



City of San Leandro

Meeting Date: March 16, 2020

Staff Report

File Number: 20-052

Agenda Section: ATS Review

Agenda Number: 10.A.

TO: City Council

FROM: Jeff Kay
City Manager

BY: Debbie Pollart
Public Works Director

FINANCE REVIEW: Liz Warmerdam
Interim Finance Director

TITLE: Staff Report for a City of San Leandro City Council Resolution Authorizing the City Manager to Execute a Fourteenth Letter Amendment of the Franchise Agreement to Modify the Annual Rate Adjustment Methodology for Solid Waste, Recyclables, and Green Waste Services between the City of San Leandro and Alameda County Industries, Inc.

SUMMARY AND RECOMMENDATIONS

Staff recommends that the City of San Leandro City Council review and consider a request from Alameda County Industries, Inc. ("ACI") to modify the Franchise Agreement for Solid Waste, Recyclables, and Green Waste ("Franchise Agreement") between the City of San Leandro and ACI. The request is presented as Amendment Fourteen to the Franchise Agreement and would modify the annual rate adjustment methodology for rates effective July 1, 2020, and thereafter for the term of the Franchise Agreement. Amendment Fourteen would also modify the definition of "Multi-Family Residence" and clarify point of pickup locations for multi-family residences.

BACKGROUND

The City of San Leandro entered into a Franchise Agreement with ACI for Solid Waste, Recyclables, and Green Waste Services on February 1, 2000. It will expire in January 2025. The Franchise Agreement allowed for a rate adjustment July 1 of each year, based on the Consumer Price Index for the San Francisco Bay area, as well as a rate analysis every five years. Amendment 10 to the Franchise Agreement (as attached), approved on July 20, 2009, changed the annual rate adjustment process to a Refuse Rate Index (RRI). That revised methodology was created to reflect changes in cost by focusing on six cost categories within the Consumer Price Index specific to the solid waste industry: Labor; Diesel Fuel; Vehicle Replacement; Vehicle Maintenance; Disposal and All Other. Apart from special rate adjustments in 2015 related to the Material Recovery Facility labor issue, as well as the special rate adjustment last year, the RRI has been used to modify rates since 2010.

Rate Increases 2010-2019

<u>Year</u>	<u>Rate</u>	<u>Reason</u>
2010:	2.88%	Annual rate adjustment per Amendment 10
2011:	1.12%	Annual rate adjustment per Amendment 10
2012:	5.50%	Annual rate adjustment per Amendment 10
2013:	1.82%	Annual rate adjustment per Amendment 10
2015:	4.01%	Special rate adjustment per Amendment 11
2015:	8.49%	Special rate adjustment per Amendment 12
2017:	1.65%	Annual rate adjustment per Amendments 10 & 12
2018:	3.41%	Annual rate adjustment per Amendments 10 & 12
2019	7.89%	Special rate adjustment per Amendment 13

On June 17, 2019, the City Council approved ACI’s request for a special rate adjustment of 7.89% effective October 1, 2019. That rate request included 3.78% contractual adjustment (using the RRI) to rates as specified in Amendment 10 to the Franchise Agreement, and an additional 4.11% increase to manage the financial impact of the Chinese government’s *National Sword* policy (which significantly curtailed the volume of recyclable materials that China will allow to be imported into their country), and SB1383 implementation.

At the June 17 meeting, ACI indicated that they would come back to the City Council to request a modification to the annual rate adjustment methodology to be applied to rates effective July 1, 2020 and thereafter. The new rate adjustment methodology is intended to more accurately capture the cost of operations and reflect the unanticipated costs associated with changes in law. The existing annual rate adjustment process (RRI) has not accurately reflected ACI’s true vehicle replacement costs, increases in recycling and organics processing costs, and was established prior to any state or local recycling/composting mandates.

Analysis

ACI proposes a new Detailed Rate Adjustment Methodology (DRAM) to adjust rates annually. Like the RRI, the DRAM includes changes in actual labor costs, actual landfill disposal costs, and indices for fuel, vehicle repair and general costs. It also includes the following:

- Three-year average cost of container purchases
- Recycling Processing Costs
- CNG fuel costs
- Profit (expressed as an operating ratio of 0.90)

The DRAM also includes costs for depreciation and interest (as a fixed cost). These costs would only change to the extent that ACI purchases new vehicles or equipment.

As before, City franchise fees are calculated on gross revenues and recycling processing fees are calculated using an annual average CPI for the San Francisco Bay Area.

ACI is also proposing that costs be re-evaluated for the rate year commencing July 1, 2022. The cost-based adjustment would reflect actual costs for the most recent twelve-month period and

adjust accordingly. If their actual costs exceed the indices for the prior twelve-month period, then the cost difference would be reflected in the July 1, 2022 rates.

The most significant change in the methodology is the addition of the Net Recyclables Processing Cost Adjustment Methodology (NRPCAM), indicated as Appendix F1 in Amendment 14 (Attached to the associated Resolution). The methodology calculates the change in processing costs for the Material Recovery Facility, which processes recyclables for the nine jurisdictions that ACI serves. ACI assumes a per ton cost for the operation and then applies it to the incoming recycling tons for San Leandro. A similar method is used for the other jurisdictions.

ACI includes revenues received for the sale of recyclable materials to offset processing costs. In the NRPCAM, 95% of the revenues are used to offset costs and ACI receives the remaining 5% as profit. If the change in revenues is positive, there is a greater cost offset for ratepayers. If the change in revenues is negative, the processing cost per ton increases. Currently, ACI assumes the risk associated with the change in commodity values and volatility of recycling markets. With the NRPCAM, ratepayers assume most of the risk as it affects the overall change in processing costs.

The change in recycling processing costs for the July 1, 2020 rate year is significant since 2020 is a baseline year. Total recycling processing costs for San Leandro increase from approximately \$965,000 to approximately \$1,373,000. This is a 42% increase in recycling processing costs over the current year.

Using the DRAM, rates are estimated to increase by 6.73 percent effective July 1, 2020. Rates would increase from \$32.27 to \$34.45 per month for residential customers receiving 32-gallon garbage service weekly. Rates would increase from \$141.51 to \$151.03 per month for commercial customers receiving a 1 cubic-yard bin, one time per week.

Previous Actions

- Resolution No. 2000-8 approving a Franchise Agreement for Solid Waste Recyclables, and Green Waste Services between the City of San Leandro and Alameda County Industries, Inc.
- Resolution No. 2009-117 authorizing the City Manager to execute Amendment 10 to the Franchise Agreement.
- Resolution No. 2015-010 approving Amendment 11 to the Franchise Agreement.
- Resolution No. 2015-095 authorizing the City Manager to execute Amendment 12 to the Franchise Agreement.

Applicable General Plan Policies

- Action 27.01-A: Source Reduction and Recycling Programs
- Action 27.01-C: Commercial and Multi-Family Residential Programs
- Action 27.01-D: Food Waste Recycling

Fiscal Impacts

The City receives 10% franchise fees on gross revenues, plus additional per-ton fees for recycling processing. The fees are recorded as General Fund revenues. It is estimated that the City's fees will increase by \$200,000 for Fiscal Year 2020-2021 as a result of the annual rate adjustment using the Detailed Rate Adjustment Methodology.

ATTACHMENT(S)

Attachment(s) to Staff Report

- Proposed Rate Application Methodology, effective July 1, 2020
- Amendment 10 to the Franchise Agreement
- Amendment 13 to the Franchise Agreement
- Staff Presentation, June 17, 2019

Attachment(s) to Related Legislative File

- Fourteenth Letter Amendment to the Franchise Agreement for Solid Waste, Recyclables and Green Waste Services between the City of San Leandro and Alameda County Industries, Inc.

PREPARED BY: Jennifer Auletta, Deputy Public Works Services Director, Public Works Department

Rate Application
Alameda County Industries, Inc
Rate Application
Effective July 1, 2020 to June 30, 2021

Costs Categories	Year		Year	Percentage
	2019 Baseline	Multiplier	2020	Increase
Labor Related				
Wages	\$1,704,719.41	103.49%	\$1,764,214.12	103.5%
Overtime	\$421,701.21	103.49%	\$436,418.58	103.5%
Holiday	\$151,180.57	103.49%	\$156,456.77	103.5%
Vacation	\$219,926.48	103.49%	\$227,601.91	103.5%
Sick	\$97,351.89	103.49%	\$100,749.47	103.5%
Health & Welfare	\$783,315.18	103.49%	\$810,652.88	103.5%
Pension	\$844,393.42	103.49%	\$873,862.75	103.5%
Workmens Comp	\$329,439.72	103.49%	\$340,937.17	103.5%
Payroll Taxes	\$206,371.26	103.49%	\$213,573.62	103.5%
Medical Testing	\$5,756.94	103.49%	\$5,957.86	103.5%
First Aid	\$0.00	103.49%	\$0.00	0.0%
Union Training Fund	\$763.53	103.49%	\$790.18	103.5%
Labor Subject to Collective Bargaining	\$4,764,919.61		\$4,931,215.30	3.5%
Other Costs: Uniforms	\$24,524.96	103.49%	\$25,380.88	103.5%
Other Costs Transfer Costs Labor Vehicle Fuel Schedule A	\$2,232,200.19	103.49%	\$2,564,651.57	114.9%
Vehicle Related Costs Excluding Fuel	\$403,319.26	103.24%	\$416,386.80	103.2%
Insurance Property Damage	\$274,323.93	103.49%	\$283,897.84	103.5%
Fuel Costs - Diesel	\$28,094.85	92.59%	\$26,013.02	92.6%
Fuel Costs - CNG	\$313,121.43	111.70%	\$349,756.64	111.7%
Yard Rent	\$301,456.50	103.49%	\$311,977.33	103.5%
Net Composting Cost	\$819,411.02	0.00%	\$897,941.01	109.6%
Battery Processing	\$0.00	0.00%	\$0.00	0.0%
Misc Materials C&D Wood Other Tip Fees	\$219,880.23	0.00%	\$181,215.04	82.4%
Other Costs	\$26,078.48	103.49%	\$26,988.62	103.5%
Direct Depreciation	\$1,026,668.60	0.00%	\$1,026,668.60	100.0%
Container Replenishment Fund	\$0.00	0.00%	\$223,165.87	100.0%
General & Administrative Costs				
General & Admin	\$1,512,202.38	103.49%	\$1,564,978.25	3.5%
Total General & Administrative Costs	\$1,512,202.38	3.49%	\$1,564,978.25	3.5%
Total Annual Costs of Operations	\$11,946,201.45	7.40%	\$12,830,236.77	7.4%
Operating Ratio	90			
	\$1,327,355.72	7.40%	\$1,425,581.86	7.4%
Pass - Through Costs				
Solid Waste Disposal Costs	\$1,958,023.14	-3.34%	\$1,892,622.41	-3.3%
Solid Waste Prior Year Reconciliation	\$0.00	0.00%	\$0.00	
Recyclables Processing Costs	\$964,557.47	42.31%	\$1,372,692.33	142.3%
Interest Expense	\$306,727.97	0.00%	\$306,727.97	0.0%
Total Pass - Though Costs	\$3,229,308.58	10.61%	\$3,572,042.71	10.6%
Total Calculated Costs Before City Fees	\$16,502,865.74	8.03%	\$17,827,861.35	8.0%
City Fees				
Franchise Fees	\$1,606,641.84		\$1,794,984.63	11.7%
Revenue Neutrality Fee	\$92,316.78	103.84%	\$121,064.13	31.1%
MRF Tax	\$0.00	103.84%	\$0.00	0.0%
County Fees	\$886.78	103.84%	\$920.83	3.8%
Total City Fees	\$1,699,845.40	12.77%	\$1,916,969.60	12.8%
Total Calculated Costs	\$18,202,711.14	8.47%	\$19,744,830.95	8.5%

Service Revenue Projection	\$18,500,108.86	\$18,500,108.86
Adjusted Projected Income		\$18,500,108.86
Required Dollar Adjustment		\$1,244,722.09
Required Percentage Adjustment		6.73%

Rate Application
Alameda County Industries, Inc
Rate Application
Effective July 1, 2020 to June 30, 2021

Costs Categories	Year		Year	Percentage
	2019 Baseline	Multiplier	2020	Increase
Rate Application Line Items	Methodology			
Wages	CBA Values multiplied by 2.7 percent or CPI whichever is higher			
Overtime	CBA Values multiplied by 2.7 percent or CPI whichever is higher			
Holiday	CBA Values multiplied by 2.7 percent or CPI whichever is higher			
Vacation	CBA Values multiplied by 2.7 percent or CPI whichever is higher			
Sick	CBA Values multiplied by 2.7 percent or CPI whichever is higher			
Health & Welfare	Maintenance of Benefits Cost of CBA			
Pension	CBA Values multiplied by 3.4 percent or CPI whichever higher			
Workmens Comp	Percentage change based upon CBA Labor Calculation			
Payroll Taxes	Percentage change based upon CBA Labor Calculation			
Medical Testing	CPI Index			
First Aid	CPI Index			
Union Training Fund	CPI Index			
Labor Subject to Collective Bargaining				
Other Costs: Uniforms	CPI Index			
Other Costs Transfer Costs Labor Vehicle Fuel Schedule A	Actual Per Ton Transportation costs Multiplied by most recent twelve month Tonnage Transported			
Vehicle Related Costs Excluding Fuel	Motor vehicle maintenance and repair Index			
Insurance Property Damage	CPI Index			
Fuel Costs - Diesel	Diesel Fuel Index			
Fuel Costs - CNG	PG&E Schedule G-NGV1 Natural Gas for Compression			
Recyclables Processing Costs Schedule B	Per ton Processing cost adjusted by Recycle commodities Methodology			
Yard Rent	CPI Index			
Net Composting Cost	Per Ton Processing Fee multiplied by CPI then multiplied by most recent 12 month acutal tonnages			
Net Composting Prior Year Reconciliation	TBD			
Battery Processing	Most recent twelve month volume multiplied by CPI			
Misc Materials C&D Wood Other	Per Ton Processing Fee multiplied by CPI then multiplied by most recent 12 month acutal tonnages			
Other Costs	CPI Index			
Direct Depreciation	Initial depreciation cost established with new methodology			
Container Replenishment Fund	Prior three year average of container purchases with a cap to be inflated annually Cap TBD			
General & Administrative Costs				
General & Admin	CPI - U Index			
Total General & Administrative Costs				
Total Annual Costs of Operations				
Operating Ratio	Profit Calculation			
Pass - Through Costs				
Solid Waste Disposal Costs	Per Ton Tipping Fee multiplied by CPI then multiplied by most recent 12 month acutal tonnages			
Solid Waste Prior Year Reconciliation				
Interest Expense	Initial depreciation cost established with new methodology			
Total Pass - Though Costs				
Total Calculated Costs Before City Fees				
City Fees				
Franchise Fees	Ten Percent of Gross Revenues			
Revenue Neutrality Fee	CPI Index			
MRF Tax	CPI Index			
County Fees	CPI Index			

**New Methodology Example
Rate Application
Alameda County Industries, Inc
Effective July 1, 2020 to June 30, 2021**

Costs Categories	Year		Year	Percentage
	2019 Baseline	Multiplier	2020	Increase
Labor Related				
Wages	\$812,870.67	103.49%	\$841,239.86	3.5%
Overtime	\$685,792.35	103.49%	\$709,726.50	3.5%
Holiday	\$98,131.11	103.49%	\$101,555.89	3.5%
Vacation	\$123,250.95	103.49%	\$127,552.41	3.5%
Sick	\$43,783.82	103.49%	\$45,311.88	3.5%
Health & Welfare	\$62,328.18	103.49%	\$64,503.43	3.5%
Pension	\$72,293.48	103.49%	\$74,816.52	3.5%
Workmens Comp	\$114,949.09	103.49%	\$118,960.81	3.5%
Payroll Taxes	\$131,208.11	103.49%	\$135,787.27	3.5%
Medical Testing	\$1,218.83	103.49%	\$1,261.37	3.5%
First Aid	\$0.00	103.49%	\$0.00	
Union Training Fund	\$252.09	103.49%	\$260.89	3.5%
Labor Subject to Collective Bargaining	\$2,146,078.68		\$2,220,976.83	3.5%
Other Costs: Uniforms	\$7,888.54	103.49%	\$8,163.85	3.5%
Other Costs Transfer Costs Labor Vehicle Fuel Schedule A	\$0.01	103.49%	\$0.01	3.5%
Vehicle Related Costs Excluding Fuel	\$272,899.39	103.24%	\$281,741.33	3.2%
Insurance Property Damage	\$85,000.84	103.49%	\$87,967.37	3.5%
Fuel Costs - Diesel	\$378,821.52	92.59%	\$350,750.85	-7.4%
Fuel Costs - CNG	\$0.00	0.00%	\$0.00	0.0%
Recyclables Processing Costs Schedule B	\$0.00		\$0.00	
Yard Rent	\$98,620.31	103.49%	\$102,062.16	3.5%
Net Composting Cost	\$0.00	0.00%	\$0.00	
Net Composting Prior Year Reconciliation	\$0.00	0.00%	\$0.00	
Battery Processing	\$0.00	0.00%	\$0.00	
Misc Materials C&D Wood Other	\$0.00	0.00%	\$0.00	
Other Costs	\$12,799.37	103.49%	\$13,246.07	3.5%
Direct Depreciation	\$390,584.40	0.00%	\$390,584.40	0.0%
Container Replenishment Fund	\$0.00	0.00%	\$0.00	
General & Administrative Costs				
General & Admin	\$521,081.28	103.49%	\$539,267.02	3.5%
Total General & Administrative Costs	\$521,081.28	3.49%	\$539,267.02	3.5%
Total Annual Costs of Operations	\$3,913,774.34	2.07%	\$3,994,759.87	2.1%
Operating Ratio	89	\$0.00	0.00%	\$0.00
Pass - Through Costs				
Solid Waste Disposal Costs	\$0.00	0.00%	\$0.00	
Solid Waste Prior Year Reconciliation	\$0.00	0.00%	\$0.00	
Interest Expense	\$33,905.29	0.00%	\$33,905.29	
Total Pass - Though Costs	\$33,905.29	0.00%	\$33,905.29	0.0%
Total Calculated Costs Before City Fees	\$3,947,679.63	2.05%	\$4,028,665.16	2.1%
City Fees				
Franchise Fees	\$0.00		\$0.00	
Revenue Neutrality Fee	\$0.00	0.00%	\$0.00	
MRF Tax	\$0.00	0.00%	\$0.00	
County Fees	\$0.00	0.00%	\$0.00	0.0%
Total City Fees	\$0.00	0.00%	\$0.00	0.0%
Total Calculated Costs	\$3,947,679.63	2.05%	\$4,028,665.16	2.1%

Destination	Origin	Actuals as of June 30 2019
Vasco	ACI MRF	9,556.28
Newby Island	Alameda	8,959.65
Davis	Alameda	1,308.28
Napa	Castro Valley	1,830.45
Vasco Solid Waste	San Leandro	28,320.74
Newby Island	San Leandro	8,969.41
Davis	San Leandro	644.37
Total Tonnage		59,589.18
Cost Per Ton To Transfer		\$67.61
San Leandro Tonnage		37,934.52
Other Costs Transfer Costs Labor Vehicle Fuel Schedule A Line Item on Rate Application		\$2,564,651.57

**Schedule B
Prevailing Wage**

**Alameda County Industries, Inc.
Rate Application
For City of San Leandro
Effective July 1, 2020**

Per Hour Rates					
Description	07/01/19	07/02/19	Incremental Prior Year Difference	Adjusted	Increase
Labor Rate 2A	\$ 39.10	\$ 40.46		\$ 40.46	103.49%
Pension	\$ 12.47	\$ 12.91		\$ 12.91	103.49%
Health Welfare	\$ 12.25	\$ 12.68		\$ 12.68	103.49%
total	\$ 63.82	\$ 66.05		\$ 66.05	103.49%
Dollar Change		\$ 2.23			
Percentage Change		3.49%			

Based upon current CBA Values Incremental prior year difference methodology to be TBD

Rate	\$ 39.10	103.49%	\$ 40.46	\$0.00
Pension	\$ 12.47	103.49%	\$ 12.91	\$0.00
HW	\$ 12.25	103.49%	\$ 12.68	\$0.00

Schedule C CPI-U

Alameda County Industries, Inc.
 Rate Application
 For City of San Leandro
 Effective July 1, 2020

Consumer Price Index - All Urban Consumers
 Original Data Value

Series Id: CUURA422SA0
 Series Id Used: CUURS49BSA0
 Not Seasonally Adjusted
 Area: San Francisco-Oakland-San Jose, CA
 Item: All items
 Base Period: 1982-84=100
 Years: 2001 to 2019

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2001		187.9		189.1		190.9		191		191.7		190.6	189.9	188.7	191.1
2002		191.3		193		193.2		193.5		194.3		193.2	193	192.3	193.7
2003		197.7		197.3		196.3		196.3		196.3		195.3	196.4	196.8	196.1
2004		198.1		198.3		199		198.7		200.3		199.5	198.8	198.2	199.5
2005		201.2		202.5		201.2		203		205.9		203.4	202.7	201.5	203.9
2006		207.1		208.9		209.1		210.7		211		210.4	209.2	207.9	210.6
2007		213.688		215.842		216.123		216.24		217.949		218.485	216.048	214.736	217.361
2008		219.612		222.074		225.181		225.411		225.824		218.528	222.767	221.73	223.804
2009		222.166		223.854		225.692		225.801		226.051		224.239	224.395	223.305	225.484
2010		226.145		227.697		228.11		227.954		228.107		227.658	227.469	226.994	227.944
2011		229.981		234.121		233.646		234.608		235.331		234.327	233.39	232.082	234.698
2012		236.88		238.985		239.806		241.17		242.834		239.533	239.65	238.099	241.201
2013		242.677		244.675		245.935		246.072		246.617		245.711	245.023	243.894	246.152
2014		248.615		251.495		253.317		253.354		254.503		252.273	251.985	250.507	253.463
2015		254.910		257.622		259.117		259.917		261.019		260.289	258.572	256.723	260.421
2016		262.600		264.565		266.041		267.853		270.306		269.483	266.344	263.911	268.777
2017		271.626		274.589		275.304		275.893		277.570		277.414	274.924	273.306	276.542
2018		281.308		283.422		286.062		287.664		289.673		289.896	285.550	282.666	288.435
2019		291.227		294.801		295.259		295.490		298.443				293.150	

Period	Calculation												Annualized
	Nov	Dec	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	
11/1/2017 To October 2018	0.000	277.414	0.000	281.308	0.000	283.422	0.000	286.062	0.000	287.664	0.000	289.673	284.2570
11/1/2018 To October 2019	0.000	289.896	0.000	291.227	0.000	294.801	0.000	295.259	0.000	295.490	0.000	298.443	294.1860

Annualized Index Change 9.929
 Annualized Percentage 3.490%

Schedule D - CPI W

Alameda County Industries, Inc.
Rate Application
For City of San Leandro
Effective July 1, 2020

Consumer Price Index - Urban Wage Earners and Clerical Workers
 Original Data Value

Correct CPI-W per agreement

Series Id: CWURA422SA0
Series Id Used: CWURS49BSA0
 Not Seasonally Adjusted
 Area: San Francisco-Oakland-San Jose, CA
 Item: All items
 Base Period: 1982-84=100
 Years: 2001 to 2019

CWURS49BSA0

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2001		183.5		184.9		186.9		186.7		187.5		186.5	185.7	184.5	186.9
2002		186.8		188.8		189.1		189.3		190.0		189.6	188.8	188.0	189.6
2003		193.7		193.6		192.2		192.3		191.9		191.1	192.4	192.9	191.9
2004		194.1		194.7		195.4		195.0		196.4		195.9	195.0	194.4	195.7
2005		197.3		199.3		197.5		199.5		202.6		199.3	199.1	197.9	200.3
2006		202.5		204.9		205.2		206.7		206.2		205.6	204.9	203.7	206.1
2007		208.803		211.189		211.422		211.620		213.133		214.204	211.370	209.986	212.754
2008		214.913		217.913		221.454		221.385		221.192		213.685	218.441	217.487	219.396
2009		216.797		218.587		220.996		221.279		221.708		220.121	219.645	218.182	221.109
2010		222.049		223.821		224.185		224.195		224.352		224.152	223.624	223.012	224.236
2011		226.638		231.600		230.605		231.445		232.371		231.109	230.337	229.074	231.600
2012		234.648		236.626		236.890		238.445		240.864		236.454	237.097	235.572	238.622
2013		240.262		241.764		243.052		242.903		243.711		242.602	242.125	241.141	243.109
2014		245.148		247.932		250.085		249.877		250.508		247.680	248.326	247.097	249.555
2015		249.809		252.875		254.736		256.060		256.107		255.492	253.910	252.041	255.780
2016		257.141		259.386		261.017		262.326		264.026		263.222	260.830	258.715	262.946
2017		265.569		268.896		269.508		269.827		271.272		271.342	268.990	267.426	270.555
2018		275.699		278.039		280.219		281.536		283.183		283.278	279.572	277.035	282.110
2019		284.758		288.266		288.581		288.514		291.707				286.615	

Period	Calculation												Annualized
	Nov	Dec	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	
11/1/2017 To October 2018	0.000	271.342	0.000	275.699	0.000	278.039	0.000	280.219	0.000	281.536	0.000	283.183	278.3360
11/1/2018 To October 2019	0.000	283.278	0.000	284.758	0.000	288.266	0.000	288.581	0.000	288.514	0.000	291.707	287.5170

Annualized Index Change 9.181
 Annualized Percentage 3.300%

Schedule E - Motor Vehicle Repair Index

Alameda County Industries, Inc.

Rate Application

For City of San Leandro

Effective July 1, 2020

Consumer Price Index - All Urban Consumers

Series Id: CUUR0000SETD,CUUS0000SETD%09%09%09%09

Not Seasonally Adjusted

Area: U.S. city average

Item: Motor vehicle maintenance and repair

Base Period: 1982-84=100

Download:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2001	180.6	181.5	181.7	181.9	182.5	182.7	183.4	184	185.1	186	186.4	186.4	183.5
2002	187.1	188	188.5	189	189.9	190	189.8	191	191.4	191.8	192.8	193.3	190.2
2003	193.7	194.5	194.3	194.6	194.9	195.1	196	195.7	196.2	196.9	197.2	198	195.6
2004	198.2	198.2	198.5	198.6	199	199.7	200.3	200.8	200.7	201.7	202.9	203.3	200.2
2005	204	203.9	204.7	205	205.6	206.1	206.7	207.3	208.7	209.8	210.5	210.7	206.9
2006	211.2	212.9	213.4	213.9	214.9	215.5	216.7	216.2	217	218.5	218.5	218.8	215.6
2007	219.262	220.53	221.16	221.508	221.999	222.553	223.487	224.019	224.302	224.939	225.672	226.12	222.963
2008	227.732	228.731	229.765	230.528	231.73	233.162	234.788	236.125	237.121	238.227	239.048	239.356	233.859
2009	241.076	241.689	242.118	242.649	242.488	242.683	243.031	243.494	244.493	245.393	245.511	245.417	243.337
2010	245.567	245.969	246.624	247.355	247.311	247.635	247.536	248.39	249.231	249.824	249.872	250.134	247.954
2011	250.726	250.851	250.82	251.458	252.376	252.529	252.769	253.337	255.244	255.774	255.663	255.644	253.099
2012	256.405	256.968	256.616	256.544	257.372	257.629	257.423	257.641	258.024	258.578	258.943	258.845	257.582
2013	259.752	260.234	260.156	260.341	261.065	261.360	262.229	262.497	262.960	263.085	262.934	263.081	261.641
2014	263.718	264.523	264.146	264.508	265.013	265.656	266.282	266.129	267.256	268.094	268.389	268.588	
2015	268.869	269.136	268.907	269.948	270.764	270.981	271.175	270.838	271.119	271.804	272.09	272.967	
2016	273.097	273.072	273.980	274.864	275.331	275.563	276.058	275.923	275.331	275.645	277.348	278.002	
2017	279.523	279.782	279.600	280.170	280.388	279.294	279.605	280.488	282.203	283.257	282.502	283.107	
2018	283.305	284.032	283.656	284.367	284.851	285.753	286.067	286.931	288.457	289.057	290.114	289.705	
2019	290.758	291.993	294.226	295.266	294.586	295.670	295.377	297.884	298.441	298.925			

Period	Calculation												Annualized
	Nov	Dec	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	
11/1/2017 To October 2018	282.502	283.107	283.305	284.032	283.656	284.367	284.851	285.753	286.067	286.931	288.457	289.057	285.1740
11/1/2018 To October 2019	290.114	289.705	290.758	291.993	294.226	295.266	294.586	295.670	295.377	297.884	298.441	298.925	294.4120

Annualized Index Change 9.238
Annualized Percentage 3.240%

Schedule F - Diesel Fuel

Alameda County Industries, Inc.
 Rate Application
 For City of San Leandro
 Effective July 1, 2020

PPI Commodity Data
 Original Data Value

Series Id: WPU057303
 Not Seasonally Adjusted
 Series Title: PPI Commodity data for Fuels and related products
 Group: Fuels and related products and power
 Item: No. 2 diesel fuel
 Base Date: 198200
 Years: 2009 to 2019

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2009	161.6	147.2	139.2	167.4	166.4	191.1	172.8	204.1	193.2	202.8	215.7	205.1
2010	229.4	206.9	225.5	240.0	235.8	221.8	218.5	231.1	227.7	243.7	255.3	259.2
2011	270.0	289.3	321.8	339.8	328.4	333.7	327.8	307.3	317.8	310.6	337.1	311.0
2012	322.0	329.2	344.3	339.4	325.8	295.4	298.7	324.1	342.4	351.0	323.8	317.4
2013	318.9	342.4	321.0	318.3	307.7	304.8	311.6	319.3	328.0	318.4	307.0	314.7
2014	308.5	322.0	318.1	318.7	316.5	308.8	307.8	306.9	302.3	283.4	272.3	229.9
2015	182.6	191.5	193.1	183.8	202.6	198.7	194.0	189.2	169.4	173.5	167.4	130.8
2016	119.2	113.4	119.4	123.6	144.4	155.4	157.6	149.8	163.1	159.7	157.0	158.8
2017	161.1	163.5	161.3	162.9	173.6	171.5	179.6	188.9	204.2	213.5	223.7	223.8
2018	229.4	226.5	224.8	231.8	251.1	261.4	256.9	254.3	262.5	271.7	264.8	232.7
2019	201.1	218.3	239.3	237.7	235.0	204.4	221.0	207.6	219.0	220.7		

Period	Calculation												Annualized
	Nov	Dec	Jan	Feb	March	April	May	June	July	Aug	Sep	Oct	
10/1/2017 To September 20	223.700	223.800	229.400	226.500	224.800	231.800	251.100	261.400	256.900	254.300	262.500	271.700	486.3170
10/1/2018 To September 20	264.800	232.700	201.100	218.300	239.300	237.700	235.000	204.400	221.000	207.600	219.000	220.700	450.2670

Annualized Index Change (36.050)
 Annualized Percentage -7.410%

Note July, August and September are preliminary numbers from BLS and will be adjusted need process for adjustment

Livermore Sanitation, Inc. Rate Application
 Consumer Price Index - Compressed Natural Gas
 Calculation
 Rate Year 10
 July 1, 2019 to June 30, 2020

CNG Index calculation		
October 1, 2018 Average	\$	0.657
October 1, 2019 Average	\$	0.733
Index Change		0.08
Percentage Change		11.70%

Pacific Gas and Electric Company

Schedule G-NGV1
 Natural Gas Service for Compression¹⁾
 on Customers' Premises

(\$/per therm¹⁾)

Effective Date	Advice Number	Customer Charge	Procurement Charge	Transportation Charge	Total G-NGV1 Charge ²⁾	Cap-and-Trade Cost Exemption Credit ⁵⁾	PPP Surcharge ³⁾	
01/01/15	3546-G	\$0.44121	\$0.45863	\$0.14281	\$0.60144		\$0.02602	\$0.63
02/01/15	3557-G	\$0.44121	\$0.43426	\$0.14281	\$0.57707		\$0.02602	\$0.60
03/01/15	3565-G	\$0.44121	\$0.35116	\$0.14281	\$0.49397		\$0.02602	\$0.52
04/01/15	3578-G	\$0.44121	\$0.30624	\$0.14344	\$0.44968		\$0.02602	\$0.48
05/01/15	3587-G	\$0.44121	\$0.25805	\$0.14344	\$0.40149		\$0.02602	\$0.43
06/01/15	3599-G	\$0.44121	\$0.35623	\$0.14344	\$0.49967		\$0.02602	\$0.53
07/01/15	3604-G	\$0.44121	\$0.27955	\$0.14344	\$0.42299		\$0.02602	\$0.45
08/01/15	3611-G	\$0.44121	\$0.35901	\$0.14344	\$0.50245		\$0.02602	\$0.53
09/01/15	3628-G	\$0.44121	\$0.28242	\$0.14344	\$0.42586		\$0.02602	\$0.45
10/01/15	3635-G	\$0.44121	\$0.28273	\$0.14344	\$0.42617		\$0.02602	\$0.45
11/01/15	3644-G	\$0.44121	\$0.34204	\$0.14344	\$0.48548		\$0.02602	\$0.51
12/01/15	3650-G	\$0.44121	\$0.35210	\$0.14344	\$0.49554		\$0.02602	\$0.52
01/01/16	3666-G	\$0.44121	\$0.34969	\$0.16210	\$0.51179		\$0.02433	\$0.54
02/01/16	3679-G	\$0.44121	\$0.38200	\$0.16210	\$0.54410		\$0.02433	\$0.57
03/01/16	3691-G	\$0.44121	\$0.11170	\$0.16210	\$0.27380		\$0.02433	\$0.30
04/01/16	3700-G	\$0.44121	\$0.19301	\$0.16210	\$0.35511		\$0.02433	\$0.38
05/01/16	3709-G	\$0.44121	\$0.22302	\$0.16210	\$0.38512		\$0.02433	\$0.41
06/01/16	3715-G	\$0.44121	\$0.16627	\$0.16210	\$0.32837		\$0.02433	\$0.35
07/01/16	3720-G	\$0.44121	\$0.23205	\$0.16210	\$0.39415		\$0.02433	\$0.42
08/01/16	3741-G	\$0.44121	\$0.26188	\$0.34583	\$0.60771		\$0.02433	\$0.63
09/01/16	3751-G	\$0.44121	\$0.24761	\$0.34583	\$0.59344		\$0.02433	\$0.62
10/01/16	3760-G	\$0.44121	\$0.33818	\$0.34583	\$0.68401		\$0.02433	\$0.71
11/01/16	3775-G	\$0.44121	\$0.41172	\$0.34583	\$0.75755		\$0.02433	\$0.78
12/01/16	3785-G	\$0.44121	\$0.34734	\$0.34583	\$0.69317		\$0.02433	\$0.72
01/01/17	3793-G	\$0.44121	\$0.40512	\$0.32183	\$0.72695		\$0.03098	\$0.76
02/01/17	3800-G	\$0.44121	\$0.39456	\$0.32183	\$0.71639		\$0.03098	\$0.75
03/01/17	3812-G	\$0.44121	\$0.35539	\$0.32183	\$0.67722		\$0.03098	\$0.71
04/01/17	3827-G	\$0.44121	\$0.37572	\$0.32183	\$0.69755		\$0.03098	\$0.73
05/01/17	3836-G	\$0.44121	\$0.35197	\$0.32183	\$0.67380		\$0.03098	\$0.70
06/01/17	3844-G	\$0.44121	\$0.34472	\$0.32183	\$0.66655		\$0.03098	\$0.70
07/01/17	3859-G	\$0.44121	\$0.27329	\$0.32228	\$0.59557		\$0.03098	\$0.63
08/01/17	3870-G	\$0.44121	\$0.28221	\$0.32228	\$0.60449		\$0.03098	\$0.64
09/01/17	3879-G	\$0.44121	\$0.22640	\$0.32228	\$0.54868		\$0.03098	\$0.58
10/01/17	3886-G	\$0.44121	\$0.26894	\$0.32228	\$0.59122		\$0.03098	\$0.62
11/01/17	3899-G	\$0.44121	\$0.29332	\$0.32228	\$0.61560		\$0.03098	\$0.65
12/01/17	3913-G	\$0.44121	\$0.32757	\$0.32228	\$0.64985		\$0.03098	\$0.68
01/01/18	3918-G	\$0.44121	\$0.32401	\$0.35703	\$0.68104		\$0.02770	\$0.71
02/01/18	3931-G	\$0.44121	\$0.35700	\$0.35703	\$0.71403		\$0.02770	\$0.74
03/01/18	3941-G	\$0.44121	\$0.27338	\$0.35703	\$0.63041		\$0.02770	\$0.66
04/01/18	3959-G	\$0.44121	\$0.30049	\$0.35703	\$0.65752		\$0.02770	\$0.69
05/01/18	3969-G	\$0.44121	\$0.22241	\$0.35703	\$0.57944		\$0.02770	\$0.61
06/01/18	3980-G	\$0.44121	\$0.16817	\$0.35703	\$0.52520		\$0.02770	\$0.55
07/01/18	3984-G	\$0.44121	\$0.17768	\$0.38272	\$0.56040	\$0.02600	\$0.02770	\$0.61
08/01/18	3995-G	\$0.44121	\$0.24093	\$0.38272	\$0.62365	\$0.02600	\$0.02770	\$0.68
09/01/18	4008-G	\$0.44121	\$0.20870	\$0.38272	\$0.59142	\$0.02600	\$0.02770	\$0.65
10/01/18	4018-G	\$0.44121	\$0.22654	\$0.38272	\$0.60926	\$0.02600	\$0.02770	\$0.66
11/01/18	4034-G	\$0.44121	\$0.30508	\$0.38272	\$0.68780	\$0.02600	\$0.02770	\$0.74
12/01/18	4046-G	\$0.44121	\$0.38075 ³⁾	\$0.38272	\$0.76347	\$0.02600	\$0.02770	\$0.82
01/01/19	4052-G	\$0.44121	\$0.38544	\$0.39675	\$0.78219	\$0.04781	\$0.02811	\$0.86
02/01/19	4063-G	\$0.44121	\$0.41033	\$0.39675	\$0.80708	\$0.04781	\$0.02811	\$0.88
03/01/19	4070-G	\$0.44121	\$0.33998	\$0.39675	\$0.73673	\$0.04781	\$0.02811	\$0.81
04/01/19	4079-G	\$0.44121	\$0.26565	\$0.40300	\$0.66865	\$0.04781	\$0.02811	\$0.74
05/01/19	4092-G	\$0.44121	\$0.17121	\$0.40300	\$0.57421	\$0.04781	\$0.02811	\$0.65
06/01/19	4102-G	\$0.44121	\$0.15989	\$0.40300	\$0.56289	\$0.04781	\$0.02811	\$0.64
07/01/19	4113-G	\$0.44121	\$0.23873	\$0.40300	\$0.64173	\$0.04781	\$0.02811	\$0.72
08/01/19	4122-G	\$0.44121	\$0.25501	\$0.35867	\$0.61368	\$0.04781	\$0.02811	\$0.69
09/01/19	4135-G	\$0.44121	\$0.21066	\$0.35867	\$0.56933	\$0.04781	\$0.02811	\$0.65
10/01/19	4148-G	\$0.44121	\$0.21928 ³⁾	\$0.37707	\$0.59635	\$0.04781	\$0.02811	\$0.67

Sum not including customer

¹⁾ Rate Schedule G-NGV1 was converted to Standard Status, rather than Experimental, effective August 30, 2008, due to Advice Letter 2945-G.
²⁾ Unless otherwise noted
³⁾ This procurement rate includes a credit of \$0.00367 per therm to reflect account balance amortizations in accordance with Advice Letter 3157-G.
⁴⁾ Schedule G-PPPS (Public Purpose Program surcharge) needs to be added to the Total G-NGV1 Charge for bill calculation. See Schedule G-PPPS for details and exempt customers.

**Alameda County Industries, Inc.
Rate Application
For City of San Leandro
Effective July 1, 2020**

Material Destination	SW Davis	SW Vasco	Annuals	C&D Davis	Concrete Davis	Dirt Davis	Wood Davis	Xtrees Davis	Yardwaste Residential Newby	Yardwaste Commercial Newby	Yardwaste Davis	Recycle Processing	Total
Tonnage	6,528.01	28,624.12	655.94	903.17	475.32	99.03	967.05	16.38	9,888.73	898.04	1,276.38	8,895.82	50,332.16
Tip Fee	\$ 76.34	\$ 46.48	\$ 76.34	\$ 96.65	\$ 49.96	\$ 49.96	\$ 60.00	\$ 66.85	\$ 75.37	\$ 91.58	\$ 31.42	\$ 132.00	
CPI Index	103.49%	103.49%	103.49%	103.49%	103.49%	103.49%	103.49%	103.49%	103.49%	103.49%	103.49%	100.00%	
Adjusted Per Ton Tip Fee	\$ 79.00	\$ 48.10	\$ 79.00	\$ 100.02	\$ 51.70	\$ 51.70	\$ 62.09	\$ 69.18	\$ 78.00	\$ 94.78	\$ 32.52	\$ 132.00	
Tip Fee Costs	\$ 515,740.64	\$ 1,376,881.77	\$ 51,821.88	\$ 90,337.85	\$ 24,575.76	\$ 5,120.21	\$ 60,048.00	\$ 1,133.22	\$ 771,324.76	\$ 85,112.77	\$ 41,503.48	\$ 1,174,248.24	\$ 3,023,600.33

Costs Linked to Rate Application	
Net Composting Cost	897,941.01
Misc Materials C&D Wood Other	181,215.04
Recyclables Processing Costs	1,174,248.24
Solid Waste Disposal Costs	1,892,622.41
Total Costs	4,146,026.69

Note Recycling Methodology determined Using Exhibit XXX

Rate Application
Recycling Tonnage Processing Costs
July 1, 2020 to June 30, 2021

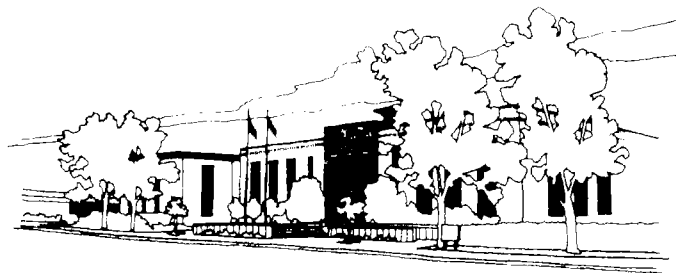
Total Revenue Annualized November 2018 to October 2019 \$3,002,836

Tonnage Collected

ALAMEDA	11,543.28
DUBLIN	-
CVSAN	9,171.02
SAN LEANDRO	8,973.70
HAYWARD	-
Mission Trails	10,079.26
Livermore	16,582.92
PSSI	566.02
WM-Albany	1,480.74
WM-Emeryville	-
TriCed-Hayward	24.31
San Ramon	8,910.96
Total All Tons Collected	55,337.53 67,332.21

	95 percent of revenue to Jurisdiction 90 operating ratio	CPI	95 percent of revenue to Jurisdiction 95 operating ratio
Tonnage Collected	68,105		67,332
% of Tonnage Collected	100%		100%
Commodities Revenue	\$ 3,951,741.92		\$ 2,852,694
Revenue Per Ton	\$ 58.02		\$ 42.37
Disposal	\$ 1,376,156.31	100.00%	\$ 1,376,156.31
Depreciation	\$ 1,304,012.19	100.00%	\$ 1,304,012.19
Labor	\$ 5,964,027.88	103.49%	\$ 6,172,172.45
Other operation costs	\$ 541,315.81	103.49%	\$ 560,207.73
Repairs & maintenance	\$ 429,123.82	103.49%	\$ 444,100.24
Transportation	\$ 1,347,962.37	100.00%	\$ 1,347,962.37
Interest	\$ 303,649.23	100.00%	\$ 303,649.23
General & administrative	\$ 983,504.40	103.49%	\$ 1,017,828.70
Cost of Operations	\$ 12,249,752.01		\$ 12,526,089.23
Cost Per Ton Processing	\$ 179.87		\$ 186.03
Operating Ratio - Cost	\$ 8.99		\$ 9.30
Net Processing Costs Per Ton	\$ 130.83		\$ 152.97
Total Net Costs Required	\$ 8,910,497.69		\$ 10,299,699.23
Processing Costs		\$ 152.97	\$ 1,372,692.33
BackHaul Fees		N/A	
Total Fees			\$ 1,372,692.33

City of San Leandro
Civic Center, 835 E. 14th Street
San Leandro, California 94577



July 20, 2009

Mr. Louie Pellegrini
Vice President
Alameda County Industries, Inc.
601 Aladdin Avenue
San Leandro, CA 94577

RE: TENTH AMENDMENT TO FRANCHISE AGREEMENT

Dear Mr. Pellegrini:

This letter is the Tenth Amendment (the "Amendment") to the Franchise Agreement for Solid Waste, Recyclables, and Green Waste Services between the City of San Leandro ("City") and Alameda County Industries, Inc. ("ACI"), dated February 1, 2000 (the "Agreement"). For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the City and ACI hereby agree as follows:

1. Effective February 1, 2010, the Agreement shall renew for an additional 10 years. The Agreement may be extended beyond the 10 year term contingent upon ACI's vehicle replacement schedule, as follows: For every three (3) current collection vehicles that are replaced with natural gas-powered vehicles, the Agreement shall be extended one (1) additional year beyond the original term. Under no circumstances shall the Agreement be extended beyond January 31, 2025 unless approved by the City Council and amended only in writing, signed by the parties.
2. The rate adjustment process as specified in Section 6.2 of the Agreement shall be modified so that rates will be adjusted annually using a Refuse Rate Index (RRI) (as enumerated in Appendix B) in lieu of the Consumer Price Index, provided that the adjustment does not exceed ten (10) percent per annum. If an increase exceeds 10% per annum, ACI must request a Special Rate Review pursuant to the procedures in Section 6.4 of the Agreement. The parties shall no longer compare rates at five years as specified in Section 6.3 of the Agreement.
3. Upon approval of the governing board of the San Leandro Unified School District (SLUSD or District), as early as August 3, 2009, but no later than August 24, 2009, ACI shall provide garbage, recycling and organics collection to SLUSD facilities within the ACI service area at no charge to the District. Representatives from the City, the District and ACI will conduct waste audits at each facility prior to the start of service and again within three months of the start of service to establish waste generation rates at each facility site. Garbage service levels shall not exceed levels identified in Appendix A. Recyclables, and green waste service levels shall be determined by ACI and the District and approved by the City.

Tony Santos, Mayor

City Council:

Michael J. Gregory;
Diana M. Souza;

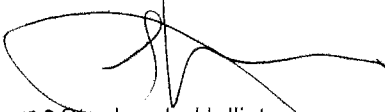
Jim Prola;
Joyce R. Staroscia;

Ursula Reed;
Bill Stephens

4. Effective July 1, 2010, the Revenue Neutrality payment specified in Section 3.5 of the Agreement, shall be adjusted on July 1 of each year to be equal to the sum of the per ton franchise fee and the per ton business license fee to be paid by the Davis Street Transfer Station on July 1 of that year.
5. Effective July 1, 2010, the MRF Permit Fee and the Residue Fee paid by ACI shall be adjusted by the Consumer Price Index (CPI) on July 1 of each year of the Agreement. ACI shall use the average change in CPI for the previous calendar year to calculate the adjustment.
6. Effective July 1, 2010, ACI shall collect household batteries from all recycling cart customers. To insure collection, customers shall place batteries in a sealed bag on top of their cart for weekly collection. The City of San Leandro shall pay for the cost to recycle Alkaline and Pile Lithium batteries. In addition, ACI shall collect latex paint, electronic waste and appliances containing freon from single-family and multi-family households as part of the Annual Bulky Goods service as specified in Sections 4.6 and 4.7 of the Agreement.
7. ACI shall design and print an informational brochure that identifies all of the services available to single-family households. The City and ACI will share the cost equally of mailing the brochure to every single-family household by August 1, 2010.
8. Effective February 1, 2010, ACI shall provide debris box service for garbage to the City at a 60% discount from the published debris box rates.
9. Effective July 1, 2010, and each July 1 thereafter, ACI shall share revenues on the sale of recyclable materials with ratepayers in the form of a ratepayer credit. Revenue from the sale of all recyclable materials processed at the 610 Aladdin facility, as identified from the Contractor's audited financial statements for the previous fiscal year, will be divided by the total tons of such materials during the same period, to determine the average price per ton. The average price per ton shall then be multiplied by those tons attributable to the City to establish the total dollar amount of revenue ("San Leandro Revenue") shared by ACI and ratepayers. If the average price per ton exceeds \$26, then the ratepayer credit will equal 25% of the San Leandro Revenue. If the average price per ton exceeds \$80, then the ratepayer credit will equal 75% of the San Leandro Revenue. The ratepayer credit will then be determined by taking the dollar value of the ratepayer share and dividing it by the total dollar value of all franchised revenue for the previous fiscal year to determine a percentage decrease in rates for the subsequent fiscal year. The ratepayer credit is not cumulative and will be recalculated each year. The annual revenue share shall be contingent upon all bank covenant calculations being met. In the event bank covenants are not met, the revenue share for that rate year shall be forgone.
10. Except as amended, the Agreement and all of its previously approved amendments, and unamended terms and provisions shall remain in full force and effect.


Please indicate Alameda County Industries, Inc.'s acceptance of this Amendment by signing and returning to me a copy of the Amendment.

Very truly yours,



~~FOR~~ Stephen L. Hollister
City Manager

Accepted by Alameda County Industries, Inc.



Louie Pellegrini, Vice President

Date: _____

1260614.1

Appendix A

School Name	Service	Size	Type	# Bins	# Service Days	Current rate per month	Current rate per year
Adult Ed. Center	Trash	2 yard		1	1	\$ 128.06	\$ 1,536.72
	Recycling	1 yard		1	1	\$ 30.31	\$ 363.72
							\$ -
							\$ -
Washington	Trash	4 yard		2	1	\$ 403.48	\$ 4,841.76
	Recycling	96 gallon		6	1	\$ 132.00	\$ 1,584.00
	Recycling	4 yard		1	1	\$ 121.24	\$ 1,454.88
							\$ -
Garfield	Trash	4 yard		1	3	\$ 568.45	\$ 6,821.40
	Recycling	3 yard		1	1	\$ 90.93	\$ 1,091.16
							\$ -
							\$ -
Lincoln	Trash	3 yard		1	1	\$ 152.71	\$ 1,832.52
	Recycling	64 gallon		2	1	\$ 29.32	\$ 351.84
							\$ -
Roosevelt	Trash	6 yard		2	1	\$ 593.32	\$ 7,119.84
	Recycling	96 gallon		8	1	\$ 270.88	\$ 3,250.56
							\$ -
Wilson	Trash	4 yard		2	5	\$ 1,870.33	\$ 22,443.96
	Recycling	4 yard		1	2	\$ 242.48	\$ 2,909.76
							\$ -
							\$ -
Bancroft*	Trash	4 yard		2	5	\$ 1,870.33	\$ 22,443.96
	Recycling	4 yard		1	1	\$ 130.94	\$ 1,571.28
							\$ -
John Muir	Trash	4 yard		2	5	\$ 1,870.33	\$ 22,443.96
	Recycling	64 gallon		1	1		\$ -
	Recycling	4 yard		1	1	\$ 121.24	\$ 1,454.88
							\$ -
Admin Office	Trash	4 yard		1	1	\$ 201.74	\$ 2,420.88
	Recycling	4 yard		1	1	\$ 133.00	\$ 1,596.00
							\$ -
Madison	Trash	4 yard		1	3	\$ 568.45	\$ 6,821.40
	Recycling	4 yard		1	1	\$ 121.24	\$ 1,454.88
					1		\$ -
McKinley	Trash	3 yard		2	2	\$ 580.45	\$ 6,965.40
	Recycling	96 gallon		6	1	\$ 142.56	\$ 1,710.72
							\$ -
Monroe	Trash	3 yard		1	3	\$ 458.13	\$ 5,497.56
	Recycling	6 yard		1	1	\$ 181.86	\$ 2,182.32
							\$ -
Maintenance	Trash	4 yard		1	1	\$ 201.74	\$ 2,420.88
	Recycling	4 yard		1	1	\$ 121.24	\$ 1,454.88
Total Cost						\$ 11,336.76	\$ 136,041.12

*Bancroft currently has a 40 yard debris box and is charged \$200 per month. If ACI provides service they will switch to the same service level as Wilson School as shown above.

** The Adult School Office, Jefferson Elementary, and San Leandro High are excluded from the agreement since they are not located within the ACI service area.

REFUSE RATE INDEX SAN LEANDRO

The "Refuse Rate Index" adjustment shall be calculated in the following manner:

1. The expenses of the collection services for the designated fiscal period shall be prepared in the format set forth in the Operating Cost Statement - Description on the following page of this Exhibit.
2. The expenses of the collection services shall be broken down into the following six cost categories: Labor; Diesel Fuel; Vehicle Replacement; Vehicle Maintenance; Disposal and All Other. Each cost category is assigned a weighted percentage factor on that cost category's proportionate share of the total of the costs shown for all cost categories.
3. The following indices published by the United States Department of Labor, Bureau of Labor Statistics (BLS), are used to calculate the adjustment for each diesel fuel, vehicle Replacement, Vehicle Maintenance and All Other. Labor and disposal shall be calculated using the actual change in values from year to year. The change in each index is calculated on a twelve-month period in accordance with the terms of the Agreement using the average change in the index from the previous calendar year. In the event any index is discontinued, a successor index shall be selected by CITY. Successor indices shall be those indices that are most closely equivalent to the discontinued indices as recommended by the BLS.

Cost Category

Index

Labor	Actual Values Teamsters Local 70 Union Agreement and Automotive Machinist Local 1546 Union Agreement
Diesel Fuel	Series ID: wpu057303 #2 Diesel Fuel
Vehicle Replacement	Series ID: wpu141301 Truck and Bodies sold separately
Vehicle Maintenance	Series ID: wpu11440378 Parts Attachments and accessories
Disposal	Actual Values Disposal Costs
All Other	Series ID: cuur0000sa0 of Consumer Price Index, All Urban Consumers, All Items

4. The percentage weight for each cost category is multiplied by the change in each appropriate index to calculate a weighted percentage for each cost category. The weighted percentage changes for each cost category are added together to calculate the Refuse Rate Index (see Example).

Operating Cost Statement - Description

Labor:

List all operations and maintenance salary accounts.
List payroll tax accounts, health and welfare, payroll insurance and pension directly related to the above salary accounts.

Diesel Fuel:

List all diesel fuel accounts.

Vehicle Replacement:

List all collection and collection related vehicle depreciation accounts.
List all vehicle lease or rental accounts related to collection or collection related vehicles.

Vehicle Maintenance:

List all collection or collection related vehicle parts accounts.

Disposal:

List all disposal costs

All Other:

List all other expense accounts related to the services provided under this Agreement. This category includes non-union labor, insurance including general liability, fire, truck damage, extended coverage; rent on property, truck licenses and permits; real and personal property taxes; telephone and other utilities; employee uniforms; safety equipment; general yard repairs and maintenance; non-diesel fuel; office supplies; postage; trade association dues and subscription; advertising; employee retirement or profit sharing contributions; and miscellaneous other expenses.

Attachment 2

San Leandro									
Refuse Rate Index Calculations									
Example									
Item #	Category	Data Source	Index Start Start	Index End	Percentage Change	Index Adjustment	Annual Expenses	Item Weight	Weighted Percentage Change
A	Labor	Actual Values Labor Agreement	47.75	50.49	5.73%	5.73%	\$ 4,314,274.28	35.38%	2.0261%
		Diesel Fuel							
		Series ID: wpu057303							
B	Diesel Fuel	#2 Diesel Fuel	235.50	325.30	38.13%	38.13%	\$469,133	3.85%	1.4669%
		Vehicle Replacement							
		Series ID: wpu141301							
C	Vehicle Replacement	Trucks and Bodies Sold Separately	208.30	216.80	4.08%	4.08%	\$1,299,525	10.66%	0.4349%
		Vehicle Maintenance							
		Series ID: wpu 1440378							
D	Vehicle Maintenance	Parts attachments and accesories	157.20	192.10	22.20%	22.20%	\$448,149	3.67%	0.8159%
E	Disposal	Actual Values Disposal costs	39.05	40.15	2.82%	2.82%	\$2,114,680	17.34%	0.4897%
		CPI All Items							
		Series ID: cuur0000sa0							
F	All Other	Consumer Price Index - All Urban Consumers, All Items	207.34	215.30	3.84%	2.88%	\$3,548,874.77	29.10%	0.8380%
Total							\$ 12,194,636.38	100.00%	6.07%
		cc							

City of San Leandro

Civic Center, 835 E. 14th Street
San Leandro, California 94577
www.sanleandro.org



June 17, 2019

Mr. Louie Pellegrini
Vice President
Alameda County Industries, Inc.
601 Aladdin Avenue
San Leandro, CA 94577

RE: THIRTEENTH AMENDMENT TO FRANCHISE AGREEMENT

Dear Mr. Pellegrini:

This letter is the Thirteenth Amendment (the "Amendment") to the Franchise Agreement for Solid Waste, Recyclables, and Green Waste Services between the City of San Leandro and Alameda County Industries, Inc., dated February 1, 2000, as previously amended (the "Agreement"). For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the City of San Leandro and Alameda County Industries, Inc. (the "Parties"), hereby agree as follows:

1. Effective October 1, 2019, ACI is authorized to implement a 7.89% increase on all rates.
2. The 7.89% rate increase includes:
 - .39% increase for costs associated with unanticipated recycling market impacts related to the China Sword initiative;
 - 3.72% increase for costs associated with the new commercial organics collection route as mandated by state and local law;
 - 1.65% increase for incremental labor increases at the Material Recovery Facility as specified in Amendment Eleven of the Agreement;
 - .88% decrease for recycling revenue share as specified in Amendment Ten of the Agreement; and
 - 3.01% increase for annual rate adjustment process as specified in Amendment Ten of the Agreement.
3. It is the Parties' intention to discuss a new rate adjustment process and consider an amendment to the Agreement accordingly prior to any rate adjustment under Amendment Ten effective July 1, 2020.

Pauline Russo Cutter, Mayor

City Council:

Victor Aguilar, Jr.
Ed Hernandez

Pete Ballew
Be **1090**

Deborah Cox
Corina N. López



4. Such amendment to the Agreement will be brought before the San Leandro City Council for approval before February 1, 2020.
5. Except as amended hereby, the Agreement (including all previous amendments) shall remain in full force and effect.

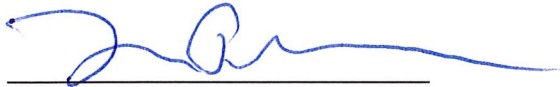
Please indicate Alameda County Industries, Inc.'s acceptance of this Amendment by signing and returning to me a copy of the Amendment.

Very truly yours,



Jeff Kay
City Manager

Accepted by Alameda County Industries, Inc.



Louie Pellegrini, Vice President



City of San Leandro City Council Meeting

Special Rate Review Request from
Alameda County Industries
June 17, 2019

Request:

- City Council approve a 7.89% increase on all solid waste, recycling and green waste rates, effective October 1, 2019
- Parties re-evaluate the annual rate adjustment methodology (established in 2010) to capture unanticipated operational costs before the next annual adjustment on July 1, 2020.

Elements of 7.89% Rate Increase Request

Contractual

- 3.01% increase for annual rate adjustment
- .88% decrease for recycling revenue share
- 1.65% increase for incremental labor increases for MRF

Total: 3.78%

For Consideration

- .39% increase for recycling market impacts - China Sword initiative
- 3.72% increase for organics collection route

Total: 4.11%

Monthly Solid Waste Rates

Customer	Service Level	Rate as of 7/1/18	Rate with 3.78% Contractual Adjustment	Rate with Additional 4.11% Request (7.89% Total)
Residential	20-gallon	\$24.01	\$24.92	\$25.90
Residential	32-gallon	\$29.91	\$31.04	\$32.27
Multifamily	1cy 1x per week	\$111.46	\$115.67	\$120.25
Commercial	1cy 1x per week	\$131.16	\$136.12	\$141.51
Commercial	3cy 1x per week	\$396.53	\$411.52	\$427.82

Rate Comparison

Monthly Solid Waste Rates

Jurisdiction	Residential 20-gallon	Residential 32-gallon	Residential 64-gallon	Residential 96-gallon	Commercial 1cy 1x per week	Commercial 3cy 1x per week
San Leandro - Current	\$24.01	\$29.91	\$49.79	\$69.64	\$131.16	\$396.53
San Leandro - 3.78%	\$24.92	\$31.04	\$51.67	\$72.30	\$136.12	\$411.52
San Leandro - 7.89%	\$25.90	\$32.27	\$53.72	\$75.13	\$141.51	\$427.82
Alameda	\$31.90	\$40.27	\$66.17	\$92.41	\$153.40	\$460.20
Berkeley	\$26.25	\$41.49	\$83.91	\$125.82	\$167.07	\$462.36
Dublin	N/A	\$26.09	\$47.93	\$69.79	\$126.59	\$379.77
Fremont	\$34.04	\$34.77	\$38.12	\$55.93	\$100.71	\$226.39
Hayward	\$23.62	\$34.52	\$61.56	\$88.57	\$146.82	\$378.25
Livermore	\$29.03	\$38.42	\$57.54	\$90.41	\$116.72	\$350.16
Newark	\$29.30	\$32.56	\$57.68	\$90.41	\$131.95	\$349.10
Oakland	\$41.54	\$47.17	\$83.26	\$125.13	\$230.70	\$549.39
Pleasanton	N/A	\$26.07	N/A	\$45.48	\$116.78	\$350.16
Union City	\$29.49	\$36.87	\$73.79	\$110.65	\$153.17	\$401.39
Castro Valley SD	\$30.79	\$47.74	\$82.91	\$118.07	\$202.97	\$493.63
Oro Loma SD	\$15.10	\$25.66	\$46.65	\$67.70	\$137.37	365.93

Annual Rate Adjustment Process

- Amendment 10 specifies use of Refuse Rate Index (RRI) for determining Annual Rate Adjustment
- Includes provision to share revenues on the sale of recyclables

Cost Category	Index
Labor	Changes in actual labor costs
Diesel Fuel	#2 Diesel - Series ID wpu057303
Vehicle Replacement	Truck & Bodies – Series ID wpu141301
Vehicle Maintenance	Parts & Attachments – Series ID wpu1140378
Disposal	Changes in actual disposal costs at landfill
All Other	All items – Series ID cuur0000sa0

Annual Rate Adjustment Process

Year	Rate	Reason
2010	2.88%	Annual Adjustment – RRI
2011	1.12%	Annual Adjustment – RRI
2012	5.5%	Annual Adjustment – RRI (No Recycling Revenue Share)
2013	1.82%	Annual Adjustment – RRI
2015	4.01%	Special Rate Adjustment – Amendment 11
2015	8.49%	Special Rate Adjustment – Amendment 12
2017	1.65%	Annual Adjustment – RRI + MRF Labor
2018	3.41%	Annual Adjustment – RRI + MRF Labor

Future Costs Associated with SB 1383

- Requires 75% reduction of organic waste disposal and 20% increase recovery of currently disposed edible food by 2025
- Highly prescriptive requirements for cities and haulers
 - Provide organics collection services to all residents and businesses
 - Conduct education and outreach
 - Procure standardized cart and bin colors
 - Perform regular inspection of loads
 - Maintain and provide substantive record-keeping and reporting
 - Secure organic waste disposal capacity
- Regulations take effect January 1, 2022

Other Considerations

- Higher than anticipated increases in vehicle replacement costs
- Higher material recovery facility processing costs:
 - Increase volumes of materials
 - Requirements for cleaner end-product (additional sorting)
- Higher organics processing costs:
 - Increased volumes of materials
 - Requirements to reduce contamination (i.e. plastics)
 - Possible increases in transportation costs

Conclusion





City of San Leandro

Meeting Date: March 16, 2020

Resolution - Council

File Number: 20-050

Agenda Section: ATS Review

Agenda Number:

TO: City Council

FROM: Jeff Kay
City Manager

BY: Debbie Pollart
Public Works Director

FINANCE REVIEW: Liz Warmerdam
Interim Finance Director

TITLE: RESOLUTION of the City of San Leandro City Council Authorizing the City Manager to Execute a Fourteenth Letter Amendment of the Franchise Agreement to Modify the Annual Rate Adjustment Methodology for Solid Waste, Recyclables, and Green Waste Services between the City of San Leandro and Alameda County Industries, Inc.

WHEREAS, the City of San Leandro (“City”) and Alameda County Industries, Inc. (“ACI”), executed that certain Franchise Agreement for Solid Waste, Recyclables, and Green Waste Services between the City of San Leandro and Alameda County Industries, Inc., dated February 1, 2000 (“Franchise Agreement”); and

WHEREAS, the Franchise Agreement has been amended by the City and ACI from time to time; and

WHEREAS, pursuant to the Fourteenth Letter Amendment, the City and ACI agree to modify Sections 6.2 and 6.3 of the Franchise Agreement and revise Exhibit F “Schedule of Rates” for the purpose of using a new annual rate adjustment methodology for rates effective July 1, 2020, and thereafter; and

WHEREAS, pursuant to the Fourteenth Letter Amendment, the City and ACI agree to change the definition of “Multi-Family Residence” and modify Sections 4.7D and 4.8D to clarify “Point of Pickup” locations for multi-family residences; and

WHEREAS, the City Council is familiar with the contents thereof; and

WHEREAS, the City Manager recommends approval of said amendment to the Franchise Agreement.

NOW, THEREFORE, the City Council of the City of San Leandro does RESOLVE as follows:

That said Fourteenth Letter Amendment is hereby approved and execution by the City Manager is hereby authorized.

March 2, 2020

Mr. Louie Pellegrini
Vice President
Alameda County Industries, Inc.
601 Aladdin Avenue
San Leandro, CA 94577

RE: FOURTEENTH AMENDMENT TO FRANCHISE AGREEMENT

Dear Mr. Pellegrini:

This letter is the Fourteenth Amendment (the "Amendment") to the Franchise Agreement for Solid Waste, Recyclables, and Green Waste Services between the City of San Leandro and Alameda County Industries, Inc., dated February 1, 2000, as previously amended (the "Agreement"). For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the City of San Leandro and Alameda County Industries, Inc. (the "Parties"), hereby agree as follows:

1. Effective February 1, 2020, the definition of "Multi-Family Residence" in Article 1 of the Agreement is amended to read as follows"

"Multi-Family Residence "Multi-Family Residence" means any Residential complex, building or structure, or portion thereof, other than a Single-Family Residence, used for residential purposes irrespective of whether residence therein is transient, temporary or permanent and having five (5) or more distinct living units. Such Multi-Family Residences shall have an adequate volume of centralized Solid Waste, Recyclable Materials, and Organic Materials Collection service for all units on the Premises which are billed to one (1) Owner (or their designated representative) at one (1) address."

2. Effective February 1, 2020, Section 4.7D. of the Agreement is amended to read as follows:

"D. Point of Pickup. The Customers shall accumulate Solid Waste and Green Waste at locations which are mutually agreed upon by the Customer and the Contractor and which are convenient for collection by the Contractor. Where mutual agreement is not reached, the City Representative shall designate the location. The Contractor shall offer to Collect Solid Waste and Green Waste from Carts at a centralized location selected by Owner including Curbside, backyard or sideyard locations."

3. Effective February 1, 2020, Section 4.8D. of the Agreement is amended to read as follows:

"D. Point of Pickup. Multi-Family Residence Customers shall accumulate Recyclable Materials at locations which are mutually agreed upon by the Customer and the Contractor. Where mutual agreement is not reached, the City Representative shall designate the location(s). The Contractor shall offer to Collect Recyclable Materials from Carts at a centralized location selected by Owner including Curbside, backyard or sideyard locations."

4. Effective February 1, 2020, the rate adjustment process specified in Amendment 10 to the Agreement, and previously specified in Section 6.2 and Section 6.3 of the Agreement, shall be modified so that rates will be adjusted annually using the Detailed Rate Adjustment Methodology set forth in this Amendment, including the attached Exhibit F, provided that the adjustment does not exceed ten (10) percent per annum. If an annual adjustment would exceed 10%, ACI must request a Special Rate Review pursuant to the procedures in Section 6.4 of the Agreement. The Detailed Rate Adjustment Methodology replaces in its entirety the rate adjustment methodology set forth in Amendment 10, Section 6.2, Section 6.3, and the prior Exhibit F to the Agreement.
5. Except as amended hereby, the Agreement (including all previously approved amendments) shall remain in full force and effect.

Please indicate Alameda County Industries, Inc.'s acceptance of this Amendment by signing and returning to me a copy of the Amendment.

Very truly yours,

Jeff Kay
City Manager

Accepted by Alameda County Industries, Inc.

Louie Pellegrini, Vice President

EXHIBIT F
DETAILED RATE ADJUSTMENT METHODOLOGY

The Detailed Rate Adjustment Methodology shall consist of two types of annual adjustments: indexed-based or cost-based, as set forth in the table below.

Rate Period Adjustment Type		
Rate Period	Commencement Date	Adjustment Method
One	July 1, 2020	Baseline
Two	July 1, 2021	Index-Based
Three	July 1, 2022	Cost-Based
Four	July 1, 2023	Index-Based
Five	July 1, 2024	Index-Based
Six	July 1, 2025	Index-Based

I. The index-based method involves application of indices to various costs that comprise the Total Annual Costs for the current Rate Period (i.e., July 1 through June 30) to determine the Total Calculated Costs for the coming Rate Period. In addition, disposal and processing costs will be adjusted to reflect actual tonnage collected during the most-recently completed 12-month period. The Total Calculated Costs projected for the coming Rate Period divided by the Total Calculated Costs for the current Rate Period is the Rate Adjustment Factor, which shall be rounded to the nearest thousandth. The Rate Adjustment Factor is applied to each of the current Rates to determine the Rates for the coming Rate Period.

The following indices published by the United States Department of Labor, Bureau of Labor Statistics (BLS), are used to calculate the adjustment for each vehicle fuel, vehicle maintenance and all other costs, with the exception of CNG Fuel which shall use Schedule G-NGV1, compiled and published by the Pacific Gas and Electric Company Analysis and Rate Department and reported monthly in its “*Gas RateFinder*” publication (<http://www.pge.com/tariffs>). Labor, Disposal and other tip fees shall be calculated using the actual change in values from year to year. The change in each index is calculated on a twelve-month period using the average change in the index from the previous calendar year. In the event any index is discontinued, a successor index shall be selected by the City. Successor indices shall be those indices that are most closely equivalent to the discontinued indices as recommended by BLS.

The Cost Categories for the indexed-based method are set forth below.

Cost Category	Indexed-Based Method
Labor Costs	Prior Rate Period approved costs adjusted by Actual Values Teamster Local 70 Union Agreement and Automotive Machinist Local 1546 Union Agreement
Vehicle Maintenance Costs	Prior Rate Period approved costs multiplied by Motor Vehicle Maintenance and Repair Index (CUUR0000SETD)
Transportation Costs	Prior approved Rate Period approved costs multiplied by Actual per ton transportation costs multiplied by most recent twelve-month tonnage transported
Disposal and other Tip Fees	Disposal and other tip fees shall be calculated using the actual change in values from year to year multiplied by total tonnage for the most recently completed twelve-month period
Cost Category	Indexed-Based Method

Depreciation Expense	Depreciation expense is fixed at \$1,026,668.50 for Rate Period One through Six unless additional financings of trucks and equipment are approved by City
Container Replenishment Fund	Prior three-year average of container purchases
Net Recyclables Processing Costs	See Appendix F1
Diesel Fuel	Prior Rate Period approved costs multiplied by Diesel Fuel Index (WPU057303)
CNG Fuel	Prior Rate Period approved costs multiplied by Schedule G-NGV1, compiled and published by the Pacific Gas and Electric Company
General & Administrative Costs	Prior Rate Period approved costs multiplied by CPI - U (CUURS49BSA0)
Profit Calculation	Profit for the coming Rate Period will be calculated by dividing the Total Calculated Costs projected for the coming Rate Period by an operating ratio of (.90) and subtracting the result from such Total Calculated Costs
Interest Expense	Interest Expense is Fixed at \$306,727.97 for Rate Period One through Six unless additional financings of trucks and equipment are approved by City
Other Operating Costs	Prior Rate Period approved costs multiplied by CPI - U (CUURS49BSA0)
City Fees	Adjust by actual change

An example of the indexed-based method is set forth below.

Indexed-Based Method Example	A	B	C
Costs Categories	Rate Period One	Indices	Rate Period Two
Labor Costs	\$4,764,919.61		\$4,931,215.30
Vehicle Maintenance Costs	\$403,319.26	103.24%	\$416,386.80
Transportation Costs	\$2,232,200.19	103.49%	\$2,564,651.57
Depreciation Expense	\$1,026,688.60		\$1,026,688.60
Container Replenishment Fund			\$223,165.87
Other Operating Costs:			
Uniforms	\$24,524.96	103.49%	\$25,380.88
Insurance	\$274,323.93	103.49%	\$283,897.84
Yard Rent	\$301,456.50	103.49%	\$311,977.33
Battery Processing	\$0.00		\$0.00
Other Costs	\$26,078.48	103.49%	\$26,988.62
Other Tip Fees:			
Net Composting Cost	\$819,411.02		\$897,941.01
Misc. Materials C&D Wood Other	\$219,880.23		\$181,215.04
Diesel Fuel	\$28,094.85	92.59%	\$26,013.02
CNG Fuel	\$313,121.43	111.70%	\$349,756.64
General & Administrative Costs:			
General & Admin	\$1,512,202.38	103.49%	\$1,564,978.25
Total General & Administrative Costs	\$1,512,202.38	3.49%	\$1,564,978.25
Total Annual Costs of Operations	\$11,946,201.45		\$12,830,236.77
Indexed-Based Method Example	A	B	C
Costs Categories	Rate Period One	Indices	Rate Period Two

Operating Ratio	\$1,327,355.72	7.40%	\$1,425,581.86
Disposal Fees:			
Solid Waste Disposal Costs	\$1,958,023.14	-3.34%	\$1,892,622.41
Net Recyclables Processing Costs	\$964,557.47	42.31%	\$1,372,692.33
Interest Expense	\$306,727.97		\$306,727.97
Total Pass-Through Costs	\$3,229,308.58	10.61%	\$3,572,042.71
Total Calculated Costs Before City Fees	\$16,502,865.74	8.03%	\$17,827,861.35
City and Regulatory Fees:			
Franchise Fees	\$1,606,641.84		\$1,798,003.02
Revenue Neutrality Fee	\$92,316.78	103.84%	\$121,064.13
County Fees	\$886.78	103.84%	\$920.83
Total City Fees	\$1,699,845.40	12.95%	\$1,919,987.99
Total Calculated Costs	\$18,202,711.14	8.47%	\$19,744,830.95

II. The cost-based method examines the actual impact of changes in costs, the number of Customers, and the service level of Customers. Pursuant to the cost-based method, the Rate Adjustment Factor equals the Total Calculated Costs projected for the coming Rate Period divided by the Total Calculated Costs for the current Rate Period, which shall be rounded to the nearest thousandth. The Total Calculated Costs for the current Rate Period shall be calculated by multiplying the Gross Revenue for the most recently completed twelve months by the Rate Adjustment Factor used to determine Rates for the then-current Rate Period.

The Cost Categories for the indexed-based method are set forth below.

Cost Category	Cost-Based Method
Labor Costs	Actual costs from the most recent audited financial statement adjusted by Actual Values Teamster Local 70 Union Agreement and Automotive Machinist Local 1546 Union Agreement
Vehicle Maintenance Costs	Actual costs from the most recent audited financial statement multiplied by Motor Vehicle Maintenance and Repair Index (CUUR0000SETD)
Transportation Costs	Actual costs from the most recent audited financial statement multiplied by actual per ton transportation costs multiplied by most recent twelve-month tonnage transported
Disposal and other Tip Fees	Disposal and other tip fees shall be calculated using the actual change in values from year to year multiplied by total tonnage for the most recently completed twelve-month period
Depreciation Expense	Depreciation expense is fixed at \$1,026,668.50 for Rate Period One through Six unless additional financings of trucks and equipment are approved by City
Container Replenishment Fund	Prior three-year average of container purchases
Net Recyclables Processing Costs	See Appendix F1
Cost Category	Cost-Based Method
Diesel Fuel	Actual Costs from the most recent audited financial statement multiplied by Diesel Fuel Index (WPU057303)

CNG Fuel	Actual Costs from the most recent audited financial statement multiplied by Schedule G-NGV1, compiled and published by the Pacific Gas and Electric Company
Other Operating Costs	Actual costs from the most recent audited financial statement multiplied by CPI - U (CUURS49BSA0)
General & Administrative Costs	Actual Costs from the most recent audited financial statement multiplied by CPI - U (CUURS49BSA0)
Profit Calculation	Profit for the coming Rate Period will be calculated by dividing the Total Calculated Costs projected for the coming Rate Period by an operating ratio of (.90) and subtracting the result from such Total Calculated Costs
Interest Expense	Interest Expense is Fixed at \$306,727.97 for Rate Period One through Six unless additional financings of trucks and equipment are approved by City
City Fees	Adjust by actual change

An example of the cost-based method is set forth below.

Cost-Based Method Example	A	B	C	D
Costs Categories	Rate Period Two	Audited Costs Year Ending June 30, 2021	Indices	Rate Period Three
Labor Costs	\$4,931,215.30	\$4,980,527.46		\$5,154,347.87
Vehicle Maintenance Costs	\$416,386.80	\$420,550.67	103.24%	\$434,176.51
Transportation Costs	\$2,564,651.57	\$2,590,298.09	103.49%	\$2,680,699.49
Depreciation Expense	\$1,026,668.60	\$1,057,468.66		\$1,026,668.60
Container Replenishment Fund	\$223,165.87	\$225,397.53		\$227,651.51
Other Operating Costs:				
Uniforms	\$25,380.88	\$25,634.69	103.49%	\$26,529.34
Insurance	\$283,897.84	\$286,736.81	103.49%	\$296,743.93
Yard Rent	\$311,977.33	\$315,097.11	103.49%	\$326,093.99
Battery Processing				
Other Costs	\$26,988.62	\$27,258.51	103.49%	\$28,209.83
Other Tip Fees:				
Net Composting Cost	\$897,941.01	\$906,920.42		\$925,058.83
Misc. Materials C&D Wood Other	\$181,215.04	\$183,027.19		\$186,687.73
Diesel Fuel	\$26,013.02	\$26,273.15	101.00%	\$26,535.88
CNG Fuel	\$349,756.64	\$353,254.20	111.70%	\$394,584.95
General & Administrative Costs:				
General & Admin	\$1,564,978.25	\$1,580,628.03	103.49%	\$1,619,595.99
Total General & Administrative Costs	\$1,564,978.25	\$1,580,628.03	3.49%	\$1,619,595.99
Total Annual Costs of Operations	\$12,830,236.77	\$12,979,072.51		\$13,353,584.44
Operating Ratio	\$1,425,581.86	\$1,442,119.17	4.08%	\$1,483,731.60
Disposal Fees:				
Solid Waste Disposal Costs	\$1,892,622.41	\$1,911,548.63	3.00%	\$1,949,401.08
Net Recyclables Processing Costs	\$1,372,692.33	\$1,402,876.20	2.20%	\$1,402,876.20
Interest Expense	\$306,727.97	\$336,159.36		\$306,727.97
Cost-Based Method Example	A	B	C	D

Costs Categories	Rate Period Two	Audited Costs Year Ending June 30, 2021	Indices	Rate Period Three
Total Pass-Through Costs	\$3,572,042.71	\$3,650,584.19	2.43%	\$3,659,005.25
Total Calculated Costs Before City Fees	\$17,827,861.35	\$18,071,775.87	3.75%	\$18,496,321.30
City and Regulatory Fees:				
Franchise Fees	\$1,798,003.02	\$1,820,587.65		\$1,863,557.13
Revenue Neutrality Fee	\$121,064.13	\$133,170.55	103.84%	\$138,284.30
County Fees	\$920.83	\$930.04	103.84%	\$965.75
Total City Fees	\$1,919,987.99	\$1,954,688.23	4.31%	\$2,002,807.19
Total Calculated Costs	\$19,744,830.95	\$20,026,464.11	3.82%	\$20,499,128.48

APPENDIX F1
NET RECYCLABLES PROCESSING COST ADJUSTMENT METHODOLOGY

1. General

The purpose of this Appendix F1 is to describe and illustrate the method by which the Contractor will calculate the annual adjustment to Net Recyclables Processing Costs under Exhibit F, regardless of the adjustment method used for each Rate Period. The intent of the Parties is to limit the adjustment for such Processing costs to inflationary indices, but allow adjustment for both the value of Recyclable commodities and Disposal costs based on the actual operating results of the Approved Recyclable Materials Processing Facility.

2. Adjustment of Net Recyclables Processing Costs

The cost categories of the main components of Net Recyclables Processing Costs are presented in detail in Section 3 below. Adjustments to these components to calculate costs for the coming Rate Period shall be calculated as follows:

A. Total Annual Cost of Operations

1. **Labor-Related Costs.** The Labor-Related Costs component of the Net Recyclables Processing Costs for the then-current Rate Period is multiplied by one plus the Annual Percentage Change in the CPI-U.
2. **Repairs and Maintenance.** The Repairs and Maintenance Costs component of the Net Recyclables Processing Costs for the then-current Rate Period is multiplied by one plus the Annual Percentage Change in the CPI-U.
3. **Transportation.** The Transportation Costs component of the Net Recyclables Processing Costs for the then-current Rate Period is multiplied by one plus the percentage change from one Rate Period to another resulting from the calculation in Section 2.B below.
4. **General and Administrative.** The General and Administrative Costs component of the Net Recyclables Processing Costs for the then-current Rate Period is multiplied by one plus the Annual Percentage Change in the CPI-U.
5. **Other Operational.** The Other Operational Costs component of the Net Recyclables Processing Costs for the then-current Rate Period is multiplied by one plus the Annual Percentage Change in the CPI-U.
6. **Depreciation.** The Depreciation Costs component of the Net Recyclables Processing Costs is one million three hundred and four thousand twelve dollars and nineteen cents (\$1,304,012.19) per year for all Rate Periods and is not adjusted.
7. **Interest.** The Interest Costs component of the Net Recyclables Processing Costs is three hundred and three thousand six hundred and forty-nine dollars and twenty-three cents (\$303,649.23) per year for all Rate Periods and is not adjusted.
8. **Total Annual Cost of Operations.** The Total Annual Cost of Operations portion of the Net Recyclables Processing Costs for the coming Rate Period equals the sum of the costs calculated in subsections (1) through (7) above.

- B. Residue Disposal Cost.** The Residue Disposal Costs shall equal the total actual cost of Disposal for any and all Residue which cannot be marketed by Contractor. The per-Ton cost of Disposal for the purposes of this Appendix F1 may not exceed the Disposal tip fee at the Designated Disposal Facility. Contractor shall

engage a third party to design and perform a Residue characterization of the Recyclable Materials Processed at the Approved Recyclable Materials Processing Facility a minimum of one time per calendar year. Contractor shall propose a study methodology that must include separately Processing at least thirty (30) Tons of Recyclable Materials, stratified across no fewer than three distinct days of service, from the City at the Approved Recyclable Materials Processing Facility under normal operating conditions for the facility (i.e. staffing levels, belt speed, burden depth, etc.). The methodology must be approved by the City Contract Manager in writing prior to Contractor conducting such a study. The results of that study shall be used to determine the allowable level of Residue Disposal Costs for the upcoming Rate Period. The City shall be notified at least thirty (30) days in advance of each annual study and Contractor shall invite the City Contract Manager to observe all aspects of the study.

- C. Recyclable Commodity Value.** The Recyclable Commodity Value shall equal the net of total gross revenues for the sale of marketable materials less the cost paid to buyers for marketable materials by the Approved Recyclable Materials Processing Facility as a result of marketing Processed Recyclable Materials.
- D. Profit.** Contractor's profit shall equal five percent (5%) of the total Recyclable Commodity Value plus an operating ratio of ninety five percent (95%) on the Total Annual Cost of Operations calculated in subsection 2.A.8 above.
- E. Net Recyclables Processing Costs.** The Net Recyclables Processing Costs shall equal the Total Annual Cost of Operations calculated in subsection 2.A.8 above, plus the Residue Disposal Cost, less Recyclable Commodity Value, plus Profit.
- F. Per Ton Net Recyclables Processing Costs.** The Net Recyclables Processing Costs shall be divided by the total Tons Processed, from all sources, by the Approved Recyclable Materials Processing Facility.
- G. Net Recyclables Processing Costs.** The total Net Recyclables Processing Costs to be used under Exhibit F, regardless of which adjustment method is used for a given Rate Period, shall equal the Per Ton Net Recyclables Processing Costs multiplied by the Tons of Recyclable Materials Collected by Contractor during the most recently completed twelve-month period.

3. Components of Net Recyclables Processing Costs

The table below presents Contractor's proposed (annualized) cost components for the Approved Recyclable Materials Processing Facility. These values shall form the baseline for calculating all adjustments under this Appendix F1.

Cost Components of Net Recyclables Processing Costs	Most recent 12 months	Index Method	This Period	Annualized for next 12 months
Total All Tons Collected (includes sources less than 12 months)	55,337.53			67,332.21
Recyclable Commodity Value	\$3,951,741.92	Per Section 2C.		\$2,852,694.46
Recyclable Commodity Value Per Ton	<u>\$58.02</u>			<u>\$42.37</u>
Residue Disposal Cost	\$1,376,156.31	Per Section 2B	100.00%	\$1,376,156.31
Depreciation	\$1,304,012.19	Per Section 2A6.	100.00%	\$1,304,012.19
Labor-Related Costs	\$5,964,027.88	CPI-U	103.49%	\$6,172,172.45
Other Operational Costs	\$541,315.81	CPI-U	103.49%	\$560,207.73
Repairs and Maintenance	\$429,123.82	CPI-U	103.49%	\$444,100.24
Transportation	\$1,347,962.37	Per Section 2A3.	100.00%	\$1,347,962.37
Interest	\$303,649.23	Per Section 2A7.	100.00%	\$303,649.23
General and Administrative	<u>\$983,504.40</u>	CPI-U	103.49%	<u>\$1,017,828.70</u>
Total Annual Cost of Operations	\$12,249,752.01			\$12,526,089.23
Total Annual Cost Per Ton	\$179.87			\$186.03
Profit - per ton	<u>\$8.99</u>			<u>\$9.30</u>
Per Ton Net Recyclables Processing Costs	<u>\$130.83</u>			<u>\$152.97</u>
Total Net Recyclables Processing Costs Required	<u>\$8,910,497.69</u>			<u>\$10,299,699.23</u>
Net Recyclables Processing Costs - San Leandro			8,973.70	\$1,372,692.33
Total San Leandro				\$1,372,692.33