



July 18, 2018

Ms. Cheri Donnelly
Environmental Programs Manager
City of Cupertino
10300 Torre Ave
Cupertino, CA 95014

RE: Recology Organics Adjustment-Section 12.4 for Calendar Year 2017

Dear Cheri:

Per Section 12.4 of the franchise agreement for additional processing cost of the commercial organic tons for calendar year 2017, Recology is requesting an additional \$8,023 for the increased tonnage of 573 tons over calendar year 2016.

Attached please find the summary cost for the additional tonnage and hauling cost.

Please feel free to contact me at 408-588-7224 with any questions.

Thank you

A handwritten signature in blue ink, appearing to read 'J. Zirelli', is written over the printed name.

John Zirelli
General Manager
Recology South Bay

CC: Roger Lee
Carl Minnie



Cupertino Commercial Organics Processing Rate Request - Section 12.4

Year Over Year Revenue Change Impact on Processing Revenue			
Calendar Year 2016 Commercial and MFD Revenue		\$	8,762,942
Calendar Year 2017 Commercial and MFD Revenue		\$	9,172,364
YOY Increase		\$	409,422
12% of Revenue Increase for Increase in Organic Processing		\$	49,131

Organics Data 2017 vs 2016			
Commercial Processing Cost	2016 - 6,990 tons at \$66.32/ton	\$	463,577
	2017 - 7,563 tons at \$68.42/ton	\$	517,460
	Processing Cost Increase	\$	53,884
Hauling Cost	2016 - 6,990 tons at \$16.82/ton	\$	117,572
	2017 - 7,563 tons at \$17.35/ton	\$	131,218
	Hauling/Loading Cost Increase	\$	13,646
Compost Sales	2016 - 9,485 cubic yards at \$9.48/yd	\$	89,918
	2017 - 10,255 cubic yards at \$9.78/yd	\$	100,294
	Subtract Added Sales Revenue	\$	(10,376)
Program Cost Increase for Increased Tons			
=Processing + Hauling - Compost Sales		\$	57,154
Less 12% of Increased Revenue		\$	(49,131)
Net Increase in Organic Program Cost		\$	8,023