



South Bay Recycling, LLC

June 13, 2014

Mr. Kevin McCarthy
Executive Director
South Bayside Waste Management Authority
610 Elm Street, Suite 202
San Carlos, California 94070

Subject: **Annual Compensation Adjustment Application for Rate Year 2015**

Dear Mr. McCarthy:

South Bay Recycling, LLC (SBR) is pleased to submit our Compensation Adjustment Application for Rate Year 2015, in accordance with Article 7.04 of the Agreement for Operations of the Shoreway Environmental Center. This application includes the latest information available as of this date. Supporting documentation for all items updated from the figures and assumptions has been included in the Appendices, as has a page of comments on a number of items for which complete data is not yet available, or which otherwise require explanation.

We trust you will find this submittal accurate and satisfactorily documented. Please feel free to call me anytime with any questions or comments.

Sincerely,

Dwight E Herring

Dwight E Herring
General Manager

Description of Cost Components

As described in Article 7.03 of the Operating Agreement, South Bay Recycling's basic compensation includes three components as follows:

Transfer Station Payment. The amount of this payment is calculated by multiplying the number of tons of material delivered to and processed at the Transfer Station by the per ton Transfer Station fee then in effect. The Transfer Station fee submitted for Rate Year 2015 is \$12.58 per ton.

Recyclable Materials Processing Payment. The amount of this payment is calculated by multiplying the number of tons of recyclable materials delivered to and processed at the Materials Recovery Facility (MRF) by the per ton MRF processing fee then in effect. The contractor pays for the transportation and disposal of residue, which is deducted from the gross MRF processing fee. The MRF processing fee for Rate Year 2015 is \$78.26 per ton.

Transportation Payment. The amount of this payment is calculated by multiplying the number of tons of materials transported from the Shoreway Environmental Center to the designated disposal site, or the designated processing facilities for inert material, construction and demolition debris, plant materials and organics by the number of one-way miles from the Shoreway Environmental Center to the appropriate site and by the applicable transportation fee then in effect. The transportation per ton-mile rate for each site is listed in the table below:

Material Type	Disposal Site / Processing Facility	Cost per Ton-Mile
Solid Waste	Ox Mountain Landfill	\$1.211
Inert Materials	Ox Mountain Landfill	\$1.246
C&D Materials	Zanker Road	\$0.906
Plant Materials	Newby Island	\$0.733
Plant Materials	Grover	\$0.456
Plant Materials	Zanker Road	\$0.733
Organics	Newby Island	\$0.895
Organics	Grover	\$0.510
Bio Fuel	Livermore	\$0.596

As described in Attachment 12-A of the Operating Agreement, each fee is comprised of four distinct cost components. Each component has sub components that are the actual items to which compensation adjustment factors are applied. The subcomponent of each cost component is as follows:

Labor

- a. Wages for Direct Labor
- b. Benefits for Direct Labor
- c. Payroll Taxes
- d. Workers Compensation Insurance
- e. Outside Contracted Labor

Fuel & Power

- a. Electricity
- b. Solar Power
- c. Fuel

Depreciation

- a. No annual adjustment

Other Operating & Maintenance

- a. Indirect Labor
- b. Indirect Benefits
- c. Repair and Maintenance
- d. Equipment Rental
- e. Other Vehicle-Related Expenses
- f. Insurance, Safety & Claims
- g. General and Administrative Wages
- h. General and Administrative Benefits
- i. Other General and Administrative Expense

Description of Cost Adjustments

Workers Compensation Insurance. The adjustment factor is based on the average annual change to the U.S. Department of Labor, Bureau of Statistics, Private Industry Employment Cost Index for All Workers (seasonally adjusted, total benefits, series no. CIU2030000000000I).

Outside Contracted Workers from Third Party Sources. The adjustment factor for non-CBA direct contract labor is based on the average index change in the U.S. Department of Labor, Bureau of Statistics, Private Industry Employment Cost Index for All Workers (seasonally adjusted, total benefits, series no. CIU2030000000000I).

Direct Labor & Benefits. The Collective Bargaining Agreement for the Facility Operations Unit (Transfer Station and MRF) expires effective December 31, 2014. Thereafter, wages and benefits submitted in this Compensation Application comply with Attachment 13-A, Adjustment of Contractors Compensation for Rate Year Two and Thereafter, Part II, Section 1, Adjustment to Costs, Paragraph 2(b).

Fuel Costs. The adjustment factor for fuel is based on the average change in the Producer Price Index #2 Diesel Fuel (PPI). The percentage change for the Producer Price Index #2 Diesel Fuel is calculated using the U.S. Department of Labor, Bureau of Statistics, Producer Price Index-Commodity Index for #2 diesel fuel (not seasonally adjusted, fuels and related products and power, base date = 8200, series no. WPU057303).

Other Operating and Maintenance Costs. The adjustment factor for Other Operating and Maintenance Costs, including all subcomponents, is based on eighty percent (80%) of the average index change in the U.S. Department of Labor, Bureau of Statistics, Consumer Price Index-All Urban Consumers, U.S. city average (not seasonally adjusted, all items, base period: 1982-84 = 100, series no. CUUR0000SA0).
Comments to the Application

Depreciation. There is no price adjustment for depreciation after one year.

Power Costs. The adjustment factor for power is based on the average change in the combined PG&E and ISH rates for electricity and solar (cents per KWH).

Comments to the Application

Power Usage Allocation

In February 2014, South Bay Recycling added a second shift in the Materials Recovery Facility to process third party single stream recyclables. As a result, the power usage (KWH) in the Materials Recovery Facility increased. In order to calculate the cost of power related to processing recyclables under the associated with the Operating Agreement, I used the same kilowatt hours reflected on April 2013 PG&E and ISH Solar statements and multiplied this by the April 2014 actual rate per kilowatt hour provided by PG&E and ISH Solar (see Appendix VII).

Disposal Tip Fee. SBR has submitted an estimated disposal tip fee of \$39.69 per ton for this Compensation Adjustment Application.

Compensation Adjustment Application Worksheets

- A. Summary of Fees
- B. Cost Detail – Transfer Station & Materials Recovery Facility
- C. Cost Detail – Transportation
- D. Compensation Adjustment – Transfer Station
- E. Compensation Adjustment – Materials Recovery Facility
- F. Compensation Adjustment – Transportation
- G. Indices
- H. U.S. Department of Labor Index Detail
- I. Electric and Solar Power Cost
- J. Debt Service Schedule
- K. CBA Wages & Benefits (Transfer Station & MRF Only)

Appendix

- I. Teamsters Benefit Trust Retirement Security Plan (RSP).
- II. Teamsters Summary of Benefits Plan.
- III. Workers Compensation and Outside Contracted Workers from Third Party Sources. U.S. Department of Labor, Bureau of Statistics, Private Industry Employment Cost Index for All Workers (not seasonally adjusted, total benefits, series no. CIU2030000000000I).
- IV. Wages & Benefits after Expirations of Collective Bargaining Agreement(s). U.S. Department of Labor, Bureau of Labor Statistics, Private Industry Employment Cost Index for Service-Producing Industries (seasonally adjusted, total compensation, series no. CIS201S000000000I).
- V. Fuel. U.S. Department of Labor, Bureau of Statistics, Producer Price Index Commodities for Fuels and Related Products and Power (not seasonally adjusted, No. 2 Diesel Fuel, base date 198200, base series no. WPU057303).
- VI. Other Operating and Maintenance Costs. U.S. Department of Labor, Bureau of Statistics, Consumer Price Index-All Urban Consumers, U.S. city average (not seasonally adjusted, all items, base period: 1982-84 = 100, series no. CUUR0000SA0).
- VII. Power Usage Allocation Worksheet
- VIII. April 2014 PG&E Invoice.
- IX. April 2014 ISH Solar Power Invoice.

SOUTH BAY RECYCLING, LLC
2015 Compensation Adjustment Application
A. Summary of Fees

	Year 4 2014	Year 5 2015	% Increase
Annual % Change			
TS	5.31%	1.56%	
MRF	3.74%	1.96%	
Transport	1.93%	1.36%	
Cost per Ton			
Transfer Station	\$ 12.39	\$ 12.58	1.6%
MRF (net residue)	\$ 76.76	\$ 78.26	2.0%
Transportation (cost / ton-mile)	\$ 1.002	\$ 1.015	1.4%
Transportation (cost / ton)	\$ 17.951	\$ 18.195	1.4%
Cost Estimate by LOB			
Transfer Station	\$ 4,430,873	\$ 4,499,881	1.6%
MRF (net residue)	\$ 5,681,570	\$ 5,792,704	2.0%
Transportation	\$ 6,421,528	\$ 6,508,759	1.4%
Total Operating Cost	\$ 16,533,971	\$ 16,801,344	3.4%
Pass-Through Costs			
Total Interest	\$ 226,505	\$ 196,470	-13.3%
Construction Management Cost			
Interim Ops			
Buyback Payment (estimate)	\$ 1,322,230	\$ 1,322,230	
Total Pass-Through Cost	\$ 1,548,735	\$ 1,518,700	-1.9%
Total Compensation	\$ 18,082,706	\$ 18,516,514	2.4%

SOUTH BAY RECYCLING, LLC
2015 Compensation Adjustment Application

A. Summary of Fees

**Adjusted Transportation Fees
 Cost/Ton-Mile**

	Year 4 2014	Year 5 2015	% Increase
MSW to OX	\$ 1.194	\$ 1.211	1.4%
Inert to OX	\$ 1.230	\$ 1.246	1.3%
C&D to Zanker Road	\$ 0.894	\$ 0.906	1.3%
Plant Materials to Newby	\$ 0.724	\$ 0.733	1.3%
Plant Materials to Grover	\$ 0.451	\$ 0.456	1.1%
Organics to Newby	\$ 0.883	\$ 0.895	1.3%
Organics to Grover	\$ 0.504	\$ 0.510	1.1%
Biofuel to Livermore	\$ 0.589	\$ 0.596	1.2%
Plant Materials to Zanker	\$ 0.723	\$ 0.733	1.3%

SOUTH BAY RECYCLING, LLC
2015 Compensation Adjustment Application
B. Cost Detail Transfer Station and MRF

TRANSFER STATION	Year 4		Year 5
	2014	%	2015
Base Tonnage Specified by the SBWMA	Cost / Ton	Adjustment	Cost / Ton
Wages	\$ 4.71	1.9%	\$ 4.80
Benefits	\$ 2.37	1.5%	\$ 2.40
W/C	\$ 0.64	2.1%	\$ 0.65
PR Tax	\$ 0.41	1.9%	\$ 0.42
Total CBA Labor Cost	\$ 8.13	1.8%	\$ 8.28
Power	\$ 0.68	3.8%	\$ 0.71
Fuel	\$ 0.40	-2.6%	\$ 0.39
Depreciation	\$ 0.29	0.0%	\$ 0.29
Other O&M	\$ 1.72	1.2%	\$ 1.74
Clerical CBA Wages & Benefits	\$ 0.36	1.9%	\$ 0.37
Total Operating	\$ 11.58	1.6%	\$ 11.77
Profit	\$ 0.80	1.6%	\$ 0.82
Profit %	6.9%		6.9%
Total Operating Cost	\$ 12.39	1.6%	\$ 12.59

MATERIAL RECOVERY FACILITY (MRF)	Year 4		Year 5
	2014	%	2015
Base Tonnage Specified by the SBWMA	Cost / Ton	Adjustment	Cost / Ton
Wages	\$ 17.75	2.8%	\$ 18.25
Benefits	\$ 9.30	1.5%	\$ 9.44
W/C	\$ 2.53	2.1%	\$ 2.59
PR Tax	\$ 1.71	1.9%	\$ 1.74
Total CBA Labor Cost	\$ 31.29	2.3%	\$ 32.02
Non-CBA Wages	\$ 15.11	2.1%	\$ 15.43
Power	\$ 3.97	3.8%	\$ 4.12
Fuel	\$ 0.86	-2.6%	\$ 0.84
Depreciation	\$ 1.91	0.0%	\$ 1.91
Other O&M	\$ 16.41	1.2%	\$ 16.60
Clerical CBA Wages & Benefits	\$ 1.74	1.9%	\$ 1.77
Total Operating	\$ 71.28	2.0%	\$ 72.67
Profit	\$ 5.48	2.0%	\$ 5.58
Profit %	7.7%		7.7%
Total Operating Cost	\$ 76.76	2.0%	\$ 78.26

SOUTH BAY RECYCLING, LLC
2015 Compensation Adjustment Application
C. Cost Detail Transportation

TRANSPORTATION	Year 4		Year 5	
	2014 Cost / Ton-Mile	% Adjustment	2015 Cost / Ton-Mile	
Solid Waste Transport Fee	\$ 1.194	1.4%	\$ 1.211	
Inert Transport Fee	\$ 1.230	1.3%	\$ 1.246	
C&D Transport Fee	\$ 0.894	1.3%	\$ 0.906	
Plant Matls Trans Fee - Newby	\$ 0.724	1.3%	\$ 0.733	
Plant Matls Trans Fee - Grover	\$ 0.451	1.1%	\$ 0.456	
Organic Matl Trans Fee - Newby	\$ 0.883	1.3%	\$ 0.895	
Organic Matl Trans Fee - Grover	\$ 0.504	1.1%	\$ 0.510	
Organic Matl Trans Fee - BioFuel	\$ 0.589	1.2%	\$ 0.596	
Plant Matls Trans Fee-Zanker	\$ 0.723	1.3%	\$ 0.733	
Blended Total	\$ 1.002	1.4%	\$ 1.015	
Total Operating Cost	\$ 6,421,528		\$ 6,508,759	
Cost / Ton	\$ 17.95		\$ 18.19	
Total Cost Increase %	1.9%		1.4%	

SOUTH BAY RECYCLING, LLC
2015 Compensation Adjustment Application
D. Compensation Adjustment - Transfer Station

SBWMA Projected Inbound Tons

Direct Labor

Wages
 Benefits
 W/C
 PR Tax
Total CBA Labor Cost

Power
 Fuel
 Depreciation
 Other O&M
 Clerical CBA Wages & Benefits

Total Operating

Profit
 Profit %
Total Operating Cost
 % Increase
Total Cost

	Year 4	Year 5
	2014 Cost / Ton	2015 Cost / Ton
\$	4.71	\$ 4.79
\$	2.37	\$ 2.40
\$	0.64	\$ 0.65
\$	0.41	\$ 0.42
\$	8.13	\$ 8.27
\$	0.68	\$ 0.71
\$	0.40	\$ 0.39
\$	0.29	\$ 0.29
\$	1.72	\$ 1.74
\$	0.36	\$ 0.37
\$	11.58	\$ 11.76
\$	0.80	\$ 0.82
	6.9%	6.9%
\$	12.39	\$ 12.58
	5.31%	1.6%
\$	4,430,873	\$ 4,499,881

Wages for Direct Labor

Direct labor wages cost per ton
 Adjustment Factor for Wages Direct Labor
 % Increase
 One Time True Up (Rate Year 2015)

\$	4.71	\$ 4.80
	1.086	1.019
	8.6%	1.9%
		\$ (0.01)

Benefits for Direct Labor

Benefit cost per ton
 Adjustment Factor for Benefits
 % Increase

\$	2.37	\$ 2.40
	1.051	1.015
	5.14%	1.5%

SOUTH BAY RECYCLING, LLC
2015 Compensation Adjustment Application
D. Compensation Adjustment - Transfer Station

SBWMA Projected Inbound Tons

Year 4	Year 5
2014 Cost / Ton	2015 Cost / Ton

Workers Compensation Insurance for Direct Labor

Updated annual benefit cost per ton
 Adjustment Factor

\$ 0.64	\$ 0.65
1.019	1.021

Payroll Taxes for Direct Labor

Payroll Tax
 Total Payroll Tax Rate %
 Federal Social Security & Medicare Tax Cost
 Adjustment Factor

\$ 0.41	\$ 0.42
8.70%	8.70%
7.65%	7.65%
1.000	1.000

Power Adjustment

Updated Power cost per ton
 Adjustment Factor

\$ 0.68	\$ 0.71
1.045	1.038

Fuel Adjustment

Updated Fuel cost per ton
 Adjustment Factor

\$ 0.40	\$ 0.39
0.992	0.974

Depreciation

Updated Depr cost per ton
 Adjustment Factor (No adjustment after Year 1)

\$ 0.29	\$ 0.29
1.000	1.000

Other Operating & Maintenance

Updated Other cost per ton
 Adjustment Factor @ 80% of Index

\$ 1.72	\$ 1.74
1.013	1.012

SOUTH BAY RECYCLING, LLC
2015 Compensation Adjustment Application
E. Compensation Adjustment - MRF

SBWMA Projected Inbound Tons

Direct Labor - CBA

Wages

Benefits

Workers Comp

PR Tax

Total CBA Labor Cost

Third Party Wages & Benefits (VRS)

Power

Fuel

Depreciation

Other O&M

Clerical CBA Wages & Benefits

Clerical CBA Wages & Benefits

Total Operating

Profit

Profit %

Total Operating Cost Per Ton (excluding residue)

Total Operator Cost (excluding residue)

MRF Residue Tons

Disposal Tip Fee

Disposal Fees

Transfer & Haul

Total MRF Residue expense

Total Cost with MRF Residue

	Year 4	Year 5
	2014	2015
	Cost / Ton	Cost / Ton
	\$ 17.75	\$ 18.25
	\$ 9.30	\$ 9.44
	\$ 2.53	\$ 2.59
	\$ 1.71	\$ 1.74
	\$ 31.29	\$ 32.02
	\$ 15.11	\$ 15.43
	\$ 3.97	\$ 4.12
	\$ 0.86	\$ 0.84
	\$ 1.91	\$ 1.91
	\$ 16.41	\$ 16.60
	\$ 1.74	\$ 1.77
	\$ 71.28	\$ 72.67
	\$ 5.48	\$ 5.58
	7.7%	7.7%
	\$ 76.76	\$ 78.26
	3.74%	1.96%
	\$ 5,681,570	\$ 5,792,704
	6,800	6,800
	\$ 38.91	\$ 39.69
	\$ 3.57	\$ 3.65
	\$ 1.01	\$ 1.02
	\$ 4.58	\$ 4.67
	\$ 81.33	\$ 82.92

SOUTH BAY RECYCLING, LLC
2015 Compensation Adjustment Application
E. Compensation Adjustment - MRF

SBWMA Projected Inbound Tons

	Year 4	Year 5
	2014	2015
	Cost / Ton	Cost / Ton

Wages for Direct Labor

Updated direct labor cost per ton

\$	17.75	\$	18.08
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Adjustment Factor

	1.077		1.019
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% Increase

	7.7%		1.9%
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One Time True Up (Rate Year 2015)

\$	0.17
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Benefits for Direct Labor

Updated annual benefit cost per ton

\$	9.30	\$	9.44
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Adjustment Factor

	1.051		1.015
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% Increase

	5.14%		1.5%
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Workers Compensation Insurance for Direct Labor

Updated annual benefit Costs

\$	2.53	\$	2.59
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Adjustment Factor

	1.019		1.021
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Payroll Taxes for Direct Labor

Updated Payroll Tax cost per ton

\$	1.71	\$	1.74
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Total Payroll Tax Rate %

	9.6%		9.6%
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Federal Social Security & Medicare tax rates

	9.61%		9.61%
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Adjustment Factor

	1.000		1.000
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Labor & Benefits (VRS)

Updated annual costs

\$	15.11	\$	15.43
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One Time Adjustment (2011)

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Adjustment Factor

	1.019		1.021
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Power Adjustment

Updated Power cost per ton

\$	3.97	\$	4.12
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Adjustment Factor

	1.045		1.038
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Fuel Adjustment

Updated Fuel Costs

\$	0.86	\$	0.84
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Adjustment Factor

	0.992		0.974
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Depreciation

Updated Depr cost per ton

\$	1.91	\$	1.91
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Adjustment Factor (No adjustment after Year 1)

	1.000		1.000
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Other Operating & Maintenance

Updated Other cost per ton

\$	16.41	\$	16.60
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Adjustment Factor @ 80% of Index

	1.013		1.012
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SOUTH BAY RECYCLING, LLC
2015 Compensation Adjustment Application
F. Compensation Adjustment - Transportation

	Year 4		Year 5	
	2014	Adjustment	2015	
	Cost	Factor	Cost	
Solid Waste Transport Fee	\$ 1.19	1.4%	\$ 1.21	
Inert Transport Fee	\$ 1.23	1.3%	\$ 1.25	
C&D Transport Fee	\$ 0.89	1.3%	\$ 0.91	
Plant Matls Trans Fee - Newby	\$ 0.72	1.3%	\$ 0.73	
Plant Matls Trans Fee - Grover	\$ 0.45	1.1%	\$ 0.46	
Organic Matl Trans Fee - Newby	\$ 0.88	1.3%	\$ 0.89	
Organic Matl Trans Fee - Grover	\$ 0.50	1.1%	\$ 0.51	
Biofuel - Livermore	\$ 0.59	1.2%	\$ 0.60	
Plant Matls Trans Fee-Zanker	\$ 0.72	1.3%	\$ 0.73	
Blended Total	\$ 1.00	1.4%	\$ 1.02	
Total Cost	\$ 6,421,528		\$ 6,508,759	
Cost / Ton	\$ 17.95		\$ 18.19	
Total Cost Increase %		1.9%		1.4%

Direct Labor Component for Solid Waste Transport Fee

Wages for CBA Labor	\$ 1,570,856	1.019	\$ 1,600,589
Benefits for CBA Labor	\$ 671,065	1.019	\$ 683,767
WC Insurance	\$ 168,070	1.021	\$ 171,536
Payroll Taxes	\$ 132,898	1.000	\$ 135,414
Total	\$ 2,542,889	1.019	\$ 2,591,307
Cost/Ton	\$ 9.75		\$ 9.94
Adjusted Labor for MSW Transport Fee (cost/ton-mile)	\$ 0.750	1.019	\$ 0.764

MSW Transport Fee (OX)

Labor component	\$ 0.750	1.019	\$ 0.7642
Fuel	\$ 0.067	0.974	\$ 0.0651
Depreciation (Att. 8-B / Form 3-C Equipment)	\$ 0.085	1.000	\$ 0.0851
Other O&M Component	\$ 0.173	1.012	\$ 0.1754
Clerical CBA wages & benefits	\$ 0.025	1.019	\$ 0.0251
Total Operating Cost	\$ 1.100		\$ 1.1150
Profit per Operating Ratio (Form 3-G)	\$ 0.094		\$ 0.0956
Total SW Transportation Fee	\$ 1.194	1.4%	\$ 1.21061

Inert Transport Fee (OX)

Labor component	\$ 0.715	1.019	\$ 0.729
Fuel	\$ 0.074	0.974	\$ 0.072
Depreciation (Att. 8-B / Form 3-C Equipment)	\$ 0.085	1.000	\$ 0.085
Other O&M Component	\$ 0.218	1.012	\$ 0.220
Clerical CBA wages & benefits	\$ 0.031	1.019	\$ 0.032
Total Operating Cost	\$ 1.123		\$ 1.138
Profit per Operating Ratio (Form 3-G)	\$ 0.107		\$ 0.108
Total Inert Transportation Fee	\$ 1.230	1.3%	\$ 1.246

SOUTH BAY RECYCLING, LLC
 2015 Compensation Adjustment Application
 F. Compensation Adjustment - Transportation

	Year 4 2014	Adjustment Factor	Year 5 2015
	Cost		Cost
C&D Transport Fee (Zanker Road)			
Labor component	\$ 0.563	1.019	\$ 0.5734
Fuel	\$ 0.068	0.974	\$ 0.0660
Depreciation (Att. 8-B / Form 3-C Equipment)	\$ 0.053	1.000	\$ 0.0530
Other O&M Component	\$ 0.119	1.012	\$ 0.1202
Clerical CBA wages & benefits	\$ 0.017	1.019	\$ 0.0172
Total Operating Cost	\$ 0.819		\$ 0.8297
Profit per Operating Ratio (Form 3-G)	\$ 0.075		\$ 0.0761
Total C&D Transportation Fee	\$ 0.894	1.3%	\$ 0.90581

Plant Materials Transport Fee - Newby Is			
Labor component	\$ 0.442	1.019	\$ 0.4509
Fuel	\$ 0.057	0.974	\$ 0.0551
Depreciation (Att. 8-B / Form 3-C Equipment)	\$ 0.044	1.000	\$ 0.0442
Other O&M Component	\$ 0.106	1.012	\$ 0.1071
Clerical CBA wages & benefits	\$ 0.015	1.019	\$ 0.0153
Total Operating Cost	\$ 0.664		\$ 0.6727
Profit per Operating Ratio (Form 3-G)	\$ 0.059		\$ 0.0601
Total Plant Material Transportation Fee	\$ 0.724	1.3%	\$ 0.73275

Plant Materials Transport Fee - Grover			
Labor component	\$ 0.263	1.019	\$ 0.2677
Fuel	\$ 0.056	0.974	\$ 0.0550
Depreciation (Att. 8-B / Form 3-C Equipment)	\$ 0.029	1.000	\$ 0.0286
Other O&M Component	\$ 0.058	1.012	\$ 0.0587
Clerical CBA wages & benefits	\$ 0.008	1.019	\$ 0.0084
Total Operating Cost	\$ 0.414		\$ 0.4185
Profit per Operating Ratio (Form 3-G)	\$ 0.037		\$ 0.0374
Total Plant Material Transportation Fee	\$ 0.451	1.1%	\$ 0.45589

Organic Material Transport Fee - Newby Is			
Labor component	\$ 0.553	1.019	\$ 0.5636
Fuel	\$ 0.062	0.974	\$ 0.0604
Depreciation (Att. 8-B / Form 3-C Equipment)	\$ 0.044	1.000	\$ 0.0442
Other O&M Component	\$ 0.115	1.012	\$ 0.1160
Clerical CBA wages & benefits	\$ 0.016	1.019	\$ 0.0166
Total Operating Cost	\$ 0.790		\$ 0.8009
Profit per Operating Ratio (Form 3-G)	\$ 0.093		\$ 0.0940
Total Organic Material Transportation Fee	\$ 0.883	1.3%	\$ 0.89484

Organic Material Transport Fee - Grover			
Labor component	\$ 0.286	1.019	\$ 0.2918
Fuel	\$ 0.062	0.974	\$ 0.0600
Depreciation (Att. 8-B / Form 3-C Equipment)	\$ 0.031	1.000	\$ 0.0313
Other O&M Component	\$ 0.063	1.012	\$ 0.0640
Clerical CBA wages & benefits	\$ 0.009	1.019	\$ 0.0092
Total Operating Cost	\$ 0.451		\$ 0.4561
Profit per Operating Ratio (Form 3-G)	\$ 0.053		\$ 0.0535
Total Organic Material Transportation Fee	\$ 0.504	1.1%	\$ 0.50966

Self-Haul Biomass to Biofuel (Livermore)			
Labor component			
Fuel			
Depreciation (Att. 8-B / Form 3-C Equipment)			
Other O&M Component			
Clerical CBA wages & benefits			
Total Operating Cost	\$ 0.527		\$ 0.534
Profit per Operating Ratio (Form 3-G)	\$ 0.062		\$ 0.063
Total Biofuel Material Transportation Fee	\$ 0.589	1.2%	\$ 0.596

Plant Materials Transport Fee - Zanker Road			
Labor component	\$ 0.442	1.019	\$ 0.4509
Fuel	\$ 0.057	0.974	\$ 0.0551
Depreciation (Att. 8-B / Form 3-C Equipment)	\$ 0.044	1.000	\$ 0.0440
Other O&M Component	\$ 0.106	1.012	\$ 0.1071
Clerical CBA wages & benefits	\$ 0.015	1.019	\$ 0.0153
Total Operating Cost	\$ 0.664		\$ 0.6724
Profit per Operating Ratio (Form 3-G)	\$ 0.059		\$ 0.0601
Total Plant Material Transportation Fee	\$ 0.723	1.3%	\$ 0.733

SOUTH BAY RECYCLING, LLC
2015 Compensation Adjustment Application
G. Indices

Workers Compensation & Outside Contracted Workers (VRS)

Use- Factor

Year 1 2011	Year 2 2012	Year 3 2013	Year 4 2014	Year 5 2015
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1.014	1.028	1.034	1.019	1.021
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Direct Labor (after CBAs expire)

Use- Factor

1.016	1.032	1.022	1.019	1.019
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Fuel

Use- Factor

0.760	1.269	1.256	0.992	0.974
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Other O&M

Use- Factor

1.005	1.017	1.032	1.017	1.015
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SOUTH BAY RECYCLING, LLC
2015 Compensation Adjustment Application
H. Department of Labor, Bureau of Statistics Cost Index Detail

Index: U.S. Department of Labor, Bureau of Labor Statistics, Private Industry Employment Cost Index for Total All workers (not seasonally adjusted, total benefits, series no. (CIU20300000000000i).

Workers Compensation & Third Party Labor (VRS)

Average Index
 % Change
 Q1
 Q2
 Q3
 Q4

2012	2013	2014
115.90	118.07	120.50
3.41%	1.87%	2.06%
116.90	118.16	121.40
117.60	119.80	
118.10	120.30	
118.40	120.50	

Index: U.S. Department of Labor, Bureau of Labor Statistics, Private Industry Employment Cost Index for Service-Producing Industries (seasonally adjusted, total compensation, series no. (cis201s0000000000i)

Direct Labor (After CBA)

Index 1ST QTR
 % Change
 Q1
 Q2
 Q3
 Q4

2012	2013	2014
115.33	117.55	119.78
2.17%	1.93%	1.89%
116.30	118.10	120.40
116.90	119.00	
117.40	119.50	
117.80	120.20	

SOUTH BAY RECYCLING, LLC
2015 Compensation Adjustment Application
H. Department of Labor, Bureau of Statistics Cost Index Detail

Index: U.S. Department of Labor, Bureau of Labor Statistics, Producer Price Index - Commodity Index for #2 diesel fuel (not seasonally adjusted, fuels and related products and power, series no. (wpu057303).

Fuel

Avg Index Apr
 % Change
 Jan
 Feb
 Mar
 Apr
 May
 Jun
 Jul
 Aug
 Sep
 Oct
 Nov
 Dec

	2012	2013	2014
Avg Index Apr	325.80	323.28	314.87
% Change	25.55%	-0.78%	-2.6%
Jan	321.60	318.80	308.40
Feb	331.30	341.70	322.00
Mar	343.00	321.20	317.90
Apr	340.00	319.00	318.60
May	325.80	307.70	
Jun	295.40	304.80	
Jul	298.70	311.60	
Aug	324.10	319.30	
Sep	342.40	328.00	
Oct	351.00	318.40	
Nov	323.80	307.00	
Dec	317.40	314.70	

Index: U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index – All Urban Consumers, U.S. city average (not seasonally adjusted, all items, base period: 1982-84=100, series no. (cuur0000sa0).

Other O&M

Avg Index April
 % Change
 Jan
 Feb
 Mar
 Apr
 May
 Jun
 Jul
 Aug
 Sep
 Oct
 Nov
 Dec

	2012	2013	2014
Avg Index April	226.93	230.76	234.15
% Change	3.25%	1.69%	1.5%
Jan	226.67	230.28	233.92
Feb	227.66	232.17	234.78
Mar	229.39	232.77	236.29
Apr	230.09	232.53	237.07
May	229.82	232.95	
Jun	229.48	233.50	
Jul	229.10	233.60	
Aug	230.38	233.88	
Sep	231.41	234.15	
Oct	231.32	233.55	
Nov	230.22	233.07	
Dec	229.60	233.05	

SOUTH BAY RECYCLING, LLC
2015 Compensation Adjustment Application
J. Debt Service Schedule

Year one interest rate adjustment per Operations Agreement Article 8.03

Assumed interest rate per SBR 2009 proposal:

Ten-year U.S. Treasury note interest rate in March, 2008:

Ten-year U.S. Treasury note interest rate in effect on July 1, 2010:

Adjustment factor:

Fixed interest rate for entire period of Ops Agreement:

	5.00%
	3.50%
	3.50%
	100.00%
	5.00%

Year	Financed Purchase - BASE 2009 COST		
	Principal Payment	Interest	Total
Interest Rate %		5.00%	
1	\$ 505,441.00	\$ 308,120.00	\$ 813,561.00
2	\$ 531,300.00	\$ 282,260.00	\$ 813,560.00
3	\$ 558,483.00	\$ 255,077.00	\$ 813,560.00
4	\$ 587,055.00	\$ 226,505.00	\$ 813,560.00
5	\$ 617,091.00	\$ 196,470.00	\$ 813,561.00
6	\$ 648,662.00	\$ 164,898.00	\$ 813,560.00
7	\$ 681,849.00	\$ 131,712.00	\$ 813,561.00
8	\$ 716,734.00	\$ 96,827.00	\$ 813,561.00
9	\$ 753,403.00	\$ 60,158.00	\$ 813,561.00
10	\$ 791,948.00	\$ 21,612.00	\$ 813,560.00
TOTAL COST	\$ 6,391,966.00	\$ 1,743,639.00	\$ 8,135,605.00

# Years	10
Average Interest / Year	\$174,364