



## FINAL REPORT

# SBWMA REPORT ON REVIEW OF 2012 SOUTH BAY RECYCLING COMPENSATION APPLICATION

October 1, 2011

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**Subject: Review of 2012 South Bay Recycling Compensation Application**

Dear SBWMA Board Members:

This Report documents findings and recommendations from the SBWMA staff review of the 2012 South Bay Recycling (SBR) Compensation Application for completeness, accuracy and consistency with the requirements of the Shoreway Operations Agreement (“Agreement”). The Agreement Article 7.12 prescribes the process by which this application is reviewed and the company’s compensation is approved. The SBWMA staff is required to submit this Report to the Board on or before September 1 of each year. While the Board is not required to take action on this Report until on or before October 31st each year staff is bringing the Draft Report forward simultaneously with the Recology San Mateo County (RSMC) rate report. Thus, as with the Recology report, we requested Board Members submit their questions, comments and concerns to staff in writing by September 11. This Final SBR Report was approved by the Board of Directors at its September 22, 2011 meeting.

It is important to note that the approved compensation for SBR will be added to the SBWMA operating costs (ie., SBWMA program budget, disposal and processing expense, franchise fees to City of San Carlos, and debt service payments) in calculating the tipping fees to be charged to customers using the Shoreway facility, including franchised customers. Disposal and processing expense based on Shoreway tipping fees are included as an other pass through expense in the calculation of each Member Agency’s total revenue requirement, shown as **“Disposal and Processing Fees Expense” in Table 8 of the Recology rate report**, for setting solid waste collection rates. These other pass through costs are preliminary estimates at this time and were finalized as part of the final consolidated rate report submitted to the Board at the September 22<sup>nd</sup> Board meeting.

We look forward to answering any questions you may have regarding this rate report.

Sincerely,

Kevin McCarthy  
Executive Director

Marshall Moran  
Finance Manager

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## SECTION 1 BACKGROUND

### *1.A Contractor Procurement Process*

In 2005, the SBWMA and its Member Agencies initiated a five and a half year contractor selection process for new franchised collection services and Shoreway operations. South Bay Recycling (SBR) was selected as the new facility operator on April 23, 2009 and a final Shoreway Operations Agreement (“Agreement”) was approved by the Board on July 23, 2009. This Agreement included updated cost forms that reflected 2009 costs; the Board approved 2011 fees last year. The focus of this year’s application is the adjustment of approved 2011 costs for rate year 2012.

### *1.B Shoreway Operations Agreement Terms*

Article 7 and Attachments 12-A and 12-C (see **Appendix A**) of the Agreement prescribe that the SBWMA is responsible for conducting the annual review and analysis of SBR’s compensation application due by July 1 each year. The SBWMA is charged with performing a preliminary review to ensure the application is complete and a thorough review that will be used to calculate the recommended 2012 rates contained in this report.

### *1.C Calculation of Pass-Through Expenses*

As part of reviewing the SBR Application, staff updated financial projections related to our operating budget for calendar year 2012. The recommended compensation for SBR needs to be included with all other SBWMA operating budget expenses (e.g., program budget, disposal expense, franchise fees, debt service, etc.) to set Shoreway tip fees. The tip fees become the basis for setting pass through disposal expenses and included in the total revenue requirement for Member Agencies to set solid waste rates for 2012; these costs are described as “Other Pass Through Costs” in the 2012 Recology draft Rate Report. These disposal pass through expenses are a result of the actual tipping fees charged on franchised tonnage delivered to the Shoreway facility; tipping fees are calculated after consideration for all revenues sources (e.g., commodity revenue). The tip fees shown in this Report have not changed from previous forecasts or from the approved FY 2012 budget.

Projected disposal and processing fee expenses shown in the RSMC rate report are estimates and will be finalized for inclusion in the final rate report for the September 22<sup>nd</sup> Board meeting.

### *1.D Description of Cost Components*

As described in Article 7.03 of the Agreement, SBR’s basic compensation includes three components as follows (fees shown are base year 2011 figures):

- **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 2011 Transfer Station Fee is \$10.39 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 MRF by the per Ton MRF Fee then in effect. The 2011 gross MRF Fee is \$70.55 per Ton. The contractor pays for MRF residue of \$4.10 per Ton including transportation which is deducted from gross MRF fee. The net MRF fee is \$66.45 per Ton.
- **Transportation Payment.** The amount of this payment is calculated by multiplying the number of Tons of materials transported from the Shoreway Center to the Designated Disposal Site, and the Designated Processing Facilities for inerts, Construction and Demolition Debris,

Plant Materials and Organics by the number of one-way standard miles from the Shoreway Center to the Disposal Site or Processing Facility and by the applicable Transportation Fee then in effect. The Transportation Fees for the five types of materials for 2011 base costs are \$1.062 per Ton/Mile for Solid Waste, \$1.095 per Ton/Mile for inerts, \$0.716 per Ton/Mile for C&D debris, \$0.515 (\$0.638 to Newby Island and \$0.392 to Recology Grover) per Ton/Mile for Plant Materials, and \$0.778 per Ton/Mile for Organics (to Newby Island). A new fee has also been established for plant materials shipped to a Biomass processor in Livermore.

This report is primarily focused on the three components of SBR's basic compensation, namely the fees paid for Transfer Station operations, MRF operations, and Transportation services. As described in Attachment 12-A (see **Appendix A**), each fee is comprised of four distinct cost components as follows:

- A. Labor costs
- B. Fuel and Power costs
- C. Depreciation
- D. Other Operating and Maintenance costs

In turn the cost components of each fee have subcomponents that are the actual items to which compensation adjustment factors (*see parenthetical reference to whether index or non-index cost adjustments*) are applied. The subcomponents of each cost component are as follows:

- A. Labor Costs
  - 1. Wages for CBA labor (*non-index*),
  - 2. Benefits for CBA labor (*non-index*);
  - 3. Workers' compensation insurance (CBA labor) (*index*);
  - 4. Payroll taxes (CBA labor) (*non-index*); and
  - 5. Outside contracted workers from third party sources (*actual Yr. 1 and index thereafter*).
- B. Fuel and Power Costs
  - 1. Electricity (*non-index*); and
  - 2. Fuel (*index*).
- C. Depreciation (*no adjustment*)
- D. Other Operating and Maintenance Costs (*index*)
  - 1. Wages and benefits for non-CBA employees plus associated workers' compensation insurance and payroll taxes;
  - 2. Wages and benefits for CBA clerical (*non-index*)
  - 3. Repair and maintenance expenses;
  - 4. Equipment rental expenses;
  - 5. Other vehicle-related expenses (e.g. licensing, taxes);
  - 6. Insurance, safety and claims; and
  - 7. Other general & administrative expense.

### ***1.E Cost Adjustment Process***

Article 7.04 and Attachment 12-A of the Agreement prescribe a detailed cost adjustment methodology based predominantly on various cost indices. As noted further in this Report, there are some cost adjustments based on actual CBA wage and benefit rates. This methodology was the basis for SBR's Application submittal on July 1 and SBWMA staff's subsequent review for completeness, accuracy,

and consistency with the requirements of the Agreement. The methodology is used to adjust SBR's 2011 fees, as detailed in the approved Agreement, to 2012 (rate year two) fees.

Article 7.05 and Attachment 13-A of the Agreement, address the compensation methodology for adjusting compensation for subsequent rate years (i.e., 2012-2019).

### **1.F Commodity Revenue Sharing**

Per Article 7.07 of the Agreement, SBR receives twenty five percent of the commodity revenue after the revenue guarantee is met. In 2011, the revenue guarantee is \$6.5 million, but the guarantee is subject to a one-time proration due to interim MRF operations. The revenue guarantee is adjusted by the number of days of interim operations ( $93 / 365 = 25\%$ ). This reduction is captured in the cash flow projections shown in **Table 8**.

There is also an adjustment for lower or higher tons than estimated in the RFP (i.e., 74,022 tons) based on actual tons delivered to the buyback center and the MRF in 2011. Our current tonnage projections show receipt of 63,925 tons in 2011 which would result in a 14% reduction in the revenue guarantee; this reduction is captured in the cash flow projections shown in **Table 8**.

## **SECTION 2 2012 SOUTH BAY RECYCLING COMPENSATION APPLICATION**

### **2.A Analysis of SBR 2012 Compensation Application**

The SBWMA staff conducted the review of the SBR Application and worked closely with the company to ensure that questions and concerns were answered and the final application was complete. Staff has verified that the SBR Application is complete and meets the requirements of the Agreement.

The results of our review and our recommended rate adjustment are summarized in **Table 1** below.

<b>Table 1</b>					
<b>2011 Year Payment/ton vs. 2012 Adjusted Payment/Ton</b>					
<b>South Bay Recycling</b>	<b>2011</b>		<b>Rate Adjustment</b>	<b>2012</b>	
<b>Operating Cost</b>	<b>Total Cost</b>	<b>Payment/ton</b>	<b>%</b>	<b>Payment/ton</b>	<b>Total Costs</b>
Transfer Station	\$ 3,715,946	\$ 10.39	7.0%	\$ 11.12	\$ 3,978,881
Recyclable Materials Processing, net of Residue	\$ 4,918,602	\$ 66.45	6.1%	\$ 70.53	\$ 5,220,996
Transport ( <i>cost/ton-mile</i> )	\$ 5,683,526	\$ 0.89	5.3%	\$ 0.933	\$ 5,980,895
<i>Transport (cost/ton)</i>		\$ 15.89	5.2%	\$ 16.72	
<b>Total Operating Cost</b>	<b>\$ 14,318,073</b>		6.0%		<b>\$ 15,180,772</b>
<b>Contractor Pass-Through Costs</b>					
Total Interest	\$ 308,120				\$ 282,260
Construction Management	\$ 276,462				\$ -
Interim Operations	\$ 350,408				\$ -
Buyback Payments	\$ 1,322,230				\$ 1,322,230
<b>Total Contractor Pass-Through Cost</b>	<b>\$ 2,257,220</b>				<b>\$ 1,604,490</b>
<b>Total Compensation</b>	<b>\$ 16,575,293</b>		<b>1.3%</b>		<b>\$ 16,785,262</b>

## 2.B Description of Cost Adjustments

Two types of cost adjustments are used in the 2012 SBR Compensation Application as required in the Agreement. These cost adjustments include:

- CBA (i.e., non-index).
- Index related adjustments as discussed on the following page

Costs are adjusted based on the following criteria: 1) actual or estimated CBA wages and benefit rates, 2) power cost is adjusted based on the change in actual rates from PG&E, 3) various indices such as CPI, 4) depreciation is not adjusted. **Appendix B** contains the detailed cost adjustments sheets for each of the three cost components.

The index based adjustments for the period of 2011 to 2012 are summarized in **Table 2** below. In rate year 2012, the actual index adjustment for 2011 will be used to adjust to 2012 costs. Essentially the next Rate Year is adjusted by the index adjustment from the prior year to resolve timing issues.

Table 2 Cost Adjustments from Index Changes				
COST CATEGORY				
<b>LABOR COSTS: Workers Comp. and Outside Contracted Workers from Third Party</b>				
1	<i>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. CIU203000000000A).</i>			
		2011	2010	2009
	Avg Index - April	112.08	109.08	107.60
	% Change	2.75%	1.37%	2.14%
<b>FUEL COSTS: Fuel</b>				
2	<i>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).</i>			
		2011	2010	2009
	Index	259.5	204.4	269.1
	% Change	26.93%	-24.04%	-1.47%
<b>OTHER OPERATING AND MAINTENANCE COSTS</b>				
3	<i>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. cuur0000sa).</i>			
		2011	2010	2009
	Index (Annual)	219.79	216.19	215.14
	% Change	1.67%	0.49%	2.39%
<b>DEPRECIATION - there is no adjustment to depreciation expense in 2012.</b>				

The results of all cost adjustments are summarized in **Table 3** on the following page.

**Table 3  
Results of Cost Adjustments**

The 2011 cost components are adjusted to arrive at 2012 costs. CBA wages and benefits are adjusted by the actual CBA rates. For non-CBA costs, various indexes are used to adjust cost. Contractor compensation is based on 2012 cost per ton. Payment is based on the calculated cost per ton and the actual monthly tons.

<b>Cost Category</b>	<b>Adjustment %</b>	<b>Basis for Adjustment</b>	<b>Explanation</b>
<b>Direct Labor - CBA</b>			
Wages	5.6%	CBA Agreement	CBA wage adjustment based on 2012 rates in CBA agreements for MRF Operators, Drivers and Mechanics.
Benefits	12.0%	CBA Agreement	CBA benefit adjustment based on estimated 2012 rates in CBA Agreements for MRF Operators, Drivers and Mechanics.
Worker's Compensation Insurance	2.8%	Index	Workers compensation adjustment based on index change.
Payroll Tax	5.6%	Tax rate & change in wages	The payroll tax rate changes with any changes in federal or state payroll tax rates.
Power	30.0%	PG&E Rates	Power is adjusted by the actual PG&E electricity rates.
Fuel	26.9%	Index	Fuel expense is adjusted by the actual change in the fuel index.
Depreciation	0.0%	n/a	There is no adjustment to depreciation.
Other Operations & Maintenance	1.3%	Index	Other O&M expense includes non-CBA personnel, maintenance parts, insurance, general office expense, safety, etc. Other O&M expense is adjusted by an index.
Clerical CBA Wage & Benefits	6.8%	CBA Agreement	CBA wage adjustment based on 2012 rates in CBA agreements for Office Clerical.

Note: Based on Transfer Station Cost adjustment. Each section is slightly different due to mix of costs and headcount by each of three CBA agreements.

Some costs are estimated for the rate year and then tried up to the actual cost in the subsequent year because they are unknown. For 2012, the following should be noted:

- The payment per ton was adjusted in 2012 retroactively for 2011 final CBA agreements benefit costs which are not known until December. The adjustment from the estimates used for 2011 are \$12,000 or \$0.16 per ton.
- The VRS contract was not final in 2010 and the variance in the final terms to the cost estimate was retroactively adjusted in 2012 back to 2011. The adjustment was \$82,000 or \$1.10 per ton (of the MRF fee).

### **2.C Pass-Through Costs**

There are two Contractor Pass-Through costs in the Agreement (Article 7.09) in addition to any future change in regulatory fees or disposal of E-Waste, U-Waste, or HHW dropped off at the Buyback center which is paid for by SBR. Pass-Through costs are not subject to profit but reimburse contractor for actual cost. These two Pass-Through costs are:

- Interest expense on allowed capital is paid to SBR monthly at one twelfth of the annual interest expense denoted in Attachment 12A, Interest Cost Form 3-M, which schedules out interest expense for the ten year life of the contract on a sliding scale. The annual interest expense for 2012 is \$282,260, an 8.5% reduction from 2011.
- Payments to Buyback customers for purchase of recyclables are also a Pass-through expense. Actual Buyback payments to customers will be reimbursed monthly in arrears.

Additionally, any new or changes to regulatory fees would be a Pass-through cost.

**2.D Recommended Adjustment to SBR Compensation for 2012**

As shown in **Table 4** Staff is recommending that the Board approve the following rate adjustments reflected as payments per ton:

<b>Table 4 SBR - 2012 Fee Adjustments to Basic Compensation</b>			
	<b>2011</b>	<b>Fee Adjustment</b>	<b>2012</b>
<b>COST COMPONENTS</b>	<b>Payment/ton</b>	<b>%</b>	<b>Payment/ton</b>
Transfer Station	\$ 10.39	7.0%	\$ 11.12
Recyclable Materials Processing, gross	\$ 70.55	6.3%	\$ 74.96
Transport (cost/ton-mile)	\$ 0.886	5.3%	\$ 0.933
<i>Transport (cost/ton)</i>	<i>\$ 15.89</i>	<i>5.2%</i>	<i>\$ 16.72</i>
<b>Total Adjustment</b>		<b>6.0%</b>	

**Table 5** below shows the **MRF Processing Fee** breakout of gross fee, residue per ton, and fee net of residue. SBR is paid the gross fee and then the residue fee is deducted from their payment based on actual residue tons.

<b>Table 5 Recyclables Materials Processing Fee Breakout</b>			
	<b>2011</b>	<b>Fee Adjustment</b>	<b>2012</b>
<b>COST COMPONENTS</b>	<b>Payment/ton</b>	<b>%</b>	<b>Payment/ton</b>
Recyclable Materials Processing, gross	\$ 70.55	6.3%	\$ 74.96
MRF residue (estimate)	\$ 4.10	8.0%	\$ 4.43
<b>Net MRF Estimate Cost</b>	<b>\$ 66.45</b>	<b>7.1%</b>	<b>\$ 70.53</b>
Note: Actual MRF residue is deducted from the gross MRF rate shown above.			

**SECTION 3 TOTAL SBWMA FINANCIAL PROJECTIONS FOR 2012**

An important step in calculating Member Agency’s total revenue requirement is to determine tipping fees to be charged to franchised customers of the SBWMA’s Shoreway Facility. In addition to SBR’s approved annual compensation, tipping fees must cover the annual cost of: 1) disposal at Ox Mountain Landfill and other processors; 2) debt service payments for revenue bonds issued in 2009 for the demolition, construction, and renovation of the Shoreway Facility; 3) the costs for the management of the SBWMA; and 4) franchise fees paid to the City of San Carlos. Net commodity revenue (gross revenue less MRF processing costs and buyback customer payments) is used to offset these costs to determine appropriate tip fees along with projected tonnage volume. Debt service covenants are another component of setting tip fees. All of these factors will determine the tipping fees at the Shoreway facility.

The tipping fees at the Shoreway facility become the basis for estimating the disposal expense for the franchised tonnage collected by Recology in 2012. Disposal expense is a pass through expense (i.e., see “Disposal and Processing Fees” in Table 8 of the Recology rate report) in the calculation of each Member Agency’s total revenue requirement for setting solid waste collection rates. The tipping fees

are preliminary estimates at this time and will be approved by the Board at the November Board meeting. In addition to updating our projections, the final Allied Balancing Account from the Rate Application for 2010 will be added to our revenue requirement projection for 2012.

The estimated tipping fees for 2012 shown in **Table 6** have not changed from the Board approved FY 2012 Budget.

<b>Table 6</b>			
<b>Proposed Tipping Fees Per Ton Or Cubic Yard</b>			
<b><u>Transfer Station Tip Fee Increases</u></b>	<b><u>Current Rates</u> <u>7/1/11</u></b>	<b><u>Proposed Rates</u> <u>(1/1/12)</u></b>	<b><u>% Increase</u></b>
SBWMA Solid Waste, <i>Franchise</i>	\$90.00 per ton	\$90.00 per ton	No change
SBWMA Residential Organics, <i>Franchise</i>	\$79.00 per ton	\$89.00 per ton	12.7%
SBWMA Commercial Food Waste, <i>Franchise</i>	N/A	\$101.00 per ton	N/A
Non-SBWMA Weighed Tons (Dirt, concrete, asphalt, roofing), <i>Non-Franchise</i>	\$90.00 per ton	\$90.00 per ton	No change
Public Solid Waste Yards, <i>Non-Franchise</i>	\$35.00 per yard	\$35.00 per yard	No change
C& D Yards, <i>Non-Franchise</i>	\$29.00 per yard	\$29.00 per yard	No change
Public Green Waste Yards, <i>Non-Franchise</i>	\$25.00 per yard	\$25.00 per yard	No change

**Table 7** shows projected 2012 tonnage and revenue by the tipping fee categories in Table 6.

<b>Table 7</b>				
<b>2012 PROJECTED TONS &amp; REVENUE</b>				
<b><u>Transfer Station:</u></b>	<b><u>Tonnage /</u> <u>Yards</u></b>	<b><u>Proposed Rates</u> <u>1/1/12</u></b>	<b><u>Revenue</u></b>	<b><u>% Revenue</u></b>
SBWMA Solid Waste, <i>Franchise (tons)</i>	180,847	\$90.00 per ton	\$ 16,276,000	55%
SBWMA Organics, <i>Franchise, (tons)</i>	78,392	\$89.00 per ton	\$ 6,977,000	24%
SBWMA Commercial Food Waste, <i>Franchise</i>	18,217	\$101.00 per ton	\$ 1,840,000	6%
Non-SBWMA Weighed Tons (Dirt, concrete, asphalt, roofing),	6,374	\$90.00 per ton	\$ 573,660	2%
Public Solid Waste Yards, <i>Non-Franchise</i>	32,381	\$35.00 per yard	\$ 1,133,000	4%
C& D Yards, <i>Non-Franchise</i>	59,125	\$29.00 per yard	\$ 1,715,000	6%
Public Green Waste Yards, <i>Non-Franchise</i>	35,498	\$25.00 per yard	\$ 887,000	3%
Other (appliances, mattresses, tires, etc)		various	\$ 148,000	1%
<b>TOTAL</b>			<b>\$ 29,549,660</b>	<b>100%</b>

The result of these projections including SBR operating costs, solid waste and recycling volume, disposal and processing expense, commodity pricing, and SBWMA program and debt expense result in the preliminary financial results for 2012 as shown in **Table 8** below.

<b>Table 8</b>	
<b>SBWMA -- 2012 Calendar Year Financial Projection</b>	
	<b>2012 Rate Projection (000s)</b>
<b>Operating Revenue</b>	
Tip Fee Revenue - Franchise	\$ 25,485
Tip Fee Revenue - Public	\$ 4,065
Net Commodity Material Sales	\$ 10,202
Other Revenue	\$ 479
<b>Total Operating Revenue</b>	<b>\$ 40,231</b>
<b>Operating Expenses</b>	
Total Operating Cost	\$ 14,212
Disposal & Buyback Expense	\$ 13,576
SBWMA Operating Budget	\$ 3,316
Allied Balancing Account	\$ 481
Franchise Fee to City of San Carlos	\$ 1,407
Miscellaneous	\$ 834
<b>Total Operating Expense</b>	<b>\$ 33,827</b>
<b>Non-Operating</b>	
Debt Net of Interest Income	\$ 3,093
<b>Net surplus / Shortfall</b>	<b>\$3,311</b>
% of Revenue	8.2%

**APPENDIX A**  
**ATTACHMENTS 12-A and 12-C FROM SHOREWAY OPERATIONS AGREEMENT**

## ATTACHMENT 12-A

### ADJUSTMENT OF CONTRACTOR'S BASIC COMPENSATION FOR RATE YEAR ONE (2011)

#### **PART I. INTRODUCTION**

This Attachment describes how the Contractor's fees will be adjusted for Rate Year One.

The fees shown in Section 7.03 for Basic Compensation are expressed in dollars per Ton or dollars per Ton/Mile and quoted in April 2009 dollars. In order for these fees to reflect corresponding values for Rate Year One, the fees will be adjusted as described in this Attachment.

The adjustments are illustrated, using hypothetical index levels, in Attachment 12-B. Detailed Cost Forms from the Contractor's Proposal, showing the base Contractor costs and demonstrating the calculation of the Contractor's Cost per Ton and Cost per Ton/Mile, are included in Attachment 12-D. All the Cost Forms included in Attachment 12-D have been updated to reflect costs as of April 2009.

#### **PART II. BASIC COMPENSATION**

The three elements of Basic Compensation described in Section 7.03 are calculated by multiplying (1) the Transfer Station Fee, (2) the MRF Fee, and (3) the Transportation Fees by the number of Tons processed or Ton/Miles operated, as applicable. Each fee comprises four distinct cost components (and associated profit):

- A. Labor costs
- B. Fuel and Power costs
- C. Depreciation
- D. Other Operating and Maintenance costs

#### **Section 1. Determine Percentage Change in Costs**

##### Cost Components

The initial step in this process is to determine adjustments or adjustment factors for labor costs, fuel and power costs, depreciation and other operating and maintenance costs. Three of these components, in turn, have sub-components as follows:

- A. Labor Costs
  - 1. Wages for CBA labor;\*
  - 2. Benefits for CBA labor;
  - 3. Workers' compensation insurance (CBA labor);
  - 4. Payroll taxes (CBA labor); and
  - 5. Outside contracted workers from third party sources.

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\* "CBA labor" means employees represented by a union and covered by a collective bargaining agreement (CBA).

B. Fuel and Power Costs

1. PG&E charges for electricity; and
2. Fuel.

C. Depreciation

D. Other Operating and Maintenance Costs

1. Wages and benefits for non-CBA employees plus associated workers' compensation insurance and payroll taxes;
2. Repair and maintenance expenses;
3. Equipment rental expenses;
4. Other vehicle-related expenses (e.g. licensing, taxes);
5. Insurance, safety and claims; and
6. Other general & administrative expense (including wages and benefits for general & administrative employees).

There is one adjustment factor for this (O&M) cost component.

Adjustment to costs

A. Labor

1. Wages: the adjustment to CBA wages will be determined separately for the Transfer Station, for the MRF, and for Transportation. In each case, the 2009 CBA wages will be based on the amounts shown in Form 3G of Contractor's Proposal. Updated wages will be prepared on the Wage and Benefits Worksheet (included in Attachment 12-D) to input wage rates payable under the collective bargaining agreements in place in 2010. There will be no increase in the number of standard or overtime hours used in the calculation.
2. Benefits: the 2009 CBA benefits will be based on the pension and benefit costs in Form 3-G monetized to an hourly dollar amount. Updated benefits, similarly expressed, will be prepared on the Wage and Benefits Worksheet included in Attachment 12-D to input the benefit rates per person as provided by collective bargaining agreements in place in 2010.
3. Workers' compensation insurance: the adjustment factor will be based on the average change to the 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. CIU2030000000000A).
4. Payroll taxes: an effective payroll tax rate will be calculated from Contractor's Cost Forms and applied to CBA wages to calculate payroll tax expense. The payroll taxes adjustment factor will be based on changes in federal Social Security, Medicare, and state payroll tax rates in 2009 and those projected to be in effect for Rate Year One. Contractor will submit to SBWMA for approval any adjustment to the effective payroll tax rate. If approved, the adjustment factor will be applied to the effective tax rate and the adjusted effective tax rate will then be used to calculate payroll tax expense.

5. Outside contracted workers from third party sources: the adjustment factor for non-CBA direct contract labor will be based on the average index change\* in the 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. CIU203000000000A).

Base costs in categories described in paragraphs 3 and 5 above will be adjusted as follows: (1) the base costs will be multiplied by the average index change between May 2009 and April 2010 and (2) the result of Step One will again be multiplied by the average index change between May 2009 and April 2010 to arrive at Rate Year One costs. The appropriate index for each cost component is described in paragraphs 3 and 5.

#### B. Fuel and Power

1. The adjustment factor for power will be based on average changes in PG&E rates for electricity (cents per kwhr).
2. The adjustment factor for fuel will be 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 shall be calculated using the 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, base date = 8200, Series No. WPU057303).

Base costs per Ton or Ton/mile in categories described in paragraphs 1 and 2 above will be adjusted as follows: (1) the base costs per Ton or Ton/mile will be multiplied by the average change in unit prices of electricity or the average index change for fuel between May 2009 and April 2010 and (2) the result of Step One will again be multiplied by the average change in unit price or average index change between May 2009 and April 2010 to arrive at Rate Year One costs. The appropriate index is described in paragraph 2.

#### C. Depreciation

The adjustment factor for depreciation will be based on the average change in the U.S. Department of Labor, Bureau of Labor Statistics, Producer Price Index Industry Data for motor vehicle body manufacturing, truck, bus, car, and other vehicle bodies, for sale separately (not seasonally adjusted, base date: 8212, series no. pcu3362113362111) between April 2009 and the month the equipment is purchased. Actual cost of purchase will be used if the aggregated actual purchase prices are less than aggregated index-adjusted prices and a new depreciation and interest schedule will be created. Changes in sales or other taxes on capital purchases will be separately adjusted to reflect the actual tax rate at time of purchase. Annual depreciation will be based on a 10 year straight line method.

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\* The term "average index change" in this Attachment 12-A means the percentage change between the simple average of all twelve (or fewer) monthly index levels for one year and the same average for a following year.

**D. Other Operating and Maintenance Costs**

The adjustment factor for Other Operating and Maintenance Costs, including all sub-components, will be based on eighty percent (80%) of the average index change in the 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. cuur0000sa). The base costs per Ton or Ton/mile in this category will be adjusted in the same manner as those in other categories that employ an index-based adjustment.

**Section 2. Adjust Transfer Station Fee**

The Transfer Station Fee for 2011 is determined as follows:

- A. Labor: The CBA labor cost component for 2011 will be determined as described in Section 1.A.1 and 2. The CBA workers' compensation for 2011 will be determined as described in Section 1.A.3. The CBA payroll taxes for 2011 will be those determined as described in Section 1.A.4. The sum equals 2011 Transfer Station labor cost component. It is converted to a Cost per Ton based on the fixed factor of 357,725 Tons per year.
- B. Fuel and Power: The Fuel and Power cost component will be calculated by applying the adjustment factors (determined in Section 1.B) to the costs per Ton shown on Form 3-H for fuel and power at the Transfer Station and combining the two together.
- C. Depreciation: The depreciation dollars per Ton amount is a component of the Cost per Ton shown on Form 3-H adjusted by the procedure and subject to the limits described in Section 1.C "Adjustments to Costs - Depreciation."
- D. Other Operating and Maintenance: The Other Operating and Maintenance Cost component will be calculated by applying the adjustment factor (determined in Section 1.D) to the cost per Ton shown on Form 3-H for Other Operating and Maintenance Cost at the Transfer Station.

The Total Transfer Station Operating Cost per Ton is the sum of the above cost per ton of all expense categories: Labor, Fuel and Power, Depreciation, and Other Operation and Maintenance.

The amount of Transfer Station Profit in April 2009 dollars shown on Form 3-H results in an operating ratio of 93.52%. This operating ratio will be applied to total Transfer Station Operating Costs per Ton to arrive at an adjusted Transfer Station profit per ton. The calculation is: (Total Operating Cost per Ton ÷ 93.52%) minus Total Operating Cost per Ton = Profit.

The allowance for profit is not a guarantee that Contractor will earn a particular amount, or any, profit. Actual costs may change at rates different from the adjustment process provided in the Agreement and Contractor may therefore earn more, or less, profit than the dollar amounts shown in Attachments 12-B and 13-B.

The Total Transfer Station Fee expressed on a per Ton basis for 2011 is the sum of the Total Transfer Station Operating Cost per Ton plus Profit per Ton.

**Section 3. Adjust MRF Fee**

The MRF Fee for 2011 is determined as follows:

A. Labor:

1. The CBA labor cost component for 2011 will be determined as described in Section 1.A.1 and 2. The CBA workers' compensation for 2011 will be determined as described in Section 1.A.3. The CBA payroll taxes for 2011 will be those determined as described in Section 1.A.4. The sum equals the 2011 MRF labor cost component. It is converted to a cost per Ton based on the fixed factor of 74,022 Tons per year.
2. The outside contracted workers cost component for 2011 will be determined as described in Section 1.A.5. It is converted to a cost per Ton based on the fixed factor of 74,022 Tons per year.

B. Fuel and Power: the Fuel and Power cost component will be calculated by applying the same adjustment factors as those used in the Transfer Station Fee Fuel and Power adjustment to the costs per Ton shown on Form 3-I (MRF) for fuel and power.

C. Depreciation: the depreciation dollars per ton amount is a component of the cost per Ton shown on Form 3-I (MRF) for depreciation, adjusted by the same procedure and subject to the limits described in Section 1.C, "Adjustments to Costs – Depreciation."

D. Other Operating and Maintenance: the Other Operating and Maintenance Cost component will be calculated by applying the same adjustment factor used in the Transfer Station Other O&M Cost adjustment to the cost per Ton shown on Form 3-I (MRF).

The Total MRF Operating Cost per Ton is the sum of the above costs per Ton of all expense components: Labor, Fuel and Power, Depreciation, and Other Operation and Maintenance. It is converted to a cost per Ton based on a fixed factor of 74,022 Tons per year.

The amount of MRF Profit in April 2009 dollars shown on Form 3-I results in an operating ratio of 92.87%. This operating ratio will be applied to Total MRF Operating Costs per Ton to arrive at an adjusted MRF profit per ton. The calculation is: (Total Operating Costs per Ton ÷ 92.87%) minus Total Operating Cost per Ton = Profit.

The allowance for profit is not a guarantee that Contractor will earn a particular amount, or any, profit. Actual costs may change at rates different from the adjustment process provided in the Agreement and Contractor may therefore earn more, or less, profit than the dollar amounts shown in Attachments 12-B and 13-B.

E. MRF Residue Cost: the MRF residue cost component is the cost of transporting and disposing of residue from MRF operations and is adjusted annually. The amount included in the 2011 MRF Fee is based on the tonnage estimate in Contractor's Proposal, the 2009 cost of Disposal at Ox Mountain, and the Solid Waste Transportation

Fee per Ton/Mile in the Proposal. The disposal portion is adjusted by the per cent change in disposal rates charged at the Designated Disposal Site. The transportation portion is adjusted by the adjustment to the Solid Waste Transportation Fee per Ton/Mile, as described in Section 4 below.

The actual MRF residue costs based on actual number of tons of residue will be deducted from Contractor's monthly compensation, as incurred, as described in Section 7.08.

The Total MRF Fee for 2011 is the sum of the Total MRF Operating Costs per Ton plus MRF Profit per Ton plus MRF Residue Cost per Ton.

#### **Section 4. Adjust Transportation Fees**

The five Transportation Fees for 2011 are determined as follows:

A separate 2011 cost per Ton/Mile will be calculated for each of the five materials categories (solid waste, inerts, C&D, plant materials, and organic materials (food scraps)). The cost components for each of the material types will be adjusted using the same factor. The cost per Ton/Mile is calculated by dividing the total cost by the total tons delivered to the Designated Disposal Site or the Designated Processing Facility, as appropriate, and by the one way mileage to the Designated Disposal Site or Processing Facility, as determined by the Authority.

- A. Labor: the CBA labor cost component for 2011 will be determined as described in Section 1.A.1 and 2, using Form 3-J. The CBA workers' compensation for 2011 will be determined as described in Section 1.A.3. The CBA payroll taxes for 2011 will be those determined as described in Section 1.A.4. The sum equals 2011 Transportation Labor Costs. It is converted to a Cost per Ton based on a fixed factor of 357,725 Tons per year.
- B. Fuel: the Fuel cost component will be calculated by applying the same adjustment factor as that used in the Transfer Station Fee Fuel adjustment (Section 2.B) to the costs per Ton/Mile shown on Form 3-J for Fuel.
- C. Depreciation: the depreciation dollar per Ton/Mile amounts are components of the cost per Ton/Mile shown on Form 3-J adjusted by the procedure and subject to the limits described in Section 1.C "Adjustments to Costs – Depreciation,"
- D. Other Operating and Maintenance: the Other Operating and Maintenance Cost per Ton/Mile component will be calculated by applying the same factor used in the Transfer Station Other O&M Cost adjustment.

The Total Transportation Operating Cost per Ton/Mile for each material type is the sum of the cost per Ton/mile from the above expense categories: Labor, Fuel, Depreciation, and Other Operation and Maintenance on a cost per Ton/Mile basis.

The average amount of profit in April 2009 dollars shown on Form 3-J results in an operating ratio of 91.9%. This operating ratio will be applied to Total Transportation Costs per Ton/mile to arrive at an adjusted Transportation profit per Ton/mile. The calculation is: (Total Operating Costs per Ton ÷ 91.9%) minus total Operating Cost per Ton – Profit.

The allowance for profit is not a guarantee that Contractor will earn a particular amount, or any, profit. Actual costs may change at rates different from the adjustment process provided in the Agreement and Contractor may therefore earn more, or less, profit than the dollar amounts shown in Attachments 12-B and 13-B.

The total 2011 Transportation Fee for each material type is the sum of the Total Transportation Cost per Ton/mile plus Profit per Ton/mile for each material type.

The one-way miles are set forth in Form 3-J for the Designated Disposal or Processing Facilities.

## **ATTACHMENT 12C**

### **MODIFICATION OF BASIC COMPENSATION DURING INTERIM OPERATIONS IN RATE YEAR ONE**

This Attachment describes how the Contractor's compensation shall be determined for the MRF operations and the Transfer Station operations during the period of Interim Operations.

Prior to the Contractor's start of Facility operations services, the Authority will be constructing a new MRF building and installing new MRF sorting equipment, and retrofitting the Transfer Station building. These construction activities may have an impact of a limited duration on full-scale operations necessitating a modification in basic compensation.

#### **MRF Operations**

In the event that the MRF building is not ready to process Recyclable Materials at the start of the Operations Agreement on January 1, 2011; the Authority will need to sort Recyclable Materials through an Off-site Processor. The Contractor will receive Recyclable Materials at the MRF and at the Public Recycling Center, but these materials will require loading into a transfer trailer for shipment to the offsite processor(s). The Contractor will not be required to transport the materials to the offsite processor(s).

During this period of interim operations the Contractor will not receive the MRF Fee provided in Section 7.03(B). Compensation will be on a cost plus 92.87% basis, up to a monthly not-to-exceed payment of \$208,220. Contractor shall submit cost reports and supporting documents such as payroll records to Authority monthly. Interim operations will cease once the equipment installation is complete and the provisions of Section 4.04 are triggered.

#### **Transfer Station Operations**

In the event the Transfer Station building is still undergoing construction activities at the start of the Operations Agreement on January 1, 2011, the Contractor will experience operational impacts that will increase its costs to manage the Transfer Station. Such impacts may include longer operating hours for transportation of materials offsite, additional traffic congestion resulting from all customer vehicles tipping on the north side of the Transfer Station building, and enhanced staffing required for floor sorting and litter control.

In order to compensate the Contractor for such additional costs the Transfer Station Fee provided in Section 7.03(A) will be increased by \$2.27 per Ton during interim operations. Interim operations will cease once the Authority directs the Contractor to begin using the southern portion of the Transfer Station building.

The dollar amounts in this attachment shall be adjusted by a percentage which represents the 100% of the change in the *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. cuur0000sa)* between June 2009 and the month(s) in which the interim operations period ends.

**APPENDIX B**  
**SBR COST ADJUSTMENT WORKSHEETS**

**SOUTH BAY RECYCLING, LLC**

**Annual Compensation Adjustment Schedule for 2012**

**SUMMARY OF FEES - to 2012**

		<u>2011</u>	<u>2012</u>	<u>% Increase</u>
<b>Cost per Ton</b>				
Transfer Station	357,725	\$10.39	\$ 11.12	7.1%
MRF, net of Residue	74,022	\$66.45	\$ 70.53	6.1%
Transport (cost / ton-mi)	357,725	\$ 0.886	\$ 0.933	5.2%
<i>Transport (cost / ton)</i>		\$15.89	\$ 16.72	5.2%
<b>Total Cost Estimate</b>				
Transfer Station	357,725	\$ 3,715,946	\$ 3,978,881	7.1%
MRF, net of Residue	74,022	\$ 4,918,602	\$ 5,220,996	6.1%
Transport <sup>1</sup>	357,725	\$ 5,683,526	\$ 5,980,895	5.2%
<b>Total Operating Cost</b>		\$ 14,318,073	\$ 15,180,772	6.0%
<b>Pass-Through Costs</b>				
Total Interest		\$ 308,120	\$ 282,260	-8.4%
Construction Management Cost		\$ 276,462	\$ -	
Interim Ops		\$ 350,408	\$ -	
Buyback Payment (estimate)		\$ 1,322,230	\$ 1,322,230	
<b>Total Pass-Through Cost</b>		\$ 1,949,100	\$ 1,322,230	-32.2%
<b>TOTAL COMPENSATION</b>		\$ 16,575,293	\$ 16,785,262	1.3%

<u>Adjusted Transportation Fees</u>	<u>YEAR ONE</u>	<u>YEAR TWO</u>
<u>Cost per ton-mile</u>	<u>2011</u>	<u>2012</u>
Solid Waste to Ox Mtn. landfill	\$ 1.062	\$ 1.12
Inerts to Ox Mtn. Landfill	\$ 1.095	\$ 1.15
C&D to Zanker Rd. Landfill	\$ 0.716	\$ 0.76
Plant Materials to Newby Is. Recyclery	\$ 0.638	\$ 0.67
Plant Materials to Grover Landscaping	\$ 0.392	\$ 0.42
Organics to Newby Is. Recyclery	\$ 0.778	\$ 0.82
Organics to Grover Landscaping	\$ 0.438	\$ 0.47

**COST DETAIL****1. Transfer Station**

	<u>2011</u>	<u>%</u>	<u>2012</u>
	<u>Cost / Ton</u>	<u>Adjustment</u>	<u>Cost / Ton</u>
1. Direct Labor - CBA			
Wages	\$ 3.97	5.6%	\$ 4.19
Benefits	\$ 1.89	10.1%	\$ 2.09
W/C	\$ 0.59	2.8%	\$ 0.61
PR Tax	\$ 0.35	5.6%	\$ 0.36
Total CBA Labor Cost	<b>\$ 6.80</b>	<b>6.6%</b>	<b>\$ 7.25</b>
2. Direct Labor - non-CBA	\$ -		\$ -
3. Power	\$ 0.42	30.0%	\$ 0.54
4. Fuel (adjusted for diesel)	\$ 0.25	26.9%	\$ 0.32
5. Depreciation	\$ 0.29	0.0%	\$ 0.29
6. Other O&M - Other	\$ 1.63	1.3%	\$ 1.66
6a. Clerical base wages & benefits	\$ -		\$ -
6b. Clerical CBA wages & benefits	\$ 0.32	6.4%	\$ 0.34
Total Operating	\$ 9.72	7.0%	\$ 10.40
Profit	\$ 0.67	7.0%	\$ 0.72
<b>TOTAL OPERATOR COST</b>	<b>\$ 10.39</b>	<b>7.0%</b>	<b>\$ 11.12</b>
% Increase			
<b>Base Tonnage</b>			

**2. MRF**

	<u>2011</u>	<u>%</u>	<u>2012</u>
	<u>Cost / Ton</u>	<u>Adjustment</u>	<u>Cost / Ton</u>
1. Direct Labor - CBA			
Wages	\$ 15.58	1.8%	\$ 15.86
Benefits	\$ 7.44	10.1%	\$ 8.19
W/C	\$ 2.34	2.8%	\$ 2.40
PR Tax	\$ 1.50	1.8%	\$ 1.52
Total CBA Labor Cost	<b>\$ 26.86</b>	<b>4.2%</b>	<b>\$ 27.98</b>
2. Direct Labor- after current CBAs expire	\$ 12.85		\$ 14.34
3. Power	\$ 2.44	30.0%	\$ 3.18
4. Fuel (adjusted for diesel)	\$ 0.54	26.9%	\$ 0.69
5. Depreciation	\$ 1.91	0.0%	\$ 1.91
6. Other O&M - Other	\$ 15.57	1.3%	\$ 15.78
6a. Clerical base wages & benefits	\$ -		\$ -
6b. Clerical CBA wages & benefits	\$ 1.53	6.4%	\$ 1.63
Total Operating	\$ 61.71	6.1%	\$ 65.50
Profit	\$ 4.74	6.1%	\$ 5.03
<b>TOTAL OPERATOR COST</b>	<b>\$ 66.45</b>	<b>6.1%</b>	<b>\$ 70.53</b>
% Increase			
<b>Base Tonnage</b>			

**3. Transportation**

Transportation has the same adjustment factors as the Transfer Station and MRF

**COST DETAIL**

**3. TRANSPORTATION COST SUMMARY**

	Assumed	<u>2011</u>	<u>%</u>	<u>2012</u>
	<u>Tonnage</u>	<u>Cost / Ton Mile</u>	<u>Adjustment</u>	<u>Cost / Ton Mile</u>
<b>Solid Waste Transport Fee</b>	260,801	<b>\$1.062</b>	5.2%	<b>\$1.117</b>
<b>Inerts Transport Fee</b>	6,317	<b>\$1.095</b>	5.1%	<b>\$1.151</b>
<b>C&amp;D Transport Fee</b>	18,918	<b>\$0.716</b>	5.7%	<b>\$0.757</b>
<b>Plant Matls Trans Fee - Newby</b>	30,747	<b>\$0.638</b>	5.6%	<b>\$0.674</b>
<b>Plant Matls Trans Fee - Grover</b>	30,747	<b>\$0.392</b>	6.5%	<b>\$0.417</b>
<b>Organic Matl Trans Fee - Newby</b>	5,098	<b>\$0.778</b>	5.6%	<b>\$0.822</b>
<b>Organic Matl Trans Fee - Grover</b>	5,098	<b>\$0.438</b>	6.5%	<b>\$0.466</b>
<b>Blended Total</b>	<u>357,725</u>	<u>\$0.886</u>	5.2%	<u>\$0.933</u>
<b>Total Cost</b>		<b>\$5,683,526</b>		<b>\$5,980,895</b>
<b>Cost / Ton</b>		<u>\$ 15.89</u>		<u>\$ 16.72</u>
<b>Total Cost Increase %</b>		5.4%		5.2%

**Annual Compensation Adjustment Schedule for 2012**

Transfer Station

**SUMMARY OF ANNUAL FEE ADJUSTMENTS - TS**

	357,725	Year One	Year Two	% Increase
		2011	2012	
<b>Base Tonnage specified by SBWMA</b>				
1. Direct Labor - CBA		<u>Cost / Ton</u>	<u>Cost / Ton</u>	
Wages		\$ 3.97	\$ 4.19	5.6%
Benefits		\$ 1.89	\$ 2.09	10.1%
W/C		\$ 0.59	\$ 0.61	2.8%
PR Tax		\$ 0.35	\$ 0.36	5.6%
Total CBA Labor Cost		\$ 6.80	\$ 7.25	6.6%
2. Labor & Benefits- after current CBA agreements expire		\$ -	\$ -	
3. Power		\$ 0.42	\$ 0.54	30.0%
4. Fuel		\$ 0.25	\$ 0.32	26.9%
5. Depreciation		\$ 0.29	\$ 0.29	0.0%
6. Other O&M - Other		\$ 1.63	\$ 1.66	1.3%
6b. Clerical CBA wages & benefits		\$ 0.32	\$ 0.34	6.4%
Total Operating		\$ 9.72	\$ 10.40	7.0%
Profit		\$ 0.67	\$ 0.72	7.0%
Profit %		6.9%	6.9%	
<b>TOTAL OPERATOR COST</b>		<b>\$ 10.388</b>	<b>\$ 11.12</b>	<b>7.1%</b>
% Increase		<b>5.4%</b>	<b>7.1%</b>	
Total Cost		<b>\$ 3,715,946</b>	<b>\$ 3,978,881</b>	<b>7.1%</b>

Note: cost / ton is fixed; change in tonnage changes total cost

**Determine Percentage Change in Costs (Attachment 13-A, S**

**1. Labor Cost Component Adjustment Factors (for collective bargaining agreements)**

Wages for direct labor - use CBA Wages & Benefits form

	2011	2012
	<u>Cost / Ton</u>	<u>Cost / Ton</u>
Direct Labor		
Updated direct labor cost per ton	\$ 3.97	\$ 4.19
Adjustment Factor for Wages Direct Labor	1.063	1.056
% Increase	10.5%	5.6%
Benefits for Direct Labor (CBA)		
Updated annual benefit cost per ton	\$ 1.89	\$ 2.09
Adjustment Factor for Benefits	1.119	1.101
% Increase	20.3%	10.1%
Workers Compensation Insurance (Direct Labor)		
Updated annual benefit cost per ton	\$ 0.59255	\$ 0.61
Adjustment Factor shall be based on the change in the Index	1.014	1.028
<i>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. CIU203000000000A).</i>		
Payroll Taxes (Direct Labor)		
Updated Payroll Tax cost per ton	\$ 0.35	\$ 0.36
Adjustment Factor for payroll taxes shall equal the change in	8.70%	8.70%
Federal Social Security & Medicare tax rates	7.65%	7.65%
Adjustment Factor	1.000	1.000

**Labor & Benefits Component Adjustment Factor - CBA labor when collective bargaining agreements in**

**2. effect in 2010 are no longer in effect**

Annual non-CBA Wages & Benefits - Base

- -

**SUMMARY OF ANNUAL FEE ADJUSTMENTS - TS**

		Year One	Year Two	
<b>Base Tonnage specified by SBWMA</b>	<b>357,725</b>	<u>2011</u>	<u>2012</u>	% Increase

**3. Fuel and Power Cost Component Adjustment Factors**

Power adjustment

Updated Power cost per ton	\$	0.42	\$	0.54
Adjustment factor for power costs		0.882		1.300
		(reduction)		

Fuel adjustment

Updated Fuel cost per ton	\$	0.25	\$	0.32
Adjustment factor for fuel costs		0.759		1.269
<i>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).</i>				
		(reduction)		

**4. Depreciation / Lease (principal only) Adjustment Factor (Att. 8.B / Form 3-C Equipment)**

Updated Depr cost per ton	\$	0.29	\$	0.29
Adjustment Factor		1.000		1.000

**There is no adjustment to depreciation cost after Year 1**

*Price Index Industry Data for motor vehicle body manufacturing, truck, bus, car, and other vehicle bodies, for sale separately (not seasonally*

**5. Other Operating and Maintenance Cost Component Adjustment Factor**

Updated Other cost per ton	\$	1.63	\$	1.66
Index		0.49%		1.67%
Adjustment factor for Other O&M Component = 1 + 0.80 x [(Average		1.004		1.013

Year - Average CPI-U for 12-month period for most-recently completed Rate Year) / (Average CPI-U for 12-month period for latest year)

*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. cuur0000sa).*

**6a. Clerical base wages & benefits**

	\$	0.32	\$	0.34
Adjustment Factor		1.1		1.064

## Annual Compensation Adjustment Schedule for 2012

## SUMMARY OF ANNUAL FEE ADJUSTMENTS - MRF

		Year One	Year Two
		2011	2012
	Base tonnage spec. by SBWMA:	<b>74,022.0</b>	
1.	Direct Labor - CBA	<u>Cost / Ton</u>	<u>Cost / Ton</u>
	Wages	\$ 15.58	\$ 15.86
	Benefits	\$ 7.44	\$ 8.19
	Workers Comp	\$ 2.34	\$ 2.40
	PR Tax	\$ 1.50	\$ 1.52
	Total CBA Labor Cost	\$ 26.86	\$ 27.98
2.	Labor & Benefits- non-CBA (incl Indirect)	\$ 12.85	\$ 14.34
3.	Power	\$ 2.44	\$ 3.18
4.	Fuel	\$ 0.54	\$ 0.69
5.	Depreciation	\$ 1.91	\$ 1.91
6.	Other O&M - Other	\$ 15.57	\$ 15.78
6a.	Clerical CBA wages & benefits	\$ 1.53	\$ 1.63
	Total Operating	\$ 61.71	\$ 65.50
	Profit	\$ 4.74	\$ 5.03
	Profit %	7.7%	7.7%
	<b>TOTAL OPERATOR COST / TON excl Residue</b>	<b>\$ 66.45</b>	<b>\$ 70.53</b>
		3.58%	6.15%
	<b>TOTAL OPERATOR COST excl Residue</b>	<b>\$ 4,918,602</b>	<b>\$ 5,220,996</b>
	MRF Residue		
	# Tons	6,800	6,800
	Disposal Tip Fee	\$ 34.91	\$ 37.97
	Disposal Fees	\$ 3.21	\$ 3.49
	Transfer & Haul \$ 9.26	\$ 0.89	\$ 0.94
	Total MRF Residue expense	\$ 4.10	\$ 4.43
	<b>TOTAL COST WITH MRF RESIDUE</b>	<b>\$ 70.55</b>	<b>\$ 74.96</b>

Note: cost / ton is fixed; change in tonnage changes total cost

## Determine Percentage Change in Costs (Attachment 13)

## Labor Cost Component Adjustment Factors (if collective bargaining agreements in effect in 2010 are still in effect)

Wages for direct labor - Collective bargaining agreements - use CBA Wages & Benefits form

	2011	2012
	<u>Cost / Ton</u>	<u>Cost / Ton</u>
Updated annual wages for direct labor	\$ 15.58	\$ 15.86
Adjustment Factor for Wages Direct Labor	1.056	1.018
% Increase	9.7%	1.8%
Benefits for Direct Labor (CBA)		
Updated annual benefit Costs	\$ 7.44	\$ 8.19
Adjustment Factor for Benefits	1.137	1.101
% Increase	22.1%	10.1%

**SUMMARY OF ANNUAL FEE ADJUSTMENTS - MRF**

		Year One	Year Two
	Base tonnage spec. by SBWMA:	2011	2012
<b>Workers Compensation Insurance (Direct Labor)</b>			
	Updated annual benefit Costs	\$ 2.34	\$ 2.40
	Adjustment Factor shall be based on the change in the	1.014	1.028
<i>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. CIU203000000000A).</i>			
<b>Payroll Taxes (Direct Labor)</b>			
	Updated Payroll Tax Costs	\$ 1.50	\$ 1.52
	Adjustment Factor for payroll taxes shall equal the change in Federal Social Security & Medicare tax rates	9.61%	9.61%
	Adjustment Factor	1.000	1.000
<b>Labor &amp; Benefits Component Adjustment Factor - non-CBA labor (VRS)</b>			
	Updated annual costs	\$ 12.85	\$ 14.34
	Adjustment factor for Labor Component	0.995	1.028
	Actual rate per ton	\$ 13.96	
	True up	1.104	
<i>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. CIU203000000000A).</i>			
<b>Fuel and Power Cost Component Adjustment Factors</b>			
<b>Power adjustment</b>			
	Updated Power Costs	\$ 2.44	\$ 3.18
	Adjustment factor for power costs	0.882 (reduction)	1.300
<b>Fuel adjustment</b>			
	Updated Fuel Costs	\$ 0.54	\$ 0.69
	Adjustment factor for fuel costs	0.759	1.269
<i>Index: U.S. Department of Labor, Bureau of Labor Statistics, Producer Price Index - Commodity Index for #2 (reduction)</i>			
<b>Depreciation / Lease (principal only) Adjustment Factor (Att. 8.B / Form 3-C Equipment)</b>			
	Updated Depr Costs	\$ 1.91	\$ 1.91
		1.000	1.000
<b>There is no adjustment to depreciation / lease cost after Year 1</b>			
<i>Index: U.S. Department of Labor, Bureau of Labor</i>			
<b>Other Operating and Maintenance Cost Component Adjustment Factor</b>			
	Updated Other Costs	\$ 15.57	\$ 15.78
	Adjustment factor for Other O&M Component = 1 + 0.80 x [(Average CPI-U for 12-month period for then-% change at 100% of index	1.0039	1.013
	Year - Average CPI-U for 12-month period for most-recently completed Rate Year) / (Average CPI-U for 12-month period for latest year)	0.49%	1.67%
<i>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. cuur0000sa).</i>			

## Annual Compensation Adjustment Schedule for 2012

## Transportation

TRANSPORTATION COST SUMMARY	# hauls	avg pay/d	Tonnage	YEAR ONE		YEAR TWO
				Cost / Ton Mile	%	Cost / Ton Mile
				(2011)		(2012)
Solid Waste Transport Fee	10,867	24.0	260,801	\$1.062	5.2%	\$1.117
Inerts Transport Fee	288	22.0	6,317	\$1.095	5.1%	\$1.151
C&D Transport Fee	860	22.0	18,918	\$0.716	5.7%	\$0.757
Plant Matls Trans Fee - Newby	1,281	24.0	30,747	\$0.638	5.6%	\$0.674
Plant Matls Trans Fee - Grover	1,281	24.0	30,747	\$0.392	6.5%	\$0.417
Organic Matl Trans Fee - Newby	232	22.0	5,098	\$0.778	5.6%	\$0.822
Organic Matl Trans Fee - Grover	232	22.0	5,098	\$0.438	6.5%	\$0.466
<b>Blended Total</b>			<b>357,725</b>	<b>\$0.886</b>	<b>5.2%</b>	<b>\$0.933</b>
<b>Total Cost</b>				<b>\$ 5,683,526</b>		<b>\$ 5,980,895</b>
<b>Cost / Ton</b>				<b>\$ 15.89</b>		<b>\$ 16.72</b>
<b>Total Cost Increase %</b>				<b>4.1%</b>		<b>5.2%</b>

## Adjust Transportation Fees (Attachment 12-A, Section 4)

Note: The labor components for each of the five transport fees shall be adjusted using the same factor from the SW Fee.	Adjusted Cost (2011)	Adjustment Factor	Adjusted Cost (2012)
<b>Direct Labor Component for Solid Waste Transport Fee</b>			
Wages for CBA labor	\$1,423,578	1.040	\$1,480,049
Benefits for CBA labor	\$553,337	1.101	\$609,109
Workers compensation insurance	\$155,272	1.028	\$159,543
Payroll taxes (factor affects tax rate, not tax expense)	\$120,395	1.000	\$125,171
Total	\$2,252,582	1.054	\$2,373,873
Tonnage assumed for proposal			260,801
Cost per Ton	\$ 8.64		\$ 9.10
Adjusted labor component for solid waste Transport Fee (cost per ton mile)	\$0.664	1.054	\$0.700

Adjusted Cost per Ton Mile	Operating Ratio	Cost per Ton Mile (2011)	Adjustment Factor	Adjusted Cost per Ton Mile (2012)
<b>Solid Waste Transport Fee (Ox Mtn)</b>				
Labor component		\$0.664	1.054	\$0.700
Fuel		\$0.042	1.269	\$0.054
Depreciation (Att. 8-B / Form 3-C Equipment)		\$0.085	1.000	\$0.085
Other O&M Component		\$0.165	1.013	\$0.167
Clerical CBA wages & benefits		\$0.022	1.064	\$0.023
Total Operating Cost		\$0.978		\$1.029
Profit per Operating Ratio (Form 3-G)	92.1%	\$0.084		\$0.088
Total SW Transportation Fee		\$1.062	5.2%	\$1.117
<b>Inerts Transport Fee (Ox Mtn)</b>				
Labor component		\$0.634	1.054	\$0.668
Fuel		\$0.047	1.269	\$0.059
Depreciation (Att. 8-B / Form 3-C Equipment)		\$0.085	1.000	\$0.085
Other O&M Component		\$0.207	1.013	\$0.210
Clerical CBA wages & benefits		\$0.027	1.064	\$0.029
Total Operating Cost		\$0.999		\$1.051
Profit per Operating Ratio (Form 3-G)	91.3%	\$0.095		\$0.100
Total Inert Transportation Fee		\$1.095	5.1%	\$1.151
<b>C&amp;D Transport Fee (Zanker Road)</b>				
Labor component		\$0.453	1.054	\$0.477
Fuel		\$0.039	1.269	\$0.049
Depreciation (Att. 8-B / Form 3-C Equipment)		\$0.048	1.000	\$0.048
Other O&M Component		\$0.102	1.013	\$0.104
Clerical CBA wages & benefits		\$0.014	1.064	\$0.014
Total Operating Cost		\$0.656		\$0.693
Profit per Operating Ratio (Form 3-G)	91.6%	\$0.060		\$0.064

Note: The labor components for each of the five transport fees shall be adjusted using the same factor from the SW Fee.	Adjusted Cost (2011)	Adjustment Factor	Adjusted Cost (2012)
Total C&D Transportation Fee	\$0.716	5.7%	\$0.757

<b>Note: The labor components for each of the five transport fees shall be adjusted using the same factor from the SW Fee.</b>	<b>Adjusted Cost (2011)</b>	<b>Adjustment Factor</b>	<b>Adjusted Cost (2012)</b>
<b>Plant Materials Transport Fee - Newby Is</b>			
Labor component	\$0.392	1.054	\$0.413
Fuel	\$0.036	1.269	\$0.045
Depreciation (Att. 8-B / Form 3-C Equipment)	\$0.044	1.000	\$0.044
Other O&M Component	\$0.100	1.013	\$0.102
Clerical CBA wages & benefits	<u>\$0.013</u>	1.064	<u>\$0.014</u>
Total Operating Cost	\$0.586		\$0.619
Profit per Operating Ratio (Form 3-G)	91.8% <u>\$0.052</u>		<u>\$0.055</u>
Total Plant Material Transportation Fee	<u>\$0.638</u>	5.6%	<u>\$0.674</u>
<b>Plant Materials Transport Fee - Grover</b>			
Labor component	\$0.233	1.054	\$0.245
Fuel	\$0.036	1.269	\$0.045
Depreciation (Att. 8-B / Form 3-C Equipment)	\$0.029	1.000	\$0.029
Other O&M Component	\$0.055	1.013	\$0.056
Clerical CBA wages & benefits	<u>\$0.007</u>	1.064	<u>\$0.008</u>
Total Operating Cost	\$0.359		\$0.383
Profit per Operating Ratio (Form 3-G)	91.8% <u>\$0.032</u>		<u>\$0.034</u>
Total Plant Material Transportation Fee	<u>\$0.392</u>	6.5%	<u>\$0.417</u>
<b>Organic Material Transport Fee - Newby Is</b>			
Labor component	\$0.490	1.054	\$0.516
Fuel	\$0.039	1.269	\$0.050
Depreciation (Att. 8-B / Form 3-C Equipment)	\$0.044	1.000	\$0.044
Other O&M Component	\$0.109	1.013	\$0.110
Clerical CBA wages & benefits	<u>\$0.014</u>	1.064	<u>\$0.015</u>
Total Operating Cost	\$0.697		\$0.736
Profit per Operating Ratio (Form 3-G)	89.5% <u>\$0.082</u>		<u>\$0.086</u>
Total Organic Material Transportation Fee	<u>\$0.778</u>	5.6%	<u>\$0.822</u>
<b>Organic Material Transport Fee - Grover</b>			
Labor component	\$0.254	1.054	\$0.267
Fuel	\$0.039	1.269	\$0.049
Depreciation (Att. 8-B / Form 3-C Equipment)	\$0.031	1.000	\$0.031
Other O&M Component	\$0.060	1.013	\$0.061
Clerical CBA wages & benefits	<u>\$0.008</u>	1.064	<u>\$0.008</u>
Total Operating Cost	\$0.392		\$0.417
Profit per Operating Ratio (Form 3-G)	89.5% <u>\$0.046</u>		<u>\$0.049</u>
Total Organic Material Transportation Fee	<u>\$0.438</u>	6.5%	<u>\$0.466</u>

**Annual Compensation Adjustment Schedule for 2012**

2011	2012
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- 1 *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. CIU203000000000A).*

	2011	2010	2009
Avg Index - April	112.08	109.08	107.60
% Change	2.75%	1.37%	2.14%

**Workers Comp & VRS (MRF) labor****Use - Factor**

1.0137	1.0275
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- 2 *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. Ecs12102i ended 2005*

*replaced with cis201s000000000i*

	2011	2010	2009
Annual Index	113.8	111.5	109.7
% Change	2.06%	1.64%	1.95%

**after CBAs expire (per 13A)****Use - Factor**

0.0164	1.0206
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- 3 *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).*

	2011	2010	2009
Index	259.5	204.4	269.1
% Change	26.93%	-24.04%	-1.47%

**Fuel****Use - Factor**

0.7594	1.2693
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- 4 *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. cuur0000sa).*

	2011	2010	2009
Index (Annual)	219.79	216.19	215.14
% Change	1.67%	0.49%	2.39%

**Other O&M****Use**

0.49%	1.005	1.0167
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- 5 *Index: U.S. Department of Labor, Bureau of Labor Statistics, Producer Price Index Industry Data for motor vehicle body manufacturing, truck, bus, car, and other vehicle bodies, for sale separately (not seasonally adjusted, base date: 8212, series no. pcu336211336211).*

	2011	2010	2009
Index	218.52	216.60	215.50
% Change	0.88%	0.51%	4.68%

**Depreciation****Use**

1.005	1.0088
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*used for depreciation, Yr 1 only*

**Annual Compensation Adjustment Schedule for 2012**

<i>Index: U.S. Department of Labor, Bureau of Labor Statistics, Private Industry</i>					<b>W/C &amp; Outside 3rd Party Labor (VRS)</b>		
<i>1 Employment Cost Index for Total All workers (not seasonally adjusted, total benefits, series no. ciu2030000000000i).</i>							
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>Use</u>		
Avg Index Apr	112.1	109.1	107.6	105.4			
% Change	<b>2.75%</b>	1.37%	2.14%	2.66%	<b>2.75%</b>		
<b>Q1</b>	<b>113.7</b>	<b>110.4</b>	<b>108.2</b>	<b>106.5</b>			
Q2		111.0	108.4	107.0			
Q3		111.7	108.7	107.5			
Q4		111.9	108.8	107.7			
Total	113.7	445.0	434.1	428.7			
Avg	28.4	111.3	108.5	107.2			
% Change Annual	-74.45%	2.51%	1.26%	2.54%			
12 Months to Q1	448.3	436.3	430.4	421.4			
Avg	112.1	109.1	107.6	105.4			
%	<b>2.75%</b>	<b>1.37%</b>	<b>2.14%</b>	<b>2.66%</b>			
<i>Index: U.S. Department of Labor, Bureau of Labor Statistics, Private Industry</i>					<b>after CBAs expire</b>		
<i>2 Employment Cost Index for Service-Producing Industries (seasonally adjusted, total compensation, series no. Ecs12102i ended 2005</i>							
<i>replaced with cis201s000000000i</i>							
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2003</u>	<u>Average</u>	<u>Use</u>
Index 1ST QTR	113.8	111.5	109.7	107.6	91.7		
% Change	<b>2.06%</b>	1.64%	1.95%	3.16%		2.74%	2.06%
<i>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).</i>					<b>Fuel</b>		
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>		<u>Use</u>	
Avg Index Apr	259.5	204.4	269.1	273.1			
% Change	<b>26.93%</b>	-24.04%	-1.47%	25.78%	<b>26.93%</b>		
Jan	270.0	229.4	161.6	278.2			
Feb	289.2	206.9	147.2	287.5			
Mar	321.4	225.5	139.2	353.7			
Apr	339.8	240.0	167.4	365.1			
May	329.0	235.8	166.4	398.2			
Jun		221.8	191.1	421.0			
Jul		218.5	172.8	431.9			
Aug		231.1	204.1	346.7			
Sep		227.7	193.2	342.3			
Oct		243.7	202.8	281.8			
Nov		255.3	215.7	224.1			
Dec		259.2	205.1	168.0			
Total	1,549.4	2,794.9	2,166.6	3,898.5			
Avg	309.9	232.9	180.6	324.9			
	33.05%	29.00%	-44.42%	37.96%			

4 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, Interim  
 Ops (2011)**

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>Use</u>
Avg Index April	219.8	216.2	215.1	210.1	
% Change	<b>1.67%</b>	0.49%	2.39%	3.39%	<b>1.67%</b>
Jan	220.2	216.7	211.1	211.1	
Feb	221.3	216.7	212.2	211.7	
Mar	223.5	217.6	212.7	213.5	
Apr	224.9	218.0	213.2	214.8	
May	226.0	218.2	213.9	216.6	
Jun		218.0	215.7	218.8	
Jul		218.0	215.4	220.0	
Aug		218.3	215.8	219.1	
Sep		218.4	216.0	218.8	
Oct		218.7	216.2	216.6	
Nov		218.8	216.3	212.4	
Dec		219.2	215.9	210.2	
Total	1,115.9	2,616.7	2,574.4	2,583.6	
Avg	223.2	218.1	214.5	215.3	
	2.35%	1.64%	-0.35%	3.82%	

SOUTH BAY RECYCLING, LLC  
**FACILITY OPERATIONS AGREEMENT**  
**Power Cost Annual Adjustment**

	2012	April '2011	April 2010	April 2009	2008	RFP 2007
Total Bill		\$ 22,973	\$ 11,274	\$ 10,505	\$ 9,083	\$ 10,792
KWH		156,051	99,581	81,840	77,280	104,320
Rate / KWH		\$ 0.1472	\$ 0.1132	\$ 0.1284	\$ 0.1175	\$ 0.1034
% increase vs Prior Yr		<b>30.03%</b>	<b>-11.793%</b>	9.212%	13.610%	
Adjustment Factor		<b>1.300</b>	<b>0.882</b>	1.092	1.136	
% increase vs 08			-3.67%	24.08%		

Attach. 12A says average rate but 12B, example, uses one month period (April 2009, April 2010). So using one month period.

	2012	2011	2010	April 2009	2008	2007
Total Bill		\$22,973.03	\$11,274.35	\$10,504.56	\$9,082.57	\$10,791.74
KWH		156,051	99,581	81,840	77,280	104,320
Rate / KWH		\$0.1472	\$0.1132	\$0.1284	0.1175	0.1034
% increase vs Prior Yr		30.03%	-11.79%	9.21%	30.03%	
Adjustment Factor		1.3003	0.8821	1.0921	0.1361	
Period	<u>Billing Date</u>	<u>Amount</u>	<u>KW Usage</u>	<u>Rate/KWH</u>	<u>Rate Type</u>	<u>Building % of Usage</u>
3/31 to 5/2	40665	\$20,755.36	136,200	0.1524	Winter Rate	MRF
4/2011		\$2,217.67	19,851	0.1117		Transfer 27

**Attachment 12D - Form 3 - M  
Debt Service Schedule (Agreement 7.09, 8.03)**

**Annual Costs of Contractor Supplied Equipment (Agreement 5.09, Form 3-C, and Attach. 8B)**

**YEAR ONE INTEREST RATE ADJUSTMENT PER OPS AGREEMENT ARTICLE 8.03**

Assumed interest rate per SBR 2009 proposal: 5.00%  
 Ten-year U.S. Treasury note interest rate in March, 2008: 3.50%  
 Ten-year U.S. Treasury note interest rate in effect on July 1, 2010: 3.50% from U.S Bureau of the Public Debt, www.treasurydirect.gov/RI/OFNtebnd

**Adjustment factor:**

<b>1.00</b>
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**Fixed interest rate for entire period of Ops Agreement:**

<b>5.00%</b>
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Year	Financed Purchase - BASE 2009 COST			Adjusted for Capital indexed price change			
	Principal Payment	Interest	Total	Adj. Factor	Financed Purchase - Year One to Year Ten		
					Depreciation	Interest	Total
Interest Rate %		5.00%				5.00%	
1	\$505,441	\$308,120	\$813,561	1.0000	\$505,441	\$308,120	\$813,561
2	\$531,300	\$282,260	\$813,560	1.0000	\$531,300	\$282,260	\$813,560
3	\$558,483	\$255,077	\$813,560	1.0000	\$558,483	\$255,077	\$813,560
4	\$587,055	\$226,505	\$813,560	1.0000	\$587,055	\$226,505	\$813,560
5	\$617,091	\$196,470	\$813,561	1.0000	\$617,091	\$196,470	\$813,561
6	\$648,662	\$164,898	\$813,560	1.0000	\$648,662	\$164,898	\$813,560
7	\$681,849	\$131,712	\$813,561	1.0000	\$681,849	\$131,712	\$813,561
8	\$716,734	\$96,827	\$813,561	1.0000	\$716,734	\$96,827	\$813,561
9	\$753,403	\$60,158	\$813,561	1.0000	\$753,403	\$60,158	\$813,561
10	\$791,948	\$21,612	\$813,560	1.0000	\$791,948	\$21,612	\$813,560
<b>TOTAL COST</b>	<b>\$6,391,966</b>	<b>\$1,743,639</b>	<b>\$8,135,605</b>		<b>\$6,391,966</b>	<b>\$1,743,639</b>	<b>\$8,135,605</b>

  

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

**SBWMA - OPERATIONS AGREEMENT  
CBA WAGES & BENEFITS WORKSHEET**

BASE		Submitted 2011 Rates		Actual 2011 Rates		Actual 2012 Rates	
<b>WAGES</b>		<b>Transfer Station</b>					
<b>Direct Labor</b>	<u>Standard</u>	<u>Overtime</u>					
Leads (5% above base rate)	2,080	390	\$ 36.40	97,006	\$ 36.40	97,015	\$ 37.86 \$ 100,897
Scale Operator	6,240	1,170	\$ 34.67	277,187	\$ 34.67	277,187	\$ 36.06 \$ 288,300
Spotter	4,160	780	\$ 24.13	128,613	\$ 24.13	128,613	\$ 25.10 \$ 133,783
TS Sorter	18,720	3,120	\$ 18.90	442,260	\$ 18.90	442,260	\$ 19.80 \$ 463,320
TS Operator-Lead	4,160	624	\$ 36.21	193,752	\$ 38.02	193,752	\$ 39.54 \$ 201,496
TS Operator	6,240	936	\$ 36.21	461,315	\$ 36.21	276,789	\$ 37.66 \$ 287,873
Personal day adjustment				10,796		10,869	11,330
<b>True Up</b>							<b>9,309</b>
<b>Total</b>	<b>41,600</b>	<b>7,020</b>	<b>Total</b>	<b>1,417,177</b>	<b>Total</b>	<b>1,426,485</b>	<b>Total</b> <b>1,496,307</b>
<b>% Increase</b>				<b>10.5%</b>	<b>True Up</b>	<b>\$ 9,309</b>	<b>5.6%</b>
						0.7%	
<b>excludes non-CBA</b>		<b>MRF</b>					
<b>Direct Labor</b>	<u>Standard</u>	<u>Overtime</u>					
Scale Operator- Lead	4160	-	\$ 36.40	151,424	\$ 36.40	151,424	\$ 37.86 \$ 157,498
MRF Operator-Lead	4,160	-	\$ 34.67	-	\$ 36.40	151,424	\$ 37.86 \$ 157,498
MRF Operator	14,560	1,456	\$ 34.67	580,514	\$ 34.67	580,514	\$ 36.06 \$ 603,789
MRF Mechanic	2,080	-	\$ 34.72	72,218	\$ 36.43	75,774	\$ 37.89 \$ 78,811
PM Technician	2,080	-	\$ 31.15	64,792	\$ 31.15	64,792	\$ 37.89 \$ 78,811
Inspector	4,160	-	\$ 24.14	100,422	\$ 18.90	78,624	\$ 19.80 \$ 82,368
Buyback Attendant	4,576	1,664	\$ 24.24	171,425	\$ 24.24	171,425	\$ 25.21 \$ 178,285
Personal day adjustment				9,659		9,484	9,980
<b>True Up</b>							<b>(18,417)</b>
<b>Total</b>	<b>31,616</b>	<b>3,120</b>	<b>Total</b>	<b>1,150,455</b>	<b>Total</b>	<b>1,132,038</b>	<b>Total</b> <b>1,171,125</b>
<b>% Increase</b>				<b>9.7%</b>	<b>True Up</b>	<b>\$ (18,417)</b>	<b>1.8%</b>
<b>Transport</b>							
<b>Direct Labor</b>	<u>Standard</u>	<u>Overtime</u>					
Semi-Driver	41,600	6,344	\$ 36.91	1,886,692	\$ 36.91	1,886,692	\$ 38.26 \$ 1,955,698
Trans Mech- Maintenance	3,250	-	\$ 34.72	112,827	\$ 34.72	112,827	\$ 37.89 \$ 123,128
Personal day adjustment				15,849		15,849	16,488
<b>Total</b>	<b>44,850</b>	<b>6,344</b>	<b>Total</b>	<b>2,015,368</b>	<b>Total</b>	<b>2,015,368</b>	<b>Total</b> <b>2,095,315</b>
<b>% Increase</b>				<b>8.5%</b>			<b>4.0%</b>
<b>BENEFITS</b>							
<b>Teamsters 350 TS &amp; Recycling</b>	<u>/ month</u>	<u>/ hour</u>	<u>/ month</u>	<u>/ hour</u>	<u>/ month</u>	<u>/ month</u>	<u>/ hour</u>
Medical	\$ 1,361.00	\$ 7.85	\$ 1,587.73	\$ 9.16	\$ 1,602.00	\$ 1,746.18	\$ 10.07
Early Retirement (RSP)	\$ 268.62	\$ 1.55	\$ 362.25	\$ 2.09	\$ 376.94	\$ 416.54	\$ 2.40
Income Protection	\$ 4.90	\$ 0.03	\$ 4.90	\$ 0.03	\$ 4.90	\$ 4.90	\$ 0.03
Total H&W		\$ 9.43	\$ 1,954.88	\$ 11.28	\$ 1,983.84	\$ 2,167.62	\$ 12.51
				19.6%	\$ 28.95		10.9%
Pension	\$ 8,008.00	\$ 3.85	\$ 9,776.00	\$ 4.70	\$ 4.70	\$ 884.00	\$ 5.10
				22.1%			8.5%
<b>Total TS &amp; Recycling</b>		\$ 13.28	\$ 15.98		\$ 16.15	<b>True Up</b>	<b>\$ 0.17</b>
				20.3%			<b>\$ 17.77</b>
							<b>10.1%</b>
<b>Mechanics</b>	<u>/ month</u>	<u>/ hour</u>	<u>/ month (ann)</u>	<u>/ hour</u>	<u>/ hour</u>	<u>/ month</u>	<u>/ hour</u>
Medical	\$ 1,100.00	\$ 6.35	\$ 1,587.73	\$ 9.16	\$ 9.24	\$ 1,746.18	\$ 10.07
Early Retirement (RSP)	\$ -	\$ -	\$ 362.25	\$ 2.09	\$ 2.17	\$ 416.54	\$ 2.40
Income Protection	\$ 588	\$ 3.39	\$ 4.90	\$ 0.03	\$ 0.03	\$ 4.90	\$ 0.03
Pension	\$ -	\$ -	\$ 814.67	\$ 4.70	\$ 4.70	\$ 884.00	\$ 5.10
<b>Total Mechanics</b>		\$ 9.74	\$ 15.98		\$ 16.15	<b>True Up</b>	<b>\$ 0.17</b>
							<b>\$ 17.77</b>
Total H&W, Pension / Hr	\$ 13.28		\$ 15.98		\$ 16.15		\$ 17.77
<b>USE FOR TRANSFER STATION</b>			<b>20.3%</b>		<b>1.0%</b>		<b>10.1%</b>
Total Teamster / Mechanics	\$ 13.09		\$ 15.98		\$ 16.15		\$ 17.77
<b>USE FOR MRF</b>			<b>22.1%</b>		<b>1.0%</b>		<b>10.1%</b>
Total Teamster / Mechanics	\$ 12.97		\$ 15.98		\$ 16.15		\$ 17.77
<b>USE FOR TRANSPORTATION</b>			<b>23.2%</b>		<b>1.0%</b>		<b>10.1%</b>

**SBWMA - OPERATIONS AGREEMENT  
CBA WAGES & BENEFITS WORKSHEET**

	CLERICAL BASE		ASSUMED 2011 RATES		ACTUAL 2011 RATES		ACTUAL 2012 RATES	
<b>WAGES</b>								
<b>G&amp;A labor 2009</b>	<u>Standard</u>	<u>Overtime</u>	<u>Avg. Hourly</u>	<u>Annual</u>	<u>Avg. Hourly</u>	<u>Annual</u>	<u>Avg. Hourly</u>	<u>Annual</u>
Accounting clerk	2,080	390		\$ -				
Admin Assistant	2,080	390		\$ -				
Dispatch Clerk	2,080	390		\$ -				
		1,170		\$ -				
<b>G&amp;A labor 2011</b>				\$ -				
Accounting clerk (1 - PR)	2,080	125	\$ 28.64	\$ 64,941	\$ 28.78	\$ 65,259	\$ 29.93	\$ 67,866
Accounting clerk (1 - AP)	2,080	125	\$ 23.19	\$ 52,583	\$ 23.30	\$ 52,833	\$ 24.23	\$ 54,942
Admin Assistant	2,080	125	\$ 22.74	\$ 51,563	\$ 22.86	\$ 51,835	\$ 23.77	\$ 53,898
Dispatch Clerk	2,080	125	\$ 23.86	\$ 54,103	\$ 23.97	\$ 54,352	\$ 24.93	\$ 56,529
		500	\$ 25.97		\$ 26.10		\$ 27.14	
		(1,060)		\$ -				
<b>2009 Base Totals</b>	6,240		<b>2011 Total</b>	<b>\$ 223,190</b>	<b>2011 Total</b>	<b>\$ 224,278</b>	<b>2012 Total</b>	<b>\$ 233,235</b>
			<b>Incremental</b>	<b>\$ 103,238</b>	<b>True Up</b>	<b>\$ 1,088</b>	<b>2011 Adjustme</b>	<b>\$ 1,088</b>
							<b>Total</b>	<b>\$ 234,323</b>
								<b>4.5%</b>
<b>2009 BASE</b>								
<b>Transfer</b>	33.33%	<b>\$ 39,984</b>	33.33%	<b>\$ 74,397</b>	33.33%	<b>\$ 74,759</b>	33.33%	<b>\$ 78,108</b>
<b>MRF</b>	33.33%	<b>\$ 39,984</b>	33.33%	<b>\$ 74,397</b>	33.33%	<b>\$ 74,759</b>	33.33%	<b>\$ 78,108</b>
<b>Transportation</b>	33.33%	<b>\$ 39,984</b>	33.33%	<b>\$ 74,397</b>	33.33%	<b>\$ 74,759</b>	33.33%	<b>\$ 78,108</b>
		<b>\$ 119,952</b>		<b>223,190</b>		<b>224,278</b>		<b>234,323</b>
<b>BENEFITS</b>								
<b>Actual 2010</b>	<u>/ month</u>	<u>/ hour</u>	<b>New CBA 2011</b>		<b>New CBA 2011</b>		<b>New CBA 2012</b>	
Medical/Dental/Vision	\$ 1,139.00	\$ 6.57	<u>/ month</u>	<u>/ hour</u>	<u>/ month</u>	<u>/ hour</u>	<u>/ month</u>	<u>/ hour</u>
Retirement (Pension)	\$ -	\$ -	\$ 1,588.00	\$ 9.16	\$ 1,602.00	\$ 9.24	\$ 1,746.18	\$ 10.07
Retirement Security (RSP)	\$ -	\$ -	\$ 468.00	\$ 2.70	\$ 468.00	\$ 2.70	\$ 494.00	\$ 2.85
Income protection	\$ -	\$ -	\$ 384.02	\$ 2.22	\$ 376.94	\$ 2.17	\$ 416.54	\$ 2.40
Total H&W	\$ 1,139.00	\$ 6.57	\$ -	\$ -	\$ 4.90	\$ 0.03	\$ 4.90	\$ 0.03
			\$ 2,440.02	\$ 14.08	\$ 2,451.84	\$ 14.15	\$ 2,661.62	\$ 15.36
				114.2%		100.5%	<b>2011 Adjustme</b>	\$ 0.07
							<b>Subtotal</b>	\$ 15.42
								9.0%
	<u>/month</u>	<u>/hour</u>	<u>/month</u>	<u>/hour</u>	<u>/month</u>	<u>/hour</u>	<u>/month</u>	<u>/hour</u>
<b>Total</b>	<b>\$ 1,139.00</b>	<b>\$ 6.57</b>	<b>\$ 2,440.02</b>	<b>\$ 14.08</b>	<b>\$ 2,451.84</b>	<b>\$ 14.15</b>	<b>\$ 2,661.62</b>	<b>\$ 15.42</b>
Total H&W, Pension / Hr		\$ 2.19		\$ 4.69		\$ 4.72		\$ 5.14
<b>USE FOR TRANSFER STATION</b>				114.2%		0.5%		9.0%
Total H&W, Pension / Hr		\$ 2.19		\$ 4.69		\$ 4.72		\$ 5.14
<b>USE FOR MRF</b>				114.2%		0.5%		9.0%
Total H&W, Pension / Hr		\$ 2.19		\$ 4.69		\$ 4.72		\$ 5.14
<b>USE FOR TRANSPORTATION</b>				114.2%		0.5%		9.0%