

**SAN FRANCISCO
ANNUAL RATE REPORT**

12 Months Ended June 30, 2017

Recology Sunset Scavenger
Recology Golden Gate
Recology San Francisco

INTRODUCTION

The San Francisco Refuse Collection and Rate Board Order (the Rate Order), issued on July 23, 2013, includes various reporting requirements as established in the Department of Public Works Director's Report, issued on June 7, 2013. The reporting requirements address several areas of information, including disposal tonnages, commercial recycling and composting accounts, bulky item recycling, toxics program participation and collection incentives, revenues and expenses, apartment customer caps and migration and special account reporting.

This report covers the period from July 1, 2016 to June 30, 2017.

DISPOSAL AND DIVERSION TONNAGE

A summary of tons disposed is presented in Table 1. The table also shows the Tier 1 through Tier 4 Zero Waste Disposal Tonnage targets. Disposal tonnage is currently above the Tier 1 target. The tons disposed reflect only those tons that originate in San Francisco. Disposed tons includes out throws of materials removed from diversion streams by other processing facilities. Tables 1 and 3 exclude all tons that originate outside of San Francisco.

Table 2 shows the material diverted and used as Alternative Daily Cover (ADC). The three sources of ADC are oversized pieces from composting operations, urban organics composting operations and fines from iMRF operations. Table 3 presents a breakdown of diversion and disposal tonnage by company and by program.

COMMERCIAL RECYCLING AND COMPOSTING ACCOUNTS

Table 4 presents information regarding the number of commercial accounts that are (1) trash compliant, (2) recycling compliant, and (3) composting compliant. The Table has been prepared in accordance with the requirements of the Rate Order.

BULKY ITEM RECYCLING AND TOXICS PROGRAM PARTICIPATION

Tables 5a and 5b provide a summary of participation and materials captured in the various toxics programs. Additional information regarding Bulky Item Recycling (BIR), including non-toxic BIR tonnage, is provided in Table 3. Additional details about toxics programs are provided in the San Francisco Household Hazardous Waste Collection Facility Quarterly Report, submitted separately to the Department of the Environment by Recology San Francisco.

ABANDONED MATERIALS COLLECTION

Effective July 1, 2013, the Companies assumed responsibility for the collection of certain abandoned materials, including materials reported through the City's 311 information system. The Companies and the City have integrated reporting between the 311 system and the Companies' information systems. Tonnage collected under this program is included in Table 3.

REVENUES

Table 6 presents the actual revenues for the collection operations of Recology Sunset Scavenger and Recology Golden Gate. Revenues for Recology San Francisco are provided in Table 7. These revenues are presented consistent with the format on Schedule F.1 of the rate application.

Table 8 shows the actual recycling revenues for Recology San Francisco.

EXPENSES

Table 9 presents the actual expenses for Recology Sunset Scavenger and Recology Golden Gate. Expenses for Recology San Francisco are provided in Table 10. These expenses are presented in a format consistent with Schedule D of the rate application.

APARTMENT CUSTOMERS AND REVENUE

The Rate Order included a new rate structure for apartment customers. The Companies proposed a cap on the impact this structure would have over a two year period to allow customers an opportunity to adjust their service to mitigate the impact of this change. The cap on apartment rates ended on June 30, 2015.

LOW-INCOME AND DISABLED SERVICES PROGRAMS

As of June 30, 2017, 7,195 customers participated in the Low-income program. As of the same date, there were 469 participants in the Disabled Services program.

SPECIAL ACCOUNT REPORTING

Appendix A contains account reports for the Special Reserve Fund, the New Reserve Fund, the Impound Account, and the Zero Waste Incentive Account. The reports include beginning balances, deposits, disbursements, interest and administrative fees as applicable and ending balances for the accounts.

SPECIAL RESERVE FUND

The Rate Order terminated funding for the Special Reserve Fund as of July 1, 2013. The fund balance earns interest, which continues to accrue into the fund.

NEW RESERVE FUND

On December 16, 2015, the Refuse Collection and Disposal Rate Board issued a resolution to create a new account to serve as the New Reserve Fund for the July 2015 landfill disposal agreement with Recology Hay Road by withdrawing \$13,250,000 from the Special Reserve Fund. As directed in the resolution, \$1,250,000 is an initial deposit and \$12,000,000 will be used to cover the increase in disposal and transportation costs.

IMPOUND ACCOUNT

The Companies made monthly deposits to the Impound Account based on both fixed and variable payment requirements as contained in the Rate Order. Fixed payments to the Department of the Environment and the City and County of San Francisco were made in accordance with the approved rate. The City and County of San Francisco distributes funds to the Department of Public Works. The variable payments ended on January 15, 2016 when the contract at Altamont Landfill expired.

ZERO WASTE INCENTIVES

The Companies made monthly deposits to the Zero Waste Incentive Account in amounts determined by the Rate Order. Funds held in the Zero Waste Incentive Account will be applied against future rate adjustments and certain amounts may be used to support additional diversion programs.

On September 1, 2016, the San Francisco Department of Public Works approved an additional withdrawal of \$3,200,550.50 from the Zero Waste Incentive Account to be used for upgrades at Pier 96.

On January 17, 2017 the San Francisco Department of Public Works approved an additional withdrawal of \$2,140,859 from the Zero Waste Incentive Account to be used in lieu of a rate cost of living adjustment from July 1, 2016 through June 30, 2017.

Table 1
Disposal Tonnage
Recology San Francisco
July 2016 - June 2017

	Actual	Tier 1	Tier 2	Tier 3	Tier 4
Tons Disposed	413,416	355,980	312,202	268,424	224,646

Table 2
Alternative Daily Cover Tonnage
Recology San Francisco
July 2016 - June 2017

Source	Tonnage
Overs from Composting Operations	5,719
Overs from Urban Organics Composting	-
Fines from iMRF Operations	30,962
Total Alternative Daily Cover	36,682

Table 3
Recovery and Disposal Tonnage
Combined SF Companies
July 2016 - June 2017

	Received	Recovered	Disposal	% Recovered	TPD/5
<u>Tunnel & Beatty Trash</u>					
<u>From Recology Sunset</u>					
Fantastic 3	114,598	399	114,199	0.3%	439
Commercial	28,870	-	28,870	0.0%	111
Roll-off	19,683	-	19,683	0.0%	75
Bulky Item	101	-	101	0.0%	0
Total from Recology Sunset	163,253	399	162,853	0.2%	625
<u>From Recology Golden Gate</u>					
Fantastic 3	51,027	-	51,027	0.0%	196
Commercial	31,421	-	31,421	0.0%	120
Roll-off	20,323	-	20,323	0.0%	78
Total from Recology Golden Gate	102,770	-	102,770	0.0%	394
Total from Recology Sunset & Recology Golden Gate	266,023	399	265,624	0.2%	1,019
<u>Tunnel & Beatty Compostables</u>					
<u>From Recology Sunset</u>					
Fantastic 3	68,455	65,864	2,592	96.2%	262
Commercial	35,085	33,757	1,328	96.2%	134
Total from Recology Sunset	103,540	99,621	3,920	96.2%	397
<u>From Recology Golden Gate</u>					
Commercial	67,408	64,856	2,552	96.2%	258
Total from Recology Golden Gate	67,408	64,856	2,552	96.2%	258
<u>From Other Sources</u>					
Commercial Customers	739	739	-	100.0%	3
Department of Public Works	2,620	2,620	-	100.0%	10
Other City of San Francisco Departments	965	965	-	100.0%	4
Public Customers	700	700	-	100.0%	3
Total from Other Sources	5,023	5,023	-	100.0%	19
Total Compostables	175,972	169,500	6,472	96.3%	674
<u>iMRF</u>					
Roll-off from Recology Sunset	28,360	12,753	15,607	45.0%	109
Roll-off from Recology Golden Gate	43,606	19,608	23,998	45.0%	167
Commercial Customers	8,182	3,679	4,503	45.0%	31
Department of Public Works	5,193	2,335	2,858	45.0%	20
Other City of San Francisco Departments	82	37	45	45.0%	0
Total iMRF	85,423	38,412	47,011	45.0%	327
<u>Tunnel & Beatty Other</u>					
Commercial Customers	12,330	3,726	8,604	30.2%	47
Department of Public Works	26,320	5,299	21,021	20.1%	101
Other City of San Francisco Departments	4,374	5	4,370	0.1%	17
City Cans Allocation	19,365	-	19,365	0.0%	74
Public Customers	39,000	15,171	23,829	38.9%	149
Recology Sunset Bulky Item	11,859	6,496	5,363	54.8%	45
Recology Golden Gate Bulky Item	8	8	-	100.0%	0
Recology Sunset Inerts	8,784	8,784	-	100.0%	34
Recology Golden Gate Inerts	13,918	13,918	-	100.0%	53
Recology San Francisco Inerts	128	128	-	100.0%	0
Construction Material Reuse	578	578	-	100.0%	2
Recology Sunset/Recology Golden Gate Tires	65	65	-	100.0%	0
Recology Sunset/Recology Golden Gate Other Recycling	1,621	1,621	-	100.0%	6
Total Other	138,351	55,798	82,552	40.3%	530
Total Tunnel & Beatty	665,769	264,110	401,659	39.7%	2,551

Table 3 - Continued

	Received	Recovered	Disposal	% Recovered	TPD/5
Recycle Central Recyclables					
<u>From Recology Sunset</u>					
Fantastic 3	71,783	64,514	7,269	89.9%	275
Source Separated	170	170	-	100.0%	1
Mixed Commercial	121	48	73	40.0%	0
Mixed Paper	7,830	6,080	1,750	77.7%	30
Total from Recology Sunset	79,905	70,813	9,092	88.6%	306
<u>From Recology Golden Gate</u>					
Fantastic 3	54,181	48,694	5,487	89.9%	208
Source Separated	317	317	-	100.0%	1
Mixed Commercial	397	159	238	40.0%	2
Mixed Paper	9,259	7,190	2,069	77.7%	35
Total from Recology Golden Gate	64,154	56,360	7,794	87.9%	246
Total from Recology Sunset and Golden Gate	144,058	127,173	16,885	88.3%	552
Other Sources - Source Separated	25,269	25,269	-	100.0%	97
Total Recycle Central Recyclables	169,327	152,442	16,885	90.0%	649
Sustainable Crushing	72,942	72,942	-	100.0%	279
<u>Direct Material Recycling - Debris Box Collection</u>					
	-	-	-	0.0%	-
<u>Adjustments (Inventory, moisture)</u>					
	(5,128)	-	(5,128)	0.0%	(20)
Total Tons	902,909	489,494	413,416	54.2%	3,459
Disposal Breakdown					
El Sobrante Landfill (Titus residual)			150		
Fink Road Landfill (RBVON residual)			2,062		
Forward Landfill (RBVON residual)			3,696		
Recology Hay Road Landfill			405,433		
Recology Hay Road Landfill (RBVON residual)			714		
Zanker Material Processing Facility (C&D residual)			1,361		
Total Disposal			413,416		

Table 4
Commercial Accounts and Compliance
Recology Sunset Scavenger and Recology Golden Gate
July 2016 - June 2017

	Number of Accounts as of 6/30/2017	Percent of Total
Total Accounts	17,099	100.0%
Trash Compliant	17,055	99.7%
Recycling Compliant	16,917	98.9%
Composting Compliant	16,759	98.0%

Table 5a
Toxics Collection and Participation
Recology San Francisco
July 2016 - June 2017

Program	Collection Weight Tons Handled	Service Standard	
		Number	Unit
HHW Facility Drop Off	253.51	8,180	Customers Served
HHW Home Collection	112.40	1,899	Pickups
HHW Home Collection		3,925	Equivalent Loads
Very Small Quantity Generator	69.54	644	Business Appointments
Residential Curbside Battery Collection	23.95		
Apartment Building Battery Collection	8.45	355	Pickups
Retail Collection Partners	96.77	1,120	Pickups
Gigantic 3 Collection Events	3.92	817	Customers Served
Waste Acceptance Control Program	35.07		
Bulky Item Recycling - E-Waste ⁺	380.00	64,909	Pickups*
Public Drop Off - E-Waste ⁺	166.41		
Abandoned E-Waste ⁺	239.00		

* Bulky item pickups include non-E-waste customers

⁺ 27.19 E-Waste tons (54,380 lbs) are not included in E-Waste line items

**Table 5b
Toxics Collection Incentives
Recology San Francisco
July 2016 - June 2017**

Toxics Item	Target (Tons)	Actual (Tons)
Latex Paint		246.52
Oil Base Paint		41.58
Paint Distributed for Direct Reuse		3.85
Total Paint	602.00	291.95
Household Batteries - Single Use		66.14
Household Batteries - Rechargeable		6.71
Total Household Batteries	124.00	72.85
Fluorescent & Other Mercury Containing Lamps	66.00	36.11

* Targets reflect Tier 1 incentive amounts

Table 6
Revenue
Recology Sunset Scavenger and Recology Golden Gate
July 2016 - June 2017

	Projection	Actual	Variance
<u>Residential</u>			
Number of Customers	141,244	141,531	0%
Annual Revenue	\$ 73,741,444	\$ 75,115,838	2%
Revenue Per Customer	\$ 522	\$ 531	2%
<u>Apartment</u>			
Number of Customers	8,628	8,337	-3%
Annual Revenue	\$ 64,369,599	\$ 60,152,230	-7%
Revenue Per Customer	\$ 7,461	\$ 7,215	-3%
<u>Commercial</u>			
Number of Customers	16,564	17,099	3%
Annual Revenue	\$ 105,405,062	\$ 126,911,429	20%
Revenue Per Customer	\$ 6,364	\$ 7,422	17%
<u>Commercial Compactors</u>			
Number of Customers	229	233	2%
Annual Revenue	\$ 27,678,983	\$ 28,250,718	2%
Revenue Per Customer	\$ 120,869	\$ 121,248	0%
ZWI Rebate Revenue	\$ 2,140,859	\$ 2,140,859	0%
Revenue Subject to Rate	\$ 273,335,947	\$ 292,571,073	7%
Revenue not Subject to Rate:			
Debris Box Revenue	\$ 14,228,892	\$ 21,054,519	48%
Equipment & Supply Sales	836,022	1,678,726	101%
CalRecycle Payment	328,079	537,472	64%
Miscellaneous Income	227,070	427,979	88%
Total Other Revenue not Subject to Rate	\$ 15,620,063	\$ 23,698,696	52%
Total Sources	\$ 288,956,010	\$ 316,269,769	9%
Impound Account Funding	\$ (15,334,642)	\$ (15,334,164)	0%
ZWI Funding	(3,920,760)	(3,920,760)	0%
Total Revenue Retained	\$269,700,608	\$297,014,845	10%

*Contracts revenue is included within Commercial and Commercial Compactors Revenue.

Table 7
Revenues
Recology San Francisco
July 2016 - June 2017

	Projection	Actual	Variance
<u>Revenue Charged by Tipping Fee</u>			
Recology Sunset Scavenger/Golden Gate			
Recycle Central	134,020	144,056	7%
Compostables	158,454	170,949	8%
iMRF	54,189	71,994	33%
Trash	259,358	265,969	3%
Other	7,182	12,690	77%
Subtotal (Recology Sunset Scavenger/Golden Gate)	613,203	665,658	9%
Public Customers	33,534	39,376	17%
Commercial Customers	16,011	24,678	54%
Total San Francisco Tons	662,748	729,712	10%
Total Non-San Francisco Tons	1,512	3,443	128%
Total Tons Charged by Tipping Fee	664,260	733,155	10%
Rate Per Ton	\$ 156.62	\$ 156.62	0%
<u>Transfer and Processing Revenue</u>			
Recology Sunset Scavenger/Golden Gate			
Recycle Central	\$ 20,990,153	\$ 22,562,005	7%
Compostables	24,817,091	26,773,966	8%
iMRF	8,487,022	11,275,739	33%
Trash	40,620,603	41,655,964	3%
Other	1,124,840	1,985,651	77%
Subtotal (Recology Sunset Scavenger/Golden Gate)	\$ 96,039,709	\$ 104,253,325	9%
Public Customers	5,252,170	6,167,108	17%
Commercial Customers	2,507,698	3,865,074	54%
Total San Francisco Revenue from Tipping Fee	\$ 103,799,577	\$ 114,285,507	10%
Total Non-San Francisco Revenue from Tipping Fee	236,809	539,412	128%
Total Revenue from Tipping Fee	\$ 104,036,386	\$ 114,824,919	10%
Net Recycling Revenue	\$ 22,180,645	\$ 23,668,401	7%
Non-rate Revenue	443,157	1,556,525	251%
Intercompany Dirt, Inerts & Others	562,058	790,051	41%
Rental Income	47,264	44,400	-6%
Total Other Revenue	\$ 23,233,123	\$ 26,059,377	12%
Total Sources	\$ 127,269,509	\$ 140,884,296	11%
Impound Account Funding	\$ (3,431,504)	\$ -	-100%
ZWI Funding	(2,569,716)	(2,569,716)	0%
Total Revenue Retained	\$ 121,268,289	\$ 138,314,580	14%

Table 8
Recycling Revenue
Recology San Francisco
July 2016 - June 2017

Recycle Central	Projection	Actual
Mixed Paper	70,899	73,454
Cardboard	36,527	37,608
White Ledger	268	-
Coated Book Stock	385	-
Aluminum	501	433
Metal/Ferrous	1,771	1,877
PET	1,451	1,885
HDPE Blend	1,399	1,311
Mixed Plastics 3-7	565	633
Flint Glass	667	322
Amber Glass	596	235
Green Glass	401	149
Mixed Glass	17,503	26,424
Glass Fines	1,291	47
Total Tons	134,225	144,376
Price Per Ton		
Mixed Paper	\$ 129.60	\$ 142.85
Cardboard	170.37	192.20
White Ledger	275.06	-
Coated Book Stock	205.77	-
Aluminum	4,382.24	3,570.52
Metal/Ferrous	165.10	117.77
PET	2,214.76	1,770.04
HDPE Blend	793.37	476.67
Mixed Plastics 3-7	62.40	74.02
Flint Glass	198.44	242.00
Amber Glass	205.77	237.09
Green Glass	191.15	257.40
Mixed Glass	139.63	116.34
Glass Fines	139.63	148.00
Revenue		
Mixed Paper	\$ 9,188,753	\$ 10,492,567
Cardboard	6,223,172	7,228,175
White Ledger	73,715	-
Coated Book Stock	79,221	-
Aluminum	2,194,978	1,547,498
Metal/Ferrous	292,342	221,076
PET	3,214,332	3,335,740
HDPE Blend	1,109,773	624,947
Mixed Plastics 3-7	35,283	46,828
Flint Glass	132,426	77,838
Amber Glass	122,638	55,630
Green Glass	76,620	38,392
Mixed Glass	2,444,019	3,074,207
Glass Fines	180,307	6,888
Recycle Central Revenue	\$ 25,367,580	\$ 26,749,785

Table 8 - Continued

Tunnel & Beatty Operations	Projection	Actual
Metal	7,312	13,849
Wood	13,494	3,999
Mixed Rigid Plastic	2,026	1,986
SB20/50 E-Waste	450	388
Total Tons	23,283	20,221
Price Per Ton		
Metal	\$ 196.39	\$ 81.83
Wood	19.71	8.57
Mixed Rigid Plastic	157.94	155.01
SB20/50 E-Recycling	338.08	111.55
Revenue		
Metal	\$ 1,436,093	\$ 1,133,187
Wood	266,005	34,253
Mixed Rigid Plastic	320,018	307,876
SB20/50 E-Recycling	152,042	43,246
Tunnel & Beatty Revenue	\$ 2,174,159	\$ 1,518,563
Sustainable Crushing Revenue	\$ 1,837,737	\$ 1,348,208
Total Recycling Revenue	\$ 29,379,476	\$ 29,616,556
Processing Expenses	(460,774)	(1,220,017)
Purchases	(6,738,057)	(4,728,138)
Net Recycling Revenues	\$ 22,180,645	\$ 23,668,401

Table 9
Expenses
Recology Sunset Scavenger and Recology Golden Gate
July 2016 - June 2017

	Projection	Actual	Variance
Payroll	\$ 69,638,598	\$ 72,540,580	4%
Payroll Taxes	5,460,610	5,526,387	1%
Pension	13,006,597	12,290,928	-6%
Health Insurance	21,403,889	20,634,403	-4%
Workers Compensation	6,727,437	7,382,521	10%
Total Payroll & Related	\$ 116,237,131	\$ 118,374,819	2%
Bad Debt	\$ 526,999	\$ 103,663	-80%
Building & Facility Repair	226,669	153,665	-32%
Contract Services	767,758	864,873	13%
Corporate Accounting Services	1,853,397	2,314,526	25%
Corporate Management	1,419,854	1,373,512	-3%
Depreciation	305,464	430,406	41%
Environmental Compliance	423,365	512,159	21%
Freight	74,318	69,647	-6%
Fuel	3,050,850	3,589,531	18%
Human Resources	556,597	564,363	1%
I/C Disposal	41,726,955	47,769,713	14%
I/C Processing	54,873,503	57,232,513	4%
IT Services	2,095,511	2,590,845	24%
Lease	13,997,063	12,984,034	-7%
Liability Insurance	3,572,026	2,939,750	-18%
Licenses & Permits	1,819,987	1,660,991	-9%
O/S Billing Services	340,344	288,192	-15%
O/S Disposal	21,560	36,276	68%
O/S Equipment Rental	204,290	166,270	-19%
Office	384,994	401,109	4%
Parts	2,059,689	2,571,978	25%
Postage	337,195	317,795	-6%
Professional Services	1,494,002	899,948	-40%
Property Rental	1,340,027	1,469,973	10%
Repairs & Maintenance	1,351,732	1,270,702	-6%
Security & Janitorial	414,595	398,726	-4%
Supplies	1,465,493	2,109,067	44%
Sustainability	193,251	364,633	89%
Taxes	1,488,683	1,649,585	11%
Telephone	387,792	458,642	18%
Tires & Tubes	519,327	753,252	45%
Utilities	401,365	752,617	88%
T&G Maintenance Allocation	(55,732)	(56,820)	2%
Other	1,936,884	1,664,642	-14%
Total Expenses	\$ 257,812,938	\$ 269,045,597	4%

Table 10
Expenses
Recology San Francisco
July 2016 - June 2017

	Projection	Actual	Variance
Payroll	\$ 38,509,691	\$ 42,634,115	11%
Payroll Taxes	3,157,136	3,264,378	3%
Pension	5,393,414	6,804,778	26%
Health Insurance	12,896,790	13,396,645	4%
Workers Compensation	2,788,576	2,253,202	-19%
Total Payroll & Related	\$ 62,745,607	\$ 68,353,118	9%
Bad Debt	\$ 18,382	\$ 69,061	276%
Bridge Tolls	873,260	1,276,975	46%
Building & Facility Repair	766,840	725,769	-5%
Contract Services	337,238	509,990	51%
Corporate Accounting Services	197,640	140,583	-29%
Corporate Management	148,698	79,456	-47%
Depreciation	1,165,533	2,428,322	108%
Amortization of ZWI Funding of Capital Expenditures	-	(1,144,833)	-100%
Environmental Compliance	45,607	30,306	-34%
Freight	1,262,167	1,803,198	43%
Fuel	2,430,424	3,124,635	29%
Human Resources	379,836	395,842	4%
I/C Disposal - Hay Road Landfill	-	14,461,089	100%
Hay Road Reimbursement - Disposal Costs	-	(4,171,276)	-100%
Hay Road Reimbursement - Transportation and Other Non-Disposal Costs	-	(4,868,194)	-100%
I/C Processing	8,840,490	12,669,491	43%
IT Services	628,358	787,792	25%
Lease	5,658,171	4,728,124	-16%
Liability Insurance	1,010,123	916,372	-9%
License Fee - Brisbane	2,266,291	2,102,509	-7%
Other Licenses & Permits	318,936	390,997	23%
O/S Equipment Rental	397,082	173,602	-56%
O/S Disposal - Altamont Landfill	4,742,375	-	-100%
O/S Disposal - Other	1,227,366	1,630,223	33%
O/S Processing	947,407	-	-100%
Office	335,444	206,462	-38%
Parts	1,394,158	1,814,803	30%
Postage	1,830	4,362	138%
Professional Services	2,113,889	1,117,287	-47%
Property Rental	3,914,524	3,607,937	-8%
Repairs & Maintenance	484,082	684,708	41%
Security & Janitorial	948,750	728,414	-23%
Supplies	1,692,389	2,225,405	31%
Sustainability	19,657	22,309	13%
Taxes	1,690,104	1,871,602	11%
Telephone	194,668	274,799	41%
Tires & Tubes	179,117	266,269	49%
Utilities	1,397,575	1,616,301	16%
Other	426,983	424,809	-1%
Total Expenses	\$ 111,201,001	\$ 121,478,618	9%

Table 11
Statement of Operating Ratios and Profit Margin
Recology Sunset Scavenger and Recology Golden Gate
July 2016 - June 2017

		Crosswalk	Projection	Actual	Dollar Variance	Percentage Variance
SOURCES	Residential	See Table 6	\$ 73,741,444	\$ 75,115,838	\$ 1,374,394	2%
	Apartment	See Table 6	64,369,599	60,152,230	(4,217,369)	-7%
	Commercial	See Table 6	105,405,062	126,911,429	21,506,367	20%
	Compactor Commercial	See Table 6	27,678,983	28,250,718	571,735	2%
	Current Ratepayer Revenue		271,195,088	290,430,214	19,235,127	7%
	ZWI Rebate Revenue	See Table 6	2,140,859	2,140,859	-	0%
	Applied Ratepayer Revenue from Prior Years		2,140,859	2,140,859	-	0%
	Debris Box and Other Non Rate Revenue	See Table 6	15,620,063	23,698,696	8,078,633	52%
(a) Total Sources			288,956,010	316,269,769	27,313,760	9%
USES	Impound Account Funding (Not OR Eligible)	See Table 6	15,334,642	15,334,164	(478)	0%
	ZWI Funding (Not OR Eligible)	See Table 6	3,920,760	3,920,760	-	0%
	I/C Processing (Not OR Eligible)	See Table 9	54,873,503	57,232,513	2,359,010	4%
	I/C Disposal (Not OR Eligible)	See Table 9	41,726,955	47,769,713	6,042,758	14%
	(b) OR Eligible Expenses	See Table 9	161,212,480	164,043,371	2,830,891	2%
(c) Total Uses			277,068,340	288,300,521	11,232,181	4%
(d) NET PROFIT = (a) less (c)			\$ 11,887,670	\$ 27,969,248	\$ 16,081,579	135%
OPERATING RATIO ON PROFIT ELIGIBLE EXPENSES = 100% less ((d) divided by ((b) plus (d)))			93.1%	85.4%		
OPERATING RATIO ON ALL EXPENSES = 100% less ((d) divided by ((c) plus (d)))			95.9%	91.2%		
PROFIT MARGIN ON ALL EXPENSES = (d) divided by (a)			4.1%	8.8%		

*Contracts revenue is included within Commercial and Commercial Compactors Revenue.

Table 12
Statement of Operating Ratios and Profit Margin
Recology San Francisco
July 2016 - June 2017

		Crosswalk	Projection	Actual	Dollar Variance	Percentage Variance
SOURCES	Tipping Fee Revenue	See Table 7	\$ 104,036,386	\$ 114,824,919	\$ 10,788,533	10%
	Net Recycling Revenue	See Table 7	22,180,645	23,668,401	1,487,756	7%
	Other Revenue	See Table 7	1,052,478	2,390,976	1,338,497	127%
	(a) Total Sources		127,269,509	140,884,296	13,614,787	11%
USES	Impound Account Funding (Not OR Eligible)	See Table 7	3,431,504	-	(3,431,504)	-100%
	ZWI Funding (Not OR Eligible)	See Table 7	2,569,716	2,569,716	-	0%
	O/S Disposal - Altamont Landfill (Not OR Eligible)	See Table 10	4,742,375	-	(4,742,375)	-100%
	I/C Disposal - Hay Road Landfill (Not OR Eligible)	See Table 10	-	14,461,089	14,461,089	100%
	Hay Road Reimbursement - Disposal Costs (Not OR Eligible)	See Table 10	-	(4,171,276)	(4,171,276)	-100%
	License Fee - Brisbane (Not OR Eligible)	See Table 10	2,266,291	2,102,509	(163,782)	-7%
	(b) OR Eligible Expenses	See Table 10	104,192,336	109,086,295	4,893,959	5%
(c) Total Uses		117,202,221	124,048,334	6,846,112	6%	
(d) NET PROFIT = (a) less (c)			\$ 10,067,288	\$ 16,835,962	\$ 6,768,673	67%
OPERATING RATIO ON PROFIT ELIGIBLE EXPENSES = 100% less ((d) divided by ((b) plus (d)))			91.2%	86.6%		
OPERATING RATIO ON ALL EXPENSES = 100% less ((d) divided by ((c) plus (d)))			92.1%	88.0%		
PROFIT MARGIN ON ALL EXPENSES = (d) divided by (a)			7.9%	12.0%		

Table 13
Statement of Operating Ratios and Profit Margin
Combined SF Companies
July 2016 - June 2017

	Crosswalk	Projection	Actual	Dollar Variance	Percentage Variance
RSS and RGG OR Eligible Expenses	See Table 11	\$ 161,212,480	\$ 164,043,371	\$ 2,830,892	2%
RSF OR Eligible Expenses	See Table 12	104,192,336	109,086,295	4,893,959	5%
(b) Combined Recology OR Eligible Expenses		265,404,816	273,129,666	7,724,850	3%
RSS and RGG Total Uses	See Table 11	277,068,340	288,300,521	11,232,181	4%
RSF Total Uses	See Table 12	117,202,221	124,048,334	6,846,111	6%
(c) Combined Recology Total Uses		394,270,562	412,348,855	18,078,293	5%
RSS and RGG Net Profit	See Table 11	11,887,670	27,969,248	16,081,579	135%
RSF Net Profit	See Table 12	10,067,288	16,835,962	6,768,672	67%
(d) Combined Recology Net Profit		\$ 21,954,957	\$ 44,805,210	\$ 22,850,253	104%
COMBINED OPERATING RATIO ON PROFIT ELIGIBLE EXPENSES = 100% less ((d) divided by ((b) plus (d)))		92.4%	85.9%		
COMBINED OPERATING RATIO ON ALL EXPENSES = 100% less ((d) divided by ((c) plus (d)))		94.7%	90.2%		
PROFIT MARGIN ON ALL EXPENSES = (d) divided by ((c) plus (d))		5.3%	9.8%		

Table 14
Recology San Francisco
Amortization of ZWI Funds for Capital Expenditures
July 2016 - June 2017

Capital Expenditure Project	ZWI Funds Received	Date Received	Amortization Start Date	ZWI Funds to be Amortized	Cumulative Amortization End of Prior Rate Year	Amortization in Current Report	Cumulative Amortization as of this Report	Remaining Balance
Improvements for Pier 96 - RY14	\$ 2,621,225	2/10/2016	10/1/2016	\$ 2,621,225	\$ -	(269,582)	\$ (269,582)	\$ 2,351,643
Improvements for Pier 96 - RY15	\$ 3,157,691	2/10/2016	10/1/2016	\$ 3,157,691	\$ -	(324,756)	\$ (324,756)	\$ 2,832,935
Improvements for Pier 96 - RY16	\$ 3,200,551	9/21/2016	10/1/2016	\$ 3,200,551	\$ -	(329,164)	\$ (329,164)	\$ 2,871,387
Recycle Central Improvement - 2017	\$ 3,247,569	9/29/2017	10/1/2016	\$ 2,152,069	\$ -	(221,332)	\$ (221,332)	\$ 1,930,737
Recycle Central Improvement - 2017			10/1/2017	\$ 1,095,500	\$ -		\$ -	\$ 1,095,500
Total	\$ 12,227,036			\$ 12,227,036	\$ -	\$ (1,144,833)	\$ (1,144,833)	\$ 11,082,203

* Funds were released from the ZWI account to offset the cost of capital expenditures incurred by Recology San Francisco. The funds received are being amortized and recorded as negative expenses in Table 10 over the same period as the related capital expenditure project assets.

APPENDIX A
COMBINED SF COMPANIES
Account Details

Special Reserve Fund

Deposits, Disbursements and Balances for RY 2017

Table A-1

Beginning Balance (July 1, 2016)	\$ 16,439,335.09
Interest	158,644.68
Administrative Fees	(4,259.66)
Ending Balance (June 30, 2017)	<u><u>\$ 16,593,720.11</u></u>

Special Reserve Fund

Investment Activity for RY 2017

Table A-2

Month	Interest Earned	Admin. Fee
Jul-16	\$ 3,323.61	\$ 763.16
Aug-16	2,425.19	325.80
Sep-16	14,811.80	173.27
Oct-16	15,266.00	343.93
Nov-16	14,731.41	333.36
Dec-16	15,351.05	322.15
Jan-17	15,529.49	332.80
Feb-17	14,068.53	322.60
Mar-17	15,705.42	322.60
Apr-17	15,410.74	352.45
May-17	15,976.83	341.14
Jun-17	16,044.61	326.40
Totals	\$ 158,644.68	\$ 4,259.66

New Reserve FundDeposits, Disbursements and Balances for RY 2017**Table A-3**

Beginning Balance (July 1, 2016)	\$ 13,261,988.61
Interest	47,791.66
Disbursements	(8,647,184.66)
Ending Balance (June 30, 2017)	<u><u>\$ 4,662,595.61</u></u>

New Reserve FundInvestment Activity for RY 2017**Table A-4**

Month	Interest Earned
Jul-16	\$ 4,624.97
Aug-16	3,753.97
Sep-16	3,295.81
Oct-16	3,226.35
Nov-16	2,931.15
Dec-16	3,612.15
Jan-17	4,421.47
Feb-17	4,183.65
Mar-17	5,219.49
Apr-17	6,012.45
May-17	3,479.67
Jun-17	3,030.53
Totals	\$ 47,791.66

New Reserve FundDisbursements for RY 2017**Table A-5**

Transaction Date	Check #	Payee	Description	Amount
8/5/16	Bank Trans	Recology SF	January - March 2016 Hay Road Cost Reimbursement	\$ 1,930,780.66
5/8/17	Bank Trans	Recology SF	April - December 2016 Hay Road Cost Reimbursement	6,716,404.00
Totals				\$ 8,647,184.66

Impound Account

Deposits, Disbursements and Balances for RY 2017

Table A-6

Beginning Balance (July 1, 2016)	\$ 187,186.40
Deposits	15,334,164.00
Interest	1,319.69
Disbursements	(14,056,317.00)
Ending Balance (June 30, 2017)	<u><u>\$ 1,466,353.09</u></u>

Impound Account

Deposit Detail for RY 2017

Table A-7

Month	Recology Golden Gate	Recology Sunset Scavenger	Recology San Francisco	Total Deposit Amount
Jul-16	\$ 553,374.00	\$ 724,473.00	\$ -	\$ 1,277,847.00
Aug-16	553,374.00	724,473.00	-	1,277,847.00
Sep-16	553,374.00	724,473.00	-	1,277,847.00
Oct-16	553,374.00	724,473.00	-	1,277,847.00
Nov-16	553,374.00	724,473.00	-	1,277,847.00
Dec-16	553,374.00	724,473.00	-	1,277,847.00
Jan-17	553,374.00	724,473.00	-	1,277,847.00
Feb-17	553,374.00	724,473.00	-	1,277,847.00
Mar-17	553,374.00	724,473.00	-	1,277,847.00
Apr-17	553,374.00	724,473.00	-	1,277,847.00
May-17	553,374.00	724,473.00	-	1,277,847.00
Jun-17	553,374.00	724,473.00	-	1,277,847.00
Totals	\$ 6,640,488.00	\$ 8,693,676.00	\$ -	\$ 15,334,164.00

Impound AccountInvestment Activity for RY 2017**Table A-8**

Month	Interest Earned
Jul-16	\$ 88.08
Aug-16	102.05
Sep-16	82.91
Oct-16	90.05
Nov-16	96.05
Dec-16	91.69
Jan-17	90.33
Feb-17	165.52
Mar-17	80.26
Apr-17	105.60
May-17	139.50
Jun-17	187.65
Totals	\$ 1,319.69

Impound Account

Disbursements for RY 2017

Table A-9

Payee	Date	Check #	Total Disbursements
City & County of San Francisco	07/28/16	943	\$ 500,199.20
San Francisco Department of Environment	07/28/16	944	777,647.80
City & County of San Francisco	08/23/16	945	500,199.20
Void	08/23/16	946	-
San Francisco Department of Environment	08/23/16	947	777,647.80
City & County of San Francisco	09/21/16	948	500,199.20
San Francisco Department of Environment	09/21/16	949	777,647.80
City & County of San Francisco	11/02/16	950	500,199.20
San Francisco Department of Environment	11/02/16	951	777,647.80
City & County of San Francisco	12/01/16	952	500,199.20
San Francisco Department of Environment	12/01/16	953	777,647.80
City & County of San Francisco	12/31/16	954	500,199.20
San Francisco Department of Environment	12/31/16	955	777,647.80
City & County of San Francisco	03/01/17	956	500,199.20
San Francisco Department of Environment	03/01/17	957	777,647.80
City & County of San Francisco	03/01/17	958	500,199.20
San Francisco Department of Environment	03/01/17	959	777,647.80
City & County of San Francisco	03/20/17	960	500,199.20
San Francisco Department of Environment	03/20/17	961	777,647.80
City & County of San Francisco	04/20/17	962	500,199.20
San Francisco Department of Environment	04/20/17	963	777,647.80
City & County of San Francisco	05/24/17	964	500,199.20 (1)
San Francisco Department of Environment	05/24/17	965	777,647.80 (1)
TOTALS			\$ 14,056,317.00

NOTES

(1) June payments to the City and County of San Francisco were outstanding as of June 30th, 2017. The payments cleared the bank on July 6th, 2017.

Zero Waste Incentive Account

Deposits, Disbursements and Balances for RY 2017

Table A-10

Beginning Balance (July 1, 2016)	\$ 15,792,573.84
Deposits	6,490,476.00
Interest	75,938.70
Disbursements	(5,341,409.50)
Cash Balance (June 30, 2017)	<u><u>\$ 17,017,579.04</u></u>

Zero Waste Incentive Account

Deposit Detail for RY 2017

Table A-11

Month	Recology Golden Gate	Recology Sunset Scavenger	Recology San Francisco	Total Deposit Amount
Jul-16	\$ 141,491.00	\$ 185,239.00	\$ 214,143.00	\$ 540,873.00
Aug-16	141,491.00	185,239.00	214,143.00	540,873.00
Sep-16	141,491.00	185,239.00	214,143.00	540,873.00
Oct-16	141,491.00	185,239.00	214,143.00	540,873.00
Nov-16	141,491.00	185,239.00	214,143.00	540,873.00
Dec-16	141,491.00	185,239.00	214,143.00	540,873.00
Jan-17	141,491.00	185,239.00	214,143.00	540,873.00
Feb-17	141,491.00	185,239.00	214,143.00	540,873.00
Mar-17	141,491.00	185,239.00	214,143.00	540,873.00
Apr-17	141,491.00	185,239.00	214,143.00	540,873.00
May-17	141,491.00	185,239.00	214,143.00	540,873.00
Jun-17	141,491.00	185,239.00	214,143.00	540,873.00
Totals	\$ 1,697,892.00	\$ 2,222,868.00	\$ 2,569,716.00	\$ 6,490,476.00

Zero Waste Incentive Account
Investment Activity for RY 2017

Table A-12

Month	Interest Earned
Jul-16	\$ 5,696.12
Aug-16	5,467.49
Sep-16	4,169.36
Oct-16	4,190.64
Nov-16	3,956.70
Dec-16	5,048.14
Jan-17	6,155.04
Feb-17	5,456.68
Mar-17	7,056.18
Apr-17	8,396.15
May-17	9,295.79
Jun-17	11,050.41
Totals	\$ 75,938.70

Zero Waste Incentive Account
Disbursements for RY 2017

Table A-13

Transaction Date	Payee	Description	Amount
09/21/16	Recology San Francisco	Improvements for Pier 96 - RY 16	\$ 3,200,550.50
01/24/17	Recology Sunset Scavenger and Recology Golden Gate	COLA rate adj RY 17	2,140,859.00
Totals			\$ 5,341,409.50