/31/1996 - 12/31/2005 - 1 yr. evergreen after 2005

APPENDIX C5
Residential Service Term Lengths

Jurisdiction	Term Length
San Mateo County	
Atherton	1/1/2011-12/30/2021
Belmont	1/1/2011-12/30/2021
Burlingame	1/1/2011-12/30/2021
Colma	Expired
County of San Mateo	1/1/2011-12/30/2021
Daly City	1994-2014
East Palo Alto	1/1/2011-12/30/2021
Foster City	1/1/2011-12/30/2021
Granada Sanitary District	2/9/2010-6/30/2014
Hillsborough	1/1/2011-12/30/2021
Menlo Park	1/1/2011-12/30/2021
Montara Sanitary District	2/9/2010-6/30/2014
Pacifica	2/9/2010-12/31/2017
Redwood City	1/1/2011-12/30/2021
San Bruno	11/1/1997 - 6/30/2019
San Carlos	1/1/2011-12/30/2021
San Mateo	1/1/2011-12/30/2021
West Bay Sanitary District	1/1/2011-12/30/2021
Woodside	7/1/2008-6/30/2018
Santa Clara County	
Cupertino	11/1/2010 - 11/1/2015
Gilroy	1997 to 2017
County of Santa Clara	7/2007 - 6/31/2014
Santa Clara	12/2009 - 1/10/2020
Los Altos	10/2010 - 9/30/2020
Morgan Hill	12/2005 - 12/31/2015
Mountain View	4/27/1993 - 4/26/2013
San José	7/1/2007-6/30/2021
Sunnyvale	12/1/1990 - 6/30/2018
Sonoma County	
Healdsburg	1/1/2011 - 1/1/2021
Petaluma	1/1/2006 - 12/31/2015
Santa Rosa	2/2003 - 12/31/2017
Rohnert Park	7/1/2008 - 6/30/2015

APPENDIX C6
Rate Methodology Used to Set Rates

Jurisdiction	Methodology used to set rates
City and County of San Francisco	Detailed Rate Review Every 5 Yrs. and Cost of Living Adjustment
Alameda County	
Alameda	CPI and Disposal Fee Changes
Albany	CPI
Castro Valley Sanitary District	Flat increase/Negotiations by current hauler
Dublin	RRI
Emeryville	RRI
Hayward	CPI
Livermore	CPI
Newark	CPI
Oakland	CPI
Oro Loma	CPI
Piedmont	RRI
Pleasanton	Detailed Rate Review
San Leandro	CPI
Union City	CPI & Cost Based
Contra Costa County	
County of Contra Costa	CPI
Danville	CPI
El Cerrito	CPI & Cost Based
Lafayette	CPI
Moraga	CPI
Orinda	CPI
Pleasant Hill	CPI
Richmond	CPI
San Pablo	CPI & High Level Rate Review
San Ramon	CPI
Walnut Creek	CPI
Marin County	
Almonte Sanitary District	CPI
Belvedere	CPI/3yr Detailed Rate Review
Fairfax	CPI/PPI
Larkspur	CPI
Las Gallinas Valley Sanitation District	Detailed Rate Review
Mill Valley	Detailed Rate Review
Novato	RRI
Ross	Detailed Rate Review
San Anselmo	CPI and Detailed Rate Review
San Rafael	Detailed Rate Review
Sausalito	Detailed Rate Review
Tiburon	Detailed Rate Review

APPENDIX C6
Rate Methodology Used to Set Rates

Jurisdiction	Methodology used to set rates
San Mateo County	
Atherton	CPI
Belmont	CPI
Burlingame	CPI
Colma	CPI
County of San Mateo	CPI
Daly City	CPI
East Palo Alto	CPI
Foster City	CPI
Granada Sanitary District	Detailed Rate Review
Hillsborough	CPI
Menlo Park	CPI
Montara Sanitary District	Flat increase/Negotiations by current hauler
Pacifica	CPI & Rate Review Every 5 Yrs.
Redwood City	CPI
San Bruno	CPI and Detailed Rate Review
San Carlos	CPI
San Mateo	CPI
West Bay Sanitary District	CPI
Woodside	CPI
Santa Clara County	
County of Santa Clara	CPI
Cupertino	CPI
Gilroy	CPI
Los Altos	CPI
Morgan Hill	CPI
Mountain View	Detailed Review
San Jose	RRI
Santa Clara	CPI
Sonoma County	
Cloverdale	CPI
Cotati	CPI
Healdsburg	RRI
Rohnert Park	RRI
Santa Rosa	RRI
Sebastopol	RRI
Sonoma	RRI
Windsor	RRI

APPENDIX C7
Residential Services and Collection Frequency

Jurisdiction	Green Waste	Food Waste	Recyclables
City and County of San Francisco	Weekly	Weekly	Weekly
Alameda County			
Alameda	Weekly	Weekly	Weekly
Albany	Weekly	Weekly	Weekly
Castro Valley Sanitary District	Weekly	Weekly	Weekly
Dublin	Weekly	Weekly	Weekly
Emeryville	Weekly	Weekly	Weekly
Fremont	Weekly	Weekly	Weekly
Hayward	Weekly	Not Available	Weekly
Livermore	Weekly	Weekly	Weekly
Newark	Weekly	Weekly	Weekly
Oakland	Weekly	Weekly	Weekly
Oro Loma Sanitary District	Weekly	Weekly	Bi-Weekly
Piedmont	Weekly	Weekly	Weekly
Pleasanton	Weekly	Weekly	Weekly
San Leandro	Weekly	Weekly	Weekly
Contra Costa County			
Antioch	Bi-weekly	Not Available	Weekly
Clayton	Weekly	Weekly	Weekly
County of Contra Costa	Weekly	Not Available	Weekly
Danville	Weekly	Not Available	Weekly
El Cerrito	Weekly	Weekly	Weekly
Hercules	Bi-Weekly	Not Available	Bi-Weekly
Lafayette	Weekly	Weekly	Weekly
Martinez	weekly	Not Available	Bi-weekly
Moraga	Weekly	Weekly	Weekly
Oakley	Bi-weekly	Not Available	Weekly
Orinda	Weekly	Weekly	Weekly
Pinole	Bi-Weekly	Not Available	Bi-Weekly
Pittsburg	Weekly	Not Available	Weekly
Richmond	Weekly	Weekly	Bi-Weekly
San Pablo	Weekly	Weekly	Bi-Weekly
San Ramon	Weekly	Weekly	Weekly
Walnut Creek	Weekly	Not Available	Weekly
Unincorporated West Contra Costa County	Bi-weekly	Not Available	Not Available
Marin County			
Almonte Sanitary District	Bi-weekly	Not Available	Weekly
Belvedere	Weekly	Weekly	Weekly
Fairfax	Weekly	Weekly	Weekly
Larkspur	Weekly	Weekly	Weekly
Las Gallinas Valley Sanitary District	Weekly	Weekly	Weekly
Mill Valley	Weekly	Weekly	Weekly
Novato	Weekly	Weekly	Weekly
San Anselmo	Bi-weekly	Not Available	Weekly
San Rafael	Weekly	Weekly	Weekly
Sausalito	Bi-weekly	Not Available	Weekly
Tiburon	Weekly	Weekly	Weekly
San Mateo County			

APPENDIX C7
Residential Services and Collection Frequency

Jurisdiction	Green Waste	Food Waste	Recyclables
Atherton	Weekly	Weekly	Weekly
Belmont	Weekly	Weekly	Weekly
Burlingame	Weekly	Weekly	Weekly
Colma	Weekly	Not Available	Weekly
County of San Mateo	Weekly	Weekly	Weekly
Daly City	Weekly	Not Available	Weekly
East Palo Alto	Weekly	Weekly	Weekly
Foster City	Weekly	Weekly	Weekly
Granada Sanitary District	Bi-weekly	Not Available	Weekly
Hillsborough	Weekly	Weekly	Weekly
Menlo Park	Weekly	Weekly	Weekly
Montara Sanitary District	Bi-weekly	not included	Weekly
Pacifica	Weekly	Weekly	Bi-weekly
Redwood City	Weekly	Weekly	Weekly
San Bruno	Bi-weekly	not included	Weekly
San Carlos	Weekly	Weekly	Weekly
San Mateo	Weekly	Weekly	Weekly
West Bay Sanitary District	Weekly	Weekly	Weekly
Woodside	Weekly	Not Available	Weekly
Santa Clara County			
Campbell	Weekly	Not Available	Weekly
County of Santa Clara	Weekly	Weekly	Weekly
Cupertino	Weekly	Weekly	Weekly
Gilroy	Weekly	Weekly	Weekly
Los Altos	Weekly	Weekly	Weekly
Los Gatos	Weekly	Not Available	Weekly
Monte Sereno	Weekly	Not Available	Weekly
Morgan Hill	Weekly	Weekly	Bi-Weekly
Mountain View	Bi-Weekly	Not Available	Bi-Weekly
San Jose	Weekly	Not Available	Weekly
Santa Clara	Weekly	Not Available	Weekly
Saratoga	Weekly	Not Available	Weekly
Sunnyvale	Weekly	Not Available	Weekly
Sonoma County			
Healdsburg	Weekly	Not Available	Weekly
Petaluma	Weekly	Not Available	Weekly
Rohnert Park	Weekly	Not Available	Weekly
Santa Rosa	Weekly	Not Available	Weekly
Windsor	Weekly	Not Available	Weekly

APPENDIX C8
Commercial Recycling and Food Waste Collection Services

Jurisdiction	Separate Charge For:	
	Recycling	Food Waste
City and County of San Francisco	Discounted up to 75%	Discounted up to 75%
Alameda County		
Alameda	No	No
Albany	No	Yes
Castro Valley Sanitary Districts	No	No
Dublin	No	No
Emeryville	No	No
Hayward	No	50% less than garbage
Livermore	No	No
Newark	Yes	No
Oakland	Yes	Yes
Oro Loma	Yes	Yes
Piedmont	No	No
Pleasanton	No	No
Union City	Yes	Yes
Contra Costa County		
Antioch	70 % discounted	Not Available
County of Contra Costa	Under 2CY included in rates	Under 2CY included in rates
Danville	Under 2CY included in rates	Under 2CY included in rates
Lafayette	Under 2CY included in rates	Under 2CY included in rates
Moraga	Under 2CY included in rates	Under 2CY included in rates
Orinda	Under 2CY included in rates	Under 2CY included in rates
San Pablo	No	Not Available
San Ramon	Yes	Yes
Walnut Creek	Under 2CY included in rates	Under 2CY included in rates
Marin County		
Almonte Sanitary District	No	Not Available
Belvedere	No	No
Fairfax	No	No
Las Gallinas Valley Sanitary Districts	No	No
Mill Valley	Yes	Yes
Novato	No	Yes
San Rafael	No	Not Available
Tiburon	No	No
San Mateo County		
Atherton	No	25% less than garbage
Belmont	No	25% less than garbage
Burlingame	No	25% less than garbage
Colma	No	Not Available
County of San Mateo	No	25% less than garbage
Daly City	No	Not Available
East Palo Alto	No	25% less than garbage
Foster City	No	25% less than garbage
Granada Sanitary District	No	Not Available
Hillsborough	No	25% less than garbage
Menlo Park	No	25% less than garbage
Montara Sanitary District	No	Not Available
Pacifica	No	Yes
Redwood City	No	25% less than garbage
San Bruno	Not Available	Not Available
San Carlos	No	25% less than garbage

APPENDIX C8
Commercial Recycling and Food Waste Collection Services

Jurisdiction	Separate Charge For:	
	Recycling	Food Waste
San Mateo	No	25% less than garbage
West Bay Sanitary District	No	25% less than garbage
Woodside	No	Not Available
Santa Clara County		
County of Santa Clara	No	No
Cupertino	No	Yes
Gilroy	No	No
Los Altos	No	No
Morgan Hill	No	No
Mountain View	No	No
San Jose	No	Not Available
Santa Clara	Yes	Not Available
Sonoma County		
Healdsburg	No	N/A

**APPENDIX C9
Additional Services Included in Customer Rates**

Jurisdiction	Community Clean up	City Facilities	Special Events	Compost give-aways	E/IJ waste collection	Public Schools	Street Sweeping	Bulky Waste	Oil/ Filters	Batteries	Holiday Tree Pickup	Other
City and County of San Francisco	x	x	x	x	x			x	x	x	x	Batteries, HHW, Abandoned Waste
Alameda County												
Alameda		x	x					x	x		x	
Albany	x	x	x					x	x		x	
Castro Valley Sanitary District	x	x	x		x			x	x		x	
Dublin		x	x					x	x		x	
Emeryville	x	x	x			x		x	x		x	
Fremont		x	x					x	x		x	
Hayward	x	x	x	x				x	x		x	
Livermore		x	x					x	x		x	
Newark	x	x	x					x	x		x	
Oakland	x	x	x					x	x		x	Batteries
Oro Loma Sanitary District	x	x	x					x	x		x	
Piedmont	x	x	x					x	x		x	
San Leandro	x	x	x					x	x		x	
Union City		x		x				x	x		x	
Contra Costa County												
Antioch	x		x		x			x	x		x	Batteries, Light bulbs
Clayton					x				x		x	
County of Contra Costa	x	x	x					x				
Danville	x	x	x					x				
El Cerrito	x	x	x					x			x	
Lafayette	x	x	x					x				
Marinez		x	x					x			x	
Moraga		x	x					x				
Oakley		x	x					x				
Orinda		x	x					x				
Richmond	x	x	x		x			x			x	
San Pablo	x	x	x	x				x				
San Ramon	x	x	x	x				x			x	
Walnut Creek	x	x	x					x				
Marin County												
Almonite Sanitary District			x	x		x					x	HHW On Call, Medical Waste Drop-off
Belvedere	x	x		x							x	
Fairfax	x	x	x								x	HHW Facility
Larkspur	x						x					
Las Gallinas Valley Sanitary District												
Las Gallinas Valley Sanitary District		x										
Mill Valley		x		x								
Novato		x		x								
San Rafael	x	x	x	x								ABOP Drop-Off
Sausalito	x	x	x	x								HHW Drop-Off Facility
Tiburon	x	x										
San Mateo County												
Atherton		x	x	x								Batteries, Cellphones
Belmont		x	x	x								Batteries, Cellphones
Burlingame		x	x	x								Batteries, Cellphones
Colma	x											
County of San Mateo		x	x	x								Batteries, Cellphones
Daly City	x	x	x	x		x						Batteries, Cellphones
East Palo Alto		x	x	x								Batteries, Cellphones
Foster City		x	x	x								Batteries, Cellphones
Granada Sanitary District	x	x	x	x								Furniture, White Goods, E-waste, Metal
Hillsborough		x	x	x								Batteries, Cellphones
Menlo Park		x	x	x								Batteries, Cellphones
Montara Sanitary District	x	x	x	x								Furniture, White Goods, E-waste, Metal
Pacifica	x	x	x	x								Used Furniture, White Goods
Redwood City		x	x	x								Batteries, Cellphones
San Bruno	x	x	x	x								Batteries, Cellphones
San Carlos		x	x	x								Batteries, Cellphones
San Mateo		x	x	x								Batteries, Cellphones

APPENDIX C10
Diversion Data by Population

County/Jurisdiction	2008 Population Disposal (Pounds per Person per Day)		2008 Diversion by Population
	Target	Reported	
San Francisco	6.6	3.7	72%
Alameda County			
Alameda	5.5	3.6	67%
Alameda Unincorporated	4.9	3.6	63%
Albany	5	2.3	77%
Berkeley	6.5	4.5	65%
Dublin	5.9	4	66%
Emeryville	16.2	8.5	74%
Fremont	6.6	4.2	68%
Hayward	7	5.2	63%
Livermore	8.3	6	64%
Newark	7.3	4.1	72%
Oakland	5.8	4	66%
Piedmont	4.1	2.3	72%
Pleasanton	10	7.7	62%
San Leandro	8.7	4.9	72%
Union City	6.3	3.1	75%
Contra Costa County			
Antioch	4.2	3.9	54%
Brentwood	5.8	3.9	66%
Clayton	4.1	3.6	56%
Concord	5.7	5	56%
Contra Costa/ Ironhouse/ Oakley Regional Agency	3.9	3.1	60%
Danville	4.3	3.8	56%
Lafayette	4.5	4.1	54%
Martinez	6.1	4.8	61%
Moraga	3.3	2.9	56%
Orinda	4.1	3.9	52%
Pittsburg	6.7	5.9	56%
Pleasant Hill	5	4.4	56%
San Ramon	5.7	3.6	68%
Walnut Creek	5.5	5.4	51%
West Contra Costa Integrated Waste Management Authority	5.4	4.4	59%
Marin County			
Marin County Hazardous and Solid Waste Management Authority	7.6	4.5	70%
San Mateo County			
Atherton	11.4	5.2	77%
Belmont	5.3	3.8	64%
Brisbane	16.9	9.8	71%
Burlingame	8.3	6.8	59%
Colma	37.1	21	72%

APPENDIX C10
Diversion Data by Population

County/Jurisdiction	2008 Population Disposal (Pounds per Person per Day)		2008 Diversion by Population
	Target	Reported	
Daly City	2.6	3.1	40%
East Palo Alto	8.5	2.6	85%
Foster City	3.7	3.6	51%
Half Moon Bay	9.4	10.1	46%
Hillsborough	6.5	3.9	70%
Menlo Park	7.5	5.7	62%
Millbrae	5.3	4	62%
Pacifica	3.5	2.8	60%
Portola Valley	6	3.2	73%
Redwood City	9.1	6.5	64%
San Bruno	4.5	4	56%
San Carlos	7.5	7.4	51%
San Mateo	5.8	4.8	59%
San Mateo Unincorporated	5.1	3.6	65%
South San Francisco	6.9	7.6	45%
Woodside	13.7	6	78%
Santa Clara County			
Campbell	5.2	4.4	58%
Cupertino	4.3	3.4	60%
Gilroy	6.2	5	60%
Los Altos	4.4	4	55%
Los Altos Hills	3.4	2	71%
Los Gatos	6	3.9	68%
Milpitas	6.3	4.5	64%
Monte Sereno	3.9	1.4	82%
Morgan Hill	6.1	4.3	65%
Mountain View	7.8	4.6	71%
Palo Alto	8.2	5.9	64%
San Jose	5.2	3.6	65%
Santa Clara	8.2	6.9	58%
Santa Clara Unincorporated	4	4.1	49%
Saratoga	4.2	2.9	65%
Sunnyvale	5	4	60%
Sonoma County			
Sonoma County Waste Management Agency	7.1	4.5	68%

APPENDIX C11

Public Agency Fees

Jurisdiction	Associated Fees	
	Franchise	Other
City and County of San Francisco	No	x
Alameda		
Alameda	x	x
Albany	x	x
Castro Valley Sanitation District	x	No
Dublin	x	x
Emeryville	x	x
Fremont	x	x
Hayward	x	x
Livermore	x	x
Newark	x	x
Oakland	x	x
Oro Loma Sanitary Districts	x	x
Piedmont	x	x
San Leandro	x	x
Union City	x	x
Contra Costa County		
County of Contra Costa	x	x
Danville	x	x
El Cerrito	x	x
Hercules	No	x
Lafayette	x	x
Moraga	x	x
Orinda	x	x
Pinole	No	x
Pleasant Hill	No	x
Richmond	x	x
San Pablo	x	x
San Ramon	x	No
Unincorporated West Contra Costa County	No	x
Walnut Creek	x	x
Marin County		
Almonte Sanitary District	x	
Belvedere	x	
Fairfax	x	x
Larkspur	x	
Las Gallinas Valley Sanitary District	x	
Mill Valley	x	x
Novato	x	
Ross	x	
San Anselmo	x	x
San Rafael	x	x
Sausalito	x	
Tiburon	x	No

APPENDIX C11

Public Agency Fees

Jurisdiction	Associated Fees	
	Franchise	Other
San Mateo County		
Atherton	X	X
Belmont	X	X
Burlingame	X	X
County of San Mateo	X	
Daly City	X	X
East Palo Alto	X	X
Foster City	X	X
Granada Sanitary District	X	
Hillsborough	X	X
Menlo Park	X	X
Montara Sanitary District	X	
Pacifica	X	X
Redwood City	X	X
San Bruno	X	X
San Carlos	X	X
San Mateo	X	X
West Bay Sanitary District	X	X
Woodside	X	
Santa Clara County		
Cupertino	X	X
County of Santa Clara	X	X
Gilroy	X	X
Los Altos	X	X
Milpitas	X	X
Monte Sereno	X	
Morgan Hill	X	
Mountain View	X	
San Jose	No	X
Saratoga	X	
Sunnyvale	X	
Sonoma County		
Cloverdale	X	X
Cotati	X	X
County of Sonoma		X
Healdsburg		X
Petaluma	X	X
Rohnert Park	X	X
Santa Rosa	X	X
Sebastopol	X	X
Sonoma	X	X
Windsor	X	X

**APPENDIX C12
Customer Rate Comparisons - Residential Rates**

County/Jurisdiction	Residential Rates			
	20 Gal	32 Gal	64 Gal	96 Gal
City and County of San Francisco	\$21.21	\$27.55	\$55.10	\$82.65
Alameda County				
Alameda	\$19.67	\$30.95	\$51.67	\$72.17
Albany	\$22.13	\$24.77	\$42.82	\$60.87
Castro Valley Sanitary Districts	\$19.92	\$30.89	\$53.65	\$76.45
Dublin		\$17.99	\$33.04	\$48.09
Emeryville	\$10.21	\$16.91	\$33.80	\$50.71
Fremont	\$25.18	\$25.71	\$28.16	\$41.44
Hayward	\$16.45	\$24.03	\$42.87	\$61.67
Livermore	\$11.56	\$19.29	\$42.40	\$70.36
Newark	\$19.54	\$21.72	\$38.47	\$55.20
Oakland	\$20.63	\$27.68	\$60.36	\$93.00
Oro Loma Sanitary Districts	\$6.09	\$12.15	\$24.34	\$36.49
Piedmont	\$45.48	\$47.41	\$55.70	\$65.26
San Leandro	\$18.63	\$23.22	\$38.64	\$54.05
Union City	\$22.08	\$27.61	\$55.25	\$82.86
Contra Costa County				
Antioch	\$20.99	\$24.65	\$39.80	\$46.75
County of Contra Costa	\$17.17	\$19.81	\$39.62	\$59.43
Danville	\$17.18	\$19.81	\$39.64	\$59.45
El Cerrito	\$27.09	\$38.10	\$74.57	
Hercules	\$24.35	\$29.09	\$51.55	\$74.52
Lafayette	\$21.67	\$24.98	\$49.95	\$74.93
Moraga	\$20.44	\$23.60	\$47.20	\$70.80
Oakley		\$24.95	\$34.90	\$39.60
Orinda	\$26.66	\$30.75	\$60.78	\$91.17
Pinole	\$25.66	\$30.40	\$54.08	\$78.49
Pittsburg		\$27.00	\$33.00	\$37.00
Richmond	\$24.18	\$29.53	\$56.32	\$83.90
San Pablo	\$23.33	\$28.74	\$54.71	\$81.50
San Ramon	\$19.45	\$24.12	\$42.18	\$67.70
Unincorporated West Contra Costa County	\$25.29	\$30.64	\$58.73	\$87.47
Walnut Creek	\$14.86	\$17.80	\$35.59	\$53.39
Marin County				
Almonte Sanitary District	\$18.30	\$20.92		
Belvedere	\$28.33	\$32.67		
Fairfax	\$18.78	\$22.53	\$45.06	\$67.59
Larkspur	\$23.77	\$27.97	\$55.94	\$93.91
Las Gallinas Valley Sanitary Districts	\$20.89	\$24.58	\$49.16	\$73.74
Mill Valley	\$29.16	\$32.16		
Novato	\$11.12	\$17.79	\$35.57	\$53.36
Ross		\$26.90		
San Anselmo	\$17.70	\$23.13	\$46.28	\$69.43
San Rafael	\$23.52	\$27.67	\$55.34	\$83.01
Sausalito		\$32.05		

**APPENDIX C12
Customer Rate Comparisons - Residential Rates**

County/Jurisdiction	Residential Rates			
	20 Gal	32 Gal	64 Gal	96 Gal
San Mateo County				
Atherton	\$24.04	\$38.46	\$76.92	\$114.15
Belmont	\$15.17	\$25.12	\$53.35	\$89.48
Brisbane	\$12.99	\$20.77	\$41.54	\$62.31
Burlingame	\$10.32	\$19.08	\$38.17	\$56.64
Colma		\$24.33	\$48.67	\$73.00
County of San Mateo		\$24.70	\$24.70	\$49.40
Daly City		\$24.33	\$48.67	\$73.00
East Palo Alto				\$41.18
Foster City	\$11.11	\$17.78	\$35.56	\$53.34
Granada Sanitary District	\$9.24	\$13.26		
Hillsborough	\$20.80	\$33.28	\$66.56	\$99.84
Menlo Park	\$12.95	\$21.67	\$51.84	\$77.52
Montara Sanitary District	\$9.24	\$13.26		
Pacifica	\$21.86	\$34.24	\$68.47	\$102.71
Redwood City	\$10.30	\$24.73	\$49.46	\$74.18
San Bruno		\$23.44	\$46.88	\$70.32
San Carlos	\$16.44	\$26.30	\$54.72	\$83.72
San Mateo	\$10.10	\$16.16	\$35.61	\$55.28
South San Francisco	\$19.12	\$24.63	\$54.19	\$84.95
West Bay Sanitary District	\$17.17	\$27.47	\$54.93	\$82.40
Woodside	\$15.13	\$24.24	\$48.45	\$72.69
Santa Clara County				
County of Santa Clara		\$22.68	\$46.39	\$70.09
Cupertino		\$21.33	\$42.66	\$63.99
Gilroy		\$26.22	\$37.62	\$49.32
Los Altos	\$26.11	\$28.11	\$56.23	\$84.34
Los Altos Hills	\$24.20	\$33.77	\$67.53	\$101.30
Los Gatos	\$44.97	\$58.95	\$117.87	\$176.82
Milpitas	\$60.22	\$60.22	\$60.22	\$60.22
Morgan Hill	\$25.33	\$25.33	\$25.33	\$25.33
Mountain View	\$12.95	\$18.95	\$37.90	\$56.85
Palo Alto	\$15.90	\$32.86	\$67.84	\$101.76
San Jose	\$25.90	\$27.50	\$55.00	\$82.50
Sunnyvale		\$28.70	\$35.05	\$41.40
Sonoma County				
Healdsburg	\$6.49	\$11.81	\$17.65	\$24.33
Rohnert Park	\$13.04	\$23.89	\$37.36	\$58.30
Santa Rosa	\$6.93	\$8.04	\$11.83	\$21.13

**APPENDIX C13
Customer Rate Comparisons - Commercial Rates**

County/Jurisdiction	Commercial Rates		
	1 CY/Week	2 CY/Week	4 CY/Week
City and County of San Francisco	\$173.91	\$347.82	
Alameda County			
Alameda	\$117.21	\$234.42	\$468.85
Albany	\$98.73	\$197.48	\$394.96
Castro Valley Sanitary Districts	\$218.54	\$404.88	\$489.43
Dublin	\$80.21	\$160.42	\$320.84
Emeryville	\$100.67	\$201.34	\$402.68
Fremont	\$73.89	\$120.00	\$212.17
Hayward	\$105.16	\$189.95	\$356.48
Livermore	\$90.61	\$181.21	\$362.43
Newark	\$85.17	\$159.38	\$295.26
Oakland	\$129.95	\$237.75	\$439.06
Oro Loma Sanitary Districts	\$79.12	\$146.29	\$278.35
Piedmont	\$146.10	\$292.21	
San Leandro	\$101.80	\$205.97	\$409.56
Union City	\$114.15	\$213.94	\$387.73
Contra Costa County			
County of Contra Costa	\$126.30	\$252.62	\$505.23
Danville	\$124.94	\$249.87	\$499.76
El Cerrito	\$208.76	\$403.57	
Hercules	\$216.55	\$363.44	\$636.65
Lafayette	\$165.59	\$323.33	\$636.99
Moraga	\$144.11	\$288.20	\$576.41
Orinda	\$182.07	\$364.14	\$728.28
Pinole	\$226.59	\$379.44	\$663.15
Richmond	\$195.13	\$323.41	\$562.42
San Pablo	\$207.46	\$349.11	\$613.01
San Ramon	\$111.70	\$207.38	\$350.60
Unincorporated West Contra Costa County	\$203.03	\$336.20	\$584.12
Walnut Creek	\$90.65	\$181.31	\$362.60
Marin County			
Almonte Sanitary District	\$98.05	\$196.11	
Belvedere	\$142.48	\$284.94	
Fairfax	\$128.30	\$214.55	\$429.30
Larkspur	\$177.57	\$272.93	\$505.66
Las Gallinas Valley Sanitary Districts	\$176.03		
Mill Valley	\$120.46	\$240.93	
San Anselmo		\$263.49	\$472.35
San Rafael		\$262.61	\$487.63
Sausalito	\$126.75	\$253.50	\$507.00

APPENDIX C13
Customer Rate Comparisons - Commercial Rates

County/Jurisdiction	Commercial Rates		
	1 CY/Week	2 CY/Week	4 CY/Week
San Mateo County			
Colma	\$174.31	\$330.89	\$625.42
Daly City	\$174.31	\$330.89	\$625.42
Granada Sanitary District	\$109.84	\$200.98	
Montara Sanitary District	\$109.84	\$200.98	
Pacifica	\$273.23	\$380.52	
San Bruno	\$125.07	\$250.03	\$429.04
Woodside	\$102.05	\$146.71	\$245.48
Santa Clara County			
Cupertino	\$124.40	\$1.49	\$248.83
Los Altos	\$110.31	\$220.63	\$441.25
Morgan Hill		\$188.09	\$352.56
Mountain View	\$85.65	\$171.20	\$342.45
San Jose	\$91.01	\$138.21	\$231.62
Sonoma County			
Healdsburg	\$108.40	\$208.83	\$358.05
Rohnert Park	\$124.64	\$249.30	\$498.55
Santa Rosa	\$96.35	\$147.65	\$219.14

Appendix D

San Francisco's Rate Setting Process

R3

CITY AND COUNTY OF SAN FRANCISCO
DEPARTMENT OF PUBLIC WORKS
ORDER NO. 175,489

RULES OF PROCEDURE

REFUSE COLLECTION AND DISPOSAL RATE HEARINGS

These Rules of Procedure for Adjustment of Refuse Collection and Disposal Rates are in conformance with and supplement the San Francisco Sunshine Ordinance (Administrative Code Ch. 67), the procedures for adjustment found in Section 6 of the Refuse Collection and Disposal Ordinance of 1932 (codified in part in Article 6 of the San Francisco Health Code), and the 2001 Rate Adjustment Procedures and Director's Report. These Rules of Procedure supercede and replace Department of Public Works Order No. 173,618, approved on July 1, 2002, and any and all amendments thereto.

The purpose of these procedures is to assure all parties, including ratepayers and other interested parties, fairness and justice at all stages of rate adjustment proceedings. All documents required to be submitted under this Order must be in plain and easily understood English or must be accompanied by brief summaries or explanations to assist the public in participating in the process. DPW will seek the assistance of staff of the Department of the Environment and other City departments in carrying out its responsibilities and processing the rate adjustment application.

I. PRE-FILING PROCEDURES FOR REGULATED ENTITIES

A. "Regulated Entities".

Section I of this Order applies only to applicants that are regulated entities. Sections II through V of this Order apply to all applicants, including ratepayers or other interested parties, unless otherwise specifically stated. For purposes of this Order, "regulated entities" include those entities that are a party to a refuse handling or disposal agreement with the City, entities that have a permit to operate to transport refuse on City streets or entities that are otherwise authorized to seek to impose rates under the 1932 Ordinance.

B. Notice of Intent to File Application.

In order to ensure adequate and full review of significant new programs and the underlying assumptions concerning revenues and costs during the limited timeframe for rate-making, an applicant for a rate adjustment must notify the Director of the Department of Public Works (DPW) (the "Director") in writing of its intention to apply for a rate adjustment at least 180 days before filing the application. The notice must include, as applicable, a brief description of any significant new programs, projects or fundamental changes in rate methodology

The brief description should include a discussion of the underlying assumptions, impact on the rate, costs and revenues and other technical information or analyses to assist City staff and the public to understand the proposed programs and upcoming rate adjustment application.

C. Public Notice. Upon receipt of the notice, the Director will notify the members of the Rate Board, designate a staff person to be the lead contact with respect to the application, and post the notice on its website.

D. Technical Workshops. DPW Staff shall hold at least two workshops with applicants. The purpose of the workshops is to ensure a full understanding of the rate application and to facilitate public input and understanding of the issues involved. The first workshop must be held at least 120 days prior to the date on which applicant intends to file a rate application. The second workshop must be held at least 60 days prior to the date on which applicant intends to file a rate application.

At the technical workshop, the applicant must present current data and proposed rate changes and answer technical questions by Staff and the public, so that Staff and the public fully understand all proposals and the ratemaking implications. No decisions, agreements or recommendations will be made during the workshops. The workshops will be informal in nature and will not be transcribed. Public notice of the time and place of the workshops will be provided in substantially the same manner as specified in Section III(B). At Staff's request, the technical workshops will include site visits and observations of all aspects of the applicant's operations.

E. Draft Application. The applicant must file a draft application with the Director of Public Works in the Rate Adjustment Standardized Format adopted by the Director in Order No. 173,617 on July 1, 2002, at least 90 days prior to the date on which it intends to file a rate application (and between the two workshops).

F. Staff Completeness Determination. Within 60 days of the submittal of the draft application, DPW Staff will make a written determination regarding whether the application is sufficiently complete to begin review. In making this determination, City Staff must take into account the factors for completeness listed in section II(B)(1) below. If the application is sufficiently complete, DPW Staff will notify the applicant that it may file an application, which the applicant may do immediately. If DPW Staff determines that the application is not sufficiently complete, it will notify the applicant of its decision in writing and will identify the specific areas of incompleteness. The applicant will have an additional 30 days to file the missing information. If applicant does not provide the additional information within 30 days, the applicant may not file a final application until such information is provided and DPW Staff is satisfied that the final application can be filed. The Director will resolve any disputes with respect to the completeness determination between DPW Staff and the applicant.

II. RATE ADJUSTMENT APPLICATION

A. Filing with the Chair of the Rate Board (City Administrator). An applicant shall file its application with the Chair of the Rate Board. The Chair shall immediately refer the application to the Director, unless the Rate Board determines that the application lies beyond its powers or presents no substantial question as to the justice or reasonableness of the rates, schedules or rates or regulations then in effect or is otherwise frivolous, in which case the Rate Board will deny the application without further proceedings. The Rate Board may convene upon the call of the Chair or the other two members.

B. Director Determination of Completeness.

1. For Applications by Regulated Entities.

Within 15 days of the referral of the final application by the Chair of the Rate Board, the Director will determine whether the filed application is sufficient to begin review based on the inclusion of the following:

- (a) A narrative summary section which highlights major components of the proposed rate adjustment, including the rationale and support for any proposed changes to programs or rates, and the underlying assumptions regarding revenues and expenses for such components;
- (b) A completed Rate Adjustment Application Standardized Format;
- (c) A completed set of indexes from the Rate Adjustment Application Standardized Format for the past five years or other appropriate time period, as determined by the Director;
- (d) Schedule of proposed rates, highlighting changes from existing rates;
- (e) Summary of significant accounting policies and projection assumptions for the initial 12 months of the proposed rate increase or other appropriate period depending on the anticipated period of effectiveness of the rate;
- (f) Summary of projected operating revenues and expenses for the initial 12 months of the proposed rate increase or other appropriate period depending on the anticipated period of effectiveness of the rate, assuming both current rates and the proposed rate schedule, and comparative historical data for years subsequent to the last rate review;
- (g) Detailed assumptions in support of the proposed rate application, including individual schedules for historical and projected refuse tonnage collected and disposed, disposal costs, capital costs, labor and related costs, materials costs, other costs, system planning costs, program costs, recycling costs, and other assumptions;
- (h) Detailed information on garbage, recycling and composting program operations, including tonnage of materials collected, processed, and marketed for the previous three years; itemized costs used to determine the processing fee; basis for determining the recycling revenue projections and revenue floor; and full description of changes to recycling programs and any new programs, including incremental costs and revenues for program expansions for residential and commercial;
- (i) Audited Financial Statements for each entity applying for a rate adjustment for each year after the previous rate adjustment process;
- (j) A list of all leased assets not retained for the full term of the principal lease and the amount of reimbursement, if any, to the applicant for principal

amounts paid in excess of the assets' accumulated depreciation; and all leased assets transferred from the applicant after the end of the term of their lease and amounts paid, if any, to the applicant for the assets' fair market value;

(k) For any services or equipment proposed to be provided by any entity other than the applicant, evidence that a competitive bidding process was used in selecting a service provider or vendor. If the applicant does not present such evidence, the Director will consider that fact in determining whether the rates proposed in the rate application are just and reasonable;

(l) Detailed information on programs to continuously improve service levels and ensure quality services are delivered to all neighborhoods, including a complaint log and response report for the prior five years;

(m) A description of all permits, licenses or other governmental authorizations needed to implement the proposed rate adjustment, and the status of such permits or authorizations, including environmental review; and

(n) Copies of all reports filed during the preceding rate period.

2. For Rate Applications filed by Non-regulated entities. Applications by the public or other persons that are not regulated entities need not be filed in the Rate Adjustment Standardized Format, but must, to the extent applicable and available to that entity or individual, include the following in order to be considered complete:

(a) Statement of how the entity or person is affected by the rates;

(b) Narrative summary of the desired increase, decrease or adjustment in the rates, and the reasons and justification for the proposed changes;

(c) Relevant documentary evidence, written statements, reports and any other factual or evidentiary support for the requested changes.

Upon receipt of notice from a non-regulated entity, the Director will notify the members of the Rate Board, designate a staff person to be the lead contact with respect to the application, and post the notice on its website.

C. An applicant must submit four copies of a complete application to the Chair of the Rate Board (the City Administrator) and one to the Director of Public Works.

D. Technical Workshops. DPW Staff will hold at least two technical workshops open to the public between the time an application is filed and one week prior to the first Director's hearing. The workshops should focus on any changes from the pre-application documents. The purpose of the workshops is to ensure a full understanding of the rate application and to facilitate public input and understanding of the issues involved. Public notice of the time and place of the workshops will be provided in substantially the same manner as specified in Section III(B). No decisions, agreements or recommendations will be made during the workshop. The workshop will be informal in nature and will not be transcribed. At the Director's request, the technical workshop will include site visits and observations of all aspects of the applicant's operations.

III. HEARINGS BEFORE THE DIRECTOR OF THE DEPARTMENT OF PUBLIC WORKS FOR AN ADJUSTMENT OF THE REFUSE COLLECTION AND DISPOSAL RATE

A. Time To Commence Hearing.

A public hearing upon an application for rate adjustment shall be commenced within 30 days after receipt of a complete application by the Director of Public Works.

B. Notice of Hearing.

(1) Notice of such public hearing must be published at least once in the official newspaper not less than twenty days (20) in advance of the hearing and shall be posted at the San Francisco Main Library Government Information Center, the meeting site and on the Department of Public Works' website not less than 72 hours in advance of the hearing. The notice shall

- (a) specify the time and location of the hearing;
- (b) state that public comment will be taken;
- (c) state that the Director of the Department of Public Works shall consider and discuss the application(s);
- (d) specify the rate adjustment proposed by the applicant and key issues raised in the application(s), staff report, or other matters to be heard;
- (e) provide a list of relevant documents that are available prior to the hearing and the name of a contact person and location where the public may inspect or obtain copies of these documents;
- (f) provide contact information for the Chair of the Rate Board.

(2) The notice shall state that persons desiring notice of further proceedings, future actions, decisions and orders relating to the application(s) should file a written request for such notice with the Chairman of the Rate Board.

C. Transcription.

The hearing, including all continuances, held by the Director of Public Works will be audio recorded and transcribed. The draft transcript shall be available to the public no later than 10 working days after the conclusion of the hearing. The draft transcript will become part of the DPW record.

D. Presiding Officer; Authority.

The Director of Public Works or his or her designee shall preside at the hearing. The Presiding Officer shall set the hearings and control the course thereof; administer oaths; receive evidence; hold appropriate conferences before or during hearings; rule upon all objections or exceptions at the hearing; receive and number exhibits; hear argument; and fix the time for filing of documents and written statements and arguments.

E. Order of Procedure.

(1) Presentations. Each applicant shall first make a presentation on its application for a rate adjustment.

(2) Cross-examination. Persons making presentations shall, after their presentation, be subject to cross-examination by any interested party, including, but not limited to, members of the public.

Such cross-examination shall be limited to the areas covered by the application, or as otherwise deemed relevant by the presiding officer. Cumulative questions shall not be permitted.

Groups with similar interests should designate representatives to act as spokesperson. If the presiding officer deems it necessary, he or she may require interested parties to channel any cross-examination questions they may have through the Deputy City Attorney present or any other person designated by the Presiding Officer.

(3) Interested Parties. After cross-examination of the persons making the presentation for applicant(s), all other interested persons, including members of the public, may make a presentation. The order in which other interested parties will make their presentation will be determined by the Presiding Officer.

(4) DPW Staff Presentation. The City staff will make the final direct presentation. The City staff will then be subject to cross-examination.

F. Rebuttal.

At the conclusion of the cross-examination of the City staff's presentation, the applicant(s) shall have an opportunity to present rebuttal testimony. Such rebuttal will be subject to cross-examination.

G. Limiting Number of Witnesses.

To avoid unnecessary cumulative evidence, the Presiding Officer may limit the number of witnesses or the time for testimony upon a particular issue.

H. Rules of Evidence.

Technical rules of evidence need not be applied at the hearing. The Presiding Officer, on ruling on admission of evidence, shall seek to preserve the substantial rights of all the parties.

I. Documentary Evidence, Written Statements and Arguments.

(1) Submission. The applicant(s) or any interested party may submit relevant and material documentary evidence and written statements and arguments in addition to or in lieu of oral testimony. Such evidence, statements and arguments, if relied on by the applicant(s) to make its case, the City to support its position or the Director's Report, or by an interested party to support an objection, shall be entered into the record as an exhibit.

(2) Access to Documents. Documentary material on file with the City shall be available for public inspection by any interested party.

(3) Additional Evidence. At the hearing, the Presiding Officer may require the production of further evidence upon any issue. The Presiding Officer may authorize or order the filing of specific documentary evidence as part of the record within a fixed period of time after submission reserving exhibit numbers therefore.

J. Studies and Investigation.

The Presiding Officer may order any further studies and investigations as he or she may deem pertinent to the application(s). The results of all such studies and investigations shall be presented into evidence at a properly noticed hearing.

K. Cross-examination of Documentary Evidence, Written Statements and Reports on Studies and Investigations.

All documentary evidence, written statements and reports on studies and investigations, including those referred to in Sections I and J above, intended to become part of the evidentiary record as distinguished from argument based on evidence already in the record, shall be subject to cross-examination at the hearing by any interested party.

L. Continuance.

The presiding officer shall have the power to continue the hearing from time to time. The applicant(s) and all persons filing a written request pursuant to Section III(B)(2) shall be entitled to notice of any further proceedings. Notice of a continuance shall be given at least 72 hours in advance of the continuance by posting at the San Francisco Main Library Government Information Center, the meeting site and on the Department of Public Works' website, and shall comply with section III(B)(2). .

M. DPW Hearing Record. The Presiding Officer will give advance notice of the date that the record will be closed. Evidence or documents provided after this date will not be included in the record.

N. Report and Recommended Order.

(1) Time for Filing. Upon the conclusion of the hearing and within ninety days after referral to the DPW Director of the application(s), the Director shall make and file with the Chairman of the Rate Board a Report on the application(s) and a Recommended Order.

(2) Contents. The Report shall include at least a set of findings of fact made by the Presiding Officer from the evidence taken and record made at the proceeding and a Recommended Order setting forth the effective date of any proposed change in rates.

Such effective date shall not be less than fifteen days from the date of filing of the Recommended Order with the Chairman of the Rate Board.

O. Notice of Report and Recommended Order.

Immediately upon receipt of the Report and Recommended Order, the Chairman of the Rate Board shall publish the Recommended Order together with notice of filing thereof in the official newspaper and shall mail notice of the filing of the Report and Recommended Order to the applicant(s) and all persons requesting notice pursuant to section III(B)(2). The Recommended Order and notice shall also be posted on the Department of Public Works' website.

IV. HEARINGS BEFORE THE RATE BOARD ON OBJECTIONS TO THE DEPARTMENT OF PUBLIC WORKS' RECOMMENDED ORDER FOR A REFUSE COLLECTION AND DISPOSAL RATE ADJUSTMENT

A. Filing of Objections to Recommended Order.

Within 15 days after the filing of the Recommended Order with the Chair of the Rate Board, the applicant(s) or any interested party may file with the Chair of the Rate Board any objections to the Recommended Order. An objection must be in writing, must be specifically and clearly stated and must be based on evidence already in the record.

If no objections to the Recommended Order are filed, the Recommended Order shall be deemed the Order of the Rate Board and shall take effect according to its terms without further action by the Rate Board.

B. Notice of Hearing.

After objections to the Recommended Order for rate adjustment have been filed with the Chairman of the Rate Board, the Rate Board, upon not less than fifteen calendar days notice by mail to the applicant(s) and persons that request notice pursuant to section III(B)(2) above, shall hold a hearing to hear objections to said Recommended Order. The notice shall:

- (1) specify the time and location of the hearing;
- (2) state that public comment will be taken;
- (3) state that the Rate Board will take action to approve or deny the application in whole or in part;
- (4) specify each objector and describe each objection; and
- (5) provide a list of relevant documents and the name of a contact person and location where the public may inspect or obtain copies of these documents.

The notice and agenda for the hearing shall be posted at the San Francisco Main Library Government Information Center, the hearing site and on the Department of Public Works' website not less than 72 hours in advance of the hearing.

C. Transcription.

Each hearing of the Rate Board will be audio recorded and transcribed. The draft transcript shall be available to the public no later than 10 working days after the conclusion of the hearing.

D. Membership; Quorum; Action by Rate Board; Presiding Officer; Authority of Presiding Officer.

The Rate Board shall consist of the City Administrator, the Controller and the Manager of Utilities or their duly designated representatives. The City Administrator, or his or her duly designated representative, shall act as chair and preside at the hearing. The Chair of the Rate Board shall set the hearings and control the course thereof.

The Rate Board shall convene upon call of the Chair or the other two members of the Rate Board and two members shall constitute a quorum. The Rate Board shall act by majority vote.

E. Order of Procedure.

(1) Presentations by Objectors.

The party or parties filing written objections to the Recommended Order shall be the first to make presentations before the Rate Board. Any other parties in agreement with the objecting parties shall then make presentations to the Rate Board.

(2) Presentation by Non-Objectors.

After presentations by objectors have been made, the non-objectors will be afforded an opportunity to make presentations. "Non-objectors" shall include, but not be limited to, City staff and all other parties favoring the Recommended Order.

(3) Public Comment. Each individual member of the public shall be given an equal amount of time to address the Rate Board. Time limits shall be applied uniformly to members of the public wishing to speak.

F. Limitation on Presentations: Issues and Evidence.

(1) Presentations by any and all parties at the Rate Board Hearing shall be limited to the subject matter of the written objections. No new issues or matters will be entertained by the Rate Board.

(2) Presentations shall be made upon the basis of evidence taken and record made at the hearing before the Director of Public Works. No new evidentiary material will be admitted at the Rate Board Hearing.

G. Limiting Number of Presentations.

Groups with similar interests should designate representatives to act as spokesperson. To avoid repetition, and consistent with section IV(E)(3), the Chair of the Rate Board may limit the number of presentations or the time for a presentation upon a particular issue.

H. Written Statements and Arguments.

The applicant(s) or any interested party may submit relevant and material written statements and arguments (but no new evidentiary materials) in addition to or in lieu of oral testimony.

I. Order.

The Rate Board, after hearing the objections made, shall grant or deny the application(s) for a rate adjustment in whole or in part and shall issue a Order; said order to take effect at such time as may be just and reasonable as directed by the Rate Board. The Rate Board shall individually address each separate objection.

In the event of inability or failure of the Rate Board to render a decision within sixty (60) days of the date of filing with it of the Director of Public Works' Report and Recommended Order, said Recommended Order shall be deemed the order of the Rate Board and shall take effect upon expiration of said sixty day period.

J. Notice of Order.

Within 10 days of a decision by the Rate Board, the Rate Board shall provide notice to the applicant(s) and other persons who have requested notice pursuant to section III(B)(2) of the decision. The notice and Order of the Rate Board shall also be posted at the San Francisco Main Library Government Information Center and on the Department of Public Works' website.

Adopted: June 22, 2005

By:

Edwin Lee
Director, Department of Public Works