



October 29, 2018

VIA E-MAIL

Gary Halbert, City Manager
GHalbert@chulavistaca.gov
City of Chula Vista
276 4th Ave
Chula Vista, Ca 91910

Dear Mr. Halbert:

As you know, recycling markets have undergone a major shift over the past year due to changes in Chinese policy known as “China Sword.” In an effort to be more sustainable, China dramatically changed the criteria to accept imported recyclables. China significantly reduced acceptable contamination levels in any recovered paper and plastic grades. In addition, China banned all mixed paper from import, regardless of contamination levels. For decades, China has been the largest importer of the world’s recycled commodities, with the U.S. accounting for 40% of their inbound stream. The change in China’s policy has dramatically affected the recyclable commodity sales market in California and the world.

Due to these market conditions, Republic Services is requesting a rate adjustment based on Section 7.7 of the City of Chula Vista Franchise Agreement (Republic’s Right to Request Increases Based on Extraordinary Circumstances). It is our belief that from a legal perspective, China Sword qualifies as an extraordinary circumstance beyond Republic’s reasonable control which merits our request for a rate adjustment pursuant to Section 7.7 of the Franchise Agreement. We have provided data to the City, including the requested price increase, which supports this and outlines the challenges China Sword has created. Please let us know if you need any additional data.

Republic is committed to working in partnership with you to find the best path forward. We appreciate your consideration and look forward to working with you to determine a solution. If you have any questions please do not hesitate to reach out to Tony Cincotta at 707-249-3725 or Michael Simonsen at 619-261-3105.

Sincerely,

A handwritten signature in blue ink, appearing to read "Holly", followed by a long horizontal line extending to the right.

Holly C. Doyle
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