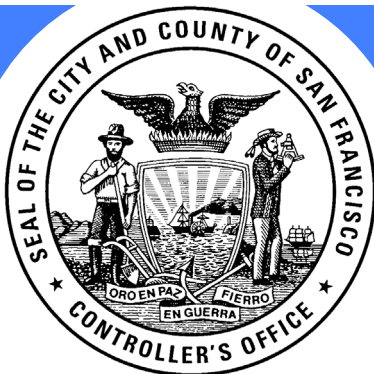


Refuse Working Group

Co-Chairs

Supervisor Aaron Peskin

Andres Power, Policy Director for Mayor London Breed



CITY & COUNTY OF SAN FRANCISCO

Office of the Controller

12.14.2021

Today's Agenda

1. Welcome & Introductions
2. Co-Chair Remarks
3. Current Residential Refuse Rate Setting Issues
4. Proposed Improvements
5. Group Discussion and Public Comment
6. Next Steps

Working Group Introductions

Briefly state your name and organization

- Our initial goal for this work was to conduct in-depth research on three models for provision of residential refuse service
 1. Adjustments to current system
 2. Municipalization
 3. Contracting out
- Internal discussions concluded that more time would be required to really understand feasibility of #2 and #3
- The urgency of addressing current issues has led us to proposing changes to the current rate setting and monitoring process, while also creating a mechanism to make further changes as determined

Goals & Key Questions

- **Accountability & Transparency:** How transparent and accountable to the public are the processes managing rate setting?
- **Quality of Service:** Is service cost-effective and does it meet established environmental and performance standards?
- **Residential Rates:** Are customers paying appropriate and fair rates for residential refuse services?

Residential Rate Setting Process: Refuse provider submits new rate application as needed. Department of Public Works manages rate review and approval process. Rate Payer Advocate contracted for the rate process.

- Timeframe of rates may be too long to correctly estimate costs
- Ad hoc nature does not allow for City staff to build expertise
- Rate calculations are complicated, not transparent, and need improved methodology to ensure accuracy
- The Rate Payer Advocate has limited power and expertise, and has historically functioned in a more informational role
- While the rate setting process has several public touchpoints, it lacks real transparency for rate payers

Ongoing Monitoring of Residential Rates: The residential refuse service provider submits quarterly reports to Public Works.

- No annual monitoring of refuse collection expenses and revenues is conducted to ensure residential rates meet agreed upon standards
- Lack of independent audits has led to low public confidence that rates are accurate and appropriate
- Little monitoring of performance standards occurs, including environmental and customer service goals
- Rate Board is not involved in ongoing monitoring outside of rate setting process
- The structure of the 1932 Refuse Ordinance has limited the City's ability to make changes to the system when issues are identified

Establish Refuse Rate Administrator and Group within the Controller's Office

- The Controller is established as the **Refuse Rate Administrator**
- A refuse rate group within the Controller's Office is created to **administer the rate setting process and propose rates** to the Rate Board.
- The group is also responsible for ongoing **financial and performance monitoring of residential refuse provider**, with periodic hearings at the Rate Board.

Modify Rate Board Membership & Role

- **Remove Controller from the Rate Board** to remove any real or perceived conflicts of interest stemming from their oversight of the Rate Administrator.
- Add a **Ratepayer Advocate in appointed position**. Ratepayer Advocate recommended by TURN (or its successor agency).
- Conduct **annual independent financial audit** of regulated revenues and expenses for Rate Board's review. Performed by an auditor selected by Rate Board.
- Oversee ongoing **financial and performance monitoring of the residential refuse provider**, with at least four public hearings at the Rate Board per year.

Improve the Rate Setting Process

- Full rate setting process is run at **frequency determined by the Rate Board**, between two and five years.
- The Rate Administrator proposes rates to the Rate Board, and **Rate Board action is required**.
- The Rate Administrator works with the residential refuse provider, the Department of Streets & Sanitation, and the Department of Environment to develop and review proposed rates.
- The Streets & Sanitation Commission and Environment Commission must hold public hearings and **provide recommendations** as part of this process.
- The Rate Board is encouraged to establish a balancing account, along with a process to **annually review and reconcile** budgeted versus actual costs and revenues.

Principles of the Ballot Measure

- Service shall be cost-effective, meet established service standards, and rates shall be reasonable and fair.
- Service model shall further the City's environmental goals.
- Rate structure shall encourage rate stability and accountability, and rates may employ a balancing account, a rate stabilization fund, and/or other features that further this purpose.
- The process used to establish and monitor rates shall be transparent and publicly-accessible.
- The work of the Rate Board and the Administrator shall be conducted in line with high professional ethical standards. The Rate Board shall adopt and adhere to a code of conduct, including limitations on ex parte communications during the rate setting process.

Overview of Ballot Measure

- Establishes Controller as Refuse Rate Administrator and requires regular monitoring of expenses, revenues, and rates as well as recommendations to the Refuse Rate Board on proposed rate adjustments
- Appoints a Rate Payer Advocate to serve on the Rate Board in lieu of the Controller
- Authorizes certain amendments to the Ordinance upon recommendation of the Refuse Rate Administrator and with the approval of the Board of Supervisors and the Mayor, which could include:
 - Regulation of commercial rates
 - Ensuring that the ordinance remains current

Group Discussion Questions

- What components of this do you like?
- What is missing? What haven't we considered?
- Are there components that raise concerns?

Public Comment (limited to 2 minutes)

Thank you.

Further questions and comments?

You can reach out to Natasha Mihal (natasha.mihal@sfgov.org) and/or Glynis Startz (glynis.l.startz@sfgov.org)