

File No. 101225

Committee Item No. 11
Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS
AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee

Date: February 9, 2011

Board of Supervisors Meeting

Date _____

Cmte Board

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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Budget Analyst Report |
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| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form (for hearings) |
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OTHER

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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Load Checking Program |
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Completed by: Victor Young

Date: February 4, 2011

Completed by: Victor Young

Date: _____

An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document is in the file.

1 [Landfill Disposal and Facilitation Agreements – Recology San Francisco]

2
3 **Resolution approving a ten-year Landfill Disposal Agreement and Facilitation**
4 **Agreement with Recology San Francisco under Charter Section 9.118.**

5
6 WHEREAS, The California Department of Resources Recycling and Recovery requires
7 that the City have a plan for 15 years of landfill disposal capacity; and

8 WHEREAS, The Department of the Environment estimates that the City will exhaust its
9 landfill disposal capacity under the current agreement with Waste Management of Alameda
10 County, Inc., by 2014 or 2015; and

11 WHEREAS, The Department of the Environment issued a Request for Proposals for
12 Landfill Disposal Capacity on February 9, 2009, and subsequently selected Recology San
13 Francisco as the highest qualified scorer under the Request for Proposals; and

14 WHEREAS, A copy of the proposed Landfill Disposal Agreement and Facilitation
15 Agreement are on file with the Clerk of the Board of Supervisors in File No. 101225 and are
16 hereby declared to be a part of this Resolution as if set forth fully herein; and

17 WHEREAS, Under the Landfill Disposal Agreement, Recology San Francisco
18 ("Recology") would grant the City, upon expiration of the current agreement, the right to
19 deposit at Recology's landfill all solid waste collected in the City until December 31, 2025, or
20 until 5 million tons have been deposited; and

21 WHEREAS, The City would in turn designate Recology's landfill as the exclusive site
22 for disposal of ~~solid waste~~ collected in the City; and

23 WHEREAS, The City would not be required to pay for the right to deposit solid waste at
24 the landfill, but would authorize Recology to charge waste haulers "tipping fees" specified in
25 the Agreement; and

1 WHEREAS, Under the Facilitation Agreement, Recology would agree to specific limits
2 on transportation costs in connection with rail transportation of solid waste collected in the
3 City; and

4 WHEREAS, The City would in turn provide Recology with assurances regarding
5 reimbursement of Recology's costs to develop the contemplated rail transport system through
6 the fees Recology is allowed to charge waste haulers and the rates that waste haulers are
7 permitted to charge customers;

8 WHEREAS, San Francisco Charter Section 9.118 requires the Board of Supervisors to
9 approve contracts having a term of more than 10 years; now, therefore, be it

10 RESOLVED, That the Board of Supervisors under Charter Section 9.118 approves the
11 Landfill Disposal Agreement and Facilitation Agreement for terms exceeding 10 years; and,
12 be it

13 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of the
14 Department of the Environment to execute agreements in substantially the form of the Landfill
15 Disposal Agreement and Facilitation Agreement on file with the Clerk of the Board of
16 Supervisors; and, be it

17 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of the
18 Department of the Environment to enter into any additions, amendments, or other
19 modifications to the Landfill Disposal Agreement and Facilitation Agreement (including,
20 without limitation, preparation and attachment of, or changes to, any or all of the exhibits,
21 appendices, or ancillary agreements) that the Director, in consultation with the City Attorney,
22 determines to be in the best interest of the City, do not materially increase the obligations or
23 liabilities of the City or materially decrease the public benefits accruing to the City, and are
24 necessary or advisable to complete the transactions contemplated and to effectuate the
25

1 purpose and intent of this Resolution, such determination to be conclusively evidenced by the
2 execution and delivery by the Director of any such documents; and, be it

3 FURTHER RESOLVED, That the Board of Supervisors approves and ratifies all prior
4 actions taken by the officials, employees, and agents of the Department of the Environment
5 and the City with respect to the Landfill Disposal Agreement and Facilitation Agreement.
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Item 11
File 10-1225

Department(s):
Department of the Environment (DOE)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would authorize the Department of the Environment (DOE) to execute a new Landfill Disposal Agreement with Recology San Francisco (Recology) which, beginning in 2015 and extending for a term of up to ten years, would (a) designate Recology's Ostrom Road Landfill in Yuba County, California, as the City's exclusive landfill site, and (b) allow for the deposit of up to 5,000,000 tons of solid waste collected in San Francisco into that landfill.
- The proposed resolution would also approve an amendment to an existing Facilitation Agreement (the Amended Facilitation Agreement) between DOE and Recology which governs the consolidation of refuse collected in the City and transportation of that refuse to the City's designated landfill site. The proposed amendment would require Recology to (a) transport refuse collected in the City to the City's new designated landfill site in Yuba County (instead of the current designated landfill site in Livermore, California), and (b) transport such refuse primarily by rail, instead of through the current exclusive trucking method.

Key Points

- Refuse collection in the City is governed by the City's Refuse Collection and Disposal Ordinance of 1932, as previously approved by the voters of San Francisco, which requires that only permitted refuse haulers collect and transport refuse "through the streets of the City and County of San Francisco." The ordinance created 97 permanent permits, which, due to a number of acquisitions since the ordinance was approved, are currently all owned by Recology. Therefore, the Refuse Collection and Disposal Ordinance of 1932 has resulted in Recology becoming the exclusive and permanent refuse collector without Recology ever having gone through the City's normal competitive bidding process.
- The only portion of the refuse collection and disposal process subject to competitive bidding has been the award of the landfill site where the City's refuse is finally disposed. Under an existing Landfill Disposal Agreement with Waste Management of Alameda County (Waste Management), Waste Management's Altamont Landfill site in Livermore, California is the City's current designated landfill site, which allows for the deposit of up to 15,000,000 tons of refuse in that landfill site.
- The Department of the Environment (DOE) anticipates that the 15,000,000 ton capacity of the City's current landfill site in Livermore, California will be exhausted by 2015, at which time the existing Landfill Disposal Agreement with Waste Management would expire. The DOE is now requesting, after having conducted a competitive bid process, that a new Landfill Disposal Agreement between the DOE and Recology be awarded to Recology in order to permit the deposit of up to 5,000,000 tons of solid waste collected in San Francisco into Recology's Ostrom Road Landfill site in Yuba County, California, over a term of up to ten years beginning in 2015.
- According to Mr. David Assmann, Deputy Director of the Department of the Environment, in order to control the transport and handling of refuse in San Francisco by Recology, DOE previously entered into an existing Facilitation Agreement, without a competitive bidding process, which required Recology to

consolidate collected refuse at its transfer station in San Francisco, then transport such refuse to Waste Management's Altamont Landfill site in Livermore, California, the City's present designated landfill site. The term of the existing Facilitation Agreement with Recology will expire simultaneously when the existing Landfill Disposal Agreement with Waste Management is anticipated to expire in 2015.

- In order to provide continued control over the transport and handling of City's refuse by Recology, the proposed resolution would approve an amendment to the existing Facilitation Agreement (the Amended Facilitation Agreement) with Recology, to begin upon the expiration of the existing Facilitation Agreement which is currently anticipated to occur in 2015, to require Recology to (a) continue consolidating collected refuse at its transfer station in San Francisco, and (b) transport the consolidated refuse from Recology's transfer station to Recology's Ostrom Road Landfill site (the City's proposed new designated landfill site) by a combination of truck and rail.
- Mr. Assmann noted that neither the existing Facilitation Agreement nor the proposed Amended Facilitation Agreement were competitively bid because under the City's Refuse Collection and Disposal Ordinance of 1932, Recology is the City's only permitted waste hauler, and, as such, Recology is the only firm authorized to (a) transport refuse "through the streets of the City and County of San Francisco," and (b) transport refuse from Recology's transfer station in San Francisco, "through the streets of the City and County of San Francisco." Recology's transfer station is located near Candlestick Park.

Fiscal Impacts

- The proposed two Agreements, the Amended Facilitation Agreement and the new Landfill Disposal Agreement, include two fees which would be payable to Recology (a) a tipping fee for the deposit of waste into Recology's Ostrom Road Landfill, and (b) a rail transport fee to cover the cost of transporting waste over rail rather than by truck. Under the proposed two Agreements, these fees (and the inflationary adjustments to such fees which are included in the existing Facilitation Agreement and Landfill Disposal Agreement) would be incorporated into the rate setting process which is used to determine the rates for refuse collection paid by San Francisco residents and businesses which receive refuse collection services from Recology. The proposed two Agreements are anticipated to increase refuse collection rates by 3.0 percent for the first year of the Agreements, such that the monthly rates paid by a single family residence with a 32-gallon waste container would increase by \$0.82 from \$27.55 to \$28.37, a 3.0 percent increase, and the monthly rates paid by a business for the collection of two cubic yards of waste would increase by \$14.82, from \$494.01 to \$508.83, a 3.0 percent increase.
- The Budget and Legislative Analyst notes that unlike water rates charged by the Public Utilities Commission, which are subject to approval of the Board of Supervisors, neither residential nor commercial refuse collection rates are subject to Board of Supervisors approval. Under the City's Refuse Collection and Disposal Ordinance of 1932, residential refuse collection rates are subject to approval by the Director of Public Works, but if such rates are appealed, then such rates are subject to approval by the City's Rate Board which is composed of the City Administrator, the Controller, and the Director of the Public Utilities Commission. Collection rates, paid by San Francisco businesses, are not subject to approval by either the Director of Public Works, the City's Rate Board, or by the Board of Supervisors.
- Regarding refuse collection services provided by Recology to City-owned facilities, the City's waste collection costs are anticipated to increase by 3.0 percent, or, \$172,500 for the first year, from the City's

current annual refuse collection cost of \$5,750,000 to \$5,922,500.

Policy Alternatives

- As discussed above, the City's Refuse Collection and Disposal Ordinance of 1932 has resulted in Recology becoming the City's permanent and exclusive refuse collection firm, without Recology ever having undergone the City's normal competitive bidding process. The Budget and Legislative Analyst notes that it may be advantageous for a City to have the collection of refuse provided exclusively by a single firm. However, the Budget and Legislative Analyst believes that such a firm should be selected through the City's normal competitive bidding process. Therefore, a policy alternative for consideration by the Board of Supervisors includes submitting a proposition to the voters to (a) repeal the City's existing Refuse Collection and Disposal Ordinance of 1932, such that future refuse collection and transportation services would be required to be awarded by the City under the City's normal competitive process, and (b) require that refuse collection rates for both residential and commercial services be subject to Board of Supervisors approval.
- As also discussed above, the existing Facilitation Agreement and proposed Amended Facilitation Agreement were not subject to the City's normal competitive bidding process because, according to Mr. Assmann, (a) under the Refuse Collection and Disposal Ordinance of 1932, only Recology can transport refuse "through the streets of the City and County of San Francisco," and (b) transport of refuse from Recology's transfer station, which is located in San Francisco near Candlestick Park, requires travelling "through the streets of the City and County of San Francisco." However, the Budget and Legislative Analyst was unable to identify any portion of the Refuse Collection and Disposal Ordinance of 1932 which governs the transport of refuse which does not occur "through the streets of the City and County of San Francisco." Therefore, it may be possible for a second firm, other than Recology, to transport refuse after it has been collected by Recology, if that second firm's transfer station was either outside the City limits or was located near marine or rail facilities, such that refuse from the transfer station to the City's designated landfill could avoid being transported "through the streets of the City and County of San Francisco." Should the Board of Supervisors elect not to submit a proposition to the voters to repeal the City's existing Refuse Collection and Disposal Ordinance of 1932, a second policy alternative for consideration by the Board of Supervisors includes requesting the DOE to analyze the potential costs and benefits of using Recology to continue collecting refuse, but using a second separate firm to provide refuse transportation services which avoids transporting refuse "through the streets of the City and County of San Francisco."

Recommendations

- Although the proposed Landfill Disposal Agreement was subject to the City's normal competitive bidding process, the transportation and the collection of the City's refuse have never been subject to the City's normal competitive bidding process. Therefore, approval of the proposed resolution is a policy matter for the Board of Supervisors.
- The Budget and Legislative Analyst recommends that the Board of Supervisors consider submitting a proposition to the voters to (a) repeal the City's existing Refuse Collection and Disposal Ordinance of 1932, such that future refuse collection and transportation services would be required to be awarded by the City under the City's normal competitive bidding process, and (b) require that refuse collection rates for both residential and commercial services be subject to Board of Supervisors approval.

MANDATE STATEMENT AND BACKGROUND

Mandate Statement

According to California Public Resources Code Section 41260, all California cities must maintain a “plan” for 15 years of landfill disposal capacity. According to Mr. David Assmann, Deputy Director of the Department of the Environment, a “plan” can include landfill disposal capacity from both (a) executed agreements, and (b) anticipated agreements.

According to the City’s Refuse Collection and Disposal Ordinance of 1932, codified in San Francisco Administrative Code Appendix 1, (a) only permitted collectors may transport refuse “through the streets of the City and County of San Francisco”, with one permit issued for each of the 97 refuse collection routes in the City, and (b) the residential refuse collection rates¹ charged to residents must be approved by the Director of Public Works, or if such approved rates are appealed by a member of the public, approval must be granted by the City’s Rate Board composed of the Director of the Department of Public Works, the Controller, and the Director of the Public Utilities Commission. Prior to the authorization of any residential rate increase, the Director of DPW and (if such a rate increase is appealed by a member of the public) the City’s Rate Board must first find that all residential rate increases requested by the authorized permitted collector (Recology) are “just and reasonable.” Residential Refuse and Collection rates are not subject to approval by the Board of Supervisors. Further, the City’s Refuse Collection and Disposal Ordinance of 1932 is not subject to amendment or repeal by the Board of Supervisors. Only a voter proposition can amend or repeal the City’s Refuse Collection and Disposal Ordinance of 1932.

Notably, commercial refuse collection rates, paid by San Francisco businesses, are not subject to approval by either the Director of Public Works, the City’s Rate Board or by the Board of Supervisors. Such commercial rates are established directly by the presently authorized collector (Recology) without any approval processes by the City. Mr. Assmann noted that under Section 11 of the City’s Refuse Collection and Disposal Ordinance of 1932, any disputes regarding commercial refuse collection services, such as the frequency of collection service or the volume collected, are decided by the Director of Public Health. However, the Budget and Legislative Analyst notes that such dispute resolution by the Director of Public Health does not include any authority to approve commercial refuse collection rates.

Section 9.118 of the San Francisco Charter requires any agreement with a term of more than ten years be approved by the Board of Supervisors. The proposed resolution would approve two Agreements, a Landfill Disposal Agreement and an Amended Facilitation Agreement, each with terms beginning in 2015 and extending up to ten years.

¹ For the purposes of this report, the term “rates” refers to the charges payable to Recology for refuse collection services by residents and businesses which are not established in the subject agreements. The term “fees” refers to charges payable to Recology which are established in the subject agreements, including (a) a “Rail Transportation Fee” which would be incorporated as a just and reasonable cost into the refuse collection rate setting process and ultimately paid by refuse collection customers in San Francisco, and (b) “tipping fees” which are payable by permitted haulers or self-haulers (persons disposing of their own waste, which is permitted under the City’s Refuse Collection and Disposal Ordinance of 1932) depositing waste into Recology’s Ostrom Road Landfill.

Background

Current refuse collection, transportation, and disposal practices in the City of San Francisco can be divided into three main areas: (1) 97 permits issued by the City which permit the collection and transport of refuse, (2) an existing Facilitation Agreement between the City and Recology which governs the consolidation of refuse collected in the City and transportation of that refuse to the City's designated landfill, and (3) an existing Landfill Disposal Agreement which designates Waste Management's Altamont Landfill site in Livermore, California as the City's exclusive landfill site, and allows for the deposit of up to 15,000,000 tons of solid waste collected in San Francisco into that landfill.

For the purposes of this report, the term "refuse" refers to all types of disposables, including (a) recyclables, (b) compostables, and (c) "solid waste", which is neither recyclable nor compostable, and therefore is deposited into the landfill.

(1) Permits to Collect Refuse

Under the City's Refuse Collection and Disposal Ordinance of 1932, the City of San Francisco was divided into 97 distinct refuse collection routes, and one permit for each route was issued. According to Mr. Assmann, due to a number of business acquisitions since the Refuse Collection and Disposal Ordinance of 1932 was approved, Recology San Francisco (Recology)² currently now owns all 97 permits. Such refuse collection permits would not be affected by the proposed resolution.

According to the City's Refuse Collection and Disposal Ordinance of 1932, such permits are permanent and not subject to the City's normal competitive bidding process, and can only be revoked if 20 percent or more of the "householders, business men, apartment house owners, hotel keepers, institutions or residents" within a particular route file a petition that they are not adequately served. Therefore, the City's Refuse Collection and Disposal Ordinance of 1932 has resulted in Recology becoming the exclusive and permanent refuse collector without Recology ever having gone through the City's normal competitive bidding process.

The Refuse Collection and Disposal Ordinance of 1932 also requires all permitted haulers who collect refuse to deposit such refuse as directed by the City. The Facilitation Agreement discussed below requires the permitted refuse haulers (i.e., Recology) to deposit the refuse in Recology's transfer station, which is currently located within the City on Tunnel Road near Candlestick Park.

(2) Facilitation Agreement

According to Mr. Assmann, in order to control the consolidation and transport of City refuse by Recology, DOE previously entered into an existing Facilitation Agreement with Recology, without conducting a competitive bidding process, which became effective on January 2, 1987. The existing Facilitation Agreement requires Recology to consolidate collected refuse at a

² For the purposes of this report, "Recology" refers to Recology San Francisco. Recology was previously known as (a) NorCal Waste Systems, (b) Sunset Scavenger, and (c) Golden Gate Disposal.

transfer station, then transport the refuse to Waste Management's Altamont Landfill in Livermore, California, the City's current designated landfill site, as discussed below.

The term of the existing Facilitation Agreement with Recology will expire simultaneously with the existing Landfill Disposal Agreement with Waste Management, which, as discussed below, is anticipated to expire in 2015.

The costs incurred³ by Recology under the existing Facilitation Agreement for the consolidation and transportation of refuse are incorporated into the rate setting process which is used to determine the rates for refuse collection services paid by San Francisco residents as described in the Background Section above. Notably, the Facilitation Agreement states that the Director of Public Works (if such a rate increase is appealed by a member of the public) and the City's Rate Board must find that all costs incurred by Recology due to the terms of the Facilitation Agreement be considered as "just and reasonable" during any request by Recology to increase residential refuse collection rates. As discussed above, commercial refuse collection rates are established directly by the authorized collector (Recology) without any City approval processes.

The existing Facilitation Agreement also established a Reserve Fund, to be funded by a 1.3 percent surcharge on refuse collection rates. Under the terms of the existing Facilitation Agreement, Recology may withdraw funds from the Reserve Fund, subject to approval by the Director of Public Works, if the revenues from refuse collection rates charged to residents and businesses do not cover Recology's costs of refuse collection and transportation services. According to Mr. Assmann, the Reserve Fund, which has a current balance of approximately \$28,500,000 is intended to be drawn down upon in order to temporarily cover increased operating costs which occur (a) after an unforeseen event which causes an increase in collection and transportation costs (for example, the collection and recycling of electronics which was not previously included in the rate setting process), but (b) before the City's rate setting process for residential collection services has approved such new rate increases which incorporate the previously unforeseen costs.

Mr. Assmann noted that the existing Facilitation Agreement was not competitively bid because (a) under the City's Refuse Collection and Disposal Ordinance of 1932, as the only permitted waste hauler, only Recology can transport refuse "through the streets of the City and County of San Francisco," and (b) transport of refuse from Recology's transfer station, which is in the City near Candlestick Park, requires travelling "through the streets of the City and County of San Francisco."

(3) Landfill Disposal Agreement

Subsequent to a competitive negotiation process, the City executed a Landfill Disposal Agreement with Waste Management of Alameda County, Inc. (Waste Management) effective on January 2, 1987 which designates Waste Management's Altamont Landfill in Livermore,

³ In contrast to the proposed Amended Facilitation Agreement discussed below, the existing Facilitation Agreement with Recology does not expressly include any specific fees payable to Recology. However, the existing Facilitation Agreement does require the Director of Public Works to recommend to the City's Rate Board, that all costs to be incurred by Recology in order for Recology to perform their obligations in the Facilitation Agreement shall be considered "just and reasonable" and therefore should be included in the approved residential refuse collection rates.

California as the City's designated landfill site, and allows for the deposit of up to 15,000,000 tons of the City's refuse in that landfill.

The fees charged to Recology by Waste Management for depositing waste in Waste Management's Altamont Landfill site in Livermore, under the existing Landfill Disposal Agreement, known as "tipping fees," are ultimately paid by San Francisco residents and businesses which receive refuse collection services, directly to Recology. The "tipping fees" as of July 1, 2010, was set at \$20.05 per ton⁴ of solid waste deposited in the landfill, and are paid to Waste Management by Recology, who is responsible for transporting the City's solid waste to Waste Management's Altamont landfill site under the Facilitation Agreement. According to Mr. Assmann, such tipping fees are one of many factors which determine the overall cost of collecting and disposing refuse in the City, such that tipping fees impact the residential and commercial refuse collection rate setting process described above.

The term of the existing Landfill Disposal Agreement between the City and Waste Management is the earlier of (a) 65 years, or (b) when 15,000,000 tons of solid waste is deposited into the Altamont Landfill site⁵. As of November 30, 2010, approximately 13,090,000 tons of solid waste had been deposited at the landfill, such that 1,910,000 tons of capacity remains. Mr. Assmann estimates that such remaining capacity will be exhausted by 2015.

According to Mr. Assmann, in order to comply with California Public Resources Code Section 41260 which states that all California cities must maintain a "plan" for 15 years of landfill disposal capacity, the Department of the Environment is now requesting approval for a new Landfill Disposal Agreement to replace the existing Landfill Disposal Agreement when the term of the existing Agreement is anticipated to expire in 2015. However, as discussed above, a "plan" for landfill capacity can include both (a) executed agreements, and (b) anticipated agreements.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would authorize the Department of the Environment to execute (a) an amendment without conducting a competitive bidding process, to the City's existing Facilitation Agreement with Recology which governs the consolidation of refuse collected in the City and the transportation of that refuse to the City's designated landfill site, and (b) the award, based on a competitive bidding process, of a new Landfill Disposal Agreement with Recology San Francisco (Recology) which would designate Recology's Ostrom Road Landfill in Yuba County, California, as the City's exclusive landfill site and allow for the deposit of up to 5,000,000 tons of solid waste into that landfill.

⁴ Tipping fees are paid to Waste Management by Recology based on the number of tons of solid waste disposed at the landfill site and include all governmental fees. As of July 1, 2010, the tipping and governmental fees was \$20.05 per ton, however that rate has changed according to cost of living adjustments annually since the inception of the Agreement.

⁵ According to Mr. Assmann, the 65 year term of the existing Landfill Agreement was not intended to provide landfill capacity for 65 years, rather, the term was selected to ensure there would be sufficient time for the City to make full use of the 15,000,000 ton landfill capacity.

Amended Facilitation Agreement

The existing Facilitation Agreement with Recology requires Recology to (a) operate a transfer station, which is located in San Francisco, and which serves as a temporary holding area for refuse collected within the City and County of San Francisco, and (b) transport the consolidated refuse from the transfer station to Waste Management of Alameda County Inc. (Waste Management's) Altamont Landfill site in Livermore, the City's current designated landfill site.

The proposed Amended Facilitation Agreement would also require Recology to (a) operate a transfer station, which is located in San Francisco, and which serves as a temporary holding area for refuse collected within the City and County of San Francisco, and (b) then transport the consolidated refuse from the transfer station to Recology's Ostrom Road Landfill site in Yuba County, the proposed new designated landfill site (instead of Waste Management's Altamont Landfill), anticipated to be effective as of 2015.

Under the existing Facilitation Agreement, Recology transports the City's solid waste approximately 55 miles to Waste Management's Altamont Landfill by truck. Because Recology's Ostrom Road Landfill in Yuba County is approximately 130 miles from Recology's transfer station, which is located near Candlestick Park, or 75 miles further than Waste Management's Altamont Landfill site, the proposed Amended Facilitation Agreement requires Recology to transport the City's solid waste to the Ostrom Road Landfill in Yuba County using a combination of truck and rail⁶.

The Amended Facilitation Agreement would allow Recology to include an additional rail transport fee in future residential rate increase applications to the City's Rate Board⁷. This rail transport fee would be \$563 per rail container, which would be adjusted in the future based on (a) an inflation adjustment according to the All-Inclusive Index Less Fuel, (b) adjustments for changes in governmental fees, and (c) adjustments for increases in fuel costs. Mr. Assmann noted that all rail transport would occur through a third party rail hauler over existing rail infrastructure⁸.

According to Mr. Assmann, the DOE estimated the environmental impact which would result from transporting refuse an additional 75 miles to Recology's Ostrom Road Landfill in Yuba County instead of Waste Management's Altamont Landfill in Livermore. According to Mr. Assmann, this analysis included the impact of transporting the refuse by (a) biodiesel and liquefied natural gas fueled trucks to Waste Management's Altamont Landfill, and (b) liquefied natural gas powered trucks and diesel powered rail to Recology's Ostrom Road Landfill. As shown in Table 1 below, transportation to Recology's Ostrom Road Landfill site in Yuba

⁶ According to Mr. Assmann, solid waste would be transported from the transfer station to Oakland by truck, a distance of approximately 15 miles, then by rail from Oakland into the Ostrom Road Landfill, a distance of approximately 115 miles.

⁷ According to Mr. Assmann, the rail fee would also impact commercial refuse collection rates. However, as discussed above, such rates are not subject to approval by the Director of Public Works or the Rate Board.

⁸ According to Mr. Assmann, a small rail spur would be constructed by Recology from the existing rail line into the Ostrom Road Landfill. Mr. Assmann noted that the construction cost of such a rail spur is included in the estimated transportation cost of \$30.41 shown in Table 3 (column B) below, and because such construction is not a project of the City and County of San Francisco, the project would not be subject to environmental review under the California Environmental Quality Act (CEQA).

County is estimated to generate 1.15 less tons of carbon dioxide than transportation to Waste Management's Altamont Landfill in Livermore.

Table 1: Comparison of Carbon Dioxide Emissions

Landfill	Miles Transported	Transportation Method	Tons of Carbon Dioxide Emitted per Ton of Waste
Recology's Ostrom Road Landfill in Yuba County	130	Truck, Rail	9.4
Waste Management's Altamont Landfill in Livermore	55	Truck Only	10.55
Difference	75		-1.15

The proposed new Amended Facilitation Agreement would continue to provide for a Reserve Fund, which, as discussed above, can be drawn down by Recology if the revenues from refuse collection rates charged to residents and businesses do not fully cover Recology's cost of refuse collection and transportation services.

A Competitive Bidding Process Has Not Been Conducted by the City for the Proposed Amended Facilitation Agreement With Recology

The DOE did not conduct a competitive bidding process prior to requesting award of the proposed Amended Facilitation Agreement with Recology. According to Mr. Assmann, the Amended Facilitation Agreement was not competitively bid because Recology's transfer station is located in San Francisco, near Candlestick Park, and transportation of the refuse from the Recology transfer station to the new Ostrom Road Landfill would require the transport of refuse "through the streets of the City and County of San Francisco." Under the City's Refuse Collection and Disposal Ordinance of 1932, only permitted haulers can transport refuse "through the streets of the City and County of San Francisco". Since Recology is the only such firm permitted to collect and transport refuse within the City, only Recology has been authorized to provide such services required in the Facilitation Agreement.

Landfill Disposal Agreement

The proposed resolution would also authorize the Department of the Environment to execute a new Landfill Disposal Agreement with Recology which permits the deposit of solid waste collected in San Francisco into Recology's Ostrom Road Landfill site in Yuba County. The term of this Agreement would begin upon the expiration of the existing Altamont Landfill Disposal Agreement with Waste Management, which Mr. Assmann anticipates will expire in 2015. The term of the proposed Landfill Disposal Agreement would terminate the earlier of (a) ten years from the commencement date, or (b) when 5,000,000 tons of solid waste had been deposited into the Ostrom Road Landfill.

Based on the analysis conducted by the City in 2009, the proposed Landfill Disposal Agreement with Recology would increase the tipping fees (including related government fees)⁹ charged to permitted haulers¹⁰ or self-haulers (persons disposing of their own waste, which is permitted under the City's Refuse Collection and Disposal Ordinance of 1932), from \$18.66 per ton to \$28.53, an increase of \$9.87 or 52.9 percent (see the Fiscal Analysis Section below for a discussion on how the proposed tipping fees will impact refuse collection rates for customers).

The City Conducted A Competitive Bidding Process For Award of the Proposed New Landfill Disposal Agreement with Recology

Following a series of public hearings in 2007, the Department of the Environment issued a Request for Qualifications (RFQ) to firms providing landfill disposal capacity. According to Mr. Assmann, the RFQ was sent to all landfill companies in California, and responses were due on August 29, 2008. Three firms responded to the RFQ, and subsequent to evaluation of the three submissions, all three firms were determined to be qualified under the terms of the RFQ.

A Request for Proposals (RFP) to provide for landfill disposal capacity was issued on February 9, 2009, and sent out to all three firms that qualified through the Request for Qualifications process discussed above. Three firms submitted responses. However, one firm was disqualified for failing to attend a mandatory pre-bidding conference. The two qualified responses were from Recology and Waste Management. An evaluation panel of three members included (a) Mr. Ed Lee, former City Administrator/current Mayor, (b) Ms. Susan Katchee, Environmental Services Director, City of Oakland, and (c) Mr. David Assmann, Deputy Director, Department of the Environment. The evaluation panel reviewed and scored both proposals and conducted oral interviews using standardized criteria. As shown in Table 2 below, the evaluation panel recommended award of the subject Agreement to Recology, based on receiving 254 points, as compared to 240 points received by Waste Management, out of a total of 300 points.

Table 2: Proposals Scoring Results

Evaluation Category	Maximum		
	Points	Waste Management	Recology
Environmental and Labor Practices	75	58	56
Landfill Capacity	75	57	57
Experience and References	30	30	30
Cost (including Tipping Fees and Transportation Costs)	75	54	74
Oral Interview	45	41	37
Total	300	240	254

⁹ As discussed above, "tipping fees" are fees charged by the landfill owner for the deposit of waste into that landfill. Government fees are those fees which are also imposed for landfill deposits by various governmental entities such as the county in which the landfill is located.

¹⁰ Recology is divided into various different subsidiaries, such that the tipping fees imposed on permitted haulers by the proposed Landfill Disposal Agreement would result in Recology's collection subsidiaries paying tipping fees to Recology's landfill subsidiary.

The Budget and Legislative Analyst notes that the largest difference in the RFP scoring between the two firms was cost, such that Recology’s proposal was determined to result in significantly lower costs than Waste Management’s proposal. According to Mr. Assmann, the increased 75 mile transportation distance between Recology’s transfer station in San Francisco to Recology’s proposed new Ostrom Road Landfill site in Yuba County, which is 130 miles from Recology’s transfer station, instead of the current Waste Management Altamont Landfill, which is 55 miles from Recology’s Transfer Station, as well as the proposed use of rail transportation by Recology, were included in the evaluation of proposals received, and are reflected in the scores shown in Table 2 above. Notably, the Evaluation Panel still found that Recology’s annual costs were lower than Waste Management’s costs.

A notice of intent to award the subject Landfill Disposal Agreement was sent to Recology on September 10, 2009. Waste Management subsequently submitted two formal protests covering a total of ten separate topics of protest, all of which the DOE evaluated and rejected.

The Attachment to this report, provided by the DOE, details Waste Management’s objections and the related analysis by the Department of Environment, and provides (a) a summary of each of Waste Management protests, (b) Recology’s responses, and (c) DOE’s responses. Mr. Assmann noted that Recology’s responses were included in the protest response according to advice received from the City Attorney’s Office.

FISCAL ANALYSIS

Agreement Fees and Costs

As shown in Table 3 below, the proposed two Agreements with Recology, including the Landfill Disposal Agreement and the Amended Facilitation Agreement, was calculated to result in the cost per ton of solid waste disposal increasing by \$21.95 per ton, from \$36.99 per ton to \$58.94 per ton. According to Mr. Assmann, this increase is the result of solid waste disposal costs of \$36.99 per ton being significantly below market rates because the existing rates were originally set in 1987, then adjusted by an inflation factor averaging approximately 1.17 percent. As also shown in Table 3 below, the rejected proposal from Waste Management would have increased costs by \$48.13 per ton, from \$36.99 per ton to \$85.12 per ton.

Table 3: Fees and Costs of the Proposed Agreements

Fee or Cost Category	2009 Rate ¹¹	Proposed Recology Rate	Increase	Rejected Waste Management Rate	Increase
	A	B	C = B - A	D	E = D - A
Tipping Fees and Government Fees Per Ton	\$18.66	\$28.53	\$9.87	\$66.79	\$48.13
Transportation Cost Per Ton (under the Proposed Amended Facilitation Agreement)	18.33	30.41	12.08	18.33	0.00
Total Cost Per Ton	\$36.99	\$58.94	\$21.95	\$85.12	\$48.13

Mr. Assmann advises that under the terms of the proposed agreements, the Director of Public Works must recommend to the City’s Rate Board that all the proposed fees and costs shown in

¹¹ Table 3 compares the actual rates in 2009 to the two bids that were received and evaluated in 2009. As of July 1, 2010, the Tipping Fees and Government Fees Per Ton were \$20.05 and the Transportation Cost Per Ton was unchanged at \$18.33 for a Total Cost Per Ton of \$38.38.

Table 3 above are “just and reasonable” as it relates to in any requested rate increase application submitted by Recology to the Rate Board. As shown in Table 4 below, based on data provided by Mr. Assmann, the increased costs shown in Table 3 above are estimated to increase residential refuse collection rates charged to residential customers, subject to approval by the Rate Board, by 3.0 percent.

If the proposed Agreements are approved, the average single family residence cost is estimated to increase from \$27.55 per month to \$28.37 per month, an increase of \$.82 per month, or 3.0 percent. As also shown in Table 4 below, the proposal from Waste Management would have increased rates by approximately 6.5 percent, from \$27.55 to \$29.33, an increase of \$1.78 per month.

Table 4: Impact on Refuse Collection Rates Paid By San Francisco Single Family Home Owners for 32-Gallon Waste Containers

Row	Cost Calculation	Proposed Recology Agreement	Rejected Waste Management Agreement
A ¹²	Increased Cost Per Ton	\$21.95	\$48.13
B	Estimated Total Tons of Solid Waste Disposed	277,000	277,000
C = A x B	Total Increased Cost	\$6,080,150	\$13,332,010
D	Current Total Refuse System Cost ¹³	\$206,000,000	\$206,000,000
E = C ÷ D	Percent Increase	3.0%	6.5%
F	Current Single Family Refuse Collection Monthly Cost	\$27.55	\$27.55
G = E x F	Cost Increase	\$0.82	\$1.78
H = F + G	Estimated Increased Monthly Cost	\$28.37	\$29.33

As reflected in Table 4 above, the annual cost for San Francisco’s refuse collection, transportation and disposal is approximately \$206,000,000. If the proposed Agreements are approved, all refuse collection, transportation and disposal would be the responsibility of Recology. All of these costs are paid by residential and commercial ratepayers.

Under the proposed Landfill Agreement, the term would terminate the earlier of (a) ten years from the commencement date, or (b) when 5,000,000 tons of solid waste had been deposited into the Ostrom Road Landfill. Mr. Assmann estimates the value of the proposed Landfill Agreement is approximately \$112,000,000 over the ten-year period. The proposed Facilitation Agreement has the same term as the proposed Landfill Agreement, but there is not a specific value tied to the Facilitation Agreement.

City Costs

All of the costs included in the proposed new Landfill Agreement and the Amended Facilitation Agreement would be incorporated into the rates paid by the City’s residential and commercial waste collection customers. Regarding City-owned facilities, the City, as a commercial customer, contracts with Recology to dispose of solid waste generated by City-owned buildings

¹² Increased cost per ton is from Table 3 rows C and E above.

¹³ The Current Total Refuse System Cost of \$206,000,000 represents the total cost of refuse collection, transportation, and disposal, and is the basis for determining collection rates charged to residential customers.

and facilities. In FY 2009-2010, the City paid Recology \$5,750,000 to dispose of the solid waste from City-owned facilities.

Mr. Assmann notes that increases approved by the Rate Board for residential refuse collection rates have historically also resulted in equivalent increases to commercial refuse collection rates. Therefore, the anticipated one-time 3.0 percent increase in residential refuse collection rates will likely also result in a 3.0 percent increase in commercial refuse collection rates. As a customer of commercial refuse collection services from Recology, the City's waste collection costs are anticipated to increase by 3.0 percent, or, \$172,500, from their current annual cost of \$5,750,000 to \$5,922,500.

Department of the Environment Operating Funds

In addition to the fees and costs under the proposed new Landfill Agreement and the proposed Amended Facilitation Agreement discussed above, a portion of DOE's operating expenditures¹⁴ are also incorporated into the rates paid by the residents and businesses for refuse collection services. Such expenditures are subject to annual appropriation approval to DOE by the Board of Supervisors. According to Mr. Assmann, the annual average amount appropriated by the Board of Supervisors to the Department of the Environment for such operating costs is approximately \$7,000,000 per year. Mr. Assmann stated that the proposed Agreements would not increase or decrease the amount available to cover DOE's operating costs.

POLICY ALTERNATIVES

Alternative 1:

Submit a proposition to the voters to repeal the Refuse Collection and Disposal Ordinance of 1932, such that the collection and transport of refuse would be subject to the City's competitive bidding process.

According to the Refuse Collection and Disposal Ordinance of 1932, codified in San Francisco Administrative Code Appendix 1, there are 97 permits to collect and transport refuse within the City of San Francisco, and only authorized refuse collectors which have permits from the City may transport refuse "through the streets of the City and County of San Francisco." Due to a number of acquisitions since the Refuse Collection and Disposal Ordinance of 1932 was approved, Recology now owns all 97 permits and therefore is the City's designated permanent exclusive refuse collection and transportation firm for the refuse collected in San Francisco.

The Budget and Legislative Analyst notes that, in order to avoid having multiple refuse collection firms operating throughout the City, it may be in the City's best interests to have only one exclusive provider of refuse collection and transportation services. However, such exclusive collection and transportation services should be (a) provided by a firm selected

¹⁴ According to Mr. Assmann, such operating costs include DOE programs for recycling, green building, environmental justice, and long term planning for waste disposal.

through the City's normal competitive bidding process, and (b) provided for only a finite term after which a new competitive bidding process should occur.

The Budget and Legislative Analyst also notes that it is possible that competitive bidding could potentially result in reduced refuse collection rates for residents and businesses in San Francisco. For example, Table 5 below shows that while rates paid by residential refuse collection customers are comparable, commercial refuse collection customer rates in Oakland are significantly lower than those rates paid by San Francisco businesses. However, according to Mr. Assmann, San Francisco's refuse costs are higher because (a) San Francisco currently diverts 77 percent of refuse from the landfill as compared to Oakland which currently diverts 67 percent from their landfill, partially because San Francisco mandates the collection of organic materials, and (b) San Francisco has higher density and narrower streets which require more-labor intensive practices than Oakland.

Table 5: Comparison of Residential and Published Commercial Refuse Collection Rates (for One Collection Per Week)

Current Rate Type for Once Per Week Collection Service	Oakland	San Francisco	Difference in Cost	Percent
Residential Rates for 32-35 Gallon Containers ¹⁵	\$27.68	\$27.55	(\$0.13)	(0.5%)
Commercial Rate for 2 Cubic Yards	\$237.75	\$494.01	\$256.26	107.8%

Therefore, a policy alternative for consideration by the Board of Supervisors includes submitting a proposition to the voters to (a) repeal the City's Refuse Collection and Disposal Ordinance of 1932, such that refuse collection and transportation services would be required to be awarded under the City's normal competitive bidding process, and (b) require that refuse collection rates for both residential and commercial services be subject to Board of Supervisors approval.

Notably, the voters of San Francisco have previously rejected two propositions which would have amended the City's Refuse Collection and Disposal Ordinance of 1932 and allowed for competitive bidding for refuse collection and transportation, including (a) Proposition Z in November of 1993, which was rejected by 76.3 percent of the voters, and (b) Proposition K in November of 1994, which was rejected by 64.5 percent of the voters.

Alternative 2:

Request that the Department of the Environment analyze the potential costs and benefits of using a firm other than Recology for the transportation of refuse which does not occur "through the streets of the City and County of San Francisco."

The existing Facilitation Agreement with Recology and the proposed Amended Facilitation Agreement with Recology were not subject to a competitive bidding process because, according to Mr. Assmann, (a) under the Refuse Collection and Disposal Ordinance of 1932, only Recology can be authorized to transport refuse "through the streets of the City and County of

¹⁵ Residential collection rates in San Francisco are based on 32-gallon containers while residential collection rates in Oakland are based on 35-gallon containers. Because most of the costs of collection result from labor and vehicle expenses to pick up individual containers, the rates in Oakland and San Francisco are comparable.

San Francisco,” and (b) transport of refuse from Recology’s transfer station, which is located in San Francisco near Candlestick Park, requires travelling “through the streets of the City and County of San Francisco.” However, the Budget and Legislative Analyst was unable to identify any portion of the Refuse Collection and Disposal Ordinance of 1932 which governs the transport of refuse which does not occur “through the streets of the City and County of San Francisco.”

Therefore, it may be possible for a second firm, other than Recology, to transport refuse after it has been collected by Recology, if that second firm’s transfer station was located either outside the City limits or was located near marine or rail facilities, such that refuse from the transfer station to the City’s designated landfill could avoid being transported “through the streets of the City and County of San Francisco.” Should the Board of Supervisors elect not to submit a proposition to the voters to repeal the City’s existing Refuse Collection and Disposal Ordinance of 1932, a second policy alternative for consideration by the Board of Supervisors includes requesting the DOE to analyze the potential costs and benefits of using Recology to continue collecting refuse, but using a second separate firm to provide refuse transportation services if such a firm could avoid transporting refuse “through the streets of the City and County of San Francisco.”

RECOMMENDATIONS

1. Although the proposed Landfill Disposal Agreement was subject to the City’s normal competitive bidding process, because the Landfill Disposal Agreement is the sole portion of the refuse collection, transportation, and disposal process which is subject to the City’s normal competitive bidding process, and because the transfer and the collection of the City’s refuse has never been subject to the City’s normal competitive bidding process, approval of the proposed resolution is a policy matter for the Board of Supervisors.
2. The Budget and Legislative Analyst recommends that the Board of Supervisors consider submitting a proposition to the voters to (a) repeal the City’s existing Refuse Collection and Disposal Ordinance of 1932, such that future refuse collection and transportation services would be required to be awarded by the City under the City’s normal competitive bidding process, and (b) require that refuse collection rates for both residential and commercial services be subject to Board of Supervisors approval.



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JARED BLUMENFELD
Director

**Department of the Environment Response to Protest Filed by Waste Management
November 12, 2009**

Waste Management Objection

1) The RFP specified that a proposed per ton tip fee be valid through December 30, 2025, which must represent an all-inclusive rate, including all additional regulatory and other fees. (See Section III C 5 of the RFP). To the extent the contractor tentatively selected for the disposal capacity award does not yet have a fully permitted landfill sufficient to accommodate San Francisco's solid waste, or its proposed landfill is at or exceeds current capacity if it were to include San Francisco's waste, it is unlikely if not impossible that any proposed rate could accurately reflect all costs associated with developing or permitting of a new landfill or landfill expansion, including regulatory or host fees imposed by the host community, which typically occur as part of a permitting process. Thus, to the extent the tentative award was influenced based on proposed pricing, it lacks factual support, and was therefore arbitrary and capricious, and violates the criteria set forth in the RFP.

Recology Response

Permitted Landfill Capacity: In satisfaction of the City's "Request for Qualifications Landfill Disposal Capacity," SF Recycling & Disposal's proposal is based on regional landfill capacity that is immediately available and fully permitted, with sufficient capacity to meet the City's disposal needs through the year 2025 or a maximum of 5,000,000 tons, whichever comes first. Therefore, Waste Management's suggestion that our proposal does not "accurately reflect all costs associated with developing or permitting of a new landfill or landfill expansion" is simply incorrect. The permitting process is already complete, and the analysis of operations, costs, and community impacts that is an ongoing part of that process has been incorporated into our proposal.

Department of the Environment Analysis

Given that Recology has completed the permitting process for the proposed landfill, and has submitted an all inclusive per ton tip fee rate, we find that this objection does not have merit.



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Director

Waste Management Objection

2). The selection criteria specified in the RFP include, among other things, (a) permitted and currently planned capacity; (b) permitted annual tonnage; (c) current limits or permit restrictions on use (d) current environmental status of the landfill, and (e) environmental impact on the host community. (See RFP Section IV A 1 and 2). WMAC has a fully permitted landfill with sufficient capacity and approved expansion capacity to accommodate San Francisco's anticipated flow of solid waste. Further, all permits are current, environmental impacts have been fully reviewed and all impacts on the host communities have been evaluated and addressed through mitigation measures or otherwise. To the extent that the tentative award was based on a proposed landfill that is not yet fully permitted, or a landfill that would be at capacity or without sufficient capacity were it to include San Francisco's solid waste, the review and scoring procedures could not have properly found or evaluated the existence of (1) permitted capacity, (2) current limits or permit restrictions on use; (3) current environmental status of the landfill, or (4) environmental impacts on the host community. Indeed, to the extent that any points were awarded based on compliance with these requirements it would be speculation at best. To that end, WMAC protests the tentative award based on the fact that the scoring did not delineate or indicate in anyway the points associated with compliance of those specific criteria listed in RFP

Sections IV A 1 and 2, but instead awarded gross points only without an explanation or the transparency necessary to fully evaluate the award. As such, the decision to tentatively award the contract was based on speculation, lacks credibility and factual support because it fails to specify how each identified criteria were evaluated, and as such the evaluation process and its conclusions were arbitrary and capricious and violates the criteria set forth in the RFP..

Recology Response

Permitted Landfill Capacity: In satisfaction of the City's "Request for Qualifications Landfill Disposal Capacity," SF Recycling & Disposal's proposal is based on regional landfill capacity that is immediately available and fully permitted, with sufficient capacity to meet the City's disposal needs through the year 2025 or a maximum of 5,000,000 tons, whichever comes first. Therefore, Waste Management's suggestion that our proposal does not "accurately reflect all costs associated with developing or permitting of a new landfill or landfill expansion" is simply incorrect. The permitting process is already complete, and the analysis of operations, costs, and community impacts that is an ongoing part of that process has been incorporated into our proposal.

Department of the Environment Analysis

Recology has completed the permitting process for the proposed landfill, which has the capacity to meet San Francisco's needs. Scoring was consistent with the specifications outlined in the Request for Proposal, which stated that proposals would be scored on each of the five categories listed, and not broken out by individual criteria. Therefore, we find that this objection does not have merit.



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Page 3 of 7



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Director

Waste Management Objection

3). The selection criteria specified in the RFP requiring an evaluation of the proposer's ability to minimize and mitigate climate impacts. WMAC's proposed Altamont Landfill and Resource Recovery Facility is the closest landfill to the City and County of San Francisco and would therefore reduce carbon emissions due to travel time and distance as compared to a much more distant landfill. Indeed, to the extent the tentative award was based on a rail-haul proposal, or trucking to a much more distant location, it is doubtful that such a long-distance disposal option would in effect "minimize and mitigate climate impacts" as specified in Section A 1 a of the RFP. Further, the scoring process used by the City did not assign any value to this particular requirement, but provided only gross numbers as part of the evaluation. Consequently, there is no support for the City's assessment that a rail-haul or long truck-haul option reduces carbon emissions over a closer-in option. As such, the City's evaluation and its conclusion lacks credibility or factual support and is therefore arbitrary and capricious and violates the criteria of the RFP.

Recology Response

Transportation of Materials to Site As you know, SF Recycling & Disposal proposes to transport the City's waste to landfill by rail. Waste Management's letter suggests that the environmental and cost impacts of rail transport have not been adequately studied. However, our proposal includes a detailed analysis of these issues and demonstrates the many benefits the City would enjoy from rail transport, including greater fuel efficiency, reduced emissions, reduced carbon footprint, reduced traffic congestion, and improved public safety. Although we have the ability to haul by truck, taking trucks off the road is a far more sustainable approach. Our proposal demonstrates that rail transport is a superior solution.

There is much third-party affirmation of the benefits of rail haul over truck haul. According to the Association of American Railroads, rail transport offers three or more times greater fuel efficiency than truck transport on a ton-mile basis. By rail, one gallon of fuel transports one ton of material over 400 miles. Union Pacific confirms these statistics and has achieved even greater hauling efficiencies with its more advanced locomotives. Waste Management also recognizes the benefits of rail hauling over truck hauling. Its website reports that hauling of waste by rail in Seattle "provides a cost-effective and efficient means of disposing waste." In describing its New York City operations, Waste Management's website calls "rail transportation of solid waste the wave of the future" and notes "with rail there is less traffic and less fumes." The website includes numerous other testimonials to the benefits of waste rail hauling in other communities.

Department of the Environment Analysis

Response: The City did not conclude that a rail-haul or long truck-haul option would reduce carbon emissions more than a closer-in option, and the scoring of the proposals was not based on such a conclusion. Nor did the terms of the RFP require the evaluators to assign a separate value to "minimizing and mitigating climate impacts." (See RFP, Part IV.A.1.) Rather, "minimizing and mitigating climate impacts" was one factor to be considered in scoring "approach and adherence to overarching considerations," and the evaluators properly considered environmental impacts as part of the scoring of the proposals. Therefore, we find that this objection does not have merit.

Department of the Environment, City and County of San Francisco

11 Grove Street, San Francisco, CA 94102

Telephone: (415) 355-3700 • Fax: (415) 554-6393

Email: environment@sf.gov • www.sfenvironment.com

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Page 4 of 7



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Mayor

JARED BLUMENFELD
Director

Waste Management Objection

4) The selection criteria, and references in the RFP, indicate that the City and County have a strong interest in an environmentally superior disposal option that includes, as referenced, a commitment to minimize climate impacts. To the extent the tentative award of the contract was based on a rail-haul option, the evaluation fails to consider the environmental impacts and in particular the increased carbon footprint associated with (1) stockpiling of solid waste within San Francisco until accumulated amounts can be feasibly rail-hauled to a distant location, including the release of green house gases associated with such storage; (2) the truck trips and associated carbon impact involved with both loading and unloading waste at the rail destination; (3) the environmental impacts associated with the necessary construction of an intermodal rail facility to facilitate rail-haul to distant locations and the associated environmental impacts on the host community for the rail spur; (4) or the effect of San Francisco's commitment to a zero waste position on both the environmental and cost efficiencies associated with rail or distant truck haul. To the extent that there is no documented review or evaluation of these issues, the City's tentative award violates the criteria established in the RFP, and to the extent the award was made without consideration of these issues, it lacks factual support and is thus arbitrary and capricious.

Recology Response

Transportation of Materials to Site As you know, SF Recycling & Disposal proposes to transport the City's waste to landfill by rail. Waste Management's letter suggests that the environmental and cost impacts of rail transport have not been adequately studied. However, our proposal includes a detailed analysis of these issues and demonstrates the many benefits the City would enjoy from rail transport, including greater fuel efficiency, reduced emissions, reduced carbon footprint, reduced traffic congestion, and improved public safety. Although we have the ability to haul by truck, taking trucks off the road is a far more sustainable approach. Our proposal demonstrates that rail transport is a superior solution.

There is much third-party affirmation of the benefits of rail haul over truck haul. According to the Association of American Railroads, rail transport offers three or more times greater fuel efficiency than truck transport on a ton-mile basis. By rail, one gallon of fuel transports one ton of material over 400 miles. Union Pacific confirms these statistics and has achieved even greater hauling efficiencies with its more advanced locomotives. Waste Management also recognizes the benefits of rail hauling over truck hauling. Its website reports that hauling of waste by rail in Seattle "provides a cost-effective and efficient means of disposing waste." In describing its New York City operations, Waste Management's website calls "rail transportation of solid waste the wave of the future" and notes "with rail there is less traffic and less fumes." The website includes numerous other testimonials to the benefits of waste rail hauling in other communities.

Department of the Environment Analysis

Response: The terms of the RFP did not require the evaluators to separately review and evaluate the factors identified by Waste Management in their protest. Rather, "minimizing and mitigating climate impacts" was one factor to be considered in scoring "approach and adherence to overarching considerations," and the evaluators properly considered environmental impacts as part of the scoring of the proposals. (See RFP, Part IV.A.1.) Therefore, we find that this objection does not have merit.



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Director

Waste Management Objection

5) To the extent that the tentative award involves a distant landfill as a current option and an out-of-state landfill as a back-up or ultimate option, the evaluation does not indicate any review or consideration of impacts on host communities. Indeed, long-haul trucking or rail-haul options that involve San Francisco waste being disposed of out of state would necessarily involve and require input from host communities or at the very least evidence that the positions of host communities were considered and evaluated in the selection process. To the extent that no such evaluation occurred, the City's tentative award lacks factual support and is thus arbitrary and capricious and violates the criteria set forth in the RFP.

Department of the Environment Analysis

Response: The evaluators properly considered "environmental and other impacts on host communities" as one factor in scoring "approach and adherence to overarching considerations," as required by the terms of the RFP. (See RFP, Part IV.A.1.) The suggestion that Recology's proposal included out-of-state landfill sites is incorrect. Therefore, we find that this objection does not have merit.

Waste Management Objection

6) For a rail-haul option to be even reasonably cost effective, it must be based on significant waste volumes. To the extent that the evaluation process did not consider San Francisco's goal of "zero waste" on the economics of a rail-haul option, it lacks factual support and is thus arbitrary and capricious and violates the criteria of the RFP. Indeed, to the extent that the economics of a rail-haul option are based on waste collections in other communities in the Bay Area that will then be railed out of state to a distant landfill, the City would need to examine and evaluate the cumulative environmental impacts of such a proposal both in terms of impacts to the City, surrounding Bay Area cities and to the host communities out of state. To the extent that the evaluation process failed to consider fully the ramifications of hauling San Francisco's waste out of state, the tentative award lacks factual support and is thus arbitrary, capricious and violates the criteria of the RFP.

Department of the Environment Analysis

Response: The terms of the RFP did not require the evaluators to review and evaluate the economics of a rail-haul option. Rather, the proposer is responsible for considering those issues in calculating its proposed rates. The evaluators properly considered environmental and other impacts, including local impacts and impacts on host communities, in scoring "approach and adherence to overarching considerations," as required by the terms of the RFP. (See RFP, Part IV.A.1.) The suggestion that Recology's proposal included out-of-state landfill sites is incorrect. Therefore, we find that this objection does not have merit.

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11 Grove Street, San Francisco, CA 94102

Telephone: (415) 355-3700 • Fax: (415) 554-6393

Email: environment@sfgov.org • www.sfenvironment.com

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Director

Waste Management Objection

7) The tentative award and evaluation process failed to adequately consider the environmental superiority of WMAC's proposal, and in particular, the fact that it represents a shorter distance traveled (50 miles compared to 130 miles as Ostrom road and considerably more to Winnemucca), does not involve the development of new transportation facilities, will not involve at any juncture an out-of-state option. As such, the evaluation and award was arbitrary and capricious and violates the criteria set forth in the RFP.

Department of the Environment Analysis

Response: The evaluators properly considered environmental impacts in scoring "approach and adherence to overarching considerations," as required by the terms of the RFP. (See RFP, Part IV.A.1.) The suggestion that Recology's proposal included out-of-state landfill sites is incorrect. Therefore, we find that this objection does not have merit.

Waste Management Objection

8) The tentative award and evaluation process failed to adequately and properly consider and value the pricing proposed by WMAC, and as such was arbitrary and capricious and violates the criteria set forth in the RFP in that pricing remains consistent as proposed, is not subject to entitlement and development costs associated with the tentative award if that award involves developing new or additional capacity at distant landfills.. As such, the evaluation process and the tentative award was arbitrary and capricious and violates the criteria set forth in the RFP.

Department of the Environment Analysis

Response: The evaluators properly considered "proposed rates, including adherence to tiered rates and any escalator," as required by the terms of the RFP. (See RFP, Part IV.A.4.) The suggestion that Recology's proposal involves developing new or additional capacity is incorrect. Therefore, we find that this objection does not have merit.

Waste Management Objection

9) The tentative award and evaluation process failed to properly consider and value WMAC's ability to accommodate the City's waste stream in that insufficient points were awarded based on WMAC's already permitted capacity of 11,500 tons per day as weighed against Ostrom Roads 3,000 tons per day, with Ostrom Road apparently having insufficient capacity to accommodate the City's full waste stream on a long-term basis. As such the evaluation process and the tentative award was arbitrary and capricious and violates the criteria set forth in the RFP



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Page 7 of 7



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Department of the Environment Analysis

Response: The suggestion that Recology's proposed landfill does not have sufficient capacity to accommodate the City's waste stream is incorrect. Therefore, we find that this objection does not have merit.

Waste Management Objection

10) The tentative award and evaluation process failed to properly consider and value the environmental superiority of WMAC's proposal in that it failed to properly recognize that the Altamont Landfill currently generates 8.5 megawatts of power from landfill gas and has a permitted landfill gas to LNG facility, compared to the selected contractor's very limited energy production. As such the evaluation process and tentative award was arbitrary and capricious and violates the criteria set forth in the RFP.

Department of the Environment Analysis

Response: The evaluators properly considered environmental impacts, and "minimizing energy use and highest and best procedures", in scoring "approach and adherence to overarching considerations," as required by the terms of the RFP. (See RFP, Part IV.A.1.) Therefore, we find that this objection does not have merit.

Additional Objection Filed in 2nd Letter

However, WMAC would also note that the selection criteria established in the RFP, and as noted in numeral (2) of WMAC's earlier protest, specified bids for "disposal". However, it appears as though the City and County of San Francisco modified those RFP criteria without notice to all bidders to include transportation and processing options, with only one company having solid waste processing ability in San Francisco, financed by rate payers, and to the exclusion of all other competitors. To the extent another bidder referenced and/or the City considered processing and transportation infrastructure, this was outside the scope of the RFP and, as such, wholly improper.

Department of the Environment Analysis

Response: The City did not modify the evaluation and selection criteria set forth in the RFP, and did not consider processing and transportation infrastructure outside the scope of the RFP. Therefore, we find that this objection does not have merit.

City and County of San Francisco
Department of the Environment
11 Grove Street
San Francisco, California 94102

**Landfill Disposal Agreement between
The City and County of San Francisco and
Recology San Francisco**

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2010 SEP 23 PM 12:56
BY _____

This Landfill Disposal Agreement (this "Agreement") is made this ____ day of _____, 2010, in the City and County of San Francisco, State of California ("San Francisco"), by and between: Recology San Francisco, a California corporation, hereinafter referred to as "Contractor," and the City and County of San Francisco, a municipal corporation, hereinafter referred to as "City," acting by and through its Department of the Environment.

Recitals

WHEREAS, the City, Contractor (f/k/a Sanitary Fill Company) and Waste Management of Alameda County, Inc. ("WMAC") (f/k/a Oakland Scavenger Company) are parties to that certain Waste Disposal Agreement dated as of January 2, 1987 (the "Prior Agreement");

WHEREAS, the Prior Agreement provides the City with landfill disposal capacity of up to 15 million tons at WMAC's Altamont landfill, approximately 12.9 million of which had been utilized as of May 31, 2010;

WHEREAS, the City estimated in February 2009 that the remaining landfill disposal capacity under the Prior Agreement would be exhausted by 2014 or 2015, depending on the rate at which residual solid waste is disposed of in San Francisco in the coming years;

WHEREAS, the California Department of Resources Recycling and Recovery (CalRecycle) requires that the City have a plan for 15 years of landfill disposal capacity;

WHEREAS, to meet the CalRecycle requirement, and ensure sufficient landfill disposal capacity following exhaustion of capacity under the Prior Agreement, the City issued a Request for Proposals for Landfill Disposal Capacity ("RFP") on February 9, 2009, and subsequently selected Contractor as the highest qualified scorer pursuant to the RFP;

WHEREAS, Contractor represents and warrants that it, together with its affiliates, is qualified to perform the services required by City as set forth under this Contract;

Now, THEREFORE, the parties agree as follows:

1. Definitions.

Definitions contained in this section shall govern the construction of this Agreement.

- 1.1** "Applicable Laws" means all laws, ordinances, orders, judgments, rules, regulations and interpretations of any federal, state or local governmental entity applicable to operation of the Landfill or Back-Up Landfill.

*Complete copy of document
located in File NO. 101225

- 1.2 “Beneficial Use Material” means any material, including contaminated soils, that is used for alternative daily cover (as defined in Section 20164 of the California Code of Regulations), landfill construction, erosion control, pad or road building, slope stabilization, other beneficial reuse (as defined in Section 20686 of the California Code of Regulations), or any other use that is not deemed to be “disposal” for purposes of the California Integrated Waste Management Act and the rules and regulations thereunder, *provided, however*, that “Beneficial Use Material” shall not include Source-Separated Recyclable Material or Source-Separated Organic Material.
- 1.3 “Back-Up Landfill” means the Hay Road Landfill, located at 6426 Hay Road, Vacaville, California, in unincorporated Solano County.
- 1.4 “Change in Law” means any change in Applicable Law or Permits occurring after the date hereof that is not the result of Contractor’s willful or negligent action or omission or violation of Applicable Law or Permits.
- 1.5 “City Waste” means Solid Waste and/or Beneficial Use Material that is (i) collected in San Francisco by or on behalf of Permitted Haulers or City, (ii) generated in San Francisco and delivered to the Transfer Station by self-haulers, or (iii) residue from the processing of Recyclable Material or Organic Material generated in San Francisco.
- 1.6 “Commencement Date” means the date, as designated by the City, when all or substantially all the City’s Solid Waste is first accepted at the Landfill or Back-Up Landfill, which date may not be later than January 1, 2019.
- 1.7 “Designated Waste” means any of the following: (i) Hazardous Waste that has been granted a variance from hazardous waste management requirements, (ii) nonhazardous waste that, under ambient environmental conditions at a waste management unit, could be released in concentrations exceeding applicable water quality objectives or that could reasonably be expected to affect beneficial uses of the waters of the state, (iii) “universal wastes,” as defined in Section 66261.9 of Title 22 of the California Code of Regulations, or (iv) as to the Landfill or Back-Up Landfill, any material that is not permitted to be disposed of or accepted at such landfill under its Permits or Applicable Laws as in effect from time to time.
- 1.8 “Director” means the Director of the Department of Public Works of the City.
- 1.9 “Disposal Term” is defined in Section 2.2 hereof.
- 1.10 “Facilitation Agreement” means that certain Amended and Restated Facilitation Agreement dated as of the date hereof between City and Contractor.
- 1.11 “Fees” means the following collectively: the Solid Waste Fee, the Organics-Free Waste Fee, and the Beneficial Use Material Fee, each as defined in **Appendix A**, as well as the Excess Disposal Fee and the Carbon Mitigation Fee, each as defined in Section 3.8.
- 1.12 “Force Majeure” means any (a) act of God, earthquake, fire, flood, storm, epidemic, landslide, lightning, explosion or similar occurrence; (b) act of public enemy, war, terrorism, riot, civil disturbance or disobedience, sabotage or similar occurrence; (c) labor action, strike, picketing, work stoppage, work slowdown, sickout or similar occurrence; (d) order, judgment, injunction, condemnation or other act of any federal, state, county or local

LOAD CHECKING PROGRAM

Prepared for

Recology Ostrom Road

**Revised
July 2010**

Prepared by

Recology

Recology Ostrom Road

Load Checking Program

TABLE OF CONTENTS

<i>INTRODUCTION</i>		
	Purpose	1
	Overview	1
<i>PERSONNEL AND TRAINING</i>		3
	Equipment Operator	3
	Spotter	4
	Working Foreman	4
	Load Checker	4
	Recology Environmental Compliance Department Personnel	5
<i>LOAD CHECKING ACTIVITIES</i>		6
	Customer Notification	6
	Site Surveillance	7
	Waste Inspection	8
<i>MANAGEMENT OF WASTES</i>		9
	Waste Return Procedures	9
	Waste Classification and Storage	9
<i>RECORD KEEPING PROCEDURES</i>		10
	Inspection Records	10
	Incident Reports	10
	Training Records	11

APPENDICES

- Appendix A - List of Prohibited Wastes**
- Appendix B - Emergency Phone Numbers**
- Appendix C - Site Information**
- Appendix D - Load Checking Program Forms**
- Appendix E - Customer Notices**
- Appendix F - Emergency Response/Contingency Plan**

INTRODUCTION

The load checking program described in this document was prepared by Recology for Recology Ostrom Road (ROR). The purpose of the load checking program is described below followed by a program overview.

Purpose

ROR's load checking program establishes procedures to identify and remove hazardous and otherwise prohibited wastes from the solid waste stream delivered to the facility. The program consists of a number of elements comprising a comprehensive load checking program whose purpose is to reduce disposal of prohibited waste at ROR.

Wastes prohibited from disposal at the facilities include hazardous, medical and other wastes prohibited by either the sites Solid Waste Facility Permit or Conditional Use Permit. Definitions of these wastes can be found in statute, regulation, or permit conditions. In addition, ROR may deem other wastes as prohibited at the facility. A list of typically prohibited wastes is in Appendix A.

The program is not intended to screen every waste load and prevent all prohibited waste from entering the facility. Rather, the program's objective is to put forth best efforts to reduce such occurrences.

Overview

The load checking program consists of five elements:

- Personnel and training
- Load checking activities
- Management of wastes
- Record keeping procedures
- Emergency procedures

Each of these elements is discussed in detail in separate sections of this document. They are summarized below.

Personnel and training identifies the facility personnel typically involved in the load checking program and describes their respective load checking responsibilities and training requirements. The load checking program is intended to be implemented by trained employees of Recology and its subsidiaries.

Load checking activities describes the main activities associated with load checking. The load checking program is applicable to solid waste entering the facility regardless of source, including contract, refuse collection, and transfer vehicles. Some of the wastes arriving at the facility have previously been processed through transfer stations. These loads are still subject to the ROR's loadchecking program, however loadchecking preference falls to previously unprocessed materials. The primary load checking activities are customer notification, site surveillance, and waste inspection. A number of redundancies are incorporated into load checking activities to provide for multiple opportunities to examine the waste for prohibited wastes. As such, the effectiveness of load checking activities does not depend on any single activity.

Management of wastes describes the handling procedures of prohibited waste.

Record keeping procedures describes the various records and forms used in documenting load checking program activities.

Emergency Response Procedures are addressed in the site plan written specifically for ROR is incorporated here by reference in Appendix F, even though the load checking program incorporates procedures to reduce the potential for such emergencies.

The ROR load checking program is dynamic and is subject to change due to new regulatory requirements, contractual obligations, company procedures, and industry standards. Recology will review the program as needed to maintain program consistency with new requirements.

PERSONNEL AND TRAINING

Once solid waste arrives at the facility entrance, it is potentially subject to load checking. Although the majority of load checking activities are conducted by the load checker, other personnel assist with certain load checking duties. ROR personnel involved in the load checking program are listed below.

- Equipment operator
- Spotter
- Working foreman
- Load checker
- Recology Environmental Compliance Department personnel

The load checking responsibilities and training requirements for each position are described below. All personnel are required to comply with the general safety practices and personal protective requirements for their positions. A list of site and contact personnel is in Appendix C.

Equipment Operator

The equipment operator uses heavy equipment to process the solid waste at ROR. This activity provides the opportunity for review of the solid waste immediately before burial. Situated in the equipment cab, the equipment operator can generally identify larger objects in the solid waste such as appliances or drums. If prohibited wastes are identified, the equipment operator contacts the load checker or Supervisor and relays relevant information such as the type of material suspected and whether emergency procedures are necessary, for example, due to a spill or fire.

The equipment operator may also assist the load checker during waste inspections by mechanically spreading the load. The equipment operator should not attempt to move or manage prohibited wastes or allow equipment to contact prohibited waste without direction from the load checker or working foreman. The equipment operator may provide assistance in containing emergency situations. The equipment operator typically does not complete load checking forms.

Typical training for this position includes (1) the effects of hazardous substances on human health and the environment, (2) identification of prohibited materials, and (3) emergency notification and response procedures. Additional training may be provided periodically.

Spotter

The spotter primarily directs traffic into position to unload, but he or she has the opportunity to survey loads before and during the unloading process. If prohibited wastes are suspected in the load, the spotter notifies the customer of the facility's waste acceptance policy and informs the customer that the wastes cannot be accepted at the facility. The spotter then notifies the load checker or working foreman of the suspected prohibited wastes. The spotter may provide assistance in containing emergency situations. The spotter typically does not complete load checking forms.

Typical training for this position includes (1) the effects of hazardous substances on human health and the environment, (2) identification of prohibited materials, and (3) emergency notification and response procedures. Additional training may be provided periodically.

Working Foreman

In addition to supervising ROR operations, the working foreman provides backup for the load checker and handles some of the load checker's duties if prohibited waste is discovered when the load checker is not present. These load checking duties typically include addressing customer concerns, refusing prohibited wastes, placing prohibited wastes in the hazardous materials storage container, and responding to emergencies. Upon the load checker's return, the working foreman reports any load checking activities conducted during the load checker's absence. Load checking activities conducted by the working foreman are recorded on the appropriate forms, typically the Site Surveillance Form or the Waste Inspection Form. Examples of these forms are in Appendix D.

Typical training for this position includes (1) the effects of hazardous substances on human health and the environment, (2) identification of prohibited materials, (3) emergency notification and response procedures, (4) selection and proper use of personal protective equipment, (5) management of prohibited wastes, and (6) record keeping. These trainings are conducted at least annually. Additional training may be provided periodically.

Load Checker

The load checker performs the routine activities of the load checking program. The load checker's primary responsibility is surveillance of incoming loads for hazardous and other prohibited wastes. The load checker can conduct load checking activities (customer notification, site surveillance, and waste inspection) at any location within the facility; however, these activities are typically conducted at either the public disposal area or ROR's tipping area.

As the primary site employee implementing the load checking program, the load checker is responsible for a number of other activities. These include addressing customer concerns, refusing prohibited wastes and responding to emergencies. The load checker reviews any activities that occurred during his or her absence. In addition, the load checker is the primary contact for regulatory agencies regarding the load checking program. This employee also maintains written records of load checking activities at the site, typically on the Site Surveillance Form and the Waste Inspection Form.

Typical training for this position includes (1) the effects of hazardous substances on human health and the environment, (2) identification of prohibited materials, (3) emergency notification and response procedures, (4) selection and proper use of personal protective equipment, (5) management of prohibited wastes, including waste characterization, and (6) record keeping. Additional training may be provided periodically. The load checker periodically attends refresher courses on waste related issues offered by colleges or universities, consulting firms, and professional organizations.

Recology Environmental Compliance Department Personnel

Recology Environmental Compliance Department personnel assist facility personnel as necessary. Their responsibilities typically include assisting with questions regarding the acceptability of certain wastes, conducting periodic audits, providing training for load checking personnel, providing guidance on company and facility policies, and responding to questions about the load checking program.

Typical training for Recology Environmental Compliance Department personnel includes (1) the effects of hazardous substances on human health and the environment, (2) identification of prohibited materials, (3) emergency notification and response procedures, (4) selection and proper use of personal protective equipment, (5) management of prohibited wastes, and (6) record keeping. Personnel periodically attend refresher courses on waste management related issues offered by colleges or universities, consulting firms, and professional organizations.

LOAD CHECKING ACTIVITIES

Load checking activities fall into three categories:

- Customer notification
- Site surveillance
- Load inspection

Each activity provides a varying level of scrutiny of the solid waste stream for the presence of prohibited wastes. Load checking activities are intended to promote customer cooperation with the load checking program. A fundamental concept of the load checking program is that customers are responsible for verifying the acceptability of their wastes. Although public education materials are readily available from local and state agencies, many customers may claim they are unaware that certain wastes are prohibited from disposal at the facility. Nevertheless, it is extremely important throughout the load checking process to maintain a courteous relationship with the customer.

Each of the load checking activities described below identifies the typical steps in the process of load checking. It should be noted that every load that is checked is not subject to all activities. There are two reasons for this. First, the program intentionally includes an element of randomness. That is, each activity can occur randomly as loads arrive at the facility. Second, subjecting each load checked to all load checking activities could significantly increase the time the customer must remain at the facility. The flow description indicates maximum review of the waste load by all site personnel that could potentially be involved. Additionally, there is no fixed sequence to the activities described; several activities may be undertaken simultaneously or independently and may target specific or random loads.

To prevent customers from circumventing the program, it is extremely important that the schedule for conducting load checking activities not become predictable. Thus, load checking activities should not occur on the same days of the week and at the same times of day.

Customer Notification

Notifying customers that certain wastes are unacceptable for disposal at the facility is a key component of the load checking program. It is the customer's responsibility to ensure that they deliver acceptable wastes. Customers are notified that they retain responsibility for any prohibited wastes detected in their load. Notification is accomplished through the use of signs, notices, and verbal communication (such as inquiring about the customers' loads).

Customer notification can be conducted by any site personnel, but it is typically conducted by the weigh master from the scale house. Copies of typical customer notification used at the facility are included in Appendix E.

Signs

The sign posted near the entrance of the facility notifies customers of the waste acceptance policy. It states that hazardous wastes are prohibited from disposal at the landfill and lists examples of such wastes. It also states that all loads are subject to inspection for prohibited wastes.

Notices

Notices of the policy not to accept hazardous and other prohibited wastes are distributed periodically at the entrance station and during load checking. Local collection companies periodically inform their customers of waste prohibitions as well. Warning decals (e.g., prohibiting disposal of hazardous wastes) are affixed to waste containers delivered to ROR. Other load checking policy notices may also be distributed as the need arises.

Verbal Communication

In addition to signs and notices, facility personnel verbally inform customers that hazardous and other prohibited wastes are not acceptable. Facility personnel can also inquire about the nature of the customer's wastes. If a facility employee sees or suspects prohibited wastes in a customer's load, they politely inform the customer of the facility's policy of not accepting hazardous and other prohibited items for disposal. Occasional confrontations may occur with customers who insist upon disposing of prohibited wastes at the facility. If customer problems develop, the load checker or working foreman is notified.

Site Surveillance

Vehicles entering the facility are subject to surveillance by site personnel. Incoming loads are screened initially by the weigh master or other entrance personnel for the presence of prohibited wastes. In addition, the customer is queried as to whether they have any hazardous or otherwise prohibited wastes. If prohibited waste is not visible or suspected, the vehicle is allowed to proceed to the disposal area or tipping area. If prohibited wastes are observed or suspected, the customer is reminded of the facility's prohibited waste policy and is not allowed to unload the prohibited waste. The weigh master then notifies the load checker or working foreman of the load. The weigh master records observations on the Site Surveillance Form.

When the load arrives at the appropriate tipping area, the spotter directs the vehicle where to unload. This is also an opportunity to survey the waste for prohibited wastes. If prohibited wastes have been previously identified, the spotter will observe the customer to confirm that the prohibited wastes are not unloaded. If prohibited wastes are discovered or suspected by the spotter, or if the customer is uncooperative, the spotter notifies the load checker or working foreman.

The load checker generally conducts surveillance of the incoming waste at the or the tipping area. At this point, surveillance of the load involves observing the waste as it is unloaded from the vehicle. The load checker may examine some of the wastes more closely to confirm the status of the waste. If the waste is deemed acceptable, it can be unloaded. If the waste is deemed unacceptable, the customer is asked to retain the material that is prohibited. The customer must demonstrate to the load checker's satisfaction the waste's acceptability by presenting material safety data sheets (MSDS's), laboratory tests, or other proof of acceptability. Observations of this activity are recorded in the Site Surveillance Form. If a more detailed review of the waste load is desired, a waste inspection is performed. As the vehicle leaves the facility, the weighmaster may survey the load again to ensure that prohibited wastes detected earlier were not unloaded.

Any material suspected of being hazardous or otherwise prohibited is returned to the customer when possible. Procedures for handling prohibited wastes from known and unknown generators are described in the Management of Wastes section of this document.

Waste Inspection

Waste inspections involve a more thorough examination of the waste stream than surveillance. Waste inspections are conducted on a random day each week or as required by the appropriate regulating agency. Inspections are documented in the Waste Inspection Form.

Waste loads can be randomly or intentionally selected for inspection. The load checker instructs the driver to unload the wastes onto a designated area. The load checker then inspects and carefully examines the waste for the presence of prohibited wastes. Any material suspected of being hazardous or otherwise prohibited is returned to the customer when possible. Procedures for handling prohibited wastes from known and unknown generators are described in the Management of Wastes section of this document.

MANAGEMENT OF WASTES

When possible, prohibited wastes identified at the facility are returned to the generator. If the generator is not on site, or if the waste is from an unknown or recalcitrant generator, the waste must be stored in the facility's hazardous materials storage container until removal. Wastes from unknown or recalcitrant generators are designated for off-site disposal and must also be packaged for shipment. Each of these waste management activities is described below.

Waste Return Procedures

Waste return procedures in instances where the generator is known, unknown, and recalcitrant are discussed in the following sections.

Known Generators

If the generator of the prohibited wastes is known and is on site, the load checker informs the generator that the wastes are not acceptable at the facility and that the generator is responsible for properly managing and disposing of the waste. The load checker records information pertaining to the types of wastes rejected and the generator (e.g., vehicle identification) on the Waste Inspection Form. If the load checker is not on site, the spotter or weigh master will contact the working foreman to work with the generator.

Unknown Generators

If prohibited wastes are found at the facility and the generator cannot be identified, the wastes become the responsibility of ROR as the facility owner. The wastes are stored in the Hazardous Waste Storage bin until arrangements for shipment are made.

Recalcitrant Generators

If regulatory authorities are able to convince recalcitrant generators to accept responsibility for the prohibited wastes, the wastes are managed consistent with the procedures described previously for known generators. If recalcitrant generators do not accept responsibility for the prohibited wastes, the wastes are managed consistent with the procedures described previously for unknown generators.

Waste Classification and Storage

Wastes are classified by the Load Checker and stored in a specially designed bin until arrangements for shipment have been made.

RECORD KEEPING PROCEDURES

A variety of records and reports, including those required by regulations, are maintained either in the scale house or facility office. These include, but are not limited to, the following:

- Inspection records
- Incident reports
- Training records

Discussions of each of these documents are presented in this section. Copies of the records and reports described are kept at the scale house or facility office for inspection by the U.S. Environmental Protection Agency (U.S. EPA), California EPA, or any other federal, state or local enforcement agency. Additional copies may be kept at other locations as described below. All records and reports are maintained for a minimum of three years.

Inspection Records

The load checker inspects the hazardous materials storage container weekly to assess the condition of containment features and waste containers. Appendix E presents an inspection check list and schedule for the hazardous materials storage container. The inspection checklist includes the following information:

- Date and time of inspection
- Name of inspector
- Inspection observations
- Date of repairs/remedies
- Description of repairs/remedies

Any deficiencies noted during the hazardous materials storage container inspection are corrected as soon as possible.

Incident Reports

The Local Enforcement Agency, the California Department of Toxic Substances Control and the Regional Water Quality Control Board are notified of regulated hazardous or PCB wastes discovered at the facility. If an incident involving prohibited waste occurs that results in implementing emergency procedures, the load checker, working foreman, or other personnel will report the incident to the Local Enforcement Agency and the California Department of Toxic Substances Control. The report includes:

- Date, time, type of incident
- Name, amount, and type of waste involved
- Extent of injuries (if applicable)
- Actual or potential hazards to human health or the environment
- Estimated quantity and disposition of waste recovered (as a result of the incident)

Training Records

As described in the Personnel and Training section of this document, program personnel undergo training before they undertake their responsibilities. Records documenting the successful completion of training requirements are kept on file at the facility office for at least three years beyond termination of the employee's employment.

Recology Ostrom Road

Load Checking Program

Emergency Services	Emergency	Non-Emergency
Plumas-Brophy Fire District	9-1-1	(530) 633-2727
CDF Fire Department	9-1-1	(530) 823-4904
Marysville Police Department	9-1-1	(530) 741-6621
County Sheriff	9-1-1	(530) 749-7909
California Highway Patrol	9-1-1	(530) 674-5141
Ambulance and Paramedics	9-1-1	
Poison Control	(800) 342-9293	(916) 734-3692
Environmental Health	N/A	(530) 741-6251
Regional Water Quality Control Board	N/A	(916) 255-3000

In addition, the following telephone numbers will be listed at the site:

Cal-EPA Emergency Response	(916) 324-2445
Cal-EPA Department of Toxic Substances Control	(916) 324-1826
State Spill Reporting	(800) 852-7550
National Response Center	(800) 424-8802
RCRA Hot Line	(800) 424-9346
TSCA Hot Line	(800) 424-9065
CHEMTREC	(800) 424-9300

Appendix A - List of Prohibited Wastes

Appendix B - Emergency Phone Numbers

Appendix C - Site Information

Recology Ostrom Road

Load Checking Program

Appendix D – Load Checking Program Forms

Appendix E – Customer Notices

Recology Ostrom Road

Load Checking Program

Appendix F - Emergency Response/Contingency Plan

SITE INFORMATION

Name, Type, and Location of Site

Name: Recology Ostrom Road
Type: Class II Municipal Solid Waste Landfill
Location: 5900 Ostrom Road
Wheatland, CA 95692
Telephone: (530) 743-6321

Generator

EPA I.D. ORL CAL 000 117 247

Local Enforcement Agency

Yuba County
Department of Environmental Health
Office: (530) 749-5450

General Manager

Phil Graham
Office: (530) 743-6321

Emergency Coordinator

Primary Coordinator

Ron Harville
Office: (530) 743-6321

Alternate Coordinator(s)

Phil Graham
Office: (530) 743-6321

Load Checking Program Administrators

Bryan Clarkson
Environmental Compliance Manager
(707) 693-2108

Phil Graham
General Manager
(530) 743-6321

Recology Ostrom Road

Load Checking Program

**Complete copy of document
located in File NO. 101225

Waste Acceptance Control Program Manual

for the City & County of San Francisco
and SF Recycling & Disposal, Inc.

Contents

1.0 INTRODUCTION1

 1.1 Preamble and Program Objective.....1

 1.2 Background.....3

 1.3 Site Description7

 1.4 Site Security10

 1.4.1 Control Structures.....10

 1.4.2 Access To Site11

 1.4.3 Security Service11

 1.4.4 Employee Security Training.....12

 1.5 Off-Site Facilities (San Francisco Regional Companies).....12

 1.5.1 Golden Gate Disposal.....12

 1.5.2 Sunset Scavenger Company12

 1.5.3 West Coast Recycling13

2.0 WASTE IDENTIFICATION13

 2.1 Permissible Wastes13

 2.2 Prohibited Wastes14

 2.2.1 Characteristics of Hazardous Wastes15

 2.2.2 Characteristics of Designated Wastes16

 2.2.3 Characteristics of Medical Wastes17

 2.3 Determining Acceptability of Wastes18

 2.3.1 Methodology18

 2.3.2 Waste Identification Activities19

3.0 WASTE MANAGEMENT PROCEDURES22

 3.1 Customer Notification Program22

 3.1.1 Customer Notification.....22

 3.1.2 Response to Customer and Public Enquiries.....22

 3.1.3 Posting of Signs23

 3.1.4 Container Notices23

 3.1.5 Training of Companies which use the SFSWTRC.....23

 3.1.6 Training of City Employees.....24

 3.2 Public Notification Programs24

 3.2.1 City Hotline25

 3.2.2 Public Meetings.....25

 3.2.3 Identification of Generators of Prohibited Waste For
 Educational Programs26

 3.2.4 Site Visits26

 3.2.5 Development of Notices and Informational Packages26

 3.2.6 Community Outreach27

 3.3 Site Surveillance27

 3.3.1 PDRA & HHWCF Control Points.....28

 3.3.2 Transfer Station Control Points29

- 3.4 Waste Inspection Program for Prohibited Wastes35
 - 3.4.1 Uncompacted Waste.....35
 - 3.4.2 Compacted Waste (Compacted Waste Stream Project)36
 - 3.4.3 Cesar Chavez (Army) Street Corporation Yard
Operations.....40
 - 3.4.4 Off-Site Inspections.....40
 - 3.4.5 Development of Disposal Options41
- 3.5 Management of Prohibited Waste Found at the SFSWTRC41
 - 3.5.1 Generator-Identified Waste.....41
 - 3.5.2 Generator-Identified Waste of Household Origin.....44
 - 3.5.3 Management of De Minimus Waste.....45
 - 3.5.4 Abandoned Waste47
 - 3.5.5 Handling Special Wastes48
- 3.6 Management of Prohibited Waste Found at Off-Site Locations49
 - 3.6.1 Generator Identified waste.....49
 - 3.6.2 Abandoned Waste50
- 3.7 Programs to Obtain the Cooperation of Recalcitrant Generators.....50
 - 3.7.1 Programs to be Undertaken by SF Recycling & Disposal, Inc.
.....50
 - 3.7.2 City Enforcement Programs.....51
- 4.0 RELATED WASTE MANAGEMENT ACTIVITIES54
 - 4.1 Super Recycler Day Program.....55
 - 4.1.1 Management of Prohibited Waste.....55
 - 4.2 Curbside Recycling Program57
 - 4.2.1 Management of Prohibited Waste.....57
 - 4.3 Customer Site Visits58
 - 4.4 Survey of Collection Routes58
 - 4.5 Very Small Quantity Generator Program59
 - 4.6 One-Day Household Hazardous Waste Collection Events59
 - 4.7 San Francisco Safe Needle Disposal Program59
 - 4.8 Waste Reduction Assistance Program59
 - 4.9 Subsidized Milk Run Waste Collection Services.....60
 - 4.10 Other Hazardous Waste Services60
- 5.0 HOUSEHOLD HAZARDOUS WASTE COLLECTION PROGRAM61
 - 5.1 Purpose.....61
 - 5.2 Operations.....61
- 6.0 PROGRAM MANAGEMENT AND PERSONNEL.....62
 - 6.1 Management Structure.....62
 - 6.2 Responsibilities of Waste Acceptance Control Program Staff.....62
 - 6.2.1 General Manager.....62
 - 6.2.2 WACP Manager62
 - 6.2.3 WACP Supervisor.....64

Contents

6.2.4 Chemist Specialist.....64
6.2.5 Specialist.....64
6.2.6 Technician64
6.2.7 Trainer Specialist.....64
6.2.8 VSQG/One-Day Collection Event Coordinator64
6.2.9 Tour Program Coordinator / Technician.....65
6.2.10 Safe Needle Disposal Program Coordinator / Pilot Battery
Collection Program Coordinator / Technician (part-time
position).....65
6.2.11 Technical Writer65
6.2.12 Work Crew.....66

7.0 EMPLOYEE TRAINING.....67

8.0 EMERGENCY RESPONSE.....69
8.1 Emergency Assistance from Agencies.....69
8.2 Emergency Procedures69
8.3 Emergency Equipment.....70

9.0 RECORDKEEPING.....71

10.0 PROGRAM ASSESSMENT73
10.1 Periodic Evaluation of WACP.....73
10.2 Bimonthly Review of WACP Records and Activities.....73
10.3 Assessment of Enforcement Programs74
10.4 WACP Cost Assessment75

Figures

1 Site Location Map5
2 Facility Buildings6
3 Transfer Station Overview8
4 Public Disposal Area and HHWCF.....9
5 Traffic and Waste Flow Diagram for the Public Unloading Area30

File No. _____

**FORM SFEC-126:
NOTIFICATION OF CONTRACT APPROVAL
(S.F. Campaign and Governmental Conduct Code § 1.126)**

City Elective Officer Information <i>(Please print clearly.)</i>	
Name of City elective officer(s): Members, San Francisco Board of Supervisors	City elective office(s) held: Members, San Francisco Board of Supervisors

Contractor Information <i>(Please print clearly.)</i>	
Name of contractor: Recology San Francisco	
<i>Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.</i>	
See attached page.	
Contractor address: 501 Tunnel Road, San Francisco	
Date that contract was approved:	Amount of contract: Not Applicable
Describe the nature of the contract that was approved: Landfill disposal of non-recycled refuse	
Comments: The contract is for 5 million tons disposal or ten years. There is no set dollar amount; however, if maximum 5 million tons is reached, the contract would be in excess of \$120 million. Fees are paid by refuse rate payers, not city funds.	

This contract was approved by (check applicable):

- the City elective officer(s) identified on this form
- a board on which the City elective officer(s) serves San Francisco Board of Supervisors
Print Name of Board
- the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits
- Print Name of Board

Filer Information <i>(Please print clearly.)</i>	
Name of filer: Clerk of the San Francisco Board of Supervisors	Contact telephone number: (415) 554-5184
Address: City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102	E-mail: bos.legislation@sfgov.org

Signature of City Elective Officer (if submitted by City elective officer)

Date Signed

Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

Date Signed

FORM SFEC-126:
NOTIFICATION OF CONTRACT APPROVAL
(S.F. Campaign and Governmental Conduct Code § 1.126)

Additional information

Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor.

(1) Members of the Contractor's Board of Directors:

Michael J. Sangiacomo
Mark R. Lomele

(2) the contractor's chief executive officer, chief financial officer and chief operating officer:

CEO - Michael J. Sangiacomo
CFO - Mark R. Lomele
COO - none

(3) any person who has an ownership of 20 percent or more in the contractor:

Contractor is jointly owned by Sunset Scavenger Company and Golden Gate Disposal & Recycling Company, who are in turn wholly owned by Recology Inc.

(4) any subcontractor listed in the bid or contract:

Union Pacific Railroad

(5) any political committee sponsored or controlled by the contractor:

None