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**SAN FRANCISCO
ANNUAL RATE REPORT**

Rate Year Ending June 30, 2021

Recology Sunset Scavenger
Recology Golden Gate
Recology San Francisco

INTRODUCTION

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San Francisco Public Works Director's Reports include quarterly reporting requirements. The requirements address several areas, including refuse tonnages and accounts, toxics collection, revenues and expenses, and various accounts. This report covers rate year 2021 (RY 2021).

LOW-INCOME AND DISABLED SERVICES PROGRAMS

As of June 30, 2021, 8,487 customers participated in the low-income program. As of the same date, there were 454 participants in the disabled services program.

ACCOUNT REPORTING

Appendix A contains account reports for the Special Reserve, Reserve Fund, Impound, and Zero Waste Incentives. The reports include beginning balances, deposits, disbursements, and ending balances for the accounts.

Special Reserve and Reserve Fund

On July 31, 2020, Recology transferred the remaining balance in the old Special Reserve to the new Reserve Fund in accordance with the 2017 Director's Report.

Impound

Recology made monthly deposits to the Impound in accordance with procedures and the approved rates.

Zero Waste Incentives

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

Table 1
Disposal Tonnage Summary
Recology San Francisco
July 2020 - June 2021

| | Actual | Tier 1 | Tier 2 | Tier 3 | Tier 4 |
|---------------|---------|---------|---------|---------|---------|
| Tons Disposed | 390,017 | 371,561 | 363,561 | 347,561 | 325,000 |

Table 2
Alternative Daily Cover Tonnage
Recology San Francisco
July 2020 - June 2021

| Source | Tonnage |
|--------------------------------------|---------|
| Composting Overs | - |
| i/MRF Fines | 19,096 |
| BVON Allocation | - |
| Clean Wood | - |
| Total Alternative Daily Cover | 19,096 |

Table 3
Recovery and Disposal Tonnage Breakdown
July - June 2021

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| | Received | Recovered | Disposed | % Recovered |
|---|----------------|----------------|----------------|---------------|
| Recycle Central Recyclables | | | | |
| Collected | 119,880 | 94,333 | 25,547 | 78.7% |
| Buyback | 11,813 | 11,813 | - | 100.0% |
| Total Recyclables | 131,693 | 106,146 | 25,547 | 80.6% |
| Tunnel Avenue Compostables | | | | |
| Collected | 119,292 | 90,582 | 28,710 | 75.9% |
| San Francisco Public Works | 2,459 | 2,459 | - | 100.0% |
| Other City of San Francisco Departments | 340 | 340 | - | 100.0% |
| Account Customers | 361 | 361 | - | 100.0% |
| Non-Account Customers | 673 | 673 | - | 100.0% |
| Total Compostables | 123,125 | 94,415 | 28,710 | 76.7% |
| Tunnel Avenue iMRF | | | | |
| Collected | 38,147 | 16,141 | 22,006 | 42.3% |
| San Francisco Public Works | 584 | 247 | 337 | 42.3% |
| Other City of San Francisco Departments | 98 | 41 | 56 | 42.3% |
| Account Customers | 9,626 | 4,073 | 5,553 | 42.3% |
| Total iMRF | 48,455 | 20,503 | 27,952 | 42.3% |
| Other Tunnel Avenue | | | | |
| Collected Other Trash | 181,075 | - | 181,075 | 0.0% |
| Collected Roll-off Trash | 36,552 | - | 36,552 | 0.0% |
| Bulky Item Recycling & Abandoned Materials Collection | 14,854 | 4,083 | 10,771 | 27.5% |
| Public Refuse Receptacles | 19,365 | - | 19,365 | 0.0% |
| San Francisco Public Works | 28,750 | 2,921 | 25,830 | 10.2% |
| Other City of San Francisco Departments | 2,725 | - | 2,725 | 0.0% |
| Account Customers | 9,591 | 1,722 | 7,869 | 18.0% |
| Non-Account Customers | 34,102 | 9,130 | 24,971 | 26.8% |
| Collected Inerts | 6,849 | 6,849 | - | 100.0% |
| Construction Material Reuse | 403 | 403 | - | 100.0% |
| Other Recycling | 1,745 | 1,745 | - | 100.0% |
| Total Other Tunnel Avenue | 336,012 | 26,853 | 309,159 | 8.0% |
| Sustainable Crushing | | | | |
| | 91,601 | 91,601 | - | 100.0% |
| Adjustments (Inventory, moisture, etc.) | | | | |
| | (1,351) | - | (1,351) | |
| Total Tons | 729,535 | 339,518 | 390,017 | 46.5% |
| Disposal Breakdown | | | | |
| Covanta (RBVON residual) | | | 912 | |
| Recology Ostrom Road Landfill (RBVON residual) | | | 18,999 | |
| Recology Hay Road Landfill | | | 360,640 | |
| Recology Hay Road Landfill (RBVON residual) | | | 8,798 | |
| Zanker Material Processing Facility (C&D residual) | | | 668 | |
| Total Disposal | | | 390,017 | |

Table 4
Number of Accounts, Service and Compliance
Recology Sunset Scavenger & Recology Golden Gate
July 2020 - June 2021

| | Number of Accounts | Trash | | Recycling Compliant | | Composting Compliant | |
|----------------------------------|--------------------|----------------|---------------|---------------------|--------------|----------------------|--------------|
| | | Compliant | | | | | |
| Residential | 138,296 | 138,279 | 100.0% | 138,118 | 99.9% | 138,046 | 99.8% |
| Apartment | 8,403 | 8,401 | 100.0% | 8,393 | 99.9% | 8,384 | 99.8% |
| Commercial | 14,399 | 14,377 | 99.8% | 14,283 | 99.2% | 14,165 | 98.4% |
| City and County of San Francisco | 364 | 361 | 99.2% | 357 | 98.1% | 350 | 96.2% |
| School District & UC | 140 | 133 | 95.0% | 134 | 95.7% | 135 | 96.4% |
| Other | 25 | 22 | 88.0% | 22 | 88.0% | 17 | 68.0% |
| Total | 161,627 | 161,573 | 100.0% | 161,307 | 99.8% | 161,097 | 99.7% |

| Residential Single Dwelling Unit Accounts | |
|---|--------|
| 16-Gallon Trash Bins | 49,923 |
| 20-Gallon Trash Bins | 25,530 |

Table 5
Toxics Collection and Participation
July 2020 - June 2021

| Program | Collection Weight Tons Handled | Service Standard | |
|---|-----------------------------------|------------------|-----------------------|
| | | Number | Unit |
| HHW Facility Drop Off | 246.90 | 9,514 | Customers Served |
| HHW Home Collection | 131.87 | 2,823 | Pickups |
| HHW Home Collection | - | 5,259 | Equivalent Loads |
| Very Small Quantity Generator | 60.68 | 523 | Business Appointments |
| Residential Curbside Battery Collection | 47.44 | - | |
| Apartment Building Battery Collection | 9.36 | 601 | Pickups |
| Commercial Battery Collection | 1.13 | - | |
| Retail Collection Partners | 45.99 | 756 | Pickups |
| Gigantic 3 Collection Events | - | - | Customers Served |
| Waste Acceptance Control Program | 39.59 | - | |
| Bulky Item Recycling - E-Waste* | - | 93,515 | Pickups |
| E-Waste sent to Processor | 728.17 | - | |

* Bulky item pickups include non-e-waste customers

Note - . E-Waste tons (pounds) are not included in E-Waste line items

Table 6
Recology Sunset Scavenger and Recology Golden Gate
Revenue
July 2020 - June 2021

| | Projection | Actual | Variance |
|---|-----------------------|-----------------------|-----------------|
| Residential | \$ 86,945,787 | \$ 96,259,167 | 11% |
| Apartment | \$ 69,434,515 | \$ 78,844,642 | 14% |
| Commercial | \$ 156,170,959 | \$ 136,052,671 | -13% |
| Commercial Compactors | \$ 33,015,222 | \$ 19,494,126 | -41% |
| ZWI Rebate Revenue | \$ 3,869,484 | \$ 3,869,484 | 0% |
| Received ZWI funds for iMRF Project | \$ - | \$ 7,903,951 | n/a |
| Settlement Amount to Customer, Without Interest | \$ - | \$ (16,753,499) | n/a |
| REVENUE SUBJECT TO RATE | \$ 349,435,966 | \$ 325,670,541 | -7% |
| Revenue not Subject to Rate: | | | |
| Debris Box Revenue | \$ 26,727,142 | \$ 19,662,044 | -26% |
| Equipment & Supply Sales | \$ 2,122,122 | \$ 2,170,538 | 2% |
| CalRecycle Payment | \$ 628,649 | \$ - | -100% |
| Miscellaneous Income | \$ 359,349 | \$ 519,690 | 45% |
| Total Other Revenue not Subject to Rate: | \$ 29,837,262 | \$ 22,352,271 | -25% |
| Total Sources | \$ 379,273,228 | \$ 348,022,813 | -8% |
| Impound Account Funding | \$ (21,435,285) | \$ (21,435,285) | 0% |
| Zero Waste Incentive Funding | \$ (4,904,816) | \$ (4,904,816) | 0% |
| Net Revenue Retained | \$ 352,933,127 | \$ 321,682,712 | -8.85% |

*Contracts revenue is included within the Commercial and Commercial Compactor Revenue in the actual columns.

*ZWI funds released to RSS and RGG were used for the iMRF project in RSF. The source and use of the funds are both included in the RSS RGG Operating Profit table for presentation purposes.

Table 7
Recology San Francisco
Tipping Charge Revenues
July 2020 - June 2021

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| | Tonnage | | | Revenue | | |
|--|----------------|----------------|-------------|-----------------------|-----------------------|-------------|
| | Projection | Actual | Variance | Projection | Actual | Variance |
| Tonnage & Revenue from Tipping Charge | | | | | | |
| Recology Sunset Scavenger/Golden Gate | | | | | | |
| Recycle Central | 145,738 | 120,011 | -18% | \$ 29,221,844 | \$ 24,063,065 | -18% |
| Compostables | 172,766 | 119,285 | -31% | 34,641,343 | 23,917,217 | -31% |
| iMRF | 72,834 | 38,166 | -48% | 14,603,949 | 7,652,693 | -48% |
| Trash | 264,137 | 225,163 | -15% | 52,962,188 | 45,147,067 | -15% |
| Other | 13,404 | 8,389 | -37% | 2,687,560 | 1,682,098 | -37% |
| Subtotal (Recology Sunset Scavenger/Golden Gate) | 668,879 | 511,014 | -24% | \$ 134,116,884 | \$ 102,462,141 | -24% |
| Non-Account Customers | 38,484 | 34,747 | -10% | 7,716,469 | 6,967,224 | -10% |
| Account Customers | 24,619 | 26,538 | 8% | 4,936,406 | 5,321,425 | 8% |
| Total San Francisco | 731,982 | 572,300 | -22% | \$ 146,769,759 | \$ 114,750,790 | -22% |
| Total Non-San Francisco | 2,615 | 8,123 | 211% | 524,310 | 1,628,699 | 211% |
| Non-rate Tonnage | 173,662 | 157,235 | -9% | | | |
| Total Tonnage & Revenue from Tipping Charge | 908,259 | 737,658 | -19% | \$ 147,294,069 | \$ 116,379,489 | -21% |
| Net Recycling Revenue | | | | \$ 22,900,893 | \$ 20,326,106 | -11% |
| Non-rate Revenue | | | | 978,910 | 3,675,786 | 275% |
| Intercompany Dirt, Inerts & Others | | | | 1,554,646 | 451,340 | -71% |
| Rental Income | | | | 49,134 | 36,297 | -26% |
| Total Other Commercial Revenue | | | | \$ 25,483,582 | \$ 24,489,529 | -4% |
| Total Sources | | | | \$ 172,777,651 | \$ 140,869,018 | -18% |
| Zero Waste Incentive Funding | | | | \$ (3,055,688) | \$ (3,055,688) | 0% |
| Net Revenue Retained | - | - | | \$ 169,721,963 | \$ 137,813,330 | -19% |

**Table 8
Recycling Revenue
Recology San Francisco
July 2020- June 2021**

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| Recycle Central | Tons | | | Revenue | | | Price Per Ton | | |
|--------------------------------|----------------|----------------|-------------|---------------------|---------------------|-------------|---------------|-----------|------------|
| | Projection | Actual | Variance | Projection | Actual | Variance | Projection | Actual | Variance |
| Mixed Paper | 76,350 | 33,965 | -56% | \$ 9,134,637 | \$ 2,636,251 | -71% | \$ 119.64 | \$ 77.62 | -35% |
| Cardboard | 31,560 | 39,014 | 24% | \$ 5,352,233 | \$ 5,749,162 | 7% | 169.59 | 147.36 | -13% |
| Aseptic Carton | - | 141 | n/a | \$ - | \$ 4,708 | n/a | - | 33.32 | n/a |
| EPS Foam | - | 27 | n/a | \$ - | \$ 10,352 | n/a | - | 383.68 | n/a |
| Aluminum | 400 | 645 | 61% | \$ 1,747,439 | \$ 2,395,923 | 37% | 4,368.60 | 3,712.42 | -15% |
| Metal/Ferrous | 1,600 | 1,903 | 19% | \$ 215,434 | \$ 289,689 | 34% | 134.65 | 152.19 | 13% |
| PET | 1,400 | 1,969 | 41% | \$ 2,958,074 | \$ 3,194,996 | 8% | 2,112.91 | 1,622.71 | -23% |
| HDPE Blend | 1,300 | 1,573 | 21% | \$ 984,202 | \$ 1,142,262 | 16% | 757.08 | 726.30 | -4% |
| Plastic Film | - | 567 | n/a | \$ - | \$ 78,821 | n/a | - | 138.93 | n/a |
| Mixed Plastics 3-7 | 1,100 | 530 | -52% | \$ 72,404 | \$ 97,084 | 34% | 65.82 | 183.28 | 178% |
| Flint Glass | 350 | 11 | -97% | 86,736 | 2,773 | -97% | 247.82 | 243.00 | -2% |
| Amber Glass | 325 | - | -100% | 78,952 | - | -100% | 242.93 | #DIV/0! | n/a |
| Green Glass | 215 | 14 | -93% | 49,960 | 3,238 | -94% | 232.37 | 229.16 | -1% |
| Mixed Glass | 23,000 | 23,499 | 2% | 3,016,375 | 3,088,473 | 2% | 131.15 | 131.43 | 0% |
| Glass Fines | 1,450 | - | -100% | 185,449 | - | -100% | 127.90 | - | -100% |
| Total Recycle Central | 139,050 | 103,860 | -25% | \$23,881,893 | \$18,693,732 | -22% | | | n/a |
| Tunnel Avenue | | | | | | | | | |
| Metal | 13,189 | 10,244 | -22% | \$ 2,227,358 | \$ 1,458,703 | -35% | \$ 168.88 | \$ 142.39 | -16% |
| Wood | 13,325 | - | -100% | 270,021 | - | -100% | - | - | n/a |
| Mixed Rigid Plastic | 1,686 | 789 | -53% | 282,379 | 104,484 | -63% | 167.45 | 132.42 | -21% |
| SB20/50 E-Waste | 450 | 151 | -67% | 130,740 | 17,462 | -87% | 290.53 | 115.86 | -60% |
| Total Tunnel Avenue | 28,650 | 11,184 | -61% | \$ 2,910,499 | \$ 1,580,649 | -46% | | | |
| Sustainable Crushing | | | | \$ 757,646 | \$ 1,800,633 | 138% | | | |
| Total Recycling Revenue | | | | \$27,550,038 | \$22,075,014 | -20% | | | |
| Processing Expenses | | | | \$ (941,743) | \$ (948,673) | 1% | | | |
| Purchases | | | | (4,387,364) | (800,235) | -82% | | | |
| Net Recycling Revenues | | | | \$22,220,932 | \$20,326,106 | -9% | | | |

Table 9
Recology Sunset Scavenger and Recology Golden Gate
July 2020 - June 2021

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| Item Description | Projection | Actual | Variance |
|------------------------------------|-----------------------|-----------------------|-------------|
| Payroll | \$ 87,456,096 | \$ 79,750,649 | -9% |
| Payroll Taxes | 6,628,084 | 6,067,997 | -8% |
| Pension | 14,855,250 | 15,181,060 | 2% |
| Health Insurance | 27,531,199 | 23,163,961 | -16% |
| Workers Compensation | 11,196,378 | 6,979,850 | -38% |
| Total Payroll & Related | \$ 147,667,007 | \$ 131,143,517 | -11% |
| Corporate Allocations | \$ 7,969,330 | \$ 10,970,972 | 38% |
| Bad Debt | 165,599 | 98,668 | -40% |
| O/S Billing Services | 346,921 | 292,053 | -16% |
| Office | 467,841 | 529,161 | 13% |
| Postage | 365,017 | 318,410 | -13% |
| Professional Services | 786,107 | 1,014,633 | 29% |
| Security & Janitorial | 496,190 | 1,033,438 | 108% |
| Taxes | 1,931,663 | 5,212,179 | 170% |
| Telephone | 646,497 | 478,557 | -26% |
| Total Administrative | \$ 13,175,164 | \$ 19,948,071 | 51% |
| Building & Facility Repair | \$ 170,138 | \$ 793,875 | 367% |
| Depreciation | 250,132 | 960,318 | 284% |
| Environmental Compliance | 653,054 | 579,598 | -11% |
| Freight | 77,641 | 65,135 | -16% |
| Fuel | 4,538,030 | 3,577,937 | -21% |
| I/C Disposal | 52,964,642 | 46,064,085 | -13% |
| I/C Processing | 82,145,618 | 56,859,223 | -31% |
| Lease | 14,118,986 | 14,271,301 | 1% |
| Liability Insurance | 3,452,694 | 5,735,252 | 66% |
| Licenses & Permits | 1,832,805 | 2,395,167 | 31% |
| O/S Disposal | 37,452 | 54,161 | 45% |
| O/S Equipment Rental | 234,041 | 460,012 | 97% |
| Parts | 2,674,320 | 2,895,907 | 8% |
| Property Rental | 1,937,012 | 4,282,172 | 121% |
| Repairs & Maintenance | 1,430,789 | 2,001,581 | 40% |
| Supplies | 2,624,295 | 3,196,242 | 22% |
| Tires & Tubes | 939,784 | 674,432 | -28% |
| Utilities | 555,472 | 928,491 | 67% |
| T&G Maintenance Allocation | (63,414) | (310,692) | 390% |
| Total Operating | \$ 170,573,489 | \$ 145,484,197 | -15% |
| Contract Services | \$ 1,239,902 | \$ 733,162 | -41% |
| Other | 2,198,597 | 1,747,073 | -21% |
| iMRF Project Paid by ZWI Funds | - | 7,903,951 | 0% |
| Total Other | \$ 3,438,499 | \$ 10,384,186 | 202% |
| Total Expenses | \$ 334,854,158 | \$ 306,959,971 | -8% |

*Depreciation from fixed assets funded by approved ZWI projects are not included in expenses for rate setting purposes.

*ZWI funds released to RSS and RGG were used for the iMRF project in RSF. The source and use of the funds are both included in the RSS RGG Operating Profit table for presentation purposes.

Table 10
Recology San Francisco
July 2020 - June 2021

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| Item Description | Projection | Actual | Variance |
|--------------------------------------|-----------------------|-----------------------|-------------|
| Payroll | \$ 51,465,803 | \$ 42,387,410 | -18% |
| Payroll Taxes | 4,023,769 | 3,322,238 | -17% |
| Pension | 6,768,047 | 9,191,204 | 36% |
| Health Insurance | 16,852,103 | 13,936,165 | -17% |
| Workers Compensation | 4,099,688 | 2,812,915 | -31% |
| Total Payroll & Related | \$ 83,209,411 | \$ 71,649,932 | -14% |
| Corporate Allocations | \$ 1,723,891 | \$ 452,433 | -74% |
| Bad Debt | 60,355 | 35,233 | -42% |
| Office | 248,088 | 223,413 | -10% |
| Postage | 3,698 | 11,251 | 204% |
| Professional Services | 2,721,225 | 3,140,162 | 15% |
| Repairs & Maintenance | 867,824 | 859,098 | -1% |
| Security & Janitorial | 731,271 | 1,366,290 | 87% |
| Taxes | 2,011,372 | 2,895,401 | 44% |
| Telephone | 305,430 | 278,614 | -9% |
| Total Administrative Expenses | \$ 8,673,154 | \$ 9,261,896 | 7% |
| Bridge Tolls | \$ 1,420,184 | \$ 1,010,674 | -29% |
| Building & Facility Repair | 798,230 | 1,146,266 | 44% |
| Depreciation | 1,461,030 | 3,280,096 | 125% |
| Environmental Compliance | 48,217 | 19,941 | -59% |
| Freight | 1,915,882 | 1,899,454 | -1% |
| Fuel | 3,584,332 | 2,518,016 | -30% |
| I/C Processing & Disposal | 29,878,957 | 23,576,419 | -21% |
| Lease | 5,296,449 | 6,368,775 | 20% |
| Liability Insurance | 989,931 | 2,661,158 | 169% |
| Licenses & Permits | 3,815,448 | 4,144,174 | 9% |
| O/S Disposal | 1,527,670 | 1,474,711 | -3% |
| O/S Equipment Rental | 274,702 | 1,185,827 | 332% |
| Parts | 1,988,216 | 1,837,097 | -8% |
| Property Rental | 6,424,516 | 8,067,605 | 26% |
| Supplies | 2,654,789 | 2,138,669 | -19% |
| Tires & Tubes | 387,424 | 180,595 | -53% |
| Utilities | 1,811,008 | 2,117,514 | 17% |
| Total Operating Expenses | \$ 64,276,986 | \$ 63,626,991 | -1% |
| Contract Services | \$ 316,948 | \$ 221,194 | -30% |
| Other | 962,921 | 728,693 | -24% |
| Total Other Expenses | \$ 1,279,869 | \$ 949,887 | -26% |
| | | | |
| Total Expenses | \$ 157,439,420 | \$ 145,488,706 | -8% |

*Depreciation from fixed assets funded by approved ZWI projects are not included in expenses for rate setting purposes.

Table 11
Recology Sunset Scavenger and Recology Golden Gate
Statement of Operating Profits

| | | 2021 Projection | Crosswalk | 2021 Actuals (Per Recology Reports) | Crosswalk | Dollar Variance | Percentage Variance |
|--|--|--------------------|--------------------|--|---------------------|---------------------|------------------------|
| SOURCES | Commercial | 149,476,196 | See Table 6 | 136,052,671 | See Table 6 | (13,423,526) | -9% |
| | Residential | 86,945,787 | See Table 6 | 96,259,167 | See Table 6 | 9,313,380 | 11% |
| | Apartment | 69,434,515 | See Table 6 | 78,844,642 | See Table 6 | 9,410,127 | 14% |
| | Commercial Compactors | 33,015,222 | See Table 6 | 19,494,126 | See Table 6 | (13,521,096) | -41% |
| | Debris Box and Other | 29,837,262 | See Table 6 | 22,352,271 | See Table 6 | (7,484,990) | -25% |
| | Refund to Customer | - | See Table 6 | (16,753,499) | See Table 6 | (16,753,499) | |
| | Contracts | 6,694,762 | | - | NA | (6,694,762) | -100% |
| | Current Rate Payer Revenue | 375,403,744 | | 336,249,377 | | (39,154,367) | -10% |
| | Zero Waste Incentive Fund Rebate | 3,869,484 | See Table 6 | 3,869,484 | See Table 6 | - | 0% |
| | Received ZWI funds for iMRF Project | - | See Table 6 | 7,903,951 | See Table 6 | 7,903,951 | |
| Special Reserve Rebate | - | See Table 6 | - | See Table 6 | - | | |
| Applied Ratepayer Revenue from Prior Years | 3,869,484 | | 11,773,435 | | 7,903,951 | 204% | |
| (a) Total Sources | 379,273,228 | | 348,022,813 | | (31,250,415) | -8% | |
| USES | Impound Account (Not OR Eligible) | 21,435,285 | See Table 6 | 21,435,285 | See Table 6 | - | 0% |
| | ZWI Funding (Not OR Eligible) | 4,904,816 | See Table 6 | 4,904,816 | See Table 6 | - | 0% |
| | iMRF Project Paid by ZWI Funds (Not OR Eligible) | | See Table 9 | 7,903,951 | See Table 9 | 7,903,951 | |
| | Processing (Not OR Eligible) | 82,145,618 | See Table 9 | 56,859,223 | See Table 9 | (25,286,395) | -31% |
| | Disposal (Not OR Eligible) | 52,964,642 | See Table 9 | 46,064,085 | See Table 9 | (6,900,557) | -13% |
| | Licensing (Not OR Eligible) | 1,832,805 | See Table 9 | 2,395,167 | See Table 9 | 562,363 | 31% |
| | (b) OR Eligible Expenses | 197,911,094 | See Table 9 | 193,737,545 | See Table 9 | (4,173,549) | -2% |
| (c) Total Uses | 361,194,259 | | 333,300,072 | | (27,894,187) | -8% | |
| (d) NET PROFIT = (a) less (c) | 18,078,969 | | 14,722,741 | | (3,356,228) | -19% | |
| OPERATING RATIO ON PROFIT ELIGIBLE EXPENSES | | | | | | | |
| = 100% less ((d) divided by ((b) plus (d))) | | 91.6% | | 92.9% | | | |
| OPERATING RATIO ON ALL EXPENSES | | | | | | | |
| = 100% less ((d) divided by ((c) plus (d))) | | 95.2% | | 95.8% | | | |

*Contracts revenue is included within the Commercial and Commercial Compactor Revenue in the actual columns.

*Depreciation from fixed assets funded by approved ZWI projects are not included in expenses for rate setting purposes.

*ZWI funds released to RSS and RGG were used for the iMRF project in RSF. The source and use of the funds are both included in the RSS RGG Operating Profit table for presentation purposes.

Table 12
Recology San Francisco
Statement of Operating Profits

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| | | 2021 Projection | Crosswalk | 2021 Actuals (Per Recology Reports) | Crosswalk | Dollar Variance | Percentage Variance |
|---|--|--------------------|--------------|---|--------------|---------------------|------------------------|
| SOURCES | Tipping Charge Revenue | 147,294,069 | See Table 7 | 116,379,489 | See Table 7 | (30,914,580) | -21% |
| | Recycling Revenues | 22,900,893 | See Table 7 | 20,326,106 | See Table 7 | (2,574,787) | -11% |
| | Other Commercial Revenues | 2,582,690 | See Table 7 | 4,163,423 | See Table 7 | 1,580,734 | 61% |
| | Current Rate Payer Revenue | 172,777,651 | | 140,869,018 | | (31,908,633) | -18% |
| (a) Total Sources | | 172,777,651 | | 140,869,018 | | (31,908,633) | -18% |
| USES | ZWI Funding (Not OR Eligible) | 3,055,688 | See Table 7 | 3,055,688 | See Table 7 | - | 0% |
| | Recology Hay Road Disposal (Not OR Eligible) | 13,657,626 | | 13,969,195 | | 311,569 | 2% |
| | Licenses & Permits (Not OR Eligible) | 3,815,448 | See Table 10 | 4,144,174 | See Table 10 | 328,726 | 9% |
| | I/C Processing (Not OR Eligible) | 16,221,331 | | 9,607,224 | | (6,614,107) | -41% |
| | (b) OR Eligible Expenses | 123,745,015 | See Table 10 | 117,768,113 | See Table 10 | (5,976,902) | -5% |
| (c) Total Uses | | 160,495,108 | | 148,544,394 | | (11,950,714) | -7% |
| (d) NET PROFIT = (a) less (c) | | 12,282,543 | | (7,675,376) | | (19,957,920) | -162% |
| OPERATING RATIO ON PROFIT ELIGIBLE EXPENSES = 100% less ((d) divided by ((b) plus (d))) | | 91.0% | | 107.0% | | | |
| OPERATING RATIO ON ALL EXPENSES = 100% less ((d) divided by ((c) plus (d))) | | 92.9% | | 105.4% | | | |

*Depreciation from fixed assets funded by approved ZWI projects are not included in expenses for rate setting purposes.

**APPENDIX A
RECOLOGY SAN FRANCISCO**

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Account Details

Receipts, Disbursements and Balances for RY 2021

Table A-1

| Account Details | Special Reserve | Reserve Fund | Impound | ZWI |
|---------------------------------|------------------------|---------------------|---------------------|---------------------|
| Beginning Balance 7/1/2020 | \$ 1,464,295 | \$ 8,435,296 | \$ 1,934,644 | \$ 10,839,299 |
| Receipts | - | 1,292,974.95 | 21,435,284 | 7,960,504 |
| Interest | 68 | 3,548.38 | - | 9,335 |
| Administrative Fees | (1,222) | (2,650.73) | - | (20) |
| Reclass | (170,166) | 170,166.00 | - | - |
| Disbursements | (1,292,975) | - | (21,387,645) | (10,844,450) |
| Ending Balance 6/30/2021 | \$ (0) | \$ 9,899,335 | \$ 1,982,283 | \$ 7,964,668 |

Table A-2

| Interest | Special Reserve | Reserve Fund | Impound | ZWI |
|-----------------|------------------------|---------------------|----------------|-----------------|
| Jul-20 | \$ 68 | \$ 627 | \$ - | \$ 1,959 |
| Aug-20 | | 413 | - | 1,278 |
| Sep-20 | | 396 | - | 1,220 |
| Oct-20 | | 370 | - | 1,248 |
| Nov-20 | | 308 | - | 995 |
| Dec-20 | | 128 | - | 747 |
| Jan-21 | | 147 | - | 591 |
| Feb-21 | | 219 | - | 419 |
| Mar-21 | | 291 | - | 338 |
| Apr-21 | | 273 | - | 260 |
| May-21 | | 207 | - | 165 |
| Jun-21 | | 169 | - | 117 |
| Total | \$ 68 | \$ 3,548 | \$ - | \$ 9,335 |

Table A-3

| Administrative Fees | Special Reserve | Reserve Fund | Impound | ZWI |
|----------------------------|------------------------|---------------------|----------------|----------------|
| Jul-20 | \$ 408 | \$ - | \$ - | \$ (5) |
| Aug-20 | 473 | - | - | - |
| Sep-20 | 341 | - | - | (5) |
| Oct-20 | | 294 | - | (5) |
| Nov-20 | | 297 | - | (5) |
| Dec-20 | | 289 | - | - |
| Jan-21 | | 296 | - | - |
| Feb-21 | | 292 | - | - |
| Mar-21 | | 293 | - | - |
| Apr-21 | | 296 | - | - |
| May-21 | | 298 | - | - |
| Jun-21 | | 296 | - | - |
| Total | \$ 1,222 | \$ 2,651 | \$ - | \$ (20) |

RECOLOGY SAN FRANCISCO
Special Reserve
Cash Disbursements for RY 2021

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Table A-4

| Transaction Date | Check # | Description | Amount |
|-------------------------|----------------|---|---------------------|
| 7/31/20 | | Balance transfer from the old Special Reserve | \$ 1,292,975 |
| TOTALS | | | \$ 1,292,975 |

RECOLOGY SAN FRANCISCO
Reserve
Deposit Detail for RY 2021

Table A-5

| Month | Special Reserve | Recology Golden Gate | Recology Sunset Scavenger | Total Deposit Amount |
|---------------|------------------------|-----------------------------|----------------------------------|-----------------------------|
| Jul-20 | | | | \$ 1,292,975 |
| TOTALS | \$ - | \$ - | \$ - | \$ 1,292,975 |

RECOLOGY SAN FRANCISCO
Reserve
Cash Disbursements for RY 2021

Table A-6

| Transaction Date | Check # | Description | Amount |
|-------------------------|----------------|--------------------|---------------|
| | | | \$ - |
| TOTALS | | | \$ - |

RECOLOGY SAN FRANCISCO**Impound**Deposit Detail for RY 2021**DRAFT****Table A-7**

| Month | Recology Golden Gate | Recology Sunset Scavenger | Total Deposit Amount |
|--------------|---------------------------------|--------------------------------------|---------------------------------|
| Jul-20 | \$ 773,550 | \$ 1,012,724 | \$ 1,786,274 |
| Aug-20 | 773,550 | 1,012,724 | 1,786,274 |
| Sep-20 | 773,550 | 1,012,724 | 1,786,274 |
| Oct-20 | 773,550 | 1,012,724 | 1,786,274 |
| Nov-20 | 773,550 | 1,012,724 | 1,786,274 |
| Dec-20 | 773,550 | 1,012,724 | 1,786,274 |
| Jan-21 | 773,550 | 1,012,724 | 1,786,274 |
| Feb-21 | 773,550 | 1,012,724 | 1,786,274 |
| Mar-21 | 773,550 | 1,012,724 | 1,786,274 |
| Apr-21 | 773,550 | 1,012,724 | 1,786,274 |
| May-21 | 770,277 | 1,015,997 | 1,786,274 |
| Jun-21 | 770,277 | 1,015,997 | 1,786,274 |
| Total | \$ 9,276,050 | \$ 12,159,234 | \$ 21,435,285 |

RECOLOGY SAN FRANCISCO

Impound

Disbursements for RY 2021

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Table A-8

| Payee | Date | Check # | Total Disbursements |
|--|-------------|----------------|----------------------------|
| San Francisco Department of Environment | 08/27/20 | 1049 | \$ 985,715 |
| City & County of San Francisco (SF Public Works) | 08/27/20 | 1050 | 752,920 |
| City & County of San Francisco (SF Public Works) | 08/27/20 | 1051 | 773,550 |
| San Francisco Department of Environment | 08/27/20 | 1052 | 1,012,724 |
| City & County of San Francisco (SF Public Works) | 08/27/20 | 1053 | 773,550 |
| San Francisco Department of Environment | 08/27/20 | 1054 | 1,012,724 |
| City & County of San Francisco (SF Public Works) | 09/30/20 | 1055 | 773,550 |
| San Francisco Department of Environment | 09/30/20 | 1056 | 1,012,724 |
| City & County of San Francisco (SF Public Works) | 11/05/20 | 1057 | 773,550 |
| San Francisco Department of Environment | 11/05/20 | 1058 | 1,012,724 |
| City & County of San Francisco (SF Public Works) | 12/16/21 | 1059 | 773,550 |
| San Francisco Department of Environment | 12/16/21 | 1060 | 1,012,724 |
| City & County of San Francisco (SF Public Works) | 12/16/21 | 1061 | 773,550 |
| San Francisco Department of Environment | 12/16/21 | 1062 | 1,012,724 |
| City & County of San Francisco (SF Public Works) | 03/10/21 | 1063 | 773,550 |
| San Francisco Department of Environment | 03/10/21 | 1064 | 1,012,724 |
| City & County of San Francisco (SF Public Works) | 03/10/21 | 1065 | 773,550 |
| San Francisco Department of Environment | 03/10/21 | 1066 | 1,012,724 |
| City & County of San Francisco (SF Public Works) | 04/30/21 | 1067 | 773,550 |
| San Francisco Department of Environment | 04/30/21 | 1068 | 1,012,724 |
| City & County of San Francisco (SF Public Works) | 06/17/21 | 1071 | 770,277 |
| San Francisco Department of Environment | 06/17/21 | 1072 | 1,015,997 |
| City & County of San Francisco (SF Public Works) | 06/17/21 | 1073 | 770,277 |
| San Francisco Department of Environment | 06/17/21 | 1074 | 1,015,997 |
| TOTALS | | | \$ 21,387,646 |

RECOLOGY SAN FRANCISCO**Zero Waste Incentives**Deposit Detail For RY 2021**DRAFT****Table A-9**

| Month | Recology Golden Gate | Recology Sunset Scavenger | Recology San Francisco | Total Deposit Amount |
|---------------|-----------------------------|----------------------------------|-------------------------------|-----------------------------|
| Jul-20 | \$ 177,003 | \$ 231,731 | \$ 254,641 | \$ 663,375 |
| Aug-20 | 177,003 | 231,731 | 254,641 | 663,375 |
| Sep-20 | 177,003 | 231,731 | 254,641 | 663,375 |
| Oct-20 | 177,003 | 231,731 | 254,641 | 663,375 |
| Nov-20 | 177,003 | 231,731 | 254,641 | 663,375 |
| Dec-20 | 177,003 | 231,731 | 254,641 | 663,375 |
| Jan-21 | 177,003 | 231,731 | 254,641 | 663,375 |
| Feb-21 | 177,003 | 231,731 | 254,641 | 663,375 |
| Mar-21 | 354,007 | 463,463 | 509,281 | 1,326,751 |
| Apr-21 | - | - | - | - |
| May-21 | 177,003 | 231,731 | 254,641 | 663,375 |
| Jun-21 | 177,003 | 231,731 | 254,641 | 663,375 |
| Totals | \$ 2,124,040 | \$ 2,780,776 | \$ 3,055,688 | \$ 7,960,504 |

RECOLOGY SAN FRANCISCO**Zero Waste Incentives**Cash Disbursements For RY 2021**Table A-10**

| Transaction Date | Payee | Description | Amount |
|-------------------------|--------------|---------------------------------|----------------------|
| 07/17/20 | | Tunnel Ave iMRF Upgrade Project | \$ 527,966 |
| 07/29/20 | | Apr - Jun RY20 offset | 941,237 |
| 09/30/20 | | Tunnel Ave iMRF Upgrade Project | 1,610,589 |
| 11/30/20 | | Tunnel Ave iMRF Upgrade Project | 3,895,174 |
| 02/28/21 | | Jul - Dec RY21 offset | 1,882,475 |
| 04/30/21 | | Jul - Dec RY21 offset true-up | 52,268 |
| 06/30/21 | | Jan - Jun RY21 offset | 1,934,742 |
| Totals | | | \$ 10,844,450 |

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Disclosure of Material Difference between Actual Operating Ratio and Projected Operating Ratio

Recology San Francisco’s actual financial performance for Rate Year 2021 resulted in an Operating Ratio of 107% based on an actual net loss of \$7,675,376 on \$117,768,113 of actual Operating Ratio Eligible Expenses as per Table 12 of the RY2021 Rate Report. The target Operating Ratio of 91% would have produced a projected net profit of \$12,282,546 on the projected Operating Ratio Eligible Expenses of \$123,745,015, so the actual net profit per Table 12 of the RY2021 Rate Report was \$19,957,920 less than the projected net profit.

The main cause of this material difference in Operating Ratio is a shortfall in tipping charges on inbound material. 85% of Recology San Francisco’s projected Total Source Revenue is derived from inbound tipping charges. Actual rate year 2021 inbound tipping charges fell short \$30,914,580 from what was projected. This shortfall is the result of inbound tons being 19% less than projected. The root cause of the inbound ton shortfall is the economic impacts of COVID.

I declare under penalty of perjury, under the laws of the State of California, that all statements contained in the Disclosure of Material Differences between Actual Operating Ratio and Projected Operating Ratio are true and correct, to the best of my knowledge. Executed this 18th day of October 2021, in San Francisco, California.

DocuSigned by:

8CDA59B3D761476...

Carl Mennie

Group Controller – Recology San Francisco Group