



March 29, 2019

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

RE: Special Maximum Rate Adjustment per Section 12.4

Dear Cheri:

Per Section 12.4 of the franchise agreement for additional processing cost of the commercial organic tons for calendar year 2018, Recology is requesting an additional \$8,791 for the increased tonnage of 292 tons over calendar year 2017 (Attachment A)

Please feel free to contact me at 408-961-1227 with any questions.

Thank you

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

John Zirelli
General Manager
Recology South Bay

CC: Roger Lee
Carl Mennie



Cupertino Commercial Organics Processing Rate Request - Section 12.4

Attachment A

Year Over Year Revenue Change Impact on Processing Revenue	
Calendar Year 2017 Commercial and MFD Revenue	\$ 9,172,364
Calendar Year 2018 Commercial and MFD Revenue	\$ 9,429,106
YOY Increase	\$ 256,742
12% of Revenue Increase for Increase in Organic Processing	\$ 30,809

Organics Data 2018 vs 2017			
Commercial Processing Cost	2017 - 7,563 tons at \$68.42/ton	\$	517,460
	2018 - 7,855 tons at \$70.64/ton	\$	554,877
	Processing Cost Increase	\$	37,417
Hauling Cost	2017 - 7,563 tons at \$17.35/ton	\$	131,218
	2018 - 7,855 tons at \$17.91/ton	\$	140,683
	Hauling/Loading Cost Increase	\$	9,465
Compost Sales	2017 - 10,255 cubic yards at \$9.78/yd	\$	100,294
	2018 - 10,651 cubic yards at \$10.10/yd	\$	107,575
	Subtract Added Sales Revenue	\$	(7,281)
Program Cost Increase for Increased Tons			
=Processing + Hauling - Compost Sales		\$	39,601
Less 12% of Increased Revenue		\$	(30,809)
Net Increase in Organic Program Cost		\$	8,791