

**SAN FRANCISCO
ANNUAL RATE REPORT**

12 Months Ended June 30, 2014

Recology Sunset Scavenger
Recology Golden Gate
Recology San Francisco

INTRODUCTION

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

This report covers the period from July 1, 2013 to June 30, 2014.

DISPOSAL AND DIVERSION TONNAGE

A summary of tons disposed is presented in Table 1. The table also shows the Tier 1 through Tier 4 Zero Waste Disposal Tonnage targets. Disposal tonnage is above the Tier 1 target for the rate year. The tons disposed reflect only those tons that originate in San Francisco. Any tons handled by Recology Operations that originate outside of San Francisco are excluded from Table 1 and Table 3.

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

COMMERCIAL RECYCLING AND COMPOSTING ACCOUNTS

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

BULKY ITEM RECYCLING AND TOXICS PROGRAM PARTICIPATION

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

ABANDONED MATERIALS COLLECTION

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

REVENUES

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

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

EXPENSES

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

APARTMENT CUSTOMERS AND REVENUE

As of June 30, 2014, there were 5,135 apartment customers whose monthly bills were subject to the rate cap. Since August 1, 2013, 813 customers have modified their service to offset rate increases. As of June 2014, the modifications have reduced the monthly volumetric charge by approximately \$123,000.

LIFELINE AND DISABLED SERVICES PROGRAMS

As of June 30, 2014, 7,493 customers participated in the Lifeline program. As of the same date, there were 417 participants in the Disabled Services program.

SPECIAL ACCOUNT REPORTING

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

SPECIAL RESERVE FUND

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

IMPOUND ACCOUNT

The Companies made monthly deposits to the Impound Account based on both fixed and variable payment requirements as contained in the Rate Order. Fixed payments to the Department of the Environment were made in accordance with the approved rate. The Department of the Environment distributes funds to the Department of Public Works. Payments to Alameda County, related to fees associated with disposal at the Altamont Landfill, were made based on the volume of material sent to the landfill.

ZERO WASTE INCENTIVE ACCOUNT

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

Table 1
Disposal Tonnage
Recology San Francisco
July 2013 - June 2014

	Actual	Tier 1	Tier 2	Tier 3	Tier 4
Tons Disposed	370,174	355,980	345,036	334,091	323,147

Table 2
Alternative Daily Cover Tonnage
Recology San Francisco
July 2013 - June 2014

Source	Tonnage
Overs from Composting Operations	7,011
Overs from Urban Organics Composting	655
Fines from iMRF Operations	28,156
Total Alternative Daily Cover	35,823

Table 3
Recovery and Disposal Tonnage
Combined SF Companies
July 2013 - June 2014

	Received	Recovered	Disposal	% Recovered
<u>Tunnel & Beatty Trash</u>				
<u>From Recology Sunset</u>				
Fantastic 3	109,261	2,451	106,809	2.2%
Commercial	27,224	-	27,224	0.0%
Roll-off	22,225	-	22,225	0.0%
Bulky Item	105	-	105	0.0%
Total from Recology Sunset	158,815	2,451	156,364	1.5%
<u>From Recology Golden Gate</u>				
Fantastic 3	51,125	-	51,125	0.0%
Commercial	28,426	-	28,426	0.0%
Roll-off	18,250	-	18,250	0.0%
Total from Recology Golden Gate	97,801	-	97,801	0.0%
Total from Recology Sunset & Recology Golden Gate	256,616	2,451	254,165	1.0%
<u>Tunnel & Beatty Compostables</u>				
<u>From Recology Sunset</u>				
Fantastic 3	64,749	64,287	462	99.3%
Commercial	34,834	34,585	248	99.3%
Total from Recology Sunset	99,583	98,873	710	99.3%
<u>From Recology Golden Gate</u>				
Commercial	62,287	61,843	444	99.3%
Total from Recology Golden Gate	62,287	61,843	444	99.3%
<u>From Other Sources</u>				
Commercial Customers	384	384	-	100.0%
Department of Public Works	2,368	2,368	-	100.0%
Other City of San Francisco Departments	727	727	-	100.0%
Public Customers	614	614	-	100.0%
Total from Other Sources	4,093	4,093	-	100.0%
Total Compostables	165,963	164,809	1,154	99.3%
<u>iMRF</u>				
Roll-off from Recology Sunset	31,540	16,747	14,794	53.1%
Roll-off from Recology Golden Gate	33,272	17,666	15,606	53.1%
Commercial Customers	3,895	2,068	1,827	53.1%
Department of Public Works	256	136	120	53.1%
Other City of San Francisco Departments	59	31	28	53.1%
Public Customers	0	0	0	53.1%
Total iMRF	69,023	36,648	32,375	53.1%
<u>Tunnel & Beatty Other</u>				
Commercial Customers	8,846	3,805	5,041	43.0%
Department of Public Works	22,492	8,180	14,312	36.4%
Other City of San Francisco Departments	4,124	193	3,931	4.7%
City Cans	19,365	-	19,365	0.0%
Public Customers	32,657	16,378	16,278	50.2%
Recology Sunset Bulky Item/Abandoned Materials	8,681	5,293	3,388	61.0%
Recology Golden Gate Bulky Item	37	37	-	100.0%
Recology Sunset Inerts	12,504	12,504	-	100.0%
Recology Golden Gate Inerts	12,865	12,865	-	100.0%
Recology San Francisco Inerts	539	539	-	100.0%
Construction Material Reuse	1,630	1,630	-	100.0%
Recology Sunset/Recology Golden Gate Tires	25	25	-	100.0%
Recology Sunset/Recology Golden Gate Other Recycling	446	446	-	100.0%
Total Other	124,212	61,896	62,315	49.8%
Total Tunnel & Beatty	615,813	265,804	350,009	43.2%

Table 3 - Continued

	Received	Recovered	Disposal	% Recovered
<u>Recycle Central Recyclables</u>				
<u>From Recology Sunset</u>				
Fantastic 3	70,713	58,849	11,865	83.2%
Source Separated	255	255	-	100.0%
Mixed Commercial	1,142	457	685	40.0%
Mixed Paper	7,334	6,338	995	86.4%
<u>Total from Recology Sunset</u>	79,444	65,899	13,545	82.9%
<u>From Recology Golden Gate</u>				
Fantastic 3	50,087	41,683	8,404	83.2%
Source Separated	785	785	-	100.0%
Mixed Commercial	1,008	403	605	40.0%
Mixed Paper	8,078	6,982	1,097	86.4%
<u>Total from Recology Golden Gate</u>	59,958	49,853	10,105	83.1%
<u>Total from Recology Sunset and Golden Gate</u>	139,402	115,751	23,651	83.0%
Other Sources - Source Separated	28,212	28,212	-	100.0%
<u>Total Recycle Central Recyclables</u>	167,613	143,963	23,651	85.9%
Sustainable Crushing	194,140	194,140	-	100.0%
<u>Direct Material Recycling - Debris Box Collection</u>	671	671	-	100.0%
<u>Adjustments (Inventory, moisture)</u>	(3,485)	-	(3,485)	0.0%
Total Tons	974,752	604,578	370,174	62.0%

Table 4
Commercial Accounts and Compliance
Recology Sunset Scavenger & Recology Golden Gate
July 2013 - June 2014

	Number of Accounts as of 6/30/2014	Percent of Total
Total Accounts	16,041	100.0%
Trash Compliant	16,020	99.9%
Recycling Compliant	14,781	92.1%
Composting Compliant	14,120	88.0%

Table 5a
Toxics Collection and Participation
Recology San Francisco
July 2013 - June 2014

Program	Collection Weight Tons Handled	Service Standard	
		Number	Unit
HHW Facility Drop Off	243.59	8,302	Customers Served
HHW Home Collection	116.19	1,996	Pickups
HHW Home Collection		3,938	Equivalent Loads
Very Small Quantity Generator	77.21	617	Business Appointments
Residential Curbside Battery Collection	25.28		
Apartment Building Battery Collection	5.87	336	Pickups
Retail Collection Partners	131.65	1,324	Pickups
Gigantic 3 Collection Events	4.46	521	Customers Served*
Waste Acceptance Control Program	43.20		
Bulky Item Recycling - E-Waste	390.52	38,150	Pickups**
Bulky Item Recycling - Non E-Waste	4,661.26		
Public Drop Off - Ewaste	161.23		

*Gigantic 3 Collection Event customers were not tracked for RY2014 Q1 quarter.

**BIR E-Waste and Non-E-Waste customers are combined.

**Table 5b
Toxics Collection Incentives
Recology San Francisco
July 2013 - June 2014**

Toxics Item	Target (Tons)	Actual (Tons)
Latex Paint		243.80
Oil Base Paint		52.57
Paint Distributed for Direct Reuse		9.42
Total Paint	407.00	305.79
Household Batteries - Single Use		79.75
Household Batteries - Rechargeable		2.91
Total Household Batteries	86.00	82.66
Fluorescent & Other Mercury Containing Lamps	46.00	40.06

*Targets reflect Tier 1 incentive amounts

Table 6
Revenue
Recology Sunset Scavenger and Recology Golden Gate
July 2013 - June 2014

	Projection	Actual	Variance
<u>Residential</u>			
Number of Customers	141,244	140,922	0%
Annual Revenue	\$ 70,811,942	\$ 70,351,632	-1%
Revenue Per Customer	\$ 501	\$ 499	0%
<u>Apartment</u>			
Number of Customers	8,628	8,499	-1%
Annual Revenue	\$ 61,772,801	\$ 54,605,844	-12%
Revenue Per Customer	\$ 7,160	\$ 6,425	-10%
<u>Commercial</u>			
Number of Customers	16,564	16,679	1%
Annual Revenue	\$ 101,335,360	\$ 112,262,857	11%
Revenue Per Customer	\$ 6,118	\$ 6,731	10%
<u>Commercial Compactors</u>			
Number of Customers	229	225	-2%
Annual Revenue	\$ 26,577,708	\$ 24,601,069	-7%
Revenue Per Customer	\$ 116,060	\$ 109,338	-6%
Revenue Subject to Rate	\$ 260,497,811	\$ 261,821,402	1%
Revenue not Subject to Rate:			
Debris Box Revenue	\$ 13,560,585	\$ 16,549,970	22%
Equipment & Supply Sales	796,755	956,463	20%
CalRecycle Payment	312,670	526,139	68%
Miscellaneous Income	216,405	266,891	23%
Total Other Revenue not Subject to Rate	\$ 14,886,415	\$ 18,299,463	23%
Total Sources	\$ 275,384,226	\$ 280,120,865	2%
Impound Account Funding	\$ (14,614,399)	\$ (14,614,399)	0%
ZWI Funding	(3,736,734)	(3,736,734)	0%
Total Revenue Retained	\$ 257,033,093	\$261,769,732	2%

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

Table 7
Revenue
Recology San Francisco
July 2013 - June 2014

	Projection	Actual	Variance
<u>Tonnage Charged by Tipping Fee</u>			
Recology Sunset Scavenger/Golden Gate			
Recycle Central	134,020	139,402	4%
Compostables	158,454	161,870	2%
iMRF	54,189	65,070	20%
Trash	259,358	256,616	-1%
Other	7,182	9,189	28%
Subtotal (Recology Sunset Scavenger/Golden Gate)	613,203	632,147	3%
Public Customers	33,534	32,934	-2%
Commercial Customers	16,011	16,207	1%
Total San Francisco Tons	662,748	681,288	3%
Total Non-San Francisco Tons	1,512	1,881	24%
Total Tonnage Charged by Tipping Fee	664,260	683,169	3%
Rate Per Ton	\$ 147.13	\$ 146.58	0%
<u>Transfer and Processing Revenue</u>			
Recology Sunset Scavenger/Golden Gate			
Recycle Central	\$ 19,718,136	\$ 20,438,127	4%
Compostables	23,313,159	23,724,798	2%
iMRF	7,972,702	9,537,582	20%
Trash	38,158,968	37,611,836	-1%
Other	1,056,674	1,346,764	27%
Subtotal (Recology Sunset Scavenger/Golden Gate)	\$ 90,219,639	\$ 92,659,107	3%
Public Customers	4,933,886	4,826,170	-2%
Commercial Customers	2,355,729	2,376,451	1%
Total San Francisco Revenue from Tipping Fee	\$ 97,509,254	\$ 99,861,728	2%
Total Non-San Francisco Revenue from Tipping Fee	222,459	275,889	24%
Total Revenue from Tipping Fee	\$ 97,731,713	\$ 100,137,617	2%
Net Recycling Revenue	\$ 20,836,599	\$ 20,577,298	-1%
Non-rate Revenue	416,304	608,919	46%
Intercompany Dirt, Inerts & Others	528,000	895,215	70%
Rental Income	44,400	44,400	0%
Total Other Revenue	\$ 21,825,303	\$ 22,125,832	1%
Total Sources	\$ 119,557,016	\$ 122,263,449	2%
Impound Account Funding	\$ (3,223,570)	(3,325,190)	3%
ZWI Funding	(2,414,045)	(2,414,045)	0%
Total Revenue Retained	\$ 113,919,401	\$ 116,524,214	2%

Table 8
Recycling Revenue
Recology San Francisco
July 2013 - June 2014

Recycle Central	Projection	Actual
Mixed Paper	70,899	67,600
Cardboard	36,527	36,889
White Ledger	268	193
Coated Book Stock	385	94
Aluminum	501	453
Metal/Ferrous	1,771	1,751
PET	1,451	1,502
HDPE	1,399	1,319
Mixed Plastics 3-7	565	1,015
Flint Glass	667	526
Amber Glass	596	525
Green Glass	401	306
Mixed Glass	17,503	22,376
Glass Fines	1,291	1,124
Total Tons	134,225	135,673
Price Per Ton		
Mixed Paper	\$ 121.75	\$ 108.98
Cardboard	160.05	166.08
White Ledger	258.39	249.92
Coated Book Stock	193.30	143.80
Aluminum	4,116.70	4,098.11
Metal/Ferrous	155.10	145.52
PET	2,080.56	1,845.74
HDPE	745.30	802.64
Mixed Plastics 3-7	58.62	28.16
Flint Glass	186.42	201.88
Amber Glass	193.30	190.19
Green Glass	179.57	180.53
Mixed Glass	131.17	133.03
Glass Fines	131.17	132.05
Revenue		
Mixed Paper	\$ 8,631,957	\$ 7,367,423
Cardboard	5,846,076	6,126,597
White Ledger	69,249	48,135
Coated Book Stock	74,421	13,569
Aluminum	2,061,973	1,858,450
Metal/Ferrous	274,628	254,775
PET	3,019,558	2,771,699
HDPE	1,042,526	1,058,409
Mixed Plastics 3-7	33,145	28,577
Flint Glass	124,402	106,202
Amber Glass	115,207	99,915
Green Glass	71,977	55,331
Mixed Glass	2,295,922	2,976,672
Glass Fines	169,381	148,389
Recycle Central Revenue	\$ 23,830,420	\$ 22,914,142

Table 8 - Continued

Tunnel & Beatty Operations	Projection	Actual
Metal	6,984	8,409
Wood	12,887	13,484
Mixed Rigid Plastic	1,935	2,128
SB20/50 E-Waste	424	514
Total Tons	22,230	24,535
Price Per Ton		
Metal	\$ 193.18	\$ 189.84
Wood	19.39	20.46
Mixed Rigid Plastic	155.36	176.32
SB20/50 E-Recycling	336.61	302.94
Revenue		
Metal	\$ 1,349,073	\$ 1,596,476
Wood	249,887	275,822
Mixed Rigid Plastic	300,626	375,248
SB20/50 E-Recycling	142,829	155,776
Tunnel & Beatty Revenue	\$ 2,042,414	\$ 2,403,321
Sustainable Crushing Revenue	\$ 1,726,379	\$ 1,907,844
Total Recycling Revenue	\$ 27,599,214	\$ 27,225,308
Processing Expenses	(432,853)	(520,985)
Purchases	(6,329,761)	(6,127,025)
Net Recycling Revenues	\$ 20,836,599	\$ 20,577,298

Table 9
Expenses
Recology Sunset Scavenger and Recology Golden Gate
July 2013 - June 2014

	Projection	Actual	Variance
Payroll	\$ 63,605,676	\$ 63,163,426	-1%
Payroll Taxes	4,987,548	4,909,405	-2%
Pension	12,886,750	13,257,583	3%
Health Insurance	18,672,535	16,440,315	-12%
Workers Compensation	6,233,805	8,197,957	32%
Total Payroll & Related	\$ 106,386,314	\$ 105,968,686	0%
Bad Debt	\$ 488,330	\$ 186,248	-62%
Building & Facility Repair	210,037	121,360	-42%
Contract Services	711,423	854,875	20%
Corporate Accounting Services	1,717,402	1,781,550	4%
Corporate Management	1,315,671	1,288,696	-2%
Depreciation	305,464	253,597	-17%
Environmental Compliance	392,300	454,186	16%
Freight	68,865	53,554	-22%
Fuel	5,039,118	5,716,312	13%
Human Resources	515,756	809,108	57%
I/C Disposal	39,199,144	34,446,775	-12%
I/C Processing	51,549,277	59,141,185	15%
IT Services	1,941,751	2,033,784	5%
Lease	13,997,063	13,275,271	-5%
Liability Insurance	3,309,925	3,000,057	-9%
Licenses & Permits	1,686,444	1,556,646	-8%
O/S Billing Services	315,371	253,607	-20%
O/S Disposal	19,978	13,480	-33%
O/S Equipment Rental	189,300	267,697	41%
Office	356,745	439,662	23%
Parts	1,908,557	1,938,654	2%
Postage	312,453	354,519	13%
Professional Services	1,384,378	879,131	-36%
Property Rental	1,241,701	1,236,492	0%
Repairs & Maintenance	1,252,547	743,728	-41%
Security & Janitorial	384,174	414,186	8%
Supplies	1,357,961	1,109,760	-18%
Sustainability	179,071	225,681	26%
Taxes	1,379,449	1,378,736	0%
Telephone	359,337	423,509	18%
Tires & Tubes	481,221	608,730	26%
Utilities	371,914	388,587	4%
T&G Maintenance Allocation	(55,732)	(51,440)	-8%
Other	1,794,763	1,971,503	10%
Total Expenses	\$ 242,067,472	\$ 243,538,112	1%

Table 10
Expenses
Recology San Francisco
July 2013 - June 2014

	Projection	Actual	Variance
Payroll	\$ 35,173,524	\$ 34,864,213	-1%
Payroll Taxes	2,883,627	2,847,328	-1%
Pension	5,196,114	6,506,452	25%
Health Insurance	11,251,028	10,496,668	-7%
Workers Compensation	2,583,962	3,077,676	19%
Total Payroll & Related	\$ 57,088,255	\$ 57,792,337	1%
Bad Debt	\$ 17,033	\$ 10,771	-37%
Bridge Tolls	809,184	836,088	3%
Building & Facility Repair	710,572	826,705	16%
Contract Services	312,493	634,477	103%
Corporate Accounting Services	183,138	149,573	-18%
Corporate Management	137,787	106,831	-22%
Depreciation	1,165,533	1,514,396	30%
Environmental Compliance	42,260	37,895	-10%
Freight	1,169,554	1,084,049	-7%
Fuel	4,014,355	4,077,051	2%
Human Resources	351,965	537,583	53%
I/C Disposal	-	715,138	100%
I/C Processing	8,191,811	8,382,213	2%
IT Services	582,252	659,165	13%
Lease	5,658,171	5,074,374	-10%
Liability Insurance	936,004	857,868	-8%
License Fee - Brisbane	2,100,000	2,103,424	0%
Other Licenses & Permits	295,534	283,431	-4%
O/S Equipment Rental	367,946	402,059	9%
O/S Disposal - Altamont Landfill	4,394,399	4,578,926	4%
O/S Disposal - Other	1,137,307	1,335,151	17%
O/S Processing	877,890	-	-100%
Office	310,831	239,024	-23%
Parts	1,291,860	1,394,323	8%
Postage	1,696	1,512	-11%
Professional Services	1,958,781	5,389,360	175%
Property Rental	3,627,292	3,617,415	0%
Repairs & Maintenance	448,562	511,177	14%
Security & Janitorial	879,134	870,066	-1%
Supplies	1,568,208	1,640,181	5%
Sustainability	18,214	18,988	4%
Taxes	1,566,091	1,488,371	-5%
Telephone	180,384	221,840	23%
Tires & Tubes	165,974	262,728	58%
Utilities	1,295,026	1,273,436	-2%
Other	395,653	344,423	-13%
Total Expenses	\$ 104,251,149	\$ 109,272,349	5%

Table 11
Statement of Operating Ratios and Profit Margin
Recology Sunset Scavenger and Recology Golden Gate
July 2013 - June 2014

		Crosswalk	Projection	Actual	Dollar Variance	Percentage Variance
SOURCES	Residential	See Table 6	\$ 70,811,942	\$ 70,351,632	\$ (460,310)	-1%
	Apartment	See Table 6	61,772,801	54,605,844	(7,166,957)	-12%
	Commercial	See Table 6	101,335,360	112,262,857	10,927,497	11%
	Commercial Compactors	See Table 6	26,577,708	24,601,069	(1,976,639)	-7%
	Current Ratepayer Revenue		260,497,811	261,821,402	1,323,591	1%
	Debris Box and Other Non Rate Revenue	See Table 6	14,886,415	18,299,463	3,413,048	23%
(a) Total Sources			275,384,226	280,120,865	4,736,639	2%
USES	Impound Account Funding (Not OR Eligible)	See Table 6	14,614,399	14,614,399	-	0%
	ZWI Funding (Not OR Eligible)	See Table 6	3,736,734	3,736,734	-	0%
	I/C Processing (Not OR Eligible)	See Table 9	51,549,277	59,141,185	7,591,908	15%
	I/C Disposal (Not OR Eligible)	See Table 9	39,199,144	34,446,775	(4,752,369)	-12%
	(b) OR Eligible Expenses	See Table 9	151,319,051	149,950,152	(1,368,899)	-1%
	(c) Total Uses		260,418,605	261,889,245	1,470,640	1%
(d) NET PROFIT = (a) less (c)			\$ 14,965,621	\$ 18,231,620	\$ 3,265,999	22%
OPERATING RATIO ON PROFIT ELIGIBLE EXPENSES = 100% less ((d) divided by ((b) plus (d)))			91.0%	89.2%		
OPERATING RATIO ON ALL EXPENSES = 100% less ((d) divided by ((c) plus (d)))			94.6%	93.5%		
PROFIT MARGIN ON ALL EXPENSES = (d) divided by (a)			5.4%	6.5%		

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

Table 12
Statement of Operating Ratios and Profit Margin
Recology San Francisco
July 2013 - June 2014

		Crosswalk	Projection	Actual	Dollar Variance	Percentage Variance
SOURCES	Tipping Fee Revenue	See Table 7	\$ 97,731,713	\$ 100,137,617	\$ 2,405,904	2%
	Net Recycling Revenue	See Table 7	20,836,599	20,577,298	(259,301)	-1%
	Other Revenue	See Table 7	988,704	1,548,534	559,830	57%
	(a) Total Sources		119,557,016	122,263,449	2,706,433	2%
USES	Impound Account Funding (Not OR Eligible)	See Table 7	3,223,570	3,325,190	101,620	3%
	ZWI Funding (Not OR Eligible)	See Table 7	2,414,045	2,414,045	-	0%
	O/S Disposal - Altamont Landfill (Not OR Eligible)	See Table 10	4,394,399	4,578,926	184,527	4%
	License Fee - Brisbane (Not OR Eligible)	See Table 10	2,100,000	2,103,424	3,424	0%
	(b) OR Eligible Expenses	See Table 10	97,756,750	102,589,999	4,833,249	5%
(c) Total Uses		109,888,764	115,011,584	5,122,820	5%	
(d) NET PROFIT = (a) less (c)			\$ 9,668,253	\$ 7,251,865	\$ (2,416,388)	-25%
OPERATING RATIO ON PROFIT ELIGIBLE EXPENSES = 100% less ((d) divided by ((b) plus (d)))			91.0%	93.4%		
OPERATING RATIO ON ALL EXPENSES = 100% less ((d) divided by ((c) plus (d)))			91.9%	94.1%		
PROFIT MARGIN ON ALL EXPENSES = (d) divided by (a)			8.1%	5.9%		

Table 13
Statement of Operating Ratios and Profit Margin
Combined SF Companies
July 2013 - June 2014

	Crosswalk	Projection	Actual	Dollar Variance	Percentage Variance
RSS and RGG OR Eligible Expenses	See Table 11	\$ 151,319,051	\$ 149,950,152	\$ (1,368,898)	-1%
RSF OR Eligible Expenses	See Table 12	97,756,750	102,589,999	4,833,249	5%
(b) Combined Recology OR Eligible Expenses		249,075,801	252,540,151	3,464,350	1%
RSS and RGG Total Uses	See Table 11	260,418,605	261,889,245	1,470,640	1%
RSF Total Uses	See Table 12	109,888,764	115,011,584	5,122,819	5%
(c) Combined Recology Total Uses		370,307,369	376,900,829	6,593,460	2%
RSS and RGG Net Profit	See Table 11	14,965,621	18,231,620	3,265,999	22%
RSF Net Profit	See Table 12	9,668,253	7,251,865	(2,416,389)	-25%
(d) Combined Recology Net Profit		\$ 24,633,873	\$ 25,483,485	\$ 849,612	3%
COMBINED OPERATING RATIO ON PROFIT ELIGIBLE EXPENSES = 100% less ((d) divided by ((b) plus (d)))		91.0%	90.8%		
COMBINED OPERATING RATIO ON ALL EXPENSES = 100% less ((d) divided by ((c) plus (d)))		93.8%	93.7%		
PROFIT MARGIN ON ALL EXPENSES = (d) divided by ((c) plus (d))		6.2%	6.3%		

APPENDIX A
COMBINED SF COMPANIES
Account Details

Special Reserve Fund

Deposits, Disbursements and Balances for RY 2014

Table A-1

Beginning Balance (July 1, 2013)	\$ 29,548,931.91
Deposits	-
Interest	97,117.37
Administrative Fees	(3,622.71)
Disbursements	-
Ending Balance (June 30, 2014)	<u><u>\$ 29,642,426.57</u></u>

Special Reserve Fund

Investment Activity for RY 2014

Table A-2

Month	Interest Earned	Admin. Fee
Jul-13	10,299.38	283.76
Aug-13	8,832.71	269.00
Sep-13	8,618.75	297.05
Oct-13	8,906.04	288.52
Nov-13	8,402.08	292.69
Dec-13	8,234.38	294.69
Jan-14	8,061.75	292.71
Feb-14	6,790.39	334.23
Mar-14	7,517.93	319.07
Apr-14	7,213.85	326.33
May-14	7,236.78	309.65
Jun-14	7,003.33	315.01
Totals	\$ 97,117.37	\$ 3,622.71

Impound Account

Deposits, Disbursements and Balances for RY 2014

Table A-3

Beginning Balance (July 1, 2013)	\$ 468,120.20
Deposits	18,308,237.89
Interest	1,667.55
Disbursements	<u>(18,304,709.17)</u>
Ending Balance (June 30, 2014)	<u>\$ 473,316.47</u>

Impound Account

Deposit Detail for RY 2014 from Recology San Francisco

Table A-4

Month	Total Deposit Amount
Jul-13	\$ 245,138.93
Aug-13	288,122.92
Sep-13	291,727.74
Oct-13	277,697.65
Nov-13	304,540.45
Dec-13	270,134.02
Jan-14	263,141.19
Feb-14	303,763.31
Mar-14	264,712.84
Apr-14	269,572.35
May-14	292,591.31
Jun-14	287,995.03
Totals	\$ 3,359,137.74

Impound Account

Deposit Detail for RY 2014 from Recology Golden Gate & Recology Sunset

Table A-5

Month	Recology Golden Gate	Recology Sunset Scavenger	Total Deposit Amount
Jul-13	\$ 101,323.12	\$ 233,378.07	\$ 334,701.19 (a)
Jul-13	527,399.53	690,467.05	1,217,866.58
Aug-13	527,399.53	690,467.05	1,217,866.58
Sep-13	527,399.53	690,467.05	1,217,866.58
Oct-13	527,399.53	690,467.05	1,217,866.58
Nov-13	527,399.53	690,467.05	1,217,866.58
Dec-13	527,399.53	690,467.05	1,217,866.58
Jan-14	1,054,799.06	1,380,934.10	2,435,733.16 (b)
Mar-14	527,399.53	690,467.05	1,217,866.58
Apr-14	527,399.53	690,467.05	1,217,866.58
May-14	527,399.53	690,467.05	1,217,866.58
Jun-14	527,399.53	690,467.05	1,217,866.58
Totals	\$ 6,430,117.48	\$ 8,518,982.67	\$ 14,949,100.15

(a) April 2013 through June 2013 ~ 1.3% Surcharge from RGG & RSS

(b) Contributions for January and February 2014

Impound Account

Investment Activity for RY 2014

Table A-6

Month	Interest Earned
Jul-13	174.63
Aug-13	157.57
Sep-13	138.62
Oct-13	100.39
Nov-13	123.09
Dec-13	146.25
Jan-14	190.15
Feb-14	136.00
Mar-14	111.75
Apr-14	139.88
May-14	134.72
Jun-14	114.50
Totals	\$ 1,667.55

Impound Account
Disbursements for RY 2014

Table A-7

Payee	Date	Check #	Landfill Tonnage Date Basis	Landfill Tonnage Subject To Per Ton Fees	City & County of S.F. (1)	Tonnage Fees (2)	Other Fees (3)	Business License Tax (4)	Open Space Fees (5)	Total Disbursements	Notes
Waste Management Authority of Alameda	07/29/13	785	Jun-13	27,039.37		162,236.22				162,236.22	
Altamont Landfill & RRF	07/29/13	786	Apr-Jun 13	89,697.45					152,485.67	152,485.67	
Altamont Landfill & RRF	07/29/13	787	Jun-13	27,039.37			11,248.37			11,248.37	
San Francisco Department of Environment	07/29/13	788			741,146.08					741,146.08	
Void	07/29/13	789								0.00	
City & County of San Francisco	07/31/13	790			476,720.50					476,720.50	
San Francisco Department of Environment	07/31/13	791			334,701.19					334,701.19	(A.)
Altamont Landfill & RRF	08/28/13	792	Jul-13	31,780.60			13,220.74			13,220.74	
Waste Management Authority of Alameda	08/28/13	793	Jul-13	31,780.60		190,683.60				190,683.60	
San Francisco Department of Environment	08/28/13	794			741,146.08					741,146.08	
City & County of San Francisco	08/28/13	795			476,720.50					476,720.50	
Waste Management Authority of Alameda	09/27/13	796	Aug-13	32,178.22		193,069.32				193,069.32	
Altamont Landfill & RRF	09/27/13	797	Aug-13	32,178.22			13,386.15			13,386.15	
San Francisco Department of Environment	09/27/13	798			741,146.08					741,146.08	
City & County of San Francisco	09/27/13	799			476,720.50					476,720.50	
Waste Management Authority of Alameda	10/25/13	800	Sep-13	30,630.67		183,784.02				183,784.02	
San Francisco Department of Environment	10/25/13	801			741,146.08					741,146.08	
City & County of San Francisco	10/25/13	802			476,720.50					476,720.50	
Altamont Landfill & RRF	10/25/13	803	Jul-13 - Sep-13	94,589.49					160,802.13	160,802.13	
Altamont Landfill & RRF	10/25/13		Sep-13	30,630.67			12,742.36			12,742.36	
Altamont Landfill & RRF	11/21/13	805	Oct-13	33,591.49			13,974.05			13,974.05	
City & County of San Francisco	11/21/13	806			476,720.50					476,720.50	
San Francisco Department of Environment	11/21/13	807			741,146.08					741,146.08	
Waste Management Authority of Alameda	11/21/13	808	Oct-13	33,591.49		204,908.09				204,908.09	
Altamont Landfill & RRF	12/20/13	809	Nov-13	29,104.83			12,107.60			12,107.60	
Waste Management Authority of Alameda	12/20/13	810	Nov-13	29,104.83		177,539.46				177,539.46	
San Francisco Department of Environment	12/20/13	811			741,146.08					741,146.08	
City & County of San Francisco	12/20/13	812			476,720.50					476,720.50	
Altamont Landfill & RRF - VOIDED	01/28/14	805	Oct-13	(33,591.49)			(13,974.05)			(13,974.05)	(B.)
Recology San Francisco	01/28/14	813	Oct-13	33,591.49			13,974.05			13,974.05	(B.)
Altamont Landfill & RRF	01/28/14	814	Jan-Dec 13	365,786.76				347,497.44		347,497.44	
Altamont Landfill & RRF	01/28/14	815	Dec-13	28,708.40			11,942.69			11,942.69	
Altamont Landfill & RRF	01/28/14	816	Oct-Dec 13	91,404.72					155,388.02	155,388.02	
Waste Management Authority of Alameda	01/28/14	817	Dec-13	28,708.40		175,121.24				175,121.24	
San Francisco Department of Environment	01/28/14	818			741,146.08					741,146.08	
City & County of San Francisco	01/28/14	819			476,720.50					476,720.50	
Altamont Landfill & RRF	02/18/14	820	Jan-14	32,871.26			14,824.94			14,824.94	
Waste Management Authority of Alameda	02/18/14	821	Jan-14	32,871.26		200,514.69				200,514.69	
San Francisco Department of Environment	02/18/14	822			741,146.08					741,146.08	
City & County of San Francisco	02/18/14	823			476,720.50					476,720.50	

Table A-7 - Continued

Payee	Date	Check #	Landfill Tonnage Date Basis	Landfill Tonnage Subject To Per Ton Fees	City & County of S.F. (1)	Tonnage Fees (2)	Other Fees (3)	Business License Tax (4)	Open Space Fees (5)	Total Disbursements	Notes
Altamont Landfill & RRF	03/19/14	824	Feb-14	28,644.98			12,918.89			12,918.89	
Waste Management Authority of Alameda	03/19/14	825	Feb-14	28,644.98		174,734.38				174,734.38	
San Francisco Department of Environment	03/19/14	826			741,146.08					741,146.08	
City & County of San Francisco	03/19/14	827			476,720.50					476,720.50	
Altamont Landfill & RRF	04/17/14	828	Mar-14	29,171.34			13,156.27			13,156.27	
Altamont Landfill & RRF	04/17/14	829	Jan-Mar 14	90,687.58					157,796.39	157,796.39	
Waste Management Authority of Alameda	04/17/14	830	Mar-14	29,171.34		177,945.17				177,945.17	
San Francisco Department of Environment	04/17/14	831			741,146.08					741,146.08	
City & County of San Francisco	04/17/14	832			476,720.50					476,720.50	
Altamont Landfill & RRF	05/21/14	833	Apr-14	31,662.30			14,279.70			14,279.70	
Waste Management Authority of Alameda	05/21/14	834	Apr-14	31,662.30		193,140.03				193,140.03	
San Francisco Department of Environment	05/21/14	835			741,146.08					741,146.08	
City & County of San Francisco	05/21/14	836			476,720.50					476,720.50	
Altamont Landfill & RRF	06/17/14	837	May-14	31,164.92			14,055.38			14,055.38	
Waste Management Authority of Alameda	06/17/14	838	May-14	31,164.92		190,106.01				190,106.01	
San Francisco Department of Environment	06/17/14	839			741,146.08					741,146.08	
City & County of San Francisco	06/17/14	840			476,720.50					476,720.50	
TOTALS					\$ 14,949,100.15	\$ 2,223,782.23	\$ 157,857.14	\$ 347,497.44	\$ 626,472.21	\$ 18,304,709.17	

NOTES

- (1) Payments to the City and County of San Francisco for the Solid Waste Management Program
- (2) Royalty payments to the County of Alameda for prior month landfill tonnage @ \$6.00/Ton effective October 1, 2012 and @ \$6.10/Ton effective October 1, 2013
- (3) Payments for the following fees based on prior month landfill tonnage:
 - a) Alameda County Planning Department Fee - \$0.075/Ton up to December 31, 2013 and @ \$0.10/Ton effective January 1, 2014
 - b) Incremental LEA Fee - \$0.311/Ton effective July 1, 2010
 - c) Annual WDR Fee - \$0.03/Ton effective January 1, 2012
 - d) Alameda County Planning Department Transportation Fee - \$0.01/Ton effective January 1, 2014
- (4) Payments to Altamont Landfill & Resource Recovery Facility for Annual Business License tax @ \$0.95/Ton
- (5) Payments to Altamont Landfill & Resource Recovery Facility for Open Space Fees @ \$1.70/Ton effective January 1, 2013 and @ \$1.74/Ton effective January 1, 2014
- (A.) April 2013 through June 2013 ~ 1.3% Surcharge from GGD & SSC
- (B.) Reimbursement to Recology San Francisco for November 2013 payment to Altamont

Zero Waste Incentive Account

Deposits, Disbursements and Balances for RY 2014

Table A-8

Beginning Balance (July 1, 2013)	\$ 6,238,729.26
Deposits	6,150,778.92
Interest	9,855.92
Administrative Fees	-
Disbursements	(3,119,762.88)
Cash Balance (June 30, 2014)	<u><u>\$ 9,279,601.22</u></u>

Zero Waste Incentive Account

Deposit Detail for RY 2014

Table A-9

Month	Recology Golden Gate	Recology Sunset Scavenger	Recology San Francisco	Total Deposit Amount
Jul-13	\$ 134,850.00	\$ 176,544.50	\$ 201,170.41	\$ 512,564.91
Aug-13	134,850.00	176,544.50	201,170.41	512,564.91
Sep-13	134,850.00	176,544.50	201,170.41	512,564.91
Oct-13	134,850.00	176,544.50	201,170.41	512,564.91
Nov-13	134,850.00	176,544.50	201,170.41	512,564.91
Dec-13	134,850.00	176,544.50	201,170.41	512,564.91
Jan-14	269,700.00	353,089.00	402,340.82	1,025,129.82 (a)
Mar-14	134,850.00	176,544.50	201,170.41	512,564.91
Apr-14	134,850.00	176,544.50	201,170.41	512,564.91
May-14	134,850.00	176,544.50	201,170.41	512,564.91
Jun-14	134,850.00	176,544.50	201,170.41	512,564.91
Totals	\$ 1,618,200.00	\$ 2,118,534.00	\$ 2,414,044.92	\$ 6,150,778.92

(a) Contributions for January and February.

Zero Waste Incentive Account
Investment Activity for RY 2014

Table A-10

Month	Interest Earned
Jul-13	809.14
Aug-13	497.85
Sep-13	551.09
Oct-13	654.55
Nov-13	674.76
Dec-13	766.36
Jan-14	835.34
Feb-14	831.27
Mar-14	978.59
Apr-14	1,015.14
May-14	1,114.48
Jun-14	1,127.35
Totals	\$ 9,855.92

Zero Waste Incentive Account
Disbursements for RY 2014

Table A-11

Transaction Date	Payee	Description	Amount
08/01/13	Recology San Francisco	RY 2013 ZWI Award plus interest	\$ 3,119,762.88
Totals			\$ 3,119,762.88

*Disbursement represents Tier 1 diversion goals achieved in RY 2013.