



**Date:** June 26, 2014  
**To:** Patrick H. West, City Manager  
**From:** Laura L. Doud, City Auditor *ld*  
**Subject:** Audit of Hauler Fee Payments

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Our office retained the firm of HF&H Consultants, LLC (HF&H) to audit the largest refuse haulers to verify that payment of AB939 fees and franchise fees were remitted to the City in accordance with the associated contracts, which are overseen and managed by the Department of Public Works (Department). The scope of the audit was calendar year 2011, 2012, and the first six month of 2013. Results of the audit are detailed in Attachments 1 through 5.

As illustrated in Table 1, Consolidated Disposal Service (CDS), Universal Waste Systems (UWS) and Waste Management (WM) owe the City \$60,935 in under paid fees and associated late charges. All three haulers concur with the audit findings and are in the process of remitting payment to the City.

Table 1  
CDS, UWS and WM - Total Fees Due the City  
2011, 2012 and first six months of 2013

Attachment	Hauler	Total Fees Due the City
1	Consolidated Disposal Service (CDS)	\$ 648
2	Universal Waste Systems (UWS)	4,553
3	Waste Management (WM)**	55,733
Total Fees Owed to City		\$ 60,934

\*\* The WM fees due includes reimbursement for the cost of the audit per Section 10.2.6 of the related contract.

The remaining two haulers, BZ Disposal and Signal Hill Disposal, are both subsidiaries of EDCO Disposal Corporation (EDCO). HF&H found that during the audit period, both EDCO companies made payments to the City routinely late in 24 of the 30 months reviewed, resulting in a significant assessment of late payment charges totaling \$133,755, as illustrated in Table 2. However, late payment contract terms were not enforced at the time the late payments occurred, therefore resulting in \$133,755 of lost revenue to the City.

**Table 2**  
**EDCO Subsidiaries - Late Charges Due the City**  
**2011, 2012 and first six months of 2013**

Attachment	Hauler	Late Charges Due the City
4	BZ Disposal	\$ 70,611
5	Signal Hill Disposal, LLC	63,144
		<u>\$ 133,755</u>

As illustrated in Table 3, EDCO – BZ Disposal overbilled the City for green waste roll-off loads by \$3,698. Further, the hauler inadvertently included green waste receipts in the calculation of City fees, resulting in a \$34,264 overpayment in City fees. When these amounts are netted with EDCO – BZ Disposal's late charges, the result is a net amount due the City of \$40,045, as illustrated below. However, the City and EDCO mutually agreed in writing to waive all outstanding fees and late charges for the audit period for both haulers. Further, both parties agreed that going forward, green waste receipts will be excluded in calculating fees due the City and all late payments will be subject to late charges as defined in the associated contract.

**Table 3**  
**EDCO Subsidiary - BZ Disposal**  
**Total Net Amount Due the City**  
**2011, 2012 and first six months of 2013**

Description	Amount
Overbilled City Green Waste Roll-Off Loads	\$ 3,698
Late Payment Charges (from Table 2)	70,611
<b>Total Fees Due the City</b>	<b>74,309</b>
Overpaid City Fees By BZ Disposal	(34,264)
<b>Net Amount Due the City</b>	<b><u>\$ 40,045</u></b>

**We recommend the City manage all hauler contracts more closely and enforce late payment charges to the maximum amount allowed under the associated contract and pursue collection immediately.**

cc: Bob Foster, Mayor  
City Council Members  
Ara Maloyan, Department of Public Works, Director  
Suzanne Frick, Assistant City Manager  
Charles Parkin, City Attorney  
James R. Kuhl, Environmental Services Bureau, Manager

# ATTACHMENT 1

## CONSOLIDATED DISPOSAL SERVICE

### Review of City of Long Beach fee payments for the 30 months ended June 30, 2013.

#### Summary of Findings

CDS owes a total of \$648.48 to the City for underpaid fees and late payment charges, as shown below:

Underpaid City Fees	\$506.94
Late Payment Charges and Interest	<u>141.54</u>
Total Amount Due the City	<u>\$648.48</u>

#### Procedures Performed

Consolidated Disposal Service ("CDS") is a subsidiary of Republic Services, Inc. As reflected in Table 1, CDS reported \$12,215,073.56 in gross receipts and remitted \$2,110,323.58 in AB 939 fees and franchise fees to the City. In order to verify the City fees remitted, HF&H:

- Agreed the gross receipts reported to the City for each of the 30 months to CDS's underlying system report and verified the mathematical accuracy of the amounts reported;
- Verified that payments remitted to the City for City fees were remitted on or before the due date;
- Selected a sample of approximately 77, 75 and 76 accounts for 2011, 2012 and 2013, respectively. For each account, we verified that its location was within the City of Long Beach and confirmed the proper inclusion of the selected payments in the gross receipts reported to the City.

**Table 1: Summary of Gross Receipts and AB 939 Fee and Franchise Fee Due to the City**

Description	CY 2011	CY 2012	6 Months Ended June 30, 2013	Total 30 Months Ended June 2013
<b><u>Gross Receipts</u></b>				
Refuse Routes	\$ 3,681,034.42	\$ 3,580,701.87	\$ 1,729,946.55	\$ 8,991,682.84
Recycling Routes	48,889.92	37,816.74	25,581.88	112,288.54
Rolloff Routes	1,130,859.02	1,242,531.97	737,711.19	3,111,102.18
Total Gross Receipts, As Reported	4,860,783.36	4,861,050.58	2,493,239.62	12,215,073.56
Adjustment to Gross Receipts	510.11	-	2,362.79	2,872.90
Adjusted Gross Receipts	\$ 4,861,293.47	\$ 4,861,050.58	\$ 2,495,602.41	\$ 12,217,946.46
<b><u>City Fees</u></b>				
AB 939 Fee	\$ 388,903.48	\$ 388,884.04	\$ 199,648.18	\$ 977,435.70
Franchise Fee	397,729.48	486,105.07	249,560.27	1,133,394.82
Recalculated City Fees	786,632.96	874,989.11	449,208.45	2,110,830.52
City Fees Remitted	786,551.34	874,989.11	448,783.13	2,110,323.58
Fees Due To City before Late Payment Charges	\$ 81.62	\$ -	\$ 425.32	\$ 506.94
Late Payment Charges				
Basic Penalty (10%)	8.16	-	42.53	50.69
Late Payment Interest (1.5% per month) <sup>(1)</sup>	41.75	-	49.10	90.85
Late Payment Charges	49.91	-	91.63	141.54
Total City Fees and Late Payment Charges Due to the City	\$ 131.53	\$ -	\$ 516.95	\$ 648.48

<sup>(1)</sup> The late payment interest of 1.5% per month is calculated through December 2013. See Exhibit 1 for the calculation of the interest charge.

## ATTACHMENT 1

### Adjustments

Each month, CDS calculated and deducted gross receipts received from accounts with service addresses outside of the City. As part of the gross receipts reporting process, the accounts included in the gross receipts are reviewed to confirm that the Long Beach accounts are properly included in the gross receipts reported to the City. If accounts are incorrectly added to Long Beach gross receipts, they are identified at this time as part of CDS control procedures. Two of the accounts for which gross receipts were deducted had service addresses that were within the City boundaries. The gross receipts for accounts with service addresses within the City that were deducted in error are shown in Table 2 and total \$2,872.90 for the review period. The City Fees related to these gross receipts total \$506.94.

**Table 2: Accounts Deducted in Error**

Month	Account and Service Address	Gross Receipts	Fee %	City Fees
April 2011	Mimi's Café 0057 – 6670 E Pacific Coast Highway	\$ 510.11	16%	\$ 81.62
March 2013	BJ's Chicago Pizzeria – 5258 E Second Street	781.86	18%	140.74
April 2013	BJ's Chicago Pizzeria – 5258 E Second Street	790.85	18%	142.36
May 2013	BJ's Chicago Pizzeria – 5258 E Second Street	790.08	18%	142.22
	<b>Total Deductions in Error</b>	<b>\$2,872.90</b>		<b>\$506.94</b>

HF&H verified that payments for these two accounts were properly reported for the months prior and subsequent to the adjusted months.

### April 2011 Reporting Adjustment (Including a Prior Period Adjustment)

Republic Services, Inc. ("Republic") and Allied Waste ("Allied") merged in December 2008. Republic and Allied maintained their accounting and gross receipts reporting systems separately until May 2009, when the accounting systems were merged. In order to verify proper accounting for gross receipts, HF&H agreed gross receipts to internal records and tested accounts within the City limits as well as accounts outside the City's borders within a selection of zip codes adjacent to City boundaries. As provided in the December 8, 2010, HF&H report titled "Audit of Consolidated Disposal Service for Calendar Years 2008 and 2009," HF&H found a significant number of accounts that were not properly reported and requested CDS staff to investigate.

As a result of that investigation and reflected in Table 3, in April 2011, CDS made a one-time adjustment to gross receipts reported to the City of \$197,651.47 for overpayments during the period from May 2009 to April 2011. This adjustment to gross receipts reduced City fees by \$31,624.23.

**Table 3: CDS Adjustment**

Description	Gross Receipts	City Fee %	Total City Fees
May 2009 - November 2009	\$ 76,803.94	12%	\$ 9,216.47
December 2009	9,605.37	16%	1,536.86
Subtotal 2009	86,409.31		10,753.33
Calendar Year 2010	115,844.59	16%	18,535.13
January 2011 - April 2011	14,598.55	16%	2,335.77
<b>Total Adjustment</b>	<b>\$ 216,852.45</b>		<b>\$31,624.23</b>
Recalculated based on 16%	\$ 197,651.44	16%	\$31,624.23
Minor Rounding	0.03	16%	-
<b>Total CDS Adjustment</b>	<b>\$ 197,651.47</b>	<b>16%</b>	<b>\$31,624.23</b>

# ATTACHMENT 1

EXHIBIT 1

## Consolidated Disposal Service City of Long Beach Gross Receipts and City Fees

Description	2011												Total
	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	
<b>Gross Receipts</b>													
Refuse Routes	\$ 292,193.60	\$ 355,458.74	\$ 409,979.19	\$ 109,588.21	\$ 319,685.38	\$ 346,973.61	\$ 309,603.24	\$ 360,144.33	\$ 284,787.88	\$ 278,030.26	\$ 263,795.24	\$ 350,899.74	\$ 3,681,034.47
Recycling Routes	6,400.65	1,281.68	5,904.95	3,335.58	4,600.27	5,258.01	3,881.13	3,659.76	4,620.82	4,444.58	3,877.31	1,623.18	48,889.92
Roll-off Routes	89,759.42	63,888.11	116,928.96	75,087.50	77,871.74	108,015.74	126,034.83	115,592.16	96,962.12	94,349.32	82,592.14	88,776.98	1,130,850.02
<b>Total Gross Receipts</b>	<b>\$ 388,353.67</b>	<b>\$ 420,628.53</b>	<b>\$ 532,813.10</b>	<b>\$ 188,611.29</b>	<b>\$ 397,157.39</b>	<b>\$ 460,247.36</b>	<b>\$ 439,519.20</b>	<b>\$ 479,396.25</b>	<b>\$ 386,365.82</b>	<b>\$ 376,824.16</b>	<b>\$ 349,764.69</b>	<b>\$ 441,299.90</b>	<b>\$ 4,861,293.47</b>
<b>Adjustment to Gross Receipts</b>													
1. Gross receipts for Long Beach customers deducted in error	-	-	-	510.11	-	-	-	-	-	-	-	-	510.11
Total Adjustment	-	-	-	510.11	-	-	-	-	-	-	-	-	510.11
<b>Adjusted Gross Receipts</b>	<b>\$ 388,353.67</b>	<b>\$ 420,628.53</b>	<b>\$ 532,813.10</b>	<b>\$ 188,921.40</b>	<b>\$ 397,157.39</b>	<b>\$ 460,247.36</b>	<b>\$ 439,519.20</b>	<b>\$ 479,396.25</b>	<b>\$ 386,365.82</b>	<b>\$ 376,824.16</b>	<b>\$ 349,764.69</b>	<b>\$ 441,299.90</b>	<b>\$ 4,861,293.47</b>
<b>City Fees</b>													
AD 939 Fee	\$ 31,068.45	\$ 33,650.28	\$ 47,625.05	\$ 15,113.71	\$ 31,772.59	\$ 36,819.79	\$ 35,161.54	\$ 38,201.70	\$ 30,909.27	\$ 30,145.93	\$ 27,981.18	\$ 35,303.99	\$ 388,903.48
Franchise Fee	31,068.45	33,650.28	47,625.05	15,113.72	31,772.59	36,819.79	35,161.53	38,351.70	30,909.26	30,145.94	27,981.17	44,129.99	397,729.48
Recalculated City Fees	62,136.91	67,300.56	95,250.10	30,227.43	63,545.18	73,639.58	70,323.07	76,703.40	61,818.53	60,291.87	55,962.35	79,433.98	786,632.96
City Fees Reverted	62,136.91	67,300.56	95,250.10	30,145.81	63,545.18	73,639.58	70,323.07	76,703.40	61,818.53	60,291.87	55,962.35	79,433.98	786,551.34
City Fees Underpaid	-	-	-	81.62	-	-	-	-	-	-	-	-	81.62
<b>Late Payment Charges</b>													
Basic Penalty (10% of Late or Underpaid City Fees)	-	-	-	8.16	-	-	-	-	-	-	-	-	8.16
Late Payment Interest <sup>(1)</sup>	-	-	-	41.75	-	-	-	-	-	-	-	-	41.75
Total Late Fee Charge	-	-	-	49.91	-	-	-	-	-	-	-	-	49.91
<b>Total City Fees and Late Payment Charges Due to the City</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 131.53</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 131.53</b>

<sup>(1)</sup> See late payment interest charge calculation below.

<b>City Fees %</b>													
AD 939 Fee	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	
Franchise Fee	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	10%	
<b>Check Information</b>													
Check Number	5855082	5902963	5972595	6090177	6070530	6118730	6164270	6221407	6269193	6321316	6399544	6418361	
Check Date	2/9/2011	3/7/2011	4/18/2011	5/19/2011	6/17/2011	7/13/2011	8/10/2011	9/16/2011	10/11/2011	11/16/2011	12/13/2011	1/19/2012	
First Day of Month	1/1/2011	2/1/2011	3/1/2011	4/1/2011	5/1/2011	6/1/2011	7/1/2011	8/1/2011	9/1/2011	10/1/2011	11/1/2011	12/1/2011	
Payment Days Requirement	60	60	60	60	60	60	60	60	60	60	60	60	
Due Date	3/2/2011	4/2/2011	4/30/2011	5/31/2011	6/30/2011	7/31/2011	8/30/2011	9/30/2011	10/31/2011	11/30/2011	12/31/2011	1/30/2012	
Days Late	-	-	-	-	-	-	-	-	-	-	-	-	

Conclusion: CDS payments were made prior to the due date.

<b>Interest Calculation</b>													
Basic Penalty (10% of Late or Underpaid City Fees)	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	
Late Payment Interest per Month	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	
Number of Months Late through December 2013	34	33	32	31	30	29	28	27	26	25	24	23	
Total Interest Based on the Number of Months Late	51.0%	49.5%	48.0%	46.5%	45.0%	43.5%	42.0%	40.5%	39.0%	37.5%	36.0%	34.5%	
City Fees Underpaid plus Basic Penalty	\$ -	\$ -	\$ -	\$ 89.78	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 89.78
Interest Based on Number of Months Late	\$ -	\$ -	\$ -	\$ 41.75	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41.75

<sup>(1)</sup> (City Fees on adjustments plus Basic Penalty) X 1.5% per month  
X number of months late through December 31, 2013.

# ATTACHMENT 1

EXHIBIT 1

Consolidated Disposal Service  
City of Long Beach  
Gross Receipts and City Fees

Description	FY 2012												Total
	January	February	March	April	May	June	July	August	September	October	November	December	
<b>Gross Receipts</b>													
Refuse Routes	\$ 259,989.86	\$ 328,417.01	\$ 335,773.99	\$ 283,051.01	\$ 307,576.14	\$ 285,036.57	\$ 284,914.76	\$ 316,840.82	\$ 274,058.17	\$ 301,009.33	\$ 301,543.00	\$ 305,397.21	\$ 3,580,701.87
Recycling Routes	1,099.38	6,736.15	737.85	2,826.60	5,187.06	1,033.41	5,023.99	1,956.60	4,112.44	4,487.68	2,198.52	2,416.97	37,816.74
Roll-off Routes	53,678.16	112,440.05	91,521.89	82,656.24	145,977.25	126,090.06	108,645.77	132,307.40	93,881.40	116,453.77	86,843.74	84,024.24	1,242,531.97
<b>Total Gross Receipts</b>	<b>\$ 314,768.40</b>	<b>\$ 447,593.21</b>	<b>\$ 428,033.74</b>	<b>\$ 368,533.93</b>	<b>\$ 459,740.45</b>	<b>\$ 412,160.04</b>	<b>\$ 400,584.52</b>	<b>\$ 451,104.82</b>	<b>\$ 372,054.01</b>	<b>\$ 421,944.78</b>	<b>\$ 400,585.26</b>	<b>\$ 391,838.42</b>	<b>\$ 4,861,050.58</b>
<b>Adjustment to Gross Receipts</b>													
1. Gross receipts for Long Beach customers deducted in error	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Adjustment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Adjusted Gross Receipts</b>	<b>\$ 314,768.40</b>	<b>\$ 447,593.21</b>	<b>\$ 428,033.74</b>	<b>\$ 368,533.93</b>	<b>\$ 459,740.45</b>	<b>\$ 412,160.04</b>	<b>\$ 400,584.52</b>	<b>\$ 451,104.82</b>	<b>\$ 372,054.01</b>	<b>\$ 421,944.78</b>	<b>\$ 400,585.26</b>	<b>\$ 391,838.42</b>	<b>\$ 4,861,050.58</b>
<b>City Fees</b>													
AD 939 Fee	\$ 25,181.47	\$ 35,807.46	\$ 34,242.70	\$ 29,482.71	\$ 36,147.24	\$ 32,973.52	\$ 32,046.76	\$ 36,088.39	\$ 29,764.32	\$ 33,755.58	\$ 32,046.82	\$ 31,347.07	\$ 388,884.04
Franchise Fee	31,476.84	44,759.32	42,803.77	36,855.40	45,184.04	41,216.91	40,058.45	45,110.48	37,205.40	42,194.48	40,058.55	39,183.85	486,105.07
Recalculated City Fees	56,658.31	80,566.78	77,046.07	66,336.13	81,331.28	74,350.43	72,105.21	81,198.87	66,969.72	75,950.06	72,105.35	70,530.92	874,989.11
City Fees Reverted	56,658.31	80,566.78	77,046.07	66,336.13	81,331.28	74,350.43	72,105.21	81,198.87	66,969.72	75,950.06	72,105.35	70,530.92	874,989.11
City Fees Underpaid	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Late Payment Charges</b>													
Basic Penalty (10% of Late or Underpaid City Fees)	-	-	-	-	-	-	-	-	-	-	-	-	-
Late Payment Interest <sup>(1)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Late Fee Charge	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total City Fees and Late Payment Charges Due to the City</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

<sup>(1)</sup> See late payment interest charge calculation below.

<b>City Fee %</b>													
AD 939 Fee	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	
Franchise Fee	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	
<b>Check Information</b>													
Check Number	6446074	6478093	6528215	6558437	7001908	7008231	7016261	7016726	7019180	7004736	7028517	7035800	
Check Date	2/9/2012	3/6/2012	4/11/2012	5/7/2012	6/13/2012	7/24/2012	8/7/2012	9/17/2012	10/8/2012	11/9/2012	12/7/2012	1/10/2013	
First Day of Month	1/1/2012	2/1/2012	3/1/2012	4/1/2012	5/1/2012	6/1/2012	7/1/2012	8/1/2012	9/1/2012	10/1/2012	11/1/2012	12/1/2012	
Payment Days Requirement	60	60	60	60	60	60	60	60	60	60	60	60	
Due Date	3/1/2012	4/1/2012	4/30/2012	5/31/2012	6/30/2012	7/31/2012	8/30/2012	9/30/2012	10/31/2012	11/30/2012	12/31/2012	1/30/2013	
Days Late	-	-	-	-	-	-	-	-	-	-	-	-	

Conclusion: CDS payments were made prior to the due date

<b>Interest Calculation</b>													
Basic Penalty (10% of Late or Underpaid City Fees)	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	
Late Payment Interest per Month	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	
Number of Months Late through December 2012	22	21	20	19	18	17	16	15	14	13	12	11	
Total Interest Based on the Number of Months Late	33.0%	31.5%	30.0%	28.5%	27.0%	25.5%	24.0%	22.5%	21.0%	19.5%	18.0%	16.5%	
City Fees Underpaid plus Basic Penalty	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Interest Based on Number of Months Late	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

<sup>(1)</sup> (City Fees on adjustments plus Basic Penalty) X 1.5% per month  
X number of months late through December 31, 2012.

# ATTACHMENT 1

EXHIBIT 1

## Consolidated Disposal Service City of Long Beach Gross Receipts and City Fees

Description	CY 2013							Total 10 Months ended June 2012
	January	February	March	April	May	June	6 Months Ended June 30, 2013	
<b>Gross Receipts</b>								
Refuse Routes	\$ 270,071.57	\$ 291,369.00	\$ 302,063.02	\$ 289,218.73	\$ 268,087.03	\$ 289,137.70	\$ 1,729,946.55	\$ 8,991,687.84
Recycling Routes	3,662.22	6,346.70	4,384.90	2,351.98	5,746.99	3,089.09	25,581.88	112,288.54
Roll-off Routes	110,130.00	109,302.32	91,837.36	130,036.50	178,368.65	116,136.36	737,711.19	3,111,302.18
<b>Total Gross Receipts</b>	<b>\$883,863.79</b>	<b>\$406,918.02</b>	<b>\$400,285.28</b>	<b>\$421,606.71</b>	<b>\$452,202.67</b>	<b>\$408,363.15</b>	<b>\$2,495,299.62</b>	<b>\$12,215,073.56</b>
<b>Adjustment to Gross Receipts</b>								
1. Gross receipts for long Beach customers deducted in error	-	-	781.86	790.85	790.08	-	2,362.79	2,872.90
<b>Total Adjustment</b>	<b>-</b>	<b>-</b>	<b>781.86</b>	<b>790.85</b>	<b>790.08</b>	<b>-</b>	<b>2,362.79</b>	<b>2,872.90</b>
<b>Adjusted Gross Receipts</b>	<b>\$ 883,863.79</b>	<b>\$ 406,918.02</b>	<b>\$ 401,067.14</b>	<b>\$ 422,397.56</b>	<b>\$ 452,992.75</b>	<b>\$ 408,363.15</b>	<b>\$ 2,495,602.41</b>	<b>\$ 12,217,946.46</b>
<b>City Fees</b>								
AB 939 Fee	\$ 30,709.10	\$ 32,553.44	\$ 32,085.37	\$ 33,791.80	\$ 31,839.42	\$ 32,668.05	\$ 199,648.18	\$ 977,435.10
Franchise Fee	38,386.38	40,691.80	40,106.72	42,239.77	47,299.28	40,836.32	249,540.27	1,133,294.82
Recalculated City Fees	69,095.48	73,245.24	72,192.09	76,033.57	85,138.70	71,505.37	449,208.45	2,110,830.52
City Fees Permitted	69,095.48	73,245.24	72,051.35	75,889.71	84,996.48	73,505.37	448,783.13	2,110,323.58
City Fees Underpaid	-	-	140.74	142.36	142.22	-	425.32	506.94
<b>Late Payment Charge</b>								
Basic Penalty (10% of Late or Underpaid City Fees)	-	-	14.07	14.24	14.22	-	42.53	50.69
Late Payment Interest <sup>(1)</sup>	-	-	18.58	16.44	14.08	-	49.10	90.85
<b>Total Late Fee Charge</b>	<b>-</b>	<b>-</b>	<b>32.65</b>	<b>30.68</b>	<b>28.30</b>	<b>-</b>	<b>91.63</b>	<b>141.54</b>
<b>Total City Fees and Late Payment Charges Due to the City</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 173.39</b>	<b>\$ 173.04</b>	<b>\$ 170.52</b>	<b>\$ -</b>	<b>\$ 516.95</b>	<b>\$ 648.48</b>

<sup>(1)</sup> See late payment interest charge calculation below.

### City Fee %

AB 939 Fee	8%	8%	8%	8%	8%	8%
Franchise Fee	10%	10%	10%	10%	10%	10%

### Check Information

Check Number	7040234	7044140	7048845	7053541	7058457	7061273
Check Date	2/6/2013	3/7/2013	4/12/2013	5/14/2013	6/21/2013	7/24/2013
First Day of Month	1/1/2013	2/1/2013	3/1/2013	4/1/2013	5/1/2013	6/1/2013
Payment Days Requirement	60	60	60	60	60	60
Due Date	3/2/2013	4/2/2013	4/30/2013	5/31/2013	6/30/2013	7/31/2013
Days Late	-	-	-	-	-	-

Conclusion: CDS payments were made prior to the due date.

### Interest Calculation

Basic Penalty (10% of Late or Underpaid City Fees)	10%	10%	10%	10%	10%	10%
Late Payment Interest per Month	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Number of Months Late through December 2013	10	9	8	7	6	5
Total Interest Based on the Number of Months Late	15.0%	13.5%	12.0%	10.5%	9.0%	7.5%
City Fees Underpaid plus Basic Penalty	\$ -	\$ -	\$ 154.81	\$ 156.40	\$ 156.44	\$ -
Interest Based on Number of Months Late	\$ -	\$ -	\$ 18.58	\$ 16.44	\$ 14.08	\$ -

<sup>(1)</sup> (City Fees on adjustments plus Basic Penalty) X 1.5% per month  
X number of months late through December 31, 2013.

## ATTACHMENT 2

### UNIVERSAL WASTE SYSTEMS

#### Review of City of Long Beach fee payments for the 30 months ended June 30, 2013.

#### Summary of Findings

Universal Waste Systems (UWS) owes a total of \$4,552.93 to the City for underpaid fees and late payment charges, as shown below:

Underpaid City Fees	\$2,369.34
Late Payment Charges and Interest	<u>2,183.59</u>
Total Amount Due the City	<u>\$4,552.93</u>

#### Procedures Performed

As reflected in Table 1, UWS reported \$2,633,258.80 in gross receipts and remitted \$459,176.40 in AB 939 fees and franchise fees to the City. In order to verify the City fees remitted, HF&H:

- Agreed the gross receipts reported to the City for each of the 30 months to UWS's underlying system report and verified the mathematical accuracy of the amounts reported;
- Verified that payments remitted to the City for City fees were remitted on or before the due date;
- Selected a sample of approximately 51, 56 and 53 accounts for 2011, 2012 and 2013, respectively. For each account, we verified that its location was within the City of Long Beach and confirmed the proper inclusion of the selected payments in the gross receipts reported to the City.

**Table 1: Summary of Gross Receipts and AB 939 Fee and Franchise Fee Due to the City**

Description	CY 2011	CY 2012	6 Months Ended June 30, 2013	Total 30 Months Ended June 2013
<b>Gross Receipts</b>				
Refuse Routes	\$ 671,871.99	\$ 914,766.71	\$ 492,529.69	\$ 2,079,168.39
Recycling Routes	24,134.88	22,371.99	8,714.74	55,221.61
Rolloff Routes	147,170.38	222,900.25	128,798.17	498,868.80
Total Gross Receipts, As Reported	843,177.25	1,160,038.95	630,042.60	2,633,258.80
<b>Adjustments to Gross Receipts</b>				
UWS Adjustment (Exhibit 2)	5,471.95	7,645.19	1,053.83	14,170.97
HF&H Adjustment (Exhibit 2)	-	(99.82)	-	(99.82)
Total Adjustments to Gross Receipts	5,471.95	7,545.37	1,053.83	14,071.15
Adjusted Gross Receipts	\$ 848,649.20	\$ 1,167,584.32	\$ 631,096.43	\$ 2,647,329.95
<b>City Fees</b>				
AB 939 Fee	\$ 67,891.93	\$ 93,406.75	\$ 50,487.72	\$ 211,786.40
Franchise Fee	69,891.25	116,758.45	63,109.64	249,759.34
Recalculated City Fees	137,783.18	210,165.20	113,597.36	461,545.74
City Fees Remitted	136,961.68	208,807.04	113,407.68	459,176.40
Fees Due to City before Late Payment Charges	\$ 821.50	\$ 1,358.16	\$ 189.68	\$ 2,369.34
<b>Late Payment Charges</b>				
Basic Penalty (10%)	\$ 667.80	\$ 138.83	\$ 247.55	\$ 1,054.18
Late Payment Interest (1.5% per month) <sup>(1)</sup>	501.19	311.80	316.42	1,129.41
Late Payment Charges	1,168.99	450.63	563.97	2,183.59
Total City Fees and Late Payment Charges Due to the City	\$ 1,990.49	\$ 1,808.79	\$ 753.65	\$ 4,552.93

<sup>(1)</sup> The late payment interest of 1.5% per month is calculated through December 2013. See Exhibit 1 for the calculation of the interest charge.



## ATTACHMENT 2

### UWS Adjustments

In preparation of the audit, UWS performed an internal audit of the gross receipts reported to the City. The adjustments provided by UWS are summarized in Table 2.

**Table 2: UWS Adjustments – (Over) Under Reported Gross Receipts\***

Adjustment Description	CY 2011	CY 2012	6 Months Ended June 30, 2013	30 Months Ended June 30, 2013
1. Receipts for Accounts not in Long Beach	\$ (1,111.88)	\$ (485.84)	\$ (813.64)	\$ (2,411.36)
2. Software Error	(23.52)	-	-	(23.52)
3. Storage Box Receipts	(1,032.42)	-	(149.73)	(1,182.15)
4. Gross Receipts Excluded in Error	7,639.77	8,131.03	2,017.20	17,788.00
Total UWS Adjustments to Gross Receipts	\$ 5,471.95	\$ 7,645.19	\$ 1,053.83	\$ 14,170.97

\* (Over) under reported gross receipts, see Exhibit 2.

The adjustments identified by UWS were:

1. Gross receipts for accounts that were not located in the City of Long Beach, but were included in the gross receipts reported to the City.
2. Gross receipts that resulted from a software error that allowed a new account to be set up twice. The software error has been corrected.
3. Gross receipts for storage box rentals that were not part of solid waste franchise services were included in the gross receipts reported to the City in error.
4. Gross receipts for accounts that were located in the City of Long Beach, but were improperly excluded from the gross receipts reported to the City.

### HF&H Adjustments

HF&H found additional gross receipts for storage box rentals that had been improperly included in the gross receipts reported to the City totaling \$99.82 in CY 2012. (See Exhibit 2)

### Late Payment Charges

As shown in Table 3, the USW late payment charges total \$2,183.59. The calculation of the late fees is provided at the bottom of Exhibit 1. The late payment charge as described in Section 10.2.5 of the franchise agreement is made up of the basic penalty of 10% of the unpaid amount and an interest charge of 1.5% per month on the unpaid fees plus the basic penalty. The UWS late payment charges consist of two different charges: the late payment charges for the late payment of the City fees for January 2011 (\$675.40), and the late payment charges for the City fees related to the UWS and HF&H adjustments throughout the 30-month audit period (\$1,508.19).

The late payment charge on the late payment of the January 2011 cities fees was assessed on the unpaid amount between the date due and the date of the check. The date due was March 2, 2011, 60 days after the first day of the month for which services were provided or January 1, 2011. The check date was March 30, 2011, 28 days after the date the payment was due to the City.

The late payment charge on the UWS and HF&H adjustments to gross receipts for the 30-month audit period includes the basic penalty and the interest portion that was based on the number of months unpaid through December 2013. For example, an unpaid amount that was due for December 2011 would

## ATTACHMENT 2

be late January 30, 2012 (60 days after the first day of December 2011) and charged interest on the amount due plus the basic penalty for 23 months (February 2012 through December 2013).

**Table 3: Summary of Late Payment Charges**

Description	Late Payment Charge	
Late payment charge on January 2011 amount due March 2, 2011 and paid on March 30, 2011 (based on the check date)	Basic Penalty (10% of \$5,852.70)	\$585.27
	Interest Charge (28 days)	<u>90.13</u>
	Total Late Payment Charge	<u>\$675.40</u>
Late payment charge on UWS and HF&H adjustments to gross receipts for 30-month audit period	Basic Penalty (10%)	\$468.91
	Interest Charge	<u>1,039.28</u>
	Total Late Payment Charge	<u>\$1,508.19</u>
Total late payment charge	Basic Penalty (10%)	\$1,054.18
	Interest Charge	<u>1,129.41</u>
	Total Late Payment Charge	<u>\$2,183.59</u>

## **ATTACHMENT 2**

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# ATTACHMENT 2

EXHIBIT 1

Universal Waste Systems  
City of Long Beach  
Gross Receipts and City Fees  
30 Months Ended June 30, 2013

Description	CY 2011												Total
	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	
<b>Gross Receipts</b>													
Refuse Routes	\$ 35,538.31	\$ 43,008.99	\$ 44,753.93	\$ 53,007.58	\$ 44,048.99	\$ 64,626.61	\$ 53,098.90	\$ 71,088.49	\$ 59,783.17	\$ 59,896.91	\$ 64,901.59	\$ 76,116.18	\$ 671,877.89
Recycling Routes	745.46	1,811.71	1,379.44	3,953.68	2,799.99	1,044.43	2,477.36	1,878.58	645.48	3,663.15	7,678.95	2,711.75	74,194.89
Refill Routes	795.60	2,382.73	2,758.73	10,797.64	7,644.39	10,053.51	20,000.46	19,541.73	17,252.34	13,784.83	13,311.04	10,338.60	147,170.58
<b>Total Gross Receipts</b>	<b>\$ 36,579.37</b>	<b>\$ 47,202.43</b>	<b>\$ 48,891.60</b>	<b>\$ 67,758.90</b>	<b>\$ 53,992.57</b>	<b>\$ 75,724.55</b>	<b>\$ 85,526.72</b>	<b>\$ 92,508.78</b>	<b>\$ 77,476.99</b>	<b>\$ 76,847.89</b>	<b>\$ 80,891.42</b>	<b>\$ 96,646.03</b>	<b>\$ 843,177.25</b>
<b>Adjustments</b>													
UWS Adjustment (Exhibit 2)	-	-	2,716.86	(28.52)	-	2,478.63	-	-	-	-	-	300.00	5,471.95
MSW Adjustment (Exhibit 2)	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Adjustments</b>	<b>-</b>	<b>-</b>	<b>2,716.86</b>	<b>(28.52)</b>	<b>-</b>	<b>2,478.63</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>300.00</b>	<b>5,471.95</b>
<b>Total Adjusted Gross Receipts</b>	<b>\$ 36,579.37</b>	<b>\$ 47,202.43</b>	<b>\$ 51,608.46</b>	<b>\$ 67,730.38</b>	<b>\$ 53,992.57</b>	<b>\$ 78,203.18</b>	<b>\$ 85,526.72</b>	<b>\$ 92,508.78</b>	<b>\$ 77,476.99</b>	<b>\$ 76,847.89</b>	<b>\$ 80,891.42</b>	<b>\$ 99,946.03</b>	<b>\$ 848,649.20</b>
<b>City Fees</b>													
AB 930 Fee	\$ 2,926.35	\$ 3,784.19	\$ 4,176.68	\$ 5,418.83	\$ 4,319.41	\$ 6,251.05	\$ 6,842.14	\$ 7,400.70	\$ 6,398.16	\$ 6,147.83	\$ 6,473.31	\$ 7,997.28	\$ 67,891.83
Franchise Fee	2,926.35	3,784.19	4,176.68	5,418.83	4,319.40	6,251.05	6,842.14	7,400.70	6,398.16	6,147.83	6,473.31	9,996.60	69,891.25
<b>Total City Fees</b>	<b>5,852.70</b>	<b>7,568.38</b>	<b>8,353.36</b>	<b>10,837.66</b>	<b>8,638.81</b>	<b>12,502.10</b>	<b>13,684.28</b>	<b>14,801.40</b>	<b>12,796.32</b>	<b>12,295.66</b>	<b>12,946.62</b>	<b>17,993.88</b>	<b>137,783.18</b>
City Fees Remitted	5,852.70	7,568.38	7,827.66	10,841.42	8,638.81	12,517.53	13,684.28	14,801.40	12,796.32	12,295.66	12,946.62	17,993.88	136,961.68
<b>City Fees (Over) Under Paid</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 434.70</b>	<b>\$ (5.78)</b>	<b>\$ -</b>	<b>\$ 336.57</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 53.99</b>	<b>\$ 821.50</b>
<b>Total Late Payment Charge</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Basic Penalty (10% of Late or Underpaid City Fees)	\$ 585.27	\$ -	\$ 43.47	\$ -	\$ -	\$ 33.66	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5.40	\$ 667.80
Late Payment Interest	90.13	-	229.52	-	-	161.05	-	-	-	-	-	20.49	501.19
<b>Total Late Payment Charge</b>	<b>\$ 675.40</b>	<b>\$ -</b>	<b>\$ 272.99</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 194.71</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 25.89</b>	<b>\$ 1,168.99</b>
<b>Total City Fees and Late Payment Charges Due to the City</b>	<b>\$ 6,528.10</b>	<b>\$ -</b>	<b>\$ 8,626.35</b>	<b>\$ (3.78)</b>	<b>\$ -</b>	<b>\$ 5,336.81</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 79.88</b>	<b>\$ 1,890.49</b>

See late payment charge calculation below.

<b>City Fees</b>													
AB 930 Fee	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
Franchise Fee	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	10%	8%

<b>Late Payment Charge</b>													
Late Payment Charge on Late Payment:													
Basic Penalty (10% of Late Paid City Fees)	\$ 585.27	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 585.27
Late Payment Interest	90.13	-	-	-	-	-	-	-	-	-	-	-	90.13
<b>Late Payment Charge on Late Payment</b>	<b>\$ 675.40</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 675.40</b>
Late Payment Charge on Adjustments:													
Basic Penalty (10% of Underpaid City Fees)	-	-	43.47	-	-	33.66	-	-	-	-	-	5.40	82.53
Late Payment Interest	-	-	229.52	-	-	161.05	-	-	-	-	-	20.49	411.06
<b>Late Payment Charge on Adjustments</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 272.99</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 194.71</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 25.89</b>	<b>\$ 499.50</b>
<b>Total Late Payment Charge</b>	<b>\$ 675.40</b>	<b>\$ -</b>	<b>\$ 272.99</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 336.57</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5.40</b>	<b>\$ 1,168.99</b>
Basic Penalty (10% of Late or Underpaid City Fees)	\$ 585.27	\$ -	\$ 43.47	\$ -	\$ -	\$ 33.66	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5.40	\$ 667.80
Late Payment Interest	90.13	-	229.52	-	-	161.05	-	-	-	-	-	20.49	501.19
<b>Total Late Payment Charge</b>	<b>\$ 675.40</b>	<b>\$ -</b>	<b>\$ 272.99</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 194.71</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 25.89</b>	<b>\$ 1,168.99</b>

<b>Check Information</b>													
Check Number	67236	67133	67408	67649	67896	68132	68367	68601	68836	69071	69306	69541	70232
Check Date	3/30/2011	3/7/2011	4/10/2011	5/13/2011	6/7/2011	7/7/2011	8/10/2011	9/28/2011	10/20/2011	11/20/2011	12/28/2011	1/20/2012	1/20/2012
First Day of Month	1/1/2011	2/1/2011	3/1/2011	4/1/2011	5/1/2011	6/1/2011	7/1/2011	8/1/2011	9/1/2011	10/1/2011	11/1/2011	12/1/2011	1/1/2012
Payment Days Requirement	60	60	60	60	60	60	60	60	60	60	60	60	60
Due Date	3/7/2011	4/7/2011	4/30/2011	5/31/2011	6/30/2011	7/31/2011	8/30/2011	9/30/2011	10/31/2011	11/30/2011	12/31/2011	1/31/2012	1/31/2012
Days Late	28	-	-	-	-	-	-	-	-	-	-	-	-

Conclusions: Except for January 2012, UWS payments were made prior to the due date.

<b>Interest Calculation</b>													
Basic Penalty (10% of Late or Underpaid City Fees)	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Late Payment Interest Per Month	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Number of Months Late through December 2011	34	33	32	31	30	29	28	27	26	25	24	23	23
<b>Total Interest Based on the Number of Months Late</b>	<b>51.0%</b>	<b>49.5%</b>	<b>48.0%</b>	<b>46.3%</b>	<b>45.0%</b>	<b>43.5%</b>	<b>42.0%</b>	<b>40.5%</b>	<b>39.0%</b>	<b>37.5%</b>	<b>36.0%</b>	<b>34.5%</b>	<b>34.5%</b>
City Fees Late or Underpaid plus Basic Penalty	\$ 585.27	\$ -	\$ 478.17	\$ -	\$ -	\$ 370.23	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59.39	\$ 1,493.06
Interest on Late Payment of City Fees Based on the Number of Days Late	\$ 90.13	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90.13
Interest on City Fees Underpaid Based on the Number of Months Late	\$ -	\$ -	\$ 229.52	\$ -	\$ -	\$ 161.05	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20.49	\$ 411.06

10% (City Fees plus Basic Penalty) X 180 per year/360 days

per year X number of days late

10% (City Fees on adjustments plus Basic Penalty) X 1.5%

per month X number of months late through December

31, 2011.

# ATTACHMENT 2

EXHIBIT 1

Universal Waste Systems  
City of Long Beach  
Gross Receipts and City Fees  
30 Months Ended June 30, 2013

Description	CY 2012												Total
	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	
<b>Gross Receipts</b>													
Refuse Receipts	\$ 61,150.60	\$ 80,365.28	\$ 81,349.54	\$ 62,618.81	\$ 83,750.94	\$ 88,844.60	\$ 76,199.52	\$ 78,289.29	\$ 78,072.64	\$ 77,092.03	\$ 82,954.18	\$ 64,579.28	\$ 914,764.71
Recycling Receipts	1,277.35	1,967.26	8,358.22	1,147.53	1,081.26	1,147.58	1,147.58	-	7,062.52	4,714.58	2,584.43	7,083.38	22,871.99
Refill Receipts	73,871.61	172,677.69	15,792.97	18,543.63	16,441.63	19,830.71	15,781.69	24,051.43	21,795.53	4,255.45	28,608.14	16,954.82	722,900.25
<b>Total Gross Receipts</b>	<b>\$ 86,249.56</b>	<b>\$ 99,640.23</b>	<b>\$ 100,500.73</b>	<b>\$ 82,329.96</b>	<b>\$ 98,423.81</b>	<b>\$ 100,302.84</b>	<b>\$ 92,628.74</b>	<b>\$ 100,340.70</b>	<b>\$ 102,834.68</b>	<b>\$ 86,062.46</b>	<b>\$ 114,037.75</b>	<b>\$ 83,567.48</b>	<b>\$ 1,160,038.95</b>
<b>Adjustments</b>													
UVS Adjustment (Exhibit 2)	-	-	-	-	(167.64)	1,301.72	-	-	2,215.03	2,490.56	2,006.02	-	7,645.19
UBM Adjustment (Exhibit 2)	-	-	-	-	(167.64)	1,301.72	-	-	-	(79.87)	-	-	(99.87)
<b>Total Adjustments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(167.64)</b>	<b>1,301.72</b>	<b>-</b>	<b>-</b>	<b>2,215.03</b>	<b>2,490.56</b>	<b>2,006.02</b>	<b>-</b>	<b>7,545.37</b>
<b>Total Adjusted Gross Receipts</b>	<b>\$ 86,249.56</b>	<b>\$ 99,640.23</b>	<b>\$ 100,500.73</b>	<b>\$ 82,329.96</b>	<b>\$ 99,256.17</b>	<b>\$ 101,604.56</b>	<b>\$ 92,628.74</b>	<b>\$ 100,340.70</b>	<b>\$ 104,149.72</b>	<b>\$ 88,552.02</b>	<b>\$ 116,003.95</b>	<b>\$ 83,567.48</b>	<b>\$ 1,167,584.32</b>
<b>City Fees</b>													
AB 939 Fee	\$ 6,899.96	\$ 7,964.02	\$ 8,040.06	\$ 6,586.40	\$ 7,940.49	\$ 8,912.32	\$ 7,410.30	\$ 8,267.26	\$ 8,331.98	\$ 7,084.24	\$ 9,380.32	\$ 6,683.40	\$ 93,406.75
Franchise Fee	8,624.96	9,860.02	10,050.08	8,233.03	9,815.62	11,140.41	9,262.87	10,334.07	10,414.87	8,855.30	11,600.40	8,356.75	116,758.45
<b>Total City Fees</b>	<b>15,524.92</b>	<b>17,824.04</b>	<b>18,090.14</b>	<b>14,819.43</b>	<b>17,756.11</b>	<b>20,052.73</b>	<b>16,673.17</b>	<b>18,601.33</b>	<b>18,746.85</b>	<b>15,939.54</b>	<b>20,980.72</b>	<b>15,040.15</b>	<b>210,165.20</b>
City Fees Remitted	15,524.92	17,824.04	18,090.14	14,819.43	17,756.11	20,052.73	16,673.17	18,601.33	18,746.85	15,939.54	20,980.72	15,040.15	210,165.20
<b>City Fees (Over) Under Paid</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (20.18)</b>	<b>\$ 298.21</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 398.71</b>	<b>\$ 448.30</b>	<b>\$ 343.12</b>	<b>\$ -</b>	<b>\$ 1,354.16</b>
<b>Total Late Payment Charge</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 19.82</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 39.87</b>	<b>\$ 44.83</b>	<b>\$ 34.31</b>	<b>\$ -</b>	<b>\$ 138.83</b>
Bank Penalty (10% of Late or Underpaid City Fees)	-	-	-	-	-	55.60	-	-	92.10	96.16	67.94	-	311.80
<b>Total Late Payment Charge</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 75.42</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 131.97</b>	<b>\$ 140.99</b>	<b>\$ 102.25</b>	<b>\$ -</b>	<b>\$ 450.63</b>
<b>Total City Fees and Late Payment Charges Due to the City</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (20.18)</b>	<b>\$ 273.63</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 530.68</b>	<b>\$ 589.29</b>	<b>\$ 445.37</b>	<b>\$ -</b>	<b>\$ 1,808.79</b>

See late payment charge calculation below.

## City Fees %

AB 939 Fee	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
Franchise Fee	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%

<b>Late Payment Charge</b>													
Late Payment Charge on Late Payments:													
Bank Penalty (10% on Late Paid City Fees)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Late Payment Interest <sup>(1)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-
Late Payment Charge on Late Payment	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Late Payment Charge on Adjustments:</b>													
Bank Penalty (10% on Underpaid City Fees)	-	-	-	-	-	19.82	-	-	39.87	44.83	34.31	-	138.83
Late Payment Interest <sup>(2)</sup>	-	-	-	-	-	55.60	-	-	92.10	96.16	67.94	-	311.80
Late Payment Charge on Adjustments	-	-	-	-	-	75.42	-	-	131.97	140.99	102.25	-	450.63
<b>Total Late Payment Charge</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 19.82</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 39.87</b>	<b>\$ 44.83</b>	<b>\$ 34.31</b>	<b>\$ -</b>	<b>\$ 138.83</b>
Bank Penalty (10% of Late or Underpaid City Fees)	-	-	-	-	-	55.60	-	-	92.10	96.16	67.94	-	311.80
<b>Total Late Payment Charge</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 75.42</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 131.97</b>	<b>\$ 140.99</b>	<b>\$ 102.25</b>	<b>\$ -</b>	<b>\$ 450.63</b>

## Check Information

Check Number	70578	70900	71207	71513	71820	72004	72463	72777	72991	73417	73776	74043
Check Date	2/20/2012	3/28/2012	4/12/2012	5/29/2012	6/20/2012	7/20/2012	8/29/2012	9/26/2012	10/19/2012	11/28/2012	12/17/2012	1/29/2013
First Day of Month	1/1/2012	2/1/2012	3/1/2012	4/1/2012	5/1/2012	6/1/2012	7/1/2012	8/1/2012	9/1/2012	10/1/2012	11/1/2012	12/1/2012
Payment Days Requirement	60	60	60	60	60	60	60	60	60	60	60	60
Due Date	3/1/2012	4/1/2012	4/30/2012	5/31/2012	6/30/2012	7/31/2012	8/30/2012	9/30/2012	10/31/2012	11/30/2012	12/31/2012	1/30/2013
Days Late	-	-	-	-	-	-	-	-	-	-	-	-

Conclusion: Except for January 2013, UWS payments were made prior to the due date.

<b>Interest Calculation</b>													
Bank Penalty (10% of Late or Underpaid City Fees)	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Late Payment Interest Per Month	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Number of Months Late through December 2012	22	21	20	19	18	17	16	15	14	13	12	11	11
<b>Total Interest Based on the Number of Months Late</b>	<b>33.0%</b>	<b>31.5%</b>	<b>30.0%</b>	<b>28.5%</b>	<b>27.0%</b>	<b>25.5%</b>	<b>24.0%</b>	<b>22.5%</b>	<b>21.0%</b>	<b>19.5%</b>	<b>18.0%</b>	<b>16.5%</b>	<b>16.5%</b>
City Fees Late or Underpaid plus Bank Penalty	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 758.03	\$ -	\$ -	\$ 438.58	\$ 493.13	\$ 377.43	\$ -	\$ 1,577.17
Interest on Late Payment of City Fees Based on the Number of Days Late <sup>(3)</sup>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on City Fees Underpaid Based on the Number of Months Late <sup>(4)</sup>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55.60	\$ -	\$ -	\$ 92.10	\$ 96.16	\$ 67.94	\$ -	\$ 311.80

<sup>(1)</sup> (City Fees plus Bank Penalty) X 1.0% per year/360 days per year X number of days late.

<sup>(2)</sup> (City Fees on adjustments plus Bank Penalty) X 1.5% per month X number of months late through December 31, 2013.

# ATTACHMENT 2

EXHIBIT 1

Universal Waste Systems  
City of Long Beach  
Gross Receipts and City Fees  
30 Months Ended June 30, 2013

Description	CY 2013						Total 30 Months Ended June 2013
	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	
<b>Gross Receipts</b>							
Refuse Routes	\$ 97,780.91	\$ 68,034.77	\$ 88,421.03	\$ 74,163.34	\$ 79,706.57	\$ 83,423.68	\$ 492,529.80
Recycling Routes	1,458.11	1,341.84	1,894.96	1,606.73	1,081.26	1,341.84	8,714.74
Roll-off Routes	37,157.24	11,536.13	20,935.19	10,359.47	25,809.27	27,910.89	138,798.17
Total Gross Receipts	\$ 136,396.26	\$ 81,912.72	\$ 111,241.16	\$ 86,179.54	\$ 106,607.10	\$ 107,676.41	\$ 630,042.60
<b>Adjustments</b>							
UVS Adjustment (Exhibit 2)	(289.08)	-	231.50	(49.91)	-	1,161.82	14,170.97
WBSA Adjustment (Exhibit 2)	-	-	-	-	-	-	(97.82)
Total Adjustments	(289.08)	-	231.50	(49.91)	-	1,161.82	14,073.15
Total Adjusted Gross Receipts	\$ 136,107.18	\$ 81,912.72	\$ 111,472.66	\$ 86,079.63	\$ 106,607.10	\$ 108,837.74	\$ 644,115.75
<b>City Fees</b>							
AB 930 Fee	\$ 10,808.53	\$ 6,553.02	\$ 8,917.83	\$ 6,886.37	\$ 8,594.97	\$ 8,707.02	\$ 50,487.72
Franchise Fee	13,630.66	8,191.27	11,472.66	8,607.96	10,607.10	10,837.74	63,902.64
Total City Fees	24,439.19	14,744.29	20,390.49	15,494.33	19,202.07	19,544.76	114,390.36
City Fees Remitted	24,551.27	14,744.29	17,798.99	17,728.14	19,203.68	19,581.76	113,608.68
City Fees (Over) Under Paid	\$ (52.08)	\$ -	\$ 2,591.50	\$ (2,233.81)	\$ -	\$ 209.03	\$ 2,368.34
<b>Total Late Payment Charge</b>							
Basic Penalty (10% of Late or Underpaid City Fees)	\$ -	\$ -	\$ 226.65	\$ -	\$ -	\$ 20.90	\$ 247.55
Late Payment Interest	-	-	290.18	-	-	17.24	\$ 1,129.41
Total Late Payment Charge	-	-	\$ 525.83	-	-	\$ 38.14	\$ 1,376.96
Total City Fees and Late Payment Charges Due to the City	\$ (52.08)	\$ -	\$ 2,792.32	\$ (2,233.81)	\$ -	\$ 247.17	\$ 2,545.85

<sup>18</sup> See late payment charge calculation below.

<b>City Fees</b>							
AB 930 Fee	8%	8%	8%	8%	8%	8%	
Franchise Fee	10%	10%	10%	10%	10%	10%	
<b>Late Payment Charge</b>							
Late Payment Charge on Late Payments:							
Basic Penalty (10% of Late Paid City Fees)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 585.27
Late Payment Interest <sup>19</sup>	-	-	-	-	-	-	90.13
Late Payment Charge on Late Payment	-	-	-	-	-	-	675.40
Late Payment Charge on Adjustments:							
Basic Penalty (10% of Underpaid City Fees)	-	-	226.65	-	-	20.90	247.55
Late Payment Interest <sup>19</sup>	-	-	290.18	-	-	17.24	1,038.28
Late Payment Charge on Adjustments	-	-	525.83	-	-	38.14	1,366.97
Total Late Payment Charge	-	-	226.65	-	-	20.90	1,054.18
Basic Penalty (10% of Late or Underpaid City Fees)	-	-	226.65	-	-	20.90	247.55
Late Payment Interest	-	-	290.18	-	-	17.24	1,129.41
Total Late Payment Charge	\$ -	\$ -	\$ 525.83	\$ -	\$ -	\$ 38.14	\$ 1,376.96
<b>Check Information</b>							
Check Number	74376	74677	75023	75345	75643	75960	
Check Date	2/7/2013	3/7/2013	4/2/2013	5/2/2013	6/2/2013	7/2/2013	
First Day of Month	1/1/2013	2/1/2013	3/1/2013	4/1/2013	5/1/2013	6/1/2013	
Payment Days Requirement	60	60	60	60	60	60	
Due Date	3/2/2013	4/2/2013	5/2/2013	6/2/2013	7/2/2013		
Days Late	-	-	-	-	-	-	

Conclusion: Except for January 2013, UWS payments were made prior to the due date.

<b>Interest Calculation</b>							
Basic Penalty (10% of Late or Underpaid City Fees)	10%	10%	10%	10%	10%	10%	
Late Payment Interest Per Month	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	
Number of Months Late through December 2012	10	9	8	7	6	5	
Total Interest Based on the Number of Months Late	15.0%	13.5%	12.0%	10.5%	9.0%	7.5%	
City Fees Late or Underpaid plus Basic Penalty	\$ -	\$ -	\$ 2,493.14	\$ -	\$ -	\$ 229.93	\$ 2,723.07
Interest on Late Payment of City Fees Based on the Number of Days Late <sup>20</sup>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90.13
Interest on City Fees Underpaid Based on the Number of Months Late <sup>20</sup>	\$ -	\$ -	\$ 290.18	\$ -	\$ -	\$ 17.24	\$ 1,038.28

<sup>19</sup> (City Fees plus Basic Penalty) X 10% per year/360 days per year X number of days late.

<sup>20</sup> (City Fees on adjustments plus Basic Penalty) X 1.5% per month X number of months late through December 31, 2013.

## **ATTACHMENT 2**

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# ATTACHMENT 2

EXHIBIT 2

Universal Waste  
City of Long Beach  
Gross Receipts Adjustments

Account	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Total
<b>RECEIPTS FOR ACCOUNTS NOT IN LONG BEACH</b>													
299001 SO CAL PIZZA CO			\$ (63.67)										\$ (63.67)
299002 SO CAL PIZZA CO			(63.67)										(63.67)
7546 JACK IN THE BOX #0215			(102.06)										(102.06)
7557 JACK IN THE BOX #9192			(78.98)										(78.98)
7524 CARL'S JR #1300018			(38.48)										(38.48)
7525 CARL'S JR #1300050			(54.45)										(54.45)
7526 CARL'S JR #1300060			(54.45)										(54.45)
7527 CARL'S JR #1300119			(38.48)										(38.48)
7528 CARL'S JR #1300340			(54.45)										(54.45)
7577 CARL'S JR #1300085			(54.45)										(54.45)
7539 CARL'S JR #1300454			(36.30)										(36.30)
7530 CARL'S JR #1300466			(38.48)										(38.48)
7531 CARL'S JR #1300498			(38.48)										(38.48)
7535 CARL'S JR #1300656			(66.00)										(66.00)
7603 S TABBUCKS			(215.00)										(215.00)
7562 KFC #108			(114.48)										(114.48)
8041 OAKLEAF (GLENDALE)													
33044 RESIDENTIAL ACCT (LA COUNTY)													
35549 D-BAC (TORRANCE)													
Total Receipts for Accounts not in Long Beach			(1,311.89)										(1,311.89)
<b>SOFTWARE ERROR (2)</b>													
31024 BLANK ACCOUNT (2)				(23.52)									(23.52)
Total Software Error				(23.52)									(23.52)
<b>STORAGE BOX RECEIPTS (3)</b>													
31631 I.C.C. STORAGE BOX						(585.64)							(585.64)
31631 I.C.C. STORAGE BOX						(446.78)							(446.78)
34685 TARGET STORE #05047													
Total Storage Box Receipts						(1,032.42)							(1,032.42)
<b>GROSS RECEIPTS EXCLUDED IN ERROR (4)</b>													
30778 L.T.S.			3,828.74			5,511.00							9,339.74
31382 MARINA PACIFIC HOA												900.00	900.00
33856 MILITARY DEPT #AD556													
33860 GUNWHEE 1 DONUT													
34246 JIM ROBINSON													
34288 S&S PETROLEUM													
34233 S&S PETROLEUM													
34240 S&S PETROLEUM													
34304 MITCHELL LAND & IMPROVEMENT													
34386 CASA GRANDE C/O PARAGON													
34475 THE LIBERTY													
34476 11 CAPTAIN													
34536 ISLANDER & KARENNE APES													
35344 CUBA RESTAURANT													
Total Gross Receipts Excluded in Error			3,828.74			5,511.00						900.00	9,339.74
Total UMS Adjustments	\$ -	\$ -	\$ 2,716.86	\$ (23.52)	\$ -	\$ 2,478.63	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 900.00	\$ 5,671.95
UMS Adjustments													
34685 TARGET STORE - Computer Box Rental													

NOTES:

(1) The gross receipts for the following accounts, which were not located within the City, were incorrectly included in gross receipts reported to the City. These gross receipts have now been coded to the correct city. The gross receipts for these accounts need to be deducted from the gross receipts reported to the City.

(2) When several service representatives created a new account at the same time, the different accounts were assigned the same account number and a computer error occurred. In April 2011, a blank account payment of \$7.84 had shown up three times in the report. Since then, UMS has fixed the software error.

(3) Gross receipts for the rental of storage boxes was included in gross receipts for solid waste franchise services in error.

(4) At the time of the report, some gross receipts for Long Beach accounts were mis-coded to a different city. The gross receipts have now been coded to the correct city. These additional gross receipts will need to be assessed the City franchise fees.



# ATTACHMENT 2

EXHIBIT 2

Universal Waste  
City of Long Beach  
Gross Receipts Adjustments

Line	Account Name	2013												Total
		Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	
	<b>RECEIPTS FOR ACCOUNTS NOT IN LONG BEACH</b>													
29902	SO CAL PIZZA CO													\$ -
29902	SO CAL PIZZA CO													-
7546	JACK IN THE BOX #0215													-
7557	JACK IN THE BOX #3192													-
7524	CARL'S JR #1300018													-
7525	CARL'S JR #1300050													-
7526	CARL'S JR #1300060													-
7527	CARL'S JR #1300119													-
7528	CARL'S JR #1300340													-
7577	CARL'S JR #1300395													-
7529	CARL'S JR #1300454													-
7530	CARL'S JR #1300466													-
7531	CARL'S JR #1300498													-
7535	CARL'S JR #1300656													-
7603	STARBUCKS													-
7562	KFC #160					(467.64)								(467.64)
8041	DADELAS (GLINDALL)											(18.20)		(18.20)
83044	RESIDENTIAL ACCT (LA COUNTY)													-
85549	D-BAC (TORRANCE)					(467.64)						(18.20)		(485.84)
	Total Receipts for Accounts not in Long Beach					(467.64)						(18.20)		
	<b>SOFTWARE ERROR (2)</b>													
81024	BLANK ACCOUNT (7)													-
	Total Software Error													-
	<b>STORAGE BOX RECEIPTS (3)</b>													
81631	L.C.C. STORAGE BOX													-
81631	L.C.C. STORAGE BOX													-
84685	TARGET STORE #00242													-
	Total Storage Box Receipts													-
	<b>GROSS RECEIPTS EXCLUDED IN PRIOR (4)</b>													
80738	U.S.					300.00					900.00			1,200.00
81382	MARINA PACIFIC HOA						624.00			208.00	208.00	416.00		1,456.00
83808	MILITARY DEPT #A0556						76.70			76.70	76.70	76.70		306.80
83864	GOURMET DONUT						400.52			275.91	275.91	275.91		1,228.25
84244	JIM RODRIGON									144.56	72.28	72.28		289.12
84280	S&S PETROLEUM									144.56	72.28	72.28		289.12
84233	S&S PETROLEUM									144.56	72.28	72.28		289.12
84240	S&S PETROLEUM									159.30	159.30	159.30		477.90
84230	MITCHELL LAND & IMPROVEMENT									182.80	182.80	182.80		548.40
84384	CASA GRANDE C/O PARAGON									286.12	143.06	286.12		715.30
84475	THE LIBERTY									165.20	82.60	165.20		413.00
84476	EL CAPITAN									427.22	245.25	245.25		917.72
84536	ISLANDER & KARENHEE APTS													-
85344	CBAR RESTAURANT					300.00	1,101.22			2,215.09	2,490.56	2,024.32		8,131.09
	Total Gross Receipts Excluded in Error					300.00	1,101.22			2,215.09	2,490.56	2,024.32		
	Total UWS Adjustments	\$ -	\$ -	\$ -	\$ -	\$ (467.64)	\$ 1,101.22	\$ -	\$ -	\$ 2,215.09	\$ 2,490.56	\$ 2,024.32	\$ -	\$ 7,645.19
	<b>UWS Adjustments</b>													
84685	TARGET STORE - Computer Box Rental											(99.87)		(99.87)

# ATTACHMENT 2

EXHIBIT 2

Universal Waste  
City of Long Beach  
Gross Receipts Adjustments

Acct	Account Name	2013						Total	Balance Forward
		Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13		
	<b>RECEIPTS FOR ACCOUNTS NOT IN LONG BEACH</b>								
29900	SO CAL PIZZA CO						\$ -	\$ -	(63.67)
29900	SO CAL PIZZA CO								(63.67)
7548	JACK IN THE BOX #0225								(102.06)
7537	JACK IN THE BOX #3192								(78.98)
7524	CARL'S JR #1100018								(38.48)
7525	CARL'S JR #1100050								(54.45)
7536	CARL'S JR #1100060								(38.48)
7527	CARL'S JR #1100019								(54.45)
7538	CARL'S JR #1100040								(38.48)
7577	CARL'S JR #1100085								(54.45)
7529	CARL'S JR #1100454								(36.30)
7530	CARL'S JR #1100466								(38.48)
7531	CARL'S JR #1100498								(38.48)
7534	CARL'S JR #1100656								(46.00)
7803	STARBUCKS								(215.00)
7547	WFC #108								(114.48)
8041	CHURCH & DWIGHT								(467.64)
13044	RESIDENTIAL ACCT (LA COUNTY)								(18.20)
13548	D-BAC (FORBANCE)	(813.64)						(813.64)	(813.64)
	Total Receipts for Accounts not in Long Beach	(813.64)						(813.64)	(2,411.96)
	<b>SOFTWARE ERROR (2)</b>								(23.52)
21024	BLANK ACCOUNT (2)								(23.52)
	Total Software Error								(23.52)
	<b>STORAGE BOX RECEIPTS (3)</b>								
21631	L.C. STORAGE BOX								(585.64)
21631	L.C. STORAGE BOX								(446.78)
34685	TARGET STORE #00242	(99.82)			(49.91)			(149.73)	(149.73)
	Total Storage Box Receipts	(99.82)			(49.91)			(149.73)	(1,182.15)
	<b>OTHER RECEIPTS EXCLUDED IN ERROR (4)</b>								
30788	U.S.								7,839.77
31382	MARINA PACIFIC HOA								1,500.00
33859	MILITARY DEPT #A0556								1,456.00
33860	GOURMET DONUT						153.40	153.40	460.20
34246	JIM ROBINSON						275.91	275.91	1,504.16
34389	S&S PETROLEUM						72.28	72.28	361.40
34233	S&S PETROLEUM						72.28	72.28	361.40
34245	S&S PETROLEUM						158.30	158.30	637.30
34394	MICHELLE LAIRD & IMPROVEMENT						182.90	182.90	731.60
34475	THE LIBERTY								715.30
34476	EL CAPITAN								413.00
34534	ISLANDER & YACHTS APTS						245.25	245.25	1,162.97
35344	CILR RESTAURANT			231.50				855.88	855.88
	Total Gross Receipts Excluded in Error	634.38		231.50			1,163.92	2,807.30	17,788.00
	Total UWS Adjustments	\$ (288.08)	\$ -	\$ 231.50	\$ (49.91)	\$ -	\$ 1,163.92	\$ 1,053.83	\$ 14,370.97
	<b>UWS Adjustments</b>								
34625	TARGET STORE - Computer Box Rental								(99.82)

## ATTACHMENT 3

### WASTE MANAGEMENT

Review of City of Long Beach fee payments for the 30 months ended June 30, 2013.

#### Summary of Findings

Waste Management (WM) owes a total of \$55,733.41 to the City for underpaid fees, late payment charges and City audit cost, as shown in Table 1.

**Table 1: Summary of Unpaid City Fees, Late Payment Charges, Interest and City Audit Cost**

Description	Audit Period: 30 Months Ended June 30, 2013 <sup>(1)</sup>	Pre-Audit Period: August - December 2010 <sup>(2)</sup>	Total City Fees and Late Payment Charges	City Audit Cost <sup>(3)</sup>	Total City Fees, Late payment Charges and Audit Cost Due to the City
Underpaid City Fees	\$ 27,742.88	\$ -	\$ 27,742.88		\$ 27,742.88
Late Payment Charges and Interest	7,983.02	107.51	8,090.53		8,090.53
City Audit Cost				\$ 19,900.00	19,900.00
Total Amount Due to the City	\$ 35,725.90	\$ 107.51	\$ 35,833.41	\$ 19,900.00	\$ 55,733.41

<sup>(1)</sup> Exhibit 1

<sup>(2)</sup> Exhibit 2

<sup>(3)</sup> Per Section 10.2.6 City Audit, if the City's audit demonstrates that the Fees paid by Franchisee were understated by more than five thousand dollars (\$5,000) or two percent (2%), whichever is less, the Franchisee will be required to reimburse the City for the cost of conducting the audit.

#### Procedures Performed

As reflected in Table 2, WM reported \$11,062,830.14 in gross receipts and remitted \$1,912,949.84 in AB 939 and franchise fees to the City for the 30 months ended June 30, 2013. In order to verify the City fees remitted, HF&H:

- Agreed the gross receipts reported to the City for each of the 30 months to WM's underlying system report and verified the mathematical accuracy of the amounts reported;
- Verified that payments remitted to the City for City fees were remitted on or before the due date;
- Selected a sample of 74, 74 and 71 accounts for 2011, 2012 and 2013, respectively. For each account, we verified that its location was within the City of Long Beach and confirmed the proper inclusion of the selected payments in the gross receipts reported to the City; and,
- Verified the WM adjustment for under-reported Bagster receipts and City fees.

As a result of our finding related to the Oakleaf national accounts, described below, we also reviewed the gross receipts reported to the City for the five months from July 2013 through November 2013 for the Oakleaf national accounts.

## ATTACHMENT 3

**Table 2: Summary of Gross Receipts and AB 939 Fee and Franchise Fee Due to the City**

Description	CY 2011	CY 2012	6 Months Ended June 30, 2013	Total 30 Months Ended June 2013
<b>Gross Receipts</b>				
Refuse Routes	\$ 2,843,916.41	\$ 2,822,124.44	\$ 1,444,924.25	\$ 7,110,965.10
Bagster Receipts	25,309.52	20,754.30	12,916.30	58,980.12
Rolloff Routes	1,391,540.75	1,597,476.34	903,867.83	3,892,884.92
Total Gross Receipts	4,260,766.68	4,440,355.08	2,361,708.38	11,062,830.14
<b>Adjustments to Gross Receipts:</b>				
<b>Waste Management Adjustment:</b>				
WM Revision to Bagster receipts for January 2011 through June 2013 reported in August 2013 <sup>(1)</sup>	4,078.52	3,735.77	2,324.93	10,139.22
Total WM Adjustment to Gross Receipts	4,078.52	3,735.77	2,324.93	10,139.22
<b>HF&amp;H Adjustments:</b>				
Receipts from Oakleaf National Account not Reported	-	53,548.79	77,959.89	131,508.68
Refund credit for non-Long Beach account erroneously deducted twice from gross receipts reported to the City	-	22,618.52	-	22,618.52
Total HF&H Adjustments	-	76,167.31	77,959.89	154,127.20
Total Adjustments	4,078.52	79,903.08	80,284.82	164,266.42
Total Adjusted Gross Receipts	\$ 4,264,845.20	\$ 4,520,258.16	\$ 2,441,993.20	\$ 11,227,096.56
<b>City Fees</b>				
AB 939 Fee	\$ 341,187.62	\$ 361,620.65	\$ 195,359.45	\$ 898,167.72
Franchise Fee	348,048.58	452,025.81	244,199.32	1,044,273.71
Total City Fees	689,236.20	813,646.46	439,558.77	1,942,441.43
City Fees Initially Remitted	688,578.41	799,263.92	425,107.51	1,912,949.84
Additional Fees Remitted 8/29/13	657.79	672.42	418.50	1,748.71
Total City Fees Remitted	689,236.20	799,936.34	425,526.01	1,914,698.55
City Fees Underpaid Before Late Fees	-	13,710.12	14,032.76	27,742.88
<b>Late Payment Charges</b>				
Basic Penalty (10% on Late or Underpaid City Fees)	65.79	1,438.28	1,445.12	2,949.19
Late Payment Interest (1.5% per Month) <sup>(2)</sup>	264.33	3,119.27	1,650.23	5,033.83
Total Late Payment Penalty	330.12	4,557.55	3,095.35	7,983.02
Total City Fees and Late Payment Charges Due to the City	\$ 330.12	\$ 18,267.67	\$ 17,128.11	\$ 35,725.90

<sup>(1)</sup> On August 29, 2013, WM submitted an adjustment for Bagster receipts totaling \$11,167.38 (\$1,028.16 pre-audit period and \$10,139.22 audit period) and City fees totaling \$1,913.22 (\$164.51 pre-audit period and \$1,748.71 audit period).

<sup>(2)</sup> The late payment interest of 1.5% per month is calculated through December 2013. See Exhibit 1 for the calculation of the interest charge.

### **WM Adjustment**

#### **Adjusted Bagster Receipts**

WM initially remitted City fees based on Bagster receipts, net of City fees (\$76,573.50 - \$11,167.38 = \$65,406.12). As a result, WM under-reported receipts by \$11,167.38. As shown in Exhibit 2, on August 29, 2013, WM remitted \$1,913.22 in City fees related to \$11,167.38 under-reported Bagster receipts from August 2010 through June 2013. As shown in Exhibit 2, gross receipts were under-reported by \$10,139.22 for the 30 months ended June 30, 2013. While WM identified the unreported revenues and remitted the related City fees, WM did not calculate or remit any late payment charge that would be due on the unpaid fees. As calculated in Exhibit 2 and summarized in Table 3, the late payment charges for August 2010 through June 2013 total \$705.16.

The late payment charges on the Bagster City fees is calculated as described in Section 10.2.5 of the franchise agreement with the basic penalty of 10% of the unpaid amount and an interest charge of 1.5%

## ATTACHMENT 3

per month on the unpaid or late fees. The Bagster City fee payment, excluding a late payment charge, was made on August 29, 2013. The late payment interest was based on an interest rate of 18% per year (1.5% per month) and the days between the payment due date and the actual payment date, using 360 days per year.

**Table 3: Summary of Late Payment Charges on WM Bagster Revenue Adjustment**

Description	Basic Penalty (10%)	Interest Charge	Total Late Payment Charge
<b>Pre-Audit Period</b>			
August - December 2010	\$ 16.46	\$ 91.05	\$ 107.51
<b>Audit Period</b>			
CY 2011	65.79	264.33	330.12
CY 2012	67.26	138.19	205.45
Six Month Ended June 30, 2013	41.85	20.23	62.08
Total Audit Period	174.90	422.75	597.65
Total Late Payment Charge	\$ 191.36	\$ 513.80	\$ 705.16

### **HF&H Adjustments**

#### **Refund for Non-Long Beach Account**

HF&H found that gross receipts for December 2012 were under-reported by \$22,618.52 based on WM internal gross receipts reports. This difference was due to a refund for a non-Long Beach account in the amount of \$11,309.26 was erroneously deducted twice from gross receipts reported to the City for a total difference of \$22,618.52. The under-reported fees for this adjustment total \$4,071.33.

#### **Gross Receipts from Oakleaf National Accounts**

Oakleaf Waste Management (Oakleaf) is a wholly owned subsidiary of Waste Management, Inc. WM acquired the operations of Oakleaf in 2010. Oakleaf has a network of 2,500 preferred haulers and is a leader in outsourced hauling, disposal, waste diversion and recycling services. Oakleaf acts as a broker (3<sup>rd</sup> party) in outsourcing solid waste and recycling services for commercial and industrial customers. Oakleaf has accounts that are serviced by various franchised solid waste haulers in the City of Long Beach.

Prior to June 2012, Oakleaf payments on accounts were included in the national account gross receipts (NAT transaction code). In June 2012, Oakleaf was set up in a separate transaction code (OWM) that was not included in the query processed each month to determine the gross receipts for the period. As a result the payments received for the Oakleaf accounts were erroneously excluded from the gross receipts reported to the City, and from the calculation of City fees. Gross receipts were under-reported by \$131,508.68 between June 2012 and June 2013 and City fees were underpaid by \$23,671.56.

In July 2013, WM began including the gross receipts for the Oakleaf accounts in the reports to the City and remitting the proper related City fees. Between July 2013 and November 2013, WM received \$84,137.06 in receipts from the Oakleaf accounts and remitted \$15,144.67 in related AB 939 Fees and Franchise Fees on these receipts. As a consequence of changing personnel, WM staff did not recognize a need to research and correct potential historical underpayments, as they had with the Bagster revenue described in the WM Adjustment section.

## **ATTACHMENT 3**

### **Late Payment Charges**

The late payment charge on the HF&H adjustments to gross receipts for the 30-month audit period includes the basic penalty and the interest portion that was based on the number of months unpaid through December 2013. For example, the unpaid amount that was due for December 2012 would be late January 30, 2013 (60 days after the first day of December 2012) and charged interest on the amount due plus the basic penalty for 11 months (February 2013 through December 2013).

# ATTACHMENT 3

Waste Management  
City of Long Beach  
Gross Receipts and City Fees - 30 Months Ended June 30, 2013

	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Total
<b>Gross Receipts</b>													
Refuse Revenue	\$ 227,800.97	\$ 230,923.44	\$ 230,927.99	\$ 234,053.05	\$ 238,204.41	\$ 254,420.10	\$ 225,454.53	\$ 244,276.43	\$ 244,172.00	\$ 261,410.93	\$ 250,379.71	\$ 251,648.30	\$ 2,843,916.41
Regime	2,420.00	874.00	1,142.00	1,807.57	2,495.00	2,495.00	2,754.00	1,758.00	1,758.00	2,582.00	2,384.00	1,450.00	25,008.52
Refuse Fees	141,110.81	61,861.76	231,782.43	152,888.31	940,377.80	80,846.11	113,840.86	261,358.07	60,864.15	86,487.87	110,877.83	89,646.40	1,781,458.75
Total Gross Receipts	371,331.78	293,659.20	463,757.23	387,748.93	1,080,877.21	337,761.28	342,049.39	507,390.50	306,794.15	350,480.73	363,642.94	342,544.70	4,050,383.68
<b>Adjustments to Gross Receipts</b>													
WMA Adjustment:													
WMA Adjustment to Regime receipts for January 2011 through June 2011 reported in August 2011 (Schedule 7)	988.49	159.84	162.71	200.30	166.88	166.88	260.64	171.38	197.44	414.72	369.44	261.80	4,076.12
WMA Adjustment to Gross Receipts	988.49	159.84	162.71	200.30	166.88	166.88	260.64	171.38	197.44	414.72	369.44	261.80	4,076.12
WMA Adjustment to Gross Receipts	988.49	159.84	162.71	200.30	166.88	166.88	260.64	171.38	197.44	414.72	369.44	261.80	4,076.12
Receipts from District National Account not reported to City (Schedule 7)													
Refused or with for non-Long Beach account erroneously deducted from gross receipts reported to the City													
Total WMA Adjustments	988.49	159.84	162.71	200.30	166.88	166.88	260.64	171.38	197.44	414.72	369.44	261.80	4,076.12
Total Adjustments to Gross Receipts	988.49	159.84	162.71	200.30	166.88	166.88	260.64	171.38	197.44	414.72	369.44	261.80	4,076.12
Total Adjusted Gross Receipts	\$ 372,320.27	\$ 293,819.04	\$ 463,920.94	\$ 387,949.23	\$ 1,081,044.09	\$ 337,927.16	\$ 342,310.03	\$ 507,561.88	\$ 306,991.59	\$ 350,895.45	\$ 364,012.38	\$ 342,806.50	\$ 4,054,459.80
<b>City Fees</b>													
Refuse Fee	\$ 79,872.71	\$ 25,648.38	\$ 25,238.35	\$ 31,218.81	\$ 10,821.83	\$ 25,394.89	\$ 77,779.46	\$ 37,779.46	\$ 36,817.41	\$ 28,116.81	\$ 77,819.65	\$ 77,443.87	\$ 441,187.62
Refuse Fee	79,872.71	25,648.38	25,238.35	31,218.81	10,821.83	25,394.89	77,779.46	37,779.46	36,817.41	28,116.81	77,819.65	77,443.87	441,187.62
City Fee	10,844.42	47,206.46	36,472.87	61,457.52	61,444.85	10,346.79	14,338.89	63,347.83	12,204.82	16,123.43	20,497.30	61,145.88	445,136.32
Refuse Fee	10,844.42	47,206.46	36,472.87	61,457.52	61,444.85	10,346.79	14,338.89	63,347.83	12,204.82	16,123.43	20,497.30	61,145.88	445,136.32
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Refuse Fee	10,844.42	47,206.46	36,472.87	61,457.52	61,444.85	10,346.79	14,338.89	63,347.83	12,204.82	16,123.43	20,497.30	61,145.88	445,136.32
Refuse Fee	10,844.42	47,206.46	36,472.87	61,457.52	61,444.85	10,346.79	14,338.89	63,347.83	12,204.82	16,123.43	20,497.30	61,145.88	445,136.32
Refuse Fee	10,844.42	47,206.46	36,472.87	61,457.52	61,444.85	10,346.79	14,338.89	63,347.83	12,204.82	16,123.43	20,497.30	61,145.88	445,136.32
Refuse Fee	10,844.42	47,206.46	36,472.87	61,457.52	61,444.85	10,346.79	14,338.89	63,347.83	12,204.82	16,123.43	20,497.30	61,145.88	445,136.32
Refuse Fee	10,844.42	47,206.46	36,472.87	61,457.52	61,444.85	10,346.79	14,338.89	63,347.83	12,204.82	16,123.43	20,497.30	61,145.88	445,136.32
Refuse Fee	10,844.42	47,206.46	36,472.87	61,457.52	61,444.85	10,346.79	14,338.89	63,347.83	12,204.82	16,123.43	20,497.30	61,145.88	445,136.32
Refuse Fee	10,844.42	47,206.46	36,472.87	61,457.52	61,444.85	10,346.79	14,338.89	63,347.83	12,204.82	16,123.43	20,497.30	61,145.88	445,136.32
Refuse Fee	10,844.42	47,206.46	36,472.87	61,457.52	61,444.85	10,346.79	14,338.89	63,347.83	12,204.82	16,123.43	20,497.30	61,145.88	445,136.32
Refuse Fee	10,844.42	47,206.46	36,472.87	61,457.52	61,444.85	10,346.79	14,338.89	63,347.83	12,204.82	16,123.43	20,497.30	61,145.88	445,136.32
Refuse Fee	10,844.42	47,206.46	36,472.87	61,457.52	61,444.85	10,346.79	14,338.89	63,347.83	12,204.82	16,123.43	20,497.30	61,145.88	445,136.32
Refuse Fee	10,844.42	47,206.46	36,472.87	61,457.52	61,444.85	10,346.79	14,338.89	63,347.83	12,204.82	16,123.43	20,497.30	61,145.88	445,136.32
Refuse Fee	10,844.42	47,206.46	36,472.87	61,457.52	61,444.85	10,346.79	14,338.89	63,347.83	12,204.82	16,123.43	20,497.30	61,145.88	445,136.32
Refuse Fee	10,844.42	47,206.46	36,472.87	61,457.52	61,444.85	10,346.79	14,338.89	63,347.83	12,204.82	16,123.43	20,497.30	61,145.88	445,136.32
Refuse Fee	10,844.42	47,206.46	36,472.87	61,457.52	61,444.85	10,346.79	14,338.89	63,347.83	12,204.82	16,123.43	20,497.30	61,145.88	445,136.32
Refuse Fee	10,844.42	47,206.46	36,472.87	61,457.52	61,444.85	10,346.79	14,338.89	63,347.83	12,204.82	16,123.43	20,497.30	61,145.88	445,136.32
Refuse Fee	10,844.42	47,206.46	36,472.87	61,457.52	61,444.85	10,346.79	14,338.89	63,3					

# ATTACHMENT 3

Waste Management  
City of Long Beach  
Gross Recycles and City Fees - 36 Month End-of-Area 70, 2013

Month	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Total
<b>Gross Recycles</b>													
Residential Recycles	\$ 342,580.72	\$ 335,650.03	\$ 345,542.50	\$ 355,309.11	\$ 354,735.34	\$ 354,384.55	\$ 341,879.04	\$ 338,341.79	\$ 335,004.00	\$ 336,491.87	\$ 333,577.91	\$ 331,442.63	\$ 3,602,124.44
Commercial Recycles	1,133.00	1,481.00	2,314.00	1,743.00	1,381.00	1,201.00	1,419.00	1,374.00	1,377.00	1,273.00	1,379.00	1,364.00	\$ 20,754.80
Business Recycles	118,484.00	128,793.86	116,495.50	82,313.00	147,897.00	134,464.00	118,947.87	111,495.17	107,492.00	147,000.00	141,816.79	141,118.00	\$ 1,387,076.74
<b>Total Gross Recycles</b>	\$ 562,197.72	\$ 565,924.89	\$ 564,352.00	\$ 539,365.11	\$ 503,913.34	\$ 496,855.55	\$ 462,245.91	\$ 457,211.79	\$ 444,873.00	\$ 484,764.87	\$ 476,772.91	\$ 473,924.63	\$ 5,209,955.98
<b>Adjustments to Gross Recycles</b>													
Waste Adjustment													
Waste Adjustment to Regulator recycles for January 2012 through June 2013 reported in August 2013 (Schedule 2)													
Total Waste Adjustment to Gross Recycles													
Waste Adjustment													
Waste Adjustment from Oakland National Account not reported to City (Schedule 1)													
Waste Adjustment for non-Long Beach account erroneously deducted from gross recycles reported to the City													
Total Waste Adjustment													
Total Adjustments to Gross Recycles													
<b>Total Adjusted Gross Recycles</b>													
<b>City Fees</b>													
Landfill Fee	\$ 31,549.80	\$ 27,766.47	\$ 29,421.49	\$ 28,028.87	\$ 26,727.58	\$ 26,868.72	\$ 27,848.71	\$ 28,844.77	\$ 27,561.19	\$ 33,749.17	\$ 29,107.24	\$ 28,148.11	\$ 361,420.66
Franchise Fee	\$ 67,477.41	\$ 66,788.57	\$ 66,774.85	\$ 67,073.33	\$ 67,384.47	\$ 66,881.39	\$ 67,000.00	\$ 67,111.11	\$ 66,888.89	\$ 67,000.00	\$ 66,888.89	\$ 66,888.89	\$ 812,000.00
City Fee Initially Reported	\$ 67,477.41	\$ 66,788.57	\$ 66,774.85	\$ 67,073.33	\$ 67,384.47	\$ 66,881.39	\$ 67,000.00	\$ 67,111.11	\$ 66,888.89	\$ 67,000.00	\$ 66,888.89	\$ 66,888.89	\$ 812,000.00
Additional City Fee Reported 6/25/13													
City Fee Paid Reported	\$ 67,477.41	\$ 66,788.57	\$ 66,774.85	\$ 67,073.33	\$ 67,384.47	\$ 66,881.39	\$ 67,000.00	\$ 67,111.11	\$ 66,888.89	\$ 67,000.00	\$ 66,888.89	\$ 66,888.89	\$ 812,000.00
Fees Due to City Before Late Payment Charges	\$ 31,549.80	\$ 27,766.47	\$ 29,421.49	\$ 28,028.87	\$ 26,727.58	\$ 26,868.72	\$ 27,848.71	\$ 28,844.77	\$ 27,561.19	\$ 33,749.17	\$ 29,107.24	\$ 28,148.11	\$ 361,420.66
<b>Late Payment Charges</b>													
Bank Penalty (0.5% on Late or Underpaid City Fees)	\$ 9.79	\$ 4.95	\$ 7.50	\$ 6.55	\$ 4.13	\$ 142.75	\$ 140.25	\$ 140.25	\$ 140.25	\$ 140.25	\$ 140.25	\$ 140.25	\$ 1,402.50
Late Payment Interest (0.5% per month)	\$ 11.21	\$ 17.31	\$ 20.04	\$ 14.33	\$ 8.70	\$ 386.39	\$ 386.39	\$ 386.39	\$ 386.39	\$ 386.39	\$ 386.39	\$ 386.39	\$ 4,637.25
Late Payment Charge	\$ 21.00	\$ 22.26	\$ 27.54	\$ 20.88	\$ 12.83	\$ 529.14	\$ 526.64	\$ 526.64	\$ 526.64	\$ 526.64	\$ 526.64	\$ 526.64	\$ 6,039.75
<b>Total City Fees and Late Payment Charges Due to the City</b>	\$ 52,580.80	\$ 49,814.29	\$ 56,919.03	\$ 52,633.28	\$ 45,540.18	\$ 48,218.65	\$ 49,215.35	\$ 50,211.71	\$ 49,098.13	\$ 57,215.16	\$ 50,619.48	\$ 49,684.70	\$ 567,480.07
<b>City Fees</b>													
Landfill Fee	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
Franchise Fee	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	
<b>Calculation of Late Payment Charges</b>													
Late Payment Charges on Regulator Adjustments	\$ 3.79	\$ 4.95	\$ 7.50	\$ 6.55	\$ 4.13	\$ 142.75	\$ 140.25	\$ 140.25	\$ 140.25	\$ 140.25	\$ 140.25	\$ 140.25	\$ 1,402.50
Bank Penalty (0.5% on Late or Underpaid City Fees)	\$ 11.21	\$ 17.31	\$ 20.04	\$ 14.33	\$ 8.70	\$ 386.39	\$ 386.39	\$ 386.39	\$ 386.39	\$ 386.39	\$ 386.39	\$ 386.39	\$ 4,637.25
Late Payment Interest (0.5% per month)	\$ 11.21	\$ 17.31	\$ 20.04	\$ 14.33	\$ 8.70	\$ 386.39	\$ 386.39	\$ 386.39	\$ 386.39	\$ 386.39	\$ 386.39	\$ 386.39	\$ 4,637.25
<b>Total Late Payment Charges</b>	\$ 24.90	\$ 22.26	\$ 27.54	\$ 20.88	\$ 12.83	\$ 529.14	\$ 526.64	\$ 526.64	\$ 526.64	\$ 526.64	\$ 526.64	\$ 526.64	\$ 6,039.75
<b>Check Information</b>													
Check Number	100000000	100000000	100000000	100000000	100000000	100000000	100000000	100000000	100000000	100000000	100000000	100000000	
Check Date	7/1/2012	8/1/2012	9/1/2012	10/1/2012	11/1/2012	12/1/2012	1/1/2013	2/1/2013	3/1/2013	4/1/2013	5/1/2013	6/1/2013	
First Day of Month	7/1/2012	8/1/2012	9/1/2012	10/1/2012	11/1/2012	12/1/2012	1/1/2013	2/1/2013	3/1/2013	4/1/2013	5/1/2013	6/1/2013	
Payment Days Requirement	60	60	60	60	60	60	60	60	60	60	60	60	
Due Date	8/30/2012	9/29/2012	10/28/2012	11/26/2012	12/24/2012	1/21/2013	2/18/2013	3/17/2013	4/15/2013	5/13/2013	6/10/2013	7/8/2013	
Days Late													
<b>Payment Information</b>													
Check Number	100000000	100000000	100000000	100000000	100000000	100000000	100000000	100000000	100000000	100000000	100000000	100000000	
Check Date	7/1/2012	8/1/2012	9/1/2012	10/1/2012	11/1/2012	12/1/2012	1/1/2013	2/1/2013	3/1/2013	4/1/2013	5/1/2013	6/1/2013	
First Day of Month	7/1/2012	8/1/2012	9/1/2012	10/1/2012	11/1/2012	12/1/2012	1/1/2013	2/1/2013	3/1/2013	4/1/2013	5/1/2013	6/1/2013	
Payment Days Requirement	60	60	60	60	60	60	60	60	60	60	60	60	
Due Date	8/30/2012	9/29/2012	10/28/2012	11/26/2012	12/24/2012	1/21/2013	2/18/2013	3/17/2013	4/15/2013	5/13/2013	6/10/2013	7/8/2013	
Days Late													
<b>Interest Calculation</b>													
Bank Penalty (0.5% on Late or Underpaid City Fees)	\$ 9.79	\$ 4.95	\$ 7.50	\$ 6.55	\$ 4.13	\$ 142.75	\$ 140.25	\$ 140.25	\$ 140.25	\$ 140.25	\$ 140.25	\$ 140.25	\$ 1,402.50
Late Payment Interest (0.5% per month)	\$ 11.21	\$ 17.31	\$ 20.04	\$ 14.33	\$ 8.70	\$ 386.39	\$ 386.39	\$ 386.39	\$ 386.39	\$ 386.39	\$ 386.39	\$ 386.39	\$ 4,637.25
<b>Total Interest on City Fees</b>	\$ 21.00	\$ 22.26	\$ 27.54	\$ 20.88	\$ 12.83	\$ 529.14	\$ 526.64	\$ 526.64	\$ 526.64	\$ 526.64	\$ 526.64	\$ 526.64	\$ 6,039.75

<sup>1</sup> Based on 1.0% per year, 360 days/year and the number of days between the due date and the date of the payment. 6/30/2013.  
<sup>2</sup> Based on 1.0% per month for each month after the due date through December 2013.



# ATTACHMENT 3

Waste Management  
City of Long Beach  
Gross Receipts and City Fees - 36 Months Ended June 30, 2013

	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Total
<b>Gross Receipts</b>							
License Fee	\$ 227,892.98	\$ 247,484.68	\$ 240,568.19	\$ 254,889.36	\$ 256,408.19	\$ 237,644.81	\$ 1,464,884.25
Regulator	1,113.39	1,514.50	2,716.80	2,857.40	2,841.00	3,879.48	12,916.80
License Renewal	113,486.08	148,547.79	156,881.54	118,510.15	146,484.37	163,782.87	809,693.80
Total Gross Receipts	342,492.45	497,547.17	499,166.53	576,256.91	415,733.55	405,307.15	2,787,500.55
<b>Adjustments to Gross Receipts</b>							
WMA Adjustment:							
WMA Reimbursement to Regulator receipts for January 2011 through June 2012 reported in August 2012 (\$248,000.00)	348,000.00	272,441.00	189,000.00	434,250.00	367,300.00	441,710.00	2,032,701.00
Total WMA Adjustments to Gross Receipts	348,000.00	272,441.00	189,000.00	434,250.00	367,300.00	441,710.00	2,032,701.00
WMA Adjustments:							
Reimbursement from Outfaller National Account not reported to City (8/1/12)	9,441.00	11,489.00	6,172.91	9,768.60	21,788.63	17,386.79	77,656.93
Reimbursement credit for non-long term (1/1/12) account erroneously debited from gross receipts reported to the City							
Total WMA Adjustments	9,441.00	11,489.00	6,172.91	9,768.60	21,788.63	17,386.79	77,656.93
Total Adjustments to Gross Receipts	357,441.00	283,930.00	195,172.91	444,018.60	389,088.63	459,096.79	2,110,357.93
Total Adjusted Gross Receipts	\$ 699,933.45	\$ 781,477.17	\$ 694,339.44	\$ 1,020,275.51	\$ 804,822.18	\$ 864,403.94	\$ 4,897,858.48
<b>City Fees</b>							
AD 550 Fee	\$ 28,477.71	\$ 32,748.29	\$ 32,663.87	\$ 32,542.87	\$ 33,304.12	\$ 33,684.34	\$ 198,421.00
Franchise Fee	11,114.63	40,935.27	40,616.15	40,677.83	44,130.16	43,166.41	246,186.51
Total City Fees	39,592.34	73,683.56	73,280.02	73,220.70	77,434.28	76,850.75	444,607.51
City Fees Include Reimbursement	63,326.88	71,564.43	71,528.17	71,584.24	79,444.22	72,568.12	430,106.36
Reimbursement City Fees Reimbursement 8/29/12	16.27	63.00	71.81	76.88	86.19	119.60	433.65
Total City Fees Reimbursement	63,343.15	71,627.43	71,600.00	71,661.12	79,530.41	72,687.72	430,540.01
From Due to City Before Late Payment Charges	1,649.29	2,056.13	1,678.12	1,563.58	3,913.87	3,163.22	15,426.66
<b>Late Payment Charges</b>							
Bank Penalty (3.0% on Late or Underpaid City Fees)	173.55	211.78	134.29	185.49	389.00	315.06	1,401.17
Late Payment Interest (0.3% per month)	281.87	311.14	185.87	266.80	380.65	310.23	1,536.56
Late Payment Charges	455.42	522.92	319.16	452.29	769.65	625.29	2,937.73
Total City Fees and Late Payment Charges Due to the City	\$ 1,104.71	\$ 1,579.05	\$ 1,997.28	\$ 1,985.77	\$ 4,683.52	\$ 3,788.51	\$ 17,364.02
<b>City Fees %</b>							
AD 550 Fee	0%	0%	0%	0%	0%	0%	
Franchise Fee	0%	0%	0%	0%	0%	0%	
<b>Calculation of Late Payment Charges</b>							
Late Payment Charges on Regulator Adjustment:							
Bank Penalty (3.0% on Late Payment of City Fees)	\$ 3.61	\$ 4.91	\$ 7.18	\$ 7.64	\$ 6.81	\$ 11.90	\$ 41.05
Late Payment Interest 1.5% <sup>(1)</sup>	3.50	4.02	4.76	5.19	2.18	1.90	22.75
Total Late Payment Penalty	7.11	8.93	11.94	12.83	8.99	13.80	\$ 63.80
Late Payment Charges on WMA Adjustment:							
Bank Penalty (3.0% on Underpayment of City Fees)	168.94	205.82	147.11	175.85	382.38	311.16	1,401.17
Late Payment Interest (0.3% per month) <sup>(2)</sup>	281.87	311.14	185.87	266.80	380.65	310.23	1,536.56
Total Late Payment Penalty	450.81	516.96	332.98	442.65	763.03	621.39	2,937.73
Total Due to City	450.81	516.96	332.98	442.65	763.03	621.39	2,937.73
<b>Total Late Payment Charges:</b>							
Bank Penalty (3.0% on Late or Underpaid City Fees)	173.55	211.78	134.29	185.49	389.00	315.06	1,401.17
Late Payment Interest (0.3% per month)	281.87	311.14	185.87	266.80	380.65	310.23	1,536.56
Total Late Payment Penalty	455.42	522.92	319.16	452.29	769.65	625.29	2,937.73
<b>Check Information</b>							
Check Number	12934228	12934229	12934230	12934231	12934232	12934233	
Check Date	1/15/2013	1/15/2013	1/15/2013	1/15/2013	1/15/2013	1/15/2013	
First Day of Month	1/1/2013	2/1/2013	3/1/2013	4/1/2013	5/1/2013	6/1/2013	
Payment Days Requirement	60	60	60	60	60	60	
Due Date	3/1/2013	4/1/2013	5/1/2013	6/1/2013	7/1/2013	8/1/2013	
Days Late							
Calculation: WMA required to monthly payment on or before the due date.							
<b>Regulator Check Information</b>							
Check Number	6/29/2013	6/29/2013	6/29/2013	6/29/2013	6/29/2013	6/29/2013	
Check Date	1/1/2013	1/1/2013	1/1/2013	1/1/2013	1/1/2013	1/1/2013	
First Day of Month	1/1/2013	2/1/2013	3/1/2013	4/1/2013	5/1/2013	6/1/2013	
Payment Days Requirement	60	60	60	60	60	60	
Due Date	3/1/2013	4/1/2013	5/1/2013	6/1/2013	7/1/2013	8/1/2013	
Days Late	60	60	60	60	60	60	
<b>Interest Calculation</b>							
Bank Penalty (3.0% of Late or Underpaid City Fees)	10%	10%	10%	10%	10%	10%	
Late Payment Interest Per Month	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	
Number of Months Late through December 2013	10	9	8	7	6	5	
Total Interest Based on the Number of Months Late	13.0%	13.5%	13.6%	13.6%	13.6%	13.6%	
City Fees Late or Underpaid plus Bank Penalty on Regulator Adjustment	\$ 88.68	\$ 33.86	\$ 79.86	\$ 84.63	\$ 72.34	\$ 150.00	\$ 423.43
City Fees Late or Underpaid plus Bank Penalty on WMA Adjustment	\$ 1,880.39	\$ 2,774.88	\$ 1,833.29	\$ 1,994.38	\$ 4,334.32	\$ 3,422.39	\$ 15,339.85
Total Interest on Late Payment of City Fees Based on the Number of Days Late <sup>(3)</sup>	\$ 3.37	\$ 4.03	\$ 4.98	\$ 5.79	\$ 2.18	\$ 1.89	\$ 22.51
Total Interest on City Fees (underpaid) Based on the Number of Days Late <sup>(4)</sup>	\$ 289.45	\$ 107.13	\$ 194.29	\$ 201.11	\$ 386.43	\$ 256.71	\$ 1,461.18

<sup>(1)</sup> Based on 1.5% per year, 60 days/year and the number of days between the due date and the date of the payment. 6/29/2013.

<sup>(2)</sup> Based on 1.5% per month for each month after the due date through December 2013.

## **ATTACHMENT 3**

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# ATTACHMENT 3

EXHIBIT 2

Calculation of Late Fee Charge on WM's City Fee Adjustment on Bagster Receipts  
August 2010 through June 2013

Month	Item Price	City Fee Rate	City Fee on Net	Gross Receipts per WM <sup>(1)</sup>	City Fee on Gross Receipts	Under-Reported City Fees per HFBH	Basic Penalty (10%)	Late Fee (1 1/2% per Month) <sup>(2)</sup>	Total Late Payment Charge on Bagster Receipts	1st Date of Period	Due Date Requirement	Due Date	Date Paid	Number of Days Late
a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	Input	Input	b * c	b + d	e * c	f - d	g * 10%	(g+h)*18%/360*0	h+i	Input	Input	k+l	Input	n-m
<b>Pre-Audit Period</b>														
Aug-10	\$ 1,341.00	16%	\$ 214.56	\$ 1,555.56	\$ 248.89	\$ 34.83	\$ 3.48	\$ 20.09	\$ 23.52	8/1/10	60	9/30/10	8/29/13	1,064
Sep-10	1,301.00	0.16	208.16	1,509.16	241.47	33.31	3.33	18.92	22.25	9/1/10	60	10/31/10	8/29/13	1,083
Oct-10	1,291.00	0.16	206.56	1,497.56	239.61	33.05	3.31	18.23	21.54	10/1/10	60	11/30/10	8/29/13	1,008
Nov-10	1,748.00	0.16	279.68	2,027.68	324.43	44.75	4.48	23.93	28.41	11/1/10	60	12/31/10	8/29/13	972
Dec-10	745.00	0.16	119.20	864.20	138.27	19.07	1.91	9.88	11.79	12/1/10	60	1/30/11	8/29/13	942
Total Pre-Audit Period	6,428.00		1,028.16	7,456.16	1,192.67	164.51	16.46	81.05	107.51					
<b>CY 2011</b>														
Jan-11	2,428.00	0.16	388.48	2,816.48	450.64	62.16	6.22	31.15	37.37	1/1/11	60	3/2/11	8/29/13	911
Feb-11	874.00	0.16	139.84	1,013.84	162.21	22.87	2.24	10.83	13.07	2/1/11	60	4/2/11	8/29/13	880
Mar-11	1,142.00	0.16	182.72	1,324.72	211.96	29.24	2.92	13.70	16.62	3/1/11	60	4/30/11	8/29/13	852
Apr-11	1,807.52	0.16	289.20	2,096.72	335.48	46.28	4.63	20.90	25.53	4/1/11	60	5/31/11	8/29/13	821
May-11	2,493.00	0.16	398.88	2,891.88	462.70	63.82	6.38	27.76	34.14	5/1/11	60	6/30/11	8/29/13	791
Jun-11	2,493.00	0.16	398.88	2,891.88	462.70	63.82	6.38	26.68	33.06	6/1/11	60	7/31/11	8/29/13	760
Jul-11	2,254.00	0.16	360.64	2,614.64	418.34	57.70	5.77	23.17	28.94	7/1/11	60	8/30/11	8/29/13	730
Aug-11	1,758.00	0.16	281.28	2,039.28	326.28	45.00	4.50	17.30	21.80	8/1/11	60	9/30/11	8/29/13	699
Sep-11	3,734.00	0.16	597.44	4,331.44	693.03	95.59	9.56	55.12	44.68	9/1/11	60	10/31/11	8/29/13	668
Oct-11	2,592.00	0.16	414.72	3,006.72	481.08	66.36	6.64	23.29	29.93	10/1/11	60	11/30/11	8/29/13	638
Nov-11	2,284.00	0.16	365.44	2,649.44	423.91	58.47	5.85	19.52	25.37	11/1/11	60	12/31/11	8/29/13	607
Dec-11	1,450.00	0.18	261.00	1,711.00	307.98	46.98	4.70	14.91	19.61	12/1/11	60	1/30/12	8/29/13	577
Total CY 2011	25,309.52		4,078.52	29,388.04	4,736.31	657.79	65.79	264.83	330.12					
<b>CY 2012</b>														
Jan-12	1,152.00	0.18	207.36	1,359.36	244.68	37.32	3.73	11.21	14.94	1/1/12	60	3/1/12	8/29/13	546
Feb-12	1,341.00	0.18	241.38	1,582.38	284.83	43.45	4.35	12.31	16.66	2/1/12	60	4/1/12	8/29/13	515
Mar-12	2,314.00	0.18	416.52	2,730.52	491.49	74.97	7.50	20.04	27.54	3/1/12	60	4/30/12	8/29/13	486
Apr-12	1,743.00	0.18	313.74	2,056.74	370.21	56.47	5.65	14.13	19.78	4/1/12	60	5/31/12	8/29/13	455
May-12	1,281.00	0.18	230.58	1,511.58	272.08	41.50	4.15	9.70	13.85	5/1/12	60	6/30/12	8/29/13	425
Jun-12	2,001.00	0.18	360.18	2,361.18	425.01	64.83	6.48	14.05	20.53	6/1/12	60	7/31/12	8/29/13	394
Jul-12	1,619.00	0.18	291.42	1,910.42	343.88	52.46	5.25	10.50	15.75	7/1/12	60	8/30/12	8/29/13	364
Aug-12	2,264.00	0.18	407.52	2,671.52	480.87	73.35	7.34	13.43	20.77	8/1/12	60	9/30/12	8/29/13	333
Sep-12	2,577.00	0.18	463.86	3,040.86	547.35	83.49	8.35	13.87	22.22	9/1/12	60	10/31/12	8/29/13	302
Oct-12	1,321.00	0.18	237.78	1,558.78	280.58	42.80	4.28	6.40	10.68	10/1/12	60	11/30/12	8/29/13	272
Nov-12	1,373.30	0.18	247.19	1,620.49	291.69	44.50	4.45	5.90	10.35	11/1/12	60	12/31/12	8/29/13	241
Dec-12	1,768.00	0.18	318.24	2,086.24	375.52	57.28	5.73	6.65	12.38	12/1/12	60	1/30/13	8/29/13	211
Total CY 2012	20,754.30		3,735.77	24,490.07	4,408.19	672.42	67.26	138.19	205.45					
<b>CY 2013</b>														
Jan-13	1,115.20	0.18	200.38	1,315.58	236.45	36.07	3.61	3.57	7.18	1/1/13	60	3/2/13	8/29/13	180
Feb-13	1,514.50	0.18	272.61	1,787.11	321.68	49.07	4.91	4.02	8.93	2/1/13	60	4/2/13	8/29/13	149
Mar-13	2,216.80	0.18	399.02	2,615.82	470.85	71.83	7.18	4.78	11.96	3/1/13	60	4/30/13	8/29/13	121
Apr-13	2,357.40	0.18	424.33	2,781.73	500.71	76.38	7.64	3.78	11.42	4/1/13	60	5/31/13	8/29/13	90
May-13	2,041.00	0.18	367.38	2,408.38	433.51	66.13	6.61	2.18	8.79	5/1/13	60	6/30/13	8/29/13	60
Jun-13	3,673.40	0.18	661.21	4,334.61	780.23	119.02	11.90	1.80	13.80	6/1/13	60	7/31/13	8/29/13	29
Total 6 Months Ended June 2013	17,916.30		2,324.93	15,241.23	2,743.43	418.50	41.85	20.23	62.08					
30-Month Audit Period	58,980.12		10,139.22	69,119.34	11,887.93	1,788.71	174.90	422.73	597.65					
Total Adjusted Bagster Revenue	\$ 65,408.12		\$ 11,167.38	\$ 76,575.50	\$ 13,080.60	\$ 2,913.22	\$ 191.56	\$ 513.80	\$ 705.16					

<sup>(1)</sup> Per WM City fees on bagster revenue was calculated at the City fee rate times the service cost or on net receipts.

<sup>(2)</sup> Interest is based on 1 1/2% per month or 18% per year.

## **ATTACHMENT 3**

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# ATTACHMENT 3

EXHIBIT 3

Waste Management  
Outleak Receipts Not Reported to City  
30 Months Ended June 30, 2013

CD #	Account #	Service Name	Jan-12	Feb-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	FY 2013	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	6 Months Ended June 2013	June 2012 through June 2013
157	126713	DISCOUNT TIRE CENTER 6	\$ 69.25	\$ 69.25	\$ 69.25	\$ 69.25	\$ 69.25	\$ 69.25	\$ 69.25	\$ 484.75	\$ 69.25	\$ 69.25	\$ 69.25	\$ 69.25	\$ 138.50	\$ 69.25	\$ 484.75	\$ 969.50
	126715	NOAH'S NEW YORK BAGELS	232.25	607.93	425.00	425.00	411.29	-	-	2,101.37	-	-	-	-	-	-	-	2,101.37
	126716	PAYLESS SHOESOURCE	112.25	112.25	112.25	112.25	112.25	112.25	112.25	785.75	112.25	112.25	112.25	112.25	-	-	336.75	1,127.50
	126717	PAYLESS SHOESOURCE	122.87	122.87	122.87	122.87	122.87	122.87	122.87	860.00	122.87	122.87	122.87	122.87	-	-	368.61	1,228.70
		157 Total Commercial	536.52	912.30	729.37	729.37	715.46	304.37	304.37	4,231.96	304.37	304.37	304.37	304.37	69.25	138.50	69.25	5,427.07
159	104744	ALBERTSONS LA (ORG)6120	845.86	845.86	845.86	845.86	845.86	845.86	845.86	5,971.02	845.86	172.71	-	-	-	-	1,018.57	6,999.59
	104745	ALBERTSONS LA (ORG)6163	937.37	845.86	845.86	845.86	845.86	845.86	845.86	6,017.48	845.86	845.86	845.86	845.86	1,681.72	845.86	5,931.02	11,933.50
	104746	ALBERTSONS LA (ORG)6132	845.86	845.86	845.86	845.86	845.86	845.86	845.86	5,971.02	845.86	845.86	845.86	845.86	1,691.46	1,707.21	6,382.28	12,303.80
	104750	ALBERTSONS LA (ORG)6154	748.98	748.98	748.98	748.98	748.98	808.97	808.97	5,362.84	808.97	808.97	808.97	808.97	1,617.92	808.96	5,462.75	11,025.59
	104760	ALBERTSONS LA (ORG)6178	748.98	748.98	748.98	748.98	748.98	508.52	-	3,504.44	-	-	-	-	-	-	3,504.44	-
	104322	ALBERTSONS 6120	358.33	358.33	358.33	358.33	358.33	358.33	358.33	2,508.33	358.33	316.37	-	-	-	-	6,74.70	3,383.01
	104323	ALBERTSONS	311.13	311.13	311.13	311.13	478.81	87.97	-	2,111.48	-	-	-	-	-	-	2,111.48	-
	104326	FIRESTONE	110.72	110.72	110.72	110.72	110.72	110.72	110.72	775.04	110.72	110.72	110.72	110.72	221.44	110.72	775.04	1,550.08
	104328	HEARTWELL GOLF COURSE	842.37	842.37	842.37	842.37	842.37	842.37	842.37	5,896.59	842.37	842.37	842.37	842.37	1,684.74	842.37	5,896.59	11,793.18
	104334	PAYLESS SHOESOURCE	58.49	58.49	58.49	58.49	58.49	58.49	58.49	409.43	58.49	58.49	58.49	58.49	-	-	175.47	584.90
	104457	CIRCLE K 9436	427.11	436.91	443.57	443.57	442.19	443.57	439.92	3,075.16	439.92	445.18	441.74	337.55	675.30	337.55	2,477.04	5,752.20
	104461	ALBERTSONS LA 6163	208.88	208.88	204.88	204.88	204.88	204.88	204.88	1,856.14	410.87	410.87	502.34	410.87	1,004.67	410.87	3,150.49	5,006.63
	104463	ALBERTSONS LA 6132	291.98	291.98	291.98	291.98	291.98	291.98	291.98	2,043.86	291.98	291.98	291.98	291.98	675.43	291.98	2,135.33	4,179.19
	104464	ALBERTSONS LA 6154	296.98	209.88	387.80	204.88	204.88	204.88	204.88	1,714.18	204.88	387.80	204.88	387.80	501.72	387.80	2,074.38	3,768.54
	104850	CIRCLE K	-	-	-	-	-	-	-	-	-	-	-	-	-	693.20	693.20	-
	104854	CIRCLE K	-	-	-	-	-	-	-	-	-	-	-	-	-	273.27	273.27	-
		159 Total - Roll-off	7,033.99	6,848.23	7,044.81	7,167.07	6,787.73	6,149.35	6,063.81	47,111.99	6,064.11	5,537.18	4,953.21	4,881.94	9,763.90	6,309.79	37,510.13	84,627.17
		Total	7,570.51	7,777.53	7,774.18	7,886.44	7,500.39	6,453.72	6,368.18	51,343.95	6,368.48	5,841.55	5,257.58	4,951.19	9,902.40	6,379.04	38,700.24	90,044.19
159	104345	SEARS FLS	-	-	407.04	-	-	370.03	317.07	1,094.14	311.51	-	-	-	445.56	-	757.07	1,851.21
	105602	UTA SALON 597 (T)	-	-	-	1,110.70	-	-	-	1,110.70	-	-	-	-	-	-	-	1,110.70
	106115	WAL MART STORES INC	-	-	-	-	-	-	-	-	-	852.77	1,380.80	825.38	1,178.09	1,236.89	545.48	6,029.41
	106116	WAL MART STORES INC	-	-	-	-	-	-	-	-	-	1,563.94	994.32	1,164.96	1,349.49	2,137.83	921.50	8,158.84
	106117	SAM'S CLUB STORES INC	-	-	-	-	-	-	-	-	-	210.98	2,378.75	924.39	1,731.70	1,339.66	686.96	7,228.44
	106205	ALBERTSONS (SVU006120)	-	-	-	-	-	-	-	-	-	133.99	933.78	-	-	-	1,067.77	1,067.77
	106554	TARGET	-	-	-	-	-	-	-	-	-	-	-	-	91.46	725.60	512.19	1,828.25
	106728	RESTORATION HARDWARE (PERMA)	-	-	-	-	-	-	-	-	-	-	-	-	-	3,701.38	3,756.06	7,457.24
	106729	RESTORATION HARDWARE (PERMA)	-	-	-	-	-	-	-	-	-	-	-	-	-	2,756.07	2,506.07	5,262.14
	106826	RESTORATION HARDWARE (DO NOT U)	-	-	-	-	-	-	-	-	-	-	-	-	-	1,968.49	1,968.49	3,936.99
		159 Total - Roll-off	407.04	1,110.70	-	-	370.03	317.07	2,204.84	3,072.59	5,648.25	2,915.33	4,818.50	11,897.23	30,807.75	39,259.65	41,464.49	-
		Total Outleak Receipts not Reported to City	7,570.51	7,777.53	8,181.22	9,007.14	7,500.39	6,823.75	6,685.25	53,548.79	9,441.07	11,489.80	8,172.91	9,707.69	21,799.63	17,284.79	77,959.89	131,508.68
		Calculation of Under-reported City Fees																
		City Fee %	18%	18%	18%	18%	18%	18%	18%	18%	18%	18%	18%	18%	18%	18%	18%	18%
		Under-reported City Fees	\$ 1,362.89	\$ 1,389.96	\$ 1,472.62	\$ 1,621.29	\$ 1,350.63	\$ 1,228.29	\$ 1,203.35	\$ 9,638.80	\$ 1,689.39	\$ 2,088.16	\$ 1,471.32	\$ 1,758.54	\$ 3,923.83	\$ 3,117.62	\$ 14,032.76	\$ 23,671.56

## ATTACHMENT 4

### EDCO Disposal – BZ Disposal

#### Review of City of Long Beach fee payments for the 30 months ended June 30, 2013.

#### Summary of Findings

As described in the sections that follow, BZ Disposal ("BZ"), a subsidiary of EDCO Disposal Corporation ("EDCO"), underpaid certain amounts due the City and overpaid other amounts. Additionally, payments to the City were routinely late, resulting in significant late payment charges if assessed. However, since the City had not assessed the late payment charges in a timely manner, the City and EDCO negotiated an agreement to waive all amounts due for the 30 months ended June 30, 2013.

**Table 1: Summary of Fee Due to (from) the City**

Description	Amount Due
Overbilled City Green Waste Roll-off Loads (Table 4)	\$ 3,697.50
Late Payment Charges and Interest on Late Payment of Regular Monthly Remittances During Audit Period (Exhibit 1 - Row 27)	70,610.81
Audit Fee	19,900.00
Overpaid City Fees (Exhibit 1 - Row 14)	(34,264.04)
Net Amount Due to the City, including the Audit Fee, Late Payment Charges and Interest	\$ 59,944.27

#### Procedures Performed

As reflected in Table 2, BZ reported \$4,601,278.03 in gross receipts and remitted \$795,425.37 in AB 939 fees and franchise fees to the City.

**Table 2: Summary of Gross Receipts and AB 939 Fee and Franchise Fee Due to the City**

Description	CY 2011	CY 2012	6 Months Ended June 30, 2013	Total 30 Months Ended June 2013
<b>Total Gross Receipts Reported to the City</b>	\$ 1,767,326.14	\$ 1,821,796.85	\$ 1,012,155.04	\$ 4,601,278.03
<b>Adjustments to Gross Receipts</b>				
Adjustment to Internal Gross Receipts Reports	-	(0.50)	(915.26)	(915.76)
Adjustment to Receipts from City of Long Beach - Green Waste	(82,047.91)	(93,118.18)	(23,390.30)	(198,556.39)
Total Adjustments to Gross Receipts	(82,047.91)	(93,118.68)	(24,305.56)	(199,472.15)
Adjusted Gross Receipts	\$ 1,685,278.23	\$ 1,728,678.17	\$ 987,849.48	\$ 4,401,805.88
<b>City Fees</b>				
AB 939 Fee	\$ 134,822.26	\$ 138,294.25	\$ 79,027.95	352,144.46
Franchise Fee	137,364.11	172,867.80	98,784.96	409,016.87
Recalculated City Fees	272,186.37	311,162.05	177,812.91	761,161.33
City Fees Remitted	285,314.03	327,923.43	182,187.91	795,425.37
Fees Due to (from) City before Late Payment Charges	\$ (13,127.66)	\$ (16,761.38)	\$ (4,375.00)	\$ (34,264.04)
<b>Late Payment Charges</b>				
Basic Penalty (10% on the Late and Underpayment of City Fees)	\$ 13,991.87	\$ 32,792.34	\$ 18,218.79	\$ 65,003.00
Late Payment Interest (1.5% per month) <sup>(1)</sup>	813.11	3,225.54	1,569.16	5,607.81
Late Payment Charges	\$ 14,804.98	\$ 36,017.88	\$ 19,787.95	\$ 70,610.81

<sup>(1)</sup> The calculation of interest on late and underpaid fees is provided in Exhibit 1.

## ATTACHMENT 4

In order to verify the City fees remitted, HF&H:

- Agreed the gross receipts reported to the City for each of the 30 months to BZ's underlying system report and verified the mathematical accuracy of the amounts reported;
- Verified that payments remitted to the City for City fees were remitted on or before the due date;
- Selected a sample of approximately 129, 124 and 100 accounts for 2011, 2012 and 2013, respectively. For each account, we verified that its location was within the City of Long Beach and confirmed the proper inclusion of the selected payments in the gross receipts reported to the City.

### Adjustments

#### **Adjustment for Reconciliation with Gross Receipts Reported to the City**

In the process of agreeing the gross receipts reported to the City to EDCO's internal gross receipts reports, HF&H identified two months where the gross receipts were slightly lower than the gross receipts reported to the City. The difference resulted in a decrease of \$915.76 in gross receipts and a corresponding decrease of \$164.84 in City fees.

#### **Adjustment for City Green Waste Services Gross Receipts**

The following is based on a written analysis provided by EDCO staff on February 10, 2014:

##### November 1, 2008 – September 30, 2012

Beginning November 1, 2008 through September 30, 2012, the City contracted with EDCO to haul tree trimmings and green waste at a rate of \$142.50 per load and \$31.00 per ton of green waste hauled. The contracted rates billed included the City fees.

##### October 1, 2012 – September 30, 2013

Beginning October 1, 2012 through September 30, 2013, the City contracted with EDCO to haul tree trimmings and green waste at a rate of \$70.00 per load and \$31.00 per ton of green waste hauled. The contracted rates billed did not include City fees.

EDCO serviced the contract with the City through BZ, an EDCO company.

Payments from the City for two months (July 2011 and December 2012) for services under the initial agreement were not included in gross receipts reported to the City, under-reporting gross receipts by \$120,428.47. Receipts for one month (February 2013) for services under the subsequent agreement were over-reported by \$21,098.41. As reflected in Table 3, this resulted in a net under-reporting of gross receipts by \$99,330.03 according to the information submitted by EDCO, and a payment of \$16,812.39 would be due to the City.

## ATTACHMENT 4

**Table 3: Summary of Adjustments to Gross Receipts – Green Waste**

Period	Account Number	Gross Receipts	City Fees <sup>(1)</sup>
<b>Period:</b>			
July 2011	321295	\$ 53,068.09	\$ 8,490.89
July 2011	321296	282.31	45.17
December 2012	321295	67,078.07	12,074.05
Subtotal - Under-Reported Gross Receipts		120,428.47	20,610.11
February 2013	321295	(21,098.44)	(3,797.72)
Subtotal - Over-Reported Gross Receipts		(21,098.44)	(3,797.72)
Total Adjustment to Gross Receipts		\$ 99,330.03	\$ 16,812.39

<sup>(1)</sup> The City fees were 16% through November 30, 2011 and increased to 18% effective December 1, 2011.

Subsequently, we found under Section Ordinance No. C-6975, Section 2.C.2., receipts from the City for green waste hauling would be exempt under the City code. The provision of this section states that "Persons performing work requiring a permit hereunder under contract to provide service for a program funded from the General Fund of the City which persons shall be exempt from any fee otherwise required pursuant to Section 8.60.082 but shall otherwise comply with all requirements applicable to refuse transportation."

The Long Beach City Attorney's Office subsequently confirmed that the gross receipts on the City green waste hauling services are not subject to the City fees.

EDCO, in a subsequent correspondence dated April 8, 2014, stated that it is EDCO's understanding that since the services were paid for by the Public Works Department and therefore paid for out of the General Fund, the green waste hauling services were not subject to the City fees.

The City paid BZ \$198,556.39 for green waste hauling services between January 1, 2011 and February 28, 2013 that were reported as part of the gross receipts reported to the City on which City fees were remitted. BZ remitted total City fees of \$34,099.20 on the receipts for green waste hauling services.

### **Adjustment for Over-Billing of Green Waste Loads**

Although not part of the scope of the audit, it came to our attention during performance of our work that BZ overbilled the City for green waste roll-off loads by \$3,697.50 during the period from October 1, 2012 to January 31, 2013. As shown in Table 3, based on the contracts with the City, BZ billed the City for green waste roll-off loads at the rate of \$142.50 per load, plus \$31.00 per ton of green waste material from November 1, 2008 through September 30, 2012. A new purchase order for October 1, 2012 through September 30, 2013 provided for green waste loads at the rate of \$70.00 per load, plus \$31.00 per ton of green waste material. Between October 2012 and January 2013, BZ billed the City for 51 loads at \$142.50, instead of the contracted \$70.00 per load; overbilling the City for green waste hauling by \$3,697.50.

EDCO's bid for \$70 per load is dated July 31, 2012.



## ATTACHMENT 4

**Table 3: Summary of Over-Billed Green Waste**

Period	Account Number	Overbilled Green Waste
<b>Overbilled Roll-off Loads:</b>		
43 Loads (October 2012)	321295	\$ 3,117.50
8 Loads (Oct 2012 - Jan 2013)	321296	580.00
Total Overbilled Green Waste		\$ 3,697.50

### Late Payment Charges

Late Payment Charges are calculated in Exhibit 1. The late payment charge as described in Section 10.2.5 of the franchise agreement is made up of the basic penalty of 10% of the unpaid amount and an interest charge of 1.5% per month on the unpaid fees plus the basic penalty. The late payment charges were due to BZ routinely submitting its payment to the City approximately 4 to 33 days past the due date in 24 of the 30 months audited.

The late payment charge on the late payment of City fees was assessed on the unpaid amount between the date due for each month and the date of the check. For example, the amount due for January 2011 was due on March 2, 2011, 60 days after the first day of the month for which services were provided or January 1, 2011. The check date was March 11, 2011, 9 days after the date the payment was due to the City.

# ATTACHMENT 4

EXHIBIT 1

EDCO - B2 Disposal  
City of Long Beach  
Gross Receipts and City Fees

Rev	Line Item	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Total
1	<b>Gross Receipts</b>													
2	Total Gross Receipts Reported to the City	\$ 122,455.67	\$ 142,085.66	\$ 162,388.95	\$ 128,449.40	\$ 159,348.05	\$ 152,165.03	\$ 193,667.63	\$ 176,133.85	\$ 160,150.11	\$ 142,513.50	\$ 159,876.19	\$ 127,092.10	\$ 1,767,326.14
3														
4	<b>Adjustment to Gross Receipts</b>													
5	Adjustment for Reconciliation with Interest Gross Receipts Reports	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Adjustment for Green Waste Roll-Off Receipts	-	(1,113.12)	-	(13,668.77)	(1,580.09)	(13,814.56)	-	-	(12,739.99)	(13,715.96)	(25,414.42)	-	(82,047.91)
7	Total Adjustments to Gross Receipts	-	(1,113.12)	-	(13,668.77)	(1,580.09)	(13,814.56)	-	-	(12,739.99)	(13,715.96)	(25,414.42)	-	(82,047.91)
8	Adjusted Gross Receipts	\$ 122,455.67	\$ 140,972.54	\$ 162,388.95	\$ 114,779.63	\$ 157,767.96	\$ 138,350.47	\$ 179,667.63	\$ 176,133.85	\$ 147,410.12	\$ 128,797.54	\$ 134,461.77	\$ 127,092.10	\$ 1,685,278.23
9	<b>City Fees</b>													
10	AD 939 Fee	\$ 9,796.45	\$ 11,277.80	\$ 12,991.12	\$ 9,182.37	\$ 12,621.44	\$ 11,148.04	\$ 10,893.41	\$ 14,090.71	\$ 11,792.81	\$ 10,303.80	\$ 10,756.94	\$ 10,167.37	\$ 134,822.26
11	Franchise Fee	\$ 9,796.46	\$ 11,277.81	\$ 12,991.13	\$ 9,182.37	\$ 12,621.45	\$ 11,148.04	\$ 10,893.41	\$ 14,090.71	\$ 11,792.81	\$ 10,303.80	\$ 10,756.92	\$ 12,709.21	\$ 137,366.11
12	Recalculated City Fees	\$ 39,592.91	\$ 22,555.61	\$ 25,982.23	\$ 18,364.74	\$ 25,242.89	\$ 22,396.08	\$ 21,386.82	\$ 28,181.42	\$ 29,585.62	\$ 29,607.60	\$ 21,513.87	\$ 22,876.58	\$ 272,186.37
13	City Fees Forfeited	\$ 39,592.91	\$ 22,555.61	\$ 25,982.23	\$ 18,364.74	\$ 25,242.89	\$ 22,396.08	\$ 21,386.82	\$ 28,181.42	\$ 29,585.62	\$ 29,607.60	\$ 21,513.87	\$ 22,876.58	\$ 272,186.37
14	Fees Due to (from) City before Late Payment Charges	-	(178.19)	-	(2,187.16)	(252.80)	(2,310.32)	-	-	(2,038.40)	(2,194.56)	(4,066.32)	-	(13,127.66)
15	<b>Late Payment Charges</b>													
16	Basic Penalty (10% on Late or Underpayment of City Fees)	\$ 1,959.29	\$ 2,273.37	\$ 2,598.22	\$ 2,055.19	\$ -	\$ -	\$ -	\$ 2,818.14	\$ -	\$ -	\$ -	\$ 2,787.66	\$ 13,991.87
17	Late Payment Interest (1.5% per month)	\$ 97.02	\$ 150.00	\$ 185.77	\$ 113.00	\$ -	\$ -	\$ -	\$ 217.00	\$ -	\$ -	\$ -	\$ 50.32	\$ 813.11
18	Late Payment Charges	\$ 2,056.31	\$ 2,423.37	\$ 2,783.99	\$ 2,168.19	\$ -	\$ -	\$ -	\$ 3,035.14	\$ -	\$ -	\$ -	\$ 2,837.98	\$ 14,804.98
19	Total City Fees and Late Payment Charges Due to City	\$ 2,056.31	\$ 2,423.37	\$ 2,783.99	\$ 2,168.19	\$ -	\$ -	\$ -	\$ 3,035.14	\$ -	\$ -	\$ -	\$ 2,837.98	\$ 14,804.98
20	<b>City Fees %</b>													
21	AD 939 Fee	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	
22	Franchise Fee	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	10%	
23	<b>Calculation of Late Payment Charges</b>													
24	Late Payment Charges on Initial Late Payments:													
25	Basic Penalty (10% on Late Payment of City Fees)	\$ 1,959.29	\$ 2,273.37	\$ 2,598.22	\$ 2,055.19	\$ -	\$ -	\$ -	\$ 2,818.14	\$ -	\$ -	\$ -	\$ 2,787.66	\$ 13,991.87
26	Late Payment Interest 1.5% <sup>(1)</sup>	\$ 97.02	\$ 150.00	\$ 185.77	\$ 113.00	\$ -	\$ -	\$ -	\$ 217.00	\$ -	\$ -	\$ -	\$ 50.32	\$ 813.11
27	Total Late Payment Penalty	\$ 2,056.31	\$ 2,423.37	\$ 2,783.99	\$ 2,168.19	\$ -	\$ -	\$ -	\$ 3,035.14	\$ -	\$ -	\$ -	\$ 2,837.98	\$ 14,804.98
28	Late Payment Charges on H&H Adjustments:													
29	Basic Penalty (10% on Underpayment of City Fees)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
30	Late Payment Interest (1.5% per month) <sup>(2)</sup>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
31	Total Late Payment Penalty	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
32	Total Late Payment Charges:	\$ 1,959.29	\$ 2,273.37	\$ 2,598.22	\$ 2,055.19	\$ -	\$ -	\$ -	\$ 2,818.14	\$ -	\$ -	\$ -	\$ 2,787.66	\$ 13,991.87
33	Basic Penalty (10% on Late and Underpaid City Fees)	\$ 97.02	\$ 150.00	\$ 185.77	\$ 113.00	\$ -	\$ -	\$ -	\$ 217.00	\$ -	\$ -	\$ -	\$ 50.32	\$ 813.11
34	Late Payment Interest (1.5% per month)	\$ 2,056.31	\$ 2,423.37	\$ 2,783.99	\$ 2,168.19	\$ -	\$ -	\$ -	\$ 3,035.14	\$ -	\$ -	\$ -	\$ 2,837.98	\$ 14,804.98
35	Total Late Payment Penalty	\$ 2,056.31	\$ 2,423.37	\$ 2,783.99	\$ 2,168.19	\$ -	\$ -	\$ -	\$ 3,035.14	\$ -	\$ -	\$ -	\$ 2,837.98	\$ 14,804.98
36	<b>Check Information</b>													
37	Check Number	21011	21112	21242	21360	21463	21481	21609	21830	21836	22046	22170	22347	
38	Check Date	3/1/2011	4/14/2011	5/13/2011	6/10/2011	7/1/2011	7/18/2011	8/24/2011	10/14/2011	10/28/2011	11/17/2011	12/21/2011	2/3/2012	
39	First Day of Month	1/1/2011	2/1/2011	3/1/2011	4/1/2011	5/1/2011	6/1/2011	7/1/2011	8/1/2011	9/1/2011	10/1/2011	11/1/2011	12/1/2011	
40	Payment Days Requirement	60	60	60	60	60	60	60	60	60	60	60	60	
41	Due Date	3/2/2011	4/2/2011	4/30/2011	5/31/2011	6/30/2011	7/31/2011	8/30/2011	9/30/2011	10/31/2011	11/30/2011	12/31/2011	1/30/2012	
42	Days Late	9	12	13	30	-	-	-	14	-	-	-	4	
Conclusion: B2 received 24 of 30 remittances after the due date.														
43	<b>Interest Calculation</b>													
44	Basic Penalty (10% of Late or Underpaid City Fees)	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	
45	Late Payment Interest Per Month	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	
46	Number of Months Late through December 2013	34	33	32	31	30	29	28	27	26	25	24	23	
47	Total Interest Based on the Number of Months Late	\$1,026	\$955	\$886	\$817	\$748	\$679	\$610	\$541	\$472	\$403	\$334	\$265	
48	City Fees Late plus Basic Penalty on Initial Payment of City Fees	\$ 21,552.20	\$ 25,007.08	\$ 28,580.45	\$ 22,607.09	\$ -	\$ -	\$ -	\$ 30,999.56	\$ -	\$ -	\$ -	\$ 25,164.24	
49	City Fees Late and Underpaid plus Basic Penalty on H&H Adjustments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
50	Interest on Late Payment of City Fee Based per Day Late <sup>(3)</sup>	\$ 10.78	\$ 12.50	\$ 14.29	\$ 11.30	\$ -	\$ -	\$ -	\$ 15.50	\$ -	\$ -	\$ -	\$ 12.58	\$ 76.95
51	Total Interest on Late Payment of City Fee Based on the Number of Days Late <sup>(3)</sup>	\$ 97.02	\$ 150.00	\$ 185.77	\$ 113.00	\$ -	\$ -	\$ -	\$ 217.00	\$ -	\$ -	\$ -	\$ 50.32	\$ 813.11
52	Total Interest on City Fees Underpaid and Late Based on the Number of Month Late <sup>(3)</sup>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

<sup>(1)</sup> Based on 18% per year, 360 days/year and the number of days between the due date and the date of payment.

<sup>(2)</sup> Based on 1.5% per month for each month after the due date through December 2013.

# ATTACHMENT 4

EXHIBIT 1

EDCO - B2 Disposal  
City of Long Beach  
Gross Receipts and City Fees

Row	Description	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Total
3	<b>Gross Receipts</b>													
7	Total Gross Receipts Reported to the City	\$ 153,314.47	\$ 126,953.76	\$ 194,418.10	\$ 145,256.50	\$ 167,240.69	\$ 154,095.52	\$ 169,532.98	\$ 166,433.32	\$ 133,280.67	\$ 156,913.97	\$ 127,784.50	\$ 126,572.37	\$ 1,821,796.85
4	<b>Adjustment to Gross Receipts</b>													
5	Adjustment for Reconciliation with Internal Gross Receipts Reports	-	-	-	-	-	-	-	-	-	-	-	(0.50)	(0.50)
6	Adjustment for Green Waste Roll-Off Receipts	(12,560.95)	(13,748.90)	(78,582.43)	(626.62)	(17,076.39)	-	-	-	(513.89)	-	-	-	(93,118.68)
7	Total Adjustments to Gross Receipts	(12,560.95)	(13,748.90)	(78,582.43)	(626.62)	(17,076.39)	-	-	-	(513.89)	-	-	-	(93,118.68)
8	Adjusted Gross Receipts	\$ 140,744.52	\$ 113,204.86	\$ 115,835.67	\$ 144,629.88	\$ 150,164.30	\$ 154,095.52	\$ 169,532.98	\$ 166,433.32	\$ 132,766.78	\$ 156,913.97	\$ 127,784.50	\$ 126,571.87	\$ 1,728,678.17
9	<b>City Fees</b>													
10	AB 930 Fee	\$ 11,250.36	\$ 9,056.39	\$ 13,266.85	\$ 11,570.30	\$ 10,413.14	\$ 12,327.64	\$ 13,562.64	\$ 13,314.47	\$ 10,621.94	\$ 12,555.12	\$ 10,222.78	\$ 10,125.75	\$ 138,294.25
11	Franchise Fee	14,074.44	11,320.49	16,583.57	14,462.99	13,016.42	15,409.55	16,953.30	16,443.33	13,276.68	15,491.39	12,778.45	12,457.19	177,857.80
12	Recalculated City Fees	25,134.00	20,376.88	29,850.42	26,033.39	23,429.56	27,737.19	30,515.94	29,818.00	23,898.00	28,244.51	23,001.21	22,782.94	311,162.05
13	City Fees Remitted	27,596.40	27,851.68	34,905.36	26,146.17	20,803.87	27,737.19	30,515.94	29,818.00	23,898.00	28,244.51	23,001.21	22,782.94	327,923.43
14	Fees Due to (from) City before Late Payment Charges	(2,362.60)	(2,474.89)	(5,144.84)	(112.79)	(6,373.76)	-	-	-	-	(92.50)	-	-	(14,761.38)
15	<b>Late Payment Charges</b>													
16	Basic Penalty (10% on Late or Underpayment of City Fees)	2,759.66	2,285.17	3,499.53	2,614.62	3,010.33	2,773.72	3,051.59	2,995.80	2,399.05	2,824.45	2,300.12	2,278.30	32,792.34
17	Late Payment Interest (1.5% per month)	212.52	138.27	481.25	201.32	331.20	198.88	302.04	197.76	184.66	512.49	215.05	250.60	3,725.54
18	Late Payment Charges	2,972.18	2,423.44	3,980.78	2,815.94	3,341.53	2,972.60	3,353.63	3,193.56	2,581.71	3,336.94	2,515.17	2,528.90	36,017.88
19	Total City Fees and Late Payment Charges Due to City	\$ 709.58	\$ (513.36)	\$ (1,164.04)	\$ 2,703.15	\$ 3,332.23	\$ 2,872.30	\$ 3,353.63	\$ 3,193.56	\$ 2,491.21	\$ 3,336.94	\$ 2,515.17	\$ 2,528.91	\$ 19,254.50
20	<b>City Fees %</b>	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	
21	AB 930 Fee	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	
22	Franchise Fee	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	
23	<b>Calculation of Late Payment Charges</b>													
24	Late Payment Charges on Initial Late Payments:													
25	Basic Penalty (10% on Late Payment of City Fees)	\$ 2,759.66	\$ 2,285.17	\$ 3,499.53	\$ 2,614.62	\$ 3,010.33	\$ 2,773.72	\$ 3,051.59	\$ 2,995.80	\$ 2,399.05	\$ 2,824.45	\$ 2,300.12	\$ 2,278.30	\$ 32,792.34
26	Late Payment Interest (1.5% per month)	212.52	138.27	481.25	201.32	331.20	198.88	302.04	197.76	184.66	512.49	215.05	250.60	3,725.54
27	Total Late Payment Penalty	2,972.18	2,423.44	3,980.78	2,815.94	3,341.53	2,972.60	3,353.63	3,193.56	2,581.71	3,336.94	2,515.17	2,528.90	36,017.88
28	Late Payment Charges on H&B Adjustments:													
29	Basic Penalty (10% on Underpayment of City Fees)	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Late Payment Interest (1.5% per month)	-	-	-	-	-	-	-	-	-	-	-	-	-
31	Total Late Payment Penalty	-	-	-	-	-	-	-	-	-	-	-	-	-
32	Total Late Payment Charges:	2,972.18	2,423.44	3,980.78	2,815.94	3,341.53	2,972.60	3,353.63	3,193.56	2,581.71	3,336.94	2,515.17	2,528.90	36,017.88
33	Basic Penalty (10% on Late or Underpaid City Fees)	2,759.66	2,285.17	3,499.53	2,614.62	3,010.33	2,773.72	3,051.59	2,995.80	2,399.05	2,824.45	2,300.12	2,278.30	32,792.34
34	Late Payment Interest (1.5% per month)	212.52	138.27	481.25	201.32	331.20	198.88	302.04	197.76	184.66	512.49	215.05	250.60	3,725.54
35	Total Late Payment Penalty	2,972.18	2,423.44	3,980.78	2,815.94	3,341.53	2,972.60	3,353.63	3,193.56	2,581.71	3,336.94	2,515.17	2,528.90	36,017.88
36	<b>Check Information</b>													
37	Check Number	22507	21625	22814	22860	23007	23075	23202	23322	23442	N/A	N/A	23836	
38	Check Date	3/15/2012	4/12/2012	5/25/2012	6/14/2012	7/20/2012	8/13/2012	9/17/2012	10/12/2012	11/14/2012	1/2/2013	1/17/2013	2/19/2013	
39	First Day of Month	1/1/2012	2/1/2012	3/1/2012	4/1/2012	5/1/2012	6/1/2012	7/1/2012	8/1/2012	9/1/2012	10/1/2012	11/1/2012	12/1/2012	
40	Payment Days Requirement	60	60	60	60	60	60	60	60	60	60	60	60	
41	Due Date	3/1/2012	4/1/2012	4/30/2012	5/31/2012	6/30/2012	7/31/2012	8/30/2012	9/30/2012	10/31/2012	11/30/2012	12/31/2012	1/30/2013	
42	Days Late	34	11	25	34	20	13	18	12	34	33	17	20	
Conclusion: B2 remitted 24 of 30 remittances after the due date.														
43	<b>Interest Calculation</b>													
44	Basic Penalty (10% of Late or Underpaid City Fees)	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	
45	Late Payment Interest Per Month	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	
46	Number of Months Late through December 2013	22	23	20	19	17	16	15	14	13	12	11	11	
47	Total Interest Based on the Number of Months Late	\$ 30,356.26	\$ 25,136.85	\$ 38,494.79	\$ 28,740.79	\$ 33,113.65	\$ 30,510.91	\$ 33,567.53	\$ 32,853.80	\$ 26,389.57	\$ 31,068.96	\$ 25,303.33	\$ 25,061.33	
48	City Fees Late plus Basic Penalty on Initial Payment of City Fees	-	-	-	-	-	-	-	-	-	-	-	-	
49	City Fees Late and Underpaid plus Basic Penalty on H&B Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	
50	Interest on Late Payment of City Fee Based per Day Late	\$ 15.18	\$ 12.57	\$ 19.25	\$ 14.38	\$ 16.54	\$ 15.26	\$ 16.78	\$ 16.48	\$ 13.19	\$ 15.53	\$ 12.65	\$ 12.53	\$ 180.36
51	Total Interest on Late Payment of City Fee Based on the Number of Days Late	\$ 212.52	\$ 138.27	\$ 481.25	\$ 201.32	\$ 331.20	\$ 198.88	\$ 302.04	\$ 197.76	\$ 184.66	\$ 512.49	\$ 215.05	\$ 250.60	\$ 3,725.54
52	Total Interest on City Fees Underpaid and Late Based on the Number of Months Late	-	-	-	-	-	-	-	-	-	-	-	-	-

<sup>(1)</sup> Based on 18% per year, 360 days/year and the number of days between the due date and the date of payment.

<sup>(2)</sup> Based on 1.5% per month for each month after the due date through December 2013.

# ATTACHMENT 4

EXHIBIT 1

EDCO - B2 Disposal  
City of Long Beach  
Gross Receipts and City Fees

Row	Line Item	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Total	
1	<b>Gross Receipts</b>								
2	Total Gross Receipts Reported to the City	\$ 196,465.79	\$ 176,536.38	\$ 151,474.21	\$ 170,994.04	\$ 171,386.01	\$ 145,298.81	\$ 1,012,155.04	\$ 4,601,278.03
3									
4	<b>Adjustment to Gross Receipts</b>								
5	Adjustment for Reconciliation with Internal Gross Receipts Reports			(915.26)	-	-	-	(915.26)	(915.26)
6	Adjustment for Green Waste Roll-Off Receipts	(2,291.88)	(21,088.44)	-	-	-	-	(23,380.32)	(198,556.39)
7	Total Adjustments to Gross Receipts	(2,291.88)	(21,088.44)	(915.26)	-	-	-	(24,305.58)	(199,472.15)
8	Adjusted Gross Receipts	\$ 194,173.93	\$ 155,447.94	\$ 150,558.95	\$ 170,994.04	\$ 171,386.01	\$ 145,298.81	\$ 987,849.46	\$ 4,401,805.88
9	<b>City Fees</b>								
10	AB 939 Fee	\$ 15,533.91	\$ 12,435.02	\$ 12,044.72	\$ 13,679.52	\$ 13,710.88	\$ 11,623.90	\$ 79,027.95	\$ 352,144.46
11	Franchise Fee	19,417.39	15,543.77	15,055.90	17,099.41	17,138.40	14,529.89	98,784.86	409,056.87
12	Recalculated City Fees	34,951.30	27,978.79	27,100.62	30,778.93	30,849.28	26,153.79	177,812.97	761,161.33
13	City Fees Remitted	35,361.84	31,776.51	27,765.36	30,778.93	30,849.28	26,153.79	182,187.91	795,425.37
14	Fees Due to (from) City before Late Payment Charges	(412.54)	(3,797.72)	(164.74)	-	-	-	(4,375.00)	(14,284.04)
15	<b>Late Payment Charges</b>								
16	Basic Penalty (10% on Late or Underpayment of City Fees)	3,536.38	3,177.65	2,726.54	3,077.89	3,084.95	2,615.38	18,218.79	65,003.00
17	Late Payment Interest (1.5% per month)	233.40	262.20	225.00	203.16	271.52	373.88	1,569.16	5,607.81
18	Late Payment Charges	\$ 3,769.78	\$ 3,439.85	\$ 2,951.54	\$ 3,281.05	\$ 3,356.47	\$ 2,989.26	\$ 19,787.95	\$ 70,610.81
19	Total City Fees and Late Payment Charges Due to City	\$ 3,357.24	\$ (57.87)	\$ 7,886.80	\$ 3,291.05	\$ 3,356.47	\$ 2,989.26	\$ 15,412.95	\$ 38,366.77
20	<b>City Fee %</b>								
21	AB 939 Fee	8%	8%	8%	8%	8%	8%		
22	Franchise Fee	10%	10%	10%	10%	10%	10%		
23	<b>Calculation of Late Payment Charges</b>								
24	Late Payment Charges on Initial Late Payments:								
25	Basic Penalty (10% on Late Payment of City Fees)	\$ 3,536.38	\$ 3,177.65	\$ 2,726.54	\$ 3,077.89	\$ 3,084.95	\$ 2,615.38	\$ 18,218.79	\$ 65,003.00
26	Late Payment Interest (1.5% <sup>(1)</sup> )	233.40	262.20	225.00	203.16	271.52	373.88	1,569.16	5,607.81
27	Total Late Payment Penalty	\$ 3,769.78	\$ 3,439.85	\$ 2,951.54	\$ 3,281.05	\$ 3,356.47	\$ 2,989.26	\$ 19,787.95	\$ 70,610.81
28	Late Payment Charges on H&B Adjustments:								
29	Basic Penalty (10% on Underpayment of City Fees)	-	-	-	-	-	-	-	-
30	Late Payment Interest (1.5% per month) <sup>(2)</sup>	-	-	-	-	-	-	-	-
31	Total Late Payment Penalty	-	-	-	-	-	-	-	-
32	Total Late Payment Charges:								
33	Basic Penalty (10% on Late and Underpaid City Fees)	3,536.38	3,177.65	2,726.54	3,077.89	3,084.95	2,615.38	18,218.79	65,003.00
34	Late Payment Interest (1.5% per month)	233.40	262.20	225.00	203.16	271.52	373.88	1,569.16	5,607.81
35	Total Late Payment Penalty	\$ 3,769.78	\$ 3,439.85	\$ 2,951.54	\$ 3,281.05	\$ 3,356.47	\$ 2,989.26	\$ 19,787.95	\$ 70,610.81
36	<b>Check Information</b>								
37	Check Number	23928	24087	24164	24263	24399	24594		
38	Check Date	3/14/2013	4/17/2013	5/15/2013	6/12/2013	7/14/2013	8/16/2013		
39	First Day of Month	1/1/2013	2/1/2013	3/1/2013	4/1/2013	5/1/2013	6/1/2013		
40	Payment Days Requirement	60	60	60	60	60	60		
41	Due Date	3/2/2013	4/2/2013	4/30/2013	5/31/2013	6/30/2013	7/31/2013		
42	Days Late	12	15	15	12	16	26		
Conclusion: B2 remitted 24 of 30 remittances after the due date.									
43	<b>Interest Calculation</b>								
44	Basic Penalty (10% of Late or Underpaid City Fees)	10%	10%	10%	10%	10%	10%		
45	Late Payment Interest Per Month	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%		
46	Number of Months Late through December 2013	10	9	8	7	6	5		
47	Total Interest Based on the Number of Months Late	15.0%	13.5%	12.0%	10.5%	9.0%	7.5%		
48	City Fees Late plus Basic Penalty on Initial Payment of City Fees	\$ 38,900.22	\$ 34,954.16	\$ 29,991.80	\$ 33,854.82	\$ 33,854.43	\$ 28,766.17		
49	City Fees Late and Underpaid plus Basic Penalty on H&B Adjustments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
50	Interest on Late Payment of City Fee Based per Day Late <sup>(1)</sup>	\$ 29.45	\$ 1,148	\$ 15.00	\$ 16.83	\$ 16.97	\$ 14.38	\$ 100.21	\$ 35,752
51	Total Interest on Late Payment of City Fee Based on the Number of Days Late <sup>(1)</sup>	\$ 293.40	\$ 262.20	\$ 225.00	\$ 203.16	\$ 271.52	\$ 373.88	\$ 1,569.16	\$ 5,607.81
52	Total Interest on City Fees Underpaid and Late Based on the Number of Month Late <sup>(2)</sup>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

<sup>(1)</sup> Based on 18% per year, 360 days/year and the number of days between the date due and the date of payment.

<sup>(2)</sup> Based on 1.5% per month for each month after the due date through December 2013.

## ATTACHMENT 5

### SIGNAL HILL DISPOSAL, LLC

#### Review of City of Long Beach fee payments for the 30 months ended June 30, 2013.

#### Summary of Findings

Signal Hill Disposal, LLC ("Signal Hill"), a subsidiary of EDCO Disposal Corporation ("EDCO"), would owe a total of \$63,143.71 to the City for late payment charges, as shown in Table 1. If the audit fee is assessed, it would be \$19,900.00. However, as described in the report for Signal Hill's related company, BZ Disposal, also a subsidiary of EDCO, underpaid certain amounts due the City and overpaid other amounts. Additionally, payments to the City were routinely late, resulting in significant late payment charges if assessed. However, since the City had not assessed the late payment charges in a timely manner, the City and EDCO negotiated an agreement to waive all amounts due for the 30 months ended June 30, 2013.

#### Procedures Performed

As reflected in Table 1, Signal Hill reported \$4,207,947.13 in gross receipts and remitted \$724,663.84 in AB 939 fees and franchise fees to the City. In order to verify the City fees remitted, HF&H:

- Agreed the gross receipts reported to the City for each of the 30 months to CDS's underlying system report and verified the mathematical accuracy of the amounts reported - no adjustments were required to gross receipts for Signal Hill;
- Determined whether payments remitted to the City for City fees were remitted on or before the due date;
- Selected a sample of approximately 129, 124 and 100 accounts for 2011, 2012 and 2013, respectively. For each account, we verified that its location was within the City of Long Beach and confirmed the proper inclusion of the selected payments in the gross receipts reported to the City.

**Table 1: Summary of Gross Receipts and AB 939 Fee and Franchise Fee Due to the City**

Description	CY 2011	CY 2012	6 Months Ended June 30, 2013	Total 30 Months Ended June 2013
<b>Gross Receipts</b>				
Refuse Routes	\$ 1,769,055.61	\$ 1,622,203.77	\$ 816,687.75	\$ 4,207,947.13
Total Gross Receipts	\$ 1,769,055.61	\$ 1,622,203.77	\$ 816,687.75	\$ 4,207,947.13
<b>City Fees</b>				
AB 939 Fee	\$ 141,524.46	\$ 129,776.30	\$ 65,335.03	\$ 336,635.79
Franchise Fee	144,138.92	162,220.37	81,668.76	388,028.05
Recalculated City Fees	285,663.38	291,996.67	147,003.79	724,663.84
City Fees Remitted	285,663.38	291,996.67	147,003.79	724,663.84
Fees Due to City Before Late Payment Charges	\$ -	\$ -	\$ -	\$ -
<b>Late Payment Charges</b>				
Basic Penalty (10% on the Late or Underpaid City Fees)	\$ 14,807.12	\$ 29,199.66	\$ 14,700.38	\$ 58,707.16
Late Payment Interest (1.5% per month) <sup>(1)</sup>	809.29	2,448.38	1,178.88	4,436.55
Late Payment Charges	15,616.41	31,648.04	15,879.26	63,143.71
Total City Fees and Late Payment Charges due to City	\$ 15,616.41	\$ 31,648.04	\$ 15,879.26	\$ 63,143.71

<sup>(1)</sup> Interest was calculated at 1.5% per month or 18% per year assuming 360 days per year for each day between the date due and the date of the check.

## ATTACHMENT 5

### **Late Payment Charges**

As shown in Table 1 and Exhibit 1, the Signal Hill late payment charges total \$63,143.71. The calculation of the late fees is provided at the bottom of Exhibit 1. The late payment charge as described in Section 10.2.5 of the franchise agreement is made up of the basic penalty of 10% of the unpaid amount and an interest charge of 1.5% per month on the unpaid fees plus the basic penalty. The Signal Hill late payment charges consist of two different charges: the basic penalty of 10% on the amounts paid after the due date (\$58,707.16) and the interest on the late payments and basic penalty (\$4,436.55).

The late payment charge on the late payment of City fees was assessed on the unpaid amount between the date due for each month and the date of the check. For example, the amount due for January 2011 was due on March 2, 2011, 60 days after the first day of the month for which services were provided or January 1, 2011. The check date was March 11, 2011, nine days after the date the payment was due to the City.

# ATTACHMENT 5

EXHIBIT 1

Signal HBI Disposal  
City of Long Beach  
Gross Receipts and City Fees

Description	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Total
<b>Gross Receipts</b>													
Before Rosters	\$ 150,237.45	\$ 170,521.05	\$ 148,373.73	\$ 151,203.15	\$ 151,701.07	\$ 138,408.57	\$ 148,125.47	\$ 138,044.03	\$ 135,554.09	\$ 148,348.18	\$ 145,793.08	\$ 130,724.74	\$ 1,760,055.61
Total Gross Receipts	\$ 150,237.45	\$ 170,521.05	\$ 148,373.73	\$ 151,203.15	\$ 151,701.07	\$ 138,408.57	\$ 148,125.47	\$ 138,044.03	\$ 135,554.09	\$ 148,348.18	\$ 145,793.08	\$ 130,724.74	\$ 1,760,055.61
<b>City Fees</b>													
AB 930 Fee	\$ 12,039.00	\$ 13,641.68	\$ 11,868.90	\$ 12,006.25	\$ 12,136.09	\$ 11,072.69	\$ 11,210.04	\$ 12,643.52	\$ 10,844.33	\$ 11,888.53	\$ 11,663.45	\$ 10,457.98	\$ 141,574.46
Franchise Fee	\$ 12,018.99	\$ 13,641.69	\$ 11,868.90	\$ 12,006.25	\$ 12,136.08	\$ 11,072.68	\$ 11,210.04	\$ 12,643.52	\$ 10,844.32	\$ 11,888.54	\$ 11,663.44	\$ 10,457.97	\$ 141,574.45
Recalculated City Fees	\$ 24,057.99	\$ 27,283.37	\$ 23,737.80	\$ 24,012.50	\$ 24,272.17	\$ 22,145.37	\$ 22,420.08	\$ 25,287.04	\$ 21,688.65	\$ 23,777.07	\$ 23,326.89	\$ 21,915.95	\$ 283,148.90
City Fees Remitted	\$ 24,057.99	\$ 27,283.37	\$ 23,737.80	\$ 24,012.50	\$ 24,272.17	\$ 22,145.37	\$ 22,420.08	\$ 25,287.04	\$ 21,688.65	\$ 23,777.07	\$ 23,326.89	\$ 21,915.95	\$ 283,148.90
Fees Due to City Before Late Payment Charges	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Late Payment Charges</b>													
Basic Penalty (10% on the Late or Underpaid City Fees)	\$ 2,405.80	\$ 2,728.34	\$ 2,373.78	\$ 2,401.25	\$ 2,427.21	\$ 2,214.54	\$ 2,242.01	\$ 2,528.70	\$ 2,168.86	\$ 2,377.71	\$ 2,332.69	\$ 2,191.60	\$ 28,314.89
Late Payment Interest (1.5% per month)	\$ 318.98	\$ 360.12	\$ 316.79	\$ 318.79	\$ 321.79	\$ 291.79	\$ 295.79	\$ 334.79	\$ 291.79	\$ 316.79	\$ 311.79	\$ 286.79	\$ 3,700.29
Late Payment Charges	\$ 2,724.78	\$ 3,088.46	\$ 2,690.57	\$ 2,719.04	\$ 2,748.00	\$ 2,506.33	\$ 2,537.80	\$ 2,863.49	\$ 2,460.65	\$ 2,694.50	\$ 2,644.48	\$ 2,478.39	\$ 32,015.18
Total City Fees and Late Payment Charges due to City	\$ 2,724.78	\$ 3,088.46	\$ 2,690.57	\$ 2,719.04	\$ 2,748.00	\$ 2,506.33	\$ 2,537.80	\$ 2,863.49	\$ 2,460.65	\$ 2,694.50	\$ 2,644.48	\$ 2,478.39	\$ 32,015.18
<b>City Fee %</b>													
AB 930 Fee	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
Business Fee	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
<b>Check Information</b>													
Check Number	98636	99299	99974	100425	100897	101125	101169	102043	103342	103463	104431	105122	
Check Date	3/11/2011	4/14/2011	5/13/2011	6/9/2011	7/1/2011	7/14/2011	8/24/2011	10/14/2011	10/28/2011	11/17/2011	12/12/2011	2/2/2012	
First Day of Month	1/1/2011	2/1/2011	3/1/2011	4/1/2011	5/1/2011	6/1/2011	7/1/2011	8/1/2011	9/1/2011	10/1/2011	11/1/2011	12/1/2011	
Payment Days Requirement	60	60	60	60	60	60	60	60	60	60	60	60	
Due Date	3/2/2011	4/2/2011	4/30/2011	5/31/2011	6/30/2011	7/31/2011	8/30/2011	9/30/2011	10/31/2011	11/30/2011	12/31/2011	1/30/2012	
Days Late	9	12	13	9	-	-	-	14	-	-	-	2	
Conclusion: FDC (received 24 of 30 reports and payments of city fees after the due date).													
<b>Interest Calculation</b>													
Basic Penalty (10% on Late or Unpaid City Fees)	\$ 2,405.80	\$ 2,728.34	\$ 2,373.78	\$ 2,401.25	\$ 2,427.21	\$ 2,214.54	\$ 2,242.01	\$ 2,528.70	\$ 2,168.86	\$ 2,377.71	\$ 2,332.69	\$ 2,191.60	\$ 28,314.89
Late Payment Interest per Month	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 18,000.00
City Fees Late or Underpaid plus Basic Penalty	\$ 26,441.79	\$ 30,001.71	\$ 26,113.78	\$ 26,411.75	\$ 26,727.17	\$ 23,719.87	\$ 23,962.08	\$ 27,815.74	\$ 23,688.65	\$ 25,779.07	\$ 25,326.89	\$ 24,176.55	\$ 300,470.50
Total Interest Based on Interest per Day <sup>(1)</sup>	\$ 13.22	\$ 15.01	\$ 13.06	\$ 13.81	\$ 14.19	\$ 12.81	\$ 13.06	\$ 15.01	\$ 12.81	\$ 14.19	\$ 13.81	\$ 12.81	\$ 158.88
Total Interest on Late Payment of City Fees Based on the Number of Days Late	\$ 138.98	\$ 180.12	\$ 168.79	\$ 138.79	\$ 141.79	\$ 128.19	\$ 130.69	\$ 150.19	\$ 128.19	\$ 141.79	\$ 138.19	\$ 128.19	\$ 1,588.88

(1) The interest fee is based on the unpaid City fees plus the Basic Penalty X 18% per year/360 days per year X the number of days after the due date.

# ATTACHMENT 5

EXHIBIT 1

Signal Hill Disposal  
City of Long Beach  
Gross Receipts and City Fees

	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Total
<b>Gross Receipts</b>													
Refuse Routes	\$ 136,419.99	\$ 142,911.79	\$ 136,158.80	\$ 132,081.78	\$ 132,889.06	\$ 121,589.31	\$ 151,465.45	\$ 134,806.91	\$ 127,658.45	\$ 147,248.10	\$ 128,541.36	\$ 135,334.37	\$ 1,622,203.77
Total Gross Receipts	\$ 136,419.99	\$ 142,911.79	\$ 136,158.80	\$ 132,081.78	\$ 132,889.06	\$ 121,589.31	\$ 151,465.45	\$ 134,806.91	\$ 127,658.45	\$ 147,248.10	\$ 128,541.36	\$ 135,334.37	\$ 1,622,203.77
<b>City Fees</b>													
AD 930 Fee	\$ 10,913.60	\$ 11,432.90	\$ 10,892.70	\$ 10,566.54	\$ 10,638.12	\$ 9,727.06	\$ 12,117.24	\$ 10,784.55	\$ 10,212.68	\$ 11,379.85	\$ 10,283.31	\$ 10,826.75	\$ 128,776.30
Franchise Fee	13,642.00	14,391.13	13,615.88	13,208.18	13,298.91	12,158.87	15,146.54	13,480.69	12,765.84	14,274.81	12,854.13	13,533.44	162,220.37
Recalculated City Fees	24,555.60	25,724.03	24,508.58	23,774.72	23,938.03	21,885.88	27,263.78	24,265.24	22,978.52	25,604.66	23,137.44	24,380.19	291,596.67
City Fees Remitted	24,555.60	25,724.03	24,508.58	23,774.72	23,938.03	21,885.88	27,263.78	24,265.24	22,978.52	25,604.66	23,137.44	24,380.19	291,596.67
Fees Due to City Before Late Payment Charges	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Late Payment Charges</b>													
Basic Penalty (10% on the late or underpaid City Fees)	2,455.56	2,572.40	2,450.86	2,377.47	2,393.80	2,188.59	2,726.38	2,426.52	2,297.85	2,560.47	2,313.74	2,436.02	29,199.66
Late Payment Interest (1.5% per month)	175.63	169.80	171.52	194.20	210.23	170.40	210.00	183.50	189.40	168.96	179.14	201.43	2,448.38
Late Payment Charges	2,631.19	2,742.20	2,622.38	2,571.67	2,604.03	2,358.99	2,936.38	2,610.02	2,487.25	2,729.43	2,492.88	2,637.45	31,648.04
Total City Fees and Late Payment Charges due to City	\$ 2,631.19	\$ 2,742.20	\$ 2,622.38	\$ 2,571.67	\$ 2,604.03	\$ 2,358.99	\$ 2,936.38	\$ 2,610.02	\$ 2,487.25	\$ 2,729.43	\$ 2,492.88	\$ 2,637.45	\$ 31,648.04
<b>City Fees %</b>													
AD 930 Fee	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	
Business Fee	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	
<b>Check Information</b>													
Check Number	105940	106570	107419	107725	108547	108862	109504	109961	110729	111264	N/A	112477	
Check Date	3/14/2012	4/11/2012	5/24/2012	6/15/2012	7/29/2012	8/10/2012	9/11/2012	10/10/2012	11/15/2012	12/12/2012	1/18/2013	2/20/2013	
First Day of Month	3/1/2012	2/1/2012	3/1/2012	4/1/2012	5/1/2012	6/1/2012	7/1/2012	8/1/2012	9/1/2012	10/1/2012	11/1/2012	12/1/2012	
Payment Days Requirement	60	60	60	60	60	60	60	60	60	60	60	60	
Due Date	5/1/2012	4/1/2012	4/30/2012	5/31/2012	6/30/2012	7/31/2012	8/30/2012	9/30/2012	10/31/2012	11/30/2012	12/31/2012	1/30/2013	
Days Late	13	12	24	15	19	10	34	10	15	12	18	21	
Conclusion: EDCO remitted 24 of 30 reports and payments of city fees after the due date.													
<b>Interest Calculation</b>													
Basic Penalty (10% on Late or Unpaid City Fees)	\$ 2,455.56	\$ 2,572.40	\$ 2,450.86	\$ 2,377.47	\$ 2,393.80	\$ 2,188.59	\$ 2,726.38	\$ 2,426.52	\$ 2,297.85	\$ 2,560.47	\$ 2,313.74	\$ 2,436.02	\$ 29,199.66
Late Payment Interest per Month	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	
City Fees Late or Underpaid plus Basic Penalty	\$ 27,031.16	\$ 28,296.43	\$ 26,959.44	\$ 26,352.19	\$ 26,331.83	\$ 24,074.47	\$ 29,990.14	\$ 26,691.76	\$ 25,276.37	\$ 28,165.13	\$ 25,451.18	\$ 26,796.21	\$ 321,196.33
Total Interest Based on Interest per Day <sup>(1)</sup>	\$ 13.51	\$ 14.15	\$ 13.48	\$ 13.08	\$ 13.17	\$ 12.04	\$ 15.00	\$ 13.35	\$ 12.64	\$ 14.08	\$ 12.75	\$ 13.40	
Total Interest on Late Payment of City Fees Based on the Number of Days Late	\$ 175.63	\$ 169.80	\$ 171.52	\$ 194.20	\$ 210.23	\$ 170.40	\$ 210.00	\$ 183.50	\$ 189.40	\$ 168.96	\$ 179.14	\$ 201.43	\$ 2,448.38
(1) The interest fee is based on the unpaid City fees plus the Basic Penalty X 18% per year/360 days per year X the number of days after the due date.													



# ATTACHMENT 5

EXHIBIT 1

Signal HBB Disposal  
City of Long Beach  
Gross Receipts and City Fees

Description	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Total	Report to HBB after the End of 2013
<b>Gross Receipts</b>								
Refuse Routes	\$ 148,758.08	\$ 178,121.82	\$ 135,303.26	\$ 134,834.44	\$ 137,344.52	\$ 132,735.63	\$ 816,587.75	\$ 4,207,947.13
Total Gross Receipts	\$ 148,758.08	\$ 178,121.82	\$ 135,303.26	\$ 134,834.44	\$ 137,344.52	\$ 132,735.63	\$ 816,587.75	\$ 4,207,947.13
<b>City Fees</b>								
AB 939 Fee	\$ 11,900.65	\$ 10,249.75	\$ 10,831.46	\$ 10,786.76	\$ 10,887.56	\$ 10,578.85	\$ 65,335.03	\$36,695.79
Franchise Fee	14,875.80	17,812.18	13,530.33	13,483.44	13,734.45	13,223.56	81,668.76	388,028.05
Recalculated City Fees	26,776.45	23,061.83	24,370.79	24,270.20	24,722.01	23,802.43	147,003.79	724,663.84
City Fees Retained	26,776.45	23,061.83	24,370.79	24,270.20	24,722.01	23,802.43	147,003.79	724,663.84
Fees Due to City Before Late Payment Charges	-	-	-	-	-	-	-	-
<b>Late Payment Charges</b>								
Bank Penalty (10% on the Late or Underpaid City Fees)	2,677.65	2,306.19	2,437.08	2,477.02	2,472.20	2,380.24	14,700.38	58,707.16
Late Payment Interest (1.5% per month)	176.76	190.20	234.40	146.85	149.60	201.07	1,178.88	4,436.55
Late Payment Charges	2,854.41	2,496.39	2,671.48	2,623.87	2,621.80	2,581.31	15,879.26	63,143.71
Total City Fees and Late Payment Charges due to City	\$ 2,854.41	\$ 2,496.39	\$ 2,671.48	\$ 2,623.87	\$ 2,621.80	\$ 2,581.31	\$ 15,879.26	\$ 63,143.71

## City Fees %

AB 939 Fee

8%

8%

8%

8%

8%

8%

Business Fee

10%

10%

10%

10%

10%

10%

## Check Information

Check Number

113953

113586

114324

114683

115237

116079

Check Date

5/14/2013

4/17/2013

5/14/2013

6/11/2013

7/12/2013

8/21/2013

First Day of Month

1/1/2013

2/1/2013

3/1/2013

4/1/2013

5/1/2013

6/1/2013

Payment Days Requirement

60

60

60

60

60

60

Due Date

3/7/2013

4/2/2013

4/30/2013

5/31/2013

6/30/2013

7/31/2013

Days Late

32

35

16

31

11

23

Conclusion: EDOC remitted 24 of 30 reports and payments of city fees after the due date.

## Interest Calculation

Bank Penalty (10% on Late or Unpaid City Fees)	\$ 2,677.65	\$ 2,306.19	\$ 2,437.08	\$ 2,477.02	\$ 2,472.20	\$ 2,380.24	\$ 14,700.38	\$ 58,707.16
Late Payment Interest per Month	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%		
City Fees Late or Underpaid plus Bank Penalty	\$ 29,454.10	\$ 25,368.12	\$ 26,807.87	\$ 26,697.27	\$ 27,194.21	\$ 26,182.65	\$ 161,704.17	\$ 783,371.00
Total Interest Based on Interest per Day <sup>(1)</sup>	\$ 14.73	\$ 12.68	\$ 13.40	\$ 13.85	\$ 13.60	\$ 13.09		
Total Interest on Late Payment of City Fees Based on the Number of Days Late	\$ 176.76	\$ 190.20	\$ 234.40	\$ 146.85	\$ 149.60	\$ 201.07	\$ 1,178.88	\$ 4,436.55

(1) The interest fee is based on the unpaid City fees plus the Bank Penalty X 18% per year/360 days per year X the number of days after the due date.