

**FINANCIAL QUARTERLY RATE REPORT
SAN FRANCISCO**

**2nd Quarter of Rate Year 2024
6 Months Ending March 31, 2024**

Recology Golden Gate
Recology Sunset Scavenger
Recology San Francisco

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INTRODUCTION

The City and County of San Francisco Refuse Rate Board adopted the Refuse Rate Order for Rate Year 2024 and Rate Year 2025 (“Refuse Rate Order”) on August 31, 2023 for the Combined San Francisco Companies consisting of Recology Golden Gate (“RGG”), Recology Sunset Scavenger (“RSS”), and Recology San Francisco (“RSF”), which includes quarterly rate reporting requirements. The requirements address several areas, including revenues and expenses, operating ratios and profit margins, amortization of ZWI funds for capital expenditures, and bank activity reporting for the Reserve Fund account, the Impound account, the Zero Waste Incentives account, the Programmatic Reserve account, and the Zero Waste Capital Reserve account. Projections for Rate Year 2024 from the Refuse Rate Order were divided by two to arrive at the amounts listed in the Projection columns in this rate report, with a few exceptions. Recology Golden Gate and Recology Sunset Scavenger revenues and expenses include rate and non-rate activities for reporting purposes. Additional reporting requirements include Substituted Costs, the 2022 Settlement Notional Balancing Account, the 2024 Rate Order Notional Balancing Account, the Programmatic Reserve, and the Zero Waste Capital Reserve. This report covers the first six months, October 2023 to March 2024 (Q2 YTD RY2024), of the Rate Year 2024 ending September 30, 2024.

BANK ACCOUNT REPORTING

Appendix A contains reports of the bank account activities for the Reserve Fund account, the Impound account, the Zero Waste Incentives account, the Programmatic Reserve account, and the Zero Waste Capital Reserve account. The reports include beginning balances, deposits, disbursements, interest earned, administrative fees, and ending balances. These activities are reported on a cash basis.

RESERVE FUND

The purpose of the Reserve Fund is to reimburse Recology San Francisco for landfill disposal costs it incurs but cannot fully recover through the rate-setting process due to timing issues. There is no deposit or disbursement activity to report for the Reserve Fund. Interest earned (including accrued interest) and administrative fees are reflected in Table A-2 and Table A-3, respectively.

IMPOUND

The Impound account funds select services at the Department of Public Works and Environment Department, which includes Citywide refuse-related cleaning services at the Department of Public Works and services to support meeting San Francisco’s Zero Waste Goals at the Environment Department. The Refuse Rate Board may consider the cost of the City’s refuse programs when setting refuse rates, and order refuse companies to deposit a portion of their revenues in the Impound account to fund these programs. The Combined San Francisco Companies make monthly deposits to the Impound account in accordance with the amounts approved in the Refuse Rate Order adopted on August 31, 2023.

ZERO WASTE INCENTIVES

The Zero Waste Incentive account is a financial incentive account that the Combined San Francisco Companies can draw down from if certain targets are met. Unearned Tier 3 and Tier 4 funds can be used with approval from Environment Department. Otherwise, any unearned funds are rebated to ratepayers. The Zero Waste Incentives funded during RY2023 were withdrawn in Q1 and Q2 of RY2024 to rebate ratepayers through an offset to the rate adjustment for RY2024, as approved in the Refuse Rate Order adopted on August 31, 2023. There has been a pause placed on new contributions to the Zero Waste Incentive account for RY2024 and RY2025.

PROGRAMMATIC RESERVE

The Programmatic Reserve Fund may be used to reimburse the Combined San Francisco Companies for expenses incurred for services requested by the City that are above and beyond the service levels and the associated service level agreements from the Refuse Rate Order adopted on August 31, 2023. Any unused funds may be applied to offset future rate adjustments.

ZERO WASTE CAPITAL RESERVE

The Zero Waste Capital Reserve is intended to fund future capital infrastructure costs.

SUBSTITUTED COSTS

Appendix B contains a report of Substituted Costs pursuant to Appendix J of the Refuse Rate Order adopted on August 31, 2023.

2022 SETTLEMENT NOTIONAL BALANCING ACCOUNT

Appendix C contains a report of the 2022 Settlement Notional Balancing Account pursuant to Appendix F of the Refuse Rate Order adopted on August 31, 2023.

2024 RATE ORDER NOTIONAL BALANCING ACCOUNT

Appendix D contains a report of the 2024 Rate Order Notional Balancing Account pursuant to Appendix F of the Refuse Rate Order adopted on August 31, 2023.

RATE-ELIGIBLE AND OPERATING RATIO-ELIGIBLE EXPENSES

Rate-eligible expenses are all expenses eligible to be recovered through the rates. Operating Ratio-eligible expenses are rate-eligible expenses that generate a return to the Combined San Francisco Companies through an operating ratio mechanism.

DEFINED-BENEFIT PENSION PLAN

The Combined San Francisco Companies participate in a noncontributory, defined-benefit pension plan (the Plan) sponsored by its Parent for the benefit of union and grandfathered nonunion employees. Benefits are based on a formula that includes years of service and average compensation. As of March 31, 2024, the plan is 95% funded based on the Actuarial Valuation of Assets as determined by the independent plan actuary and 90% funded based on the Market Valuation of Assets as determined by the plan investment managers.

Table 1
Net Revenue Retained
Recology Sunset Scavenger and Recology Golden Gate
October 2023 - March 2024

Revenue Description	Rate and Non-Rate Projection	Less Non-Rate Projection	Rate Projection	Rate and Non-Rate Actual	Less Non-Rate Actual	Rate Actual	\$ Variance - Rate	Percentage Variance - Rate
Residential	\$ 50,841,932	\$ -	\$ 50,841,932	\$ 51,011,946	\$ -	\$ 51,011,946	\$ 170,014	0%
Apartment	41,744,523	-	41,744,523	41,547,695	-	41,547,695	(196,828)	0%
Commercial	68,932,089	-	68,932,089	72,191,733	-	72,191,733	3,259,644	5%
Commercial Compactors	13,896,261	-	13,896,261	11,411,055	-	11,411,055	(2,485,206)	-18%
Debris Box	1,973,903	-	1,973,903	990,945	-	990,945	(982,958)	-50%
Total Revenue from Ratepayers	\$ 177,388,708	\$ -	\$ 177,388,708	\$ 177,153,374	\$ -	\$ 177,153,374	\$ (235,334)	0%
CalRecycle Payment	\$ 337,803	\$ -	\$ 337,803	\$ -	\$ -	\$ -	\$ (337,803)	-100%
Miscellaneous Income	250,198	-	250,198	186,562	-	186,562	(63,636)	-25%
Interest Income	-	-	-	102,778	-	102,778	102,778	100%
ZWI Addback	2,656,817	-	2,656,817	2,851,743	-	2,851,743	194,926	7%
Rate Stabilization	867,186	-	867,186	867,186	-	867,186	-	0%
Total Non Ratepayer Rate Revenue	\$ 4,112,004	\$ -	\$ 4,112,004	\$ 4,008,269	\$ -	\$ 4,008,269	\$ (103,735)	-3%
Total Rate Related Revenue	\$ 181,500,712	\$ -	\$ 181,500,712	\$ 181,161,643	\$ -	\$ 181,161,643	\$ (339,069)	0%
Open Market Debris Box	\$ 4,824,222	\$ (4,824,222)	\$ -	\$ 4,322,581	\$ (4,322,581)	\$ -	\$ -	0%
Contract Customers	3,996,782	(3,996,782)	-	3,522,694	(3,522,694)	-	-	0%
City Services Contract	4,670,994	(4,670,994)	-	4,455,144	(4,455,144)	-	-	0%
Equipment & Supply Sales	870,861	(870,861)	-	1,147,238	(1,147,238)	-	-	0%
Total Revenue not Subject to Rate	\$ 14,362,859	\$ (14,362,859)	\$ -	\$ 13,447,657	\$ (13,447,657)	\$ -	\$ -	0%
Total Sources	\$ 195,863,571	\$ (14,362,859)	\$ 181,500,712	\$ 194,609,300	\$ (13,447,657)	\$ 181,161,643	\$ (339,069)	0%
Impound Account Funding	\$ (12,109,333)	\$ -	\$ (12,109,333)	\$ (12,109,333)	\$ -	\$ (12,109,333)	\$ -	0%
Programmatic Reserve Funding	(417,949)	-	(417,949)	(417,949)	-	(417,949)	-	0%
Zero Waste Capital Reserve Funding	(1,174,108)	-	(1,174,108)	(1,174,108)	-	(1,174,108)	-	0%
Net Revenue Retained	\$ 182,162,181	\$ (14,362,859)	\$ 167,799,322	\$ 180,907,910	\$ (13,447,657)	\$ 167,460,253	\$ (339,069)	0%

Table 2
Net Revenue Retained
Recology San Francisco
October 2023 - March 2024

Revenue Description	Tonnage				Revenue			
	Projection	Actual	Tonnage Variance	Percentage Variance	Projection	Actual	\$ Variance	Percentage Variance
Tonnage & Revenue from Tipping Fee								
Recology Sunset Scavenger/Golden Gate								
Recycle Central	66,016	61,339	(4,677)	-7%	\$ 15,915,824	\$ 14,786,982	\$ (1,128,842)	-7%
Organics	69,774	64,856	(4,918)	-7%	16,821,759	15,609,193	(1,212,566)	-7%
iMRF	4,512	4,587	75	2%	1,087,908	1,104,393	16,485	2%
Trash	116,081	117,212	1,131	1%	27,985,853	28,231,420	245,567	1%
Other	1,477	1,233	(244)	-17%	356,079	291,055	(65,024)	-18%
Subtotal (Recology Sunset Scavenger/Golden Gate)	257,860	249,227	(8,633)	-3%	\$ 62,167,423	\$ 60,023,043	\$ (2,144,380)	-3%
Non-Account Customers	15,820	14,894	(926)	-6%	3,814,073	3,590,715	(223,358)	-6%
Account Customers	15,410	13,077	(2,333)	-15%	3,715,217	3,060,225	(654,992)	-18%
Total San Francisco	289,090	277,198	(11,892)	-4%	\$ 69,696,713	\$ 66,673,983	\$ (3,022,730)	-4%
Total Non-San Francisco	2,440	3,692	1,252	51%	588,326	889,753	301,427	51%
Tipping Fee Tonnage and Revenue	291,530	280,890	(10,640)	-4%	\$ 70,285,039	\$ 67,563,736	\$ (2,721,303)	-4%
Non Tipping Fee Tonnage	-	34,079	34,079	100%	-	-	-	0%
Total Tipping Fee and Non-Tip Fee Tonnage and Revenue	291,530	314,969	23,439	8%	\$ 70,285,039	\$ 67,563,736	\$ (2,721,303)	-4%
Net Recycling Revenue					\$ 8,922,398	\$ 9,721,778	\$ 799,380	9%
Minimums for PRRA					1,553,198	1,588,228	35,030	2%
Intercompany Dirt, Inerts & Others					254,435	423,193	168,758	66%
Rental Income					12,000	17,645	5,645	47%
Total Other Revenue					\$ 10,742,031	\$ 11,750,844	\$ 1,008,813	9%
Total Sources					\$ 81,027,070	\$ 79,314,580	\$ (1,712,490)	-2%
ZWI Addback					\$ 1,586,134	\$ 1,702,505	\$ 116,371	7%
Net Revenue Retained					\$ 82,613,204	\$ 81,017,085	\$ (1,596,119)	-2%

Table 3
Net Recycling Revenue
Recology San Francisco
October 2023 - March 2024

Recycle Central	Tons				Revenue				Price Per Ton			
	Projection	Actual	Tons Variance	Percentage Variance	Projection	Actual	\$ Variance	Percentage Variance	Projection	Actual	Price Variance	Percentage Variance
Mixed Paper	19,618	14,391	(5,227)	-27%	\$ 1,107,251	\$ 1,368,180	\$ 260,929	24%	\$ 56.44	\$ 95.07	\$ 38.63	68%
Cardboard	21,197	22,997	1,800	8%	2,599,217	4,000,544	1,401,327	54%	122.62	173.96	51.34	42%
Aseptic Carton	87	68	(19)	-22%	867	6,759	5,892	680%	9.97	99.40	89.43	897%
EPS Foam	-	13	13	100%	-	6,375	6,375	100%	-	490.38	490.38	100%
Aluminum	291	265	(26)	-9%	1,140,480	1,057,823	(82,657)	-7%	3,919.18	3,991.78	72.61	2%
Metal/Ferrous	958	1,019	61	6%	126,094	187,651	61,557	49%	131.62	184.15	52.53	40%
PET	1,258	885	(373)	-30%	2,119,678	1,542,816	(576,862)	-27%	1,684.96	1,743.29	58.34	3%
HDPE Blend	756	672	(84)	-11%	531,892	355,615	(176,277)	-33%	703.56	529.19	(174.37)	-25%
Plastic Film	36	-	(36)	-100%	7,476	-	(7,476)	-100%	207.67	-	(207.67)	-100%
Mixed Plastics 3-7	89	188	99	111%	16,785	14,135	(2,650)	-16%	188.60	75.19	(113.41)	-60%
Mixed Glass	11,670	11,164	(506)	-4%	1,506,601	1,439,451	(67,150)	-4%	129.10	128.94	(0.16)	0%
Total Recycle Central	55,960	51,662	(4,298)	-8%	\$ 9,156,341	\$ 9,979,349	\$ 823,008	9%				
Tunnel Avenue												
Metal	3,051	3,121	70	2%	\$ 382,511	\$ 472,133	\$ 89,622	23%	\$ 125.37	\$ 151.28	\$ 25.90	21%
Wood	-	1,089	1,089	100%	-	-	-	0%	-	-	-	0%
Mixed Rigid Plastic	385	402	17	4%	3,262	1,280	(1,982)	-61%	8.47	3.18	(5.29)	-62%
SB20/50 E-Waste	147	184	37	25%	56,380	73,366	16,986	30%	383.54	398.73	15.19	4%
Total Tunnel Avenue	3,583	4,796	1,213	34%	\$ 442,153	\$ 546,779	\$ 104,626	24%				
Total Recycling Revenue					\$ 9,598,494	\$ 10,526,128	\$ 927,634	10%				
Processing Expenses					\$ (516,414)	\$ (47,791)	\$ 468,623	-91%				
Purchases					(159,682)	(756,559)	(596,877)	374%				
Net Recycling Revenue					\$ 8,922,398	\$ 9,721,778	\$ 799,380	9%				

Table 4(A)
Total Expenses
Recology Sunset Scavenger and Recology Golden Gate
October 2023 - March 2024

Item Description	Rate and Non-Rate Projection	Rate and Non-Rate Actual	\$ Variance	Percentage Variance
Payroll	\$ 46,664,475	\$ 49,370,408	\$ 2,705,933	6%
Payroll Taxes	3,285,182	3,711,241	426,059	13%
Pension	3,951,801	3,934,729	(17,072)	0%
Health Insurance	12,232,168	13,923,835	1,691,667	14%
Workers Compensation	4,809,054	4,983,612	174,558	4%
Total Payroll & Related	\$ 70,942,680	\$ 75,923,825	\$ 4,981,145	7%
Corporate Allocations	\$ 7,415,989	\$ 6,608,091	\$ (807,898)	-11%
Bad Debt	277,586	524,075	246,489	89%
O/S Billing Services	184,963	263,956	78,993	43%
Office	180,941	170,528	(10,413)	-6%
Postage	92,514	9,222	(83,292)	-90%
Professional Services	716,720	484,664	(232,056)	-32%
Security & Janitorial	366,256	393,454	27,198	7%
Taxes	2,240,498	2,222,377	(18,121)	-1%
Telephone	284,616	260,976	(23,640)	-8%
Total Administrative	\$ 11,760,083	\$ 10,937,343	\$ (822,740)	-7%
Building & Facility Repair	\$ 178,653	\$ 153,734	\$ (24,919)	-14%
Depreciation	551,625	537,743	(13,882)	-3%
Freight	32,293	33,639	1,346	4%
Fuel	3,201,227	3,346,713	145,486	5%
I/C Disposal	28,219,198	29,891,457	1,672,259	6%
I/C Processing	34,040,152	30,479,446	(3,560,706)	-10%
Lease	11,181,912	8,328,642	(2,853,270)	-26%
Liability Insurance	2,843,051	3,340,853	497,802	18%
Licenses & Permits	1,299,912	1,228,469	(71,443)	-5%
O/S Disposal	26,333	23,123	(3,210)	-12%
O/S Equipment Rental	124,570	221,464	96,894	78%
Parts	1,590,712	1,606,895	16,183	1%
Outside Property Rental	416,996	407,960	(9,036)	-2%
Intercompany Property Rental	99,151	99,186	35	0%
Repairs & Maintenance	994,792	962,049	(32,743)	-3%
Supplies	1,231,302	1,643,201	411,899	33%
Tires & Tubes	398,919	413,559	14,640	4%
Utilities	313,445	327,620	14,175	5%
Total Operating	\$ 86,744,243	\$ 83,045,753	\$ (3,698,490)	-4%
Contract Services	\$ 254,881	\$ 108,157	\$ (146,724)	-58%
Other	892,910	1,354,670	461,760	52%
Total Other	\$ 1,147,791	\$ 1,462,827	\$ 315,036	27%
Total Expenses	\$ 170,594,797	\$ 171,369,748	\$ 774,951	0%

*Environmental Compliance is presented as part of Corporate Allocations beginning with RY2024.

**As of March 31, 2024, there are 666 employees.

***Includes expenses for non-rate activity, these are removed in Table 4(B) for purposes of calculating the rate-related Operating Ratio.

Table 4(B)
Total Expenses Subject to Rate
Recology Sunset Scavenger and Recology Golden Gate
October 2023 - March 2024

Item Description	Rate and Non-Rate Projection	Less Non-Rate Projection	Rate Projection	Rate and Non-Rate Actual	Less Non-Rate Actual	Rate Actual	\$ Variance - Rate	Percentage Variance - Rate
OR Eligible Expenses	\$ 107,035,535	\$ (8,150,975)	\$ 98,884,560	\$ 109,770,376	\$ (8,093,478)	\$ 101,676,898	\$ 2,792,338	3%
Processing	34,040,152	(2,371,320)	31,668,832	30,479,446	(2,072,380)	28,407,066	(3,261,766)	-10%
Disposal	28,219,198	(1,965,818)	26,253,380	29,891,457	(2,032,401)	27,859,056	1,605,676	6%
Licenses & Permits	1,299,912	(83,012)	1,216,900	1,228,469	(83,527)	1,144,942	(71,958)	-6%
Total Expenses	\$ 170,594,797	\$ (12,571,125)	\$ 158,023,672	\$ 171,369,748	\$ (12,281,786)	\$ 159,087,962	\$ 1,064,290	1%

Table 5
Total Expenses Subject to Rate
Recology San Francisco
October 2023 - March 2024

Item Description	Projection	Actual	\$ Variance	Percentage Variance
Payroll	\$ 24,241,442	\$ 24,020,552	\$ (220,890)	-1%
Payroll Taxes	1,759,867	1,817,001	57,134	3%
Pension	2,399,962	2,365,839	(34,123)	-1%
Health Insurance	7,144,990	7,853,825	708,835	10%
Workers Compensation	1,980,933	1,434,932	(546,001)	-28%
Total Payroll & Related	\$ 37,527,194	\$ 37,492,149	\$ (35,045)	0%
Corporate Allocations	\$ 255,763	\$ 235,682	\$ (20,081)	-8%
Bad Debt	18,395	264,489	246,094	1338%
Office	115,605	105,352	(10,253)	-9%
Postage	4,679	8,719	4,040	86%
Professional Services	1,078,007	440,256	(637,751)	-59%
Repairs & Maintenance	435,607	455,819	20,212	5%
Security & Janitorial	673,034	653,003	(20,031)	-3%
Taxes	1,739,045	1,802,978	63,933	4%
Telephone	164,247	148,702	(15,545)	-9%
Total Administrative	\$ 4,484,382	\$ 4,115,000	\$ (369,382)	-8%
Bridge Tolls	\$ 524,403	\$ 411,797	\$ (112,606)	-21%
Building & Facility Repair	531,539	477,298	(54,241)	-10%
Depreciation	2,372,316	2,196,398	(175,918)	-7%
Amortization of ZWI Funding For Capital Expenditures	(1,415,350)	(1,417,291)	(1,941)	0%
Freight	1,522,949	934,332	(588,617)	-39%
Fuel	2,013,589	2,035,296	21,707	1%
I/C Processing & Disposal	14,014,501	13,032,771	(981,730)	-7%
Lease	3,377,061	1,855,670	(1,521,391)	-45%
Liability Insurance	1,235,045	1,320,372	85,327	7%
Licenses & Permits	2,342,414	2,412,380	69,966	3%
O/S Disposal	631,661	657,066	25,405	4%
O/S Equipment Rental	116,602	222,140	105,538	91%
Parts	1,004,046	1,170,324	166,278	17%
Outside Property Rental	2,157,662	2,604,135	446,473	21%
Intercompany Property Rental	1,087,351	1,087,351	-	0%
Supplies	1,178,318	1,071,458	(106,860)	-9%
Tires & Tubes	91,507	151,129	59,622	65%
Utilities	1,457,201	1,222,755	(234,446)	-16%
Total Operating	\$ 34,242,815	\$ 31,445,381	\$ (2,797,434)	-8%
Contract Services	\$ 53,155	\$ 29,199	\$ (23,956)	-45%
Other	342,601	358,476	15,875	5%
Total Other	\$ 395,756	\$ 387,675	\$ (8,081)	-2%
Total Expenses	\$ 76,650,147	\$ 73,440,205	\$ (3,209,942)	-4%

*Environmental Compliance is presented as part of Corporate Allocations beginning with RY2024.

**As of March 31, 2024, there are 391 employees.

Table 6
Statement of Operating Ratios and Profit Margin Subject to Rates
Recology Sunset Scavenger and Recology Golden Gate
October 2023 - March 2024

		Crosswalk	Rate Projection	Rate Actual	\$ Variance - Rate	Percentage Variance - Rate
SOURCES	Residential	See Table 1	\$ 50,841,932	\$ 51,011,946	\$ 170,014	0%
	Apartment	See Table 1	41,744,523	41,547,695	(196,828)	0%
	Commercial	See Table 1	68,932,089	72,191,733	3,259,644	5%
	Commercial Compactors	See Table 1	13,896,261	11,411,055	(2,485,206)	-18%
	Debris Box	See Table 1	1,973,903	990,945	(982,958)	-50%
	Total Revenue from Ratepayers		\$ 177,388,708	\$ 177,153,374	\$ (235,334)	0%
	CalRecycle Payment	See Table 1	\$ 337,803	\$ -	\$ (337,803)	-100%
	Miscellaneous Income	See Table 1	250,198	186,562	(63,636)	-25%
	Interest Income	See Table 1	-	102,778	102,778	100%
	ZWI Addback	See Table 1	2,656,817	2,851,743	194,926	7%
	Rate Stabilization	See Table 1	867,186	867,186	-	0%
	Total Non Ratepayer Rate Revenue		\$ 4,112,004	\$ 4,008,269	\$ (103,735)	-3%
	(a) Total Sources		\$ 181,500,712	\$ 181,161,643	\$ (339,069)	0%
	USES	Impound Account Funding (Not OR Eligible)	See Table 1	\$ 12,109,333	\$ 12,109,333	\$ -
Programmatic Reserve Funding (Not OR Eligible)		See Table 1	417,949	417,949	-	0%
Zero Waste Capital Reserve Funding (Not OR Elig)		See Table 1	1,174,108	1,174,108	-	0%
Processing (Not OR Eligible)		See Table 4(B)	31,668,832	28,407,066	(3,261,766)	-10%
Disposal (Not OR Eligible)		See Table 4(B)	26,253,380	27,859,056	1,605,676	6%
Licenses & Permits (Not OR Eligible)		See Table 4(B)	1,216,900	1,144,942	(71,958)	-6%
(b) OR Eligible Expenses		See Table 4(B)	98,884,560	101,676,898	2,792,338	3%
(c) Total Uses		\$ 171,725,062	\$ 172,789,352	\$ 1,064,290	1%	
(d) NET PROFIT = (a) less (c)			\$ 9,775,650	\$ 8,372,291	\$ (1,403,359)	-14%
OPERATING RATIO ON PROFIT ELIGIBLE EXPENSES = 100% less ((d) divided by ((b) plus (d)))			91.0%	92.4%		
OPERATING RATIO ON ALL EXPENSES = 100% less ((d) divided by ((c) plus (d)))			94.6%	95.4%		
PROFIT MARGIN ON ALL EXPENSES = (d) divided by (a)			5.4%	4.6%		

Table 7
Statement of Operating Ratios and Profit Margin Subject to Rates
Recology San Francisco
October 2023 - March 2024

		Crosswalk	Projection	Actual	\$ Variance	Percentage Variance
SOURCES	Tipping Fee Revenue	See Table 2	\$ 70,285,039	\$ 67,563,736	\$ (2,721,303)	-4%
	Net Recycling Revenue	See Table 2	8,922,398	9,721,778	799,380	9%
	Other Revenue	See Table 2	1,819,633	2,029,066	209,433	12%
	ZWI Addback	See Table 2	1,586,134	1,702,505	116,371	7%
	Revenue		\$ 82,613,204	\$ 81,017,085	\$ (1,596,119)	-2%
(a) Total Sources			\$ 82,613,204	\$ 81,017,085	\$ (1,596,119)	-2%
USES	I/C Processing & Disposal (Not OR Eligible)	See Table 5	\$ 14,014,501	\$ 13,032,771	\$ (981,730)	-7%
	Licenses & Permits (Not OR Eligible)	See Table 5	2,342,414	2,412,380	69,966	3%
	(b) OR Eligible Expenses	See Table 5	60,293,232	57,995,054	(2,298,178)	-4%
	(c) Total Uses		\$ 76,650,147	\$ 73,440,205	\$ (3,209,942)	-4%
(d) NET PROFIT = (a) less (c)			\$ 5,963,057	\$ 7,576,880	\$ 1,613,823	27%
OPERATING RATIO ON PROFIT ELIGIBLE EXPENSES = 100% less ((d) divided by ((b) plus (d)))			91.0%	88.4%		
OPERATING RATIO ON ALL EXPENSES = 100% less ((d) divided by ((c) plus (d)))			92.8%	90.6%		
PROFIT MARGIN ON ALL EXPENSES = (d) divided by (a)			7.2%	9.4%		

Table 8
Statement of Operating Ratios and Profit Margin Subject to Rates
Combined San Francisco Companies
October 2023 - March 2024

	Crosswalk	Projection	Actual	\$ Variance	Percentage Variance
RSS & RGG OR Eligible Expenses	See Table 6	\$ 98,884,560	\$ 101,676,898	\$ 2,792,338	3%
RSF OR Eligible Expenses	See Table 7	60,293,232	57,995,054	(2,298,178)	-4%
(b) Combined Recology OR Eligible Expenses		\$ 159,177,792	\$ 159,671,952	\$ 494,160	0%
RSS & RGG Total Uses	See Table 6	\$ 171,725,062	\$ 172,789,352	\$ 1,064,290	1%
RSF Total Uses	See Table 7	76,650,147	73,440,205	(3,209,942)	-4%
(c) Combined Recology Total Uses		\$ 248,375,209	\$ 246,229,557	\$ (2,145,652)	-1%
RSS & RGG Net Profit	See Table 6	\$ 9,775,650	\$ 8,372,291	\$ (1,403,359)	-14%
RSF Net Profit	See Table 7	5,963,057	7,576,880	1,613,823	27%
(d) Combined Recology Net Profit		\$ 15,738,707	\$ 15,949,171	\$ 210,464	1%
COMBINED OPERATING RATIO ON PROFIT ELIGIBLE EXPENSES = 100% less ((d) divided by ((b) plus (d)))		91.0%	90.9%		
COMBINED OPERATING RATIO ON ALL EXPENSES = 100% less ((d) divided by ((c) plus (d)))		94.0%	93.9%		
PROFIT MARGIN ON ALL EXPENSES = (d) divided by ((c) plus (d))		6.0%	6.1%		

Above/Below Target Profit Calculation	
Combined Recology Actual Net Profit	\$ 15,949,171
Target Profit ((b) divided by 91% less (b))	15,791,731
Above/Below Target Surplus (Shortfall)	157,440
50% of Above/Below Target Surplus (Shortfall)	\$ 78,720

Table 9
Amortization of ZWI Funds for Capital Expenditures
Recology San Francisco
October 2023 - March 2024

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	\$ (2,291,873)	\$ (162,305)	\$ (2,454,178)	\$ 167,047
Improvements for Pier 96 - RY15	3,157,691	2/10/2016	10/1/2016	3,157,691	(2,760,933)	(195,523)	(2,956,456)	201,235
Improvements for Pier 96 - RY16	3,200,551	9/21/2016	10/1/2016	3,200,551	(2,798,406)	(198,177)	(2,996,583)	203,968
Recycle Central Improvement - 2017	3,247,569	9/29/2017	10/1/2016	2,152,069	(1,881,664)	(133,255)	(2,014,919)	137,150
Recycle Central Improvement - 2017			10/1/2017	1,095,500	(845,185)	(67,833)	(913,018)	182,482
Pier 96 Upgrade Project	2,927,507	11/19/2019	10/1/2019	2,927,507	(1,096,707)	(146,045)	(1,242,752)	1,684,755
Pier 96 Baler Project	437,776	3/31/2020	4/1/2020	437,776	(153,013)	(21,859)	(174,872)	262,904
Tunnel Ave iMRF Upgrade Project	391,174	6/30/2020	10/1/2020	391,174	(141,828)	(23,703)	(165,531)	225,643
Tunnel Ave iMRF Upgrade Project	1,699,530	6/30/2020	10/1/2020	1,699,530	(616,203)	(102,982)	(719,185)	980,345
Tunnel Ave iMRF Upgrade Project	527,966	7/17/2020	10/1/2020	527,966	(191,427)	(31,992)	(223,419)	304,547
Tunnel Ave iMRF Upgrade Project	1,610,589	9/30/2020	10/1/2020	1,610,589	(583,956)	(97,593)	(681,549)	929,040
Tunnel Ave iMRF Upgrade Project	3,895,174	11/30/2020	10/1/2020	3,895,174	(1,412,283)	(236,024)	(1,648,307)	2,246,867
Total	\$ 23,716,752			\$ 23,716,752	\$ (14,773,478)	\$ (1,417,291)	\$ (16,190,769)	\$ 7,525,983

*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 5 over the same period as the related capital expenditure project assets.

Table 10
Programmatic Reserve
Recology Sunset Scavenger and Recology Golden Gate
October 2023 - March 2024

	Actual
Beginning Balance 10/1/2023	\$ -
Funding	417,949
Eligible Programmatic Expenses	-
Operating Ratio on Programmatic Expenses	-
Interest	5,469
Reconciling Adjustment	1
Ending Balance 03/31/2024	\$ 423,419

Table 11
Zero Waste Capital Reserve
Recology San Francisco
October 2023 - March 2024

	Actual
Beginning Balance 10/1/2023	\$ -
Funding	1,174,108
Eligible Capital Expenditures	-
Interest	8,100
Ending Balance 03/31/2024	\$ 1,182,208

APPENDIX A
Combined San Francisco Companies
Bank Account Details

Deposits, Disbursements and Balances for RY2024 Q2

Table A-1

Bank Account Details	Reserve Fund	Impound	Zero Waste Incentive	Programmatic Reserve	Zero Waste Capital Reserve
Beginning Balance 10/1/2023	\$ 10,395,438	\$ 285,857	\$ 9,096,925	\$ -	\$ -
Deposits	-	12,109,333	-	417,949	1,174,108
Disbursements	-	(12,109,333)	(9,102,710)	-	-
Interest	270,943	60,839	5,810	5,469	8,100
Administrative Fees	(1,736)	-	(25)	-	-
Reconciling Adjustment	(31)	(1)	-	1	-
Ending Balance 3/31/2024	\$ 10,664,614	\$ 346,695	\$ -	\$ 423,419	\$ 1,182,208

Interest for RY2024 Q2

Table A-2

Interest	Reserve Fund	Impound	Zero Waste Incentive	Programmatic Reserve	Zero Waste Capital Reserve
Oct-23	\$ 45,508	\$ 6,675	\$ 5,792	\$ 37	\$ -
Nov-23	44,321	18,481	7	540	-
Dec-23	45,975	17,043	7	747	-
Jan-24	45,995	5,725	4	1,130	859
Feb-24	43,037	6,444	-	1,367	3,041
Mar-24	46,107	6,471	-	1,648	4,200
Total	\$ 270,943	\$ 60,839	\$ 5,810	\$ 5,469	\$ 8,100

Administrative Fees for RY2024 Q2

Table A-3

Administrative Fees	Reserve Fund	Impound	Zero Waste Incentive	Programmatic Reserve	Zero Waste Capital Reserve
Oct-23	\$ 580	\$ -	\$ 5	\$ -	\$ -
Nov-23	576	-	5	-	-
Dec-23	580	-	5	-	-
Jan-24	-	-	5	-	-
Feb-24	-	-	5	-	-
Mar-24	-	-	-	-	-
Total	\$ 1,736	\$ -	\$ 25	\$ -	\$ -

Impound

Deposit Detail for RY2024 Q2

Table A-4

Deposit Detail	Total Deposit Amount
Oct-23	\$ 2,018,222
Nov-23	2,018,222
Dec-23	2,018,222
Jan-24	2,018,222
Feb-24	2,018,222
Mar-24	2,018,223
Total	\$ 12,109,333

Impound

Disbursements for RY2024 Q2

Table A-5

Payee	Date	Check or ACH #	Total Disbursements
City & County of San Francisco	12/20/2023	1139	\$ 2,018,222
City & County of San Francisco	12/20/2023	1140	2,018,222
City & County of San Francisco	12/20/2023	1141	2,018,222
City & County of San Francisco	1/23/2024	90341585	2,018,222
City & County of San Francisco	2/22/2024	90344334	2,018,222
City & County of San Francisco	3/22/2024	90349080	2,018,223
Total			\$ 12,109,333

*Impound disbursements allocated by the Refuse Rate Administrator:
 San Francisco Department of the Environment - \$1,225,864 per month.
 San Francisco Department of Public Works - \$792,358 per month.

Zero Waste Incentives

Disbursements for RY2024 Q2

Table A-6

Disbursement Detail	Description	Total Disbursements
10/25/23	RY2023 Tiers 1 through 4 to Recology Golden Gate and Recology Sunset Scavenger	\$ 5,696,240
10/25/23	RY2023 Tiers 1 through 4 to Recology San Francisco	3,400,685
03/07/24	RY2023 Tiers 1 through 4 to Recology Golden Gate and Recology Sunset Scavenger	3,622
03/07/24	RY2023 Tiers 1 through 4 to Recology San Francisco	2,163
Total		\$ 9,102,710

*The amount of \$9,096,925 was withdrawn on October 25, 2023 and will be recognized ratably in Table 1 and in Table 2, \$1,424,060, and \$850,171, respectively, per quarter in RY2024. The remaining amount of \$5,785 was withdrawn on March 7, 2024 and was recognized in Table 1 and in Table 2, \$3,622 and \$2,163, respectively, in Q2 2024.

Programmatic Reserve

Deposit Detail for RY2024 Q2

Table A-7

Deposit Detail	Total Deposit Amount
Oct-23	\$ 63,389
Nov-23	63,389
Dec-23	63,389
Jan-24	88,466
Feb-24	69,658
Mar-24	69,658
Total	\$ 417,949

Zero Waste Capital Reserve

Deposit Detail for RY2024 Q2

Table A-8

Deposit Detail	Total Deposit Amount
Oct-23	\$ -
Nov-23	-
Dec-23	-
Jan-24	391,368
Feb-24	391,370
Mar-24	391,370
Total	\$ 1,174,108

APPENDIX B
Substituted Costs
Combined San Francisco Companies
October 2023 - March 2024

“Substituted Costs” means all Material, Elective Expenses incurred by the San Francisco Recology Companies (Recology Sunset Scavenger, Recology Golden Gate, and Recology San Francisco) not included in the cost base used to set rates in the 2023 Rate Order. For purposes of this definition, a Material Expense is an annual variance greater than \$500,000 compared to each projected expense line item listed in Schedule G, as approved by the Refuse Rate Board in the Rate Order for Rate Year 2024 and Rate Year 2025. 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 customer service levels, refuse volumes or tonnage, including but not limited to, 1) the number of employees, employee overtime, and employee benefits to meet Service Level Agreement as adopted in the Rate Order, 2) associated fuel costs related to refuse collection and disposal, and 3) disposal and processing costs relating to those changes in refuse volumes or tonnage; (b) changes in employee costs due to Collective Bargaining Agreements (CBA) effective after July 24, 2023; (c) federal, state, local or other taxes or regulatory requirements; (d) GAAP required changes in accounting rules, to the degree said GAAP-basis Eligible Expenses were included in the Rate Order, i.e., GAAP changes that are related to Non-GAAP-basis, e.g. Rate-basis, Cash-basis, etc. shall not be permitted; (e) requirements of arms-length, third-party lease amendments or agreements relating to real property leased by any of the San Francisco Recology Companies; and (f) bad debt, limited to the revenues subject to rate setting pursuant to the Rate Order. In no event, shall uncollected revenues and bad debt, associated with Ratepayer revenues that are not subject to the Refuse Rate Board’s Rate Order, be included as a Substituted Cost.

Item Description	Recology Company on Schedule G	Q2 YTD RY2024 Projection	Q2 YTD RY2024 Actual	Variance Greater than \$500,000	Carve-Outs	Non-Elective	Substituted Costs	Non-Elective Explanation
Salaries and Wages	Golden Gate and Sunset Scavenger	\$46,664,475	\$49,370,408	\$ 2,705,933	\$ -	\$ 2,705,933	\$ -	~\$1.5M of the increase is due to additional overtime hours as a result of absenteeism and ~\$1.0M of the increase is primarily due to working three additional Saturdays to accommodate for the Christmas Holiday and New Year Holiday.
Health Insurance	Golden Gate and Sunset Scavenger	\$12,232,168	\$13,923,835	\$ 1,691,667	\$ -	\$ 1,691,667	\$ -	The non-elective increase is due to larger claims paid out, increased pharmacy benefit costs, HSA funding, recording of an IBNR reserve as required per actuary, offset by claim reimbursements.
Health Insurance	Recology San Francisco	\$ 7,144,990	\$ 7,853,825	\$ 708,835	\$ -	\$ 708,835	\$ -	The non-elective increase is due to larger claims paid out, increased pharmacy benefit costs, HSA funding, recording of an IBNR reserve as required per actuary, offset by claim reimbursements.

*Table includes expenses for Rate and Non-Rate activities.

APPENDIX C
2022 Settlement Notional Balancing Account
Combined San Francisco Companies
As of March 31, 2024

	6 months ending <u>3/31/2024</u>
Beginning notional balancing account balance as of October 1, 2023	\$ 1,424,341
Offsets	<u>-</u>
Ending notional balancing account balance as of March 31, 2024	<u>\$ 1,424,341</u>

APPENDIX D
2024 Rate Order Notional Balancing Account
Combined San Francisco Companies
As of March 31, 2024

	6 months ending <u>3/31/2024</u>
Beginning notional balancing account balance as of October 1, 2023	\$ -
50% of Above-/Below-Target Profit	78,720
Notional Interest for RY2024	<u>1,618</u>
Ending notional balancing account balance as of March 31, 2024	<u>\$ 80,338</u>