



August 25, 2016

Mohammed Nuru
 Director
 San Francisco Public Works
 1 Dr. Carlton B. Goodlett Pl. Room 348
 San Francisco, CA 94102

Dear Mr. Nuru,

In accordance with Recology's proposal, submitted December 8, 2015, for the Recycle Central[®] Material Recovery Facility Upgrade and subsequent letter of approval from Public Works, dated January 29, 2016, Recology is requesting the approval to use Rate Year 2016 (RY16) Tier 3 & 4 Zero Waste Incentive funds for the second phase of project construction. For Rate Year 2016 the Tier 1 diversion target tonnage goal was 355,980 tons and Recology disposed of 412,000 tons. Since Recology did not meet the year's diversion targets, we are requesting approval to apply the RY16 Tier 3 & 4 incentive funds, equaling \$3,200,550.50, to the Recycle Central[®] project.

Additionally, Recology previously received approval for the use of \$463,452 from the RY14 incentive funds for our Textile Program. This program was successfully rolled out and completed utilizing only \$247,597 of those approved funds. So in addition to the above request to use the RY16 Tier 3 & 4 incentive funds, Recology is requesting that the remaining \$215,855 Textile Program funds also be applied to the second phase of the Recycle Central[®] project construction. The remaining costs to complete the upgrade will be funded by Recology.

Exhibit A details the Zero Waste Incentives Account Balance as of July 31, 2016 and below is a table summarizing the requested Recycle Central[®] project funding:

Table 1: Project Funding Breakdown

Funding Source	Total	Notes
Zero Waste Incentives, Tiers 3 & 4, FY 13/14	\$2,621,225	Approved 1/29/16
Zero Waste Incentives, Tiers 3 & 4, FY 14/15	\$3,157,691	Approved 1/29/16
Zero Waste Incentives, Tiers 3 & 4, FY 15/16	\$3,200,550.50	Requested
Unused Textile Program Funds	\$215,855	Requested
Recology Funding	\$2,104,598.50	
Total Project Costs	\$11,299,920	

Please let me know if you have any questions or require additional information. Thank you for your consideration.

Sincerely,

Mark J. Arsenault
 Vice President and Group Manager
 Recology

cc: Julia Dawson
 Robert Haley