Processing Fee and Handling Fee Cost Survey  
2010 Recycler Costs by Category and Strata

**Attachment A** provides the requested recycler cost data by category and strata. For comparison purposes, the data are provided for the 99 processing fee recyclers and the 94 handling fee recyclers surveyed for the handling fee cost survey, cost per container calculations. (See the Handling Fee Cost Survey Final Report for strata definitions and sample sizes).

The attached tables provide the percent of total CRV costs for both recycler types and for each strata, and for all 99 PF and 94 HF recyclers. For both types of recyclers (PF and HF), all non-CRV costs are excluded from this analysis, just as they were excluded from the cost per container calculations.

**Attachment B** provides general descriptions of financial line items included in each cost category. Based on these definitions, some items could be assigned to more than one category – for example auto fuel could go under General Business Overhead, Transportation, or Fuel. The final categories are assigned based on the professional judgment of the survey team and reviewers, but any financial line item is only counted once. There are several non-allowable cost categories that are not included, as identified in the attached document. Inclusion or exclusion of cost categories are based on statute (Section 14575) and/or regulation (Subsections 2960 and 2965).
### Processing Fee Recyclers (PF for HF) CRV Costs by Category and Strata, 2010 Cost Survey

<table>
<thead>
<tr>
<th>Cost Category</th>
<th>Percent of Total CRV Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of Sites</td>
</tr>
<tr>
<td>1 Labor</td>
<td>47.62%</td>
</tr>
<tr>
<td>2 All Other Labor</td>
<td>7.93%</td>
</tr>
<tr>
<td>3 General Business Overhead(^a)</td>
<td>9.00%</td>
</tr>
<tr>
<td>4 Transportation(^b)</td>
<td>3.07%</td>
</tr>
<tr>
<td>5 Rent</td>
<td>11.31%</td>
</tr>
<tr>
<td>6 Depreciation</td>
<td>2.99%</td>
</tr>
<tr>
<td>7 Property Taxes</td>
<td>0.52%</td>
</tr>
<tr>
<td>8 Utilities</td>
<td>3.15%</td>
</tr>
<tr>
<td>9 Supplies</td>
<td>4.12%</td>
</tr>
<tr>
<td>10 Fuel</td>
<td>1.27%</td>
</tr>
<tr>
<td>11 Insurance</td>
<td>2.62%</td>
</tr>
<tr>
<td>12 Interest</td>
<td>1.00%</td>
</tr>
<tr>
<td>13 Maintenance</td>
<td>5.40%</td>
</tr>
</tbody>
</table>

**Total CRV Costs**: 100.00% 100.00% 100.00% 100.00%

\(^a\) There is a difference between Labor and General Business Overhead percentages for Strata 2 and Strata 3 PF and HF recyclers due to the way the data from the corporate, primarily C2Z, recyclers was provided; in some cases we classified corporate office labor as General Business Overhead, rather than Labor, shifting costs from labor to the GBO category.

\(^b\) Transportation percentages for PF recyclers tend to be lower because many of these recyclers pay for transportation through a reduced scrap value, i.e. the processor picks up the material, and pays less in scrap than they would have if the recycler had transported the material themselves. This transportation cost is accounted for in the scrap value survey.

### Handling Fee Recyclers (HF for HF) CRV Costs by Category and Strata, 2010 Cost Survey

<table>
<thead>
<tr>
<th>Cost Category</th>
<th>Percent of Total CRV Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of Sites</td>
</tr>
<tr>
<td>1 Labor</td>
<td>50.17%</td>
</tr>
<tr>
<td>2 All Other Labor</td>
<td>7.28%</td>
</tr>
<tr>
<td>3 General Business Overhead(^a)</td>
<td>9.27%</td>
</tr>
<tr>
<td>4 Transportation(^b)</td>
<td>11.53%</td>
</tr>
<tr>
<td>5 Rent</td>
<td>8.74%</td>
</tr>
<tr>
<td>6 Depreciation</td>
<td>3.75%</td>
</tr>
<tr>
<td>7 Property Taxes</td>
<td>0.14%</td>
</tr>
<tr>
<td>8 Utilities</td>
<td>1.28%</td>
</tr>
<tr>
<td>9 Supplies</td>
<td>2.85%</td>
</tr>
<tr>
<td>10 Fuel</td>
<td>0.39%</td>
</tr>
<tr>
<td>11 Insurance</td>
<td>1.97%</td>
</tr>
<tr>
<td>12 Interest</td>
<td>0.03%</td>
</tr>
<tr>
<td>13 Maintenance</td>
<td>2.60%</td>
</tr>
</tbody>
</table>

**Total CRV Costs**: 100.00% 100.00% 100.00% 100.00%
## Processing Fee and Handling Fee Cost Categories

### Allowable Costs:

1. **Labor**
   - Contract (or outside) labor
   - Direct labor
   - Officer’s salary
   - Overtime, holiday, vacation pay
   - Owner’s net income
   - Temporary service (contract, office, site)
   - Wages (administration, field supervisors, site, truck drivers)

2. **All Other Labor/Overhead**
   - Accrued vacation and holidays
   - Employee benefits (pension (401k), profit sharing, union)
   - Employee welfare
   - Group insurance
   - Insurance (dental, health, legal, vision, life)
   - Payroll taxes (FICA, Medicare, FUTA)
   - Retirement
   - Unemployment tax
   - Union benefits
   - Workers compensation insurance

3. **General Business Overhead**
   - Accounting, bookkeeping, and audit fees
   - Advertising/promotion
   - Automobile (fuel, payments)
   - Auto fuel
   - Automobile
   - Bad debt accrual
   - Bank charges and fees
   - Business meals
   - Cash over/short
   - City franchise tax
   - Computer expense
   - Consulting fees
   - Credit card fees
   - Dues/subscriptions
   - Laundry
   - Legal and professional services
   - Licenses/permits
   - Meals/entertainment/meetings

### Miscellaneous
- Outside services (other than contract labor)
- Payroll processing fees
- Pension administrative fees
- Postage/courier
- Printing
- Professional fees
- Reproduction (faxes, printing, Xerox)
- Safety awards
- Security (alarms, dogs)
- Service (exterminator, janitorial, lab analysis, laundry)
- Site mileage – auto
- Taxes/licenses/permits (business)
- Telephone/fax
- Training/recruiting expenses
- Travel/relocation expenses
- Voucher redemption fees

4. **Transportation**
   - Auto/Truck expense
   - Auto/Truck fuel
   - Freight Out (excluding scrap value deduction)
   - Fuel
   - Gas, diesel, oil, and tires
   - Hauling
   - Insurance (auto, truck)
   - Lease
   - Mileage
   - Permits/registration/license/taxes (auto, truck)
   - Road expense (truck driver)
   - Service (outside maintenance)
   - Tolls
   - Truck (maintenance/repair, outside service, registration)
   - Weight fees
5. **Rent**
   - Building
   - Equipment
   - Facilities
   - Property/site
   - Vehicles (trucks, autos, forklifts)

6. **Depreciation**
   - Amortization
   - Depreciation expense
   - Schedule 179 deduction

7. **Property Taxes**
   - Property tax
   - Unsecured property tax

8. **Utilities**
   - Gas
   - Electricity
   - Refuse collection (trash, garbage, waste, disposal)
   - Sewer
   - Water

9. **Supplies**
   - Baling and packing supplies
   - Parts
   - Printing and stationary
   - Safety equipment and items
   - Shop supplies
   - Small equipment
   - Small tools
   - Uniforms
   - Yard supplies

10. **Fuel**
    - Fluids, gas, oil, and lubricants
    - Gasses
    - Propane
    - Yard fuel

11. **Insurance**
    - Business
    - Fire
    - Group
    - Liability
    - Property

12. **Interest**
    - Interest (loan, mortgage, notes payable)

13. **Maintenance**
    - Building, facility, and property
    - Equipment
    - Painting
    - Radio maintenance
    - Repairs and maintenance
    - Scale expense – repairs

**Non-Allowable Costs**
1. Brokering activities/commissions
2. Charitable contributions/donations
4. Exclusivity or incentive payments – (supermarket contract)
5. Litigation
6. Lobbying
7. Penalties (imposed by government/business)
8. Promotion items increasing scrap value, and other incentives
9. Royalty expense
10. Scrap value deduction
11. Scrap value paid to the consumer
12. Settlements
14. Shrink (also called shrinkage, moisture short, inventory change – refers to difference in CRV payments recycler makes to customer, and processor makes to recycler)
15. Taxes (income and sales)