



**SF Environment**

**Our home. Our city. Our planet.**

A Department of the City and County of San Francisco

Edwin M. Lee  
Mayor

Deborah O. Raphael  
Director

**TO:** Commission on the Environment  
**FROM:** Deborah O. Raphael, Director  
**DATE:** ~~May 26, 2015~~ July 28, 2015  
**RE:** Guidelines for the use of Impound Account Funds

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This memorandum updates the 2007 Department of the Environment Guidelines for the use of Impound Account Funds. This memorandum updates budget numbers to the current fiscal year, removes outdated information, and introduces Climate as a new program area compared to the approved 2007 guidelines.

This analysis is also based on the following background documents:

1. Rate processes dating back to the inception of the Solid Waste Impound Account (SWIA)
2. Memo dated October 11, 2001 from Deputy City Attorneys Rona Sandler and David Greenburg on the Use of Refuse Rate Proceeds
3. The Department of the Environment's budget for the past two fiscal years
4. Commission on the Environment Resolutions, including 010-06-COE May 23, 2006
5. May 21, 2007 Memo from Deputy City Attorney Tom Owen on use of Impound Account funds for Environmental Justice Projects

The Department of the Environment has a total budget of \$21,543,981 for fiscal 2014-2015, including \$9,071,268 from the SWIA. Forty-two percent of the Departmental budget currently comes from the SWIA. The SWIA was established to fund programs related to waste collection, disposal and diversion.

## **Background**

San Francisco, along with other cities and counties in California, is required to meet a 1989 state mandate to divert at least 50 percent of the waste it generates from landfill each year. San Francisco exceeded 50 percent waste diversion in 2001, and in 2002 the San Francisco Commission on the Environment and Board of Supervisors adopted ambitious new goals: 75 percent landfill diversion by 2010, and zero waste by 2020. San Francisco exceeded the 75 percent diversion goal two years early.

In order to achieve these goals, the City and County of San Francisco partners with private and nonprofit service providers to develop comprehensive programs. The 3-bin refuse collection program, of compostables, recyclables and remaining trash, was launched in partnership with Recology, serves both residential and commercial customers. San Francisco was the first large city in the United States to implement citywide collection of food scraps and soiled paper, in addition to the more commonly collected yard trimmings. The composting and recycling program now serves nearly all 350,000 households and 16,000 business or institutional accounts or 99% of all refuse customers in San Francisco. It diverts about 700 tons of compostable material each day.

Working towards zero waste, San Francisco promotes the highest and best use of resources and is pursuing policies that require consumer and producer responsibility. These include mandatory recycling and composting participation, mandatory construction & demolition recycling, banning single use checkout plastic bags, requiring commonly purchased products to be recyclable or compostable, insisting on recycled content in items purchased by city agencies, demanding that manufacturers take responsibility for the entire life cycle of products they produce (particularly in the area of hazardous materials), and supporting efforts to eliminate subsidies to include more true costs for virgin material production.

## **IMPOUND ACCOUNT SUMMARY**

The 1932 Refuse Collection and Disposal Ordinance grants the City of San Francisco the authority to set refuse rates for residential ratepayers and gives the authority for the Impound Account, which was established in 1978. Section 6 of the 1932 Ordinance requires that refuse rates be “just and reasonable” but provides no further guidance as to limitations on the use of funds generated from the refuse rates. A 2001 City Attorney opinion on the use of refuse rate proceeds specified the following appropriate uses for the SWIA:

- Costs and administration of the City’s various solid waste management programs
- Programs to reduce the amount of solid waste generated such as recycling and public education
- Programs intended to reduce the costs of solid waste handling, such as reducing the amount of toxics in the solid waste streams
- Programs related to green building and environmental justice that are directed towards solid waste

Program activities conducted by the Department of the Environment that relate to the production and management of San Francisco’s waste stream are funded primarily through the SWIA. Funding levels for the SWIA are established as part of the refuse collection and disposal rate process. SWIA funded activities demonstrate a direct connection to the waste stream and include zero waste, hazardous waste reduction, green building, climate, biodiversity, and environmental justice programs that mitigate the impact on neighborhoods affected by solid waste infrastructure.

The next refuse rate process is anticipated to be during fiscal 2015 - 2016. The Department of the Environment SWIA amount to be included with the rate process will be based on budget needs for solid waste related activities over the same period. Projects included in the budget are analyzed to ensure that they are appropriately funded by the SWIA using a review of the 1932 Refuse Ordinance, prior rate processes dating back to the inception of the SWIA, legal opinions on the use of refuse rate proceeds, as well as local and state mandates related to solid waste management. The budget is based on a comprehensive set of projects that form the complete framework for SF Environment’s portion of the SWIA, but it is understood that specific activities within this list of projects may be adjusted or amended based on advances in information, technology, and subsequent changes in municipal solid waste priorities.

The Department of the Environment SWIA budget outlines the services provided by each program area, as well the benefit of each service relating to the production, management and impact of San Francisco’s waste stream. The budget shows program costs itemized by employee expenses (FTE), outside professional services, and other expenses (such as program-specific materials and supplies). Program overhead—which comprise administrative costs, office rental, and general materials and supplies—and outgoing waste-related community grants are included in the program summary overviews.

Funds for the SWIA come from residential and commercial ratepayers. Projects funded by the SWIA include residential and commercial projects.

## Activities Funded By The Solid Waste Impound Account

Activities that can be funded by the SWIA include Zero Waste, Toxics Reduction, Administration, Green Building, Environmental Justice, and Climate.

<b>Program</b>	<b>Maximum Percentage of Impound Account</b>
Zero Waste	100%
Toxics Reduction	50%
Administration	25%
Green Building	10%
Environmental Justice	10%
Climate	10%

### Zero Waste

The goal of the Department's Zero Waste Program is to reduce waste going to the landfill through waste reduction, reuse, recycling and composting programs in order to meet the goals and mandates of the California Integrated Waste Management Board and the San Francisco Board of Supervisors. These include the requirements to implement mandatory recycling and composting and to achieve the goal of zero waste to landfill by 2020. The Zero Waste Program works towards these requirements through a series of programs coordinated with Recology, as well as other providers through a network of commercial, city government and residential programs. The Zero Waste Program, in conjunction with the Outreach team also conducts extensive outreach and education programs, including programs for the residential, commercial and municipal sector, as well as an extensive school education program that reaches thousands of students annually. The Department also coordinates solid waste activities such as diversion studies and landfill related projects. We have determined that it is appropriate to fund all of the programs and projects being conducted by the Zero Waste Program by the SWIA and that it would be appropriate to pay for all of the Zero Waste activities from the SWIA.

### Toxics Reduction

The Toxics Reduction Program seeks to improve the quality of human health and the environment in San Francisco by providing information and services to San Francisco residents, businesses and City agencies to reduce the use of toxic chemicals and properly manage hazardous waste.

The Toxics Reduction Program administers a wide-range of hazardous waste collection services for spent or leftover household products including batteries, paint, pesticides, computers, motor oil, and mercury thermometers, as well as programs to reduce the amount of toxic materials used in the city. By reducing the amount of toxic materials in use, we lower the risk that these materials will end up in the landfill, and protect the safety of refuse workers who could be injured or otherwise affected by hazardous materials if disposed of improperly. The Program, in conjunction with the Outreach team also conducts outreach and education programs, including programs for the residential, commercial and municipal sector, as well as an extensive school education program that reaches thousands of students annually.

The Toxics Program works to ensure compliance with California's hazardous waste requirements, and to meet the City's contractual obligation to keep designated hazardous materials from disposal at the Altamont landfill. Any material that is discarded has the potential to end up in the landfill. We have determined that it is appropriate to fund toxics reduction projects through the SWIA, and that it would be appropriate to pay for half of the Toxics Reduction activities from the SWIA.

## **Administration**

The Department's Administrative Program provides coordinated and comprehensive administrative support to program areas while providing for all the administrative needs for the Department. We have determined that administrative expenses tied to Impound-related activities can be paid for by the Impound Account. This includes administrative expenses related to Zero Waste, Toxics Reduction, Green Building, Environmental Justice and Climate. Energy, Clean Air and other programs are funded by grants and other means, not the Impound Account, include their administrative expenses in their program budget.

Administration costs will be allocated based on program FTE counts for Impound staff, and adjusted annually based on timekeeping data. ~~We have determined that it would be appropriate to pay for 25% of the Administrative Program from the SWIA.~~

## **Green Building**

Green, or resource-efficient building is a process to create buildings and supporting infrastructure that minimize the resources going to landfill and reduce the amount of toxic materials that are used in building construction and maintenance. The Department's Green Building Program serves the residential and commercial ratepayers by improving recycling and waste management infrastructure, increasing use of recycled content materials and the recovery of construction and demolition debris. Traditional construction and building operations consume up to half of all raw material use. The program provides technical review for San Francisco's successful Priority Permit incentive program, which accelerates permit review for the most resource-efficient construction projects; this non-monetary incentive is highly sought after. In 2008, San Francisco adopted green building requirements for all new construction and major renovations citywide, and the Green Building program has been updated in 2010, 2011, and 2013. In each case, the Department has led the technical review, code writing, regulation development, and outreach about the city's requirements – earning the Build It Green public sector Leader of the Year award in 2012 and 2014. The San Francisco Green Building Code requires waste diversion beyond other codes, and incentivizes best-in-class recycling above these strict minimums. Inspired in part by San Francisco's leadership, California adopted and continues to update CalGreen – statewide green building requirements for all new construction and alterations that are a substantial step forward, albeit more lenient than San Francisco's policies. Green Building Programs that relate directly to preventing waste from going to landfill, and those that reduce toxic materials in construction, are paid for through the SWIA. ~~We have determined that it would be appropriate to pay for 10% of the Green Building activities from the SWIA.~~

## **Environmental Justice**

Environmental Justice is the fair treatment and meaningful involvement of all people – regardless of race, ethnicity, income, or education level – in environmental decision-making. The Department's Environmental Justice Program promotes the protection of human health and the environment, empowerment via public participation, and the dissemination of relevant information to inform and educate affected communities so that all San Franciscans have an equal opportunity to lead healthy, fulfilling, and dignified lives.

There is a direct connection between environmental justice and the location of virtually the entire city's recycling and solid waste infrastructure in the southeast sector of the city. The primary facilities that process municipal wastes and recyclable materials are located in the southeast sector: (a) the Solid Waste Transfer and Recovery Facility located at Tunnel and Beatty, and (b) Recycle Central at Pier 96, located near Evans Avenue in the Bayview neighborhood of San Francisco. Additionally, the collection trucks operated by Recology go to and from these facilities.

The Department has determined that is appropriate to use Impound funds to remediate or reduce environmental harms caused or aggravated by solid waste disposal and recycling activities conducted in the community, ~~and that it would be appropriate to pay for 10% of the Environmental Justice activities from the SWIA.~~

## Climate

Scientific studies prepared for the United States Environmental Protection Agency (EPA) have determined that more than 44% of all greenhouse gas emissions nationwide come from the production, use and disposal of goods consumed by residents and businesses. The Department of the Environment is tasked with the responsibility for tracking, reporting and maintaining the city's greenhouse gas emissions inventory. To that end, the department has collaborated with research firms and Green Cities California to analyze statewide emissions, as well as conduct studies on consumption in San Francisco, detailing the links from the goods we consume and dispose. For example, the department released the 2012 inventory documenting that San Francisco's citywide emissions for electricity, natural gas, on-road transportation, fuel and solid waste totaled 4.8 million metric tons of carbon dioxide equivalent (CO<sub>2</sub>e). This compares with 6.2 million metric tons in 1990. This represents a reduction of approximately 23 percent in relation to 1990 emissions. More specifically, continued residential and commercial diversion of recyclable and organic materials from landfill contributed to a 4 percent reduction from 2010 to 2012, which supported the City's overall emissions reductions. The City's zero waste goals are an integral component to reducing emissions as outlined in the City's Climate Action Strategy. Based on the direct linkage, the Department of the Environment has determined it is appropriate to fund pay for 10% of the Climate activities supporting zero waste from the SWIA.

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