



September 2, 2016

Mr. Mohammed Nuru
Director of Public Works
City and County of San Francisco
City Hall, Room 348
1 Dr. Carlton Goodlett Place
San Francisco, CA 94102-4645

Re: 120-Day Notice of Intent to File Application

Dear Mr. Nuru:

This letter presents a notice of intent to file a rate application by the San Francisco refuse collection and processing companies – Recology Sunset Scavenger, Recology Golden Gate, and Recology San Francisco (the “Companies”).

San Francisco continues to maintain its national position as an environmental leader, largely due to the success and implementation of mandatory recycling and composting. The provisions of this new rate will seek to strengthen and expand these programs to continue this recognition on a national and international basis. It should be noted that the last proceedings to change refuse rates occurred in 2013.

The Companies have begun the arduous task of processing San Francisco’s trash stream (i.e., black bins) to further reduce the amount of material being landfilled. As Recology and the City continue the work toward our goal of zero waste, it has become a challenge to increase the citywide recovery rate without pursuing facility enhancements to expand processing capacity and invest in new technologies.

The proposed new programs include a move to increased recycling bin volumes, and decreased landfill bin volumes for residential customers. These changes will result in greater overall containerization capacity for each customer. In addition, we are proposing to incorporate dedicated recycling trucks and additional routes to handle the increased volume of recyclables. Additional technology will also be proposed for onboard, automated tracking of service performance and set-out of materials collected.

The planned rate application builds upon the existing residential and apartment rate structures that evolved in the previous rates. In addition to adjusting rates to reflect landfill costs at Hay Road,

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further operational modifications are being considered, and any rate impacts will be outlined in the application. These modifications recognize the need to provide financial incentives for recycling and composting efforts in order to reduce San Francisco's landfill tonnage. As in previous rates, the proposed rates will also include facility modernization planning and necessary equipment installation. These improvements will allow us to expand extracting material from black bins to further our pursuit of zero waste.

The Companies presently plan to submit an application in early January 2017, for rates that would go into effect on July 1, 2017, for the period of one year, with following years subject to annual Cost of Living Adjustments (COLA) until a subsequent rate process occurs. Working in conjunction with San Francisco Public Works, the Companies will comply with the requirements of the Director of Public Works' Rules of Procedure as well as the notice and majority protest provisions of Article XIII D of the State Constitution.

We look forward to working with you and City staff during the upcoming rate process to further our progress in reaching zero waste.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Arsenault", written in a cursive style.

Mark Arsenault
Vice President and Group Manager
San Francisco Region

cc: Deborah Rafael, Department of the Environment
Robert Haley, Department of the Environment
Julia Dawson, Department of Public Works