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

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

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

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WHEREAS, The claims involve allegations that RSS, RGG, and RSF are not entitled to cost-of-living increases as a result of their collection of profits above the target profit approved in 2017; and
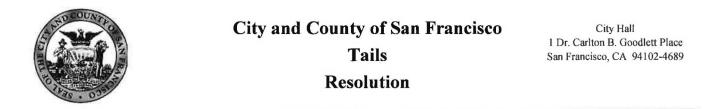
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WHEREAS, The Controller's Office has recommended settlement of the claims through (1) acceptance of a $25,000,000 credit to ratepayers; (2) the use of specified real property

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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.

APPROVED:

DAVID CHIU
City Attorney

/s/
KESLIE STEWART
Chief of Public Integrity and Investigations

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RECOMMENDED:

OFFICE OF THE CONTROLLER

/s/
BEN ROSENFIELD
Controller

City and County of San Francisco

Tails

Resolution

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 221174

Date Passed: December 13, 2022

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

December 01, 2022 Government Audit and Oversight Committee - RECOMMENDED

December 13, 2022 Board of Supervisors - ADOPTED

Ayes: 11 - Chan, Dorsey, Mandelman, Mar, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton

File No. 221174

I hereby certify that the foregoing Resolution was ADOPTED on 12/13/2022 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

London N. Breed
Mayor

12/22/22

Date Approved