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Independent Accountants' Agreed-Upon Procedures Report

The Board of Directors of Sunset Scavenger Company, Golden Gate Disposal & Recycling Company, and Recology San Francisco (Recology San Francisco Companies):

We have performed the procedures enumerated below related to intercompany property rental fees recovered/projected to be recovered by Recology San Francisco Companies through rate revenues for the period from 1980 to September 30, 2023. These rental fees are summarized in an Intercompany Property Details Rollforward report. Management is responsible for the Intercompany Property Details Rollforward report. Corresponding Property rental expenses for each Subject Property through FYE23 (9/30/23) are shown as Appendix A to a Settlement Agreement approved by the San Francisco Board of Supervisors on December 13, 2022 and signed by the Mayor of San Francisco on December 22, 2022.

Recology San Francisco Companies have agreed to and acknowledged that the procedures performed are sufficient and appropriate to meet the intended purpose of assisting users in evaluating intercompany property rental fees recovered/projected to be recovered by Recology San Francisco Companies through rate revenues. Additionally, the City and County of San Francisco has agreed to and acknowledged that the procedures performed are sufficient and appropriate for its purposes. No other parties have agreed to or acknowledged the sufficiency or appropriateness of these procedures for the intended purpose or any other purpose.

The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. We make no representation regarding the appropriateness of the procedures either for the intended purpose or for any other purpose. Additionally, we make no representation regarding the appropriateness of the activity in the Intercompany Property Details Rollforward report as described above.

The procedures and the associated findings are as follows. Note that the individual years identified below represent rate years unless otherwise specified. Rate years through 2022 ended on June 30 of each year. The rate period ended June 30 was realigned to September 30 in rate year 2022 and thereafter.

1. We obtained from management the Property Rentals Rollforward for the period from 1980 to June 30, 2021 (June 2021 Property Rentals RF).
2. We obtained from management relevant information supporting amounts in the June 2021 Property Rentals RF and performed the following procedures:
 - a) We obtained the Tab A 1983 RAP SS and GG Projections for RY1984 rate application report. We summed the offices, shop, and other facilities costs and adjustments for Sunset Scavenger Company for each of the years 1980, 1981, 1982, and 1984 for the Tunnel & Beatty (Shop) location. Per management, 1983 is a bridge year and therefore we used the same offices, shop, and other facilities costs and adjustments amount for 1983 as for 1982. We compared these calculated annual totals to the corresponding annual amounts in the June 2021 Property Rentals RF and did not identify any differences.
 - b) We obtained the Tab D 1987 RAP SS Projections rate application report. We summed the offices, shop, and other facilities costs and adjustments for Sunset Scavenger Company for each of the years



1985, 1986, 1988, and 1989 for the Tunnel & Beatty (Shop) location. Per management, 1987 is a bridge year and therefore we used the same offices, shop, and other facilities costs and adjustments amount for 1987 as for 1986. We compared these calculated annual totals to the corresponding annual amounts in the June 2021 Property Rentals RF and did not identify any differences.

- c) Per management, Sunset Scavenger Company rate applications were denied for years ended 1990, and 1991. Therefore, we used the same offices, shop, and other facilities costs and adjustments amounts for 1990 and 1991 for the Tunnel & Beatty (Shop) location as for 1989. We compared these calculated annual totals to the corresponding annual amounts in the June 2021 Property Rentals RF and did not identify any differences.
- d) We obtained the Tab E 1991 RAP Sanitary Fill and SS Projections for RY92_091991 rate application report. We summed the offices, shop, and other facilities costs and adjustments for Sunset Scavenger Company for 1992 for the Tunnel & Beatty (Shop) location. Per management, 1993 and 1994 are bridge years and therefore we used the same offices, shop, and other facilities costs and adjustments amounts for 1993 and 1994 as for 1992. We compared these calculated annual totals to the corresponding annual amounts in the June 2021 Property Rentals RF and did not identify any differences.

From the same report, we summed the property lease costs and adjustments for Recology San Francisco for 1992 for Tunnel & Beatty (Sunset Admin) and Parcel A&I – Trsf Station & Shop locations. Per management, 1993 and 1994 are bridge years and therefore we used the same property lease costs and adjustments amounts for 1993 and 1994 as for 1992. We compared these calculated annual totals to the corresponding annual amounts in the June 2021 Property Rentals RF and did not identify any differences.

- e) We obtained the Tab H 1994 RAP Sanitary Fill and SS Projections_V2 rate application report. We summed the offices, shop, and other facilities costs for Sunset Scavenger Company for 1995 for the Tunnel & Beatty (Shop) location. We compared this calculated annual total to the corresponding annual amount in the June 2021 Property Rentals RF and did not identify any differences.

From the same report, we compared the property lease costs for Recology San Francisco for 1995 for the Tunnel & Beatty (Sunset Admin) and Parcel A&I – Trsf Station & Shop locations to the corresponding annual amounts in the June 2021 Property Rentals RF and identified a \$9 difference between those amounts.

- f) We obtained the Tab J 1994 Renewed RAP Sanitary Fill and SS RY1996 Projections rate application report. We summed the offices, shop, and other facilities costs for Sunset Scavenger Company for 1996 for Tunnel & Beatty (Shop) location. We compared this calculated annual total to the corresponding annual amount in the June 2021 Property Rentals RF and did not identify any differences.

From the same report, we compared the property lease costs for Recology San Francisco for 1996 for the Tunnel & Beatty (Sunset Admin) and Parcel A&I – Trsf Station & Shop locations to the corresponding annual amounts in the June 2021 Property Rentals RF and identified a \$9 difference between those amounts.

Per management 1997 through 2001 were bridge years for Sunset Scavenger Company. Therefore, we used the same offices, shop, and other facilities costs and adjustments amounts for 1997 through 2001 as for 1996. We compared these calculated annual totals to the corresponding annual amounts in the June 2021 Property Rentals RF and did not identify any differences.



- g) We obtained the Tab K 1996 RAP support Sanitary Fill Property section report. We compared the annual rent for Recology San Francisco for 1997 for the Tunnel & Beatty (Sunset Admin), Parcel A&I – Trsf Station & Shop, and 410 Tunnel Avenue locations to the corresponding annual amounts in the June 2021 Property Rentals RF and did not identify any differences. Per management, 1998 through 2001 were bridge years for Recology San Francisco. Therefore, we used the same annual rent amounts for 1998 to 2001 as for 1997. We compared these annual amounts to the corresponding annual amounts in the June 2021 Property Rentals RF and did not identify any differences.
- h) We obtained the Tab M 2001 RAP Sanitary Fill RY2002-RY2006 Projection rate application report. We summed the annual rental amounts in the June 2021 Property Rentals RF and compared these recalculated totals to the annual property rental amounts for Tunnel & Beatty (Sunset Admin) and Parcel A&I – Trsf Station & Shop locations for Recology San Francisco for the years 2002 through 2006 in the Tab M 2001 RAP Sanitary Fill RY2002-RY2006 Projection rate application report and did not identify any differences.
- i) We obtained the Tab O 2006 RAP SS GG RSF RY07-RY11 projections rate application report. We summed the annual rental amounts in the June 2021 Property Rentals RF and compared these recalculated totals to the annual property rental amounts for Tunnel & Beatty (Sunset Admin), Parcel A&I – Trsf Station & Shop, 401-409 Tunnel, and 465 Wheeler locations for Recology San Francisco for the years 2007 through 2011 in the Tab O 2006 RAP SS GG RSF RY07-RY11 projections rate application report and identified a \$1 difference for each annual rent amount for the years 2008 through 2013. Per management, 2012 and 2013 were bridge years. Therefore, we used the same annual rent amounts for 2012 and 2013 as for 2011. We compared these annual amounts to the corresponding annual amounts in the June 2021 Property Rentals RF and did not identify any differences.
- j) We obtained the Tab P 2013 RAP RSF RSSRGG Rate Model support rate application support. We compared the property rentals amount for Sunset Scavenger Company for 2014 for the 505 Tunnel location to the corresponding annual amount in the June 2021 Property Rentals RF and did not identify any difference. Per management, 2015 through 2017 were bridge years. Therefore, we used the same annual rent amounts for 2015 and 2017 as for 2014. We compared these annual amounts to the corresponding annual amounts in the June 2021 Property Rentals RF and did not identify any differences.

From the same report, we compared the property rental amounts for Recology San Francisco for 2014 for the Tunnel & Beatty (Sunset Admin), Parcel A&I – Trsf Station & Shop, 401-409 Tunnel, 465 Wheeler, and 595 Tunnel Bldg (portion) locations to the corresponding annual amounts in the June 2021 Property Rentals RF and did not identify any differences. Per management, 2015 through 2017 were bridge years. Therefore, we used the same annual rent amounts for 2015 and 2017 as for 2014. We compared these annual amounts to the corresponding annual amounts in the June 2021 Property Rentals RF and did not identify any differences.

- k) We obtained the Tab Q 2017 RSF Rate Model Property Rental detail rate application report. We compared the property rentals for Recology San Francisco for 2018, for the Tunnel & Beatty (Sunset Admin), Parcel A&I – Trsf Station & Shop, 401-409 Tunnel, 465 Wheeler, and 595 Tunnel Bldg (portion) locations to the corresponding annual amounts in the June 2021 Property Rentals RF and did not identify any differences. Per management, 2019 through 2021 were bridge years. Therefore, we used the same annual rent amounts for 2019 through 2021 as for 2018. We compared these annual amounts to the corresponding annual amounts in the June 2021 Property Rentals RF and did not identify any differences. Management noted that the amount of \$66,246 for 505 Tunnel Ave. Bldg (Portion) under Recology Properties Inc. in the Tab Q 2017 RSF Rate Model Property Rental detail rate application report should be reflected for Parcel A&I, which is correctly reflected in the June 2021 Property Rentals RF. Management noted in the Tab Q 2017 RSF Rate Model Property detail rate



application report, \$148,102 in intercompany property rental for Truck & Garage (Shop) represents 595 Tunnel Bldg (portion), which is correctly reflected in the June 2021 Property Rentals RF.

- I) We obtained the Tab R 2017 RSSRGG Rate Model Property Rental detail analysis of property rental. We compared the property rentals amount for Sunset Scavenger Company for the year ended 2018, for the Tunnel & Beatty (Shop) and 505 Tunnel locations to the corresponding annual amounts in the June 2021 Property Rentals RF and did not identify any differences. Per management, 2019 through 2021 were bridge years. Therefore, we used the same annual rent amounts for 2019 through 2021 as for 2018. We compared these annual amounts to the corresponding annual amounts in the June 2021 Property Rentals RF and did not identify any differences. Management noted that \$240,000 of the \$438,372 for 505 Tunnel under Recology Properties Inc in the RSSRGG Rate Model Property Rental detail analysis of property rental should be reflected for the Tunnel & Beatty (Shop) location, which is correctly reflected in the June 2021 Property Rentals RF.
3. We summed the total rental costs for the period from 1980 to June 30, 2021 for each of the property locations described in the preceding step. We compared these totals to the respective total rental costs for each property in the June 2021 Property Rental RF as of 6/30/2021 and did not identify any differences.
4. We obtained from management the Intercompany Property Details Rollforward for the period from June 30, 2021 to September 30, 2023 (September 2023 Property Details RF).
5. We compared the beginning balances in the September 2023 Property Details RF as of 6/30/2021 for each of the property locations described Step 2 above to the ending balances for each of the property locations in the June 2021 Property Rental RF and did not identify any differences.
6. Per management, 2022 is a bridge year. Therefore, we used the same annual rent amounts for 2022 as for 2018 for the Tunnel & Beatty (Shop), 505 Tunnel, Tunnel & Beatty (Sunset Admin), Parcel A&I – Trsf Station & Shop, 401-409 Tunnel, 465 Wheeler, and 595 Tunnel Bldg (portion) locations. We compared the 2022 annual amounts in the 2023 Property Details RF to the corresponding annual 2018 amounts in the June 2021 Property Rentals RF and did not identify any differences.
7. We summed the beginning balances in the September 2023 Property Details RF as of 6/30/2021 and the 2022 annual rent amounts described in the previous step for each of the property locations described in the previous step. We compared these totals to the respective total rental costs as of June 30, 2022, for each property in the September 2023 Property Details RF and did not identify any differences.
8. We recalculated the \$1,200,000 based on the \$240,000 2018 error noted in the report multiplied by 5 (representing the five years 2018-2022) and then agreed this \$1,200,000 amount to the September 2023 Property Details RF and did not identify any differences.
9. The September 2023 Property Details RF includes a three-month “stub period” to realign the rate year ending from 6/30/2022 to rate year ending 9/30/2022. We recalculated the rent amounts for this period for the 505 Tunnel, Tunnel & Beatty (Sunset Admin), Parcel A&I – Trsf Station & Shop, 401-409 Tunnel, 465 Wheeler, and 595 Tunnel Bldg (portion) locations as 25% of the corresponding annual rent amounts in Step 6, compared the recalculated rents to the corresponding amounts in the September 2023 Property Details RF, and did not identify any differences.
10. We summed the total rental costs as of June 30, 2022 described in Step 7, the adjustment amount described in Step 8 and the rental costs for the three months ending September 30, 2022 described in the previous step for each of the property locations described in Step 6. We compared these totals to the respective total rental costs as of September 30, 2022 for each property in the September 2023 Property Details RF and did not identify any differences.



11. Per management, RY2023 is a bridge year. Therefore, we used the same annual rent amounts for 2023 as for 2022 for the Tunnel & Beatty (Shop), 505 Tunnel, Tunnel & Beatty (Sunset Admin), Parcel A&I – Trsf Station & Shop, 401-409 Tunnel, 465 Wheeler, and 595 Tunnel Bldg (portion) locations. We compared the 2023 annual amounts in the 2023 Property Details RF to the corresponding annual 2018 amounts in the June 2021 Property Rentals RF and did not identify any differences.
12. We summed the total rental costs as of September 30, 2022 described in Step 10, a \$240,000 adjustment for the Tunnel & Beatty (Shop) location, and the rental costs for FY2023 described in the previous step, for each of the property locations described in Step 6. We compared these totals to the respective total rental costs as of September 30, 2023 for each property in the September 2023 Property Details RF and did not identify any differences.
13. We obtained the 2017-05-12 Director's Report from management. This information was used to perform several steps related to the West Wing Project, as follows:
 - a) Per management, 2019 through 2021 were bridge years. Therefore, we used the \$1,696,201 annual rent amount for West Wing project included in the 2017-05-12 Director's Report to recalculate the intercompany rents for the three years ended June 30, 2021. We compared this recalculated total to the corresponding amount for the West Wing project in the September 2023 Property Details RF and did not identify any differences.
 - b) Per management, 2022 is a bridge year. Therefore, we used the \$1,696,201 annual rent amount for West Wing project included in the 2017-05-12 Director's Report to recalculate the intercompany rent for the year ended June 30, 2022. We compared this amount to the corresponding amount for the West Wing project in the September 2023 Property Details RF and did not identify any difference.
 - c) We summed the total rental costs as of June 30, 2021 described in Step 13 a) and the 2022 rental cost described in Step 13 b). We compared this total to the total intercompany rent for the West Wing project as of June 30, 2022 in the September 2023 Property Details RF and did not identify any difference.
 - d) The September 2023 Property Details RF includes a three month "stub period" to realign the rate year ending from 6/30/2022 to rate year ending 9/30/2022. We recalculated the rent amount for this period for the West Wing project as 25% of the corresponding annual rent amount in Step 13 b), compared the recalculated rent to the corresponding amount in the September 2023 Property Details RF and did not identify any difference.
 - e) We summed the total rental cost as of June 30, 2022 described in Step 13 c) and the rental cost for the three months ending September 30, 2022 described in the previous step for the West Wing project. We compared this total to the total rental cost as of September 30, 2022 for the West Wing project in the September 2023 Property Details RF and did not identify any difference.
 - f) Per management, RY2023 is a bridge year. Therefore, we used the \$1,696,201 annual rent amount for West Wing project included in the 2017-05-12 Director's Report to recalculate the intercompany rent for RY2023. We compared this amount to the corresponding amount for the West Wing project in the September 2023 Property Details RF and did not identify any differences.
 - g) We summed the total rental costs as of September 30, 2022 described in Step 13 e) and the intercompany rent described in the previous step for the West Wing project. We compared this total to the total rental cost as of September 30, 2023 for the West Wing project in the September 2023 Property Details RF and did not identify any difference.



14. We obtained the Settlement Agreement approved by the San Francisco Board of Supervisors on December 13, 2022 and signed by the Mayor of San Francisco on December 22, 2022 (Settlement Agreement).
15. We compared the total rental costs as of September 30, 2023 described in Step 12 and Step 13 g) to the corresponding amounts in the Rental Expenses in Rates (\$) column in Appendix A of Settlement Agreement and did not identify any differences.
16. We obtained from management the Analysis of San Francisco Intercompany Property Rental report, Asset Summary tab. For each of the property locations described in Step 2, we:
 - a. Summed the Cost amounts and did not identify any differences.
 - b. For 401-409 Tunnel, we compared the Interest Rate to the 1991 Director's report and did not identify any differences. For the West Wing, we compared the Interest Rate to the West Wing amortization schedule and did not identify any differences. Per management, 505 Tunnel and 465 Wheeler properties were purchased in November 2003 and December 2003, respectively. For these two properties and all of the other properties, we compared the Interest Rate to the rate included in Analysis of San Francisco Intercompany Property Rental report, the Prime Rate tab for the appropriate period, and did not identify any differences.
 - c. Recalculated the Annual Rent amounts using the excel formula over the Recovery Period in Years at the Interest Rate and did not identify any differences.
 - d. Recalculated the Total Recoverable Rent as the product of the Recovery Period in Years and the Annual Rent amounts and did not identify any differences.
 - e. Compared the total Intercompany (IC) Rent Expense through RY2023 to the total rental costs as of September 30, 2023 in the September 2023 Property Details RF and did not identify any differences.
 - f. Recalculated the Unrecovered Intercompany Rent balance as of 9/30/2023 by reducing Total Recoverable Rent by the total intercompany rent expense through RY2023. Amounts are summarized below.

Property	Total Recoverable Rent	Total Intercompany Rent Expense through RY23	Unrecovered Balance as of 9/30/23
Tunnel & Beatty	\$7,517,379	\$2,636,431	\$4,880,948
Parcel A&I	\$2,933,661	\$2,136,434	\$797,178
401-409 Tunnel	\$11,138,886	\$9,580,995	\$1,557,891
505 Tunnel	\$1,564,514	\$1,359,825	\$204,689
595 Tunnel	\$2,450,165	\$1,040,838	\$1,409,327
465 Wheeler	\$586,899	\$341,550	\$245,349
West Wing	\$26,696,865	\$8,905,055	\$17,791,809



17. We obtained the City & County of San Francisco Property Tax Bill for the Fiscal Year July 1, 2023 through June 30, 2024. For the 401-409 Tunnel, Parcels A&I and 465 Wheeler Ave properties, we compared the block and lot numbers from this tax bill to the APN number in Appendix A of the Settlement Agreement and did not identify any differences.
18. We obtained the San Mateo County Secured Tax Bill for Fiscal Year July 1, 2023 through June 30, 2024. For the 505 Tunnel, 595 Tunnel and Tunnel & Beauty properties, we compared the parcel numbers from this tax bill to the APN number in Appendix A of the Settlement Agreement and did not identify any differences. Per management, the West Wing property is located on the Tunnel & Beatty parcel number.

We were engaged by Recology San Francisco Companies to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants, which involves us performing the specific procedures agreed to and acknowledged above and reporting on findings based on performing those procedures. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the accompanying Intercompany Property Details Rollforward report. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Recology San Francisco Companies and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

KPMG LLP

San Francisco, California
February 29, 2024

Source: Appendix A of the Settlement Agreement

Property rental expenses for each Subject Property through RYE23 (9/30/23):

Subject Property	Rental Expenses in Rates (\$)
Tunnel & Beatty	2,636,431
Parcels A&I	2,136,434
401-409 Tunnel	9,580,995
501 Tunnel	-
505 Tunnel	1,359,825
515 Tunnel (7.043 Acre Parcel)	-
595 Tunnel Bldg.	1,040,838
Candlestick Offramp	-
465 Wheeler Ave.	341,550
466 Tocoloma Ave.	-
West Wing	8,905,055
Total Property	26,001,127