

# NOVATO SANITARY DISTRICT

## Solid Waste Committee

Meeting Date: September 25, 2018

The Solid Waste Committee of Novato Sanitary District will hold a meeting at 3:00 p.m., Tuesday, September 25, 2018 at the District offices, 500 Davidson Street, Novato CA.

*Materials related to items on this agenda that are public records, are available for public inspection in the District Office, 500 Davidson Street, Novato, during normal business hours. They are also available on the District's website: [www.novatosan.com](http://www.novatosan.com). Note: All times and/or order of consideration for agenda items are for reference only. The Committee may consider item(s) in a different order than set forth herein.*

### AGENDA

#### 1. AGENDA APPROVAL:

#### 2. PUBLIC COMMENT: (PLEASE OBSERVE A THREE MINUTE TIME LIMIT)

*This item is to allow anyone present to comment on any subject not on the agenda, or to request consideration to place an item on a future agenda. Individuals will be limited to a three-minute presentation. No action will be taken by the Board at this time as a result of any public comments made.*

#### 3. UPDATES/ROUTINE BUSINESS ITEMS:

- a. Receive Recology Sonoma Marin (RSM) – 1<sup>st</sup> Quarter 2018 report (restated), and 2<sup>nd</sup> Quarter 2018 report.
- b. Receive Disposal/Diversion reports for 2018 and 2018/2017 comparison.
- c. Receive verbal update - Marin County JPA and Local Task Force.
- d. Receive verbal update - Novato Climate Action Roundtable & Committees.
- e. Receive Household Hazardous Waste (HHW) program report.

#### 4. CALENDAR YEAR (CY) 2019 SOLID WASTE RATE ADJUSTMENT:

- a. Review report and make recommendation to District Board.

#### 5. ADJOURN:

*In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the District at (415) 892-1694 at least 24 hours prior to the meeting. Notification prior to the meeting will enable the District to make reasonable accommodation to help ensure accessibility to this meeting.*

**Recology Sonoma Marin**  
**Restated Quarterly Report - Novato**  
 Service Period: 1/1/2018 to 3/31/2018

<b>7.2.3 (a&amp;d) Garbage Collection (Tons)</b>	<b>January</b>	<b>February</b>	<b>March</b>	<b>Total</b>
Commercial	908.03	738.92	871.67	2,518.62
Multi Family	306.71	249.58	294.42	850.71
Residential	1,010.93	826.14	936.17	2,773.24
Roll Off (Debris Box)	93.06	90.77	83.10	266.93
<b>Totals</b>	<b>2,318.73</b>	<b>1,905.41</b>	<b>2,185.36</b>	<b>6,409.50</b>

<b>7.2.3 (b) Recyclable Material Collection (Tons)</b>	<b>January</b>	<b>February</b>	<b>March</b>	<b>Total</b>
Commercial	86.08	11.82	179.30	277.20
Multi Family	10.88	1.49	22.65	35.02
Residential	786.78	768.67	602.38	2,157.83
Roll Off (Debris Box)	316.02	298.46	364.36	978.84
Buy-back Center	5.34	24.91	37.30	67.55
<b>Totals</b>	<b>1,205.10</b>	<b>1,105.35</b>	<b>1,205.99</b>	<b>3,516.44</b>

<b>C&amp;D Material</b> (included above)	203.03	196.20	255.65	654.88
--	--------	--------	--------	--------

<b>Recyclables and Processed</b>	<b>Curbside</b>	<b>Roll Off</b>	<b>Buyback</b>	<b>Total</b>	
Single Stream	632.43	20.81	-	653.24	
Paper	832.11	27.38	-	859.50	
Metal	3.71	24.17	-	27.88	
Cardboard	343.84	137.88	17.47	499.20	
Glass	466.92	28.98	26.16	522.05	
Mixed Plastic	115.51	6.58	5.86	127.96	
Plastic-PET	-	-	4.80	4.80	
Plastic-NHDPE	-	-	0.06	0.06	
Plastic-CHDPE	-	-	-	-	
Tin	39.79	1.30	11.42	52.51	
Other RCY	-	60.31	1.78	62.09	
Dry Waste	17.22	-	-	17.22	
C&D	18.51	636.37	-	654.88	
Concrete	-	9.21	-	9.21	
Wood Waste	-	25.84	-	25.84	
Dirt	-	-	-	-	
Yard Waste	2,822.93	405.00	-	3,227.93	
Food Waste	46.26	-	-	46.26	
<b>Total Collected</b>	<b>5,339.24</b>	<b>1,383.84</b>	<b>67.55</b>	<b>6,790.63</b>	
Residual	586.99	389.59	-	976.58	<b>Diversion</b>
<b>Total Diverted</b>	<b>4,752.25</b>	<b>994.25</b>	<b>67.55</b>	<b>5,814.05</b>	44.0%

**Recology Sonoma Marin**  
**Restated Quarterly Report - Novato**  
 Service Period: 1/1/2018 to 3/31/2018

7.2.3 (c) Green Waste Collection (Tons)	January	February	March	Total
Commercial	5.92	4.18	5.29	15.39
Multi Family	12.66	8.94	11.31	32.91
Residential	1,076.12	868.14	876.63	2,820.89
Roll Off (Debris Box)	178.88	101.30	124.82	405.00
<b>Totals</b>	<b>1,273.58</b>	<b>982.56</b>	<b>1,018.05</b>	<b>3,274.19</b>
Food Waste (included above)	16.54	13.12	16.60	46.26
Wood Waste (included above)	19.7	3.58	2.56	25.84

Organic waste was processed at Blake's Landing Farms, Laguna Treatment Plant, W. Contra Costa Sanitary Landfill and Napa Recycling and Waste Services.

7.2.3 (e) Accounts by Receptacle Size	Number of Receptacles				
	Commercial	MFU	Residential	Roll Off	Total
20 Gallon	2	9	2,563	-	2,574
32 Gallon	209	359	10,847	-	11,415
64 Gallon	156	122	3,137	-	3,415
95 Gallon	159	34	383	-	576
1.5 yard	112	16	2	-	130
2 yard	360	121	-	-	481
3 yard	60	6	-	-	66
4 yard	26	10	-	-	36
6 yard	1	-	-	-	1
15 yard	11	-	-	6	17
Compactors	243	224	18	-	485
<b>Total Receptacles</b>	<b>1,339</b>	<b>901</b>	<b>16,950</b>	<b>6</b>	<b>19,196</b>

Ongoing service audits in Q1 and continuing at least through Q2 have resulted in more dramatic than normal changes in accounts.

**7.2.3 (f) Bulky Waste**

741 Bulky Item pick up requests in Q1 2018.

*Bulky Items are included with rear loader routes. Recology does not have separate weights and diversion information. Bulky items are included with overall tonnage.*

**Community Outreach**

- Attached: Recology-Novato Newsletter Q1 2018
- Attached: Recology-Novato Education and Outreach Q1
- Attached: Recology Outreach Materials Summary Q1 2018

**Recology Sonoma Marin**  
**Quarterly Report - Novato**  
 Service Period: 4/1/2018 to 6/30/2018

<b>7.2.3 (a&amp;d) Garbage Collection (Tons)</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>Total</b>
Commercial	900.14	1,016.22	947.32	2,863.67
Multi Family	303.25	342.36	319.15	964.75
Residential	764.16	862.71	804.22	2,431.09
Roll Off (Debris Box)	60.85	68.70	64.04	193.59
<b>Totals</b>	<b>2,028.40</b>	<b>2,289.98</b>	<b>2,134.72</b>	<b>6,453.10</b>

<b>7.2.3 (b) Recyclable Material Collection (Tons)</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>Total</b>
Commercial	242.12	258.91	241.05	742.09
Multi Family	33.09	35.39	32.94	101.42
Residential	632.50	676.35	629.70	1,938.55
Roll Off (Debris Box)	393.08	290.18	332.55	1,015.81
Buy-back Center	8.40	9.79	9.98	28.17
<b>Totals</b>	<b>1,309.19</b>	<b>1,270.62</b>	<b>1,246.23</b>	<b>3,826.04</b>

**C&D Material** (included above)                      203.19              218.35              194.51              616.05

<b>Recyclables and Processed</b>	<b>Curbside</b>	<b>Roll Off</b>	<b>Buyback</b>	<b>Total</b>	
Single Stream	692.37	-	-	692.37	
Paper	910.99	-	-	910.99	
Metal	7.46	6.40	0.06	13.92	
Cardboard	452.89	6.69	-	459.58	
Glass	532.03	25.41	0.00	557.44	
Mixed Plastic	134.90	6.35	10.90	152.16	
Plastic-PET	-	-	4.80	4.80	
Plastic-NHDPE	-	-	0.06	0.06	
Plastic-CHDPE	-	-	-	-	
Tin	51.42	5.02	12.35	68.78	
Other RCY	-	205.74	-	205.74	
Dry Waste	-	-	-	-	
C&D	-	616.05	-	616.05	
Concrete	-	144.15	-	144.15	
Wood Waste	-	14.77	-	14.77	
Dirt	-	-	-	-	
Yard Waste	3,706.99	301.91	-	4,008.89	
Food Waste	49.88	-	-	49.88	
<b>Total Collected</b>	<b>6,538.93</b>	<b>1,332.49</b>	<b>28.17</b>	<b>7,899.58</b>	
Residual	633.91	522.91	-	1,156.83	<b>Diversion</b>
<b>Total Diverted</b>	<b>5,905.01</b>	<b>809.57</b>	<b>28.17</b>	<b>6,742.76</b>	47.0%

**Recology Sonoma Marin**  
**Quarterly Report - Novato**  
**Service Period: 4/1/2018 to 6/30/2018**

<b>7.2.3 (c) Green Waste Collection (Tons)</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>Total</b>
Commercial	31.77	34.21	24.81	90.79
Multi Family	24.25	26.10	18.93	69.28
Residential	1,258.74	1,355.25	982.81	3,596.80
Roll Off (Debris Box)	87.69	148.39	80.59	316.68
<b>Totals</b>	<b>1,402.45</b>	<b>1,563.95</b>	<b>1,107.14</b>	<b>4,073.54</b>
Food Waste (included above)	16.40	16.59	16.89	49.88
Wood Waste (included above)	3.43	6.32	5.02	14.77

Organic waste was processed at Blake's Landing Farms, Laguna Treatment Plant, W. Contra Costa Sanitary Landfill, and Napa Recycling and Waste Services.

<b>7.2.3 (e) Accounts by Receptacle Size</b>	<b>Number of Receptacles</b>				
	<b>Commercial</b>	<b>MFU</b>	<b>Residential</b>	<b>Roll Off</b>	<b>Total</b>
20 Gallon	3	1	2,595	-	<b>2,607</b>
32 Gallon	127	20	10,770	-	<b>11,812</b>
64 Gallon	139	18	3,110	-	<b>3,425</b>
95 Gallon	113	10	366	-	<b>562</b>
2 yard	118	13	-	-	<b>134</b>
3 yard	319	67	-	-	<b>462</b>
4 yard	60	5	-	-	<b>70</b>
6 yard	25	4	-	-	<b>39</b>
15 yard	-	-	-	1	<b>1</b>
Compactors	11	-	-	6	<b>17</b>
<b>Total Receptacles</b>	<b>915</b>	<b>138</b>	<b>16,841</b>	<b>7</b>	<b>19,129</b>

Ongoing service audits in Q2 and continuing into Q3 have resulted in more dramatic than normal changes in accounts.

<b>7.2.3 (f) Bulky Waste</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>Total</b>
No Charge Bulky Item Pick Ups	336	381	348	1,065
Charge Bulky Item Pick Ups	22	21	15	58
<b>Total Bulky Item Pick Ups</b>	<b>358</b>	<b>402</b>	<b>363</b>	<b>1,123</b>

*Bulky Items are included with rear loader routes. Recology does not have separate weights and diversion information. Bulky items are included with overall tonnage.*

### **Community Outreach**

Attached: Recology-Novato-2018-Q2-Waste Zero Highlights & Detail

Attached: Recology Needle Stick Insert

Attached: Recology National Sword Advertisement

Attached: Recology National Sword Flyer

## Novato Waste Zero Q2 Highlights

Date	Organization	Highlight	WZ Employees(s)
April 9, 2018	Novato Sanitary District	NSD Board Meeting/Fred Presentation	Celia, Garen, Fred
April 12, 2018	Novato Chamber	Novato Business Expo Table	Garen
April 20, 2018	San Jose Middle School	Engaging with really smart kids	Garen
April 21, 2018	Novato Sanitary District	Largest E-Waste event ever for NSD	Garen, Emily
May 2, 2018	RSM	Finalized Inserts for Needle Sticks, and National Sword	Casey
May 2, 2018	Marin County AB 939 Local Task Force	Attended Organics Subcommittee meeting	Garen
May 5, 2018	Novato Sanitary District/Novato School Fuel	Hosted table at childrens/biking event	Garen
May 9, 2018	City of Novato	Novato Climate Change Roundtable	Garen
May 29, 2018	Novato Sanitary District	NSD Board Meeting	Garen
June 6, 2018	RSM	Completed "What Goes Where" search tool for website	Casey
June 9, 2018	Art & Wine Festival	Community education tabling event	Cheri, Casey, Garen, Lisa
June 10, 2018	Art & Wine Festival	Community education tabling event	Anita, Emily, Celia, Garen
June 14, 2018	CalRecycle	Novato CalRecycle Visit	Garen
June 21, 2018	Marin County Board Supervisors Meeting	Meeting w/Marin Activists and 9th graders	Garen

## Novato Waste Zero Q2 Report

Month	Total Account	Site Audit	Presentation/	Host Table	Gave	Started Recycling	Increased Recycling	Started	Increased	Decreased
April	11	12	0	0	8	0	0	1	0	0
May	11	9	1	1	10	0	1	3	0	1
June	12	9	0	1	7	0	0	4	0	1
<b>TOTALS</b>	<b>34</b>	<b>30</b>	<b>1</b>	<b>2</b>	<b>25</b>	<b>0</b>	<b>1</b>	<b>8</b>	<b>0</b>	<b>2</b>

#	Date(s)	Account Name	Address	City	Franchise Code	Purpose of visit/call	Outcome
1	4/3/18	Chick-Fil-A	35 Rowland Way	Novato	NOV	Check food waste levels.	Site audit. Documented food waste.
2	4/3/18	Chevy's	128 Vintage Way	Novato	NOV	Check food waste levels.	Site audit. Documented food waste.
3	4/9/18	Novato Builder's Supply	800 Sweetser Ave	Novato	NOV	Follow up on CS Ticket	Gave outreach materials. Site Audit.
4	4/10/18	Dapper Lighting	12 Pamaron Way Unit G	Novato	NOV	Follow up on Contamination Tag	Followed up on contamination tag. Site Audit. Gave outreach material.
5	4/11/18	Nativity of Christ Greek Orthodox Church	1110 Highland Ave	Novato	NOV	Start compost	Started compost. Followed up on service change. Site audit.
6	4/17/18	Moylan's Brewery	15 Rowland Way	Novato	NOV	Check food waste levels. Schedule training.	Site audit. Documented food waste. Scheduled mgrs. Meeting.
7	4/18/18	Savemor Liquor	2001 Novato Blvd	Novato	NOV	Contamination	Followed up on contamination tag. Site Audit. Gave outreach materials. Educated complex and spoke with owner.
8	4/19/18	Ignacio Mini Storage	394 Bel Marin Keys	Novato	NOV	Contamination Tag	Followed up on contamination tag. Site Audit. Gave outreach material. Educated regarding shredding.
9	4/19/18	G & C Auto Body	14 Galli Dr	Novato	NOV	Contamination	Followed up on contamination tag. Site Audit. Gave outreach materials. Educated complex. Cleaned and service as recycle.
10	4/19/18	Hopmonk Tavern	224 Vintage Way	Novato	NOV	Check food waste levels.	Site audit. Documented food waste.
11	4/26/18	Animal Kind Vet Hospital	833 Vallejo Ave	Novato	NOV	Contamination Tag	Followed up on contamination tag. Site Audit. Gave outreach material. Educated regarding shredding.
12	5/1/18	Sports Basement		Novato	NOV	Audit location to start service	Conducted site audit. Gave outreach materials.
13	5/3/18	Homeward Bound of Marin	1399 So Novato Blvd	Novato	NOV	Audit Location to start compost	Conducted site audit. Gave outreach materials. Increased recycling. Hosted table.
14	5/8/18	Starbucks	Redwood Ave	Novato	NOV	Compost service	Trained manager. Conducted site audit. Gave outreach material. Started Compost
15	5/11/18	Our Lady of Loretto		Novato	NOV	Presentation	Gave presentation. Discussed setting up compost and recycle for school.
16	5/14/18	Starbucks	San Marin Ave	Novato	NOV	Compost service	Trained manager. Conducted site audit. Gave outreach material. Started Compost

#	Date(s)	Account Name	Address	City	Franchise Code	Purpose of visit/call	Outcome
17	5/18/18	Novato High School		Novato	NOV	Site audit	Conducted site audit. Gave outreach material.
18	5/18/18	Wildfox		Novato	NOV	Waste Audit	Site Audit. Gave outreach materials. Trained management. Started compost. Decreased garbage.
19	5/24/18	San Marin High School		Novato	NOV	Site audit	Conducted site audit. Gave outreach material.
20	5/29/18	Healthcare	4 Hamilton Landing	Novato	NOV	Ticket requesting stickers	Gave outreach material
21	5/29/18	Franklin Plumbing		Novato	NOV	Respond to contamination tag	Followed up on contamination tag. Conducted site audit. Gave outreach material.
22	5/30/18	Moylan's Brewery		Novato	NOV	Meeting	Met w/ managers. Site audit. Gave outreach material. Scheduled compost start for June
23	6/6/18	Silver Penny RV Park	7060 Redwood Blvd	Novato	NOV	Site visit	Site Audit. Gave outreach material.
24	6/9/18	Novato Art and Wine Festival		Novato	NOV	Tabling	Hosted table. Gave outreach materials.
25	6/11/18	City of Novato	922 Machin	Novato	NOV	CalRecycle	Site audit. Gave outreach Materials. Started compost service.
26	6/13/18	Kiosk	750 Grant Ave	Novato	NOV	Requested compost	Site audit. Started compost service. Gave outreach materials. Followed up on service change.
27	6/14/18	Greek Orthodox Church	1110 Highland Ave	Novato	NOV	CalRecycle	Site audit.
28	6/14/18	Harvest Market	155 San Marin Drive	Novato	NOV	CalRecycle	Site audit.
29	6/14/18	United Methodist Church	1473 S Novato Blvd	Novato	NOV	Needed slim jim	Gave outreach materials
30	6/19/18	Wildfox	225 Alameda Del Prado	Novato	NOV	new service	Site Audit. Follow up on new service change.
31	6/19/18	The Square Shopping Center	Novato Blvd	Novato	NOV	Contamination Tag	Site audit. Follow up on contamination tag.
32	6/19/18	Hopmonk Tavern	224 Vintage Way	Novato	NOV	AB 1826 Compliance	Site Audit. Gave outreach materials. Started Compost. Decreased Garbage. Follow up on new service change.
33	6/26/18	Novato Healthcare Center	1565 Hill Rd	Novato	NOV	Site Visit	Site audit. Gave outreach materials.
34	6/26/18	Moylan's Brewery & Restaurant	15 Rowland Way	Novato	NOV	Start Compost Service	Started compost service.

# Recycle Sorters Say NO To Needles And Sharps



**DO NOT** dispose of needles, syringes, or lancets in garbage, recycling, or compost bins.

They are extremely dangerous to sanitation workers and must be disposed of properly.

## HOW TO SAFELY DISPOSE OF SHARPS

Sharps can be safely disposed of at the locations listed below. They must be packaged in FDA approved red sharps containers, which are also available at the collection locations listed.

**Drop-off** syringes, needles, and lancets at:

**Kaiser Novato**

97 San Marin Drive  
415.899.7470

**Safeway Pharmacy**

5720 Nave Drive  
415.881.9260

**Pharmaca Integrative Pharmacy**

7514 Redwood Boulevard  
415.892.3700

**Novato HHW Facility**

7576 Redwood Boulevard  
415.892.7344



For more information, please go to the Novato Sanitary District website at [www.novatosan.org](http://www.novatosan.org) and follow the link to the "Green Pages"

# BE TRUE TO YOUR BLUE

## China Tightens Recycling Import Rules

Did you know that 60% of the recyclable materials collected in the U.S. go to China to be recycled into new products?

Historically, China accepted up to 5% non-recyclable contaminants (garbage or food waste) in bales of recyclable materials. As of March 2018, the Chinese government is now enforcing a policy called National Sword, which severely restricts the import of recyclable plastics and paper. China will only accept bales containing less than 1% contamination and will return any shipments that fail to meet that standard.

This is a big change and has had a crippling effect on recycle markets around the globe. **We need your help!**



### WHAT CAN YOU DO?

- Keep your recycling clean and free of contaminants.
- Food containers, like pasta sauce jars or yogurt cups should be empty and dry. Use dish water to swish, or a used napkin to wipe them out (napkins are compostable).
- Do not place recyclables in plastic bags. They will not be opened at our sorting facility. This means they will be sent to the landfill as garbage.
- Plastic bags, film plastics, coffee cups, and Styrofoam belong in the garbage.
- Greasy pizza boxes and other food soiled paper should be placed in your green compost cart, not the recycling cart.
- Don't be a hopeful recycler. Visit our website, send us an email, or give us a call. When in doubt, check it out!

# KEEP YOUR RECYCLING CLEAN

## China Tightens Recycling Import Rules

Did you know that 60% of the recyclable materials collected in the U.S. go to China to be recycled into new products?

Historically, China accepted up to 5% non-recyclable contaminants (garbage or food waste) in bales of recyclable materials. As of March 2018, the Chinese government is now enforcing a policy called National Sword, which severely restricts the import of recyclable plastics and paper. China will only accept bales containing less than 1% contamination and will return any shipments that fail to meet that standard.

This is a big change and has had a crippling effect on recycle markets around the globe. **We need your help!**



## WHAT CAN YOU DO?

- Keep your recycling clean and free of contaminants.
- Food containers, like pasta sauce jars or yogurt cups should be empty and dry. Use dish water to swish, or a used napkin to wipe them out (napkins are compostable).
- Do not place recyclables in plastic bags. They will not be opened at our sorting facility. This means they will be sent to the landfill as garbage.
- Plastic bags, film plastics, coffee cups, and Styrofoam belong in the garbage.
- Greasy pizza boxes and other food soiled paper should be placed in your green compost cart, not the recycling cart.
- Don't be a hopeful recycler. Visit our website, send us an email, or give us a call. When in doubt, check it out!



[Recology.com/SonomaMarin](http://Recology.com/SonomaMarin)  
[RecologySonomaMarin@recology.com](mailto:RecologySonomaMarin@recology.com)

800.243.0291

<b><u>RECOLOGY 2018 DISPOSAL/DIVERSION(TONS)</u></b>	<b>RESTATED</b>		<b><u>3rdQ</u></b>	<b><u>4thQ</u></b>	<b><u>TOTAL</u></b>
	<b><u>1stQ</u></b>	<b><u>2ndQ</u></b>			
Recology Recycled Collected (Curbside & Buyback)	2,827	3,066			
Recology C&D, Wood, Inerts & Bulky waste	690	775			
Recology Green waste & residential food waste for compost	3,228	4,009			
Recology Commercial Food Waste for compost	46	50			
<b>TOTAL TONS COLLECTED AND PROCESSED FOR RECYCLING</b>	<b>6,791</b>	<b>7,900</b>			
<b>RECYCLING RESIDUALS DISPOSED</b>	<b>(977)</b>	<b>(1,157)</b>			
<b>RESIDUALS DISPOSED AS PERCENT OF RECYCLING</b>	<b>14.39%</b>	<b>14.65%</b>			
<b>TOTAL TONS DIVERTED</b>	<b>5,814</b>	<b>6,743</b>			
<b>GARBAGE DISPOSAL</b>					
MSW & Debris Box	6,410	6,453			
<b>TOTAL GARBAGE TONS DISPOSED</b>	<b>6,410</b>	<b>6,453</b>			
<b>TOTAL DISPOSAL (GARBAGE + RESIDUALS)</b>	<b>7,387</b>	<b>7,610</b>			
<b>TOTAL WASTE GENERATED(DISPOSAL + RESIDUALS + DIVERTED)</b>	<b>13,200</b>	<b>14,353</b>			
<b>PERCENT DIVERTED</b>	<b>44.05%</b>	<b>46.98%</b>			
<b>PERCENT DIVERTED WITH REDWOOD &amp; MRRC</b>	<b>51.63%</b>				

**DISPOSAL/DIVERSION 2018 vs. 2017 (TONS)**

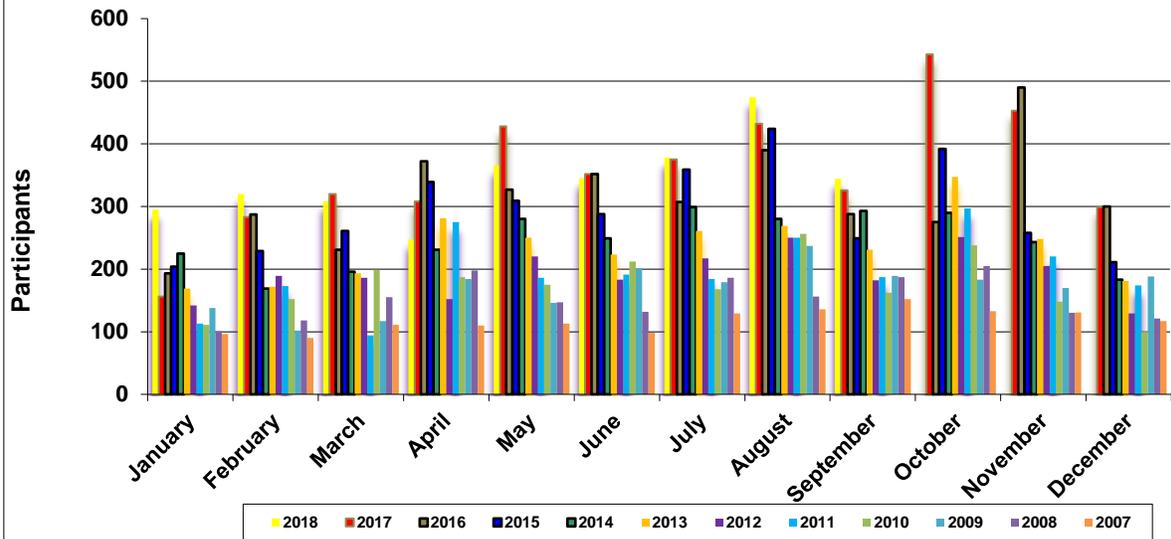
	RESTATED RECOLOGY 2018 <u>1st Q</u>	NOVATO DISPOSAL 2017 <u>1st Q</u>	RECOLOGY 2018 <u>2ND Q</u>	NOVATO DISPOSAL 2017 <u>2nd Q</u>
Recology Recycled Collected (Curbside & Buyback) <i>Novato Disposal Recycling Shipped(Curbside and Buyback)</i>	2,827	3,458	3,066	3,082
Recology C&D, Wood, Inerts & Bulky waste <i>Novato Disposal C&amp;D,Wood,Inerts &amp; Bulky Waste</i>	690	420	775	563
Recology Green waste & residential food waste for compost <i>Novato Disposal Green Waste &amp; residential food waste for compost</i>	3,228	3,823	4,009	4,026
Recology Commercial Food Waste for compost <i>Novato Disposal Commercial Food Waste for Compost</i>	46	93	50	94
<b>RECOLOGY TOTAL TONS COLLECTED AND PROCESSED FOR RECYCLING</b>	<b>6,791</b>	<b>7,794</b>	<b>7,900</b>	<b>7,765</b>
<b>NOVATO DISPOSAL TOTAL TONS SHIPPED FOR RECYCLING</b>				
<b>RECOLOGY RECYCLING RESIDUALS DISPOSED</b>	<b>(977)</b>		<b>(1,157)</b>	
<b>TOTAL TONS DIVERTED(For Recology, total Recycling minus residuals)</b>	<b>5,814</b>	<b>7,794</b>	<b>6,743</b>	<b>7,765</b>
<b>TOTAL DISPOSAL</b>				
Recology MSW& Debris Box & residuals <i>Novato Disposal MSW&amp; Debris Box&amp; residuals</i>	7,387	7,189	7,610	7,135
<b>TOTAL TONS DISPOSED</b>	<b>7,387</b>	<b>7,189</b>	<b>7,610</b>	<b>7,135</b>
<b>TOTAL WASTE GENERATED(DISPOSAL + RESIDUALS + DIVERTED)</b>	<b>13,201</b>	<b>14,983</b>	<b>14,353</b>	<b>14,900</b>
<b>PERCENT DIVERTED</b>	<b>44.04%</b>	<b>52.02%</b>	<b>46.98%</b>	<b>52.11%</b>

HHW FACILITY SUMMARY 2018	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
<b>Total Participants</b>	<b>295</b>	<b>320</b>	<b>308</b>	<b>247</b>	<b>366</b>	<b>345</b>	<b>378</b>	<b>474</b>	<b>344</b>				<b>3,077</b>
Been to events before?(Yes)	253	274	247	219	304	288	309	399	279				2,572
Permanent facility?	223	224	204	211	261	245	271	346	240				2,225
Temporary events?	42	59	50	24	59	62	53	76	56				481
First time user?	42	46	61	28	62	56	69	75	65				504
<b>Type of waste brought in?</b>													
Antifreeze	18	20	16	11	25	21	22	17	19				169
Asbestos	2	3	0	3	0	8	0	0	4				20
Auto products	38	42	36	43	51	50	57	54	46				417
Car batteries	13	9	45	54	92	95	93	121	81				603
<b>Computer monitors</b>	<b>10</b>	<b>17</b>	<b>12</b>	<b>10</b>	<b>7</b>	<b>9</b>	<b>7</b>	<b>4</b>	<b>8</b>				<b>84</b>
Cements, sealers	25	31	19	9	3	16	13	24	16				156
<b>E-Waste(all types)</b>	<b>110</b>	<b>109</b>	<b>66</b>	<b>36</b>	<b>48</b>	<b>43</b>	<b>47</b>	<b>54</b>	<b>32</b>				<b>545</b>
Fluorescent tubes& bulbs	54	57	75	50	77	90	96	161	99				759
Fuels(gas, kerosene, diesel)	18	27	35	28	51	50	65	63	51				388
<b>Household batteries</b>	<b>72</b>	<b>61</b>	<b>53</b>	<b>31</b>	<b>29</b>	<b>38</b>	<b>38</b>	<b>41</b>	<b>34</b>				<b>397</b>
<b>Household cleaners, polishes</b>	<b>79</b>	<b>86</b>	<b>64</b>	<b>62</b>	<b>108</b>	<b>101</b>	<b>112</b>	<b>107</b>	<b>90</b>				<b>809</b>
<b>Latex paint</b>	<b>96</b>	<b>104</b>	<b>93</b>	<b>95</b>	<b>120</b>	<b>141</b>	<b>138</b>	<b>156</b>	<b>122</b>				<b>1,065</b>
Motor oil/filters	43	53	47	51	74	63	63	78	61				533
<b>Oil base paint</b>	<b>56</b>	<b>63</b>	<b>62</b>	<b>40</b>	<b>80</b>	<b>91</b>	<b>74</b>	<b>104</b>	<b>79</b>				<b>649</b>
<b>Paint thinners, solvents</b>	<b>51</b>	<b>57</b>	<b>63</b>	<b>58</b>	<b>102</b>	<b>94</b>	<b>91</b>	<b>100</b>	<b>86</b>				<b>702</b>
<b>Pesticides, herbicides, insecticides</b>	<b>38</b>	<b>54</b>	<b>44</b>	<b>42</b>	<b>69</b>	<b>77</b>	<b>67</b>	<b>83</b>	<b>66</b>				<b>540</b>
Pet care products	11	7	11	4	8	6	11	13	5				76
Photo chemicals	2	1	2	0	0	2	0	2	0				9
Pool Chemicals	7	8	5	6	10	6	6	13	10				71
Propane/helium tanks/fire extinguishers	23	28	19	24	36	28	41	50	37				286
Sharps	3	5	2	5	3	5	5	0	5				33
<b>Spray paints</b>	<b>32</b>	<b>44</b>	<b>38</b>	<b>38</b>	<b>55</b>	<b>61</b>	<b>55</b>	<b>86</b>	<b>59</b>				<b>468</b>
<b>Television</b>	<b>50</b>	<b>39</b>	<b>28</b>	<b>28</b>	<b>20</b>	<b>32</b>	<b>27</b>	<b>36</b>	<b>26</b>				<b>286</b>
Thermometers/Thermostats	4	5	4	0	4	3	3	4	4				31
Wood preservatives, stains	30	35	28	22	35	47	46	56	39				338
Other	14	7	3	4	14	16	8	17	7				90
<b>Hear about program?</b>													
Recycling Center flier	102	108	105	122	153	132	149	212	123				1,206
Sanitary District newsletter	61	58	62	48	94	84	80	97	68				652
Sanitary District website	49	39	47	28	48	42	42	63	59				417
Novato Disposal newsletter	107	125	104	92	114	107	120	147	110				1,026
Word of mouth	36	46	49	43	55	63	52	84	51				479
Other	18	17	24	19	21	15	20	28	29				191
<b>Change your own motor oil?</b>													
<b>Yes</b>	<b>41</b>	<b>54</b>	<b>41</b>	<b>48</b>	<b>60</b>	<b>46</b>	<b>61</b>	<b>78</b>	<b>45</b>				<b>474</b>
Novato Recycling Center	27	37	34	36	52	39	44	65	36				370
O'Reilly's	13	21	12	19	21	14	23	22	17				162
Pennzoil	2	0	1	0	1	0	1	5	4				14
Other	1	1	3	0	0	0	1	1	2				9
If yes, want curbside pickup?	17	31	15	19	26	17	26	34	17				202
<b>No</b>	<b>254</b>	<b>266</b>	<b>267</b>	<b>199</b>	<b>306</b>	<b>299</b>	<b>317</b>	<b>396</b>	<b>299</b>				<b>2,603</b>
<b>Comments</b>													
<b>Compliments/Good</b>	<b>90</b>	<b>97</b>	<b>90</b>	<b>89</b>	<b>130</b>	<b>120</b>	<b>100</b>	<b>152</b>	<b>106</b>				<b>974</b>
<b>Complaints</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>4</b>	<b>3</b>	<b>1</b>	<b>11</b>	<b>3</b>				<b>28</b>

## HHW PARTICIPANTS 2006 - 2018

	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>Totals</u>
2018	295	320	308	247	366	345	378	474	344				
2017	156	283	320	308	428	352	375	432	326	543	453	299	4,275
2016	193	287	231	372	327	352	307	390	288	275	490	300	3,812
2015	204	229	261	339	309	288	359	424	249	392	258	211	3,523 open 3 days in April, 6 days in August
2014	225	169	196	231	280	249	299	280	293	290	262	183	2,957 open 3 days in April
2013	169	172	193	281	250	223	261	269	231	347	248	181	2,825
2012	142	189	186	152	220	183	217	250	182	251	205	129	2,306
2011	113	173	94	275	186	191	184	250	187	297	220	174	2,344
2010	111	152	199	187	175	212	168	256	162	238	148	100	2,108 August 6 days
2009	138	102	117	184	146	201	179	237	189	183	170	188	2,034 August 6 days
2008	101	118	155	198	147	132	186	156	187	205	130	121	1,836
2007	96	90	111	110	113	98	129	136	152	133	131	117	1,416
2006	57	118	115	112	140	111	145	120	119	95	106	73	1,311
<b>% Change from 2017</b>	89.10%	13.07%	-3.75%	-19.81%	-14.49%	-1.99%	0.80%	9.72%	5.52%				

## HHW Facility Monthly Participation 2007- 2018



## NOVATO SANITARY DISTRICT

### MEMORANDUM

**Meeting Date:** September 25, 2018

**To:** Board Solid Waste Committee – Jean Mariani, Jerry Peters

**From:** Sandeep Karkal, General Manager-Chief Engineer  
Dee Johnson, Solid/HHW Consultant

**Subject:** Calendar Year (CY) 2019 Solid Waste Rate Adjustment.

---

The Solid Waste Franchise Agreement (Agreement) between Novato Disposal Service and the District (as assigned to Recology Sonoma Marin or RSM), provides for an annual adjustment to RSM's rates based on the changes in the specified Refuse Rate Index (RRI), and any other relevant or applicable factors.

In CY 2016, CY 2017, and CY 2018, the rate adjustments were +1.94 percent, +1.02 percent, and +5.04 percent respectively, based on either: (a) Changes in the RRI (CY 2016 and CY 2017); or (b) A combination of changes in the RRI, and Balancing Account adjustments (CY 2018).

For CY 2019, RSM timely submitted an overall rate adjustment of +3.35 percent based on a change in the RRI.

As in prior years, the District engaged R3 Consulting Group (R3) to review RSM's CY2019 rate adjustment request. R3 completed their analysis and submitted the attached report to the District. Based on their review, R3 agrees with RSM's calculation and calculation methodology and is recommending a total rate adjustment of +3.35 percent based on the RRI change.

Based on the R3 report, staff recommends that the Solid Waste Committee accept R3's recommendation, and recommend a CY 2019 maximum solid waste rate adjustment of +3.35 percent to the District Board for its approval.

\*\*\*\*\*

---

1512 Eureka Road, Suite 220, Roseville, CA 95661  
Tel: 916-782-7821 | Fax: 916-782-7824

2600 Tenth Street, Suite 424, Berkeley, CA 94710  
Tel: 510-647-9674

---

627 S. Highland Avenue, Suite 300, Los Angeles, CA 90036  
Tel: 323-559-7470

---

September 11, 2018

Mr. Sandeep Karkal  
Novato Sanitary District  
5000 Davidson Street  
Novato, CA 94945

**Re: Letter Report – Review of Recology Sonoma-Marín’s Requested Rate Adjustment for Rate Year 2019**

Dear Mr. Karkal:

R3 Consulting Group, Inc. (R3) was engaged by the Novato Sanitary District (District) to assist with a review of Recology Sonoma-Marín’s (Company) requested rate adjustment for Rate Year 2019 (January 1, 2019 – December 31, 2019). Specifically, R3 was asked to confirm that the rate adjustment methodology used by the Company is consistent with the Refuse Rate Index (RRI) Rate Adjustment Methodology set forth in Exhibit 2 of the Amended and Restated Franchise Agreement (Agreement) and that the calculation is mathematically accurate. This Draft Letter Report communicates our findings and recommendations.

## Recommended Rate Adjustment

The Company’s Rate Adjustment Application calculated a 3.35% rate increase (**Attachment 1**) As part of our review, we verified that the Company’s financial information, cost category index values, and mathematical formulas were consistent with the RRI methodology included in the Agreement. Based on our review, we found the Company’s calculated adjustment of 3.35% to be correct.

## Objectives

- To review the Company’s requested rate increase to confirm that:
  - It is consistent with applicable terms and conditions of the Agreement;
  - It is mathematically accurate; and
  - It correctly accounts for the required Balancing Account adjustment to the rates.
- To recommend the appropriate Rate Year 2019 rate adjustment based on the results of our review; and
- To confirm the current Balancing Account balance.

## Background

The Agreement provides for an annual adjustment to the Company’s rates based on the specified Refuse Rate Index (RRI), with the option to conduct a detailed rate review not more frequently than once every three (3) years. A copy of Article 6 of the Agreement (Company’s Compensation and Rates) is provided as **Attachment 2**.

As specified in the Agreement, the RRI adjustment is the sum of the weighted average percentage change in the twelve (12) month annual average of the specified indices for each of the following cost categories:

- Labor;
- Fuel;
- Vehicle Replacement;
- Vehicle Maintenance; and
- All Other.

The RRI also provides for adjusting the Disposal Fee and Organic Waste Processing Fee based on the change in the associated tipping fees. A copy of Exhibit 2 – Refuse Rate Index is provided as **Attachment 3**.

Section 6.3 of the Agreement (RRI Financial Information) states that:

- “On or before September 1, 2011, and annually thereafter during the term of this Agreement, the Company shall deliver to the District information for the specific services performed under this Agreement for the preceding Agreement Year. Such financial information shall be in a format as set forth in Exhibit 2, or as may be further revised by the District from time to time. If the Company fails to submit the financial information in the required format by September 1<sup>st</sup>, it is agreed that the Company shall be deemed to have waived the RRI adjustment for that year...”

The Company submitted an electronic copy of its 2019 Rate Adjustment Application to the District on August 29, 2018.

## Balancing Account Calculation

The balancing account was established to provide a mechanism for distributing recyclable material sales revenues between the Company and the District’s ratepayers. Recycling revenues have been calculated for each year, starting with 2008 using the specified methodology, and each calculated amount is compared to the “base” projected revenue amount. The difference between projected revenues and the established “base” revenue amount is accounted for in the Balancing Account as either revenue due to the District (if calculated recycling revenues are higher than the projected amount), or revenue due to the Company (if calculated recycling revenues are lower than the projected amount). The balancing account amount is factored into the rate adjustment every five years, most recently as part of the 2018 RRI rate adjustment. The Balancing Account balance due to the District for the five-year period ending December 31, 2017 was \$81,887 or \$16,378 annually. This was equivalent to a 0.15% rate reduction, which was spread across the five-year period from 2018 to 2022. The next balancing account adjustment will be made as part of setting the rates for 2023.

**Attachment 4** provides the language in the Agreement related to the Balancing Account. The referenced OBM index stopped reporting newspaper (ONP #8) prices as of July 2018, which precludes the ability to calculate the balancing account monthly revenues starting July 2017 based on the specified methodology.

**Attachment 5** includes the 2017 balancing account balance of approximately \$138,000 due the Company, assuming no revenues for newspaper for July through December 2017. **Attachment 5** also includes a calculated balancing account balance of approximately \$64,000 due the District, assuming a net revenue per ton for newspaper for July through December 2017 equal to the average newspaper price for January through June 2017, which may be more representative of actual newspaper prices for that period. The 2017 balancing account calculation does not impact the current rate adjustment; however, a determination will need to be made as to how to project newspaper revenues to finalize the 2017 balancing account balance.

**Note:** *Mixed paper prices through August of 2018 are significantly lower than those reported for 2017, which will have a material impact on the calculated balancing account balance for 2018.*

Mr. Sandeep Karkal  
September 11, 2018  
Page 3 of 3

*Cardboard prices are also lower, although the impact of cardboard prices on the balancing account balance is significantly less than that of mixed paper.*

\* \* \* \* \*

We appreciate the opportunity to be of assistance to the District. If you have any questions regarding this submittal, please feel free to contact me by phone at (916) 782-7821, or by email at wschoen@r3cgi.com.

Sincerely,

**R3 CONSULTING GROUP**



William Schoen | Principal

**Attachments:**

- 1 Company's and R3's Adjusted Calculation
- 2 Exhibit 2 – Refuse Rate Index
- 3 Article 6 – Company's Compensation and Rates
- 4 Exhibit 7 – Recyclable Materials Balancing Account
- 5 Balancing Account Calculations

R:\+Projects\Novato Sanitary District - 2019 RRI -\Report\Novato Sanitary District - 2019 RRI - 091118.docx

## Attachment 1

### ARTICLE 6 COMPANY'S COMPENSATION AND RATES

#### 6.1 General

The Company's compensation provided for in this article shall be the full, entire, and complete compensation due to the Company for all labor, equipment, materials, and supplies, taxes, insurance, bonds, overhead, disposal, profit, and all other things necessary to perform all the services required by this Agreement in the manner and at the times prescribed.

The Company will not look to the District for payment of any sums under this Agreement. The Company will perform the responsibilities and duties described in this Agreement in consideration of the right to charge and collect from Customers for services rendered at rates fixed by the District from time to time.

#### 6.2 Refuse Rate Index Adjustments to Service Rates

**6.2.1 Adjustments to Service Using the Refuse Rate Index (RRI).** Beginning on January 1, 2012, and annually thereafter, the Company shall, subject to compliance with all provisions of this Article, shall receive an annual adjustment in of the Service Rates as set forth in Exhibit 1 of this Agreement.

**6.2.2 RRI Adjustment.** Beginning on January 1, 2012, and annually thereafter during the term of this Agreement, the Service Rates set forth in Section 6.2.1 above shall be adjusted by the RRI adjustment set forth below. In any year that the calculation of the RRI results in a negative number, there shall be no adjustment of the Service Rates. Instead, the negative RRI number shall be added to the result of the subsequent years RRI calculation and the result shall be the RRI adjustment for that subsequent year.

**6.2.3 12-Month Annual Average.** The RRI adjustment shall be the sum of the weighted percentage change in the twelve (12) month annual average of each RRI index number between the base year, which shall be the prior preceding fiscal year ending June 30th and the preceding fiscal year ending June 30<sup>th</sup> as contained in the most recent release of the source documents listed in Exhibit 2, ("REFUSE RATE INDEX") which is attached to and included in this Agreement. Therefore, the first Service Rate adjustment will be based on the percentage changes between the twelve (12) month Annual Average of the RRI indices for the fiscal year ending June 30, 2010 and the Annual Average of the RRI indices for the fiscal year ending June 30, 2011. The RRI shall be calculated using the RRI methodology included in Exhibit 2.

#### 6.3 RRI Financial Information

On or before September 1, 2011, and annually thereafter during the term of this Agreement, the Company shall deliver to the District financial information for the specific services performed under this Agreement for the preceding Agreement Year. Such financial information shall be in the format as set forth in Exhibit 2, or as may be further revised by the District from time to time. If the Company fails to submit the

## Attachment 1

1 financial information in the required format by September 1<sup>st</sup>, it is agreed that the  
2 Company shall be deemed to have waived the RRI adjustment for that year. The  
3 Company's failure to provide the financial information shall not preclude the District  
4 from applying the RRI using the prior year's financial data, or pro forma data if no prior  
5 year financial data is available, if that application would result in a negative RRI.

6 **6.3.1** Annual Adjustments shall be made only in units of one cent (\$0.01). Fractions of  
7 less than one cent (\$0.01) shall not be considered in making adjustments. The  
8 indices shall be truncated at four (4) decimal places for the adjustment  
9 calculations.

10 **6.3.2** If the Company's failure to submit the financial information required under  
11 Section 6.3 is the result of extraordinary or unusual circumstances as  
12 demonstrated by the Company to the satisfaction of the District Manager-  
13 Engineer, the District at its sole discretion, may consider the request for the  
14 annual RRI rate adjustment.

15 **6.3.3** As of November 15, 2011, and annual thereafter during the term of this  
16 Agreement, the District Manager-Engineer shall notify the Company of the RRI  
17 adjustment to the affected service rates to take place on the subsequent January  
18 1<sup>st</sup>.

### 19 **6.4 Recyclable Materials Balancing Account**

20 Because of the variation of Recyclable Materials commodity prices, the District and the  
21 Company agree to use the Recyclable Materials Balancing Account as described in  
22 Exhibit 7.

### 23 **6.5 District or Company Requested Detailed Rate Review**

24 The District or the Company may request a Detailed Rate Review to be conducted  
25 following the procedures as specified in Exhibit 8. However, a Detailed Rate Review  
26 shall not be conducted more than once every three (3) Agreement years. A request for a  
27 Detailed Rate Review shall be made in writing at least six months prior to the January 1<sup>st</sup>  
28 rate adjustment period for the year in which the results for the Detailed Rate Review are  
29 to be applied. The Company shall pay the cost for the Detailed Compensation Review,  
30 and the cost of such a Detailed Rate Review is an allowable pass-through cost.

31

## Attachment 2

### EXHIBIT 2 Refuse Rate Index

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

1. The expenses of providing Collection Services in the Service Area for the designated fiscal period (July to June) 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 providing Collection Services in the Service Area shall be broken down into one of the following seven cost categories: Labor; Fuel; Vehicle Replacement; Maintenance, Disposal Fee, Organic Waste Processing fee, 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 are used to calculate the adjustment for each cost category of the Service Rates. The change in each index is calculated on a twelve-month fiscal period (July to June). The twelve-month average index from July 2010 to June 2011 will serve as the "First Year Index".

<u>Cost Category</u>	<u>Index</u>
<b>Labor</b>	Series ID: ceu6056210008 Production Workers-Waste Collection
<b>Fuel</b>	California No 2 Diesel Ultra Low Sulfur (0-15 ppm) <a href="http://tonto.eia.doe.gov/oog/info/wohdp/diesel.asp">http://tonto.eia.doe.gov/oog/info/wohdp/diesel.asp</a>
<b>Vehicle Replacement</b>	Series ID: pcu336211336211 Truck, bus, car and other vehicles bodies, for sale separately.
<b>Vehicle Maintenance</b>	Series ID: pcu333924333924 Parts and attachments for Industrial work trucks.
<b>Disposal Fee</b>	The per ton tip fee charged at the Disposal Facility.
<b>Organic Waste Processing Fee</b>	The per ton tip fee charged at the approved Organic Waste Processing Facility.
<b>All Other</b>	Consumer Price Index, Series ID: CUURA422SA0 CPI-All Urban Consumers, All Items, San Francisco,

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 for the Service Rates in Exhibit 1.

## Attachment 2

### EXHIBIT 2 Refuse Rate Index

<b>Operating Cost Statement - Description</b>	
<b>Operating Costs</b>	
<b>Labor:</b>	List all administrative, officer, operation and maintenance salary accounts. List payroll tax accounts directly related to the above salary accounts.
<b>Fuel:</b>	List all fuel and oil accounts.
<b>Vehicle</b>	
<b>Replacement:</b>	List all Collection and Collection related vehicle depreciation accounts. List all vehicle lease or rental accounts related to Collection or Collection related vehicles.
<b>Vehicle</b>	
<b>Maintenance:</b>	List all Collection or Collection related vehicle parts accounts.
<b>Disposal Fee:</b>	List all Landfill Disposal related accounts.
<b>Organic Waste Processing Fee:</b>	List all Organic Waste Processing related accounts.
<b>All Other:</b>	List all other expense accounts related to the services provided under this Contract. This category includes all insurance including general liability, fire, truck damage, extended coverage and employee group medical and life; 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; office supplies; postage; trade association dues and subscription; advertising; employee retirement or profit sharing contributions; and miscellaneous other expenses.

### Attachment 3

Cost Category	2019 Adjustment			
	2018 Operating Category Total	Weighted Percent of Annual Total	Index Percent Change	Weighted Adjustment Percentage
Labor Index	\$2,272,937	37.300%	0.500%	0.190%
Fuel Index	\$447,303	7.340%	22.340%	1.640%
Vehicle Replacement Index	\$244,423	4.010%	1.530%	0.060%
Vehicle Maintenance Index	\$441,471	7.250%	2.310%	0.170%
Disposal Index	\$1,033,877	16.970%	2.640%	0.450%
Organic Waste Processing Index	\$359,221	5.900%	2.630%	0.160%
All Other	\$1,294,196	21.240%	3.220%	0.680%
<b>Total</b>	<b>\$6,093,428</b>	<b>100.01%</b>		<b>3.350%</b>

**Exhibit 7**  
**Recyclable Materials Balancing Account**

**1. Recyclable Material Per Ton Net Revenue Amount.**

Fair Market Value - For purposes of forecasting recyclable material net revenues for 2008, the Company shall use the calculated fair market value of recyclable material revenues for 2006, which shall equal the annual total of the fair market value for such material for each month times the associated monthly tonnage collected or received by the Company for calendar year 2006, times any applicable growth rate (the 2006 Projected Revenues). A similar methodology will be used for purposes of forecasting recyclable material sales revenues for subsequent years. That fair market value shall be calculated as follows:

- a. The fair market value of net revenue paid by related parties to the Company for recyclable materials net of processing costs, and any and all other costs (the Per Ton Net Revenue Amount), shall initially be set at \$44.85 per ton effective July 2005. This initial Per Ton Net Revenue Amount will be adjusted on a monthly basis, as described below.
- b. The prior month Per Ton Net Revenue Amount shall be adjusted for purposes of establishing the Per Ton Net Revenue Amount for the current month based on changes to the Official Board Markets Transacted Paper Stock Prices (OBM Index Prices) as reported for "San Francisco" as follows:
  - i. The starting point for the Per Ton Net Revenue Amount shall be \$44.85 per ton effective July 2005.
  - ii. The Per Ton Net Revenue Amount shall be adjusted monthly based on changes to the OBM Index Prices for Mixed Paper, #8 Newspaper and OCC as reported in the first weekly OBM issue of each month. The OBM Index Prices for each of these commodities shall be set at the average of the high and low prices reported each month, which are \$67.50, \$87.50 and \$87.50 respectively for July 2005.
  - iii. The weighted average percentages for Mixed Paper, #8 Newspaper and OCC for purposes of applying the OBM Index Prices shall be 46%, 46% and 8% respectively.
  - iv. Every month, one hundred percent (100%) of the weighted average O.B.M. index price adjustment (up or down) compared to the previous month shall be added or subtracted from the prior month Per Ton Revenue Amount for purposes of establishing the Per Ton Revenue Amount for each month.
- c. Example: The OBM Index Price adjustments from July 2005 to August 2005 for Mixed Paper, #8 Newspaper and OCC were -\$10/ton, -\$5/ton and -\$10/ton respectively. Applying the above referenced weighted average by material type, the price change July to August is -\$9.00/ton. The Per Ton Net Revenue Amount for July 2005 would decrease from \$44.85 to \$35.85 which is the Per Ton Net Revenue Amount for August 2005.

**Exhibit 7**  
**Recyclable Materials Balancing Account**

- d. The calculated Per Ton Net Revenue Amount for each month shall be applied to all tonnages collected or received by the Company through the recycling program and delivered to related parties for processing for that month, including any and all processing residue, contaminants, non-processable or other material tonnages.
- e. Notwithstanding any provision of this Agreement to the contrary, at no time shall the Per Ton Net Revenue Amount paid by a related party be less than \$10 per ton (The Floor Price) nor more than \$80 per ton (The Ceiling Price) – The Floor Price and Ceiling Price shall be adjusted for the full impact of any change in the CRV value as provided for below.
- f. In the event of any future changes to the California Redemption Value (CRV) paid by the State of California, the Per Ton Net Revenue Amount shall be adjusted to account for that relative impact on the Per Ton Net Revenue Amount. That impact shall be determined by multiplying the total applicable CRV tons for the prior 12 months times the applicable net change in CRV per ton revenue to project the total additional annual CRV revenue. This total additional annual CRV revenue shall then be divided by the total tonnage collected or received by the Company through the recycling program for the prior 12 months to determine the net additional per ton revenue amount that shall be added to the calculated Per Ton Net Revenue Amount going forward. The parties agree that should the CRV value be adjusted on or after July 1, 2007, as provided for in the California Beverage Container Recycling and Litter Reduction Act, allowances will be made to the rates that are set for 2008 and beyond to fully account for this change, notwithstanding any provision of this Agreement to the contrary.

**2. Balancing Account Calculation for Recyclable Materials.**

Because of the potential volatility of recyclable material prices, the District and the Company agree to establish a Balancing Account for recyclable material sales revenue. The Balancing Account amount will be based on the difference between the projected revenues for each year (as calculated using the above methodology) and the calculated revenues for that year (i.e., the annual total of the actual monthly tonnage times the calculated Per Ton Revenue Amount for each month using the methodology described above).

- a. For purposes of tracking the Balancing Account amount, the Company shall provide the District with an annual report that includes:
  - i. A copy of the OBM Index Prices as reported in the first issue of each month;
  - ii. The total commingled recyclable tonnage delivered to any related party for processing;
  - iii. The calculated current month Per Ton Revenue Amount and the calculation used to determine that amount;
  - iv. The total monthly Calculated Revenue equal to the total tonnage collected or

## Attachment 4

### Exhibit 7 Recyclable Materials Balancing Account

- received by the Company through the recycling program and delivered to the related parties for processing times the calculated monthly Per Ton Revenue Amount); and
- v. All prior year to date monthly figures for the calendar year for items (ii) through (iv) above.
- b. The net cumulative Balancing Account amount for 2008 through 2011 shall be accounted for in full in setting the rates for Calendar Year 2013 as follows:
    - i. The net cumulative Balancing Account will be divided by five (to account for rates in 2013, 2014, 2015, 2016 and 2017) (the annualized Balancing Account amount);
    - ii. The Company's fiscal year 2011 audited financial statement rate revenue will be divided by the annualized Balancing Account amount to calculate the annualized Balancing Account rate adjustment; and
  - c. The calculated RRI rate adjustment for 2013 will be adjusted up (if the Balancing Account amount is due to the Company) or down (if the Balancing Account amount is due to the District) by the annualized Balancing Account rate adjustment, which shall be carried forward through rate year 2016.
  - d. The net cumulative Balancing Account amount for 2012 through 2016 shall be accounted for in full in setting the rates for Calendar Year 2018 by dividing that amount by five (to account for rates in 2018, 2019, 2020, 2021 and 2022) and applying the same rate adjustment methodology specified for Calendar Year 2013 in Section 6.6.6.2.2 above.
  - e. The net cumulative Balancing Account amount for 2017 through 2021 shall be accounted for in full in setting the rates for Calendar Year 2023 by dividing that amount by three (to account for rates in 2023, 2024 and 2025) and applying the same rate adjustment methodology specified for Calendar Year 2013 in Section 6.6.6.2.2 above.
  - f. The cumulative balancing account amount for Calendar Years 2022 through 2025 shall be paid by the applicable party to the other party in no less than equal annual payments over a period of no more than four years starting January 1, 2026, without interest.
  - g. In the event that a Detailed Rate Review is conducted the impact of the Balancing Account will be factored into the associated rate adjustment for that year in the same manner specified for Calendar Year 2013 in Section 6.6.6.2.2 above.
  - h. Exit Clause. -The parties agree that the proposed methodology is intended to provide a reasonable projection of the fair market value of revenues paid by third parties to the Company. Recyclable material commodity prices can, however, be extremely volatile and factors other than those accounted for in the proposed methodology may impact the fair market value of revenues. To provide a contingency for such potential

## Attachment 4

### Exhibit 7 Recyclable Materials Balancing Account

events, each party shall have the right to terminate the use of the methodology for establishing the monthly Per Ton Revenue Amount described in this Section at any time during the term of this Agreement at either party's sole discretion. The notification shall be in writing and shall be effective thirty calendar days after receipt. The exercising of said option shall not remove either party's obligation to the other party for any Balancing Account balance at the time said option is exercised and becomes effective.

- i. In the event that either party exercises its option to terminate the methodology for establishing the Per Ton Revenue Amount, the parties agree to negotiate a new methodology that is acceptable to both parties. In the event that the parties cannot agree on acceptable changes to the methodology, the fair market value will be based on a review of actual related recyclable material sales revenues and related processing expenses.

1

	A	B	E	I	J	M	N	O	P	Q	R	S	T	V	AI	AJ	AI					
13	<b>San Francisco OBM Prices</b> (average of high & low) <sup>(1)</sup>																					
	<b>Per Ton Net Revenue Amount</b>										<b>Mixed Paper</b>			<b>#8 NP</b>			<b>OCC</b>			<b>Price Variance vs. Prior Month Adjustment</b>		
14											46%			46%			8%					
15	weighted %=																					
297	<b>2017</b>																					
298	Jan	\$71.19	\$97.50	\$100.00	\$100.00	\$120.00	\$2.30	\$2.30	\$2.30	\$0.80	\$5.40	1,114	\$	79,338								
299	Feb	\$78.54	\$100.00	\$110.00	\$140.00	\$1.60	\$1.60	\$1.60	\$1.60	\$1.60	\$7.35	1,002	\$	78,705								
300	Mar	\$80.94	\$100.00	\$110.00	\$170.00	\$2.40	\$2.40	\$2.40	\$2.40	\$2.40	\$2.40	899	\$	72,790								
301	Apr	\$55.14	\$72.50	\$87.50	\$135.00	-\$12.65	-\$10.35	-\$10.35	-\$10.35	-\$10.35	-\$25.80	1,001	\$	55,173								
302	May	\$55.14	\$72.50	\$87.50	\$135.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	838	\$	46,179								
303	Jun	\$61.74	\$77.50	\$92.50	\$160.00	\$2.30	\$2.30	\$2.30	\$2.30	\$2.30	\$6.60	979	\$	60,458								
304	Jul	\$10.00	\$0.00	\$0.00	\$165.00	-\$35.65	-\$42.55	-\$42.55	-\$42.55	-\$42.55	-\$77.81	889	\$	8,893								
305	Aug	\$10.00	\$0.00	\$0.00	\$155.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-\$0.80	907	\$	9,072								
306	Sep	\$10.00	\$0.00	\$0.00	\$130.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-\$2.00	937	\$	9,372								
307	Oct	\$10.00	\$0.00	\$0.00	\$67.50	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-\$5.00	760	\$	7,602								
308	Nov	\$10.00	\$0.00	\$0.00	\$110.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3.40	908	\$	9,083								
309	Dec	\$10.00	\$0.00	\$0.00	\$110.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	858	\$	8,576								
310																						
311	(1) First weekly OBM issue of each month																					
312	Floor per ton = \$10.00 Max = \$80.00 (to be adjusted fr																					
313																						
314																						
315																						
316																						
317																						
318																						
319																						
320																						

2017 Balancing Account Calculated Revenues = **\$ 445,242**  
 2017 Projected Recyclable Materials Revenue = 542,420  
 July 1, 2007 CRV Adjustment = 40,664  
 Total 2017 Balancing Account Projected Revenues = **583,084**  
 2017 Balancing Account Due to District (Company) = **(137,842)**

**NET BALANCING ACCOUNT FOR 2017-2017 DUE TO DISTRICT (COMPANY) = (137,842)**

**Note: Calculated value of (\$137,842) does not include estimated #8 NP values, July-Dec 2017. Adjusted estimated amount incorporating these values is provided on next page.**

	A	B	E	I	J	M	N	O	P	Q	R	S	T	V	AI	AJ	AK
13	<b>San Francisco OBM Prices</b> (average of high & low) <sup>(1)</sup>																
	<b>Price Adjustment</b>																
	<b>Variance vs. Prior Month</b>																
14	<b>Per Ton Net Revenue Amount</b>																
15	<b>Mixed Paper</b>																
297	2017																
298	weighted %=																
299	46%																
300	46%																
301	8%																
302	8%																
303	8%																
304	8%																
305	8%																
306	8%																
307	8%																
308	8%																
309	8%																
310	8%																
311	8%																
312	8%																
313	8%																
314	8%																
315	8%																
316	8%																
317	8%																
318	8%																
319	8%																
320	8%																
	<b>Per Ton Net Revenue Amount</b>																
	<b>Mixed Paper</b>																
	<b>#8 NP</b>																
	<b>OCC</b>																
	<b>100%</b>																
	<b>Total Tons</b>																
	<b>Total Revenue</b>																
	<b>Price Adjustment</b>																
	<b>2017 Balancing Account Calculated Revenues =</b>																<b>\$ 647,095</b>
	<b>2017 Projected Recyclable Materials Revenue =</b>																542,420
	<b>July 1, 2007 CRV Adjustment =</b>																40,664
	<b>Total 2017 Balancing Account Projected Revenues =</b>																<b>583,084</b>
	<b>2017 Balancing Account Due to District (Company)</b>																<b>64,010</b>
	<b>NET BALANCING ACCOUNT FOR 2017-2017 DUE TO DISTRICT (COMPANY) =</b>																<b>64,010</b>

<sup>(1)</sup> First weekly OBM issue of each month  
Floor per ton = \$10.00 Max = \$80.00  
(to be adjusted for any change in CRV)

Jan-Jun Average = **\$97.92**