

# Rate Increase - 2012

Two agencies asking for rate increase



# Rate Increase - 2012



***What % of rate increase is attributable to South Bay Recycling LLC, and what % is attributable to Recology San Mateo County?***

# LLC



## Business Entity Detail

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Data is updated weekly and is current as of Friday, September 30, 2011.  
record of the entity.

<b>Entity Name:</b>	SOUTH BAY RECYCLING, LLC
<b>Entity Number:</b>	200805710227
<b>Date Filed:</b>	02/26/2008
<b>Status:</b>	ACTIVE
<b>Jurisdiction:</b>	CALIFORNIA
<b>Entity Address:</b>	9189 DE GARMO AVE
<b>Entity City, State, Zip:</b>	SUN VALLEY CA 91352
<b>Agent for Service of Process:</b>	JOHN RICHARDSON
<b>Agent Address:</b>	9189 DE GARMO AVE
<b>Agent City, State, Zip:</b>	SUN VALLEY CA 91352



## Business Entity Detail

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Data is updated weekly and is current as of Friday, September 30, 2011.  
record of the entity.

<b>Entity Name:</b>	POTENTIAL INDUSTRIES, INC.
<b>Entity Number:</b>	C0731730
<b>Date Filed:</b>	03/03/1975
<b>Status:</b>	ACTIVE
<b>Jurisdiction:</b>	CALIFORNIA
<b>Entity Address:</b>	922 EAST E STREET
<b>Entity City, State, Zip:</b>	WILMINGTON CA 90744
<b>Agent for Service of Process:</b>	HENRY J. CHEN
<b>Agent Address:</b>	922 EAST E STREET
<b>Agent City, State, Zip:</b>	WILMINGTON CA 90744



## Business Entity Detail

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Data is updated weekly and is current as of Friday, September 30, 2011. It is not a complete or record of the entity.

<b>Entity Name:</b>	COMMUNITY RECYCLING & RESOURCE RECOVERY, INC.
<b>Entity Number:</b>	C0698234
<b>Date Filed:</b>	02/07/1974
<b>Status:</b>	ACTIVE
<b>Jurisdiction:</b>	CALIFORNIA
<b>Entity Address:</b>	9189 DE GARMO AVENUE
<b>Entity City, State, Zip:</b>	SUN VALLEY CA 91352
<b>Agent for Service of Process:</b>	THOMAS H FRY
<b>Agent Address:</b>	9189 DE GARMO AVENUE
<b>Agent City, State, Zip:</b>	SUN VALLEY CA 91352



## Business Entity Detail

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Data is updated weekly and is current as of Friday, September 30, 2011.  
record of the entity.

<b>Entity Name:</b>	CROWN DISPOSAL COMPANY, INC.
<b>Entity Number:</b>	C0538889
<b>Date Filed:</b>	01/10/1968
<b>Status:</b>	ACTIVE
<b>Jurisdiction:</b>	CALIFORNIA
<b>Entity Address:</b>	9189 DE GARMO AVE
<b>Entity City, State, Zip:</b>	SUN VALLEY CA 91352
<b>Agent for Service of Process:</b>	THOMAS H FRY
<b>Agent Address:</b>	9189 DE GARMO AVE
<b>Agent City, State, Zip:</b>	SUN VALLEY CA 91352



LLC = *Pass through profits*

Where are the profits going?

What is the profit margin?



# Who is South Bay Recycling LLC?

- Articles of Organization
- Certificate of Formation
- Operating Agreement





**To what degree does rate increase for South Bay Recycling LLC pay for other services in other corporations?**



**To what degree does rate increase for South Bay Recycling LLC pay for SBWMA's program budget, as mentioned in their compensation application?**



**Does the Program budget include salaries?**

# Franchise Agreement



## ARTICLE 11 CONTRACTOR'S COMPENSATION, PASS-THROUGH COSTS, AND RATES

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### 11.01 OVERVIEW

A. Contractor's Compensation includes three components:

1. Annual Cost of Operations. These include the cost of labor, equipment, materials and supplies, fuel, insurance, bonds, taxes, overhead and all other costs necessary to perform all the services required, in the manner required, by this Agreement, with the exception of costs identified in subsection A.3.
2. Profit. Contractor's profit is determined by applying the Operating Ratio of ninety and one-half percent (90.5%) to annual costs of operation described in subsection A.1.
3. Contractor Pass-Through Costs. These consist of costs which Contractor is obligated to pay but on which Contractor does not earn a profit and currently consist of: (i) interest; and (ii) regulatory agency fees.

**Table 5 – Summary of Adjusted 2011 Costs to 2012 Costs**

	Costs - 2011	Costs - 2012	% of Total Cost	Change	% Change
<b>Total Annual Cost of Operations</b>	<b>44,029,869</b>	<b>46,237,607</b>	86.7%	<b>2,207,738</b>	<b>5.0%</b>
<b>Profit</b>	<b>4,621,920</b>	<b>4,853,671</b>	<b>9.1%</b>	<b>231,751</b>	<b>5.0%</b>
<b>Operating Ratio</b>	90.5%	90.5%			
<b>Total Operating Costs</b>	<b>48,651,789</b>	<b>51,091,278</b>	95.8%	<b>2,439,489</b>	<b>5.0%</b>
<b>Contractor Pass-Through Costs</b>					
Interest Expense	3,010,779	2,763,885	5.2%	(246,894)	
Interest Expense on Implementation Cost	99,342	91,195	0.2%	(8,146)	
Adjustment for Public Schools		(205,014)		(205,014)	
Contract Changes to Specific Agencies	(378,157)	(409,115)	-0.8%	(30,958)	
<b>Total Contractor Pass-Through Costs</b>	<b>2,731,964</b>	<b>2,240,951</b>	<b>4.2%</b>	<b>(491,012)</b>	<b>-18.0%</b>
<b>TOTAL CONTRACTOR'S COMPENSATION</b>	<b>51,383,753</b>	<b>53,332,230</b>	100.0%	<b>1,948,477</b>	<b>3.8%</b>
excludes Agency specific contract changes					



Recology Profit 2012 = **\$4,853,671**

	Costs - 2011	Costs - 2012
<b>Total Annual Cost of Operations</b>	44,029,869	46,237,607
<b>Profit</b>	4,621,920	4,853,671
<b>Operating Ratio</b>	90.5%	90.5%
<b>Total Operating Costs</b>	48,651,789	51,091,278

# Questions?



Contact David at  
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