



SOUTH SAN FRANCISCO
SCAVENGER
COMPANY, INC.

SUSTAINABILITY
HIGHLIGHTS REPORT
OCTOBER 2012

Mission Statement

"South San Francisco Scavenger Company is committed to providing solid waste management services of the highest quality delivered with pride and professionalism to all our customers, utilizing environmentally sensitive equipment that is safe, efficient, reliable and appropriate to the work we perform. In carrying out our mission, we intend to provide and maintain the best possible work environment for our employees, fully cooperate with all governing and regulating agencies, and do our part to help create a sense of partnership between our company and the communities we serve."

LEADING THE WAY

Doug Button is the President of South San Francisco Scavenger Company and has been involved in the materials management industry for over 25 years. He is a proud and active member of the community and participates in the daily oversight of operational activities. Mr. Button takes personal pride and responsibility for ensuring the responsible growth of South San Francisco Scavenger and he is a cheerleader for environmental and social sustainability within the company.

WHAT HAS CHANGED FOR YOU, OR WITH THE COMPANY, SINCE YOUR FIRST SUSTAINABILITY REPORT?

All the partners have embraced our internal programs and are looking forward to pushing the boundaries of what we can do to advance our sustainability goals. Whether it's looking at storm water mitigation plans, to landscaping or daily purchases, everyone is thinking about the bigger sustainability picture in all of our actions and decisions.

WHAT ARE YOU MOST PROUD OF?

It was such an honor to be presented with a sustainability award at the Sustainable San Mateo County awards dinner in 2011. I think it solidified to the partners and our employees how important these efforts are to our community and that we were on a good path forward. I have seen a noticeable difference in how everyone views their role in achieving our goals.



Sustainable
San Mateo County
Economy. Equity. Environment.

WHAT ARE YOUR NEXT STEPS AT SOUTH SAN FRANCISCO SCAVENGER?

Our main focus areas will be better management of organic waste and expanding commercial recycling in the cities we serve. Both will require greater outreach to our communities, as well as advancement in our processing technologies. We are on the path to expand the number of CNG trucks we operate, to investigate biomethane options to service these vehicles and to explore how technologies such as anaerobic digestion or upgrades to our materials recovery facility, will help us to achieve our goals.

Doug Button

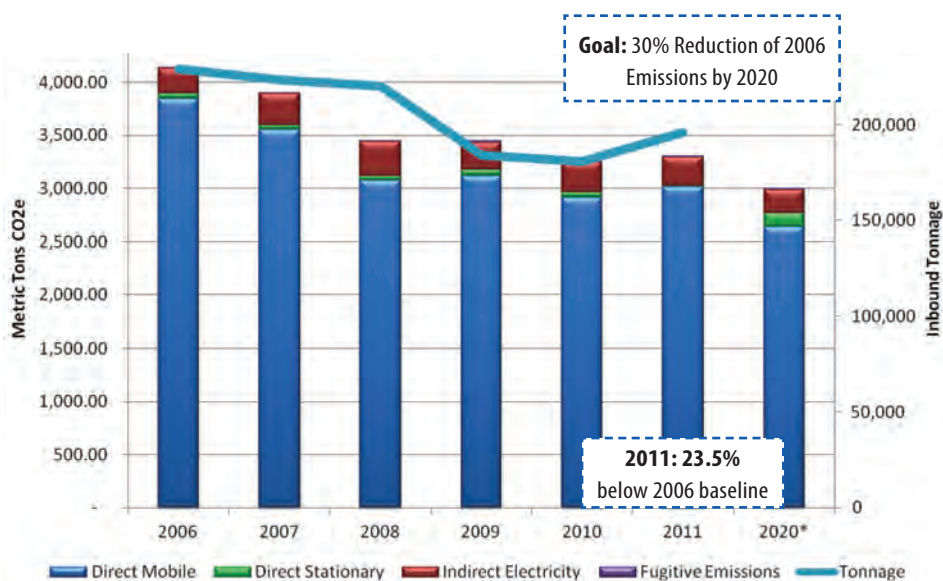
President, South San Francisco Scavenger Company

Our Achievements (2010-2011)

CLIMATE ACTION PLANNING

We continue to make significant strides in reducing our operational Green House Gas (GHG) emissions. Our GHG emissions inventory has seen a 2% climb since 2009, primarily due to an increasing number of sterilization cooks for waste from international flights. We completed our goal in building smaller sanitizing cooks to reduce both the energy and water use during this process. Our efforts have helped reduce the GHG impacts from 1.33 metric tons of CO₂e per cook in 2009, compared to 0.06 metric tons of CO₂e per cook in 2011. Since these cooks are required by FDA regulations, and the number of cooks is outside of our operational control, we have chosen to remove this portion of emissions from our GHG reduction target and track cook efficiency efforts separately. Since removing GHG emissions associated with the cooker, our emissions inventory has seen a 23.54% decrease from 2006, as shown by the graph below. Our current planned initiatives to expand our CNG fleet mean that we are on track to meet our goal of 30% Reduction of 2006 Emissions by 2020.

Summary of GHG Emissions by Category (2006-2010)¹

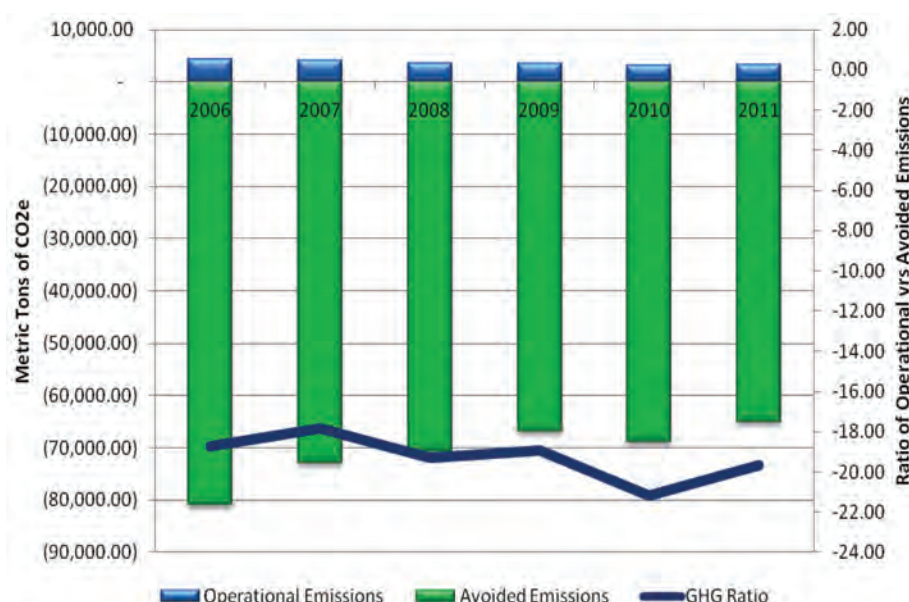


We calculate GHG emissions avoided from recycling and composting utilizing the Environmental Protection Agency's (EPA) Waste Reduction Model (WARM) and the California Air Resources Board's (CARB) technical documents on recycling and composting. In 2011 alone, we avoided 65,078 metric tons of carbon equivalents from our material management activities.

¹ This does not include GHG emissions associated with the airline waste cooker.

The bar chart below provides the total avoided emissions and operational emissions² from 2006-2011. We can compare the emissions we produce from our operations, and the emissions we avoid from recycling, composting and using clean woodchips for energy. For every metric ton of GHG we emit, we avoid 19.68 metric tons of GHGs from these recycling activities. Our goal is to avoid 20 times what we emit by 2020, and although we achieved this in 2010, our hope is to maintain this ratio as we move forward.

Operational vs. Avoided Emissions (2006-2011)



FLEETS AND FUEL

We met our goal to achieve a 20% reduction in fleet emissions by 2015, three years early. Now we have set a new aggressive goal to achieve a 30% reduction in fleet emissions by 2020, and plan to achieve this by continuing our conversion of diesel trucks to CNG and by investigating sources of biogenic CNG.

GREEN BUILDING AND FACILITY ENERGY USE

We achieved our goal of building a smaller sanitizing cooker, three years ahead of schedule. This has already demonstrated major efficiencies in both natural gas and water usage per cook. Our GHG efficiency (amount of GHG produced per cook) decreased dramatically. In 2009 we were emitting 1.33 metric tons of CO2e per cook, which has dropped to 0.06 metric tons of CO2e per cook in 2011. In addition we completed the lighting retrofit in our Transfer and Materials Recovery Facility, one year ahead of the deadline. We are also on track to achieve our goal of reducing natural gas and electricity emissions by 25% by 2020³.

² Emissions from cooks have also been removed from this as materials from airline waste are also not a part of this analysis.

³ This does not include emissions from the cooks since we cannot control the frequency (therefore the total efficiency) of cooks which happen per year.

RECYCLING AND RESOURCE MANAGEMENT

We achieved our goal of reducing, recycling, or composting 75% of all waste generated in the administration building. Our next goal is to divert 90% of SSFSC office waste by 2015. We will continue to assist the communities we serve to meet or exceed their waste diversion goals by providing comprehensive recycling services as well as the through advancements of our processing technologies. More information on how we plan to achieve this can be found in the next few sections.

ENVIRONMENTALLY PREFERABLE PURCHASING

In an effort to promote recycling markets and help reduce waste within our office we have implemented an internal environmentally preferable purchasing program (EPP). Through this program we discovered that over 50% of our office supplies already met the standards set in our EPP Manual. Our next goal is to have 90% of our office supplies meet the standards by 2015.

FACILITY WATER USE

By achieving our goal of building smaller sanitizing cookers 3 years ahead of schedule we have helped reduce the water usage for each cook. In 2009 we used 28.44 hundred cubic feet (CCF) per cook compared to 12.09 CCF per cook in 2011. Our goal is to maintain our water usage at 12 CCF per cook so that we can keep our operations working as efficiently as possible. In addition, we are on our way to achieving our goal in reducing water usage for our landscape. Our usage in 2011 is already 20% lower than our usage in 2009. We are aiming, through better landscape practices, to reduce our usage by 30% in 2012.

LOCAL ECONOMY AND COMMUNITY SUPPORT

We have made great strides in achieving many of our goals to advance our local economy and provide effective community support. We have also achieved our goal of purchasing 20% of our products and/or services from local businesses. We are now working to achieve our goals of purchasing 30% of products/services through local businesses by 2015 and 20% of products/services through minority owned businesses. Community support and engagement remains a high priority for our partners and we are working to promote more community engagement programs among our employees.

EMPLOYEE SUPPORT AND SAFETY

The health and job satisfaction of our employees is of the utmost importance to our company. We were successful in achieving our no violations goal in 2011, but there were some minor injuries reportable to OSHA in that time frame. The injury rate for Blue Line Transfer has dropped from 12 injuries in 120,000 hours in 2010, to 8 injuries in 120,000 hours in 2011. Our goal is to have zero injuries each year supported by ongoing safety training. We also provide job training for our employees to promote career advancement and we continually provide on-site engagement programs such as BBQs.

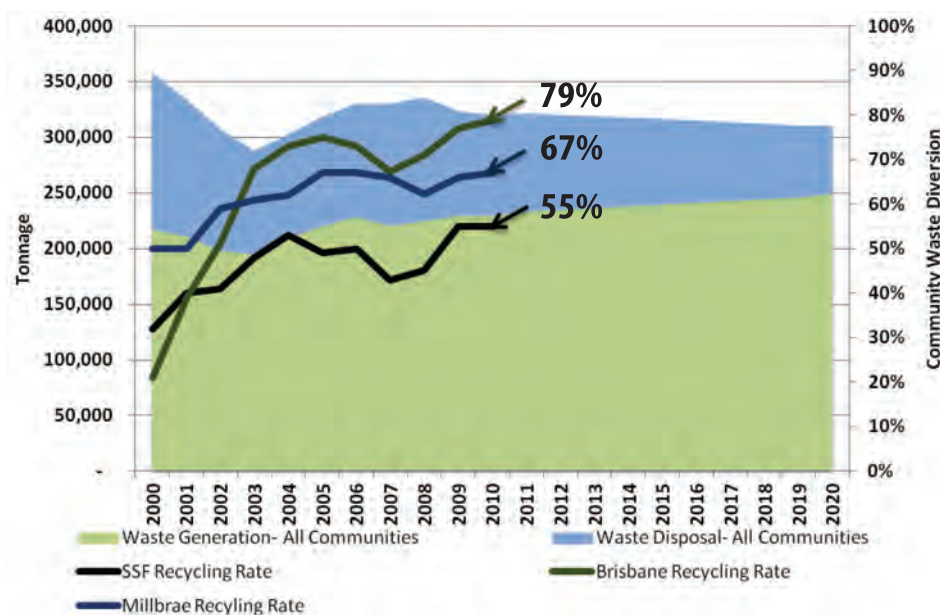
Our Focus (2012-2013)

MANDATORY COMMERCIAL RECYCLING

California has defined itself as a leader in its efforts to battle Climate Change by passing the Global Warming Solutions Act (AB 32). As part of the subsequent Scoping Plan, which outlines how the state plans to reduce greenhouse gas emissions, California set an ambitious goal of recycling 75 percent of its solid waste by 2020. To help achieve this goal regulations (AB341) were adopted to mandate commercial recycling for businesses that generate 4 cubic yards of garbage per week and for multifamily residences with 5 or more units.

SSFSC understands that we have a key role to play in helping our communities achieve or exceed the state-wide policy goal of 75% by 2020. Our communities have already made significant strides in reducing the total materials sent to landfills as demonstrated by the graph below. The City of Brisbane and the San Francisco International airport have already exceeded 75% diversion. We feel that our focus on expanding the commercial recycling programs, including capturing more organics from the waste stream, will be integral to our communities in advancing their recycling programs. For example in South San Francisco, 91% of apartments and 81% of businesses already subscribe to the recycling service. We are currently planning outreach to the remaining businesses, and are focusing our efforts on educating businesses on how to maximize their recycling services in all of our communities.

Community Diversion Rate⁴



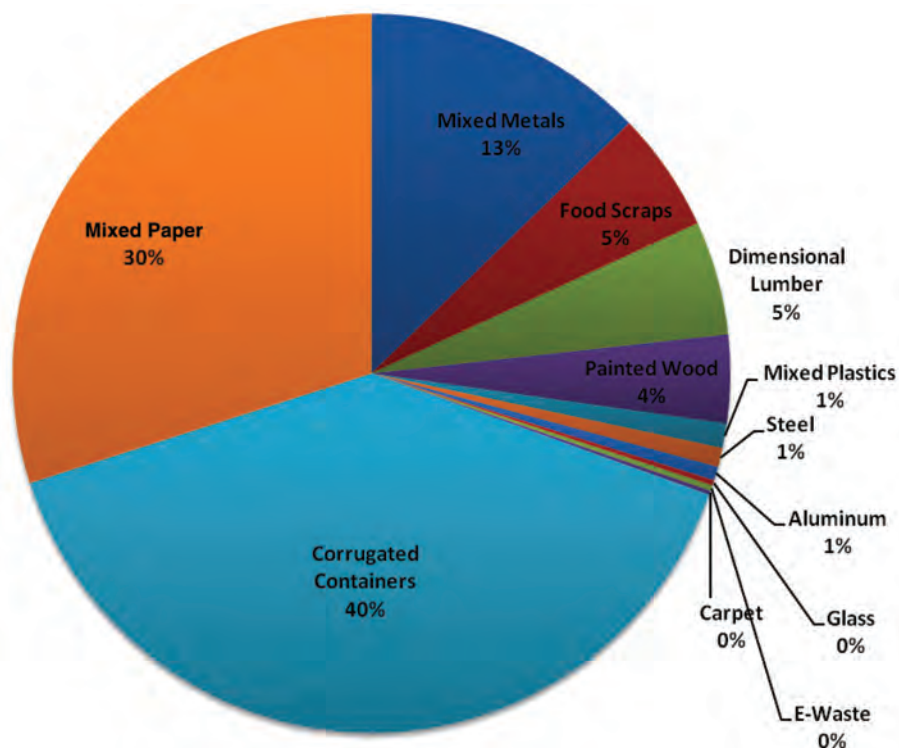
⁴ Estimations based on current waste generation amounts and expected population growth published by CalRecycle and ABAG respectively

SSFSC views our business as an important part of the solution to dealing with climate change for our communities. Commercial recycling and organics collection programs provide an excellent opportunity for setting goals in conjunction with the local jurisdiction's Climate Action Plans.

The pie chart below breaks out the total avoided emissions for recycling and composting activities by material types handled by SSFSC in 2011. The largest categories are corrugated containers (cardboard), mixed paper and mixed metals.

Our goals to further increase recycling in the commercial sector and expand organics into the residential sector will support our communities efforts in reducing GHG emissions.

Breakdown of Avoided Emissions by Material Type Processed by SSFSC (2011)



CLIMATE ACTION PLANS

Local jurisdictions are responding to the state-wide goals detailed in California's AB 32 Scoping Plan and SB 375 to develop Sustainable Communities Strategies by writing Climate Action Plans (CAPs). AB 32 Scoping Plan identifies local government as integral partners to achieve the State's goals, while SB 375 aims at reducing GHG emissions by linking local transportation funding to land use planning. By completing an inventory to quantify GHG emissions, the cities can develop Climate Action Plans as a Qualified GHG emissions Reduction Strategy in the future. These Climate Action Plans serve as a way to outline strategies, goals and actions for reducing municipal and community-wide GHG emissions.

As a part of our own sustainability commitments, we appreciate the opportunity to work with the cities of South San Francisco, Brisbane and Millbrae, and the County of San Mateo as they develop their Climate Action Plans and Sustainable Communities Strategies to meet their GHG reduction goals. Our commitments to our communities include reducing both our electricity and natural gas use throughout our facility, reducing GHG emissions from our fleet by converting to compressed natural gas, reducing overall water usage at our facility and achieving high waste diversion rates for our communities.

In 2011 alone, SSFSC avoided 68,912 metric tons of carbon equivalents through our materials management programs.

This is equivalent to:

**Powering 7,795
homes electricity for
a year**



**Taking 12,258
passenger vehicles off
the road for a year**



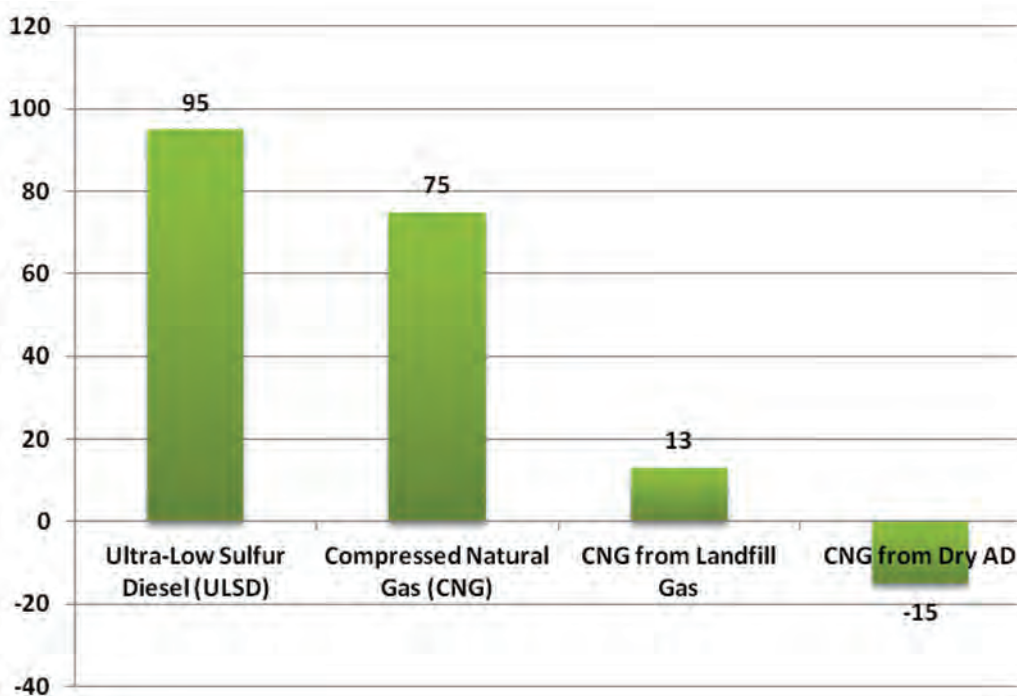
OPPORTUNITIES IN ANAEROBIC DIGESTION

It is our goal to substantially increase the diversion of organics that we collect in our communities. One of the largest potentials for handling organics is maximizing the energy available in the material through dry fermentation Anaerobic Digestion (AD). AD is a natural process in which bacteria breaks down organic matter in an oxygen-free environment. Decomposition occurs in several stages and converts organic matter into a combustible biogas, which can be used directly for heat and power generation with a by-product of soil amendment and compost that can be used in landscape applications.

SSFSC is in a unique position to take advantage of an on-site dry AD system. The system would build on the already established commercial food waste and residential green waste collection programs and allow us to collect food waste from residential customers. The small scale AD systems can be co-located with our transfer and material processing facility. The organic processing systems are in a fully enclosed building, virtually eliminating any impacts to the surrounding area.

The AD system could handle 10,000 tons per year of food and green waste, or 40 tons per day (TPD) from Monday to Friday each week. It would also produce biomethane that can be cleaned and compressed to generate 56,000 diesel gallon equivalent (dge) per year, or 215 dge per day. This would be enough biogenic CNG to fuel 4 to 5 heavy duty collection vehicles. In one business day, each collection vehicle would collect enough organic material for two days of fueling. Closing the loop on organic waste – where the collection vehicle is fueled by biogenic CNG that is derived from the organic material it is collecting – is an effective and efficient manner to locally handle organic waste. Additionally, this fuel is considered carbon negative (minus 15 on the carbon intensity scale), compared to diesel (plus 95) or pipeline CNG (plus 75) as shown below. SSFSC will be actively reducing its carbon footprint, and assisting the local communities in achieving their climate reduction goals.

Carbon Intensity for Diesel & Substitutes, g CO₂e/MJ (grams CO₂ emitted per unit of energy adjusted for energy)



Another benefit of an on-site AD facility is that it will produce digestate that will total 10,000 tons per year which will be delivered to a Bay Area compost facility, where it will be used as feedstock to produce various blends of valued, organically-certified compost. Compost helps to reduce the environmental impacts of landscaping and agriculture by reducing the need for chemical fertilizers and pesticides. It also assists in water retention and helps to preserve healthy soils which will absorb carbon from the atmosphere.

ADVANTAGES OF ON-SITE ANAEROBIC DIGESTION SYSTEM

There are potentially several advantages to co-locating small systems at our facility including:

- Minimizing vehicle miles traveled to process organics;
- Modular buildings significantly reduce construction time;
- Modular bays mean we can right size our processing operation and build upon the AD system as tonnage of organics increase;
- Biogas can be used as a potential fuel source for our fleets and/or on-site to generate energy for our buildings;
- Facilitate local community goals to enhance sustainable technologies and programs within their local jurisdictions.

The figure on the next page provides further information on the benefits of AD technology verses disposal of organics in landfills. We will continue investigating this technology in partnership with our Cities to advance the sustainability and climate action goals of our local communities.

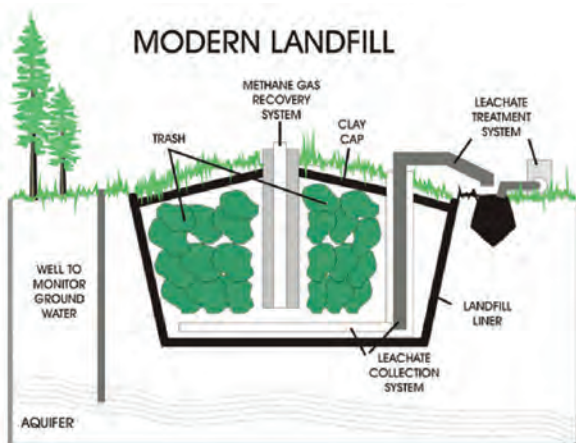


Landfills vs. Anaerobic Digestion

LANDFILLS

Organics in Landfills produce methane as they decompose. In a capped (closed) landfill this can be recovered and used to produce energy (electricity and/or fuel).

- Takes 30+ years to generate enough methane to begin harvesting gas ✗
- Takes up large areas of land ✗
- Valuable resources are trapped forever and cannot be reused/ recycled ✗
- Liners are good for 100 years, but may be susceptible to leaks and tears, which may cause groundwater pollution in the future ✗



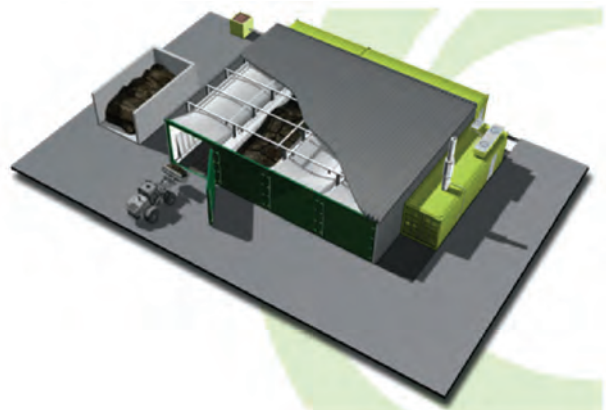
ANAEROBIC DIGESTION

Anaerobic Digestion (AD) is a natural process in which bacteria breaks down organic matter in an oxygen-free environment. Decomposition converts organic matter into a soil amendment and a combustible biogas which can be used for energy productions (electricity and/or fuel).

- 30 days to generate methane which can be used to produce electricity or converted to fuel ✓
- Small footprint reduces land use and environmental impacts ✓
- Produces a high quality soil amendment, saving water, soil and reduces the need for fertilizers ✓
- Reduces the need for landfills and encourages zero waste practices ✓
- Overall reduction in GHG emissions and reduces dependence on fossil fuels ✓

Diverting 10,000 tons of organics per year from landfill to AD results in:

- Generating 62,100 diesel gallon equivalents of fuel
- Avoiding 5,050 metric tons of carbon dioxide equivalents
- Saving over 1,100,000 gallons of water from compost use
- Saving over 550,000 lbs of soil from compost use



Consolidated Summary of South San Francisco Scavenger's First Sustainability Report Sustainability Action Plan (CY2010-2015)

Goals and Targets	2011 Status	2012 Status	Goals and Targets	2011 Status	2012 Status
Climate Action Planning Goal 1: Reduce direct and indirect greenhouse gas (GHG) emissions. Targets: 1.1 Reduce direct and indirect GHG emissions ahead of statewide GHG emissions reduction goals.   1.2 Increase recycling and composting to avoid GHG emissions by over 20 times what our operations generate.  			Facility Water Use Goal 6: Reduce overall facility-wide water usage. Targets: 6.1 Build smaller sanitizing cookers to help reduce water usage by 2015.   6.1* Optimize water usage in each cook to 12 ccf/cook.   6.2 Reduce water usage associated with landscaping by 30% by 2012.  		
Fleets and Fuels Goal 2: Improve fleet efficiency and lower emissions which have negative air quality and GHG impacts. Targets: 2.1 Convert 86% of fleet to low/no emission technology by 2020.   2.2 Increase route efficiency and reduce fuel/ton for collection vehicles by 5% by 2015.   2.3 Reduce direct mobile combustion emissions by 20% by 2020 compared to 2006 baseline.   2.3* Reduce direct mobile combustion emissions by 30% by 2020 compared to 2006 baseline.   2.4 Go above and beyond air quality compliance standards for fleet.  			Socially Responsible Procurement Goal 7: Promote local and minority owned businesses through procurement. Targets: 7.1 Purchase 20% of products and/or services through local businesses by 2015.   7.1* Purchase 30% of products and/or services through local businesses by 2015.   7.2 Purchase 20% of products and/or services through minority owned businesses by 2015.  		
Green Building and Facility Energy Use Goal 3: Promote initiatives to reduce facility-wide energy use and green building initiatives. Targets: 3.1 Obtain LEED accreditation for office building by 2012.   3.2 Build smaller sanitizing cookers to help reduce natural gas usage by 2015.   3.2* Install more solar panel at our facility to offset electricity usage.   3.3 Replace lights in MRF to LEDs by 2013.   3.4 Reduce natural gas and electricity GHG emissions by 25% by 2020 compared to 2006 baseline.  			Local Employees Goal 8: Incentivize living and working locally when possible. Targets: 8.1 Create programs to encourage SSFSC employees to live in the communities serviced by SSFSC.   8.1* Work with local community organizations to make the SSFSC communities a better place to live.  		
Recycling and Resource Management Goal 4: Promote additional recycling and waste reduction at SSFSC and within local communities. Targets: 4.1 Recycle or compost 75% of waste generated by SSFSC office by 2012.   4.1* Recycle or compost 90% of waste generated by SSFSC office by 2015.   4.2 Increase waste diversion rate to 75% for the communities serviced by SSFSC by 2020.   4.2* Increase waste diversion rate to 75% or above for Millbrae and South San Francisco by 2020.   4.3 Assist SFO International Airport to exceed their current diversion rate of 75% and meet their goal of zero waste.   4.3* Assist SF International Airport to meet their goal of zero waste by 2020.   4.4 Assist commercial and industrial sectors to meet and exceed commercial mandatory recycling requirements.   4.5 Assist the City of Brisbane to increase their diversion rate to 90% by 2020.  			Local Events, Charities and Community Involvement Goal 9: Contribute to local community by hosting, sponsoring and being active in local events, charities and projects. Targets: 9.1 Engage 100% of management in local charities and organizations.   9.2 Participate in 10 local events per year.   9.3 Contribute 5% of profits into local events/charities/projects.   9.3* Implement programs to encourage employees to participate in local events/charities/projects.  		
Environmentally Preferable Purchasing Goal 5: Reduce the negative environmental and social impacts of products through effective preferable purchasing programs. Targets: 5.1 Implement a formal preferable purchasing program which covers 50% of office supplies by 2012.   5.2 Implement a formal preferable purchasing program which covers 90% of office supplies by 2015.  			Health and Safety Goal 10: Maintain a safe work place for all employees. Targets: 10.1 Continually upgrade health and safety policies to ensure employees are never put at risk while working.   10.2 Strive for zero work place injuries.   10.3 Strive for zero violations.  		
			Employee Training and Satisfaction Goal 11: Ensure all employees are trained adequately for the equipment they are working with and strive for employee satisfaction. Targets: 11.1 Ensure each employee is provided with 40 hours of training for all new equipment and 8 hours of annual refresher training.   11.2 Enable upward mobility for high potential employees.   11.3 Provide on-site activities and employee incentives to increase and encourage employee retention.  		
			Goal Progress Key  New  Achieved  On Track  Not on Track  Missed  Suspended		