

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.

* "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. CIU203000000000A).
 - 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. CIU2030000000000A).

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.

* 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
INDEX ADJUSTMENT WORKSHEETS BY COST COMPONENTS

SOUTH BAY RECYCLING, LLC

Annual Compensation Adjustment Schedule for Contract Year One, effective January 1, 2011

SUMMARY OF ANNUAL FEE ADJUSTMENTS

rev 3C

	ADJUSTED BASE		adjusted	YEAR ONE
	<u>2009</u>		<u>2010</u>	<u>2011</u>
Annual % Change				
TS			1.55%	5.46%
MRF			1.11%	3.58%
Transport			1.24%	4.14%
Transfer Station	\$ 3,471,026	\$ 9.70	\$ 9.85	\$ 10.39
MRF, net of Residue	\$ 4,696,170	\$ 63.44	\$ 64.15	\$ 66.45
Transport (cost / ton-mile)	\$ 5,390,840	\$ 0.841	\$ 0.851	\$ 0.886
<i>Transport (cost / ton)</i>		\$ 15.07	\$ 15.26	\$ 15.89
				reference only
Total Operating Cost	\$ 13,558,036	\$ 13,558,036	\$ 13,730,764 1.3%	\$ 14,319,547 4.3%
Transfer Station	\$ 3,471,026	\$ 3,471,026	\$ 3,524,774	\$ 3,717,398
MRF, net of Residue	\$ 4,696,170	\$ 4,696,170	\$ 4,748,517	\$ 4,918,606
Transport ¹	\$ 5,390,840	\$ 5,390,840	\$ 5,457,473	\$ 5,683,543
Total Interest				\$ 308,120

Adjusted Transportation Fees Cost per ton-mile

	BASE	adjusted	YEAR ONE
	<u>2009</u>	<u>2010</u>	<u>2011</u>
Solid Waste to Ox Mtn. landfill	\$ 1.006	\$ 1.019	\$ 1.062
Inerts to Ox Mtn. Landfill	\$ 1.042	\$ 1.051	\$ 1.095
C&D to Zanker Rd. Landfill	\$ 0.687	\$ 0.691	\$ 0.716
Plant Materials to Newby Is. Recyclery	\$ 0.613	\$ 0.616	\$ 0.638
Plant Materials to Grover Landscaping	\$ 0.389	\$ 0.384	\$ 0.392
Organics to Newby Is. Recyclery	\$ 0.744	\$ 0.750	\$ 0.778
Organics to Grover Landscaping	\$ 0.421	\$ 0.429	\$ 0.438

Annual Compensation Adjustment Schedule for Contract Year One, effective January 1, 2011

Transfer Station

SUMMARY OF ANNUAL FEE ADJUSTMENTS - TS

	ADJUSTED 2009	Cost / Ton 2009	Year One	
			2010	2011
	Cost	Cost / Ton	Cost / Ton	Cost / Ton
1. Direct Labor - CBA				
Wages	1,283,084	\$ 3.59	\$ 3.73	\$ 3.97
Benefits	558,688	\$ 1.56	\$ 1.69	\$ 1.89
W/C	206,279	\$ 0.58	\$ 0.58	\$ 0.59
PR Tax	111,664	\$ 0.31	\$ 0.32	\$ 0.35
Total CBA Labor Cost	2,159,715	\$ 6.04	\$ 6.34	\$ 6.80
2. Labor & Benefits- after current CBA agreements expire	-	-	\$ -	\$ -
3. Power	192,324	\$ 0.54	\$ 0.47	\$ 0.42
4. Fuel	155,888	\$ 0.44	\$ 0.33	\$ 0.25
5. Depreciation	104,666	\$ 0.29	\$ 0.29	\$ 0.29
6. Other O&M - Other	579,781	\$ 1.62	\$ 1.63	\$ 1.63
6a. Clerical base wages & benefits	53,652	\$ 0.15	\$ 0.15	\$ -
6b. Clerical CBA wages & benefits	0	\$ -	\$ -	\$ 0.32
Total Operating	3,246,026	\$ 9.07	\$ 9.21	\$ 9.72
Profit	225,000	\$ 0.63	\$ 0.64	\$ 0.67
Profit %	6.9%	6.9%	6.9%	6.9%
TOTAL OPERATOR COST	3,471,026	\$ 9.70	\$ 9.85	\$ 10.39
% Increase			1.55%	5.46%
Total Cost		\$ 3,471,026	\$ 3,524,774	\$ 3,717,398
Base Tonnage specified by SBWMA	357,725.0			

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

Determine Percentage Change in Costs (Attachment 13-A, Section 1)

	Adjusted			
	2009	2009	2010	2011
	Cost	Cost / Ton	Cost / Ton	Cost / Ton
1. Labor Cost Component Adjustment Factors (if collective bargaining agreements in effect in 2010 are still in effect)				
Wages for direct labor - When collective bargaining agreements in effect in 2010 are still in effect, use CBA Wages & Benefits form to estimate net impact of increased wage rates.				
Direct Labor				
Updated direct labor cost per ton	1,283,084	\$ 3.59	\$ 3.73	\$ 3.97
Adjustment Factor for Wages Direct Labor			1.041	1.063
% Increase			4.12%	10.5%
Benefits for Direct Labor (CBA)				
Updated annual benefit cost per ton	558,688	\$ 1.56	\$ 1.69	\$ 1.89
Adjustment Factor for Benefits			1.085	1.119
% Increase			8.45%	20.3%
Workers Compensation Insurance (Direct Labor)				
Updated annual benefit cost per ton	206,279	\$ 0.58	\$ 0.58	\$ 0.59
Adjustment Factor shall be based on the change in the Index 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. CIU2030000000000A).			1.014	1.014
Payroll Taxes (Direct Labor)				
Updated Payroll Tax cost per ton	111,664	\$ 0.31	\$ 0.32	\$ 0.35
Adjustment Factor for payroll taxes shall equal the change in Federal Social Security & Medicare tax rates	7.65%		8.70%	8.70%
Adjustment Factor		1.000	1.000	1.000
2. Labor & Benefits Component Adjustment Factor - CBA labor when collective bargaining agreements in effect in 2010 are no longer in effect				
Annual non-CBA Wages & Benefits - Base	n/a		-	-
Updated annual benefit cost per ton		-	-	-
Adjustment factor for Labor Component			1.64%	1.64%
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 replaced with cis201s00000000000)				
3. Fuel and Power Cost Component Adjustment Factors				
Power adjustment				
Updated Power cost per ton	192,324	\$ 0.54	\$ 0.47	\$ 0.42
Adjustment factor for power costs			0.882	0.882
(reduction)			(reduction)	(reduction)
Fuel adjustment				
Updated Fuel cost per ton	155,888	\$ 0.44	\$ 0.33	\$ 0.25
Adjustment factor for fuel costs 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).			0.759	0.759
(reduction)			(reduction)	(reduction)
5. Depreciation / Lease (principal only) Adjustment Factor (Att. 8.B / Form 3-C Equipment)				
Updated Depr cost per ton	104,666	\$ 0.29	\$ 0.29	\$ 0.29
Adjustment Factor			1.005	1.000
There is no adjustment to depreciation cost after Year 1				
body manufacturing, truck, bus, car, and other vehicle bodies, for sale separately (not seasonally adjusted, base date: 8212, series no. pcu3				
6. Other Operating and Maintenance Cost Component Adjustment Factor				
Updated Other cost per ton	579,781	\$ 1.62	\$ 1.63	\$ 1.63
Index			0.49%	0.49%
Adjustment factor for Other O&M Component = 1 + 0.80 x [(Average CPI-U for 12-month period for then-current Rate Year - Average CPI-U for 12-month period for most-recently completed Rate Year) / (Average CPI-U for 12-month period for most-recently completed Rate Year)] Consumers, U.S. city average (not seasonally adjusted, all items, base period: 1982-84=100, series no. cuur0000sa).			1.004	1.004
6a. Clerical base wages & benefits	53,652	\$ 0.15	\$ 0.15	\$ 0.32
6b. Clerical CBA wages & benefits				111%
Adjustment Factor				2.1
Based on agreement reached on September 9,2010 Includes additional hours needed to compensate for additional time off				

Annual Compensation Adjustment Schedule for Contract Year One, effective January 1, 2011

		MRF			
SUMMARY OF ANNUAL FEE ADJUSTMENTS - MRF		ADJUSTED	Cost / Ton	contract starts	
Base tonnage spec. by SBWMA: 74,022.0		2009	2009	2010	2011
1.	Direct Labor - CBA	Cost	Cost / Ton	Cost / Ton	Cost / Ton
	Wages	1,048,544	\$ 14.17	\$ 14.75	\$ 15.58
	Benefits	446,950	\$ 6.04	\$ 6.55	\$ 7.44
	Workers Comp	168,573	\$ 2.28	\$ 2.31	\$ 2.34
	PR Tax	100,729	\$ 1.36	\$ 1.42	\$ 1.50
	Total CBA Labor Cost	1,764,796	\$ 23.84	\$ 25.02	\$ 26.86
2.	Labor & Benefits- non-CBA (incl Indirect)	956,633	\$ 12.92	\$ 12.92	\$ 12.85
3.	Power	232,339	\$ 3.14	\$ 2.77	\$ 2.44
4.	Fuel	69,641	\$ 0.94	\$ 0.71	\$ 0.54
5.	Depreciation	140,457	\$ 1.90	\$ 1.91	\$ 1.91
6.	Other O&M - Other	1,143,652	\$ 15.45	\$ 15.51	\$ 15.57
6a.	Clerical base wages & benefits	53,652	\$ 0.72	\$ 0.73	\$ -
6b.	Clerical CBA wages & benefits	0	\$ -	\$ -	\$ 1.53
	Total Operating	4,361,170	\$ 58.92	\$ 59.57	\$ 61.71
	Profit	335,000	\$ 4.53	\$ 4.58	\$ 4.74
	Profit %	7.7%	7.7%	7.7%	7.7%
	TOTAL OPERATOR COST / TON excl Residue	\$ 63.44	\$ 64.15	\$ 66.45	
	TOTAL OPERATOR COST excl Residue	4,696,170	4,696,170	4,748,517	4,918,606
	MRF Residue			1.11%	3.58%
	# Tons	6,800	6,800	6,800	6,800
	Disposal Tip Fee	\$ 33.21	\$ 34.20	\$ 34.23	\$ 34.91
	Disposal Fees	225,828	\$ 3.05	\$ 3.14	\$ 3.21
	Transfer & Haul \$ 9.26	62,968	\$ 0.85	\$ -	\$ -
	Total MRF Residue expense	288,796	\$ 3.90	\$ 3.14	\$ 3.21
	TOTAL COST WITH MRF RESIDUE	4,984,966	\$ 67.34	\$ 67.29	\$ 69.66
		\$	67.34		

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

First Year 2011 uses 2010 index except CBA Agreements

Determine Percentage Change in Costs (Attachment 13-A, Section 1)

1.	Labor Cost Component Adjustment Factors (if collective bargaining agreements in effect in 2010 are still in effect)				
	Wages for direct labor - When collective bargaining agreements in effect in 2010 are still in effect, use CBA Wages & Benefits form to estimate net impact of increased wage rates.				
					YEAR ONE
		2009	2009	2010	2011
		Cost	Cost / Ton	Cost / Ton	Cost / Ton
	Updated annual wages for direct labor	1,048,544	\$ 14.17	\$ 14.75	\$ 15.58
	Adjustment Factor for Wages Direct Labor			1.041	1.056
	% Increase	0.0%	7.4%	4.1%	9.8%
	Benefits for Direct Labor (CBA)				
	Updated annual benefit Costs	446,950	\$ 6.04	\$ 6.55	\$ 7.44
	Adjustment Factor for Benefits			1.085	1.137
	% Increase		8.45%	8.45%	22.1%
	Workers Compensation Insurance (Direct Labor)				
	Updated annual benefit Costs	168,573	\$ 2.28	\$ 2.31	\$ 2.34
	Adjustment Factor shall be based on the change in the Index			1.014	1.014
	<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 Costs	100,729	\$ 1.36	\$ 1.42	\$ 1.50
	Adjustment Factor for payroll taxes shall equal the change in Federal Social Security & Medicare tax rates		9.61%	9.61%	9.61%
	Adjustment Factor		1.000	1.000	1.000
2.	Labor & Benefits Component Adjustment Factor - non-CBA labor (VRS)				
	Updated annual costs	956,633	\$ 12.92	\$ 12.92	\$ 12.85
	Adjustment factor for Labor Component			1.000	0.995
	<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). USE "I" NOT "A"</i>				
	Labor & Benefits Component Adjustment Factor - CBA labor when CBAs in effect in 2010 are no longer in effect				
	Updated annual benefit Costs	\$ -	\$ -	\$ -	\$ -
	Adjustment factor for Labor Component			-	-
	<i>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 replaced with cis201s00000000000)</i>				
	Fuel and Power Cost Component Adjustment Factor:				
3.	Power adjustment				
	Updated Power Costs	232,339	\$ 3.14	\$ 2.77	\$ 2.44
	Adjustment factor for power costs			0.882	0.882
4.	Fuel adjustment				
	Updated Fuel Costs	69,641	\$ 0.94	\$ 0.71	\$ 0.54
	Adjustment factor for fuel costs			0.759	0.759
	<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>				
5.	Depreciation / Lease (principal only) Adjustment Factor (Att. 8.B / Form 3-C Equipmen)				
	Updated Depr Costs	140,457	\$ 1.90	\$ 1.91	\$ 1.91
	There is no adjustment to depreciation / lease cost after Year		1.000	1.005	1.000
	<i>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. pcu3)</i>				
6.	Other Operating and Maintenance Cost Component Adjustment Fact				
	Updated Other Costs	1,143,652	\$ 15.45	\$ 15.51	\$ 15.57
	Adjustment factor for Other O&M Component = 1 + 0.80 x [(Average CPI-U for 12-month period for then-current Rate		1.00	1.004	1.004
	% change at 100% of index			0.49%	0.49%
	Year - Average CPI-U for 12-month period for most-recently completed Rate Year) / (Average CPI-U for 12-month period for most-recently completed Rate Year)]				
	<i>Consumers, U.S. city average (not seasonally adjusted, all items, base period: 1982-84=100, series no. cuur0000sa).</i>				
6a.	Clerical base wages & benefits	53,652	\$ 0.72	\$ 0.73	\$ 1.53
6b.	Clerical CBA wages & benefits				111%
	Adjustment Factor				2.1
	Based on agreement reached on September 9,2010				
	Includes additional hours needed to compensate for additional time o				

Annual Compensation Adjustment Schedule for Contract Year One, effective January 1, 2011

				Transportation				YEAR ONE	
TRANSPORTATION COST SUMMARY				Adjusted Cost / Ton Mile (2009)	Adjusted Cost / Ton Mile (2009)	%	Adjusted Cost / Ton Mile (2010)	%	Adjusted Cost / Ton Mile (2011)
# hauls	avg pay/d	Tonnage	Adjusted Cost (2009)	Adjusted Cost / Ton Mile (2009)	%	Adjusted Cost / Ton Mile (2010)	%	Adjusted Cost / Ton Mile (2011)	
Solid Waste Transport Fee	10,867	24.0	260,801	\$3,409,845	\$1.006	1.3%	\$1.019	4.2%	\$1.062
Inerts Transport Fee	288	22.0	6,317	\$85,800	\$1.042	0.9%	\$1.051	4.1%	\$1.095
C&D Transport Fee	860	22.0	18,918	\$298,782	\$0.687	0.7%	\$0.691	3.6%	\$0.716
Plant Matls Trans Fee - Newby	1,281	24.0	30,747	\$471,308	\$0.613	0.5%	\$0.616	3.6%	\$0.638
Plant Matls Trans Fee - Grover	1,281	24.0	30,747	\$873,272	\$0.389	-1.3%	\$0.384	2.0%	\$0.392
Organic Matl Trans Fee - Newby	232	22.0	5,098	\$94,896	\$0.744	0.8%	\$0.750	3.8%	\$0.778
Organic Matl Trans Fee - Grover	232	22.0	5,098	\$156,938	\$0.421	1.9%	\$0.429	2.0%	\$0.438
Organic Matl Trans Fee - Livermore				\$0	\$0.000		\$0.000		\$0.000
Blended Total			357,725		\$0.841	1.2%	\$0.851	4.1%	\$0.886
Total Cost				\$5,390,840			\$ 5,457,473		\$ 5,683,543
Cost / Ton				\$ 15.07			\$ 15.26		\$ 15.89
Total Cost Increase %							1.2%		4.1%

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.

	Proposed Cost (2009)	Adjustment Factor	Adjusted Cost (2010)	Adjustment Factor	Adjusted Cost (2011)
Direct Labor Component for Solid Waste Transport Fee					
Wages for CBA labor	\$1,309,585	1.041	\$1,363,485	1.044	\$1,423,578
Benefits for CBA labor	\$444,676	1.085	\$482,256	1.147	\$553,337
Workers compensation insurance	\$151,104	1.014	\$153,175	1.014	\$155,275
Payroll taxes (factor affects tax rate, not tax expense)	\$110,755	1.000	\$115,313	1.000	\$120,395
Total	\$2,016,119	1.049	\$2,114,230	1.065	\$2,252,585
Tonnage assumed for proposal	260,801 tons per year				
Cost per Ton	\$ 7.73		\$ 8.11		\$ 8.64
Adjusted labor component for solid waste Transport Fee (cost per ton mile)	\$0.595	1.049	\$0.624	1.065	\$0.664

Adjusted Cost per Ton Mile	Operating Ratio	YEAR ONE			
		Proposed Cost per Ton Mile (2009)	Adjustment Factor	Adjusted Cost per Ton Mile (2010)	Proposed Cost per Ton Mile (2011)
Solid Waste Transport Fee					
Labor component		\$0.595	1.049	\$0.624	\$0.664
Fuel		\$0.073	0.759	\$0.056	\$0.042
Depreciation (Att. 8-B / Form 3-C Equipment)		\$0.085	1.005	\$0.085	\$0.085
Other O&M Component	\$ 588,524	\$0.163	1.004	\$0.164	\$0.165
Clerical base wages & benefits	\$ 34,940	\$0.010	1.004	\$0.010	\$0.000
Clerical CBA wages & benefits	\$ 73,875	\$0.000	0.000	\$0.000	\$0.022
Total Operating Cost		\$0.926		\$0.939	\$0.978
Profit per Operating Ratio (Form 3-G)	92.1%	\$0.080		\$0.081	\$0.084
Total SW Transportation Fee		\$1.006		\$1.019	\$1.062
# Miles (one way) to Ox Mtn		13			
# Tons		260,801			
Total Payment	proof->	\$ 3,409,753			
		\$ 3,414,612			

Inerts Transport Fee					
Labor component		\$0.567	1.049	\$0.595	\$0.634
Fuel		\$0.081	0.759	\$0.061	\$0.047
Depreciation (Att. 8-B / Form 3-C Equipment)		\$0.085	1.005	\$0.085	\$0.085
Other O&M Component	\$ 17,976	\$0.205	1.004	\$0.206	\$0.207
Clerical base wages & benefits	\$ 1,067	\$0.013	1.004	\$0.013	\$0.000
Clerical CBA wages & benefits	\$ 2,256	\$0.000	0.000	\$0.000	\$0.027
Total Operating Cost		\$0.951		\$0.960	\$0.999
Profit per Operating Ratio (Form 3-G)	91.3%	\$0.091		\$0.091	\$0.095
Total Inert Transportation Fee		\$1.042		\$1.051	\$1.095
# Miles (one way) to Ox Mtn		13			
# Tons		6,317			
Total Payment	proof->	\$ 85,543			
		\$ 85,914			

C&D Transport Fee					
Labor component		\$0.406	1.049	\$0.425	\$0.453
Fuel		\$0.068	0.759	\$0.051	\$0.039
Depreciation (Att. 8-B / Form 3-C Equipment)		\$0.048	1.005	\$0.048	\$0.048
Other O&M Component	\$ 47,028	\$0.102	1.004	\$0.102	\$0.102
Clerical base wages & benefits	\$ 2,792	\$0.006	1.004	\$0.006	\$0.000
Clerical CBA wages & benefits	\$ 5,903	\$0.000	0.000	\$0.000	\$0.014
Total Operating Cost		\$0.629		\$0.633	\$0.656
Profit per Operating Ratio (Form 3-G)	91.6%	\$0.058		\$0.058	\$0.060
Total C&D Transportation Fee		\$0.687		\$0.691	\$0.716
# Miles (one way) to Zanker Rd		23			
# Tons		18,918			
Total Payment	proof->	\$ 298,751			
		\$ 299,257			

Note: The labor components for each of the five transport fees shall be adjusted using the same factor from the SW Fee.			Proposed Cost (2009)	Adjustment Factor	Adjusted Cost (2010)	Adjustment Factor	Adjusted Cost (2011)
Plant Materials Transport Fee - Newby Is							
Labor component			\$0.351	1.049	\$0.368	1.065	\$0.392
Fuel			\$0.062	0.759	\$0.047	0.759	\$0.036
Depreciation (Att. 8-B / Form 3-C Equipment)			\$0.044	1.005	\$0.044	1.000	\$0.044
Other O&M Component	\$	81,481	\$0.100	1.004	\$0.100	1.004	\$0.100
Clerical base wages & benefits	\$	4,837	\$0.006	1.004	\$0.006	0.000	\$0.000
Clerical CBA wages & benefits	\$	10,228	\$0.000	0.000	\$0.000	0.000	\$0.013
Total Operating Cost			\$0.563		\$0.566		\$0.586
Profit per Operating Ratio (Form 3-G)	91.8%		\$0.050		\$0.051		\$0.052
Total Plant Material Transportation Fee			\$0.613		\$0.616		\$0.638
# Miles (one way) to Newby							25
# Tons							30,747
Total Payment	proof->	\$	471,354				
		\$	472,006				
Plant Materials Transport Fee - Grover							
Labor component			\$0.208	1.049	\$0.218	1.065	\$0.233
Fuel			\$0.062	0.759	\$0.047	0.759	\$0.036
Depreciation (Att. 8-B / Form 3-C Equipment)			\$0.029	1.005	\$0.029	1.000	\$0.029
Other O&M Component	\$	130,450	\$0.055	1.004	\$0.055	1.004	\$0.055
Clerical base wages & benefits	\$	7,745	\$0.003	1.004	\$0.003	0.000	\$0.000
Clerical CBA wages & benefits	\$	16,375	\$0.000	0.000	\$0.000	0.000	\$0.007
Total Operating Cost			\$0.357		\$0.352		\$0.359
Profit per Operating Ratio (Form 3-G)	91.8%		\$0.032		\$0.031		\$0.032
Total Plant Material Transportation Fee			\$0.389		\$0.384		\$0.392
# Miles (one way) to Grover							73
# Tons							30,747
Total Payment	proof->	\$	873,357				
		\$	875,640				
Organic Material Transport Fee - Newby Is							
Labor component			\$0.439	1.049	\$0.460	1.065	\$0.490
Fuel			\$0.068	0.759	\$0.052	0.759	\$0.039
Depreciation (Att. 8-B / Form 3-C Equipment)			\$0.044	1.005	\$0.044	1.000	\$0.044
Other O&M Component	\$	14,643	\$0.108	1.004	\$0.108	1.004	\$0.109
Clerical base wages & benefits	\$	869	\$0.007	1.004	\$0.007	0.000	\$0.000
Clerical CBA wages & benefits	\$	1,838	\$0.000	0.000	\$0.000	0.000	\$0.014
Total Operating Cost			\$0.665		\$0.671		\$0.697
Profit per Operating Ratio (Form 3-G)	89.5%		\$0.078		\$0.079		\$0.082
Total Organic Material Transportation Fee			\$0.744		\$0.750		\$0.778
# Miles (one way) to Newby							25
# Tons							5,098
Total Payment	proof->	\$	94,784				
		\$	94,923				
Organic Material Transport Fee - Grover							
Labor component			\$0.227	1.049	\$0.238	1.065	\$0.254
Fuel			\$0.068	0.759	\$0.051	0.759	\$0.039
Depreciation (Att. 8-B / Form 3-C Equipment)			\$0.031	1.005	\$0.031	1.000	\$0.031
Other O&M Component	\$	23,593	\$0.060	1.004	\$0.060	1.004	\$0.060
Clerical base wages & benefits	\$	1,401	\$0.004	1.004	\$0.004	0.000	\$0.000
Clerical CBA wages & benefits	\$	2,962	\$0.000	0.000	\$0.000	0.000	\$0.008
Total Operating Cost			\$0.389		\$0.384		\$0.392
Profit per Operating Ratio (Form 3-G)	89.5%		\$0.032		\$0.045		\$0.046
Total Organic Material Transportation Fee			\$0.421		\$0.429		\$0.438
# Miles (one way) to Grover							73
# Tons							5,098
Total Payment	proof->	\$	156,753				
		\$	157,183				

Annual Compensation Adjustment Schedule for Contract Year One, effective January 1, 2011

INDEXES

1 Workers Comp & VRS (MRF) labor

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. CIU2030000000000A).

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	
Avg Index - April		109.08	107.60	105.35	102.63	99.93	96.08	
% Change		1.37%	2.14%	2.66%	2.70%	4.01%		
% only>>	% Change			2.40%	2.40%	3.10%	4.00%	6.70%

2 after CBAs expire (per 13A)

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Annual Index	111.5	109.7	107.6	104.3	100.9	98.3
% Change	1.64%	1.95%	3.16%	3.37%	2.64%	
<i>changed index 5.26.09</i>						

3 Fuel

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).

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
April Avg Index	204.4	269.1	273.1	217.2		
% Change	-24.06%	-1.47%	25.78%			

4 Other O&M

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).

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
April Avg Index (Annual)	216.19	215.14	210.13	203.23		
% Change	0.49%	2.39%	3.39%			

5 Depreciation

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).

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Index	216.58	215.50	205.86			
% Change	0.50%	4.68%				

used for depreciation, Yr 1 only

**SBWMA
FACILITY OPERATIONS AGREEMENT
Power Cost Annual Adjustment**

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

SOUTH BAY RECYCLING, LLC

Annual Compensation Adjustment Schedule for Contract Year One, effective January 1, 2011

Form 3 – C (Addendum #4) Contractor Proposed Equipment List

Operations Equipment Type	Make/Model	Number	Unit Cost	Total Capital Cost	Comments
Transfer Station Equipment					
1) Loaders	Caterpillar 950H	2.5	\$265,000	\$662,500	See Appendix 9 for cost documentation
Transfer Trucks and Trailers					
1) Tractors	Kenworth T800	20	\$132,314	\$2,646,280	See Appendix 9 for cost documentation
2) Trailers	Walking Floor (TTC)	16		\$1,173,113	
	EverLite (Endump)	2		\$115,604	
	SmithCo (Endump)	2		\$112,000	
3) Two-way radios	Acumen Comms	31		\$30,786	NEW ADDITION - see Appendix 9
4) GPS Equipment	GPS Insight	23		\$11,419	NEW ADDITION - see Appendix 9
Total Truck and Trailer Cost				\$4,089,202	
MRF Equipment					
1) 3yd Containers	Consolidated	24		\$11,500	
2) 40yd Containers	Consolidated	5		\$20,000	
3) 30yd Containers	Consolidated	5		\$20,000	
4) Loaders	Caterpillar IT-938H	2.5	\$260,000	\$650,000	See Appendix 9 for cost documentation
5) Forklifts	Linde RX60-50	3	\$85,983	\$257,950	See Appendix 9 for cost documentation
6) Phone system	DTC			\$48,591	
Total MRF Equipment Cost				\$1,008,041	
Buy Back Center					
1) Scale	Mettler Toledo	2		\$3,000	
2) Computer	HP	1		\$849	
3) Software	BuybackPro	0		\$0	
4) Printer	HP	1		\$900	
5) Safe		1		\$5,000	
6) Wirebasket		15		\$1,200	
7) Desk and Chair		2		\$1,000	
8) Video System		1		\$5,000	
9) Cash box, Supplies		2		\$500	
10) Compacter	JV	1		\$32,075	
11) Forms		1		\$1,000	
12) Alarm System		1		\$2,500	
13) Security Door		1		\$500	
14) Collection Bin	Custom	6		\$1,800	
15) Collection Bin	Custom	3		\$900	
16) Roll Off	Consolidated	1		\$4,500	
17) Bin	Consolidated	2		\$1,000	
18) Bin	Consolidated	2		\$1,000	
19) Bin	Consolidated	1		\$500	
20) Bin	Consolidated	1		\$500	
21) Installation	TOMRA	2		\$3,000	
22) Reverse Vending Machine	TOMRA	1		\$10,000	
23) Reverse Vending Machine	TOMRA	1		\$10,000	
Total Buy Back Center Cost				\$86,724	
Other Trucks					
1) Roll-off Truck	Kenworth	1		\$150,000	
Sweepers					
1) Sweeper	TYMCO	1		\$225,155	
Field Service Vehicles					
1) Pick-up truck	Toyota Tacoma	1		\$23,110	
Maintenance Equipment					
1) Manlift	Genie	1		\$85,000	
Others					
1) Scale Syst. Hard/Software	PC Scale	1		\$93,145	
Total Equipment Cost				\$6,422,877	
Sales Tax				\$594,116	
Total				\$7,016,993	

SOUTH BAY RECYCLING, LLC

**Annual Compensation Adjustment Schedule for Contract Year One, effective January 1, 2011
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,
Adjustment factor: 1.00 www.treasurydirect.gov/RI/OFNtebnd
Fixed interest rate for entire period of Ops Agreement: 5.00%

		<i>Adjusted for Capital indexed price change</i>					
Year	Financed Purchase - BASE 2009 COST			Adj. Factor	Financed Purchase - Year One to Year Ten		
	Principal Payment	Interest	Total		Principal Payment	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
TOTAL COST	\$6,391,966	\$1,743,639	\$8,135,605		\$6,391,966	\$1,743,639	\$8,135,605
# Years	10				10		
Average Interest / Year	\$174,364				\$174,364		