



Memo: Rate Payer Advocate Community Feedback

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To: Mohammed Nuru, Director, San Francisco Public Works

From: Rosie Dilger, Dwayne Jones – RDJ Enterprises

## **Rate Payer Advocate – San Francisco Public Works**

Recology Rate Proposal 2017

### **Community Outreach & Engagement**

In the weeks and months leading up to the technical workshop and series of hearings held before the Director of Public Works, the Rate Payer Advocate team engaged with over 150 neighborhood groups and organizations throughout San Francisco. During this time, the Rate Payer Advocate team gathered and categorized community feedback to share with San Francisco Public Works staff in order to inform their Staff Report. The following memo describes briefly the outreach methods conducted by the Rate Payer Advocate Team, and the subsequent feedback and themes gathered from the community.

The Rate Payer Advocate team targeted neighborhood organizations and improvement associations, merchant associations, homeowners associations, police station community meetings, and relevant city commissions. Each group was contacted and given information about the rate proposal, notified of upcoming public hearings, and offered an opportunity to have a member of the Rate Payer Advocate team present to their memberships and/or boards. As a result, over 60 presentations were made to community members in all eleven districts, as well as citywide. Additionally, many of the groups shared the information in their newsletters, NextDoor communities, and social media.

For each presentation, a member of the Rate Payer Advocate team introduced the rate proposal, took questions, and recorded community feedback. At most meetings, Recology provided a representative to address any technical questions or concerns. If either the Rate Payer Advocate or Recology were unable to address a specific question, the Rate Payer Advocate took responsibility for recording the question and following up with the individual later.

In addition to conducting presentations, the Rate Payer Advocate team fielded inquiries via phone, email, and on social media. Information about the rate proposal and public process was promoted by the Rate Payer Advocate team across multiple platforms. Advertisements were published in 12 local and multilingual newspapers for a collective readership of approximately 227,000. Additional promotion was done via the Rate Payer Advocate website and on social media via Facebook and Twitter. Targeted paid promotion of the Facebook Rate Payer Advocate page resulted in over 180 “likes” and reached 19,000+ Facebook users.

The following are narrative summaries of the most common themes and feedback the Rate Payer Advocate team has heard throughout the course of the rate application process.

## **Common Themes & Feedback**

### *Cost of Living*

Many rate payers in San Francisco are overwhelmed with the cost of living in general. While many rate payers are satisfied, and even impressed, with the services they currently receive, any increase to an already high cost of living has been met with suspicion and displeasure. In addition to the increase being proposed now, there is a fair amount of concern in regards to future increases. Most rate payers understand the City’s commitment to a goal of Zero Waste by 2020, but many feel there have been a series of dramatic increases, with no end in sight. Those who have been through the rate adjustment process before recall that they were told that if they diverted more waste by recycling and composting, their rates would go down. As the rates have continued to increase, many of these rate payers feel misled and question the wisdom of the policies that guide these service enhancements, as well as question the profits made by Recology vs. the actual cost of providing services.

### *Disproportional Impacts*

The language used to describe the proposed rate change stated that the increase would be 16.40% in the first year, 4.98% in the second year, 0% in the third year, and .62% in the fourth year. However, the stakeholders described below will face a much higher percentage increase to their bills due to the restructuring of the proposed rates.

- **Low Waste Generators:** Rate payers with 20 gallon black bins would see a significant percentage increase to their bills due to the combination of increased costs to both blue and green bins, as well as the new \$20 per dwelling unit fee. (While “average” 32 gallon customers may mitigate the fee change with a smaller black bin, current low waste producers will see higher rates.)
- **2-5 Unit Building Residents:** While the habits and volume of residents in 2-5 unit buildings appear to be similar to those of single-family residences, the proposed \$20 per

dwelling unit fee would disproportionately affect these rate payers, even if they currently share bins. Both tenants and landlords have asked if it benefits them to continue sharing bins under this structure – or to have every unit have their own bins to save money, but increase the workload for the workers who pick them up.

- **Seniors/Fixed Incomes:** Many rate payers are senior citizens, retired, or living on a fixed income and have expressed discomfort in any raise in the cost of utilities, and especially at a rate so much higher than Social Security. Recology currently offers a low income discount of 25% to those who qualify (singles who make less than \$24,000 annually). Per the Mayor’s Office of Housing and Community Development, the Area Medium Income (AMI) for San Francisco single residents is \$75,400, leaving a large gap between those who do not qualify for discounted rates and those who are average earners in this area, thus disproportionately affecting lower income earners.

#### Minimum Service & Pick-up Requirements

The Rate Payer Advocate team has received many reports of rate payers who feel the minimum service requirements and/or bin sizes far exceed what they actually use. In many cases there is overlap with the senior population – many of whom reside in single family residences alone, or with a spouse, and do not produce enough waste to fill their bins more than once or twice a month. Sharing information regarding the local and statewide health regulations, as well as explaining the cost of weekly routing regardless of the number of stops, has provided a better understanding to rate payers. However, many still feel they are carrying an undue financial burden and seniors and low waste producers are eager for a program that rewards their low waste use and good practices.

Additionally, there has been feedback from property owners with duplexes or in-law units that are required by law to have pick up for both “residences,” even if they are being used as single family units and do not necessitate a second bin or pick-up. For these customers in particular, the proposed \$20 per dwelling unit fee plus the rate increase has caused much concern.

#### Apartment/Commercial Rates

Rate payers living in apartments (6-600 units) have not expressed as much concern about the proposed increases. Many lament a rate increase of any size, but do not see a tenable position to make a significant impact within their own buildings. Rate payers in larger buildings who are subject to commercial rates have expressed similar sentiments, but also question the logic of treating any residential customer as commercial, and if the public process for the rate application applies to them at all.

### Pilfering & Enforcement

The issue of pilfering, theft, and enforcement is perhaps the most common topic at any community meeting in every district. Many rate payers feel there is no enforcement or deterrent to pilfering, and others are concerned at the loss of funds from the sale of recycled materials, especially CRV funds. Concerned residents debate the cost-benefit analysis of providing or requiring locks, efficacy of signage, and lack of accountability with the agencies responsible for enforcement. Recology has done an adequate job in the hearings of addressing the concerns and explaining that the cost to provide locks outweighs the money they would save on recyclables, but the issue is still at the front of many rate payers' minds.

### Public Process

Once explained, most rate payers are appreciative of the role of the Rate Payer Advocate in distributing information and assisting with the public process. However, there remains doubt that the Rate Payer Advocate and the voice of the public may not have a powerful enough impact on the process given the relatively short timeline. While the number of public hearings gives the public ample opportunity to participate, the 8 a.m. start time is not accommodating to most schedules. Additionally, holding public hearings in weekly succession without making the transcripts available to the public between hearings has given cause for speculation.

### Outreach & Education

By and large most rate payers understand the need for outreach and education but question the methodology and subsequent funding. There is a common feeling that those who are already low waste producers feel an unfair burden of being responsible for educating other rate payers, shouldering the cost of high waste producers, or both. It has been stated by Recology and felt by good recyclers that much of the problem should be addressed in apartments or multi-family buildings, but there is little information provided as to how such outreach and education would be conducted, or if it would change the behavior. It is unclear whether the responsibility to educate falls upon Recology staff, Public Works, SF Environment, landlords, tenants, or individual rate payers.

### Zero Waste

Virtually every rate payer believes in the value of a Zero Waste goal and has deep pride in the way San Francisco has led the nation in this effort. But as we near 2020, the public is becoming increasingly aware that Zero Waste by 2020 is extremely unlikely, and questions how far public policy will go and at which point it may become cost prohibitive for rate payers to afford services guided by these policies. Comparisons have been made to CleanPowerSF, which gives energy rate payers the options to pay a premium for the highest level of renewable energy, auto enroll in a mid-level option, or opt out entirely. As such, the landfill contract has been

described as an unavoidable hard cost, and while most rate payers are not advocating for a return to non-diverted dumping as common practice, they seem less likely to be accepting of the increasing costs to both landfill and incrementally improved diversion methods. Lastly, in previous rate proposals, the use of ZWI funds has been split between rebates (Tier 1&2) and reinvestment into company improvements that could theoretically increase diversion (Tiers 3&4). However, some rate payers are hesitant to lose their potential rebates under the proposed rate structure that would see them reinvested in the company and used without transparency or public oversight.

### **RPA Recommendations**

- Adopt a rate structure that has a more equitable impact on all rate payers.
- Reallocate or reduce the \$20 per unit dwelling fee.
- Incentivize improved diversion and mindful behavior through the rates.
- Develop a comprehensive outreach program that directly engages customers that are not in compliance with the City’s mandatory recycling ordinance; focus on ways to improve compliance in multi-family units and large residential buildings.
- Empower communities to be involved in the outreach so they are not reliant upon Recology or the City to educate rate payers.
- Provide options for low income seniors and those on fixed incomes who earn above the “lifeline” rate but below 55% of the AMI (\$41,500).