

2017-003133ENV

CITY AND COUNTY OF SAN FRANCISCO



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March 10, 2017

Joy Navarrete
San Francisco Planning Department
1650 Mission Street, Suite 400
San Francisco, CA 94103

Re: Environmental Review; Modification of Refuse Rates

Dear Ms. Navarrete:

I write on behalf of the Director of the Department of Public Works, in his capacity as the Refuse Rate Hearing Officer, to ask the Planning Department to evaluate a proposed adjustment to the residential refuse collection and disposal rate order for purposes of the California Environment Quality Act (CEQA). The adjustment application was filed by Recology San Francisco, Recology Golden Gate, and Recology Sunset Scavenger (collectively, "Recology"). I have included a copy of Recology's cover letter and its narrative summary of its application as Attachment A. The complete application is available at <http://sfpublicworks.org/refuserates>, under the heading "2017 Final Rate Application" (hard copies available upon request).

The application proposes a rate adjustment to cover certain programs and improvements, which include the following:

- Recology proposes to change the routes and use of collection trucks to dedicate more capacity to recyclables.
- To encourage and accommodate more recycling, Recology proposes to provide higher-capacity blue recycling bins and lower-capacity black trash bins as the default service for residential customers, while continuing to offer customers the option to subscribe to current or different bin sizes. Collection rates will vary with different bin sizes.
- Recology proposes to construct an organics transfer facility at the site of its existing transfer station to manage the growing volume of compostable material collected in the City. (Any such physical improvements would be subject to separate environmental review.)
- Recology proposes a pilot program to test new methods for recovering recyclable and organic material from the black bin stream.
- Recology proposes two contingent rate schedules for projects currently in the planning stage: (1) construction of a new integrated material recovery facility (iMRF) for improved processing and recovery of construction and demolition

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debris, and other materials; and (2) following the black bin pilot program, development of a trash processing facility on the site of Recology's current iMRF. (Any such physical improvements would be subject to separate environmental review.)

The proposed rate adjustment is currently scheduled to be heard beginning March 8, 2017 with a final hearing on May 3, 2017.

We believe that the proposed adjustment is statutorily exempt from CEQA review under because it falls under California Public Resources Code Section 21080(b)(8) and the State CEQA Guidelines, Section 15273. Those authorities provide, in relevant part, that CEQA does not apply to the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, and other charges by public agencies which the public agency finds are for the purpose of:

- (1) Meeting operating expenses, including employee wage rates and fringe benefits,
- (2) Purchasing or leasing supplies, equipment, or materials,
- (3) Meeting financial reserve needs and requirements,
- (4) Obtaining funds for capital projects, necessary to maintain service within existing service areas, or
- (5) Obtaining funds necessary to maintain such intra-city transfers as are authorized by city charter.

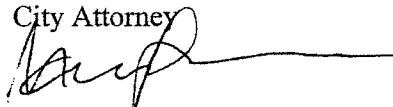
In this case, the Department of Public Works is considering a rate adjustments to enable Recology to "[meet] operating expenses, including employee wage rates and fringe benefits," "[purchase] or [lease] supplies, equipment, or materials," and "[o]btain funds for capital projects, necessary to maintain service within existing service areas," for the programs identified in the application. The specifics of how the proposed rate changes correspond to Recology's expenses and proposed expenditures are contained in the various schedules attached to the application.

I have included as Attachment B to this letter copies of some prior Planning Department determinations regarding refuse rate adjustments.

Thank you for your assistance. Please contact me at (415) 554-4658 if I can provide you with any additional information or help in connection with this request.

Very truly yours,

DENNIS J. HERRERA
City Attorney


MANU PRADHAN
Deputy City Attorney

Statutorily exempt from
CEQA under CEQA
Guidelines Section 15273 -
rates, tolls, fares, and charges.

- Jeanie Poling
3/22/17