

**SAN FRANCISCO  
QUARTERLY RATE REPORT**

**2<sup>nd</sup> Quarter of Rate Year 2023  
6 Months Ending March 31, 2023**

Recology Sunset Scavenger  
Recology Golden Gate  
Recology San Francisco

## **INTRODUCTION**

San Francisco Public Works Director's Reports include quarterly reporting requirements. The requirements address several areas, including refuse tonnages, collection accounts, toxics collection and participation, revenues and expenses, operating ratios and profit margins, amortization of ZWI funds for capital expenditures, and activity reporting for the Reserve Fund, the Impound account, and the Zero Waste Incentives account. This report covers the first six months of Rate Year 2023 ending September 30, 2023 for the period from October 2022 to March 2023 (RY2023 Q2).

## **LOW-INCOME AND DISABLED SERVICES PROGRAMS**

As of March 31, 2023, 8,665 customers participated in the low-income program. As of the same date, there were 479 participants in the disabled services program.

## **ACCOUNT REPORTING**

Appendix A contains reports for the Reserve Fund, the Impound account, and the Zero Waste Incentives account. The reports include beginning balances, deposits, disbursements, interest earned, administrative fees and ending balances.

## **RESERVE FUND**

There are no deposit or disbursement activity to report for the Reserve Fund. Interest earned and administrative fees are reflected in Table A-2 and Table A-3, respectively.

## **IMPOUND**

Recology makes monthly deposits to the Impound account in accordance with the amounts approved in the 2017 rate order and adjusted for cost-of-living adjustment for subsequent rate years.

## **ZERO WASTE INCENTIVES**

Recology makes monthly deposits to the Zero Waste Incentives account in amounts determined by the rate process. Funds held in the Zero Waste Incentives account will be applied against future rate adjustments and may be used to support additional material recovery programs.

## **SUBSTITUTED COSTS**

Appendix B contains a report of Substituted Costs pursuant to Article 4.3 of the Settlement Agreement between the City and County of San Francisco and Sunset Scavenger Company, Golden Gate Disposal & Recycling Company, Recology San Francisco, and Recology Properties Inc., effective December 22, 2022.

## **NOTIONAL BALANCING ACCOUNT**

Appendix C contains a report of Notional Balancing Account pursuant to Article 8 of the Settlement Agreement between the City and County of San Francisco and Sunset Scavenger Company, Golden Gate Disposal & Recycling Company, Recology San Francisco, and Recology Properties Inc., effective December 22, 2022.

**Table 1  
Disposal Tonnage  
Recology San Francisco  
October 2022 - March 2023**

	<b>Actual</b>	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>	<b>Tier 4</b>
<b>Tons Disposed</b>	202,419	176,281	165,781	150,000	137,500

**Table 2  
Alternative Daily Cover Tonnage  
Recology San Francisco  
October 2022 - March 2023**

<b>Source</b>	<b>Tonnage</b>
Composting Overs	-
iMRF Fines	5,693
C-soil	-
Clean Wood	-
<b>Total Alternative Daily Cover</b>	<b>5,693</b>

**Table 3**  
**Recovery and Disposal Tonnage**  
**Combined SF Companies**  
**October 2022 - March 2023**

	Received	Recovered	Disposed	% Recovered
<b>Recycle Central Recyclables</b>				
Collected	64,310	51,946	12,364	80.8%
Buyback	4,128	4,128	-	100.0%
<b>Total Recyclables</b>	<b>68,438</b>	<b>56,074</b>	<b>12,364</b>	<b>81.9%</b>
<b>Tunnel Avenue Compostables</b>				
Collected	67,297	49,639	17,658	73.8%
San Francisco Public Works	2,476	2,476	-	100.0%
Other City of San Francisco Departments	450	450	-	100.0%
Account Customers	160	160	-	100.0%
Non-Account Customers	287	287	-	100.0%
<b>Total Compostables</b>	<b>70,670</b>	<b>53,012</b>	<b>17,658</b>	<b>75.0%</b>
<b>Tunnel Avenue iMRF</b>				
Collected	5,144	2,286	2,858	44.4%
San Francisco Public Works	-	-	-	0.0%
Other City of San Francisco Departments	29	13	16	44.8%
Account Customers	5,495	2,442	3,053	44.4%
<b>Total iMRF</b>	<b>10,668</b>	<b>4,741</b>	<b>5,927</b>	<b>44.4%</b>
<b>Other Tunnel Avenue</b>				
Collected Other Trash	92,285	-	92,285	0.0%
Collected Roll-off Trash	17,034	-	17,034	0.0%
Bulky Item Recycling & Abandoned Materials Collection	6,174	836	5,338	13.5%
Public Refuse Receptacles	9,683	-	9,683	0.0%
San Francisco Public Works	14,468	783	13,685	5.4%
Other City of San Francisco Departments	679	-	679	0.0%
Account Customers	4,457	624	3,833	14.0%
Non-Account Customers	15,292	4,423	10,869	28.9%
Collected Inerts	1,706	1,706	-	100.0%
Construction Material Reuse	3	3	-	100.0%
Other Recycling	373	373	-	100.0%
<b>Total Other Tunnel Avenue</b>	<b>162,154</b>	<b>8,748</b>	<b>153,406</b>	<b>5.4%</b>
<b>Sustainable Crushing</b>	-	-	-	<b>0.0%</b>
<b>Adjustments (Inventory, moisture, etc.)</b>	13,064	-	13,064	0.0%
<b>Total Tons</b>	<b>324,994</b>	<b>122,575</b>	<b>202,419</b>	<b>37.7%</b>
<b>Disposal Breakdown</b>				
Recology Hay Road Landfill			184,565	
Recology Hay Road Landfill (RBVON residual)			17,645	
Recology Ostrom Road Landfill (RBVON residual)			13	
Zanker Material Processing Facility (C&D residual)			196	
<b>Total Disposal</b>			<b>202,419</b>	

**Table 4**  
**Number of Accounts, Service and Compliance**  
**Recology Sunset Scavenger and Recology Golden Gate**  
**As of March 31, 2023**

	Number of Accounts	Trash Compliant		Recycling Compliant		Composting Compliant	
Residential	138,670	138,661	100.0%	138,580	99.9%	138,536	99.9%
Apartment	8,493	8,492	100.0%	8,415	99.1%	8,414	99.1%
Commercial	14,808	14,791	99.9%	14,765	99.7%	14,714	99.4%
City and County of San Francisco	372	369	99.2%	363	97.6%	356	95.7%
School District & UC	187	179	95.7%	180	96.3%	183	97.9%
<b>Total</b>	<b>162,530</b>	<b>162,492</b>	<b>100.0%</b>	<b>162,303</b>	<b>99.9%</b>	<b>162,203</b>	<b>99.8%</b>

<b>Residential Single Dwelling Unit Accounts</b>	
16-Gallon Trash Bins	48,439
20-Gallon Trash Bins	23,556

**Table 5**  
**Toxics Collection and Participation**  
**Recology San Francisco**  
**October 2022 - March 2023**

Program	Collection Weight Tons Handled	Service Standard	
		Number	Unit
HHW Facility Drop Off	79.25	4,027	Customers Served
HHW Home Collection	35.61	1,100	Pickups
HHW Home Collection	-	1,985	Equivalent Loads
Very Small Quantity Generator	26.14	235	Business Appointments
Residential Curbside Battery Collection	30.81	-	
Apartment Building Battery Collection	3.65	290	Pickups
Commercial Battery Collection	1.51	-	
Retail Collection Partners	20.23	407	Pickups
Gigantic 3 Collection Events	-	-	
Waste Acceptance Control Program	12.88	-	
Bulky Item Recycling - E-Waste*	-	36,668	Pickups
E-Waste sent to Processor	137.39	-	

\* Bulky item pickups include non-e-waste customers.

**Table 6**  
**Revenue**  
**Recology Sunset Scavenger and Recology Golden Gate**  
**October 2022 - March 2023**

	<b>Projection</b>	<b>Actual</b>	<b>Variance</b>
Residential	\$ 46,106,963	\$ 48,513,852	5%
Apartment	36,820,814	39,879,721	8%
Commercial	83,131,190	74,049,782	-11%
Commercial Compactors	17,507,825	13,218,274	-25%
Debris Box	3,687,669	1,843,773	-50%
ZWI Rebate Revenue	4,039,576	4,039,576	0%
<b>Total Revenue Subject to Rate</b>	<b>\$ 191,294,037</b>	<b>\$ 181,544,978</b>	<b>-5%</b>
Open Market Debris Box Revenue	\$ 10,013,472	\$ 5,006,568	-50%
Equipment & Supply Sales	1,087,864	574,024	-47%
CalRecycle Payment	322,264	675,221	110%
Miscellaneous Income	184,213	247,789	35%
Interest Income	-	189,321	100%
<b>Total Other Revenue not Subject to Rate</b>	<b>\$ 11,607,813</b>	<b>\$ 6,692,923</b>	<b>-42%</b>
<b>Total Sources</b>	<b>\$ 202,901,850</b>	<b>\$ 188,237,901</b>	<b>-7%</b>
Impound Account Funding	\$ (11,463,765)	\$ (11,463,765)	0%
ZWI Funding	(2,611,144)	(2,611,144)	0%
<b>Net Revenue Retained</b>	<b>\$ 188,826,941</b>	<b>\$ 174,162,992</b>	<b>-8%</b>

\*Contracts revenue is included within Commercial and Commercial Compactor Revenue.

\*Interest income represents a 1.5% finance charge to commercial customers for past due balances.

**Table 7**  
**Revenue**  
**Recology San Francisco**  
**October 2022 - March 2023**

	Tonnage			Revenue		
	Projection	Actual	Variance	Projection	Actual	Variance
<b>Tonnage &amp; Revenue from Tipping Fee</b>						
Recology Sunset Scavenger/Golden Gate						
Recycle Central	72,869	64,385	-12%	\$ 16,020,934	\$ 14,155,268	-12%
Compostables	86,383	67,297	-22%	18,992,184	14,795,837	-22%
i/MRF	36,417	5,144	-86%	8,006,644	1,130,947	-86%
Trash	132,069	114,413	-13%	29,036,622	25,154,859	-13%
Other	6,702	1,340	-80%	1,473,460	294,670	-80%
Subtotal (Recology Sunset Scavenger/Golden Gate)	334,440	252,579	-24%	\$ 73,529,844	\$ 55,531,581	-24%
Non-Account Customers	19,242	15,561	-19%	4,230,570	3,421,318	-19%
Account Customers	12,310	14,505	18%	2,706,395	3,181,118	18%
Total San Francisco	365,992	282,645	-23%	\$ 80,466,809	\$ 62,134,017	-23%
Total Non-San Francisco	1,307	3,014	131%	287,454	662,735	131%
Non-rate Tonnage	-	42,349	100%			
<b>Tipping Fee</b>	<b>367,299</b>	<b>328,008</b>	<b>-11%</b>	<b>\$ 80,754,263</b>	<b>\$ 62,796,752</b>	<b>-22%</b>
Net Recycling Revenue				\$ 12,555,117	\$ 7,469,886	-41%
Non-rate Revenue				536,675	1,535,626	186%
Intercompany Dirt, Inerts & Others				852,315	323,884	-62%
Rental Income				26,937	12,000	-55%
<b>Total Other Revenue</b>				<b>\$ 13,971,044</b>	<b>\$ 9,341,396</b>	<b>-33%</b>
<b>Total Sources</b>				<b>\$ 94,725,307</b>	<b>\$ 72,138,148</b>	<b>-24%</b>
ZWI Funding				\$ (1,643,634)	\$ (1,643,634)	0%
<b>Net Revenue Retained</b>				<b>\$ 93,081,673</b>	<b>\$ 70,494,514</b>	<b>-24%</b>

**Table 8**  
**Recycling Revenue**  
**Recology San Francisco**  
**October 2022 - March 2023**

Recycle Central	Tons			Revenue			Price Per Ton		
	Projection	Actual	Variance	Projection	Actual	Variance	Projection	Actual	Variance
Mixed Paper	38,175	17,223	-55%	\$ 5,161,189	\$ 665,513	-87%	\$ 135.20	\$ 38.64	-71%
Cardboard	15,780	20,432	29%	3,024,082	2,119,625	-30%	191.64	103.74	-46%
Aseptic Carton	-	86	100%	-	1,710	100%	-	19.88	100%
EPS Foam	-	-	n/a	-	-	n/a	-	-	n/a
Aluminum	200	326	63%	987,326	1,294,737	31%	4,936.63	3,971.59	-20%
Metal/Ferrous	800	1,080	35%	121,723	145,657	20%	152.15	134.87	-11%
PET	700	1,108	58%	1,671,350	1,729,597	3%	2,387.64	1,561.01	-35%
HDPE Blend	650	719	11%	556,087	616,997	11%	855.52	858.13	0%
Plastic Film	-	34	100%	-	8,056	100%	-	236.94	100%
Mixed Plastics 3-7	550	186	-66%	40,909	30,236	-26%	74.38	162.56	119%
Flint Glass	175	-	-100%	49,007	-	-100%	280.04	-	-100%
Amber Glass	163	-	-100%	44,609	-	-100%	273.67	-	-100%
Green Glass	108	-	-100%	28,228	-	-100%	261.37	-	-100%
Mixed Glass	11,500	11,435	-1%	1,704,291	1,394,034	-18%	148.20	121.91	-18%
Glass Fines	725	-	-100%	104,781	-	-100%	144.53	-	-100%
<b>Total Recycle Central</b>	<b>69,526</b>	<b>52,629</b>	<b>-24%</b>	<b>\$ 13,493,582</b>	<b>\$ 8,006,162</b>	<b>-41%</b>			
<b>Tunnel Avenue</b>									
Metal	6,595	3,157	-52%	\$ 1,258,486	\$ 401,916	-68%	\$ 190.82	\$ 127.31	-33%
Wood	6,662	-	-100%	152,566	-	-100%	22.90	-	-100%
Mixed Rigid Plastic	843	379	-55%	159,548	2,242	-99%	189.26	5.92	-97%
SB20/50 E-Waste	225	152	-32%	73,870	88,163	19%	328.31	580.02	77%
<b>Total Tunnel Avenue</b>	<b>14,325</b>	<b>3,688</b>	<b>-74%</b>	<b>\$ 1,644,470</b>	<b>\$ 492,321</b>	<b>-70%</b>			
<b>Sustainable Crushing</b>				<b>\$ 428,080</b>	<b>\$ 10,705</b>	<b>-97%</b>			
<b>Total Recycling Revenue</b>				<b>\$ 15,566,132</b>	<b>\$ 8,509,188</b>	<b>-45%</b>			
Processing Expenses				\$ (532,097)	\$ (474,878)	-11%			
Purchases				(2,478,918)	(564,424)	-77%			
<b>Net Recycling Revenue</b>				<b>\$ 12,555,117</b>	<b>\$ 7,469,886</b>	<b>-41%</b>			



**Table 9**  
**Expenses**  
**Recology Sunset Scavenger and Recology Golden Gate**  
**October 2022 - March 2023**

<b>Item Description</b>	<b>Projection</b>	<b>Actual</b>	<b>Variance</b>
Payroll	\$ 46,947,526	\$ 46,872,142	0%
Payroll Taxes	3,558,038	3,523,838	-1%
Pension	7,427,625	8,088,796	9%
Health Insurance	14,659,317	12,208,984	-17%
Workers Compensation	6,010,356	3,937,625	-34%
<b>Total Payroll &amp; Related</b>	<b>\$ 78,602,862</b>	<b>\$ 74,631,385</b>	<b>-5%</b>
Corporate Allocations	\$ 4,278,036	\$ 6,228,876	46%
Bad Debt	90,133	290,713	223%
O/S Billing Services	187,760	253,995	35%
Office	254,640	160,305	-37%
Postage	198,674	15,615	-92%
Professional Services	422,963	819,058	94%
Security & Janitorial	266,974	325,401	22%
Taxes	1,045,449	2,127,462	103%
Telephone	351,881	304,898	-13%
<b>Total Administrative</b>	<b>\$ 7,096,510</b>	<b>\$ 10,526,323</b>	<b>48%</b>
Building & Facility Repair	\$ 92,082	\$ 156,080	70%
Depreciation	125,066	520,486	316%
Environmental Compliance	350,568	184,220	-47%
Freight	41,973	37,397	-11%
Fuel	3,632,780	3,010,759	-17%
I/C Disposal	28,220,542	25,998,787	-8%
I/C Processing	43,768,706	29,595,202	-32%
Lease	7,059,493	8,253,798	17%
Liability Insurance	1,853,449	3,044,772	64%
Licenses & Permits	997,574	1,339,217	34%
O/S Disposal	20,270	24,828	22%
O/S Equipment Rental	127,386	173,224	36%
Parts	1,455,601	1,478,018	2%
Property Rental	1,054,294	543,051	-48%
Repairs & Maintenance	774,367	875,998	13%
Supplies	1,428,374	1,174,353	-18%
Tires & Tubes	511,513	324,696	-37%
Utilities	302,337	639,236	111%
<b>Total Operating</b>	<b>\$ 91,816,375</b>	<b>\$ 77,374,122</b>	<b>-16%</b>
Contract Services	\$ 632,805	\$ 200,263	-68%
Other	1,189,918	1,057,921	-11%
<b>Total Other</b>	<b>\$ 1,822,723</b>	<b>\$ 1,258,184</b>	<b>-31%</b>
<b>Total Expenses</b>	<b>\$ 179,338,470</b>	<b>\$ 163,790,014</b>	<b>-9%</b>

**Table 10**  
**Expenses**  
**Recology San Francisco**  
**October 2022 - March 2023**

<b>Item Description</b>	<b>Projection</b>	<b>Actual</b>	<b>Variance</b>
Payroll	\$ 28,136,097	\$ 24,544,911	-13%
Payroll Taxes	2,199,774	1,823,803	-17%
Pension	3,384,023	4,321,273	28%
Health Insurance	9,078,464	7,003,745	-23%
Workers Compensation	2,241,279	1,674,302	-25%
<b>Total Payroll &amp; Related</b>	<b>\$ 45,039,637</b>	<b>\$ 39,368,034</b>	<b>-13%</b>
Corporate Allocations	942,443	106,074	-89%
Bad Debt	32,902	100,000	204%
Office	135,243	94,735	-30%
Postage	2,016	1,170	-42%
Professional Services	1,483,075	667,648	-55%
Repairs & Maintenance	473,089	555,622	17%
Security & Janitorial	398,544	635,108	59%
Taxes	1,096,346	1,600,884	46%
Telephone	166,503	154,411	-7%
<b>Total Administrative</b>	<b>\$ 4,730,161</b>	<b>\$ 3,915,652</b>	<b>-17%</b>
Bridge Tolls	774,204	487,782	-37%
Building & Facility Repair	435,095	470,855	8%
Depreciation	730,515	2,440,524	234%
Amortization of ZWI Funding For Capital Expenditures	-	(1,415,350)	100%
Environmental Compliance	26,360	3,014	-89%
Freight	1,045,920	3,242,724	210%
Fuel	3,239,482	1,799,299	-44%
I/C Processing & Disposal	16,286,241	12,718,964	-22%
Lease	2,648,225	2,659,459	0%
Liability Insurance	541,190	1,326,804	145%
Licenses & Permits	2,079,966	2,322,048	12%
O/S Disposal	832,693	632,999	-24%
O/S Equipment Rental	149,752	128,845	-14%
Parts	1,083,862	1,073,958	-1%
Property Rental	4,426,953	4,113,502	-7%
Supplies	1,447,240	1,316,245	-9%
Tires & Tubes	211,202	103,406	-51%
Utilities	987,259	1,105,459	12%
<b>Total Operating</b>	<b>\$ 36,946,159</b>	<b>\$ 34,530,537</b>	<b>-7%</b>
Contract Services	172,737	38,599	-78%
Other	524,863	362,561	-31%
<b>Total Other</b>	<b>\$ 697,600</b>	<b>\$ 401,160</b>	<b>-42%</b>
<b>Total Expenses</b>	<b>\$ 87,413,557</b>	<b>\$ 78,215,383</b>	<b>-11%</b>

**Table 11**  
**Statement of Operating Ratios and Profit Margin**  
**Recology Sunset Scavenger and Recology Golden Gate**  
**October 2022 - March 2023**

		Crosswalk	Projection	Actual	Dollar Variance	Percentage Variance
<b>SOURCES</b>	Residential	See Table 6	\$ 46,106,963	\$ 48,513,852	\$ 2,406,889	5%
	Apartment	See Table 6	36,820,814	39,879,721	3,058,907	8%
	Commercial	See Table 6	83,131,190	74,049,782	(9,081,408)	-11%
	Commercial Compactors	See Table 6	17,507,825	13,218,274	(4,289,551)	-25%
	Debris Box	See Table 6	3,687,669	1,843,773	(1,843,896)	-50%
	<b>Current Ratepayer Revenue</b>		<b>187,254,461</b>	<b>177,505,402</b>	<b>(9,749,059)</b>	<b>-5%</b>
	ZWI Rebate Revenue	See Table 6	4,039,576	4,039,576	-	0%
	<b>Applied Ratepayer Revenue from Prior Years</b>		<b>4,039,576</b>	<b>4,039,576</b>	<b>-</b>	<b>0%</b>
	Open Market Debris Box and Other Non Rate Revenue	See Table 6	11,607,813	6,692,923	(4,914,890)	-42%
	<b>(a) Total Sources</b>		<b>202,901,850</b>	<b>188,237,901</b>	<b>(14,663,949)</b>	<b>-7%</b>
<b>USES</b>	Impound Account Funding (Not OR Eligible)	See Table 6	11,463,765	11,463,765	-	0%
	ZWI Funding (Not OR Eligible)	See Table 6	2,611,144	2,611,144	-	0%
	Processing (Not OR Eligible)	See Table 9	43,768,706	29,595,202	(14,173,504)	-32%
	Disposal (Not OR Eligible)	See Table 9	28,220,542	25,998,787	(2,221,755)	-8%
	Licenses & Permits (Not OR Eligible)	See Table 9	997,574	1,339,217	341,643	34%
	<b>(b) OR Eligible Expenses</b>	See Table 9	<b>106,351,648</b>	<b>106,856,808</b>	<b>505,160</b>	<b>0%</b>
	<b>(c) Total Uses</b>		<b>193,413,379</b>	<b>177,864,923</b>	<b>(15,548,456)</b>	<b>-8%</b>
<b>(d) NET PROFIT = (a) less (c)</b>			<b>\$ 9,488,471</b>	<b>\$ 10,372,978</b>	<b>\$ 884,507</b>	<b>9%</b>
<b>OPERATING RATIO ON PROFIT ELIGIBLE EXPENSES</b> = 100% less ((d) divided by ((b) plus (d)))			<b>91.8%</b>	<b>91.2%</b>		
<b>OPERATING RATIO ON ALL EXPENSES</b> = 100% less ((d) divided by ((c) plus (d)))			<b>95.3%</b>	<b>94.5%</b>		
<b>PROFIT MARGIN ON ALL EXPENSES</b> = (d) divided by (a)			<b>4.7%</b>	<b>5.5%</b>		

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

**Table 12**  
**Statement of Operating Ratios and Profit Margin**  
**Recology San Francisco**  
**October 2022 - March 2023**

		Crosswalk	Projection	Actual	Dollar Variance	Percentage Variance
<b>SOURCES</b>	Tipping Fee Revenue	See Table 7	\$ 80,754,263	\$ 62,796,752	\$ (17,957,511)	-22%
	Net Recycling Revenue	See Table 7	12,555,117	7,469,886	(5,085,231)	-41%
	Other Revenue	See Table 7	1,415,927	1,871,510	455,583	32%
	<b>Revenue</b>		<b>94,725,307</b>	<b>72,138,148</b>	<b>(22,587,159)</b>	<b>-24%</b>
	<b>(a) Total Sources</b>		<b>94,725,307</b>	<b>72,138,148</b>	<b>(22,587,159)</b>	<b>-24%</b>
<b>USES</b>	ZWI Funding (Not OR Eligible)	See Table 7	1,643,634	1,643,634	-	0%
	I/C Processing & Disposal (Not OR Eligible)	See Table 10	16,286,241	12,718,964	(3,567,277)	-22%
	Licenses & Permits (Not OR Eligible)	See Table 10	2,079,966	2,322,048	242,082	12%
	<b>(b) OR Eligible Expenses</b>	See Table 10	<b>69,047,350</b>	<b>63,174,371</b>	<b>(5,872,979)</b>	<b>-9%</b>
	<b>(c) Total Uses</b>		<b>89,057,191</b>	<b>79,859,017</b>	<b>(9,198,174)</b>	<b>-10%</b>
<b>(d) NET PROFIT (LOSS) = (a) less (c)</b>			<b>\$ 5,668,116</b>	<b>\$ (7,720,869)</b>	<b>\$ (13,388,985)</b>	<b>-236%</b>
<b>OPERATING RATIO ON PROFIT ELIGIBLE EXPENSES</b> = 100% less ((d) divided by ((b) plus (d)))			<b>92.4%</b>	<b>113.9%</b>		
<b>OPERATING RATIO ON ALL EXPENSES</b> = 100% less ((d) divided by ((c) plus (d)))			<b>94.0%</b>	<b>110.7%</b>		
<b>PROFIT MARGIN ON ALL EXPENSES</b> = (d) divided by (a)			<b>6.0%</b>	<b>-10.7%</b>		

**Table 13**  
**Statement of Operating Ratios and Profit Margin**  
**Combined SF Companies**  
**October 2022 - March 2023**

	Crosswalk	Projection	Actual	Dollar Variance	Percentage Variance
RSS & RGG OR Eligible Expenses	See Table 11	\$ 106,351,648	\$ 106,856,808	\$ 505,160	0%
RSF OR Eligible Expenses	See Table 12	69,047,350	63,174,371	(5,872,979)	-9%
<b>(b) Combined Recology OR Eligible Expenses</b>		<b>175,398,998</b>	<b>170,031,179</b>	<b>(5,367,819)</b>	<b>-3%</b>
RSS & RGG Total Uses	See Table 11	193,413,379	177,864,923	(15,548,456)	-8%
RSF Total Uses	See Table 12	89,057,191	79,859,017	(9,198,174)	-10%
<b>(c) Combined Recology Total Uses</b>		<b>282,470,570</b>	<b>257,723,940</b>	<b>(24,746,630)</b>	<b>-9%</b>
RSS & RGG Net Profit	See Table 11	9,488,471	10,372,978	884,507	9%
RSF Net Profit (Loss)	See Table 12	5,668,116	(7,720,869)	(13,388,985)	-236%
<b>(d) Combined Recology Net Profit</b>		<b>\$ 15,156,587</b>	<b>\$ 2,652,109</b>	<b>\$ (12,504,478)</b>	<b>-83%</b>
<b>COMBINED OPERATING RATIO ON PROFIT ELIGIBLE EXPENSES</b> = 100% less ((d) divided by ((b) plus (d)))		<b>92.0%</b>	<b>98.5%</b>		
<b>COMBINED OPERATING RATIO ON ALL EXPENSES</b> = 100% less ((d) divided by ((c) plus (d)))		<b>94.9%</b>	<b>99.0%</b>		
<b>PROFIT MARGIN ON ALL EXPENSES</b> = (d) divided by ((c) plus (d))		<b>5.1%</b>	<b>1.0%</b>		

**Table 14**  
**Amortization of ZWI Funds for Capital Expenditures**  
**Recology San Francisco**  
**October 2022 - March 2023**

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	\$ (1,967,518)	\$ (162,177)	\$ (2,129,695)	\$ 491,530
Improvements for Pier 96 - RY15	3,157,691	2/10/2016	10/1/2016	3,157,691	(2,370,195)	(195,369)	(2,565,564)	592,127
Improvements for Pier 96 - RY16	3,200,551	9/21/2016	10/1/2016	3,200,551	(2,402,365)	(198,021)	(2,600,386)	600,165
Recycle Central Improvement - 2017	3,247,569	9/29/2017	10/1/2016	2,152,069	(1,615,364)	(133,150)	(1,748,514)	403,555
Recycle Central Improvement - 2017			10/1/2017	1,095,500	(709,626)	(67,780)	(777,406)	318,094
Pier 96 Upgrade Project	2,927,507	11/19/2019	10/1/2019	2,927,507	(804,617)	(146,045)	(950,662)	1,976,845
Pier 96 Baler Project	437,776	3/31/2020	4/1/2020	437,776	(109,295)	(21,859)	(131,154)	306,622
Tunnel Ave iMRF Upgrade Project	391,174	6/30/2020	10/1/2020	391,174	(94,552)	(23,638)	(118,190)	272,984
Tunnel Ave iMRF Upgrade Project	1,699,530	6/30/2020	10/1/2020	1,699,530	(410,802)	(102,701)	(513,503)	1,186,027
Tunnel Ave iMRF Upgrade Project	527,966	7/17/2020	10/1/2020	527,966	(127,618)	(31,904)	(159,522)	368,444
Tunnel Ave iMRF Upgrade Project	1,610,589	9/30/2020	10/1/2020	1,610,589	(389,304)	(97,326)	(486,630)	1,123,959
Tunnel Ave iMRF Upgrade Project	3,895,174	11/30/2020	10/1/2020	3,895,174	(941,522)	(235,380)	(1,176,902)	2,718,272
<b>Total</b>	<b>\$23,716,752</b>			<b>\$ 23,716,752</b>	<b>\$ (11,942,778)</b>	<b>\$ (1,415,350)</b>	<b>\$(13,358,128)</b>	<b>\$10,358,624</b>

\*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**

Deposits, Disbursements and Balances for RY2023 Q2

**Table A-1**

<b>Account Details</b>	<b>Reserve Fund</b>	<b>Impound</b>	<b>ZWI</b>
Beginning Balance 10/1/2022	\$ 9,957,952	\$ (5)	\$ 8,422,389
Deposits	-	11,463,765	4,254,778
Disbursements	-	(11,463,765)	(3,980,252)
Interest	188,818	17,502	30,660
Administrative Fees	(1,912)	-	-
Reconciling Adjustment *	(2)	217,093	2
<b>Ending Balance 3/31/2023</b>	<b>\$ 10,144,856</b>	<b>\$ 234,590</b>	<b>\$ 8,727,577</b>

\* Impound Accounts reconciling adjustment is undistributed interest earned since inception.

Interest for RY2023 Q2

**Table A-2**

<b>Interest</b>	<b>Reserve Fund</b>	<b>Impound</b>	<b>ZWI</b>
Oct-22	\$ 23,544	\$ -	\$ 1,746
Nov-22	27,985	-	1,751
Dec-22	31,915	179	4,888
Jan-23	34,043	6,937	7,872
Feb-23	33,132	5,206	6,307
Mar-23	38,199	5,180	8,096
<b>Total</b>	<b>\$ 188,818</b>	<b>\$ 17,502</b>	<b>\$ 30,660</b>

Administrative Fees for RY2023 Q2

**Table A-3**

<b>Administrative Fees</b>	<b>Reserve Fund</b>	<b>Impound</b>	<b>ZWI</b>
Oct-22	\$ -	\$ -	\$ -
Nov-22	-	-	-
Dec-22	-	-	-
Jan-23	542	-	-
Feb-23	946	-	-
Mar-23	424	-	-
<b>Total</b>	<b>\$ 1,912</b>	<b>\$ -</b>	<b>\$ -</b>

**Impound**Deposit Detail for RY2023 Q2**Table A-4**

<b>Month</b>	<b>Recology Golden Gate</b>	<b>Recology Sunset Scavenger</b>	<b>Total Deposit Amount</b>
Oct-22	\$ 790,844	\$ 1,043,124	\$ 1,833,968
Nov-22	790,844	1,043,124	1,833,968
Dec-22	790,843	1,043,124	1,833,967
Jan-23	856,959	1,130,329	1,987,288
Feb-23	856,958	1,130,329	1,987,287
Mar-23	856,958	1,130,329	1,987,287
<b>Total</b>	<b>\$ 4,943,406</b>	<b>\$ 6,520,359</b>	<b>\$ 11,463,765</b>

**Impound**Disbursements for RY2023 Q2**Table A-5**

<b>Payee</b>	<b>Date</b>	<b>Check #</b>	<b>Total Disbursements</b>
City & County of San Francisco (SF Public Works)	10/25/22	1108	\$ 790,843
San Francisco Department of Environment	10/25/22	1109	1,043,124
City & County of San Francisco (SF Public Works)	11/30/22	1110	790,844
San Francisco Department of Environment	11/30/22	1111	1,043,124
City & County of San Francisco (SF Public Works)	12/22/22	1112	790,844
San Francisco Department of Environment	12/22/22	1113	1,043,124
City & County of San Francisco (SF Public Works)	01/30/23	1114	856,959
San Francisco Department of Environment	01/30/23	1115	1,130,329
City & County of San Francisco (SF Public Works)	02/23/23	1116	856,958
San Francisco Department of Environment	02/23/23	1117	1,130,329
City & County of San Francisco (SF Public Works)	03/20/23	1118	856,958
San Francisco Department of Environment	03/20/23	1119	1,130,329
<b>Total</b>			<b>\$ 11,463,765</b>



**Zero Waste Incentives**Deposit Detail for RY2023 Q2**Table A-6**

<b>Month</b>	<b>Recology Golden Gate</b>	<b>Recology Sunset Scavenger</b>	<b>Recology San Francisco</b>	<b>Total Deposit Amount</b>
Oct-22	\$ 181,244	\$ 237,284	\$ 263,451	\$ 681,979
Nov-22	181,244	237,284	263,450	681,978
Dec-22	183,113	239,730	266,166	689,009
Jan-23	195,053	255,362	283,523	733,938
Feb-23	195,053	255,362	283,522	733,937
Mar-23	195,053	255,362	283,522	733,937
<b>Total</b>	<b>\$ 1,130,760</b>	<b>\$ 1,480,384</b>	<b>\$ 1,643,634</b>	<b>\$ 4,254,778</b>

**Zero Waste Incentives**Disbursements for RY2023 Q2**Table A-7**

<b>Transaction Date</b>	<b>Payee</b>	<b>Description</b>	<b>Amount</b>
01/03/23	RSF	October through December RY 2023 Tiers 1 through 4	\$ 1,930,802
03/14/23	RSF	January through March RY 2023 Tiers 1 through 4	2,049,450
<b>Total</b>			<b>\$ 3,980,252</b>

**APPENDIX B**  
**Substituted Costs**  
**Combined SF Companies**  
**October 2022 - March 2023**

Substituted Costs means all material, elective expenses incurred by the SF Recology Companies in the RY 2023 Quarterly Rate report for the 6 months ending March 31, 2023 not previously reported as expenses in Tables 9 and 10 of the RY 2022 Quarterly Rate report for the 9 months ending March 31, 2022 (this report includes 9 months of reporting activity, of which Recology Companies are presenting the last 6 months for this reporting period), and not previously approved as expense types in the 2017 Rate Order. For the purposes of this definition, a material expense is the greater of (i) the dollar amount of the COLA applied to the prior rate year's line item amount or (ii) \$150,000. For the purposes of this definition, an elective expense is an expense incurred by the SF Recology Companies that was not incurred as a result of (a) changes in refuse volumes, including but not limited to, number of employees, employee overtime, employee benefits, fuel, and disposal and processing costs relating to those changes in refuse volumes; (b) fuel or other commodity costs; (c) changes in employee costs due to Collective Bargaining Agreements entered into on or after January 1, 2022; (d) federal, state, local, or other taxes or regulatory requirements; (e) GAAP required changes in accounting rules; (f) requirements of third-party lease amendments or agreements relating to real property leased by any of the Bound Recology Companies; and (g) bad debt.

Item Description	Rate Report Table	Q2 RY2023	Q2 RY2022 *	Increase in Expenses	Carve-Outs	Non-Elective	Substituted Costs	Notes
Payroll	Table 9	\$ 46,872,142	\$ 41,629,717	\$ 5,242,425	\$ 2,081,486	\$ 3,160,939	\$ -	Carve out of \$2.0M in payroll increases due to new Union payroll rates effective 1/1/2023. Non-elective increases are attributed to: - \$1.9M increase in overtime wages. - \$600k increase in Holiday, Saturday & Sundays worked. - \$400k increase in Sick & Vacation expense for union employees. With the new CBA agreement, union employees are able to cash out their vacation at the beginning of the calendar year at 1.5x their hourly rate. - \$256k paid time off for California Paid Sick Leave ordinance.
Payroll Taxes	Table 9	\$ 3,523,838	\$ 3,081,280	\$ 442,558	\$ 442,558	\$ -	\$ -	Payroll taxes are carved out per (d) of the substituted costs definition.
Workers Compensation	Table 9	\$ 3,937,625	\$ 3,694,096	\$ 243,529	\$ 184,705	\$ 58,824	\$ -	- Carve out of \$244k due to 5% increase in Union payroll rates effective 1/1/23. - \$58k Increase in workers compensation costs due to higher claims paid and adverse loss experience.
Corporate Allocations/ Environmental Compliance	Table 9/ Table 10	\$ 6,522,184	\$ 5,974,443	\$ 547,741	\$ -	\$ 547,741	\$ -	- Corporate Allocations is allocated based on a percentage of revenue. Due to an increase in Sunset and Golden Gate's revenue, the allocation percentage has increased. - Higher overall IT, HR and C2C costs. C2C project is modernization of billing and operations system. IT costs increased for systems support and enhancements. HR cost increased due to benefits administration, company-wide projects, and employee training & development.
Taxes	Table 9	\$ 2,127,462	\$ 1,791,318	\$ 336,144	\$ 336,144	\$ -	\$ -	Taxes are carved out per (d) of the substituted costs definition.
Fuel	Table 9	\$ 3,010,759	\$ 2,113,021	\$ 897,738	\$ 897,738	\$ -	\$ -	Fuel is carved out per (b) of the substituted costs definition.
I/C Disposal	Table 9	\$ 25,998,787	\$ 24,851,378	\$ 1,147,409	\$ 1,147,409	\$ -	\$ -	I/C Disposal is carved out per (a) of the substituted costs definition.
I/C Processing	Table 9	\$ 29,595,202	\$ 28,633,690	\$ 961,512	\$ 961,512	\$ -	\$ -	I/C Processing is carved out per (a) of the substituted costs definition.
Lease	Table 9	\$ 8,253,798	\$ 7,768,588	\$ 485,210	\$ -	\$ 485,210	\$ -	Increase due to timing of vehicle deliveries.
Payroll	Table 10	\$ 24,544,911	\$ 22,759,156	\$ 1,785,755	\$ 1,365,549	\$ 420,206	\$ -	Carve out of \$1.4M in payroll increases due new Union payroll rates effective 1/1/2023. Non-elective increases are attributed to: - \$300k increase in overtime and Saturday & Sunday worked - \$88k in California Paid Sick Leave
Taxes	Table 10	\$ 1,600,884	\$ 802,658	\$ 798,226	\$ 798,226	\$ -	\$ -	Taxes are carved out per (d) of the substituted costs definition.
Building & Facility Repair	Table 10	\$ 470,855	\$ 313,576	\$ 157,279	\$ -	\$ 157,279	\$ -	RY22 Q2 was lower compared to RY23 Q2 due to a \$144k credit recorded in Nov 2021 (RY22 Q2) to reduce the Clean Energy settlement liability payment (billing oversight issue).
Freight	Table 10	\$ 3,242,724	\$ 1,411,374	\$ 1,831,350	\$ -	\$ 1,831,350	\$ -	Increase of \$1.83M for freight costs incurred to haul sustainable crushing material to Hay Road Landfill for disposal due to the requirement to vacate Pier 94 and close the sustainable crushing operations. This is offset by \$200k reduction in freight cost due to a \$3.3M reduction of RSF recycling sales.
Fuel	Table 10	\$ 1,799,299	\$ 1,124,448	\$ 674,851	\$ 674,851	\$ -	\$ -	Fuel is carved out per (b) of the substituted costs definition.
I/C Processing & Disposal	Table 10	\$ 12,718,964	\$ 12,461,354	\$ 257,610	\$ 257,610	\$ -	\$ -	I/C Processing & Disposal is carved out per (a) of the substituted costs definition.
Property Rental	Table 10	\$ 4,113,502	\$ 3,715,597	\$ 397,905	\$ -	\$ 397,905	\$ -	Annual increase in Pier 94 and Pier 96 rents due to CPI, effective January 1, 2023.
Supplies	Table 10	\$ 1,316,245	\$ 1,098,785	\$ 217,460	\$ -	\$ 217,460	\$ -	Increase in operational supplies and cost of goods sold for crushed rock (sustainable crushing).

\* Obtained by calculating the difference between the YTD 9 months ending 3/31/22 and the YTD 3 months ending 9/30/21 rate reports.

**APPENDIX C**  
**Notional Balancing Account Schedule**  
**Combined SF Companies**  
**As of March 31, 2023**

	<u>Balance</u>	<u>Notes</u>
Initial ratepayer notional credit	\$ 25,000,000	[1]
Offsets:		
Profit Variance - 15 months ending September 30, 2022	\$ (6,628,465)	[2]
Profit Variance - 3 months ending December 31, 2022	\$ (2,598,211)	[3]
COLA Deferral - 3 months ending September 30, 2022	\$ (4,227,529)	[4]
COLA Deferral - 3 months ending December 31, 2022	\$ (4,225,607)	[5]
Profit Variance - 3 months ending March 31, 2023	<u>\$ (2,371,065)</u>	[6]
Ending notional balance as of March 31, 2023	<u>\$ 4,949,123</u>	

**Notes:**

[1] Article 8.1 of the 2022 Settlement Agreement states the Recology San Francisco Companies will establish a notional balancing account with an initial ratepayer notional credit of \$25,000,000.

[2] Article 8.2 of the 2022 Settlement Agreement states the Recology San Francisco Companies shall decrease the notional balance by 50% of the profit above or below the target profit at 91% OR for the 15 months ending September 30, 2022 (July 2021 - September 2022).

[3] Article 8.4 of the 2022 Settlement Agreement states the Recology San Francisco Companies shall decrease the notional balance by 50% of the profit above or below the target profit at 91% OR for the 3 months ending December 31, 2022 (October 2022 - December 2022).

[4] Article 8.3 of the 2022 Settlement Agreement states the Recology San Francisco Companies shall decrease the notional balance for the amount foregone as a result of forgoing implementation of the RYE23 COLA for July 1, 2022 through December 31, 2022 for the 3 months ending September 30, 2022 (July 2022 - September 2022).

[5] Article 8.3 of the 2022 Settlement Agreement states the Recology San Francisco Companies shall decrease the notional balance for the amount foregone as a result of forgoing implementation of the RYE23 COLA for July 1, 2022 through December 31, 2022 for the 3 months ending December 31, 2022 (October 2022 - December 2022).

[6] Article 8.4 of the 2022 Settlement Agreement states the Recology San Francisco Companies shall decrease the notional balance by 50% of the profit above or below the target profit at 91% OR for the 3 months ending March 31, 2023 (January 2023 - March 2023).