

File No. 221174

Committee Item No. 7

Board Item No. 27

COMMITTEE/BOARD OF SUPERVISORS

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Committee: Government Audit and Oversight Date: December 1, 2022

Board of Supervisors Meeting: Date: December 13, 2022

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OTHER

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Prepared by: Stephanie Cabrera

Date: November 23, 2022

Prepared by: Stephanie Cabrera

Date: December 2, 2022

Prepared by: _____

Date: _____

1 [Settlement of Unlitigated Claims against Sunset Scavenger Company, et al. - San Francisco
2 Refuse Ratepayers to Receive \$25,000,000 Credit to Offset Cost of Living Adjustments and
3 Rate Increases]

4 **Resolution approving the settlement of pre-litigation claims against Sunset Scavenger**
5 **Company, Golden Gate Disposal & Recycling Company, Recology San Francisco, and**
6 **Recology Properties Inc. through the acceptance of a \$25,000,000 reimbursement to**
7 **San Francisco ratepayers; the claims involve alleged retention of profits above the 9**
8 **percent target profit approved in the 2017 public rate setting process, and the timing**
9 **and appropriateness of cost of living adjustments to rates; additional material terms of**
10 **the settlement are that rental costs of select real properties will not be passed through**
11 **to ratepayers once acquisition costs are paid, and ratepayers will be reimbursed for up**
12 **to approximately \$26,000,000 in rental payments in the event that those properties are**
13 **no longer available for the benefit of San Francisco refuse ratepayers.**

14
15 WHEREAS, The City and County of San Francisco has initiated pre-litigation claims
16 against Sunset Scavenger Company (“RSS”), Golden Gate Disposal & Recycling Company
17 (“RGG”), Recology San Francisco (“RSF”), and Recology Properties Inc. (“Recology
18 Properties”) for reimbursement to ratepayers of rents and credits against cost-of-living
19 adjustments and rate increases; and

20 WHEREAS, The claims involve allegations that RSS, RGG, and RSF are not entitled to
21 cost-of-living increases as a result of their collection of profits above the target profit approved
22 in 2017; and

23 WHEREAS, The Controller’s Office has recommended settlement of the claims through
24 (1) acceptance of a \$25,000,000 credit to ratepayers; (2) the use of specified real property

1 rent-free once acquisition costs are paid; and (3) reimbursement of rent paid by ratepayers in
2 the event of certain real property sales; now, therefore, be it

3 RESOLVED, That pursuant to Administrative Code, Section 10.22, the Board of
4 Supervisors hereby authorizes the City Attorney to settle and compromise the claims by (1)
5 acceptance of a \$25,000,000 credit to ratepayers; (2) the use of specified real property rent-
6 free once acquisition costs are paid; and (3) reimbursement of rent paid by ratepayers in the
7 event of certain real property sales.

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