

Attache to:  
08-2010

**FIRST AMENDED FRANCHISE AGREEMENT**

**BETWEEN**

**THE CITY OF PACIFICA**

**AND**

**RECOLOGY OF THE COAST**

**FOR**

**RECYCLABLE MATERIALS,  
ORGANIC MATERIALS, AND SOLID WASTE  
COLLECTION SERVICES**

\*\*\*

March 11, 2013

**FINAL AGREEMENT**

## TABLE OF CONTENTS

RECITALS .....	1
<b>ARTICLE 1 DEFINITIONS .....</b>	<b>3</b>
1.01 Definitions.....	3
1.02 Statutory Definitions .....	3
<b>ARTICLE 2 REPRESENTATION AND WARRANTIES OF CONTRACTOR .....</b>	<b>4</b>
2.01 Corporate Status .....	4
2.02 Corporate Authorization.....	4
2.03 Agreement Duly Executed .....	4
2.04 No Conflict with Applicable Law or Other Documents .....	4
2.05 No Litigation .....	4
2.06 Financial Condition .....	4
2.07 Ability to Perform .....	5
2.08 Contractor's Investigation .....	5
2.09 Statements and Information in Acquisition Documents.....	5
<b>ARTICLE 3 TERM OF AGREEMENT .....</b>	<b>6</b>
3.01 Effective Date .....	6
3.02 Term.....	6
3.03 Extension of Term .....	6
3.04 Conditions to Effectiveness of Agreement .....	6
<b>ARTICLE 4 SCOPE OF AGREEMENT.....</b>	<b>8</b>
4.01 Scope of Agreement.....	8
4.02 Limitations on Scope .....	8
<b>ARTICLE 5 COLLECTION SERVICES.....</b>	<b>10</b>
5.01 General .....	10
5.02 Solid Waste Collection.....	10
5.03 Targeted Recyclable Materials Collection .....	13
5.04 Organic Materials Collection .....	17
5.05 Residential On-Call Curbside Bulky Item Collection Service .....	19
5.06 City Facility Annual On-Call Bulky Item Collection Service .....	20
5.07 Reserved.....	21
5.08 Collection for Large Venues and Events.....	21
5.09 Abandoned Waste Cleanup Collection Service.....	22
5.10 Coats for Kids Program .....	22
5.11 Compost Give-Away .....	23
5.12 Fee for Service On-Call Bulky Item Collection .....	23
5.13 Tree Maintenance.....	24
5.14 Drop-Off Facility .....	24
<b>ARTICLE 6 TRANSPORTATION, PROCESSING, AND DISPOSAL.....</b>	<b>25</b>
6.01 Designated Facilities .....	25
6.02 Transportation of Collected Materials .....	27
6.03 Recyclable Materials Processing .....	27
6.04 Organic Materials Processing .....	28

6.05	Processing of Other Materials .....	29
6.06	Solid Waste Disposal.....	29
6.07	Contractor Methods of Controlling Contamination .....	30
<b>ARTICLE 7 OTHER SERVICES .....</b>		<b>32</b>
7.01	Customer Billing .....	32
7.02	Customer Service.....	34
7.03	Public Education and Promotion.....	37
7.04	Commercial Recycling Program Promotion .....	39
7.05	Multi-Family Recycling Promotion.....	41
7.06	Emergency Services and Contingency Plan .....	42
7.07	Annual Route Assessment .....	43
7.08	Waste Generation and Characterization Studies .....	43
7.09	Carbon Footprint Measuring .....	43
<b>ARTICLE 8 REQUIREMENTS FOR OPERATIONS, EQUIPMENT, AND PERSONNEL.....</b>		<b>44</b>
8.01	Collection Hours and Schedules .....	44
8.02	Collection Standards .....	45
8.03	Vehicles.....	48
8.04	Reserved .....	50
8.05	Containers .....	50
8.06	Personnel .....	53
8.07	Hazardous Waste Inspection and Handling .....	55
8.08	Communication and Cooperation with City .....	56
8.09	Reserved .....	57
8.10	Buy-Recycled Policy .....	57
8.11	Title to Solid Waste, Recyclables, and organics .....	57
<b>ARTICLE 9 RECORD KEEPING AND REPORTING.....</b>		<b>58</b>
9.01	General .....	58
9.02	General Record Keeping Provisions .....	58
9.03	Record Keeping Requirements.....	59
9.04	General Reporting Requirements .....	61
9.05	Monthly Reports .....	63
9.06	Quarterly reports .....	64
9.07	Annual Reports.....	65
9.08	Required Specific Reporting .....	67
9.09	Upon-Request Reporting .....	67
<b>ARTICLE 10 PAYMENT BY CONTRACTOR OF FRANCHISE AND REGULATORY FEES.</b>		<b>69</b>
10.01	Franchise and Regulatory Fees.....	69
10.02	Time and Method of Payment.....	69
10.03	Adjustments to Fees; Additional Fees.....	70
<b>ARTICLE 11 CONTRACTOR'S COMPENSATION AND RATES .....</b>		<b>71</b>
11.01	Overview.....	71
11.02	Rate-Setting Process.....	71
11.03	Annual Rate Application Process.....	73
11.04	Special Rate Review.....	75
11.05	Notice of Rate Adjustments .....	78
11.06	Failure or Delay in Adjusting Rates.....	78

11.07	Potential Rate Constraints .....	79
11.08	Sharing of Revenue from Sale of Recyclables.....	79
<b>ARTICLE 12 CITY RIGHT TO USE EQUIPMENT AND FACILITIES.....</b>		<b>80</b>
12.01	Purpose .....	80
12.02	Conditions Authorizing City's Right to Use of Facilities and Equipment .....	80
12.03	Notice to Contractor.....	80
12.04	Rights and Responsibilities of Parties.....	80
12.05	Duration of City's Right to Possession and Use of Vehicles/Equipment.....	81
12.06	General.....	81
<b>ARTICLE 13 INDEMNITY, INSURANCE, BOND, GUARANTY .....</b>		<b>82</b>
13.01	Indemnification .....	82
13.02	Insurance.....	82
13.03	Faithful Performance Bond .....	85
13.04	Alternative Security.....	85
13.05	Hazardous Waste Indemnification .....	85
13.06	California Integrated Waste Management Act Indemnification.....	86
13.07	Guaranty.....	86
<b>ARTICLE 14 DEFAULT AND REMEDIES .....</b>		<b>87</b>
14.01	Events of Default .....	87
14.02	Right to Suspend or Terminate Upon Default.....	88
14.03	Injunctive Relief .....	88
14.04	Right to Perform; Use of Contractor Property .....	89
14.05	Damages .....	89
14.06	City's Remedies Cumulative .....	89
14.07	Liquidated Damages.....	89
14.08	City Default.....	90
14.09	Excuse from Performance .....	90
14.10	Assurance of Performance .....	91
<b>ARTICLE 15 OTHER AGREEMENTS OF THE PARTIES .....</b>		<b>92</b>
15.01	Relationship of Parties.....	92
15.02	Compliance with Law .....	92
15.03	Assignment.....	92
15.04	Subcontracting.....	93
15.05	Transactions with Affiliates .....	94
15.06	Reserved .....	94
15.07	No Warranty by City .....	94
15.08	Condemnation .....	94
15.09	Notice .....	95
15.10	Representatives of the Parties.....	95
15.11	Duty of Contractor Not to Discriminate.....	96
15.12	Right of City to Make Changes in Services and Service Levels .....	96
15.13	Transition to Next Service Provider.....	96
15.14	Reports as Public Records .....	97
15.15	Confidentiality of Contractor Records .....	97
15.16	Dispute Resolution.....	97
<b>ARTICLE 16 MISCELLANEOUS PROVISIONS.....</b>		<b>98</b>

16.01	Governing Law .....	98
16.02	Jurisdiction.....	98
16.03	Binding on Successors .....	98
16.04	Parties in Interest.....	98
16.05	Waiver .....	98
16.06	Attachments.....	98
16.07	Entire Agreement; Relationship to Prior Agreement .....	98
16.08	Section Headings.....	98
16.09	Interpretation .....	98
16.10	Amendment .....	98
16.11	Severability .....	99
16.12	Costs and Attorneys' Fees.....	99
16.13	No Damages for Invalidation of Agreement .....	99
16.14	References to Laws .....	99
16.15	Indemnity Against Challenges to Agreement .....	99

**Attachments**

- A Definitions
- B City Facilities
- C City-Sponsored Events
- D Container Specifications
- E [Reserved]
- F Performance Bond
- G Guaranty
- H Delinquent Payments
- I [Reserved]
- J Liquidated Damages
- K Rate-Setting Methodology
- L Implementation Plan
- M [Reserved]
- N Rate Schedule
- O Contractor's Personnel
- P Pro Forma and Rate Setting Examples
- Q Form of Notice For Proposed Rate Adjustments

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**FIRST AMENDED FRANCHISE AGREEMENT  
FOR  
RECYCLABLE MATERIALS, ORGANIC MATERIALS, AND SOLID WASTE  
COLLECTION SERVICES**

THIS AGREEMENT is made as of this 11<sup>th</sup> day of March, 2013, by and between the CITY OF PACIFICA, a California municipal corporation ("City"), and RECOLOGY OF THE COAST, a California corporation ("Contractor").

8 **RECITALS**

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1. The State of California has, through enactment of the California Integrated Waste Management Act of 1989 ("Act"), determined each of the following:
    - A. That management of solid waste is a shared responsibility of the State and local governments.
    - B. That local governments may grant franchises to private entities to provide adequate solid waste handling services.
    - C. That the amount of solid waste generated in California, coupled with diminishing landfill space, potential adverse environmental impacts from landfilling solid waste, and the need to conserve natural resources have created an urgent need for State and local agencies to enact and implement an aggressive integrated waste management program.
  2. The State of California, through the Act, has directed the California Integrated Waste Management Board and all local agencies to maximize the use of feasible waste reduction, recycling and composting options in order to reduce the amount of solid waste that must be disposed of in landfills.
  3. City previously entered into that certain Agreement for Collection and Disposal of Solid Waste and Recycling Program Services dated as of July 15, 1997 (such agreement, as amended, the "Prior Contract") with Coastside Scavenger Company, a California corporation ("Previous Contractor"). Contractor and Previous Contractor entered into an agreement by which Contractor acquired Previous Contractor (the "Acquisition"). Contractor and City entered into Franchise Agreement Between the City of Pacifica and Recology of the Coast for Recyclable Materials, Organic Materials, and Solid Waste Collection Services, the effective date of which was February 9, 2010 ("Original Agreement"). City agreed to consent to the Acquisition on the condition that Contractor provide services on the terms set forth in the Original Agreement, which superseded the Prior Contract in its entirety. City and Contractor now desire to amend the Original Agreement to better reflect the understandings and obligations between the Parties by way of entering into this First Amended Franchise Agreement (hereinafter referred to as "Agreement").
  4. As a further condition to City's consent to the Acquisition, City and Previous Contractor entered into an Agreement Assigning Franchise Status and Terminating and Releasing Rights and Claims Under Franchise Agreement dated as of February 8, 2010 (the "Termination Agreement"), which, among other things, terminated the Prior Contract and released Previous Contractor and City from any obligations related thereto. The outstanding portion of the Rate adjustment previously agreed between City and Previous Contractor, to provide for the recapture by City and its residents of certain amounts relating to Previous

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Contractor's disposal of green waste and allocation of costs to its Affiliate, Sea Coast Disposal Company, was reflected in the Original Agreement in the form of an equivalent Rate adjustment in Rate Years One and Two.

5. On the Commencement Date of the Original Agreement, Contractor commenced performing Collection services in the same manner as the Previous Contractor, but phased in and fully implemented certain new Collection services that would improve Customer convenience through provision of wheeled Carts for Single-Family residents, and enhance Residential and Commercial diversion through Collection of Single-Stream Recyclables and Collection of Organic Materials.

6. It was further contemplated that (i) Rates from the Commencement Date through July 31, 2010 would be the Rates in effect as of the Commencement Date, which were set forth in Attachment N of the Original Agreement, (ii) a Rate adjustment would take effect on August 1, 2010 to reflect the cumulative effect of changes in the consumer price index, landfill Disposal fees, and County regulatory fees over the three years since August 1, 2007, and would be in the amount of 5%, as set forth in Attachment N of the Original Agreement; (iii) a further Rate adjustment would take effect on March 1, 2011, to reflect costs for the Collection services implemented as of September 1, 2010, which would be negotiated between the Parties (subject to certain limitations as more fully set forth in the Original Agreement) based on cost and operational data derived from Contractor's provision of services under the Original Agreement during the initial months after the Commencement Date; and (iv) thereafter, Rates would be adjusted annually each January 1 according to the cost-based or index-based adjustment mechanisms set forth herein. The Rate adjustment contemplated by clause (ii) above occurred as planned. The Rate adjustment contemplated by clause (iii) above, which the Parties determined was in the amount of 8%, was delayed and took effect as of June 1, 2011. As a result of the delay in implementing that adjustment, the parties have agreed to adjust the Rates for Rate Year Three as described in Section 11.02.C hereof.

7. City has independently evaluated Contractor and the terms on which Contractor proposes to provide Solid Waste handling services including Collection of Recyclable and Organic Materials, as set forth in this Agreement, and has determined that such terms are in the best interests of City, its residents and businesses, taking into account the qualifications and experience of Contractor and the cost of providing such services.

8. Contractor has participated in the development of this Agreement and is ready, willing and able to perform the services which the Agreement requires.

NOW, THEREFORE, in consideration of the mutual promises contained in this Agreement, and for other good and valuable consideration, City and Contractor agree as follows:

87            **ARTICLE 1                      DEFINITIONS**

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88    **1.01    DEFINITIONS**

89            Unless the context otherwise requires, capitalized terms used in this Agreement shall  
90            have the meanings set forth in the definitions contained in Attachment A.

91    **1.02    STATUTORY DEFINITIONS**

92            Unless a term is otherwise defined in this Agreement, terms used in this Agreement  
93            shall have the same meaning as the definitions of those terms contained in the Act. In  
94            the event of a conflict between the definition of a term in the Act and in this Agreement,  
95            the definition in the Agreement shall prevail.



96 **ARTICLE 2 REPRESENTATION AND WARRANTIES OF CONTRACTOR**

97 Contractor represents and warrants, as of the date of this Agreement, the following:

98 **2.01 CORPORATE STATUS**

99 Contractor is a corporation, duly organized, validly existing and in good standing under  
100 the laws of the State of California, and is qualified to do business in the State of  
101 California.

102 **2.02 CORPORATE AUTHORIZATION**

103 Contractor has the authority to enter into and perform its obligations under this  
104 Agreement. The directors (and shareholders if necessary) of Contractor have taken all  
105 actions required by law, the articles of incorporation and bylaws or otherwise to  
106 authorize the execution of this Agreement.

107 **2.03 AGREEMENT DULY EXECUTED**

108 The persons signing this Agreement on behalf of Contractor have been authorized to do  
109 so and this Agreement constitutes a legal, valid and binding obligation of Contractor.

110 **2.04 NO CONFLICT WITH APPLICABLE LAW OR OTHER DOCUMENTS**

111 Neither the execution and delivery by Contractor of this Agreement, nor the performance  
112 by Contractor of its obligations hereunder (i) conflicts with, violates or will result in a  
113 violation of any existing Applicable Law; or (ii) conflicts with, violates or will result in a  
114 breach or default under any term or condition of any existing judgment, order or decree  
115 of any court, administrative agency or other governmental authority, or of any existing  
116 contract or instrument to which Contractor is a party or by which Contractor is bound.

117 **2.05 NO LITIGATION**

118 There is no action, suit, proceeding, or investigation at law or in equity, before or by any  
119 court or governmental entity, pending or threatened against Contractor, or otherwise  
120 affecting Contractor, wherein an unfavorable decision, ruling, or finding, in any single  
121 case or in the aggregate, would (a) materially adversely affect Contractor's performance  
122 hereunder, (b) adversely affect the validity or enforceability of this Agreement, or (c)  
123 have a material adverse effect on the financial condition of Contractor or the entity  
124 providing the guaranty of Contractor's performance.

125 **2.06 FINANCIAL CONDITION**

126 Contractor has made available to City information on its financial condition. Contractor  
127 recognizes that City has relied on this information in evaluating the sufficiency of  
128 Contractor's financial resources to perform this Agreement. To the best of Contractor's  
129 knowledge, this information is complete and accurate, does not contain any material  
130 misstatement of fact and does not omit any fact necessary to prevent the information  
131 provided from being materially misleading.

132 **2.07 ABILITY TO PERFORM**

133 Contractor has the expertise and professional and technical capability to perform all of  
134 its obligations under this Agreement.

135 **2.08 CONTRACTOR'S INVESTIGATION**

136 Contractor has made an independent investigation and analysis, the results of which are  
137 satisfactory to Contractor, of the conditions and circumstances surrounding the  
138 Agreement, its content and preparation, and the work to be performed by Contractor  
139 under the Agreement. The Agreement accurately and fairly represents the intentions of  
140 Contractor, and Contractor enters into this Agreement on the basis of that independent  
141 investigation and analysis.

142 **2.09 STATEMENTS AND INFORMATION IN ACQUISITION DOCUMENTS**

143 The information provided by Contractor to City in connection with City's evaluation of the  
144 Acquisition does not contain any untrue statement of a material fact nor omit to state a  
145 material fact necessary in order to make the statements made, in light of the  
146 circumstances in which they were made, not misleading.

147           **ARTICLE 3                      TERM OF AGREEMENT**

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148   **3.01    EFFECTIVE DATE**

149           The Effective Date of this Agreement shall be March 12, 2013.

150   **3.02    TERM**

151           The Term of this Agreement shall be approximately five (5) years beginning on the  
152           Effective Date and ending at midnight on December 31, 2017 ("Initial Term"), unless  
153           earlier terminated, or extended as provided in Section 3.03. Contractor's obligation to  
154           Collect Solid Waste, Targeted Recyclable Materials and Organic Materials began on  
155           February 9, 2010 (the "Commencement Date") at 12:01 a.m. and shall continue for the  
156           remainder of the Term. The "Transition Period" shall begin on the Commencement  
157           Date and end on September 1, 2010 (the "Transition Date"), at 12:01 a.m., with  
158           Contractor beginning to phase in the new Collection services described in Article 5 not  
159           later than August 1, 2010, with full implementation to be completed by September 1,  
160           2010.

161   **3.03    EXTENSION OF TERM**

162           City has the sole option to extend the Term of this Agreement for an additional period of  
163           five (5) years ("Extension Term"). If City wishes to extend this Agreement, it shall  
164           provide written notice to Contractor no less than one (1) year prior to the end of the  
165           Term.

166   **3.04    CONDITIONS TO EFFECTIVENESS OF AGREEMENT**

167           **A.   Obligation of City to Perform.** The obligation of City to perform under this  
168           Agreement is subject to satisfaction, on or before the Effective Date, of each of the  
169           conditions set out below, each of which may be waived in whole or in part by City:

- 170                   1.    Accuracy of Representations. The representations and warranties made  
171                            by Contractor in Article 2 shall be true and correct on and as of the  
172                            Effective Date.
- 173                   2.    Absence of Litigation. There shall be no litigation pending on the  
174                            Effective Date in any court challenging the execution of this Agreement or  
175                            seeking to restrain or enjoin its performance.
- 176                   3.    Effectiveness of City's Approval. The approval of this Agreement by City  
177                            shall have become effective, pursuant to California law, on or before the  
178                            Effective Date.
- 179                   4.    Performance Bond. Contractor shall have provided a performance bond  
180                            meeting the requirements of Section 13.03.

181           **B.   Obligation of Contractor to Perform.** The obligation of Contractor to perform  
182           under this Agreement is subject to the satisfaction, on or before the Effective Date,  
183           of the conditions set forth below, each of which may be waived in whole or in part  
184           by Contractor.

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1. Absence of Litigation. There shall be no litigation pending on the Effective Date in any court challenging the execution of this Agreement, or seeking to enjoin its performance.

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2. Effectiveness of City's Approval. The approval of this Agreement by City shall have become effective, pursuant to California law.

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C. **Notice.** If either Party wishes to assert that a condition for its benefit has not been satisfied and has not been waived, it must deliver written notice to that effect to the other party on or before the Effective Date. If no such notice is received, the Agreement will become effective on the Effective Date.

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D. **Good Faith.** Each Party is obligated to perform in good faith the actions, if any, which this Agreement requires it to perform before the Effective Date and to cooperate towards the satisfaction of the conditions set forth above.

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**ARTICLE 4 SCOPE OF AGREEMENT**

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**4.01 SCOPE OF AGREEMENT**

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A. Through this Agreement, City grants to Contractor the exclusive right and franchise, except as provided in subsection B and in Section 4.02, to Collect the following materials in the Service Area:

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1. Solid Waste generated at Residential Premises, Commercial Premises and City Facilities;

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2. Targeted Recyclable Materials generated at Residential Premises and City Facilities;

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3. Organic Materials generated at Residential Premises, Commercial Premises and City Facilities; and

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4. Construction and Demolition Debris generated at Residential Premises, Commercial Premises and City Facilities.

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B. Through this Agreement, City grants to Contractor a non-exclusive right and franchise to Collect the following materials in the Service Area:

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1. Targeted Recyclable Materials generated at Commercial Premises; and

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2. Major Appliances and Specialty Recyclable or Reusable Materials generated at Residential Premises and Commercial Premises.

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**4.02 LIMITATIONS ON SCOPE**

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City may permit the Collection, Recycling or Disposal of any of the following materials by Persons other than Contractor without seeking or securing any approval from Contractor:

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A. Solid Waste, Targeted Recyclable Materials, and Organic Materials that are transported personally by the Owner or Occupant of the Premises at which they are generated (or by his or her employees) to a processing or Disposal facility;

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B. Targeted Recyclable Materials and Organic Materials donated by the Generator to youth, civic, or charitable organizations;

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C. Recyclable beverage containers delivered by the Generator to a certified recycling center for Recycling under the California Beverage Container Recycling Litter Reduction Act, Section 14500 *et seq.* California Public Resources Code.

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D. Animal waste and remains from slaughterhouse or butcher shops; grease waste; and used cooking oil;

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E. By-products of sewage treatment including sludge, sludge ash, grit, and screenings;

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F. Hazardous Waste, Household Hazardous Waste, and Infectious Waste;

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G. E-Scrap and Universal Waste;

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H. Composted Organic Materials;

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I. Materials generated by State facilities (including public schools), provided that the Generator has arranged for Collection by other Persons or by the Contractor through a separate agreement;

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- J. The incidental removal of Solid Waste when the primary service performed is either of the following:
  - 1. Landscaping, gardening, weed or refuse abatement, yard clean-up, or grading of a lot; or
  - 2. Construction, remodeling, or demolition of a building or structure, provided that
    - a. The collection, including loading, removal, and transportation of Solid Waste from the premises, is performed on an infrequent and occasional basis by the Person performing the construction, remodeling, or demolition or a subcontractor of such Person (provided that such subcontractor is engaged to perform the construction, remodeling, or demolition and not as a Solid Waste hauler), and,
    - b. The Person performing the construction, remodeling, or demolition, its subcontractors, and their respective Affiliates are not engaged in the business of providing solid waste or recycling services.
- K. Removal of Solid Waste, Construction and Demolition Debris, Recyclable Materials, and other debris following a major accident, disruption, or natural calamity.
- L. Other Persons shall maintain the right to Collect Specialty Recyclables, to accept donated Recyclable Materials, and to pay the service recipient for Recyclable Materials in a manner consistent with provisions of the City's Municipal Code.

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**ARTICLE 5** **COLLECTION SERVICES**

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**5.01 GENERAL**

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The work to be performed and services to be provided by Contractor includes the furnishing of all labor, supervision, equipment, materials, supplies, and all other items necessary to perform the work and provide the services described, at the times and in the manner required by this Agreement. The enumeration of, and specification of requirements for, particular items of labor, supervision, equipment, materials or supplies shall not relieve Contractor of the duty to furnish all others, as may be required, whether enumerated elsewhere in the Agreement or not.

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Contractor shall perform the work and provide the services pursuant to this Agreement in a thorough and professional manner so that the residents and businesses within the City are provided reliable, courteous, and high-quality service at all times. The enumeration of, and specification of requirements for, particular aspects of service quality shall not relieve Contractor of the duty of accomplishing all other aspects in the manner provided in this Article, whether such other aspects are enumerated elsewhere in the Agreement or not.

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Contractor ordered equipment, hired employees, obtained permits and licenses, initiated public education, and all of the steps necessary to implement an orderly transition as specified in the Implementation Plan (Attachment L) have been completed.

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**5.02 SOLID WASTE COLLECTION**

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Contractor acknowledges that the City is committed to diverting materials from Disposal through the implementation of source reduction, reuse, Recycling, and composting programs and that the City may, at some time in the future, implement, in accordance with Section 15.12, new programs that may impact the overall quantity or composition of Solid Waste to be Collected by Contractor.

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A. **Single-Family Dwelling (SFD).** Contractor shall Collect Solid Waste from SFD once per week. Contractor shall Collect Solid Waste from Contractor-provided Carts. Contractor shall provide each SFD Customer receiving Solid Waste Collection service with Customer's choice of one (1) 20-gallon, 32-gallon, 48-gallon, or 64-gallon Cart. Carts shall be provided at no additional cost to Customers above the applicable Rate for monthly Collection service specified in Attachment N. Contractor shall provide unscheduled Collection service within one (1) Business Day of Customer's request and shall be entitled to bill Customer an amount not greater than the Rate therefor specified in Attachment N.

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Contractor shall Collect Carts Curbside unless: (i) the Occupant is provided a Special Handling Service exemption; or, (ii) the Customer has requested Backyard Collection Service and has agreed to pay Contractor a rate consistent with the Rate specified in Attachment N. In such case, Contractor shall Collect Carts from and return Carts to the alternative service location (such as the side yard or backyard) specified by the Customer.

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The Contractor shall make reasonable accommodations with regard to provision and servicing of Containers (e.g., Container size and type, placement of Containers for Collection, etc.) at no additional cost to Customers who meet the City's Special Handling criteria. Contractor will notify all Residential Customers annually of the Special Handling and Backyard Collection Service options and submit, for approval,

302 a draft notification to City thirty (30) days prior to anticipated distribution to  
303 Customers. New service recipients shall be notified upon signing up for service of  
304 the Special Handling and Backyard Collection Service options. Customers desiring  
305 Special Handling Service will be required to submit an application, in a form  
306 approved by City. Contractor shall review applications to determine whether the  
307 Customer meets City's eligibility criteria and shall provide a written response within  
308 five (5) Business Days after receipt of the application. Unless otherwise directed by  
309 City, Customers are eligible if they provide (i) evidence of their "handicap status" by  
310 the California Department of Motor Vehicles or (ii) other evidence that no Occupant  
311 of the Residential Premises is physically able to place Carts Curbside for Collection.

- 312 **B. Multi-Family Dwellings (MFDs).** Contractor shall Collect Solid Waste from Multi-  
313 Family Dwellings as frequently as subscribed for by the Customer, but not less than  
314 once per week. Contractor shall provide unscheduled Collection service within one  
315 (1) Business Day of Customer's request and shall be entitled to bill Customer as  
316 specified in Attachment N. Customers must subscribe to a minimum service level  
317 of three (3) times per week Collection in order to be eligible for Collection on  
318 Saturday and/or Sunday. Contractor shall allow Multi-Family Dwelling Customers to  
319 use Carts or Bins for Solid Waste Collection that are shared by the Occupants of  
320 the Premises. Contractor shall provide one (1) or more Cart(s) or Bin(s) to such  
321 Customers as requested by Customer, provided that no less than ninety-six (96)  
322 gallons of Container capacity are provided for every three (3) dwelling units in the  
323 Multi-Family Residential Complex.

324 Contractor shall not charge a distance fee to service Containers provided to MFD  
325 Customers that are three (3) cubic yards or less in capacity or wheeled Containers,  
326 provided they are stored in enclosures or on private or public property within fifty  
327 (50) feet of access by Contractor's collection vehicle, and provided that access to  
328 the Containers is paved and the slope is less than seven percent (7%). City will  
329 make the final determination on the slope of the access if a dispute arises between  
330 Customer and Contractor. Contractor shall be entitled to bill MFD Customers for  
331 distance charges as specified in Attachment N for providing Collection service to  
332 Containers that do not meet the foregoing criteria.

333 Contractor shall not charge an additional fee to service Containers that are four (4)  
334 cubic yards or larger in capacity, or do not have wheels, provided they are stored in  
335 a location that is accessible by Contractor's collection vehicle. Contractor may  
336 charge an additional fee to service Containers that do not meet the foregoing  
337 criteria, and shall cooperate with the Customer to designate a collection location  
338 that is reasonably convenient to both the Customer and Contractor.

339 Contractor shall give special consideration when determining the Collection location  
340 for Multi-Family Residential complexes to ensure that the flow of traffic is not  
341 impeded and that it does not result in aesthetic degradation of an area. The  
342 designated Collection location, if disputed by Customer or Contractor, shall be  
343 determined by the City. Additionally, if in the City's opinion the location of an  
344 existing Collection location is inappropriate, City may require the Customer or  
345 Contractor to relocate the Collection Containers.

- 346 **C. Commercial Premises.** Contractor shall Collect Solid Waste from Commercial  
347 Premises as frequently as subscribed for by the Customer, but not less than once  
348 per week. Contractor shall provide unscheduled Collection service within one (1)  
349 Business Day of Customer's request and shall be entitled to bill Customer as  
350 specified in Attachment N. Customers must subscribe to a minimum service level



351 of three (3) times per week Collection in order to be eligible for Collection on  
352 Saturday and/or Sunday.

353 Contractor shall not charge a distance fee to service Containers provided to  
354 Commercial Customers that are three (3) cubic yards or less in capacity or wheeled  
355 Containers, provided they are stored in enclosures or on private or public property  
356 within fifty (50) feet of access by Contractor's collection vehicle, and provided that  
357 access to the Containers is paved and the slope is less than seven percent (7%).  
358 City will make the final determination on the slope of the access if a dispute arises  
359 between Customer and Contractor. Contractor shall be entitled to bill Commercial  
360 Customers for distance charges as specified in Attachment N for providing  
361 Collection service to Containers that do not meet the foregoing criteria.

362 Contractor shall not charge an additional fee to service Containers that are four (4)  
363 cubic yards or larger in capacity, or do not have wheels, provided they are stored in  
364 a location that is accessible by Contractor's collection vehicle. Contractor may  
365 charge an additional fee to service Containers that do not meet the foregoing  
366 criteria, and shall cooperate with the Customer to designate a collection location  
367 that is reasonably convenient to both the Customer and Contractor.

368 Specifically, the Contractor shall offer the following Collection service  
369 methodologies to Commercial Customers:

370 1. Individual Cart or Bin Service. Contractor shall allow each Commercial  
371 Premise to use Carts or Bins for Solid Waste Collection in accordance with the  
372 service options set forth on Attachment N.

373 2. Centralized Cart or Bin Service. Contractor shall allow each Commercial  
374 Premises to use Carts or Bins for Solid Waste Collection that are shared by the  
375 Occupants of two (2) or more adjacent Commercial Premises. In such case,  
376 Contractor shall provide one or more Carts or Bins as subscribed for by the  
377 Customer(s), provided that no less than ninety-six (96) gallons of Container  
378 capacity is provided for every three (3) Commercial Premises.

379 3. Drop Boxes and Compactors. Contractor shall allow a Commercial Customer  
380 to use a Drop Box or Compactor for Solid Waste Collection to meet the  
381 Customer's Disposal needs. In such case, Contractor shall provide the  
382 Customer with a choice of Container capacities ranging from ten (10) to forty  
383 (40) cubic yards (or similar sizes), and shall be entitled to charge the Customer  
384 an amount not exceeding the Rate specified in Attachment N. Contractor shall  
385 offer Commercial Customers the option to purchase or lease Compactors for  
386 Solid Waste through either the Contractor or an outside vendor. Regular  
387 maintenance of Compactors shall be provided by Contractor (or outside  
388 vendor) as frequently as needed to keep the Compactors in good working  
389 order and functioning at high compaction levels.

390 D. **City Facilities.** Contractor shall Collect Solid Waste from the City Facilities set  
391 forth on Attachment B as frequently as scheduled by the City, but not less than  
392 once per week, at no charge to City. The service levels for such City Facilities as of  
393 the Commencement Date are set forth on Attachment B. City must subscribe to a  
394 minimum service level of three (3) times per week Collection in order to be eligible  
395 for Collection on Saturday and/or Sunday. Specifically, the Contractor shall offer  
396 the following Collection service methodologies to such City Facilities:

397 1. Individual Cart or Bin Service. Contractor shall allow each City Facility to use  
398 Carts, Bins, Compactors, or Drop Boxes for Solid Waste Collection in

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accordance with the service options available to Commercial Customers set forth on Attachment N.

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2. Centralized Cart or Bin Service. Contractor shall allow each City Facility to use Carts or Bins for Solid Waste Collection that are shared by the Occupants of two (2) or more adjacent City Facilities. In such case, Contractor shall provide one or more Carts or Bins as requested by the City provided that no less than ninety-six (96) gallons of Container capacity is provided for every three (3) City Facilities.

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3. Compactors. Contractor shall offer City the option to purchase or lease Compactors for Solid Waste through either the Contractor or an outside vendor. Regular maintenance of Compactors shall be provided by Contractor (or outside vendor) as frequently as needed to keep the Compactors in good working order and functioning at high compaction levels.

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4. Public Litter Receptacles. Contractor shall Collect Solid Waste from public litter receptacles located on streets, parking lots, and parks (if accessible for Curbside Collection) at the locations set forth on Attachment B. Contractor shall also Collect Solid Waste that is contained in bags or boxes and placed adjacent to such public litter receptacles. These Collections will be made between one (1) and six (6) Days per week, as determined by City. City shall be responsible for providing and maintaining all such public litter receptacles. Contractor is responsible for notifying City if a public litter receptacle is inoperable within twenty-four (24) hours of observing or being notified of the defect. City shall annually be allowed to increase the number of public litter receptacles provided Collection service by an additional five percent (5%) of the total number of receptacles in service as of January 1 of each Rate Year at no additional cost. The allocation of additional public litter receptacles placed in service will accrue from year to year for the Term.

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5. Grit and Screenings. Contractor shall Collect grit and screenings from the City's sewage treatment plant and pump stations and Dispose of the materials.

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6. Containers. Contractor will provide the City with the Collection services described above at the service locations, service levels, and frequencies identified in Attachment B. Contractor shall provide and maintain Collection Containers for the City's use, with the exception of public litter receptacles, which shall be provided and maintained by the City. Contractor will offer the type and size of Collection Containers that Contractor provides Commercial Customers pursuant to Section 5.02.C.

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7. Tracking City Tonnage. Contractor may integrate Collection of Solid Waste, Targeted Recyclable Materials, and Organic Materials from City Facilities with other Collection services in the Service Area, provided that Contractor attributes estimated Tonnage Collected from City Facilities separately from other Customers upon the City's request.

### 440 5.03 TARGETED RECYCLABLE MATERIALS COLLECTION

441 Contractor shall Collect Targeted Recyclable Materials from Customers that have  
442 segregated the Targeted Recyclable Materials from Solid Waste and placed these  
443 materials in the Recyclable Materials Collection Container for Collection by Contractor.

444 In accordance with Section 15.12, the City may direct that Contractor modify its scope of  
445 service to include Collection of additional types of Recyclable Materials beyond those

446 materials defined as Targeted Recyclable Materials in Attachment A. Subject to  
447 Contractor receiving any additional compensation to which Contractor is entitled under  
448 Section 15.12, such Recyclable Materials shall thereafter be considered Targeted  
449 Recyclable Materials.

450 **A. Single-Family Dwellings.**

- 451 1. General. Contractor shall Collect Targeted Recyclable Materials from SFD  
452 Customers receiving Solid Waste Collection service, on the same day that  
453 Solid Waste Collection is provided. Contractor shall Collect Single-Stream  
454 Targeted Recyclable Materials from Contractor-provided Recyclable Materials  
455 Carts every other week. Contractor shall provide each SFD Customer  
456 receiving Solid Waste Collection service with one (1) 96-gallon Recyclable  
457 Materials Cart at no additional cost. At Customer's request, Contractor shall  
458 provide a 32-gallon (as provided in Section 8.05.B) or 64-gallon Cart for  
459 Recyclables Collection as an alternative to the 96-gallon Cart. SFD  
460 Customers may subscribe for service levels with additional Recyclable  
461 Materials Carts at rates not exceeding the Rates set forth on Attachment N.  
462 Contractor shall Collect Carts Curbside unless the Customer is provided  
463 Special Handling or Backyard Collection Service. In such case, Contractor  
464 shall Collect Carts from and return Carts to the alternative service location  
465 (such as the side yard or backyard) specified by the Customer.
- 466 2. Used Motor Oil and Used Motor Oil Filters. Contractor shall Collect Used  
467 Motor Oil and Used Motor Oil Filters placed at the Collection location by  
468 Customer for Collection in Contractor-provided or Contractor-approved  
469 containers. Contractor shall not be required to Collect more than two (2)  
470 gallons of Used Motor Oil per Customer per Collection. Contractor shall  
471 provide up to two (2) one-gallon translucent plastic Used Oil jugs with screw-  
472 on tops for Used Motor Oil Collection and up to two (2) six (6) mil plastic zip-  
473 close type bags for Used Motor Oil Filter Collection to SFD Customers, upon  
474 Customer's request, within five (5) Business Days of such request, at no  
475 additional cost to Customer. Information in English and Spanish, regarding  
476 the Used Motor Oil and Used Motor Oil Filter Collection program and  
477 instructions for the use and set out of the these materials shall be provided  
478 with the Used Motor Oil jugs and Used Motor Oil Filter bags. Diversion of  
479 Used Motor Oil shall be calculated with a conversion factor of one (1) gallon of  
480 Used Motor Oil equaling seven (7) pounds.
- 481 3. Household Batteries and Cell Phones. Contractor shall Collect from SFD  
482 Premises Household Batteries and Cell Phones placed on top of the  
483 Recyclable Materials Cart in Contractor-provided or Customer-provided clear  
484 zip-close or tie-close plastic bags clearly marked "Used Batteries and Cell  
485 Phones." Contractor shall empty the bag at the point of Collection and leave it  
486 to be reused by the Customer by placing it inside the Cart handle. Customers  
487 will be notified to place all Household Batteries in a clear zip-close plastic bag;  
488 tape the contacts of button cell batteries; and wrap Cell Phones in paper (for  
489 protection) prior to placing in the plastic bag. While Customers will be  
490 encouraged to follow the participation parameters, Contractor shall be required  
491 to Collect if Customers do not follow these instructions.

492 **B. Multi-Family Residential Premises**

- 493 1. General. Multi-Family Dwelling Customers that subscribe to Solid Waste  
494 Collection service shall be entitled to weekly Collection of Single-Stream

495 Targeted Recyclable Materials at no additional charge. As part of such  
496 service, Contractor shall provide the Multi-Family Dwelling Customer with one  
497 or more Carts or Bins for Targeted Recyclable Materials, as requested by the  
498 Multi-Family Dwelling Customer and commensurate with such Customer's  
499 needs, provided that Contractor shall provide at least twenty (20) gallons per  
500 week of Container capacity for each Multi-Family Dwelling. Carts and Bins  
501 may be shared by the Occupants of Multi-Family Residential Complexes.  
502 Contractor shall provide extra Carts for use in the mail, utility or similar room of  
503 Multi-Family Residential Complexes if requested by the Customer. Contractor  
504 shall Collect Targeted Recyclable Materials at the designated location agreed  
505 upon by Contractor and Customer. The designated Collection location, if  
506 disputed by Customer or Contractor, shall be determined by the City.

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2. Household Battery and Cell Phone Collection.

a. Multi-Family Residential Complexes with individual Recycling Carts for each dwelling unit. Contractor shall Collect Household Batteries and Cell Phones placed on top of the Recyclable Materials Cart in Contractor-provided or Customer-provided clear zip-close or tie-close plastic bags clearly marked "Used Batteries and Cell Phones." Customers will be notified to place all Household Batteries in a clear zip-close plastic bag; tape the contacts of button cell batteries; and wrap cell phones in paper (for protection) prior to placing in the plastic bag. While Customers will be encouraged to follow the participation parameters, Contractor shall be required to Collect the Household Batteries and Cell Phones if Customers do not follow these instructions.

b. Multi-Family Residential Complexes with shared or centrally stored Recycling Carts or Bins. Contractor shall provide one (1) or more centrally located Containers for the accumulation of Household Batteries and Cell Phones. The number and location of the Containers and the frequency of Collection shall be mutually agreed to between the Contractor and the Owner or manager of the complex. In the event the Owner or property manager requests that the materials be Collected on an on-call basis, Contractor shall provide that service at no additional cost.

3. Personal Recycling Tote-Bag Distribution. Upon receipt of a request for Recycling Tote-Bags from a Multi-Family Dwelling Customer or Occupant, Contractor shall: (i) deliver the Recycling Tote-Bags within five (5) Business Days to the property Owner, property manager or Occupant who requested the Recycling Tote-Bags; and (ii) prior to complying with (i), contact the property Owner or property manager directly by phone or in person to determine if additional Recycling Tote-Bags are needed and/or if they are interested in a site assessment of the property.

C. Commercial Premises

1. General. Commercial Customers that subscribe to Solid Waste Collection service shall be entitled to weekly Collection of Targeted Recyclable Materials at no additional charge. Such service shall be either Single-Stream or Source Separated Collection, as selected by the Commercial Customer. As part of

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such service, Contractor shall provide the Commercial Customer with one or more Carts, Bins, or Drop Boxes for Targeted Recyclable Materials from among the options specified in Section 8.05.C, as requested by the Commercial Customer and commensurate with such Customer's needs. Contractor shall Collect Targeted Recyclable Materials at the designated location agreed upon by Contractor and Customer. The designated Collection location, if disputed by Customer or Contractor, shall be determined by the City.

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2. Theft Prevention. In order to minimize the impact or occurrence of illegal dumping and theft of Recyclable Materials, Contractor will offer Commercial Customers locks for enclosures used to store Targeted Recyclable Materials Containers, and lockable Bins for Targeted Recyclable Materials, for an additional charge as specified in Attachment N. Contractor shall ensure that such enclosures or Bins are locked after providing Collection service to them. Only Contractor, City, and the participating Customers will be provided with a key to such locks or Bins.

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3. Centralized Cart or Bin service. Contractor shall allow Commercial Customers to use Carts or Bins for Targeted Recyclable Materials Collection that are shared by the Occupants of two (2) or more adjacent Commercial Premises. In such case, Contractor shall provide one (1) or more Carts or Bins to such Premises as subscribed for by the Customer(s).

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4. Drop Boxes and Compactors. Contractor shall allow Commercial Customers to use Drop Boxes or Compactors for Targeted Recyclable Materials, at the additional cost as set forth on Attachment N. Contractor shall offer Commercial Customers the option to purchase or lease Compactors for Recyclable Materials through Contractor or an outside vendor. Regular maintenance of Compactors shall be provided by Contractor (or outside vendor) as frequently as needed to keep the Compactors in good working order and functioning at high compaction levels.

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**D. City Facilities**

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1. General. The City Facilities listed in Attachment B that subscribe to Solid Waste Collection service shall be entitled to Collection of Targeted Recyclable Materials at no charge to the City at the frequency that prevents accumulation of Recyclables which would otherwise limit the use of the Containers and/or cause overflowing of Containers. Such service shall be either Single-Stream or Source Separated Collection, as selected by City. As part of such service, Contractor shall provide the City Facility with one or more Carts or Bins for Targeted Recyclable Materials from among the options available to Commercial Customers as specified in Section 8.05.C, as requested by the City and commensurate with such City Facility's needs. Contractor shall Collect Targeted Recyclable Materials at the designated location agreed upon by Contractor and City. Collection services described in this Section 5.03.D shall be provided at no cost to the City.

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2. Centralized Cart or Bin service. Contractor shall allow City Facilities to use Carts or Bins for Targeted Recyclable Materials Collection that are shared by the Occupants of two (2) or more adjacent City Facilities. In such case, Contractor shall provide one (1) or more Carts or Bins to such Premises as requested by City.

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3. Drop Boxes and Compactors. Contractor shall allow City Facilities to use Drop Boxes or Compactors for Targeted Recyclable Materials. Contractor shall offer City the option to purchase or lease Compactors for Recyclable Materials through Contractor or an outside vendor. Regular maintenance of Compactors shall be provided by Contractor (or outside vendor) as frequently as needed to keep the Compactors in good working order and functioning at high compaction levels.

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4. Public Recycling Receptacles. Contractor shall Collect Recyclable Materials from public recycling receptacles located on streets, parking lots, and parks (if accessible for Curbside Collection) at the locations set forth on Attachment B. Contractor shall also Collect Recyclable Materials that are contained in bags or boxes and placed adjacent to such public recycling receptacles. These Collections will be made between one (1) and six (6) Days per week, as determined by City. City shall be responsible for providing and maintaining all such public recycling receptacles. Contractor is responsible for notifying City if a public recycling receptacle is inoperable within twenty-four (24) hours of observing or being notified of the defect. If materials placed in or adjacent to such public recycling receptacles contain more than an incidental amount of Contamination, Contractor may collect such materials as Solid Waste rather than as Recyclable Materials.

#### 610 5.04 ORGANIC MATERIALS COLLECTION

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A. **Single-Family Dwelling.** Contractor shall Collect Organic Materials or Plant Materials from SFD Customers receiving Solid Waste Collection service, on the same day that Solid Waste Collection is provided. Contractor shall Collect Organic Materials from Contractor-provided Organic Materials Carts weekly. Contractor shall provide each SFD Customer receiving Solid Waste Collection service with one (1) 64-gallon Organic Materials Cart at no additional cost to the Customer. At Customer's request, Contractor shall provide a 32-gallon (as provided in Section 8.05.B) or 96-gallon Cart for Organic Materials Collection as an alternative to the 64-gallon Cart. SFD Customers may subscribe for service levels with additional Organic Materials Carts at rates not exceeding the Rates set forth on Attachment N. Contractor shall Collect Carts Curbside unless the Customer is provided Special Handling or Backyard Collection Service. In such case, Contractor shall Collect Carts from and return Carts to the alternative service location (such as the side yard or backyard) specified by the Customer.

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B. **Multi-Family Premises.** Multi-Family Customers shall have the option of voluntarily subscribing to Organic Materials or Plant Materials Collection services and shall pay Contractor for such service at rates not exceeding the Rates set forth on Attachment N. Contractor shall Collect Organic Materials or Plant Materials from Multi-Family Premises that have subscribed to Organic Materials or Plant Materials Collection service as frequently as scheduled by the Customer, but not less than once per week. Contractor shall offer to Multi-Family Customers Container options similar to those offered for Multi-Family Solid Waste Collection pursuant to Section 5.02.B.

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C. **Commercial Premises.** Commercial Customers shall have the option of voluntarily subscribing to Organic Materials or Plant Materials Collection services and shall pay Contractor for such service at the Rates set forth on Attachment N. Contractor shall Collect Organic Materials or Plant Materials from Commercial Premises that

638 have subscribed to Organic Materials or Plant Materials Collection service as  
639 frequently as scheduled by the Customer, but not less than once per week.  
640 Contractor shall offer to Commercial Customers Container options similar to those  
641 offered for Commercial Solid Waste Collection pursuant to Section 5.02.C.

642 D. **City Facilities.** City Facilities set forth on Attachment B shall have the option of  
643 voluntarily subscribing to Organic Materials or Plant Materials Collection services.  
644 Contractor shall Collect Organic Materials or Plant Materials from City Facilities that  
645 have subscribed to Organic Materials or Plant Materials Collection service as  
646 frequently as scheduled by City, but not less than once per week. Contractor shall  
647 offer to City Facilities Container options similar to those offered for Commercial  
648 Solid Waste Collection pursuant to Section 5.02.C. Collection services shall be  
649 provided at no cost to the City.

650 E. **Holiday Tree Collection.** Contractor shall annually Collect Holiday Trees from  
651 Residential Premises from December 26 through January 31. Contractor shall  
652 provide this service on the regularly scheduled Organic Materials Collection Day.  
653 Contractor will be required to Collect trees or pieces of trees, which are eight feet  
654 (8') or less in length, void of tinsel, lights, ornaments, other decorations, and metal  
655 or plastic stands (although flocked trees are acceptable) and are placed adjacent to  
656 an Organic Materials Cart. Contractor shall make accommodations and provide  
657 Collection service for Customers who are unable to cut trees into lengths of eight  
658 feet (8') or less at no additional cost to the Customer or City. After January 31,  
659 Contractor will be required to Collect trees placed inside an Organic Materials Cart.  
660 These Collection parameters apply to both Special Handling and Backyard  
661 Collection Service.

662 Contractor shall deliver a Bin or Drop Box for Holiday Tree Collection to Multi-  
663 Family Residential Complexes upon request of the Owner or property manager.  
664 Contractor shall provide this Collection service annually commencing December 26  
665 and shall continue to provide this service as long as requests are submitted to  
666 Contractor (but no later than January 31), at no additional cost to Customer(s) or  
667 City. The location for delivery of the Bin or Drop Box shall be agreed upon by the  
668 Owner or property manager, and Contractor shall remove the Bin or Drop Box, or  
669 Collect the trees loose, on the date requested by the Owner or property manager  
670 (but no later than January 31). If the use of a Bin or Drop Box is not feasible,  
671 Contractor shall Collect the uncontainerized Holiday Trees from one (1) or more  
672 designated consolidation locations (e.g., adjacent to a Solid Waste enclosure) at  
673 each Multi-Family Residential Complex as determined by the Owner or property  
674 manager. Contractor shall be required to Collect all trees or pieces of trees, which  
675 are eight feet (8') or less in length, void of tinsel, lights, ornaments, other  
676 decorations, and metal or plastic stands (although flocked trees are acceptable)  
677 and are placed in the Bin or Drop Box or at the agreed upon location. Contractor  
678 shall make accommodations and provide Collection service for Customers who are  
679 unable to cut trees into lengths of eight feet (8') or less at no additional cost to the  
680 Customer or City.

681 Prior to December of each year, Contractor shall notify all Multi-Family Dwelling  
682 Customers of this program and explain the limitations to the program, the dates of  
683 service, and any materials preparation or participation requirements, including the  
684 option to order a Bin or Drop Box, or Collect the trees loose from designated  
685 Collection locations. To encourage participation in this program, Contractor shall  
686 not charge Customers an additional fee for this service.

687 **5.05 RESIDENTIAL ON-CALL CURBSIDE BULKY ITEM COLLECTION SERVICE**

688 A. **General.** Contractor shall provide two (2) separate On-Call Curbside Bulky Item  
689 Collection Service events to each Single-Family Dwelling Residential Premise  
690 annually upon Owner or Occupant's request. Contractor will schedule the On-Call  
691 Bulky Item Collection Service events on the regularly scheduled Solid Waste  
692 Collection Day for Single-Family Dwellings, no more than ten (10) Business Days  
693 after the Owner or Occupant's request.

694 Contractor will allow the scheduling of On-Call Bulky Item Collection Service events  
695 from January 1 through December 31 of each Rate Year. Contractor may provide  
696 additional On-Call Bulky Item Collection Service events for a Customer beyond two  
697 (2) per Rate Year, and shall be entitled to bill Customer as specified in Attachment  
698 N. Contractor is required to notify Customer if they have already received the  
699 annually allocated two (2) Collection events within one (1) Business Day of  
700 Customer request. If Contractor fails to notify Customer that they have received  
701 the annually allocated two (2) Collection events, Contractor shall provide the service  
702 and is not entitled to additional Contractor's Compensation from Customer or City  
703 for the third or subsequent On-Call Bulky Item Collection Service event.

704 B. **Accepted Materials.** Contractor shall accept only the following materials at On-  
705 Call Curbside Bulky Item Collection Service events:

- 706 1. Major Appliances – One (1) large appliance per event (e.g., washing machine,  
707 clothes dryer, refrigerator, freezer).
- 708 2. Bulky Items – One (1) large Bulky Item per event (e.g., reusable furniture,  
709 mattresses, four tires).
- 710 3. E-Scrap – One (1) item per event (e.g., a computer, computer monitor or  
711 television).

712 Contractor shall reject: commercial-sized refrigerators or freezers; Construction and  
713 Demolition Debris; Hazardous Waste; or Infectious Waste. Contractor may reject  
714 any individual item that weighs more than two-hundred (200) pounds (excluding  
715 Major Appliances) unless Customer has paid, or has agreed in advance to pay, an  
716 additional fee for service.

717 C. **Recycling and Reuse.** Contractor shall Collect materials in a manner that  
718 maximizes reuse, Recycling, composting, and diversion of materials from Disposal.  
719 Contractor shall make reasonable efforts to ensure that diversion goals are met or  
720 exceeded. Disposal of materials shall be the Contractor's last option. At a  
721 minimum, Contractor shall divert from Disposal: cardboard, E-Scrap, useable  
722 furniture, Major Appliances, mattresses, and other reusable or Recyclable  
723 Materials.

724 D. **Handling Major Appliances, Universal Waste, and E-Scrap.** Major Appliances,  
725 Universal Waste, and E-Scrap shall be reused, Recycled or Disposed by Contractor  
726 in accordance with requirements of Applicable Law and in accordance with the  
727 State of California Department of Toxic Substances Control and California  
728 Integrated Waste Management Board regulations. Any changes to such  
729 regulations made after the Effective Date shall be addressed as though they are a  
730 Change in Law in accordance with Section 11.04.

731 E. **Collection and Processing Methods.** A Route Supervisor will visit each On-Call  
732 Bulky Item Collection location on the morning of the scheduled Collection Day to  
733 evaluate the material being placed at Curbside for Collection, and to verify that its



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Collection has been assigned to the proper Collection vehicle. All materials that can be handled by the SFD Single-Stream Recycling, Organic Materials, or Solid Waste route Collection vehicle will be assigned to one of these vehicles for Collection, with the goal of maximizing diversion. All Collection of Bulky Items will be assigned for Collection by a flatbed truck, and the driver will segregate items Collected according to their suitability for: (1) reuse or Recycling, and (2) Disposal, prior to their transport for processing. Any remaining items will be Collected by a dispatched rear-loader truck. Contractor shall utilize these procedures and vehicles in a manner that provides the maximum diversion of the material Collected from the On-Call Bulky Item Collection Service event.

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## **5.06 CITY FACILITY ANNUAL ON-CALL BULKY ITEM COLLECTION SERVICE**

### **A. General.**

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Contractor shall provide all City Facilities listed on Attachment B an Annual On-Call Bulky Item Collection service event. The On-Call Bulky Item Collection Service provisions set forth in Section 5.05 shall apply to the On-Call Bulky Item Collection Service provided to such City Facilities with the following exceptions for frequency and service level/acceptable materials.

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### **B. Frequency of Service.**

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Contractor shall provide this service to each City Facility once per Rate Year at no charge to the City. Unused On-Call Bulky Item Collection Service events may not be carried over if not used during a Rate Year.

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### **C. Service Level/Accepted Materials.**

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City Facilities may place for Collection, Solid Waste, Recyclable Materials, and/or Organic Materials with the following allowances:

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1. Solid Waste – Contractor shall provide a six (6) cubic yard or smaller Bin upon request.

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2. Recyclable Materials, Organic Materials – Up to two (2) cubic yards of materials per event, provided that such materials, except as set forth below have been bagged, boxed, bundled, or containerized by the Customer.

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3. Major Appliances – One (1) large appliance per event (e.g., washing machine, clothes dryer, refrigerator, freezer).

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4. Bulky Items – One (1) large Bulky Item per event (e.g., reusable furniture, mattresses, four tires).

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5. E-Scrap – One (1) item per event (e.g., a computer, computer monitor or television).

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Contractor shall reject: liquids or sludge; dirt, rock, concrete or asphalt; materials which exceed five (5) feet in length; commercial-sized refrigerators or freezers; Construction and Demolition Debris; Hazardous Waste; or, Infectious Waste. Contractor may reject any individual item that weighs more than two-hundred (200) pounds (excluding Major Appliances) unless Customer has paid, or has agreed in advance to pay an additional fee for service, and Contractor may reject un-containerized Discarded Materials with the exception of Major Appliances, Bulky Items, E-Scrap and large pieces of Organic Material such as tree limbs and dimensional lumber.

778 5.07 RESERVED

779 5.08 COLLECTION FOR LARGE VENUES AND EVENTS

780 Contractor shall provide Collection services, upon request, to any Venue and Event  
781 within Service Area. Specifically, Contractor shall provide, at a minimum, Solid Waste  
782 and Targeted Recyclable Materials Collection services, and shall also provide Organic  
783 Materials Collection services if one (1) cubic yard or more of Organic Material is  
784 generated per day at the Venue or Event. Contractor shall provide Collection as  
785 frequently as requested by the City or the Event organizer. Contractor shall provide an  
786 adequate number and type of Collection Container(s) for the Venue or Event and shall  
787 coordinate its Collection services with City or Event organizer. Containers shall be  
788 appropriately labeled to collect Solid Waste, Recyclable Materials or Organic Material.  
789 Upon request of the City or the Event organizer, Contractor shall provide an adequate  
790 number of its employee(s) for each Event to ensure all Solid Waste, Recyclable  
791 Materials and Organic Materials Collection locations (i.e., Containers that are placed on-  
792 site for use by event patrons) are kept clean and uncontaminated; to empty or exchange  
793 Containers as the need arises; and to respond to overages or spills.

794 Within ten (10) Business Days of Contractor receiving a request to supply an Event with  
795 Solid Waste, Targeted Recyclable Materials, Organic Materials Collection services, the  
796 Contractor will either meet with or schedule a meeting with the Event organizer to  
797 discuss the Event's parameters, including location, number of people attending, type of  
798 Event, type of food being provided, and other related issues. Once parameters of the  
799 Event are determined, proper Containers will be provided by Contractor, with emphasis  
800 on Recycling and diversion of the materials generated.

801 Contractor shall also supply and staff an information booth at each Venue and Event,  
802 upon request from City. In addition, Contractor shall prepare and distribute information  
803 to the public at Venues and Events describing the Collection options available at the  
804 Venue or Event and promoting Recycling programs in the City, upon request from City.  
805 All information prepared for distribution to Venues and Events shall be approved by City  
806 prior to distribution. The Contractor shall report the Tonnage of material Collected at  
807 each Venue and Event to the City and, upon City request, to the Event organizer.

808 For Venues and Events which are required to comply with the Large Venues and Events  
809 Recycling Law, codified at Public Resources Code Section 42648 et seq., Contractor  
810 shall assist the Venue or Event organizer in preparing a Recycling plan and reporting all  
811 information required by those provisions of the law. Contractor shall be required to  
812 provide, at a minimum, the following information for each Venue or Event:

- 813 1. List of qualifying large Venues and Events in Service Area.
- 814 2. Physical and mailing address.
- 815 3. Contact name, address, phone number and email address.
- 816 4. Type of Venue or Event (e.g., museum, concert, sporting event).
- 817 5. Status of the Venue or Event written waste diversion/Recycling plan.
- 818 6. A description of the extent in which the plan has been implemented.
- 819 7. Service level provided (i.e., Solid Waste, Recyclable Materials and Organic  
820 Materials).
- 821 8. Tons disposed and diverted, by material type.

822 9. Description of the scope and types of diversion programs provided.

823 10. Other information required by law.

824 Contractor shall provide the Collection services required by this Section to City-  
825 sponsored Events for up to twelve (12) Event days per year, at no charge to the City or  
826 the Event organizer. For any additional Event days of service provided to City-  
827 sponsored Events, Contractor may charge City at the Rates specified in Attachment N  
828 for comparable On-Call Commercial Solid Waste and Organic Materials Collection  
829 Service. Contractor shall initially provide services to the City-sponsored events set forth  
830 on Attachment C. City may revise such attachment from time to time upon reasonable  
831 prior notice to Contractor. No later than ten (10) Business Days following a City-  
832 sponsored event identified in Attachment C, Contractor shall report to the City the  
833 Tonnage Collected by material type and the outreach efforts related to diversion,  
834 recycling, and composting.

835 For Venues and Events other than City-sponsored Events, Contractor may charge the  
836 Venue or Event organizer a Rate consistent with the Rates specified in Attachment N for  
837 comparable On-Call Commercial Solid Waste and Organic Materials Collection Service.  
838 Recyclable Materials Collection service shall be provided at no additional cost to Events  
839 that subscribe to Solid Waste or Organic Materials Collection service.

840 **5.09 ABANDONED WASTE CLEANUP COLLECTION SERVICE**

841 Contractor shall provide abandoned waste cleanup collection service within one (1)  
842 Business Day of being notified by City, Customer, or Contractor's vehicle drivers and  
843 route supervisors of the occurrence of abandoned waste or illegal dumping, at no  
844 additional cost to City. If a report of abandoned waste or illegal dumping is received by  
845 Contractor from a party other than City, Contractor shall notify City of the reported  
846 location within one (1) Business Day and shall notify City of the estimated or actual time  
847 Contractor Collected the material or will Collect the material. This service shall require  
848 Contractor to Collect all abandoned or illegally dumped Solid Waste, Recyclable  
849 Materials and Organic Materials. This service does not include Collection of litter or litter  
850 abatement activities.

851 For abandoned Recyclable Materials, Organic Materials, and Solid Waste, Contractor  
852 shall dispatch its regular route drivers to provide Collection service. For Bulky Items,  
853 Contractor shall dispatch a flatbed truck to provide Collection service. For other items  
854 including, but not limited to, Hazardous Waste, Household Hazardous Waste and  
855 Sharps, Contractor shall promptly notify City.

856 All abandoned or illegally dumped materials Collected by Contractor shall be transported  
857 for processing, with the exception of scrap metal, and all related diversion statistics will  
858 be included in the appropriate reports to the City for all materials collected. Contractor  
859 shall be allowed to transport scrap metal directly to a licensed scrap metal recycler.  
860 Contractor shall, to the greatest extent possible, deliver all reusable non-metal  
861 abandoned waste items to organizations such as Society of St. Vincent de Paul and  
862 Goodwill Industries, or other organizations as directed by City.

863 **5.10 COATS FOR KIDS PROGRAM**

864 If requested by City, Contractor shall implement a "Coats for Kids Program" annually at  
865 no additional cost to City or Customers. The program shall consist of Contractor's  
866 drivers Collecting coats from Customers on their route over a one (1) to two (2) week

867 period during the fall, as well as from Collection Containers placed by Contractor in  
868 various public locations specified by City, such as libraries, City Hall and businesses.  
869 The coats collected through this program will be sorted and laundered by Contractor,  
870 and arrangements made by Contractor for distribution to a local non-profit organization,  
871 such as the Family Services Agency. Prior to the implementation of the program,  
872 Contractor shall present a detailed program plan to City for review and approval. All  
873 related diversion statistics will be included in the appropriate reports to the City.

874 **5.11 COMPOST GIVE-AWAY**

875 Contractor will coordinate with the City to host "Bring Your Own Bucket" (BYOB)  
876 giveaway of compost to residents. The BYOB compost giveaway will provide residents  
877 with free compost to enrich their gardens while also educating residents on the benefits  
878 of home composting. In addition, Contractor representatives will be on hand to  
879 distribute recycling guides and other educational material promoting waste reduction  
880 and recycling. Contractor is required to deliver to City thirty (30) cubic yards of compost  
881 annually in one (1) or two (2) deliveries at no additional cost. City shall provide  
882 Contractor ten (10) Business Days notice to deliver additional compost to City.  
883 Contractor shall provide compost for such events at no cost for City pick-up at the  
884 Designated Transfer Facility, or for a price that is limited to the cost incurred by the  
885 Contractor to transport such material to the location specified by the City.

886 **5.12 FEE FOR SERVICE ON-CALL BULKY ITEM COLLECTION**

887 In addition to collections provided under Section 5.05 and Section 5.06, Contractor shall  
888 Collect Bulky Items from Single-Family, Multi-Family, and Commercial Customers and  
889 City Facilities and shall charge Customers a Rate consistent with the Rate provided in  
890 Attachment N. Contractor will schedule fee for service On-Call Bulky Item Collection  
891 service on the Customer's regularly scheduled Collection Day or a Business Day  
892 scheduled by Contractor, no more than ten (10) Business Days after Customer's  
893 request. The fee for service On-Call Bulky Item Collection Service shall be limited to  
894 Collection of Bulky Items, Major Appliances, and E-Scrap.

895 When a Commercial Customer calls to request and schedule the collection of Bulky  
896 Items, Contractor shall ask the caller to describe the items to be collected, and will  
897 provide the caller with an estimate of the cost to provide the service, consistent with  
898 Rates provided in Attachment N.

899 If Contractor determines that the volume of the described items can be accommodated  
900 in a single load on a flatbed boom truck equipped with a hydraulic-lift tailgate, Contractor  
901 shall instruct the caller to set out the items for pickup on the next regular Solid Waste  
902 Collection Day at a location where Solid Waste Collection occurs for the Customer, or at  
903 an alternative nearby location that avoids interference with regular Solid Waste,  
904 Recyclable Materials, or Organic Materials Collection service.

905 If Contractor determines the volume of the described items cannot be accommodated in  
906 a single load on a flatbed boom truck, Contractor shall if required schedule a site visit  
907 and meet with the Customer within five (5) Business Days to: (1) develop a plan for the  
908 most effective mode and location for Collection service, and (2) schedule the Collection  
909 service event.

910 **5.13 TREE MAINTENANCE**

911 Beginning on the Effective Date and for the duration of this Agreement, Contractor shall  
912 pay City \$27,280 annually (prorated for partial years) to partially cover the cost of City's  
913 tree maintenance services. This amount will be increased each year by the Annual  
914 Percentage Change in CPI-U. The amounts payable by Contractor under this section  
915 shall not be recoverable through the Rates. Contractor shall pay to City the amount due  
916 for each calendar year on or before July 31st of such year.

917 **5.14 DROP-OFF FACILITY**

- 918 A. **General.** Contractor shall operate a facility in City accepting the drop-off of the  
919 materials listed in subsection B below from residents of City, provided that such  
920 materials were generated at Residential Premises and not as a result of  
921 Commercial activity. If such materials are Recyclable Materials or Organic  
922 Materials, Contractor shall handle them as such; otherwise, Contractor shall  
923 dispose of them as Solid Waste or handle them as Hazardous Waste, as the case  
924 may be. The facility's hours of operation will be 8:00 a.m. to 4:00 p.m. Monday  
925 through Saturday. Contractor may establish limits on the volume and weight of  
926 materials that a resident may deliver to the drop-off facility that are consistent with  
927 the amount of waste normally generated at Residential Premises, provided that any  
928 limit on volume of material not be less than one (1) cubic yard per resident.
- 929 B. **Acceptable Materials.** Residents of City may deliver and Contractor shall accept  
930 at the drop-off facility the following types of materials: motor oil, automotive  
931 batteries, latex paints, brake fluid, anti-freeze, gasoline and diesel fuel, mattresses,  
932 furniture, Major Appliances, unpainted and untreated wood only (not including plant  
933 materials), mixed plastics, and miscellaneous metals (white metal goods, etc.),  
934 Bulky Items, Targeted Recyclable Materials, tires (i.e., four (4) per Customer,  
935 removed from rims, no commercial tires), Universal Waste (excluding sharps),  
936 empty aerosol cans, and E-Scrap. Contractor shall be allowed to reject: liquids or  
937 sludge (not otherwise listed as acceptable materials); Construction and Demolition  
938 Debris; cement; dirt; asphalt; concrete; Plant Materials; Hazardous Waste;  
939 Infectious Waste; Contaminated Targeted Recyclable Materials; and Organic  
940 Materials.  
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**ARTICLE 6                      TRANSPORTATION, PROCESSING, AND DISPOSAL**

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**6.01 DESIGNATED FACILITIES**

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A. **General.** Contractor reserves the right to select the Designated Disposal Facility, and may change the Designated Disposal Facility at any time upon written notice to City, provided that the tipping fee at the Designated Disposal Facility selected by Contractor does not exceed the gate rate at Ox Mountain Sanitary Landfill in effect at the time of the change. In its selection and use of such facility, Contractor shall comply with all applicable federal, state, and local environmental laws and regulations binding on Contractor. If the Contractor-initiated change in such a Designated Facility results in increased costs, Contractor will not be entitled to additional compensation, except pursuant to the applicable provisions of Section 11.04 (if any). If the Contractor-initiated change in such a Designated Facility results in decreased costs, Contractor will reduce rates commensurately. The other Designated Facilities shall be selected by Contractor and approved by the City in writing, as provided in Section 6.01.G, and subject to Section 6.01.H. As of the Effective Date, the Designated Facilities specified in Attachment A are approved by the City. Contractor agrees to transport and deliver all Solid Waste, Targeted Recyclable Materials, and Organic Materials it Collects in the City to the appropriate Designated Facilities. Contractor shall pay all costs associated with the transfer, transporting, Disposal, processing, composting and marketing (as applicable) of such materials.

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B. **Capacity.** For each Designated Facility owned and operated by the Contractor or an Affiliate of Contractor, Contractor shall ensure that sufficient capacity exists throughout the Term at such Designated Facility to receive Tonnage Collected pursuant to this Agreement. For each other Designated Facility, Contractor shall use reasonable efforts to ensure that sufficient capacity exists throughout the Term at such Designated Facility to receive Tonnage Collected pursuant to this Agreement. Contractor shall provide the City, upon request, with documentation demonstrating Contractor's compliance with the foregoing.

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C. **Residue Disposal.** Unless marketed for use or used for beneficial purposes that qualify as diversion pursuant to the Act (including alternative landfill cover, if suitable), all residue from the processing of Recyclable Materials and Organic Materials shall be Disposed of by Contractor, the operator of the Designated Recycling Facility, or the operator of the Designated Composting Facility, and shall be accounted for as Disposal Tonnage at a permitted Disposal site.

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D. **Facilities Located in the City.** Any facilities in the City used by Contractor for the purposes of fulfilling its obligations under this Agreement will be subject to the City's permit review process.

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E. **Permits.** For so long as a Designated Facility is owned and operated by the Contractor or an Affiliate of Contractor, Contractor shall ensure that such Designated Facility possesses such valid permits as are required to be held by such Designated Facility for it to fulfill the functions contemplated by this Agreement. In all other cases, Contractor shall use reasonable efforts to ensure that each Designated Facility possesses throughout the Term such valid permits as are required to be held by such Designated Facility for it to fulfill the functions contemplated by this Agreement. Contractor shall provide the City, upon request, with documentation demonstrating Contractor's compliance with the foregoing. For each Designated Facility not owned or operated by an Affiliate of Contractor,

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Contractor shall verify the validity of such Designated Facility's permits by contacting the appropriate permitting authorities at least once annually. Each Party shall notify the other Party if it becomes aware of any violation of law or permit condition by any Designated Facility that could reasonably be expected to have a material effect on such Designated Facility's ability to fulfill the functions contemplated by this Agreement.

F. **Emergency or Unforeseen Facility Closure.** If Contractor is unable to use a Designated Facility due to an event of Force Majeure or sudden unforeseen closure of the Designated Facility, Contractor may use an alternative facility provided that the Contractor provides verbal and written notice to the City and receives written approval from the City at least twenty-four (24) hours prior to the use of an alternative facility. Contractor's written notice shall include a description of the reasons that use of the Designated Facility is not feasible and the period of time Contractor proposes to use the alternative facility. Contractor shall not be entitled to additional compensation to cover any increased costs arising from use of an alternative facility, except pursuant to the applicable provisions of Section 11.04 (if any).

G. **Contractor Right to Change Designated Facilities.** Contractor may change its selection of the Designated Processing Facility or Designated Composting Facility described in Attachment A following City's written approval. Sixty (60) calendar days prior to use of such an alternative facility, Contractor shall request written approval from the City and obtain the City's written approval in the form of a City Council approved amendment to the Agreement no later than ten (10) calendar days prior to use of the facility. City Manager may provide temporary approval to Contractor for use of such an alternative facility if Council approval of an amendment does not occur within the timeframe specified above. Upon receipt of City Council approval, the alternative facility shall be deemed a "Designated Processing Facility" or "Designated Composting Facility" for purposes of this Agreement, as the case may be. If the Contractor-initiated change in such a Designated Facility results in increased costs, Contractor will not be entitled to additional compensation, except pursuant to the applicable provisions of Section 11.04 (if any). If the Contractor-initiated change in such a Designated Facility results in decreased costs, Contractor will reduce Rates commensurately.

H. **City Right to Change Designated Facilities.** City reserves the right to enter into agreements for Recyclables Processing, and/or Organics Processing Services. If City wishes to change the Designated Processing Facility or Designated Composting Facility to a location other than the one described in Attachment A, City shall give Contractor ninety (90) days prior written notice of such change, and Contractor shall be entitled to reasonable additional compensation to cover increased costs incurred by Contractor as a result of such change (and if such change results in a decrease in Contractor's costs, its compensation shall be subject to a reasonable decrease). Such increase or decrease in compensation shall be effected by means of a special Rate adjustment pursuant to Section 11.04. If Organics processing service is arranged by the City, the Organics processing costs will be handled as a Pass-Through cost; and, the costs for Recyclables Materials transfer station and transport services will no longer be handled as Pass-Through Costs by including these costs in the calculation of Total Annual Costs when conducting Rate adjustments in accordance with Attachment K. Accordingly, City may not change a Designated Facility within eighteen (18) months of the end of the term of this Agreement (including any extension term).

- 1040 I. **Weight Records.** Contractor shall maintain accurate records of the quantities of
- 1041 Solid Waste, Recyclable Materials, and Organic Materials transported to the
- 1042 Designated Facilities and will cooperate with City in any audits or investigations of
- 1043 such quantities.
- 1044 J. **Cooperation with Facility.** Contractor shall observe and comply with all
- 1045 regulations in effect at the Designated Facilities with respect to delivery of Solid
- 1046 Waste, Recyclable Materials, and Organic Materials, including directions to unload
- 1047 Collection vehicles in designated areas, accommodating operations and
- 1048 maintenance activities, and complying with Hazardous Waste exclusion programs.
- 1049 K. **Compliance with Applicable Law.** Contractor warrants throughout the Term that
- 1050 the Designated Facilities that are owned and operated by Contractor or an Affiliate
- 1051 are respectively authorized and permitted to accept Solid Waste, Recyclable
- 1052 Materials, or Organic Materials (as applicable) in accordance with Applicable Law
- 1053 and are in material compliance with Applicable Law.

1054 **6.02 TRANSPORTATION OF COLLECTED MATERIALS**

- 1055 A. **Solid Waste.** Contractor shall transport and deliver all Solid Waste Collected
- 1056 under this Agreement to the Designated Disposal Facility or the Designated
- 1057 Transfer Facility, unless otherwise agreed in writing by City. Contractor shall
- 1058 transport Solid Waste to the Designated Disposal Facility or the Designated
- 1059 Transfer Facility using Contractor's Collection vehicles.
- 1060 B. **Recyclable Materials and Organic Materials.** Contractor shall transport and
- 1061 deliver all Targeted Recyclable Materials and Organic Materials Collected under
- 1062 this Agreement to the Designated Transfer Facility, unless otherwise agreed in
- 1063 writing by City. Contractor shall transport the materials to the Designated Transfer
- 1064 Facility using Contractor's Collection vehicles.
- 1065 C. **Transfer Operations.** At the Designated Transfer Facility, Contractor will unload
- 1066 the Solid Waste, Targeted Recyclable Materials or Organic Materials, as the case
- 1067 may be, from its Collection vehicles and the facility operator will transfer the
- 1068 materials into large-capacity transfer vehicles. The Contractor or its Affiliate will
- 1069 then haul the materials to the Designated Disposal Facility, Designated Processing
- 1070 Facility or Designated Composting Facility, as the case may be. If the Contractor
- 1071 plans to change its transport method, Contractor shall obtain written approval from
- 1072 the City prior to making the change; pay all costs; and shall not be reimbursed for
- 1073 any additional costs. The City shall approve the transport method, and the duration
- 1074 the transport method is expected to remain in use.

1075 **6.03 RECYCLABLE MATERIALS PROCESSING**

- 1076 A. **Residue.** Contractor shall use reasonable efforts to ensure an average monthly
- 1077 Targeted Recyclable Materials residue level of twenty percent (20%) or less, where
- 1078 the residue level shall be calculated as one hundred (100) multiplied by the monthly
- 1079 Tonnage of processing residue requiring Disposal, divided by the total monthly
- 1080 Tonnage of Targeted Recyclable Materials Collected (e.g., the incoming Tons
- 1081 received by the Designated Processing Facility).
- 1082 B. **Marketing.** Contractor or the operator of the Designated Processing Facility shall
- 1083 be responsible for marketing Recyclable Materials that Contractor Collects in the
- 1084 City, including materials Collected during on-call clean-up and on-call Bulky Item/E-



1085 Waste pick-up events. Contractor shall use reasonable efforts to ensure that  
1086 Recyclable Materials are sold at no less than the then-applicable fair market value,  
1087 taking into account transportation and marketing costs and other relevant factors.  
1088 Upon request, Contractor shall provide City with documentation demonstrating that  
1089 all Recyclable Materials Contractor Collects in the City are marketed for Recycling  
1090 or reuse in such a manner that materials shall be considered as diverted in  
1091 accordance with the State regulations established by the Act. Contractor shall not  
1092 knowingly allow Recyclable Materials to be transported to a domestic or foreign  
1093 location if Solid Waste Disposal of such material is its intended use.

1094 **6.04 ORGANIC MATERIALS PROCESSING**

1095 **A. Residue.** Contractor shall use reasonable efforts to ensure an average monthly  
1096 Organic Materials residue level of ten percent (10%) or less, where the residue level  
1097 shall be calculated as one hundred (100) multiplied by the monthly Tonnage of  
1098 processing residue requiring Disposal, divided by the total monthly Tonnage of  
1099 Organic Materials Collected (e.g., the incoming Tons received by the Designated  
1100 Composting Facility).

1101 **B. Processing Standards.** For so long as the Designated Composting Facility is  
1102 owned and operated by an Affiliate of Contractor, Contractor shall ensure that the  
1103 following processing standards are met by the Designated Composting Facility:

- 1104 1. Pre-processing activities shall include, at a minimum, the inspection for and  
1105 removal of Hazardous Waste.
- 1106 2. Composting shall be accomplished by the use of recognized composting  
1107 methods, which have been demonstrated to be able to consistently produce  
1108 stable, mature Compost Product that is suitable for general purpose use.
- 1109 3. Post-composting processing activities shall include screening to remove  
1110 plastics and other contaminants from the Compost Product.
- 1111 4. The Designated Composting Facility owner and/or operator shall cooperate  
1112 with the City or its agent(s), if the City wants to collect data, perform field  
1113 work, and/or evaluate and monitor program results related to Organic  
1114 Materials Collected in the City by the Contractor.
- 1115 5. The Organic Materials processing and composting activities shall maintain an  
1116 average monthly residue level less than ten percent (10%), where the  
1117 residue level shall be calculated as one hundred (100) multiplied by the  
1118 monthly Tonnage of processing residue requiring Disposal, divided by the  
1119 total monthly Tonnage of Organic Materials Collected.

1120 **C. Marketing.** Contractor or the operator of the Designated Composting Facility shall  
1121 market the resulting Compost Product to agricultural growers or other interested  
1122 parties. Materials (other than residue) shall be used for compost, mulch, or soil  
1123 amendment and none shall be deposited for Disposal or used as alternative landfill  
1124 cover. Upon request, Contractor shall provide City with documentation  
1125 demonstrating that all Organic Materials Contractor Collects in the City are  
1126 marketed for use as Compost Products in such a manner that materials shall be  
1127 considered as diverted in accordance with the State regulations established by the  
1128 Act. Contractor shall not knowingly allow Organic Materials to be transported to a  
1129 domestic or foreign location if Solid Waste Disposal of such material is its intended  
1130 use.

1131 D. **Product Use by City.** Contractor shall offer Compost Products to the City at no  
1132 cost for City pick-up at the Designated Transfer Facility or for a price that is limited  
1133 to the cost incurred by the Contractor to transport such material to the location  
1134 specified by the City. If the City elects to obtain finished Compost Products, the  
1135 Contractor will collaborate with the City to organize and schedule up to two (2)  
1136 neighborhood compost "give-aways" (such as spring garden festivals) during the  
1137 year.

1138 **6.05 PROCESSING OF OTHER MATERIALS**

1139 Upon request by City, the Contractor shall be responsible for, or shall arrange for,  
1140 processing, Recycling, and/or reuse of Bulky Items, Major Appliances, and Specialty  
1141 Recyclable or Reusable Materials Collected pursuant to this Agreement, to the extent  
1142 reasonable.

1143 **6.06 SOLID WASTE DISPOSAL**

1144 A. **Disposal Requirements.** Contractor shall use reasonable efforts to enter into an  
1145 agreement with the operator of the Designated Disposal Facility to ensure that  
1146 sufficient capacity exists throughout the Term at the Designated Disposal Facility to  
1147 Dispose of Tonnage Collected pursuant to this Agreement. The rates payable by  
1148 Contractor for Disposal pursuant to such agreement shall be approved by City  
1149 before such agreement is entered into (it being understood that such rates will  
1150 increase over time based on market changes). Contractor shall use reasonable  
1151 efforts to include substantially the following provisions in such agreement:

1152 "Disposal facility operator shall provide:

- 1153 1. Operation, management, and maintenance of the refuse fill areas  
1154 including, but not limited, to the receipt, placement, burying, and  
1155 compaction of Solid Waste in the refuse fill areas; stockpiling, placement  
1156 and compaction (if necessary) of daily cover, alternative daily cover,  
1157 intermediate cover, and final cover; management of fill operations with  
1158 regard to fill sequencing, side slopes configuration, and working face  
1159 location and configuration;
- 1160 2. Provision, operation, and maintenance of all equipment, rolling stock, and  
1161 supplies necessary for operations, closure, post-closure, and  
1162 environmental monitoring;
- 1163 3. Provision and operation of tippers for the purposes of unloading collection  
1164 or transfer vehicle trailers;
- 1165 4. Proper management of dust, odors, litter, vectors, and other potential  
1166 nuisances;
- 1167 5. Operation, maintenance, and management of leachate and landfill gas  
1168 management systems, groundwater monitoring and management  
1169 systems, storm water drainage and control systems, treatment facilities,  
1170 buildings, on-site roadways, utilities, and any other required facility  
1171 elements."

1172 "Disposal facility operator shall safely manage the Designated Disposal Facility  
1173 in full regulatory compliance with Applicable Law not only during the normal  
1174 Disposal Site operating period but also during the landfill closure and post-

1175 closure periods. Disposal facility operator is solely responsible for: (i) the  
1176 appropriate closure and post-closure activities of the landfill; and, (ii) the  
1177 establishment and funding of sufficient reserve funds to meet its obligations  
1178 required by Applicable Law for the purposes of providing funds for the payment  
1179 of costs of closure of the landfill (or any cell within the landfill) or post-closure  
1180 activities relating to the landfill. Without limitation, in no event shall the City be  
1181 responsible for paying any deficiencies in such required reserves. In addition,  
1182 the City shall have no responsibility to make any payments in the event that  
1183 actual closure and post-closure costs relating to the landfill exceed the  
1184 amounts upon which the Contractor's Disposal rate was based and the amount  
1185 reserved by the Contractor for such purposes."

1186 **B. Affiliate's Provision of Disposal Services.** If Contractor arranges Disposal  
1187 services through an Affiliate, the Disposal facility operator requirements set forth in  
1188 subsection A above shall apply to the Affiliate.

1189 **6.07 CONTRACTOR METHODS OF CONTROLLING CONTAMINATION**

1190 Contractor shall assist in controlling Contamination levels by helping to educate  
1191 Customers on acceptable and non-acceptable materials, by monitoring the contents of  
1192 Collection Containers and by refusing to Collect Containers of Targeted Recyclable  
1193 Materials, Plant Materials and Organic Materials that appear to include more than  
1194 minimal Contamination. Drivers that dismount from Collection vehicles in order to empty  
1195 Containers shall lift the Container lid and observe the contents. If Contamination  
1196 appears to include more than minimal Contamination, the driver will not empty the  
1197 Container, but will instead affix a "non-collection notice." The non-collection notice shall  
1198 (i) inform the Customer of the reason(s) for non-collection, (ii) include the date and time  
1199 the notice was left, and (iii) describe the premium charge to Customer for Contractor to  
1200 return and Collect the Container after Customer removes the contamination. The driver  
1201 will document the non-collection event and a customer service representative will update  
1202 the Customer's computerized account record to note the event. Upon request from  
1203 Customer, Contractor shall Collect Carts that received non-collection notices within one  
1204 (1) Business Day of Customer's request if the request is made at least two (2) Business  
1205 Days prior to the regularly scheduled Collection day. Contractor shall be entitled to  
1206 compensation for the extra Collection service event based on the Rates specified in  
1207 Attachment N only if Contractor notifies Customer of the premium charge for this service  
1208 at the time the request is made by Customer.

1209 Drivers providing automated collection service shall observe, via the hopper video  
1210 camera and monitor system, the contents of the Cart as it is being emptied into the  
1211 vehicle. If the driver observes more than a minimal amount of Contamination, the driver  
1212 shall affix a "courtesy notice" to the emptied Cart. The courtesy notice shall (i) inform  
1213 the Customer of the observed presence of unacceptable levels of Contamination, (ii)  
1214 include the date and time the notice was left, (iii) describe the premium charge to  
1215 Customer for Contractor to return and Collect contaminated Containers after Customer  
1216 removes the contamination. The next day on which that Customer is to receive service,  
1217 the driver shall dismount the Collection vehicle, lift the lid of the Cart and visually inspect  
1218 the contents. If the driver determines that the Cart again contains excess  
1219 Contamination, the Cart will not be collected. Instead, the driver will record the non-  
1220 collection event in the on-board computer system and shall affix a non-collection notice  
1221 to the Cart.

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If a driver observes Hazardous Waste in an uncollected Container, the driver shall record that observation in the on-board computer system and also inform the route supervisor. The route supervisor shall investigate and initiate applicable action within one (1) Business Day.

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Whenever a Container at a Commercial or a Multi-Family Dwelling complex is not collected, Contractor shall contact the Customer on the scheduled Collection Day by telephone to explain why the Container was not collected. Whenever a Container is not Collected because of excess Contamination, a customer representative will contact the Customer to discuss, and encourage the Customer to adopt, proper materials-preparation and separation procedures.

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**ARTICLE 7                    OTHER SERVICES**

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**7.01    CUSTOMER BILLING**

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A. **Billing.** Contractor shall be solely responsible for preparation and mailing of Bills for services provided by Contractor and for collection of Customer payments.

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1. **Frequency.** Contractor shall Bill Single-Family Customers bi-monthly in amounts equal to the Rate for service for a two (2) month period unless the City requests a more frequent Billing interval in which case the Contractor shall be entitled to a reasonable adjustment in its compensation related to the additional costs for the City-directed change in billing frequency. Contractor shall issue Single-Family Residential Bills, one (1) month in advance and one (1) month in arrears, such that one-half (1/2) of SFD Customers are Billed each month. Contractor shall bill Multi-Family Dwelling and Commercial Customers monthly in advance in the amount equal to Customers' subscribed Rate for service for a one (1) month period. Contractor shall bill Commercial Customers for Drop Box and Compactor service offered pursuant to Section 5.02.C.3 and 5.03.C.4, or in arrears after final calculation of disposal costs, but may require such Customers to make a deposit in advance based on the anticipated final cost.

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2. **Payment Methods.** Contractor shall make arrangements to allow its Customers to pay bills through the following means: check, cash, credit card, Internet payment service, or automatic withdrawal from bank account. Contractor shall provide at least one drop-off location in the City where Customers may deposit their payments.

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3. **Automated Billing and Payment.** In an effort to reduce paper waste, Contractor shall make available to all Customers an automated Billing and payment system. This system should be website-based and allow Customers to view and pay Bills through Contractor's website. Through the Contractor's website, Customers may request to cease paper Billing and receive all bills through e-mail and/or Contractor's website. Contractor will ensure that the electronic Billing and payment website conforms to industry-standard practices for electronic commerce security. However, Contractor must ensure that these Customers are compiled in a list to ensure that Billing inserts are mailed directly.

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4. **Bill Format.** Contractor shall Bill Customers using a Bill format (i.e., post-card Billing format or conventional envelope/insert) approved by the City, if Customer does not opt-out by requesting use of the automated Billing and payment system. Contractor shall promote the website-based Billing and payment system on all paper Bills sent to Customers. City shall have the right to revise the Billing format (e.g., size, font, frequency, etc.) and to itemize certain charges and to review the Billing procedures. Contractor's Compensation shall be adjusted for any cost increases that result from the City-directed change to the Billing format.

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5. **Records.** Contractor shall maintain, for inspection by the City, copies of Customer Billings and receipts, in chronological order, for a period of five (5) years after the date of service. To the extent practicable, Contractor shall maintain those records in electronic format. City staff or representatives shall be given access to such records upon one (1) Business Day notice. City shall

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be allowed to access and review Contractor's Billing systems on an appointment basis and such access shall not be unreasonably withheld by Contractor.

6. Rates. Rates shall be established pursuant to this Agreement, and shall be calculated as described in Article 11 and Attachment K. Contractor shall Bill and collect from Customers rates for services performed not exceeding the Rates established in accordance with this Agreement.
  7. Service Stops. Contractor shall allow Customers to suspend service and Billings when the Premises are unoccupied so long as Customers have made clear to the satisfaction of the City that they intend to recommence service. Nothing contained herein shall be deemed to preclude Customers from self-hauling pursuant to Section 4.02 of this Agreement. Single-Family Residential Customers may suspend service for a minimum of one (1) Service Day on a maximum of three (3) occasions each Rate Year. Commercial Customers may suspend service for a minimum of two (2) Service Days on a maximum of six (6) occasions each Rate Year. Multi-Family Customers may not suspend service without prior written approval from City. The Billings for both Residential and Commercial Customers shall be prorated by Contractor in accordance with Customer's requests to suspend service.
  8. Lifeline Rates. Contractor agrees to impose a reduced Rate for Customers that subscribe to twenty (20) gallon Cart service and qualify under PG&E guidelines for low income "lifeline" discounts. Contractor shall be responsible for verifying Customers' eligibility on an annual basis for the lifeline Rate by reviewing PG&E documentation of Customers' lifeline eligibility. Contractor shall charge each Customer that qualifies for the lifeline discount, the lifeline Rates specified on Attachment N.
- B. **Delinquent Payment.** Customers shall be considered delinquent, and delinquent payments shall be handled, as set forth in Attachment H. City shall have no involvement in collection of any payments, including bad debt collection, and shall not assist with bad debt collection through a lien process.
- C. **Local Office.** Contractor shall maintain a local office in the City of Pacifica for acceptance of in-person payment of bills. At the local office, Contractor shall accept as payment personal checks, money orders, cashiers checks, and credit cards. The local office shall be open for business from 7:30 a.m. until 4:30 p.m. Monday through Friday, exclusive of Holidays.
- D. **Review of Billings.** Contractor shall periodically review its Billings to Customers, issued pursuant to Section 7.01.A. The purpose of the review is to determine that the amount which Contractor is Billing each Customer is correct in terms of the level of service (i.e., frequency of Collection, size of Container, location of Container) being provided to such Customer by Contractor. Contractor shall review Customer accounts not less than once every three (3) calendar years for each Commercial, Multi-Family Dwelling and SFD Customer, unless City shall direct Contractor to do so more frequently. Contractor shall submit to City a written report of the status of its review annually no later than forty-five (45) Days after the end of each calendar year. The intent of this Section is for City to receive reports on an annual basis for one-third (1/3) of all Customer accounts, and for all Customer accounts to be reviewed every third year of the Agreement. The scope of the review and the reviewer's work plan shall be submitted to City for approval no later than six (6) months before the submission of the first report.

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E. **City Billing Review.** Contractor acknowledges that City may perform, or cause to be performed, Billing reviews periodically. Contractor agrees to participate and cooperate with City and its agents to accomplish these reviews and conduct any data collection and report preparation that may be requested. The intent of this review is to assure that Billings accurately reflect services and costs through periodic reviews.

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F. **Privacy of Customer Information.** Contractor shall not distribute or sell Customer, Owner, or Occupant information such as names, addresses, and telephone numbers to other Persons with the exception of distribution to the City, or its agents for reporting and contract compliance purposes and distribution to Contractor's Billing agent (if Contractor uses a Related Party Entity or Subcontractor for Billing purposes).

1340 **7.02 CUSTOMER SERVICE**

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Contractor is responsible for ensuring that all staff and Customer Service representatives (CSR) maintain a professional and courteous demeanor when in contact with City, and the public. Contractor shall be responsible for all employee interactions with Customers, and City staff. Contractor is required to ensure that its Customers are consistently treated courteously and are presented with timely, responsive and thorough solutions to problems and requests for information. Contractor shall meet monthly to discuss compliance with the Customer Service standards described herein if requested by City.

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A. **Local Office**

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Contractor shall operate a local office at 2305 Palmetto Avenue, Pacifica. Office hours shall be at a minimum, from 7:30 a.m. to 4:30 p.m., Monday through Friday, exclusive of Holidays. Contractor shall be responsible for ensuring that a qualified representative is available at the local office during office hours to communicate with the public and accept Bill payments from Customers. The local office and customer service telephone number(s) shall either be a local or toll free call.

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Contractor's telephone system shall adequately handle the volume of calls typically experienced on the busiest days. Contractor shall have a company representative, an answering service, or voice-mail system available for calls received during non-business hours and Holidays.

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Contractor shall employ sufficient customer service staff and management practices to ensure that the Average Speed of Answer is equal to or less than thirty (30) seconds and the maximum Hold Time is ninety (90) seconds or less.

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Contractor will be required to track all informational requests so that appropriate public outreach materials can be designed to target commonly asked questions. Contractor shall be responsible for promoting use of the Contractor's website for scheduling of On-Call Collection Service events and obtaining answers related to common informational requests through: (i) public education and promotion materials; and (ii) a recorded message Customers will hear while on-hold with the customer service department.

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Contractor shall maintain and publicize an e-mail address whereby Customers can communicate with the Contractor's customer service staff. Contractor shall monitor the email at least once per Business Day, and ensure that a twenty-four (24) hour response time is maintained.

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**B. Customer Service Call Center and Staffing**

Contractor is required to operate a Customer service call center that will serve as the primary telephone point of contact and information for all services. The Customer service call center hotline is required to be staffed live during regular business hours (i.e., Monday through Friday 7:30 a.m. to 4:30 p.m.) by employing a minimum of two (2) full-time customer service representatives. In addition, the Customer service call center will offer contracting with a service to provide bilingual capacity for other languages including Spanish, Cantonese, Mandarin, and Vietnamese. Contractor shall provide immediate access to interpreters for over one-hundred and seventy-five (175) languages through the use of Language Line service, or a similar service.

**C. Website**

Contractor shall maintain and publicize an up-to-date website whereby Customers can conduct business with Contractor. Contractor is required to update the website monthly, and more frequently if necessary. At a minimum, the website shall:

1. Allow Customers to view and pay Bills issued by Contractor, as required in Section 7.01;
2. Allow Customers to schedule services including On-Call Collection service events, On-Call Bulky Item Collections, extra Collections, service changes, temporary Drop Box service, service terminations, and service stops;
3. Provide answers to frequently asked questions Including: proper Container set-out instructions; list of acceptable Recyclable and Organic Materials; Collection Days (in response to Customer input of service address); Billing issues, customer service telephone and e-mail contact information; and the Designated Facilities' hours, directions, and acceptable materials (or links to the same);
4. Provide complete list of Rates for all Customers;
5. Allow Customers to file Complaints and receive from Contractor e-mail responses to Complaints;
6. Provide a link to enable Customers to email Contractor; and
7. Maintain and produce visitor logs and reporting Including website and individual page visitation, number of web-based Bill payments per month, number of website-submitted Complaints per month, and individual and summary Customer Complaint and resolution reporting.

**D. Customer Information System Requirements**

Contractor is required to use a Customer information system with software applications capable of documenting all correspondence and conversations, pertaining to the services specified herein, between Contractor, Customers, Occupants, City. The system shall include, at a minimum, the following data fields:

1. Date and time of Customer correspondence or contact with Contractor (e.g., phone call, email)
2. Date and time response was provided
3. Date and time resolution was provided
4. Customer's name and contact information (multiple phone numbers and email addresses)



- 1419 5. Account address  
 1420 6. Service address  
 1421 7. Occupant address  
 1422 8. Service location information including:  
 1423 a. Number of units  
 1424 b. Number, size and type of Solid Waste, Organic Materials, and Targeted  
 1425 Recyclable Materials Containers  
 1426 c. Collection Service Day  
 1427 d. Route number  
 1428 e. Backyard service status  
 1429 f. Special Handling Service status  
 1430 g. Bulky Item Collection history (e.g., number of annual services  
 1431 performed, date requested, date provided)  
 1432 9. Service issue, Complaint or Inquiry  
 1433 10. Time frame stipulated for Contractor to resolve issue  
 1434 11. Description of Contractor's resolution of service issue or Complaint, or  
 1435 response to Inquiry  
 1436 12. Date and time that Contractor's resolution took place  
 1437 13. CSR or Contractor's employee identification code of employee inputting the  
 1438 Complaint or inquiry  
 1439 14. CSR or Contractor's employee identification code of employee inputting the  
 1440 resolution
- 1441 The system shall be capable of:  
 1442 1. Providing real-time access to complete Customer contact history from the  
 1443 commencement of service;  
 1444 2. Providing City the capacity to submit work orders (e.g., specifying the Inquiry,  
 1445 Complaint or request for service) electronically directly to Contractor using  
 1446 Contractor's web-based software.  
 1447 3. Documenting non-Collection events including problem description and  
 1448 resolution;  
 1449 4. Tracking non-Collection events necessary to fulfill the requirements in Section  
 1450 8.02(F); and  
 1451 5. Fulfilling Customer service reporting requirements as specified in Article 9.
- 1452 E. **Monthly Meetings with City.** If requested, Contractor shall meet monthly with City  
 1453 to discuss compliance with the Customer service standards specified in this Section  
 1454 7.02,
- 1455 F. **Quality Assurance Program.** Each month Contractor's customer service  
 1456 representatives will contact by telephone a minimum of twenty (20) Customers  
 1457 within the City to inquire about their satisfaction with Contractor's Collection  
 1458 services. The Customers contacted will be randomly selected. Customer service  
 1459 representatives shall ask about (i) Customers' satisfaction with Solid Waste and  
 1460 Recyclable Materials Collection services, (ii) the number of Collection Containers  
 1461 the Customer has and the frequency of collections, in order to ensure that the  
 1462 Customer has subscribed to the appropriate level of Collection service, and (iii)

1463 Customer's suggestions for opportunities to improve service. The quality  
1464 assurance program reporting requirements are specified in subsection 9.05.F.

1465 G. **Preprogrammed Call Transfer.** Upon request by the City, Contractor shall  
1466 maintain the ability to provide preprogrammed call transfer service to City. With  
1467 this communications feature in place, when a Customer calls Contractor about an  
1468 issue or concern that pertains to City but is not related to Collection services  
1469 provided by Contractor, Contractor shall immediately transfer the phone call to the  
1470 offices of City through a dedicated telephone line designated by City. The call  
1471 transfer shall be seamless, and appear to the Customer as if Contractor were  
1472 transferring the call internally.

1473 H. **Customer Service Operations Plan.** Contractor shall annually submit its  
1474 Customer service operations plan. The Customer service operations plan shall  
1475 describe how Contractor uses its Recology customer relationship management  
1476 system to share information between Customers, drivers, customer service  
1477 representatives, managers, and City staff. The plan will provide details on how  
1478 Contractor detects and records information on each Customer pickup, real-time  
1479 transmission of service extras, blocked cars, safety notes, and exceptions to  
1480 service.

1481 I. **Customer Satisfaction Survey.** The City may conduct a Customer satisfaction  
1482 survey at any time during the Term of the Agreement.

1483 **7.03 PUBLIC EDUCATION AND PROMOTION**

1484 A. **General.** Contractor and City agree that all public education activities will be a  
1485 collaborative effort between the City and Contractor. Contractor shall be  
1486 responsible for ensuring that its Customers consistently receive a high level of  
1487 service and responsiveness. Contractor acknowledges and agrees that education  
1488 and public awareness are critical and essential elements of any effort to achieve  
1489 diversion. Contractor shall educate Residential and Commercial Customers on the  
1490 following: (i) the benefits of source reduction, reuse, Recycling, and Composting  
1491 and related program opportunities; (ii) proper handling of Hazardous Waste; (iii)  
1492 specific services offered by the Contractor; and (iv) Rates for Collection services.  
1493 The public education program shall include distribution of public education materials  
1494 at the commencement of the Agreement; when Collection services are changed  
1495 during the Term; and when new Collection services are implemented during the  
1496 Term. In addition, the public education program shall include on-going education  
1497 activities throughout the Term. Educational materials that Contractor must pay for,  
1498 produce and distribute shall include, but not be limited to, those listed in Section  
1499 7.03 (D).

1500 B. **Annual Public Education Plan.** On or before October 30 of each Rate Year,  
1501 Contractor shall submit to City a draft public education plan outlining its proposed  
1502 public education activities for the coming Rate Year. City shall provide any  
1503 comments on the plan by November 15. Contractor shall revise the plan and  
1504 submit the final plan to City by November 30. Contractor's public education  
1505 manager shall be available to meet and confer with City regarding the plan. The  
1506 plan shall list each public education piece or activity (e.g., newsletters, Bill inserts,  
1507 flyers, newspaper advertisements, website enhancements, etc.) to be prepared, the  
1508 purpose of the piece, the key subject(s) to be covered, and the anticipated date of  
1509 issuance. In addition, the plan shall list all Events the Contractor plans to attend

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and the public education it intends to provide (e.g., exhibit at Earth Day Event, Chamber of Commerce meetings, etc.). During the Rate Year, Contractor shall complete all elements and tasks specified in the annual public education plan in accordance with the schedule presented in the plan.

- C. **Content and Production Requirements.** Contractor shall coordinate with City regarding preparation of public education materials and shall provide City with an opportunity to comment on such materials before they are put into use. All public education materials shall be printed on paper containing the highest levels of recycled-content material reasonably practical. All public education materials shall be provided in both English and Spanish.

D. **Contractor and City Responsibilities**

Contractor shall take primary responsibility for implementation of the public education and outreach campaign that will be used to announce changes in collection services. Contractor will fund the new services kick-off public education campaign. Development of the public education and promotion strategy and implementation schedule will be a collaborative process among Contractor, and City.

The Contractor's responsibilities with regard to public education and promotion activities shall include, but not be limited to, the following:

1. Provision of public education to SFD, MFD, Commercial and City Facility Customers with a broad focus on waste prevention, reuse, and Recycling.
2. Preparation and distribution of a bi-annual newsletter for all SFD and MFD Occupants.
3. Preparation and distribution of Multi-Family Dwelling toolkits for MFD complex Owners and managers.
4. Preparation and provision of outreach materials to schools.
5. Development and maintenance of Contractor's website.
6. Production of decals for Used Motor Oil jugs.
7. Distribute public education and promotion materials during roll-out of the new Collection services program. This will entail distributing program literature and other promotional items with delivery of the Carts to all Customers at inception of the new program.
8. Actively collaborate with City on the public education strategy and development of materials to support roll-out of new Collection services.
9. Distribute public education and promotion materials to new Customers during the Term.
10. Provide public education door hangers, posters and other promotional materials to Multi-Family Dwelling Customers at inception of new services and during the Term.
11. Produce and deliver non-collection notices.
12. Produce and affix Targeted Recyclable Materials, Organic Materials and Solid Waste cart hangers to corresponding Carts.
13. Affix Used Motor Oil Recycling decals to jugs.
14. Staff a booth at local public events and distribute promotional and educational materials.

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15. Conduct presentations at community meetings, service clubs, senior centers and neighborhood associations.
  16. Contractor's outreach and education material will place a strong emphasis on Recycling and reuse, encouraging Customers to take advantage of donation opportunities offered by local non-profit organizations such as the Society of St. Vincent de Paul, Goodwill Industries, and the Salvation Army. In addition, Contractor will promote other resources for reuse, such as the Freecycle Network™ an online resource for the free and local exchange of goods, the Resource Area for Teachers (RAFT), local schools, and other community organizations that are in need of reusable goods.
  17. Upon request by City, Contractor shall promote its services to Customers using City's email distribution list or an email distribution list authorized by City.
- E. Meeting Requirements**
- Upon request from City, the public education coordinator is required to meet quarterly, and more frequently if necessary, with City to review public education and promotion activities.
- F. Reporting Requirements**
- Contractor is required to prepare monthly and annual public education activity status reports. The annual reports will in part summarize the prior twelve (12) months and also contain adjustments to current and ongoing event calendars.
- G. Service Notice**
- Contractor shall periodically prepare and distribute to each Customer a notice listing Contractor's Rates for standard Collection services, Rates for other services, annual Holiday schedule, and a general summary of services required under this Agreement to be provided Customers and optional services which may be furnished by Contractor. City shall be provided an opportunity to comment on such notice prior to distribution.
- H. Staffing**
- At a minimum, Contractor shall provide a half-time (0.5) person dedicated to managing public education and outreach activities and providing technical assistance to Multi-Family and Commercial Customers including on-site assessments.

1587 **7.04 COMMERCIAL RECYCLING PROGRAM PROMOTION**

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- A. **Reserved.**
  - B. **Signs and Placards.** Contractor shall be responsible for preparing, distributing, and (subject to the consent of the Customer) posting signs at Commercial Collection Premises that promote Targeted Recyclable Materials and Organic Materials Collection services, describe the program requirements, and identify allowable and prohibited types of materials for Collection. At a minimum, the signs or placards shall be durable and weather resistant and affixed in the Container areas. Upon request from Customer, Contractor shall provide signs and Container labeling in a second language such as, but not limited to, Spanish. Within ten (10) Business Days of a Customer's request, Contractor shall provide extra signs for

- 1598 use in areas such as employee training areas, break rooms, kitchens, and janitorial  
1599 areas at Commercial Premises.
- 1600 C. **Community Events.** At the direction of City, Contractor shall participate in and  
1601 promote diversion techniques at community events and local activities. The events  
1602 requiring Contractor assistance are not limited to the list of City-sponsored Events  
1603 contained in Attachment C. Participation includes providing educational and public  
1604 outreach information and promotional giveaways in an effort to promote the City's  
1605 waste reduction and Recycling program goals.
- 1606 D. **Notification to Commercial Customers.** Immediately upon request from a new or  
1607 current Customer for new or changes in service, Contractor shall notify Customer  
1608 by phone or email of the Targeted Recyclable Materials and Organic Materials  
1609 Collection services offered by Contractor. Such notification shall be provided in  
1610 English and/or Spanish and shall be provided prior to finalizing a Customer's  
1611 request for a subscription to new service(s).
- 1612 E. **Targeted Commercial Recycling Promotion.** For all Commercial Generators,  
1613 Contractor shall provide technical assistance as needed or requested and visual  
1614 on-site Collection Container assessments. Contractor shall document the site  
1615 assessments, the date of the assessment, the Person contacted, the Solid Waste,  
1616 Targeted Recyclable Materials, and Organic Materials service levels at the time of  
1617 the assessment, and recommended changes to service level(s). Contractor shall  
1618 submit results of site assessments as part of its Quarterly Report, or upon request,  
1619 provide copies of assessment data and recommendations for individual site  
1620 assessments.
- 1621 F. **Enclosure Specifications.** Contractor shall work with the City to develop standard  
1622 specifications for Collection Container enclosures at Multi-Family Residential  
1623 Complexes and Commercial Premises to ensure that Container enclosures have  
1624 adequate space and suitable configuration to allow the Contractor to safely and  
1625 efficiently service the Containers. The enclosure specifications shall require  
1626 provision of adequate space for Solid Waste, Targeted Recyclable Materials, and  
1627 Organic Materials Collection Containers.
- 1628 G. **Plan Review.** Contractor shall review plans for land use or property developments,  
1629 upon request of the City, to assess the adequacy of Container enclosure space  
1630 allowances for Solid Waste, Recyclable Materials, and Organic Materials Collection  
1631 Containers and the accessibility of Containers by Collection vehicles. The  
1632 Contractor's review shall be completed by the Contractor's operations manager or  
1633 route supervisor within ten (10) Business Days of request by City and receipt of the  
1634 project design drawings. If site conditions warrant, the Contractor shall conduct a  
1635 site visit of the proposed property to complete its evaluation. The Contractor's  
1636 review shall be summarized in a letter report that states acceptability of the  
1637 proposed enclosure arrangements or notes specific changes that are required to  
1638 comply with the enclosure specification. The letter report shall be signed by the  
1639 Person that conducted the review on behalf of the Contractor. This review shall  
1640 include, but not be limited to:
- 1641 1. Adequacy of the Container enclosure space to store Containers for the  
1642 anticipated volume of Solid Waste, Targeted Recyclable Materials, and  
1643 Organic Materials generated by a development of the size and purpose  
1644 contemplated;

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2. Adequacy of Container enclosure space to store Containers for Solid Waste, Targeted Recyclable Materials, and Organic Materials in a fashion that allows for the greatest possible diversion of materials; and,
3. Adequacy and accessibility of the Container enclosure space for Contractor to safely and efficiently service all Containers in the contemplated service locations taking into account the dimensions of the enclosure space, the access road dimensions, parking arrangements, pedestrian traffic, change in elevation, other site considerations, and Collection vehicle capabilities.

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H. **Reserved.**

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- I. **Mandatory Commercial Recycling Assistance to City.** In the event City adopts a policy or strategy to encourage or require Recycling by Commercial and Multi-Family Dwelling Customers, Contractor shall assist City with implementing the policy or strategy. Contractor shall be required to provide City with prompt notification of Customers that do not comply with the policy or strategy based on the observations of Contractor's employees. Contractor shall assist the City with collecting related data from Commercial and Multi-Family Dwelling Customers and facilitating outreach and education programs focusing on encouraging participation by these Customers in the mandatory Recycling policy or strategy. Upon request from City, Contractor shall modify its protocol regarding use of non-collection notices pursuant to subsection 8.02.F to include Solid Waste Containers, in order to assist with implementing City's mandatory Commercial Recycling policy or strategy.

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**7.05 MULTI-FAMILY RECYCLING PROMOTION**

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- A. **Multi-Family Dwelling Promotion.** Contractor shall provide adequate staff to work directly with Owners or property managers of Multi-Family Residential Complexes to implement the Single-Stream Targeted Recyclable Materials Collection services and to assess Customer service needs at least annually for each Multi-Family Residential Complex. The Contractor's implementation activities shall include, but not be limited to, the following tasks for each Multi-Family Residential Complex that subscribes to Single-Stream Targeted Recyclable Materials Collection services:

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1. **Site Assessments.** Contractor shall meet in person with Owner or property manager to explain the Single-Stream Targeted Recyclable Materials Collection program and conduct an on-site assessment of Multi-Family Residential Complexes containing twenty (20) or more Residential units to determine the appropriate number and type of Solid Waste and Recyclable Materials Containers and the frequency of Collection. Contractor shall provide Containers for Single-Stream or Source Separated Targeted Recyclable Materials such as newspaper, cardboard, mixed paper, glass, aluminum, etc. depending on the needs of the Multi-Family Residential Complex. If practical, Contractor shall locate the Solid Waste and Recyclable Materials Containers in the same area so tenants carry materials to one location. Contractor shall also offer Recyclable Materials Carts for use in the mail area of the Premises. The site assessment shall be conducted by Contractor when Targeted Recyclable Materials Collection services are initially provided at a Multi-Family Residential Complex, and once every three (3) years thereafter. Contractor shall submit results of site assessments as part of its Quarterly Report.

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2. **Service Level Adjustments.** Within five (5) Business Days of completing the site assessment or receiving a request from a Customer, Contractor shall adjust the Customer's service level by providing any Solid Waste or Recyclable Materials Containers needed for change in service, removing unneeded Containers, and revising the billing system to reflect the monthly Rate for the new service level. At the time new Containers are delivered or existing Containers are removed, the Contractor shall confirm that all Containers are properly labeled and shall provide public education signage for the Container areas and extra signs for public and common areas such as mail and laundry rooms, etc.

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3. **Preparation and Distribution of Public Education Materials.** Contractor shall provide Owner or property manager with education materials which describe the requirements of the Recyclable Materials Collection program, including flyers and door hangers for distribution to tenants, signage for common areas such as mail rooms and laundry rooms, and move-in kits for new tenants.

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B. **Notification to Multi-Family Dwelling Customers.** Upon request from a new or current Customer for new or changes in service, Contractor shall notify the Customer by mail of the Targeted Recyclable Materials and Organic Materials Collection services offered by Contractor. Such notification shall be provided in English and/or Spanish.

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C. **Signs and Placards.** Contractor shall be responsible for preparing, distributing, and (subject to the consent of the Customer) posting signs and placards at Multi-Family Dwelling Premises that promote Targeted Recyclable Materials and Organic Materials Collection services, describe the program requirements, and identify allowable and prohibited types of materials for Collection. At a minimum, these signs shall be durable, weather resistant and posted in the Container areas. Upon request of the Customer, Contractor shall provide signage and Container labeling in a second language such as, but not limited to, Spanish. Within ten (10) Business Days of a Customer's request, Contractor shall provide extra signage for use in areas such as laundry and mail rooms at Multi-Family Residential Complexes.

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D. **Plan Review.** Contractor shall review plans for land use or property developments, upon request of the City, to assess the adequacy of Container enclosure space allowances for Solid Waste, Recyclable Materials, and Organic Materials Collection Containers and the accessibility of Containers by Collection vehicles as described in Section 7.04.G.

## 1726 7.06 EMERGENCY SERVICES AND CONTINGENCY PLAN

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A. **Emergency Services.** Contractor shall provide emergency services at the City's request in the event of major accidents, disruptions, or natural calamities. Emergency services may include, but are not limited to: assistance handling, salvaging, processing, composting, or Recycling materials; or Disposing of Solid Waste following a major accident, disruption, or natural calamity. Contractor shall be capable of providing emergency services within twenty-four (24) hours of notification by the City or as soon thereafter as is reasonably practical in light of the circumstances. Contractor's Compensation will be adjusted to reflect emergency services which exceed Contractor's obligations in accordance with Article 11 and Attachment K. If Contractor cannot provide the requested emergency services, the City shall have the right to temporarily: (i) take possession of the Contractor's equipment for the purposes of providing emergency services in accordance with

1739 Article 12; and, (ii) arrange for other parties to provide assistance handling,  
1740 salvaging, processing, composting, Recycling, or Disposing of Solid Waste,  
1741 Construction and Demolition Debris, Recyclable Materials, and other debris.

1742 B. **Contingency Plan.** Contractor shall submit to City four (4) months after the  
1743 Effective Date, a written contingency plan demonstrating Contractor's  
1744 arrangements to provide vehicles and personnel and to maintain uninterrupted  
1745 service during mechanical breakdowns, and in case of natural disaster or other  
1746 emergency, including the events described in Section 14.09, provided, however,  
1747 that the fact that Contractor has a contingency plan shall not limit Contractor's right  
1748 to be excused from performance pursuant to Section 14.09.

1749 **7.07 ANNUAL ROUTE ASSESSMENT**

1750 Contractor shall conduct a route assessment of the Service Area each Rate Year. This  
1751 comprehensive route assessment shall require Contractor to assess all of its Solid  
1752 Waste, Targeted Recyclable Materials and Organic Materials Collection Customers over  
1753 a one (1) week period during the same month each year for the Term. The assessment  
1754 is intended to annually confirm and update Contractor's data related to Customer  
1755 accounts, service levels and operations, including, but not limited to: (i) number of  
1756 Accounts; (ii) Customer address; (iii) number and type of Containers at each Account;  
1757 and (iv) Collection frequency of each Container at each Account; (v) Bin and Cart lifts;  
1758 (vi) Drop Box pulls; (vii) service stops; (viii) route hours per year; and (ix) tonnage  
1759 Collected. All service level information related to lifts and pulls will be derived in part  
1760 from Contractor's database management system. All route labor hours shall be based  
1761 on total route hours for routes exclusive to the City, Montara, and Granada and Tonnage  
1762 information shall be based on actual tons Collected. For routes that service more than  
1763 one jurisdiction, the Tonnage Collected on these routes and total route hours shall be  
1764 allocated to the respective jurisdiction based on the type and number of accounts and  
1765 service levels attributable to each jurisdiction.

1766 **7.08 WASTE GENERATION AND CHARACTERIZATION STUDIES**

1767 Contractor acknowledges that the City may perform Solid Waste generation and  
1768 characterization studies periodically, at its own cost and expense, to determine the  
1769 composition and contamination levels of Collected materials. Contractor agrees to  
1770 participate and cooperate with the City and its agents in such studies, at no cost to  
1771 Contractor and without disruption to Contractor's activities.

1772 Upon City's reasonable request, Contractor shall conduct visual audits of materials  
1773 Collection from Multi-Family Dwelling, Commercial, and City Cart and Bin service  
1774 accounts. The manner of conducting the visual audits shall be agreed upon by the  
1775 Parties at the time of request. The visual audits shall be reasonable in scope, and shall  
1776 be limited to ten percent (10%) of the total number of accounts for each Service Sector  
1777 each year.

1778 **7.09 CARBON FOOTPRINT MEASURING**

1779 Contractor shall develop and submit to City an annual climate action report. Contractor  
1780 shall annually file its emissions data with the California Climate Action Registry (CCAR).  
1781 The annual climate action report shall be submitted with Contractor's annual report. This  
1782 report shall include: information on Contractor's emissions data filed with CCAR; a  
1783 description of Contractor's carbon footprint; and, a description of Contractor's activities  
1784 both planned and implemented to reduce its carbon footprint.



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**ARTICLE 8                      REQUIREMENTS FOR OPERATIONS, EQUIPMENT, AND  
PERSONNEL**

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1787    **8.01    COLLECTION HOURS AND SCHEDULES**

1788    **A.    Hours of Collection**

1789            1.    Residential.    Residential Solid Waste, Targeted Recyclable Materials, and  
1790                      Organic Materials (including all such services provided to SFD and Multi-Family  
1791                      Dwelling Premises) shall be Collected on weekdays (i.e., Monday through  
1792                      Friday) between 6:00 a.m. and 6:00 p.m. exclusive of Holidays.

1793            2.    Commercial.    Commercial and City Facilities Solid Waste, Targeted Recyclable  
1794                      Materials, and Organic Materials shall be Collected on weekdays (i.e., Monday  
1795                      through Friday) between 5:00 a.m. and 7:00 p.m. and weekends (i.e., Saturday  
1796                      and Sunday) between 6:00 a.m. and 5:00 p.m., exclusive of Holidays. The City  
1797                      may restrict or require modifications to hours for Collection from Commercial  
1798                      Premises and City Facilities to resolve noise Complaints, and, in such case,  
1799                      the City Manager may restrict the allowable operating hours.

1800            3.    Commercial Exception.    Collection from Commercial Premises that are one -  
1801                      hundred (100) feet or less from Residential Premises shall only occur between  
1802                      the hours of 6:00 a.m. and 6:00 p.m., Monday through Saturday and all such  
1803                      operations shall be in accordance with permissions provided to Contractor by  
1804                      City. The City may restrict or require modifications to hours for Collection from  
1805                      Commercial Premises and City Facilities to resolve noise Complaints, and, in  
1806                      such case, the City Manager may restrict the allowable operating hours.

1807            4.    Exception.    In the event of an unforeseen circumstance, the Contractor may  
1808                      Collect materials from Residential Premises, Commercial Premises, or City  
1809                      Facilities that are one hundred (100) feet or less from Residential Premises  
1810                      between the hours of 5:00 a.m. and 7:00 p.m., Monday through Saturday, upon  
1811                      prior written approval from the City Manager.

1812            5.    Local Noise Ordinance.    If a City ordinance regulating noise limits the hours of  
1813                      Collection more restrictively than the preceding subsections, the terms of the  
1814                      ordinance shall govern.

1815    **B.    Route Schedules.**    Routes over which Contractor's vehicles travel to affect the  
1816                      Collection and transport of Solid Waste, Targeted Recyclable Materials, and  
1817                      Organic Materials shall be selected to minimize damage to City and private streets,  
1818                      and minimize inconvenience and disturbance to the public. The route schedules  
1819                      and routing maps shall be subject to the approval of City prior to Commencement of  
1820                      services. Contractor shall use due care to obey all traffic laws and prevent  
1821                      materials being transported from being spilled or scattered during transport.

1822                      Contractor shall be prepared to review its operations plan outlining the Collection  
1823                      routes, intervals of Collection and Collection times for all materials Collected under  
1824                      this Agreement with the City or its representatives at least annually. More frequent  
1825                      reviews may be required if operations are not satisfactory based on documented  
1826                      observations or reports or Complaints. If the plan is determined to inadequately  
1827                      address the unsatisfactory performance as documented by observations and  
1828                      Complaints, the City may direct Contractor to revise the plan incorporating any  
1829                      changes into a revised plan and review said revised plan with the City within thirty  
1830                      (30) Days of the initial meeting with the City.

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- C. **Contingency Plan.** Contractor submitted to City ninety (90) Days prior to Commencement Date, a written contingency plan demonstrating Contractor's arrangements to provide vehicles and personnel and to maintain uninterrupted service during breakdowns, and in case of natural disaster or other emergency, including the events described in Section 14.09.

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## 8.02 COLLECTION STANDARDS

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- A. **Implementation of Services.** The Contractor's implementation of the services required by this Agreement shall occur in a smooth and seamless manner so that Customers and/or Generators do not experience disruption in Collection services. Contractor shall be responsible for managing implementation of new Collection services and other related services.

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### B. Servicing Containers and Missed Pick-Ups

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1. **General.** Contractor shall Collect the contents and return each Container to the location where the Occupant properly placed the Container for Collection. Contractor shall place the Containers upright with lids properly closed and secured. Contractor shall use due care when handling Containers. Contractor shall not throw, roughly handle, damage, or break Containers.

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Upon Customer request, Contractor shall provide special services including: unlocking and locking Containers; accessing locked Container enclosures (e.g., with a key or combination lock); and pulling or pushing Containers to the Collection vehicle. Contractor shall provide the special services described in this paragraph upon request from Customer and Contractor shall be entitled to bill Customer at Rates specified in Attachment N.

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2. **Missed Pick-Ups.** When notified of a missed pick-up, Contractor shall Collect the Solid Waste, Targeted Recyclable Materials, or Organic Materials on the day the notice is received, if possible, and in all cases shall Collect the missed pick-up by 6:00 p.m. of the next Business Day following receipt of the missed pick-up notification.

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- C. **New Customers and Change in Service Levels.** Contractor shall deliver Containers and initiate Collection services for a new Customer within five (5) Business Days of the Customer's request for service. If an existing Customer requests a change in the number or size of their Solid Waste, Recyclable Materials, or Organic Materials Containers and/or frequency of Collection, the Contractor shall deliver additional Containers and/or remove Containers and shall initiate changes in the Collection services within five (5) Business Days of the Customer's request for a change in service.

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- D. **Separate Collection of Materials and Allocation of City Materials.** Contractor shall separately Collect and segregate Solid Waste, Targeted Recyclable Materials, and Organic Materials from each other and shall keep them segregated during transportation and delivery to Designated Facilities. Solid Waste, Targeted Recyclable Materials, and Organic Materials Collected in the City, which are combined with materials Collected from other jurisdictions, shall be allocated by Contractor to the City's Collection program based on volume or Tonnage using a method approved by the City. Contractor shall not collect materials from within City in the same Collection vehicles used to provide Collection service to jurisdictions other than Granada and Montara, unless provided written approval by City.

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E. **Setout Instructions to Customer.** Contractor shall instruct Customers as to any preparation of Solid Waste, Targeted Recyclable Materials, or Organic Materials and the proper placement of Containers. If Customers are not adhering to Contractor's instructions, Contractor may notify such Customers in writing. In cases of extreme or repeated failure to comply with such instructions, Contractor may cease providing Targeted Recyclable Materials or Organic Materials service to such Customers, provided that Contractor has left an adequate number of non-collection notices on the Container, as determined by the City, indicating the reason for refusing to Collect the material. If Contractor ceases providing Collection service pursuant to the preceding sentence, Contractor shall notify the Customer in writing of the steps the Customer must take to recommence Collection service.

F. **Non-Collection Notices.** Contractor may choose not to Collect materials for the following reasons: (i) Targeted Recyclable Materials or Organic Materials contain more than a minimal amount of Contamination; (ii) materials contain Hazardous Waste; (iii) the loaded weight of a Container exceeds the maximum load limit specified by the Container manufacturer and specified in Attachment D; (iv) subject to Section 8.02.G, materials are not placed in Containers; (v) subject to Section 8.02.G, the volume of materials placed in a Container exceeds the volume of the Container with the lid closed; (vi) access to Containers or the materials therein is blocked; (vii) Containers are not set out Curbside or, in the case of Commercial, Multi-Family, Backyard or Special Handling service, are not accessible to Contractor at the agreed-upon location; or (viii) Containers or materials are set out in violation of the City code. In such case, Contractor shall issue non-collection notices stating the reason(s) the materials were not Collected. The non-collection notice shall be affixed prominently onto the Container (if accessible to Contractor) to ensure that it is not inadvertently removed due to weather conditions. The non-collection notices must be protected from rain, if precipitation is present or forecasted, by placing the notice in a clear plastic bag prior to affixing to Container.

Contractor shall document the use of non-collection notices by recording the date and time of issuance, address of service recipient, reason(s) for issuance, name of employee who issued the notice, and truck and route numbers. The notice shall conform to the requirements specified in Section 8.02.F, be at least two inches by six inches (2" x 6") in size and shall be approved by the City. The non-collection notices must identify the steps the Generator must take to recommence Collection service. In the event a Container is not collected due to excessive Contamination and Customer does not take the necessary steps to recommence Collection service, Customer shall be assessed a fee approved by City for Collection of the Container as Solid Waste by Contractor. This additional fee charged to Customer may include: (i) a return trip charge and (ii) an extra Solid Waste Collection charge.

Contractor shall report monthly to City any non-collection notices issued. Contractor shall take direction from the City with regard to termination or reinstatement of service to a service recipient due to numerous non-collection notices issued to the same Customer.

G. **Collection of Excess Materials (Overages).** Contractor shall direct its employees to Collect an Overage on two (2) occasions each Rate Year at no additional cost to Customer. Contractor must provide a notice to Customer documenting the Overage in order to count the Overage Collection towards the allocated two (2) per Rate Year for each Customer. Customers that place an Overage for Collection for a third and subsequent events, may be assessed an Overage fee by Contractor if Contractor documents said Overage with a photograph and sends the Customer a

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letter within two (2) Business Days notifying them of the Overage Collected. The Overage fee billed by Contractor to Customer for a third and subsequent Overage event is specified in Attachment N. Contractor shall provide Customers the opportunity to subscribe to Overage Collection service.

H. **Care of Private Property.** Contractor shall not damage private property. Contractor shall ensure that its employees: (i) close all gates opened in making Collections, unless otherwise directed by the Customer, (ii) do not cross landscaped areas, and (iii) do not climb or jump over hedges and fences.

Contractor shall endeavor to resolve all claims regarding damage to private property as soon as reasonably practicable following receipt thereof, made by Owners or Occupants of property served by Contractor, for damages to property including, but not limited to, Containers. In the event such damage shall have been caused by the negligence or intentional acts of Contractor, its officers, agents, or employees, Contractor shall promptly repair or replace such damaged property. The provisions of this Section 8.02.H shall not be deemed a limitation upon any other provisions of this Agreement, or any rights or remedies which may accrue to City by reason of Contractor's acts or omissions to act hereunder. Contractor is required to repair damage and/or resolve claims regarding damage to property within thirty (30) Days of receipt of the Complaint.

I. **Litter Abatement**

1. **Minimization of Spills.** If any Solid Waste, Targeted Recyclable Materials, or Organic Materials are spilled or scattered during Collection or transportation operations, the Contractor shall promptly clean up all spilled and scattered materials. Contractor shall use due care to prevent vehicle oil, vehicle fuel, or other liquids from being spilled during Collection or transportation operations including maintenance of the Collection vehicles to minimize and correct any leaks. Contractor shall ensure that all liquid spills or leaked liquids fluids are cleaned up promptly on the same day that they occur. With respect to spillage or scattering of hydraulic fluid, vehicle oil, vehicle fuel or similar fluids, "cleaning" means application of absorbents to mitigate the effects of the spill, and does not include removing (or being responsible for the cost of removing) any stain that may remain after such absorbents have been applied.

Contractor shall not transfer loads from one vehicle to another on any public street, unless it is necessary to do so because of mechanical failure, emergency (e.g., combustion of material in the vehicle), accidental damage to a vehicle, or unless approved by the City.

2. **Clean-Up.** During Collection operations, the Contractor shall clean-up litter in the immediate vicinity of any Container storage area (including the areas where Containers are delivered for Collection) if Contractor's actions are the cause of the litter. Each Collection vehicle shall be equipped with protective gloves, a broom, and shovel at all times for cleaning up litter. Absorbent material shall be carried on each Collection vehicle at all times and used by Contractor for cleaning up liquid spills. The Contractor shall document and discuss instances of repeated spillage not caused by it with the Customer where spillage occurs, and Contractor shall report such instances to City. If the Contractor has attempted to have a Customer stop creating spillage but is unsuccessful, the City will attempt to rectify such situation with the Customer. Contractor shall coordinate with City regarding City street cleaning activities to minimize litter.

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3. **Covering of Loads.** Contractor shall cover all open Drop Boxes with a City-approved cover, at the Collection location before transporting them.

J. **Noise.** All Collection operations shall be conducted as quietly as possible and shall conform to applicable federal, State, County, and City noise level regulations. Contractor shall promptly resolve any Complaints of noise to the satisfaction of the City.

K. **Route Books and Route Maps.** For each Collection route, Contractor shall maintain a route book and route map that documents each Customer on the route, their service address, service level, and the order in which Customers shall be serviced (e.g., the order in which routes shall be driven). Contractor shall distribute new route books and route maps to its Collection vehicle drivers as frequently as necessary; and each driver shall note differences in the service levels shown in the route book, adding and subtracting Customers and service levels, as necessary. Route supervisors shall periodically check the routes to ensure that drivers are providing service in accordance with their route books. Contractor shall provide City with route books and maps within ten (10) Business Days of request.

L. **Change in Collection Schedule.** Contractor shall notify City a minimum of sixty (60) Business Days prior to a change in the Residential Collection schedule and shall request approval of Contractor's notice to Residential Customers thirty (30) Business Days prior to a change in Service Day, unless this requirement is waived in writing by City. Contractor shall notify Owners and Occupants of Residential Premises not later than ten (10) Business Days prior to any change in Residential Collection operations which results in a change in the day on which Solid Waste, Targeted Recyclable Materials, and Organic Materials Collection occurs. Contractor shall not permit any Customer to go more than five (5) Business Days without service in connection with a Collection schedule change.

**8.03 VEHICLES**

A. **General.** Contractor shall provide a fleet of Collection vehicles sufficient in number and capacity to efficiently perform the work required by the Agreement in strict accordance with its terms. Contractor initially utilized the Collection vehicles in use in City, which Contractor acquired from the Previous Contractor, or other Collection vehicles provided by Contractor. On or before the Transition Date, Contractor acquired additional Collection vehicles and put such vehicles into service in performing Collection operations for the remainder of the Term. Contractor shall maintain sufficient back-up vehicles for each type of Collection vehicle used (e.g., side loader, front loader, and roll-off vehicles) to respond to mechanical breakdowns, Complaints, and emergencies. Contractor shall maintain a spare ratio of ten percent (10%) for all Collection vehicles.

**B. General Vehicle Specifications**

1. All vehicles used by Contractor in providing Solid Waste, Targeted Recyclable Material, and Organic Material Collection services shall be registered with the California Department of Motor Vehicles.
2. All Collection vehicles shall have leak-proof bodies designed to prevent leakage, spillage and/or overflow and shall be designed so that Collected materials are not visible.

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3. All vehicles shall comply with California Environmental Protection Agency (EPA) noise emission regulations and California Air Resources Board air quality regulations and other applicable pollution control regulations.
  4. Contractor shall be required to operate an adequate number of Collection vehicles that shall be capable of servicing hard-to-service areas.
  5. All Collection vehicles shall be equipped with a broom, shovel, absorbent materials, and other approved cleanup devices and materials for emergencies, or any spillage or leaks that may occur.
- C. **Vehicle Identification.** Contractor's name, local telephone number, and a unique vehicle identification number designated by Contractor for each vehicle shall be prominently displayed on all four (4) sides of the vehicles, in letters and numbers with a maximum five (5) digit sequence, that are no less than two and one-half (2.5) inches in height. Vehicles shall be clearly labeled to indicate the materials Collected by that vehicle, specifically; "Solid Waste," "Recyclables," or "Organic Materials".
- D. **Inventory.** Contractor shall upon request furnish the City a written inventory of all vehicles used in providing service. The inventory shall list all vehicles by manufacturer, identification number, date of acquisition, type, capacity, decibel rating, average weight of load, and average loaded axle weights.
- E. **Cleaning and Maintenance**
1. **General.** Contractor shall maintain all of its properties, vehicles, facilities, and equipment used in providing service under this Agreement in a good, safe, neat, clean, and operable condition at all times.
  2. **Cleaning.** Vehicles used in the Collection of Solid Waste, Targeted Recyclable Materials, and Organic Materials shall be thoroughly washed, and thoroughly steam cleaned weekly so as to present a clean appearance. City may inspect vehicles at any time to determine compliance with this Agreement. Contractor shall also make vehicles available to the San Mateo County Health Department for inspection, at any frequency it requests.
  3. **Repainting or Refurbishing.** Contractor shall repaint or refurbish to the satisfaction of the City all vehicles used in the Collection of Solid Waste, Targeted Recyclable Materials and Organic Materials within thirty (30) Business Days notice from City, if City reasonably determines that their appearance warrants painting. The cost for City-directed repainting shall be incurred by Contractor.
  4. **Maintenance.** Contractor shall inspect each vehicle daily to ensure that all equipment is operating properly. Vehicles which are not operating properly shall be removed from service until repaired and operating properly. Contractor shall perform all scheduled maintenance functions in accordance with the manufacturer's specifications and schedule or in accordance with California Highway Patrol standards, whichever are more stringent. Contractor shall keep accurate records of all vehicle maintenance, recorded according to date and mileage and shall make such records available to City upon request. Hydraulic oil, engine oil, and other spills from Collection vehicles in the Service Area are a concern to the City. Contractor shall include as part of maintenance activities a process for tracking the number and nature of automotive spills (type of fluid, amount lost, failure point) and diagnosing the cause of those

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spills. Based on the results of the process, Contractor shall implement appropriate corrective actions to address issues that are contributing factors to vehicle spills (e.g., revise specifications for specific part failures, revise preventative maintenance schedule to address timing of failures), so that each occurrence is controlled and minimized.

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5. Repair. Contractor shall repair, or arrange for the repair of, all of its vehicles and equipment for which repairs are needed because of accident, breakdown, hydraulic oil or engine oil leaks, or any other cause so as to maintain all equipment in a safe and operable condition. If an item of repair is covered by a warranty, Contractor shall obtain warranty performance. Contractor shall maintain accurate records of repair, which shall include the date and mileage, nature of repair and the verification by signature of a maintenance supervisor that the repair has been properly performed.

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6. Storage. Contractor shall arrange to store all vehicles and other equipment in safe and secure location(s) in accordance with all applicable zoning regulations.

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F. **Operation.** Vehicles shall be operated in compliance with federal, State and local laws and regulations including, but not limited to, the California Vehicle Code, the regulations of the California Air Resources Board (CARB) Waste Collection Vehicle Regulations as established in the California Code of Regulations Title 13 Section 2700 et seq. and all applicable safety and local ordinances. Annually, Contractor shall provide the City with documentation of such compliance for each vehicle. For example, with regard to CARB regulations, such documentation shall demonstrate, at a minimum, the vehicle number, make, model, year, control technology used or planned, and the year that the control technology was applied or is planned to be applied. Contractor shall not load vehicles in excess of the manufacturer's recommendations or limitations imposed by federal, State, or local weight restrictions on vehicles or roads.

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Contractor equipment used for Solid Waste, Targeted Recyclable Materials, and Organic Materials services shall be registered with the California Department of Motor Vehicles. Equipment shall comply with US EPA noise emission regulations, currently codified at 40 CFR Part 205 and other applicable noise control regulations, and shall incorporate noise control features throughout the entire vehicle.

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Annually, Contractor shall have each Collection vehicle weighed to determine the unloaded weight ("tare weight") and the total loaded weight of the vehicle. Upon a major repair that could affect the Collection vehicle tare weight, Contractor shall have the Collection vehicle re-weighed to establish a new tare weight. Contractor shall track and make adjustments to routes to eliminate ongoing over-weights associated with individual routes.

2108 **8.04 RESERVED**

2109 **8.05 CONTAINERS**

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A. General. As part of its obligations under this Agreement, Contractor shall provide all Carts, Bins, Compactors, and Drop Boxes to all Customers, commensurate with the service level subscribed for by such Customer (or selected by City, in the case of service to City Facilities set forth on Attachment B).

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- B. New SFD Carts. Contractor shall acquire and distribute to Single-Family Customers new Carts for Solid Waste, Recyclable Materials and Organic Materials Collection services that meet the specifications set forth in this Section 8.05 and Attachment D (Container Specifications). Single-Family Customers will receive a 96-gallon Recyclable Materials Cart, a 64-gallon Organic Materials Cart, and a Solid Waste Cart in the size corresponding to the Customer's existing service level or as specifically requested and subscribed for by the Customer. Contractor shall make available Solid Waste Carts with the following capacities: 20, 32, 48, and 64 gallons. At Customer's request, Contractor shall provide Customer with a Recyclables Materials Cart of 32- or 64-gallon capacity rather than the standard issue 96-gallon Cart, or an Organic Materials Cart of 32- or 96-gallon capacity rather than the standard issue 64-gallon Cart. At Contractor's option as a means for reducing Cart inventory requirements, Contractor may provide Customers requesting a 32-gallon Cart for Recyclables or Organic Materials Collection with a Solid Waste Cart for such purposes provided that Contractor adheres stickers to such Cart to cover Solid Waste information and to label such Cart for Recycling or Organic Materials use. Prior to distribution of Carts to Single-Family Customers, Contractor shall mail a notice to each Customer indicating the size of Carts that the Customer will receive, unless the Customer responds to the notice (i.e., by mail, email, phone or website form) within a given period and subscribes to service level with different size Carts.
  
- C. Commercial and Multi-Family Containers. Contractor shall offer Commercial and Multi-Family Customers a range of Cart, Bin, Drop Box, and Compactor sizes for Collection as follows:
  - 1. Carts with capacities of 20, 32, 64, and 96 gallons.
  - 2. Bins with capacities of 1, 2, 3, 4, 6, and 7 cubic yards.
  - 3. Drop Boxes and Compactors with capacities ranging from 10 to 40 cubic yards.
  
- D. Container Specifications. Contractor-provided Containers shall be designed and constructed to be watertight and prevent the leakage of liquids, and shall be in the sizes and colors specified in Attachment D. All Contractor-provided Carts shall be manufactured by injection or rotational molding methods; contain post-consumer content; and meet the Cart design and performance requirements provided in Attachment D. Carts provided to Customers by Contractor shall have a useful life of ten (10) years as evidenced by a manufacturer's warranty or other documentation acceptable to the City. All Contractor-provided Containers with a capacity of one (1) cubic yard or more shall meet applicable federal, State, and local regulations for Bin safety and shall be covered with attached lids.
  
- E. Container Labeling. Contractor shall label each Contractor-provided Cart with white, hot-stamped lettering, and in-mold or heavy duty vinyl adhesive labels with graphics, illustrations or artwork that clearly conveys the type of materials (e.g., Solid Waste, Recyclable Materials, Organic Materials) to be placed in the Cart for Collection. The labeling shall be positioned on each Cart so it is visible to the Customer and Collection vehicle drivers on the front side and top. The labeling shall be durable and weather resistant to outdoor conditions and have a minimum ten (10) year lifetime. Containers other than Carts shall be labeled to indicate the type of materials (e.g., Solid Waste, Recyclable Materials, Organic Materials) to be placed in the Container for Collection.



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- F. Cleaning and Painting. All Containers shall be maintained in a safe, serviceable, and functional condition. Contractor shall be responsible for steam cleaning and repainting all Containers as set forth in this Section 8.05.F to present an aesthetically pleasing clean appearance and to ensure that Containers are safely maintained and operationally sound.
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- Contractor shall repaint all Containers, except Carts, that are used as of the Commencement Date (or exchange existing Containers with new Containers) within eighteen (18) months of the Commencement Date, and thereafter on an as needed basis.
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- Upon Customer's request, Contractor shall steam clean all Solid Waste and Recyclable Materials Containers (or exchange existing Containers with clean Containers) twice annually, except Carts provided to Residential Premises, which Contractor is not obligated to clean or exchange.
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- Upon Customer's request, Contractor shall clean all Organic Materials Containers (or exchange existing Containers with clean Containers) quarterly, except Carts provided to Residential Premises, which Contractor is not obligated to clean or exchange.
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- Contractor shall offer additional cleaning (or clean Container exchange) to Customers requesting such service and shall be entitled to bill Customers for such cleaning (or Container exchange) as specified in Attachment N.
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- Contractor shall be responsible for cleaning Containers at no additional charge to Customer to ensure that nuisance or public health concerns associated with vectors are addressed within two (2) Business Days after receipt of notification of said condition.
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- If any Bin is impacted by graffiti, Contractor shall remedy the situation within five (5) Business Days of being notified.
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- G. Repair and Replacement. Contractor shall repair or replace all Containers damaged by Collection operations (e.g., vehicle apparatus interface) within five (5) Business Days of being notified by Customer or observing the damaged Container. If the repair or replacement cannot be completed within five (5) Business Days, the Contractor shall notify Customer and provide a Container of the same size or larger until the original Container can be replaced.
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- At no additional cost, Contractor shall replace Customer Carts that have been stolen, lost, damaged or destroyed within five (5) Business Days. Contractor shall allow Customer to exchange Containers for a Container of a different size at no additional cost (other than the cost of the new service level) and shall replace Containers within five (5) Business Days of Customer request.
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- H. Rights to Containers Upon Termination. As between City and Contractor, all Containers (Including those acquired by Contractor from Previous Contractor) shall be and remain the sole property of Contractor, unless acquired by City pursuant to this Section 8.05.H. All Containers purchased or leased and put into service by Contractor at Customers' Premises shall be offered by Contractor for purchase by City upon the expiration or earlier termination of this Agreement, at their net book value at such time. At its sole discretion, City may elect to exercise or not to

2205 exercise its rights under this subsection. If City does not exercise such rights by  
2206 providing Contractor written notice of the same before the expiration or earlier  
2207 termination of this Agreement, such Containers shall remain the property of the  
2208 Contractor, and Contractor shall be responsible for removing all Containers in  
2209 service from Premises within fifteen (15) Business Days after such expiration or  
2210 termination.

2211 **8.06 PERSONNEL**

2212 A. **General.** Contractor shall furnish such qualified drivers, mechanical, supervisory,  
2213 customer service, clerical and other personnel as may be necessary to provide the  
2214 services required by this Agreement in a safe, thorough, professional and efficient  
2215 manner and shall provide, at a minimum, the number and type of personnel listed in  
2216 Attachment O. All personnel furnished by Contractor shall be subject to the  
2217 "relationship of parties" provisions of Section 15.01.

2218 B. **Employees of Previous Contractor.** Contractor offered employment, in  
2219 accordance with the seniority lists in effect at Previous Contractor, to (i) employees  
2220 in the driver, helper, mechanic/welder, and recycling/yard worker classifications,  
2221 (ii) who were employed (including employees out on workers compensation or  
2222 disability) by Previous Contractor for at least 120 consecutive days as of  
2223 immediately prior to the Commencement Date and (iii) who satisfied Contractor's  
2224 customary pre-employment requirements and were fully capable of performing work  
2225 in their regular classification on the Commencement Date.

2226 For a period of one (1) year after the Commencement Date, any employee of  
2227 Previous Contractor not hired by Contractor on the Commencement Date because  
2228 such employee was temporarily disabled, that provided medical certification  
2229 demonstrating that such employee was able to return to active duty in such  
2230 employee's regular classification, was returned by Contractor to active duty  
2231 (provided that such employee satisfied Contractor's customary pre-employment  
2232 requirements and was fully capable of performing work in such employee's regular  
2233 classification) and displaced the least senior employee in such employee's regular  
2234 classification. For a period of one (1) year after the Commencement Date,  
2235 Contractor did not hire any individual from any other source for work within the  
2236 above stated work classifications, until all displaced workers holding seniority under  
2237 Previous Contractor were offered employment.

2238 Notwithstanding the foregoing, nothing in this Section 8.06.B required Contractor to  
2239 employ more persons than it deemed were needed to perform the services required  
2240 to be performed by Contractor under this Agreement. This Section 8.06.B did not  
2241 apply to supervisors, management, office clerical workers or guards, nor did it apply  
2242 to non-represented employees.

2243 C. **Approval of Management.** Contractor recognizes the importance of establishing a  
2244 successful relationship between its management and City. Before extending an  
2245 offer of employment for the position of general manager, both initially and  
2246 throughout the Term, Contractor shall provide the City with the description of the  
2247 proposed position, an opportunity to review and comment upon the position  
2248 description, the background, experience and qualifications of each candidate being  
2249 considered for the position, and an opportunity to meet with each candidate.  
2250 Contractor shall give thoughtful consideration to the City's comments on the  
2251 descriptions of the proposed position and each candidate, but shall have the

2252 ultimate right and unrestricted discretion to make employment decisions in its best  
2253 business judgment.

2254 If the City is dissatisfied with the performance of the management personnel, the  
2255 City shall contact the general manager to discuss the employee's performance. If  
2256 the City is dissatisfied with the general manager, the City shall contact the group  
2257 manager to discuss the general manager's performance.

2258 Contractor shall advise the affected management employee of any complaints  
2259 made by the City regarding the employee's performance. The Parties shall meet  
2260 and confer in good faith to address the City's concerns, and shall endeavor in good  
2261 faith to agree on a corrective course of action to be implemented immediately.  
2262 Contractor agrees to consider in good faith any requests by the City to transfer or  
2263 re-assign a management employee should the City maintain in good faith that it can  
2264 no longer work constructively with said employee; however, Contractor retains the  
2265 ultimate right and unrestricted discretion to make employment decisions in its best  
2266 business judgment.

2267 D. **Provision of Field Supervision.** Contractor shall designate qualified employees  
2268 as supervisors of field operations. The field supervisor shall devote their time in the  
2269 field supervising, managing, and monitoring Collection operations for reliability,  
2270 quality, efficiency, safety, and for responding to Complaints. The number of field  
2271 supervisors is specified in Attachment O.

2272 E. **Driver Qualifications.** All drivers shall be trained and qualified in the operation of  
2273 Collection vehicles, and must have in effect a valid license, of the appropriate class,  
2274 issued by the California Department of Motor Vehicles. Contractor shall use the  
2275 Class II California Department of Motor Vehicles employer "Pull Notice Program" to  
2276 monitor its drivers for safety.

2277 F. **Customer Service Representative Training.** Customer service representatives  
2278 shall be trained on specific City service requirements. A City information sheet  
2279 shall be provided to each customer service representative for easy reference of City  
2280 requirements and general Customer needs. Contractor shall provide the  
2281 information sheet, training agenda, and associated documentation within five (5)  
2282 Business Days of request from City.

2283 G. **Safety Training.** Contractor shall provide suitable operational and safety training  
2284 for all of its employees who operate Collection vehicles or equipment or who are  
2285 otherwise directly involved in such Collection. Contractor shall train its employees  
2286 involved in Collection to identify, and not to Collect, Hazardous Waste or Infectious  
2287 Waste. Upon the City's request, Contractor shall provide a copy of its safety policy  
2288 and safety training program, the name of its safety officer, and the frequency of its  
2289 trainings.

2290 H. **No Gratuities.** Contractor shall not permit its employees to demand or solicit,  
2291 directly or indirectly, any additional compensation or gratuity from members of the  
2292 public for Collection services or accept gratuities or compensation in exchange for  
2293 additional collection services.

2294 I. **Employee Conduct and Courtesy.** Contractor shall use its best efforts to ensure  
2295 that its personnel are competent and qualified and serve the public in a courteous,  
2296 helpful, and impartial manner. Contractor shall use its best efforts to assure that all  
2297 employees present a neat appearance and conduct themselves in a courteous  
2298 manner. Contractor shall regularly train its employees in Customer courtesy, shall  
2299 prohibit the use of loud or profane language, and shall instruct Collection

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employees to perform the work as quietly as possible. If any employee is found not to be courteous or not to be performing services in the manner required by this Agreement, Contractor shall take all appropriate corrective measures.

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Contractor shall adopt policies and procedures consistent with State and federal law that ensure a sober and drug-free workplace. This includes strictly prohibiting unlawful manufacture, distribution, possession, or use of any controlled substance in the workplace, regardless of whether the employee is on duty at the time. Further, the policies and procedures shall prohibit an employee from operating either City or Contractor equipment and vehicles (whether on or off duty) while under the influence of alcohol or drugs. The purpose of these policies and procedures is to ensure workplace safety, productivity, efficiency, and the quality of Contractor's service to Customers.

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- J. **Uniforms.** While performing services under this Agreement, all Contractor's employees performing field service shall be dressed in clean uniforms and shall wear visible identification that include the employee's name and/or employee number, and Contractor's name. Uniform type, style, colors, and any modifications may be subject to approval by the City.

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**8.07 HAZARDOUS WASTE INSPECTION AND HANDLING**

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- A. **Inspection Program and Training.** Contractor is required to inspect Solid Waste, Targeted Recyclable Materials, Organic Materials, and other materials put out for Collection and may reject Solid Waste, Targeted Recyclable Materials, Organic Materials, and other materials observed to be contaminated with Hazardous Waste and not Collect Hazardous Waste put out with Solid Waste, Targeted Recyclable Materials, and Organic Materials. Contractor shall develop a load inspection program that includes the following components: (i) personnel and training; (ii) load checking activities; (iii) management of wastes; and (iv) record keeping and emergency procedures.

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Contractor's load checking personnel, including its Collection vehicle drivers, shall be trained in: (i) the effects of Hazardous Waste on human health and the environment; (ii) identification of prohibited materials; and (iii) emergency notification and response procedures. Collection vehicle drivers shall inspect Containers before Collection when practical.

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- B. **Response to Hazardous Waste Identified During Collection.** Under no circumstances shall Contractor's employees knowingly Collect Hazardous Waste or remove unsafe or poorly containerized Hazardous Waste from a Collection Container. If Contractor determines that material placed in any Container for Collection is Hazardous Waste or other material that may not legally be accepted or safely processed at one of the Designated Facilities or presents a hazard to Contractor's employees or those at the Designated Facilities, the Contractor shall have the right to refuse to accept such material. The Generator shall be contacted by the Contractor and requested to arrange proper Disposal. If the Generator cannot be reached immediately, the Contractor shall, before leaving the Premises, leave a non-collection notice, which indicates the reason for refusing to Collect the material and lists the phone number for the San Mateo County Household Hazardous Waste Facility, or other resources as directed by City. Contractor's environmental technician shall be notified to handle the issue with the Generator. The Contractor's environmental technician shall be required to guide the Generator

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to safely containerizing the Hazardous Waste and shall explain the Generator's options for proper disposition of such material.

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If Hazardous Waste is found in a Collection Container or Collection area that could possibly result in imminent danger to people or property, the Contractor shall immediately notify the City's Fire Department using the nine-one-one (911) emergency telephone number. The Contractor shall notify the City of any Hazardous Waste identified in Containers or left at any Premises within twenty-four (24) hours of identification of such material.

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- C. **Reporting, Regulations, and Record Keeping.** Contractor shall comply with emergency notification procedures required by Applicable Laws and regulatory requirements. Contractor shall notify all appropriate agencies, including the California Department of Toxic Substances Control and Local Emergency Response Providers and the National Response Center of reportable quantities of Hazardous Waste found or observed in Solid Waste, Targeted Recyclable Materials, Organic Materials, Electronic Waste, Universal Waste, and Construction and Demolition Debris anywhere within Service Area. In addition to other required notifications, if Contractor observes any substances which it or its employees reasonably believe or suspect to contain Hazardous Wastes unlawfully Disposed of or released on any City property, including storm drains, streets or other public rights of way, Contractor will immediately notify the City.

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All records required by regulations to be maintained by Contractor shall be maintained at Contractor's Facility at 2305 Palmetto Avenue, Pacifica, California. These records shall include: waste manifests, waste inventories, waste characterization records, inspection records, incident reports, and training records. Contractor shall maintain records showing the types and quantities, if any, of Hazardous Waste found in Solid Waste, Targeted Recyclable Materials, and Organic Materials which was inadvertently Collected from Customers within the Service Area, but diverted from landfilling.

2375 **8.08 COMMUNICATION AND COOPERATION WITH CITY**

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- A. **Communications.** The Contractor's general manager shall have e-mail capabilities to enable the City and the Contractor's general manager to communicate via e-mail. Contractor's general manager shall respond to City email correspondence within one (1) Business Day.

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- B. **Monthly Meetings.** Upon request from City, beginning on the Commencement Date, and then on a monthly basis thereafter, Contractor shall meet with the City to discuss progress of each active diversion program, quality and reliability of Collection services, and compliance with the terms of the Agreement. At each monthly meeting, the City and Contractor shall have the opportunity to present and discuss proposed changes in service such as changing program requirements or modifying Collection methods.

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- C. **Inspection by City of Operations.** City shall have the right, but not the obligation, to observe and inspect all of the Contractor's operations under this Agreement to assure that the obligations of Contractor under this Agreement are being met by Contractor. In connection therewith, City shall have the right to conduct unannounced on-site inspections of facilities used by Contractor during operating hours without interference with Contractor's operations, to speak to any of Contractor's employees during such inspections and to receive reasonable cooperation from such employees in response to inquiries. If City so requests,

2395 Contractor shall make specified personnel available to accompany City employees  
2396 on such inspections.

2397 **8.09 RESERVED**

2398 **8.10 BUY-RECYCLED POLICY**

2399 The Contractor shall comply with the purchasing requirements described in this Section,  
2400 and shall document its on-going compliance with these requirements upon City request.

2401 A. **Recycled Paper.** The Contractor shall use recycled paper for invoices, Bills,  
2402 reports, and public education materials. The recycled paper shall have at least  
2403 thirty percent (30%) post-consumer recycled content for uncoated paper and ten  
2404 percent (10%) post-consumer recycled content for coated paper based on federal  
2405 standards. Contractor shall state on all materials prepared with post-consumer  
2406 recycled content the following: "Printed on Recycled Paper."

2407 B. **Re-Refined Motor Oil.** Contractor shall be encouraged but not required to use re-  
2408 refined motor oil for its Collection vehicles.

2409 C. **Recycled Plastic.** Contractor shall purchase Carts that contain the minimum post-  
2410 consumer content as specified in Attachment D. All Carts shall be one hundred  
2411 percent (100%) recyclable.

2412 **8.11 TITLE TO SOLID WASTE, RECYCLABLES, AND ORGANICS**

2413 Once Solid Waste, Targeted Recyclable Materials, and/or Organic Materials are placed  
2414 in Containers and properly placed at the Collection location, ownership and the right to  
2415 possession shall transfer directly from the Generator to Contractor by operation of this  
2416 Agreement. Subject to Contractor's objective to meet the Act, City goals, and City's  
2417 right to direct Contractor to process and Dispose of Solid Waste at a particular licensed  
2418 Site or to Dispose of Solid Waste at a particular licensed Disposal Site, Contractor is  
2419 hereby granted the right to retain, Recycle, process, Dispose of, and otherwise use such  
2420 Solid Waste, Targeted Recyclable Materials, or Organic Materials or any part thereof, in  
2421 any lawful fashion or for any lawful purpose desired by Contractor. Subject to the  
2422 provisions of this Agreement, Contractor shall have the right to retain any benefit  
2423 resulting from its right to retain, Recycle, process, Dispose of, or reuse the Solid Waste,  
2424 Targeted Recyclable Materials or Organic Materials which it Collects. Solid Waste,  
2425 Targeted Recyclable Materials, or Organic Materials or any part thereof, which is  
2426 deposited at a Designated Facility shall become the property of the owner or operator of  
2427 the facility, once deposited there by Contractor.

2428 On a short-term basis not to exceed more than five (5) calendar days per year, City may  
2429 obtain ownership or possession of Solid Waste, Targeted Recyclable Materials, or  
2430 Organic Materials placed for Collection upon written notice of its intent to do so,  
2431 however, nothing in this Agreement shall be construed as giving rise to any inference  
2432 that City has such ownership or possession unless such written notice has been given to  
2433 Contractor.

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**ARTICLE 9 RECORD KEEPING AND REPORTING**

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**9.01 GENERAL**

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Contractor shall compile and maintain records related to its performance as necessary to develop the reports required by this Agreement. Contractor agrees to conduct data collection, record keeping, and reporting activities necessary to meet the reporting and Solid Waste program management needs of the City with respect to the services provided by Contractor under this Agreement, and to comply with the Act, other Applicable Laws (including those specified in Section 15.14), and the requirements of this Agreement.

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Record keeping and reporting requirements specified in this Agreement shall not be considered a comprehensive list of reporting requirements. In particular, Article 9 is intended to highlight the general nature of records and reports and their minimum content and is not meant to comprehensively define the scope and content of the records and reports. Upon written direction or approval of City, in its reasonable discretion, the records and reports required by Contractor in accordance with this and other Articles of the Agreement shall be adjusted in number, format, or frequency.

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Contractor shall maintain all records necessary to allow the City to determine Contractor's compliance with the Terms of the Agreement and compliance with the performance standards and presented in this Agreement including, but not limited to, those related to the quality of Collection services and customer service and those identified in Attachment J. The records shall be maintained in a manner that allows for easy verification of Contractor's performance.

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**9.02 GENERAL RECORD KEEPING PROVISIONS**

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A. **General.** Contractor shall maintain records required to conduct its operations, to support requests it may make to City, and to respond to requests from City. All records shall be maintained for five (5) years after the expiration or early termination of this Agreement.

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For City to confirm Contractor's entitlement to Contractor's Compensation pursuant to Article 11 and Attachment K, it is necessary for Contractor to maintain accurate, detailed financial and operational information in a consistent format and to make such information available to the City in a timely fashion, and in accordance with reporting requirements specified in this Article.

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B. **Inspection of Records.** As used herein, "Records" means Contractor's payroll tax reports, specific documents or records required to be kept by Contractor expressly or by inference pursuant to this Agreement, or any other similar records or reports of Contractor reasonably necessary to evaluate annual reports, compensation applications, Contractor's performance or other matters related to this Agreement.

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The City, its auditors and other agents selected by the City, shall have the right, during regular business hours, upon reasonable notice and without interference with Contractor's operations, to inspect or review Contractor's Records and accounting systems and to make copies of any such Records.

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Upon request, Contractor shall arrange for records of Related Party Entities to be made available to City and its official representatives for review, to the extent such records are reasonably necessary to evaluate annual reports, compensation applications, Contractor's performance or other matters related to this Agreement, provided, however, that no such records need be made available with respect to

2480 Permitted Related Party Transactions (as defined in Section 15.05) and no such  
2481 records need be made available with respect to a particular Related Party Entity if  
2482 Contractor's only transactions with such Related-Party Entity are Permitted Related  
2483 Party transactions.

2484 C. **Retention of Records.** Unless otherwise herein required, Contractor shall retain  
2485 all records and data required to be maintained by this Agreement for the Term plus  
2486 at least five (5) years after expiration or early termination of the Agreement.  
2487 Records and data shall be in a chronological and organized form and readily and  
2488 easily interpreted. At the City's request, records and data required to be retained  
2489 shall be retrieved in a timely manner (which shall not exceed more than ten (10)  
2490 Business Days unless Contractor obtains prior written approval from the City) by  
2491 Contractor and made available to the City.

2492 Contractor shall maintain copies of all Billings and Billing Collections (e.g.,  
2493 Customer payments) records or copies of Billing summary reports (that document  
2494 all Billings and Billing Collections for each Customer) for five (5) years, following the  
2495 date of Billings, for inspection and verification by City.

2496 Records and data required to be maintained that are not specifically directed to be  
2497 retained that are, in the sole opinion of the City, material to the determination of  
2498 Contractor's Compensation or to determination of Contractor's performance, shall  
2499 be retrieved by Contractor and made available to the City in a timely manner (which  
2500 shall not exceed ten (10) Business Days unless Contractor obtains prior written  
2501 approval from the City). When records and data are not retained or provided by the  
2502 Contractor, the City may make reasonable assumptions regarding what information  
2503 is contained in such records and data, and such assumption(s) shall be conclusive  
2504 in whatever action the City takes.

2505 D. **Record Security.** Contractor shall maintain adequate record security to preserve  
2506 records from events that can be reasonably anticipated such as a fire, theft, and an  
2507 earthquake. Electronically-maintained data and/or records shall be protected,  
2508 backed up, and stored at a separate site from the original data.

### 2509 9.03 RECORD KEEPING REQUIREMENTS

#### 2510 A. Maintenance of Financial and Operational Records

2511 1. General. For City to confirm Contractor's entitlement to Contractor's  
2512 Compensation pursuant to Article 11 and Attachment K, it is necessary for  
2513 Contractor to maintain accurate, detailed financial and operational information  
2514 in a consistent format and to make such information available to the City in a  
2515 timely fashion.

2516 2. Contractor's Accounting Records. Contractor shall maintain accurate and  
2517 complete accounting records containing the underlying financial and operating  
2518 data relating to, and showing the basis for computation of, all costs associated  
2519 with providing services under this Agreement. The accounting records shall be  
2520 prepared in accordance with Generally Accepted Accounting Principles,  
2521 consistently applied ("GAAP").

#### 2522 B. Collection Service Records

2523 Records shall be maintained and retained by Contractor for City relating to:

2524 1. Customer and Billing information including, but not limited to, the following for  
2525 each Customer:



- 2526 a. Names, addresses, and phone numbers of Customer, Billing contact  
2527 Person, and, if appropriate, property manager or on-site contact Person;
- 2528 b. Solid Waste service level, Targeted Recyclable Materials service level, and  
2529 Organic Materials service level (where service level includes the number of  
2530 Containers, size of each Container, and the Collection frequency of each  
2531 Container);
- 2532 c. Number of tenant or living units at Multi-Family Residential Complexes;
- 2533 d. Service exemptions for SFD Premises (if applicable);
- 2534 e. Special services (e.g., Backyard and Special Handling Collection for SFD  
2535 Premises, push/pull charges, lock/unlock charges, etc.).
- 2536 Contractor's Customer and Billing system shall allow for information to be  
2537 compiled easily and separately for each Service Sector.
- 2538 2. Weight and volume of material Collected by type (e.g., Solid Waste, Targeted  
2539 Recyclable Materials, Organic Materials). Where possible, information shall be  
2540 provided separately for each Service Sector.
- 2541 3. Route sheets and route maps identifying the accounts serviced by each  
2542 Collection vehicle on a daily basis
- 2543 4. Facilities, equipment and personnel used.
- 2544 5. Tonnage of Solid Waste, Targeted Recyclable Materials, Universal Waste, and  
2545 Organic Materials listed separately by materials type and Service Sector and  
2546 the Designated Facility or other facility where materials were delivered.
- 2547 6. Monthly Overall Diversion Level, monthly SFD Diversion Level, and the monthly  
2548 Commercial Diversion Level (each stated as a percentage)
- 2549 7. Targeted Recyclable Materials, Used Motor Oil and Used Motor Oil Filters,  
2550 Household Batteries, Cell Phones and Organic Materials Collection  
2551 participation and set-out rates.
- 2552 8. Tonnage of materials Collected from On-Call Bulky Item Collection services  
2553 described in sections 5.05, 5.06 and 5.12, and abandoned waste clean-up  
2554 events described in section 5.09, reported separately by material type  
2555 Collected and listing destination where materials were delivered (e.g., Goodwill  
2556 Industries, Designated Facilities, etc.).
- 2557 9. Tonnage of Solid Waste, Recyclable Materials, and Organic Materials  
2558 Collected from Venues and Events as described in Section 5.08 reported  
2559 separately by material type Collected and reported separately for each Venue  
2560 and Event as the total Tonnage of each material type for each Venue or Event  
2561 monthly.
- 2562 10. Volume of Used Motor Oil and number of Used Motor Oil Filters Collected by  
2563 Contractor reported separately for each facility where materials were delivered.
- 2564 **C. Other Programs Records**
- 2565 Records for other programs shall be tailored to specific needs. In general,  
2566 Contractor shall maintain and retain the following records:
- 2567 1. Plans, tasks, and milestones; and

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2. Accomplishments including activities conducted, dates, quantities of products used, produced or distributed, and numbers of participants and responses.

D. **Customer Service Records.** Daily logs of all Complaints and Inquiries shall be retained for a minimum of thirty-six (36) months. Contractor shall maintain and retain customer service center records which include, but are not limited to the following statistics:

1. Number of calls received on a daily and monthly basis;
2. Number of calls answered on a daily and monthly basis;
3. Number of abandoned (dropped) calls on a daily and monthly basis;
4. Average abandoned time (i.e., Hold Time before abandoning call);
5. Average Hold Time for incoming calls on a daily and monthly basis;
6. Percentage of calls answered by a Person within thirty (30) seconds on a daily and monthly basis;
7. Number and percentage of Complaint and Inquiry e-mails that received responses by the close of business on the Day following the receipt of the Complaint or Inquiry;
8. Number of Complaints and Inquiries received through Contractor's website on a daily and monthly basis;
9. Names of all Customer service representatives employed; and,
10. Minimum, average, and maximum number of customer service representatives employed during each month.

E. **CERCLA Defense Records.** City views the ability to defend against CERCLA and related litigation as a matter of great importance. For this reason, the City regards the ability to prove where Solid Waste Collected in the City area was taken for transfer or Disposal, to be matters of concern. Contractor shall maintain data retention and preservation systems which can establish where Solid Waste Collected in the Service Area was delivered for transfer or Disposal. This provision shall survive the expiration of this Agreement.

F. **Compilation of Information for State Law Purposes.** Contractor shall compile information on amounts of Solid Waste delivered to the Designated Disposal Facility and to other locations, as well as other information which the City may reasonably request for state law reporting purposes.

Contractor shall maintain these records for a minimum of seven (7) years after expiration or earlier termination of the Agreement. Contractor shall provide these records to City (upon request or at the end of the record retention period) in an organized and indexed manner rather than destroying or Disposing of them.

#### 9.04 GENERAL REPORTING REQUIREMENTS

A. **Purpose.** Records shall be maintained and retained in forms, on media, and by methods that facilitate flexible use of data contained in them to structure reports, as needed. Reports are intended to compile recorded data into useful forms of information that can be used to, among other things:

1. Evaluate Diversion performance

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2. Evaluate Contractor's performance
3. Monitor Customer participation in Targeted Recyclable Materials and Organic Materials Collection programs and in other programs using several different performance measures
4. Monitor changes in the number of Customers and Customers' service levels
5. Determine needs for adjustment to programs and cost for such changes
6. Evaluate customer service and Complaints
7. Confirm Contractor's entitlement to Contractor's Compensation pursuant to Article 11 and Attachment K.

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- B. **Report Format.** Contractor may propose report formats that are responsive to the objectives and audiences for each report. The format of each report shall be approved by City. The City may review and request changes to Contractor's report formats and content and Contractor shall not unreasonably deny such requests. Contractor agrees to mail a copy of all reports to the City, and submit all reports by e-mail in a format compatible with the City's software and computers so the City can sort and analyze data. Contractor shall provide a certification statement, under penalty of perjury by the responsible Contractor official, that the report being submitted is true and correct to the best knowledge of such official after their reasonable inquiry.

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- C. **Submittal Schedule and Instructions.** Contractor shall submit Monthly Reports within fifteen (15) Days after the end of the reporting month. Contractor shall submit Quarterly Reports within twenty (20) Business Days after the end of each quarter ending March 31, June 30, September 30, and December 31. Contractor shall submit Annual Reports within forty-five (45) Days after the end of each Rate Year. Contractor shall submit (via mail and e-mail) all reports to the person(s) designated by City.

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- D. **Failure to Report.** The refusal or failure of Contractor to file any required reports, or to provide required information to the City, or the inclusion of any materially false or misleading statement or representation by Contractor in such report shall be deemed a Contractor Default for the purposes of Section 14.01 subject to the notice and cure provisions of that section, and shall subject Contractor to all remedies for such default which are available to the City under the Agreement or otherwise.

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- E. **Accuracy of Reports.** The failure of Contractor to file accurate and timely reports, proposal(s), information or correspondence to the City, or the inclusion of any inaccurate or misleading data, statement or representation by Contractor in such report(s), proposal(s), information or correspondence to the City, shall be subject to Liquidated Damages as set forth in Attachment J. In addition, the inclusion of any materially false or misleading statement or representation by Contractor in such report shall be deemed a Contractor Default for the purposes of Section 14.01 subject to the notice and cure provisions of that section, and shall subject Contractor to all remedies which are available to the City for such default under the Agreement or otherwise.

2653 **9.05 MONTHLY REPORTS**

2654 Monthly reports shall present the information described in this Section. Each monthly  
2655 report shall present the information below for that month and for each of the preceding  
2656 twelve (12) months.

2657 **A. Tonnage Information.** Contractor shall provide the Tonnage information  
2658 requested below by Service Sector on a monthly and year-to-date basis. However,  
2659 the City reserves the right to request the monthly Tonnage data by route.

2660 1. **Solid Waste.** Total Solid Waste Tonnage Collected and Disposed by Service  
2661 Sector.

2662 2. **Targeted Recyclable Materials Services.** Total Targeted Recyclable Materials  
2663 Tonnage Collected and delivered for processing by Service Sector listed  
2664 separately by material type Collected (e.g., Single-Stream Recyclable  
2665 Materials, Source Separated Cardboard, Source Separated Paper, Used Motor  
2666 Oil, Used Motor Oil Filters, etc.).

2667 3. **Organic Materials Services.** Total Organic Materials Tonnage Collected and  
2668 delivered for processing by Service Sector listed separately by material type  
2669 (e.g., Plant Materials, Food Scraps, or Organic Materials).

2670 **B. Diversion Level.** Contractor shall provide the monthly and year-to-date Calculated  
2671 Overall Diversion Level, the monthly and year-to-date Residential Diversion Level,  
2672 and the monthly and year-to-date Commercial Diversion Level. In addition,  
2673 Contractor shall present the calculations used to determine the diversion levels.

2674 **C. Complaint, Inquiry and Service Requests Data.** Contractor shall provide  
2675 information on the number of Complaints, Inquiries and service requests received  
2676 from Customers, Generators, or other Person by category (e.g., missed pickups,  
2677 noise Complaints, scheduled On-Call Bulky Item Collection Events, Overage  
2678 events, Billing concerns, property damage claims, requests for information,  
2679 Complaint summary) for each month and cumulative for Rate Year to date,  
2680 summarized by nature of Complaint, Inquiry and service request on a compatible  
2681 computer disc or other memory device approved by City. The categorization of  
2682 Complaints, Inquiries and service requests shall be agreed-upon by the City, and  
2683 Contractor prior to the Commencement Date, and shall be adjusted during the  
2684 Term upon agreement between City, and Contractor.

2685 **D. Call Center Data.** Number of calls received, number of calls answered, number of  
2686 dropped calls, percentage of dropped calls, Average Hold Time, percentage of calls  
2687 answered in thirty (30) seconds.

2688 **E. Monthly Gross Receipts.** A statement setting forth monthly Gross Receipts, by  
2689 Service Sector, for all operations conducted or permitted by this Agreement.

2690 **F. Quality Assurance Program.** Contractor shall report monthly on its  
2691 implementation of this program, described in Section 7.02.F, during the prior month.  
2692 The report shall include (i) name and Service Sector of each Customer contacted,  
2693 (ii) date, time and length of telephone call, (iii) name of customer service  
2694 representative placing call, (iv) summary of Customer's responses to questions and  
2695 other information provided, and (v) follow-up actions taken, if any, in response to  
2696 calls.

2697 **9.06 QUARTERLY REPORTS**

2698 Contractor shall submit quarterly reports that include the information described in this  
2699 Section 9.06 in addition to the monthly information required by Section 9.05.

2700 **A. Determination and Payment of Liquidated Damages.** In accordance with the  
2701 requirements of Section 14.07, Contractor shall provide with its quarterly report a  
2702 report that identifies any non-compliance with performance measures listed in  
2703 Attachment J and include calculation of the Liquidated Damages due. This report  
2704 shall be accompanied by supporting documentation identifying either compliance  
2705 with or level of non-compliance with the performance measures. The report  
2706 submittal shall be accompanied by a check from Contractor in the amount of the  
2707 Liquidated Damages due (per Contractor's calculation and self-reporting) for the  
2708 reporting period.

2709 Contractor may include with its report a written request to meet with the City  
2710 Manager or his or her designee to discuss Contractor's evidence refuting the basis  
2711 for assessing Liquidated Damages pertaining to unacceptable employee behavior.  
2712 In such cases, Contractor shall include with its report evidence in writing and written  
2713 testimony of its employees and others relevant to the incident(s)/non-performance.  
2714 The City Manager or his or her designee will provide Contractor with a written  
2715 explanation of his or her determination on each incident(s)/non-performance. The  
2716 decision of City Manager or his or her designee shall be final, subject to any judicial  
2717 review permitted by law.

2718 **B. Account Summary.** Provide the following account summary information in table  
2719 format:

- 2720 1. Number of Customers in each Rate category.
- 2721 2. Total number of Residential, Commercial, and Drop Box Customers  
2722 subscribing to Solid Waste, Targeted Recyclable Materials, and Organic  
2723 Materials Collection service listed separately by Service Sector and material  
2724 type.
- 2725 3. Percentage of Customers subscribing to Targeted Recyclable Materials  
2726 Collection service (listed separately for Multi-Family, Commercial, and Drop  
2727 Box Customers), which shall be equal to the total number of Targeted  
2728 Recyclable Materials Customers divided by the total number of Solid Waste  
2729 Customers.
- 2730 4. Percentage of Customers subscribing to Organic Materials Collection service  
2731 (listed separately for Multi-Family, Commercial, and Drop Box Customers),  
2732 which shall be equal to the total number of Organic Materials Customers  
2733 divided by the total number of Solid Waste Customers.

2734 **C. On-Site Customer Assessments.** Contractor shall report the number of and  
2735 results of the site assessments conducted for Multi-Family and Commercial  
2736 Customers, which are required by Section 7.04.E and 7.05.A.1.

2737 **D. Public Education Plan.** The quarterly report for the quarter ending September 30  
2738 of each year shall include the public education plan for the coming year pursuant to  
2739 Section 7.03 of this Agreement.

2740 **9.07 ANNUAL REPORTS**

2741 Annual reports shall present the information described in this Section in addition to the  
2742 information required for Monthly and Quarterly Reports pursuant to Sections 9.05 and  
2743 9.06.

2744 **A. Operational Information**

- 2745 1. Routes by Service Sector
- 2746 a. Number of routes per Day
- 2747 b. Types of vehicles
- 2748 c. Crew size per route
- 2749 d. Number of full-time equivalent routes
- 2750 e. Route sheets and maps
- 2751 2. Personnel
- 2752 a. Organizational chart
- 2753 b. Job classifications and number of full-time equivalent positions for each  
2754 (e.g. administrative, customer service representatives, drivers,  
2755 supervisors, educational staff, etc.)
- 2756 c. Annual wages by job classification including benefits
- 2757 3. Productivity Statistics
- 2758 a. Number of accounts per Service Sector
- 2759 b. Tons per route per Day by Service Sector
- 2760 4. Operational Changes
- 2761 a. Number of routes
- 2762 b. Staffing
- 2763 c. Supervision
- 2764 d. Collection services
- 2765 5. Equipment - An inventory of equipment in accordance with Section 8.03.D.

2766 **B. Customer Account Information.** As part of the annual reporting requirement,  
2767 Contractor shall make available to City detailed Customer account information in  
2768 tabular format and in electronic format (in computer software format that is  
2769 compatible with the City's) that includes the following information for each  
2770 Customer: account number; service address; Customer's name, address, and  
2771 phone number; Billing contact name, Billing address, and phone number; Solid  
2772 Waste, Targeted Recyclable Materials, and Organic Materials Collection service  
2773 level (i.e., number of Containers, size of Containers, frequency of Collection, and  
2774 Day(s) of Collection), and Rate charged. For Multi-Family Customers, the  
2775 Customer account information shall also include the number of dwelling units at  
2776 each Multi-Family Residential Complex.

2777 **C. Contractor's Review of Billings.** Pursuant to the requirements described in  
2778 Section 7.01.E, Contractor shall submit a report on its review of Billings.

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- D. **Customer Service Operations.** Contractor shall include in its Annual Report the following information:
1. The number of CSR supervisory staff and their responsibilities.
  2. Website Information (to the extent tracked by Contractor's system):
    - a. Number of on-line payments made
    - b. Number of On-Call Collection Services scheduled
    - c. Number of On-Call Bulky Goods Collections scheduled
    - d. Number of extra Solid Waste pick-ups scheduled
    - e. Number of service changes requested
    - f. Number of Complaints documented and resolved
  3. Customer Information System
    - a. Status of any changes or upgrades made to system software
    - b. Description of proposed changes to system software
    - c. Explanation and schedule of training activities

E. **Climate Action Report.** Submit climate action report required by Section 7.09.

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F. **Financial Information.** Within one hundred twenty (120) calendar days after the close of Contractor's fiscal year, Contractor shall deliver to the City four (4) copies of the audited consolidated financial statements and profit and loss statements of Contractor for the preceding fiscal year for Recology of the Coast. Financial statements shall include a supplemental combining schedule showing Contractor's results of operations, including the specific revenues in connection with the operations provided for in this Agreement from others included in such financial statements. The financial statements and footnotes shall be prepared in accordance with Generally Accepted Accounting Principles (GAAP) consistently applied and fairly reflecting in all material respects Contractor's results of operation and financial condition. Annual financial statements shall be audited, in accordance with Generally Accepted Auditing Standards (GAAS) by a Certified Public Accountant (CPA) licensed (in good standing) to practice public accounting in the State of California as determined by the State of California Department of Consumer Affairs Board of Accountancy, and that the CPA opinion on Contractor's annual financial statements shall be unqualified, and shall contain the CPA's conclusions regarding the Contractor's accounting policies and procedures, internal controls, and operating policies. The CPA shall perform an evaluation and, if necessary, shall cite recommendations for improvement.

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G. **Related Party Entities.** Contractor agrees that all its financial transactions (if any) with all Related Party Entities relating to this Agreement (other than Permitted Related Party Transactions) shall be approved in advance in writing by City and disclosed annually (concurrently with submission of Contractor's annual audited financial statements referred to in Section 9.07.F) to the City in a separate disclosure letter to the City. This annual disclosure letter (if any) shall include the following information: A general description of the nature of each such transaction, or type of transaction (if many similar transactions exist) shall be provided, as applicable. Such description shall include for each (or similar) transaction, amounts, specific Related Party Entity, basis of amount (how amount was determined), and description of the allocation methodology used to allocate any common costs. Amounts shall be reconciled to the Related Party Entity disclosures

2826 made in Contractor's annual audited financial statements referred to in Section  
2827 9.07.F. At the City's request, Contractor shall provide the City with copies of  
2828 working papers or other documentation deemed relevant by the Contractor relating  
2829 to information shown in the annual disclosure letter (if any). The annual disclosure  
2830 letter (if any) shall be provided to the City within one hundred twenty (120) calendar  
2831 days after the end of the Contractor's fiscal year.

2832 **9.08 REQUIRED SPECIFIC REPORTING**

2833 Event-specific reports shall be submitted following the occurrence of the event as  
2834 described in this Section.

2835 A. **Report of Accumulated Solid Waste; Unauthorized Dumping.** As required by  
2836 Section 5.09, Contractor shall report: (i) the addresses of any Premises at which  
2837 the driver observes that Solid Waste, Targeted Recyclable Materials, and/or  
2838 Organic Materials is accumulating; and (ii) the address, or other location  
2839 description, at which Solid Waste, Targeted Recyclable Materials, and/or Organic  
2840 Materials has been dumped in an apparently unauthorized manner. The report  
2841 shall be delivered to the City within one (1) Business Day of such observation.

2842 B. **Hazardous Waste.** As required by Section 8.07, the Contractor shall notify the City  
2843 of any Hazardous Waste identified in Containers or left at any Premises within  
2844 twenty-four (24) hours of identification of such material.

2845 C. **Reporting Adverse Information.** Contractor shall provide City two (2) copies (one  
2846 (1) to the City Manager, one (1) to the City Attorney) of all reports, pleadings,  
2847 applications, notifications, Notices of Violation, communications or other material  
2848 relating specifically to Contractor's performance of services pursuant to this  
2849 Agreement and adverse to Contractor (or pertaining to an adverse determination  
2850 against Contractor), submitted by Contractor to, or received by Contractor from, the  
2851 United States or California Environmental Protection Agency, the California  
2852 Integrated Waste Management Board, the Securities and Exchange Commission or  
2853 any other federal, State, County, or local agency, including any federal or State  
2854 court. Copies shall be submitted to City simultaneously with Contractor's filing or  
2855 submission of such matters with said agencies. Contractor's routine  
2856 correspondence to or from said agencies need not be submitted to City, but shall  
2857 be made available to City promptly upon City's written request.

2858 D. **Reporting of Claims.** Contractor shall notify City of claims by third Persons as  
2859 required by Section 13.02.F(2).

2860 E. **City-Sponsored Event Report.** No later than ten (10) Business Days following a  
2861 City-sponsored event identified in Attachment C, Contractor shall report the  
2862 Tonnage Collected by material type as required by Section 5.08 and the outreach  
2863 efforts related to diversion, recycling, and composting.

2864 **9.09 UPON-REQUEST REPORTING**

2865 A. **Holiday Tree Services.** Within ten (10) Business Days of City's request,  
2866 Contractor shall report the Tonnage of Holiday Trees collected at the Drop Box  
2867 sites or at drop-off sites (if drop-off sites were established).

2868 B. **Performance Review.** The City may conduct a review of Contractor's performance  
2869 under this Agreement at any time during the Term, but not more than once every  
2870 three (3) Rate Years. In such case, the City will submit questions to Contractor  
2871 pertaining to Contractor's performance and Contractor shall submit its written



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response within thirty (30) days. Prior to Contractor's written submittal of its response to questions, City and Contractor shall meet to discuss the questions and Contractor's response. City and Contractor may request from one another information or documents reasonably necessary to assess Contractor's performance and City and Contractor shall provide such information promptly. Contractor shall cooperate with the performance review; provide reasonably requested information; actively participate in meetings to discuss the review; and develop and implement an action plan to improve performance, if any failure to comply with the terms of this Agreement is identified.

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- C. **Other.** The City reserves the right to request additional reports from the Contractor, and the Contractor shall deliver such reports within twenty-five (25) Business Days of such request provided that such information is similar in nature to the required elements of the monthly, quarterly, or annual reporting requirements described in Sections 9.05, 9.06, and 9.07. If the information requested by the City is not typically part of the Contractor's reporting requirements described in Sections 9.05, 9.06, and 9.07, Contractor shall provide such information if the Contractor is required to maintain the information under the record-keeping requirements described in Sections 9.01, 9.02, and 9.03.

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**ARTICLE 10                    PAYMENT BY CONTRACTOR OF FRANCHISE AND  
REGULATORY FEES**

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2892    **10.01 FRANCHISE AND REGULATORY FEES**

2893                    City and Contractor acknowledge that an exclusive franchise is a special privilege that  
2894                    only government has the power to bestow. The exclusive franchise provided for in this  
2895                    Agreement is a grant of a right of way by City to Contractor to allow Contractor to use  
2896                    City property to provide Collection services. City has previously adopted or may adopt  
2897                    other regulatory fees which are intended to recover under the City's police power the  
2898                    costs associated with certain adverse effects associated with solid waste management  
2899                    and recycling in order to promote the public health and welfare ("Regulatory Fees"). In  
2900                    consideration of the exclusive franchise granted to Contractor by this Agreement,  
2901                    Contractor shall pay to City the following fees, irrespective of the amount of Contractor's  
2902                    Gross Receipts:

2903                    A.    **Franchise Fee.** Contractor shall pay to City a Franchise Fee in the amount of  
2904                    \$67,083.33 per month, which totals \$805,000 annually.

2905                    B.    **Frontierland Park Remediation Fee.** The City has an on-going obligation to  
2906                    remediate Frontierland Park for matters related to the closed landfill site at that  
2907                    location. Remediation efforts focus on minimizing or resolving health, safety, and  
2908                    public nuisance problems that may adversely affect the quality of life for citizens of  
2909                    the City. The remediation fee also provides funding for improvements to  
2910                    Frontierland Park facilities. The Frontierland Park remediation fee monies are used  
2911                    by the City to fund the remediation efforts. Contractor shall pay to City a  
2912                    Frontierland Park remediation fee in the amount of \$6,250 per month, which totals  
2913                    \$75,000 annually.

2914                    C.    **AB 939 Fee.** The Act (AB 939) requires the City to plan, implement, and monitor  
2915                    programs that will reduce the amount of Solid Waste Disposed by residents and  
2916                    businesses and report annually to the State. Programs include recycling and  
2917                    organics programs, public education and outreach efforts, franchise monitoring, etc.  
2918                    The AB 939 fee is used to fund these mandated efforts. Contractor shall pay to  
2919                    City an AB 939 fee in the amount of \$2,500 per month, which totals \$30,000  
2920                    annually.

2921    **10.02 TIME AND METHOD OF PAYMENT**

2922                    On or before the twentieth (20<sup>th</sup>) day after the end of each month, Contractor shall pay  
2923                    to City the monthly amount due for the Franchise and Regulatory Fees specified in  
2924                    Section 10.01, in the amount of \$75,833.33, unless City directs a different payment  
2925                    schedule.

2926                    Payments from Contractor to City shall be made by wire transfer or other method  
2927                    authorized by City.

2928                    If a fee is not paid on time, Contractor shall pay a late payment charge equal to two  
2929                    percent (2%) of the fees due for that month. In addition, Contractor shall pay an  
2930                    additional two percent (2%) on any unpaid balance for each thirty (30) Day period a  
2931                    portion of the fee due remains unpaid. Changes to Contractor's Compensation to reflect  
2932                    decreases in fees are not subject to the special Rate review provisions in Section 11.04.

2933 **10.03 ADJUSTMENTS TO FEES; ADDITIONAL FEES**

2934 City may from time to time, in connection with the Rate review process provided for in  
2935 Article 11 and Attachment K, adjust the amount of the Franchise and Regulatory Fees  
2936 described in this Article, and establish other fees. Changes in the total amount of fees  
2937 to be paid by Contractor to City shall not become effective until they are reflected in a  
2938 Rate adjustment as set forth in Article 11.

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**ARTICLE 11                      CONTRACTOR'S COMPENSATION AND RATES**

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2942    **11.01 OVERVIEW**

2943                      In consideration of Contractor's performance of Collection services pursuant to this  
2944                      Agreement, Contractor shall have the right to charge and collect from Generators for  
2945                      Collection services rendered, at rates not exceeding the Rates set forth on Attachment  
2946                      N, as the same may be adjusted from time to time in accordance with this Article 11 and  
2947                      Attachment K. Contractor may set its rates at any level so long as the rate for a  
2948                      particular service does not exceed the then-applicable Rate for such service set forth on  
2949                      Attachment N.

2950                      If Contractor's actual costs, including fees due to City pursuant to Article 10, exceed  
2951                      Contractor's actual Gross Receipts, Contractor shall not be compensated for the  
2952                      difference, except to the extent provided in this Article 11 and Attachment K. If  
2953                      Contractor's actual costs are less than actual Gross Receipts, Contractor shall retain the  
2954                      difference, provided that Contractor has paid the fees due to City pursuant to Article 10.  
2955                      While a profit level (based on an Operating Ratio of 0.90) is used to calculate estimated  
2956                      contractor's costs and Rates on an annual basis, the Contractor is not guaranteed this  
2957                      profit level.

2958    **11.02 RATE-SETTING PROCESS**

2959                      **A. New Rates.** The City shall be responsible for confirming any Rate adjustment  
2960                      applications to assure that they are in compliance with this Agreement and  
2961                      specifically with Attachment K. If the proposed Rate adjustment is in accordance  
2962                      with the obligations and procedures set forth in this Agreement, then City shall  
2963                      authorize Contractor to establish the proposed Rates.

2964                      If at any time during the Term of this Agreement, Contractor determines the need  
2965                      for a Rate that does not appear on the Rate schedule in Attachment N, Contractor  
2966                      shall immediately notify the City and request establishment of such a Rate. For  
2967                      example, if Contractor wishes to introduce Collection of a fifteen (15) cubic yard  
2968                      Compactor five (5) times per week, and the existing Rate schedule does not include  
2969                      a Rate for this service, Contractor must request that the City authorize such a Rate.

2970                      **B. Initial Rates.** The Rates for the period from the Commencement Date through July  
2971                      31, 2010, and the Rates for the period from August 1, 2010 through February 28,  
2972                      2011, were the Rates for such periods set forth in Attachment N of the Original  
2973                      Agreement.

2974                      **C. Rates Adjustment Scheduled for March 1, 2011.** Section 11.02.C and related  
2975                      provisions of the Original Agreement provided that a Rate adjustment should have  
2976                      taken effect as of March 1, 2011 (the "March 1 Adjustment"). Contractor timely  
2977                      submitted an Application for the March 1 Adjustment. In accordance with Section  
2978                      11.02.C of the Original Agreement, the amount of the March 1 Adjustment was 8%.  
2979                      The March 1 adjustment was delayed for three months, but the 8% increase  
2980                      ultimately went into effect as of June 1, 2011. As a result of the three month delay,  
2981                      Contractor experienced a shortfall in revenues of \$135,580. To give effect to  
2982                      provisions of the Original Agreement and this Agreement that permit Contractor to  
2983                      recover the amount of such shortfall through an additional adjustment in Rates, City

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and Contractor agreed that, notwithstanding any other provision of this Agreement, such \$135,580 amount would be included in the Rates for Rate Year Three (which took effect January 1, 2012) over and above any other adjustment called for by the Original Agreement. Such amount was incorporated into the Rate adjustment calculation in Attachment K of the Franchise Agreement as an "Other Pass-Through Adjustment."

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**D. Subsequent Rate Adjustments.** The Rates for Rate Year Four and subsequent Rate Years shall be determined based on annual adjustments in accordance with this Article 11 and Attachment K (i) using the index-based adjustment method set forth in Section 3 of Attachment K to determine the Rates for Rate Years three, five, six, eight, and, if the Term is extended, nine, eleven, twelve, and thirteen (the "Index-Based Adjustment Years"), and (ii) using the cost-based adjustment method set forth in Section 4 of Attachment K to determine the Rates for Rate Years four, seven and, if the Term is extended, ten (the "Cost-Based Adjustment Years"). The cost-based adjustment is intended to adjust Rates to more accurately reflect Contractor's actual costs of operations, if the cost indices are not tracking with actual changes in costs. Table 1 below shows which method will be used for each Rate Year:

TABLE 1			
Rate Year	Commencement Date of Rate Year (which shall be the Effective Date of Rate Adjustment unless otherwise noted)	Rate Adjustment Method Used to Determine Rates for Rate Year	Rate Application Submittal Date
1	Commencement Date	No Rate adjustment; Rates specified in Attachment N	Not Applicable
1	Commencement Date; Rates to be effective August 1, 2010	Rate adjustment per Attachment N (5% increase)	Not Applicable
2	January 1, 2011; Rates to be effective March 1, 2011**	Rate adjustment to be negotiated per Section 11.02.C**	November 1, 2010
3	January 1, 2012	Index-Based	September 1, 2011
4	January 1, 2013	Cost-Based	June 1, 2012
5	January 1, 2014	Index-Based	September 1, 2013
6	January 1, 2015	Index-Based	September 1, 2014
7	January 1, 2016	Cost-Based	June 1, 2015
8	January 1, 2017	Index-Based	September 1, 2016
9*	January 1, 2018	Index-Based	September 1, 2017
10*	January 1, 2019	Cost-Based	June 1, 2018
11*	January 1, 2020	Index-Based	September 1, 2019
12*	January 1, 2021	Index-Based	September 1, 2020
13*	January 1, 2022	Index-Based	September 1, 2021

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\*Applicable only if the Term is extended pursuant to Section 3.03.

\*\* See Section 11.02.C.

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3006 **11.03 ANNUAL RATE APPLICATION PROCESS**

3007 **A. Application Date and Content**

3008 **1. Index-Based Rate Adjustment Methodology**

3009 On or before September 1 of the Rate Year prior to each Index-Based  
3010 Adjustment Year, Contractor shall submit three (3) copies of its Application for  
3011 a Rate adjustment for such Index-Based Adjustment Year. The Application  
3012 shall contain the following information:

- 3013 (i) A copy of the current Cost Components, per Section 3.2 of Attachment K;
- 3014 (ii) Contractor's calculation of the adjustment to each Cost Component  
3015 pursuant to Section 3.3 of Attachment K, to arrive at the forecasted values for  
3016 the coming Rate Year;
- 3017 (iii) Contractor's calculation of the Rate Adjustment Factor as provided in  
3018 Section 3.8 of Attachment K;
- 3019 (iv) A copy of the Rate schedule currently in effect, and a pro forma Rate  
3020 schedule showing the proposed Rates for the coming Rate Year;
- 3021 (v) Any additional supporting documentation for the foregoing calculations,  
3022 including evidence of the index values used and Solid Waste, Recyclable  
3023 Materials, and Organic Materials Tonnage reports for the most-recently  
3024 completed twelve (12) month period ending April 30;
- 3025 (vi) A copy of the then-applicable collective bargaining agreement(s)  
3026 governing Contractor's employees performing services under this Agreement;
- 3027 (vii) Contractor's proposal for a special Rate adjustment pursuant to Section  
3028 11.04, if any.

3037 **2. Cost-Based Rate Adjustment Methodology**

3038 On or before June 1 of the Rate Year prior to each Cost-Based Adjustment  
3039 Year, Contractor shall submit three (3) copies of its Application for a Rate  
3040 adjustment for such Cost-Based Adjustment Year. The Application shall  
3041 contain the following information:

- 3042 (i) A copy of Contractor's audited financial statements for Contractor's most  
3043 recently completed Fiscal Year pursuant to Section 9.07.F;
- 3044 (ii) A copy of Contractor's pro forma financial statement for such Fiscal Year  
3045 prepared pursuant to Section 4.2.1 and 4.2.2 of Attachment K;
- 3046 (iii) Contractor's allocation of its costs for such Fiscal Year to the Cost  
3047 Components comprising Total Annual Cost of Operations pursuant to Section  
3048 4.2.3 of Attachment K;

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- (iv) Contractor's calculation of the adjustment to each Cost Component and Total Annual Cost of Operations pursuant to Section 4.3 of Attachment K, to arrive at the forecasted values for the coming Rate Year;
- (v) Contractor's calculation of the Rate Adjustment Factor as provided in Section 4.8 of Attachment K;
- (vi) A copy of the Rate schedule currently in effect, and a pro forma Rate schedule showing the proposed Rates for the coming Rate Year.
- (vii) Any additional supporting documentation for the foregoing calculations, including evidence of the index values used and Solid Waste, Recyclable Materials, and Organic Materials Tonnage reports for the most-recently completed twelve (12) month period ending April 30;
- (viii) A copy of the then-applicable collective bargaining agreement(s) governing Contractor's employees performing services under this Agreement;
- (ix) Operational data listed in Section 9.07.A for the most-recently completed month.
- (x) Contractor's request for a special Rate adjustment pursuant to Section 11.04, if any.
- (xi) Other information that Contractor deems necessary to support the actual costs presented and the calculation of the assumptions made by Contractor with regard to forecasting the total annual cost of operations, profit, pass-through costs, pass-through City fees, and the total annual costs for the coming Rate Year.

**B. City Review of Rate Proposal**

City shall undertake an administrative review of Contractor's Application for accuracy and consistency with the applicable Rate adjustment procedures specified in this Article 11 and Attachment K. Within thirty (30) days after Contractor's submission of the Application, City shall notify Contractor of any factual or calculation errors that City has identified in the Application, and Contractor shall have the opportunity to revise the Application.

In connection with City's review of Contractor's Application, Contractor shall provide all information reasonably requested by City to evaluate the Application (it being understood that information regarding Permitted Related Party Transactions need not be provided). Upon request, Contractor shall provide information from Related Party Entities regarding any financial transactions between Contractor and such Related Party Entities (other than Permitted Related Party Transactions) relating to this Agreement, to the extent reasonably necessary to evaluate Contractor's Application.

If City's administrative review confirms that Contractor has submitted complete and accurate information as required by this Agreement, and if the hearing provided by Section 11.05 does not prevent Contractor from imposing the proposed Rates, the Rates shall be adjusted to reflect the adjustments required by Section 3 of Attachment K or Section 4 of Attachment K, as the case may be, and Section

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11.03, if applicable subject to potential Rate constraints described in Section 11.07. City and the City Council shall use their reasonable best efforts and act in good faith to take action to complete its Rate review as contemplated by this Agreement so that Rate adjustments can be effective on or before January 1 of the Rate Year following the year in which the Application was submitted.

3107 **11.04 SPECIAL RATE REVIEW**

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**A. Timing.** A special Rate review may be initiated pursuant to this Section 11.04 should one or more of the events set forth in Section 11.04.B occur. If such event(s) could reasonably be expected to have a combined effect (whether on Contractor's costs or revenues, and whether in the then-current Rate Year or the subsequent Rate Year) totaling two percent (2%) or more of Contractor's reasonably anticipated Gross Receipts (net of payments to City) in the then-current Rate Year, then the special Rate review may be initiated at any time. If such event(s) could reasonably be expected to have a combined effect less than as set forth in the preceding sentence, the special Rate review with respect to such event(s) shall occur the next time the annual Rate adjustment process is performed in accordance with Section 11.03.

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**B. Eligible Items.** Contractor (or City, with respect to item 1 below) may initiate a special Rate review pursuant to this Section 11.04 should one or more of the following events occur:

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1. City-directed changes pursuant to Section 15.12.

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2. Provision of emergency services pursuant to Section 7.06.

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3. Flood, earthquake, or other similar catastrophic event affecting City which is beyond the control of and not the fault of the Contractor.

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4. Changes in Law (including, but not limited to, Changes in Law that result in regulatory, governmental, or other surcharge fees) after the Effective Date that were not reasonably known to Contractor before the Effective Date. Adjustment to the Franchise and Regulatory Fees, as described in Section 10.01, in accordance with procedures described in Section 10.03, shall be excluded from Change in Law.

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5. Any change in the Designated Disposal Facility initiated by Contractor or City, provided that (i) such change results from Contractor's inability to use the Designated Disposal Facility for reasons beyond the control of Contractor (and, if the Designated Disposal Facility is owned or operated by an Affiliate of Contractor, beyond the control of such Affiliate), and (ii) if the Designated Disposal Facility is not the Ox Mountain Sanitary Landfill, the Ox Mountain Sanitary Landfill is unavailable for use by Contractor.

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**C. Ineligible Items.** A special Rate review may not be initiated for the following items and Contractor shall not be compensated for such items unless the City and Contractor agree to an adjustment when determining Rates for Cost-Based Adjustment Years:

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1. Increases in the cost of Solid Waste, Recyclable Materials, or Organic Materials Collection, transportation, processing, or Disposal in excess of the increases provided through the annual adjustment mechanisms described in Attachment K,



3145 unless such cost increases are related to eligible items listed in Section 11.04.B  
3146 above.

3147 2. Decreases in revenues from the sale of Recyclable Materials or Organic Materials.

3148 3. Growth or decline in the number of Customers or their subscription levels; provided,  
3149 however, that Contractor shall be entitled to bill all Customers at the Rates  
3150 provided for by this Agreement, if allowed under Section 11.05 and subject to  
3151 confirmation by City as provided in Section 11.03.B, and retain all Gross Receipts  
3152 (net fees due to City) collected from Customers for Collection services provided  
3153 under this Agreement.

3154 4. Change in the Tonnage or composition of Solid Waste, Recyclable Materials, or  
3155 Organic Materials in excess of the increases or decreases provided through the  
3156 annual adjustment mechanisms described in Attachment K, unless such changes  
3157 are related to eligible items described in Section 11.04.B above.

3158 **D. Submittal and Review of Request.** If Contractor initiates a special Rate review,  
3159 Contractor must submit its request for a special Rate adjustment, together with any  
3160 cost and operational data Contractor wishes to provide in order to justify such Rate  
3161 adjustment, at least five (5) months before the proposed effective date of such Rate  
3162 adjustment. The City may waive the five (5)-month submittal requirement if the  
3163 reason for the special Rate review is a Change in Law that will become effective in  
3164 less than a five (5) month period.

3165 If the Contractor or the City requests a special Rate review, the City shall have the  
3166 right to review records of Contractor and Related Party Entities to the extent set  
3167 forth in Section 9.02.B.

3168 City shall review Contractor's request and supporting documentation and shall  
3169 notify Contractor, within thirty (30) days of Contractor's submission, of City's  
3170 assessment of Contractor's request and of any questions City may have regarding  
3171 such request. If City confirms that Contractor is entitled to a special Rate  
3172 adjustment under the terms of this Agreement, and if the hearing provided by  
3173 Section 11.05 does not prevent Contractor from imposing the proposed Rate,  
3174 Contractor may adjust Rates to reflect such adjustment. City and the City Council  
3175 shall use their reasonable best efforts and act in good faith to take action to  
3176 complete its Rate review as contemplated by this Agreement so that special Rate  
3177 adjustments can be effective within five (5) months of Contractor's submission.

3178 Whether the special Rate review is initiated by Contractor or City, the initiating Party  
3179 shall indicate whether the requested Rate adjustment shall be in addition to or in  
3180 lieu of the annual Rate adjustment to be performed in accordance with Section  
3181 11.03.

3182 **E. City-Initiated Changes.** If City initiates a change pursuant to Section 15.12, City's  
3183 notice to Contractor required by Section 15.12.A shall set forth the specifications of  
3184 any additional services that City wishes Contractor to perform, or any existing  
3185 services that City wishes Contractor to cease performing, as the case may be.  
3186 Within thirty (30) days after receipt of such notice, Contractor shall submit to City a  
3187 cost and operational proposal to implement the Change in Service in accordance  
3188 with such specifications, together with proposed Rate adjustments to cover  
3189 Contractor's reasonable increased or decreased costs resulting from such Change  
3190 in Service. Such reasonable increased or decreased costs shall include a profit

3191 margin calculated as set forth in Section 2.14 of Attachment K. Such increased or  
3192 decreased costs shall be based on Contractor's reasonable good faith estimate of  
3193 Contractor's actual costs (rather than any deemed cost resulting from an index-  
3194 based adjustment to a Cost Component), and shall take into account Contractor's  
3195 capital expenditures and other fixed costs (whether sunk or prospective), migration  
3196 by Customers from one type or level of service to another as a result of the Change  
3197 in Service, the effect of the Change in Service on Contractor's agreements with  
3198 third parties, and any other relevant factors. The Parties shall negotiate  
3199 Contractor's proposal in good faith for a period of thirty (30) days after submission  
3200 of Contractor's proposal. During such negotiation period, Contractor shall provide  
3201 City with such additional information as City may reasonably request in order to  
3202 evaluate Contractor's proposal. If the Change in Service results in a net increase in  
3203 Contractor's costs, Contractor shall be entitled to a special Rate increase sufficient  
3204 to cover its reasonable additional costs resulting from such Change in Service. If  
3205 the Change in Service results in a net decrease in Contractor's costs, Contractor  
3206 shall be subject to a special Rate decrease no greater than Contractor's reasonable  
3207 decreased costs resulting from such Change in Service. City and the City Council  
3208 shall use their reasonable best efforts and act in good faith to confirm special Rate  
3209 adjustments under this Section 11.04.E to be effective within five (5) months of  
3210 Contractor's submission of its cost and operational proposal.

3211 **F. Burden of Justification.** If Contractor initiates a special Rate review, Contractor  
3212 shall bear the burden of justifying by substantial evidence its entitlement to any  
3213 adjustment in Rates under this Section 11.04, and shall provide substantial  
3214 evidence that one or more Eligible Events resulted in a net increase in Contractor's  
3215 costs of performing its obligations under this Agreement (taking into account any  
3216 decreases in Contractor's costs which may result from the same Eligible Event(s)).

3217 If Contractor is entitled to a special Rate increase under this Section 11.04, and if  
3218 the hearing provided by Section 11.05 does not prevent Contractor from imposing  
3219 the proposed Rate, such special Rate increase shall be established in such a  
3220 manner as to generate sufficient additional revenues to Contractor to enable  
3221 Contractor to recover all of its reasonable additional costs resulting from such  
3222 Eligible Event(s), whether incurred before or after the date of Contractor submitted  
3223 its request for a special Rate adjustment, or before or after the Rate adjustment  
3224 took effect. Contractor's costs of performing its obligations under this Agreement  
3225 (and its reasonable additional costs resulting from Eligible Event(s)) shall include a  
3226 profit margin calculated by applying the Operating Ratio of 0.90 in the same  
3227 manner as is applied when implementing the cost-based adjustment method.

3228 If City's review determines that the Contractor has not met its burden, Contractor  
3229 may request a meeting with City staff and the City Manager at which Contractor  
3230 may produce additional evidence in support of its request for a special Rate  
3231 adjustment. Upon such request, City shall promptly arrange said meeting.

3232 **G. Expenses of Review.** Contractor shall reimburse City for City's reasonable costs  
3233 incurred in participating in any special Rate review, up to a maximum of \$25,000.  
3234 For special Rate reviews initiated by City pursuant to Section 15.12, or special Rate  
3235 reviews initiated by Contractor arising from events described in Sections 11.04.B.1,  
3236 11.04.B.2 or (if the Change in Law is initiated by City) 11.04.B.4., Contractor shall  
3237 be entitled to recover the cost of such reimbursement through the Rate adjustment

3238 mechanism (as an Eligible Cost or otherwise); otherwise, such reimbursement shall  
3239 be a Non-Allowable Cost.

3240 **11.05 NOTICE OF RATE ADJUSTMENTS**

3241 For the Initial Term of this Agreement only, and without limiting the last paragraph of  
3242 Section 11.07, if Contractor proposes an increase in Rates pursuant to this Article 11  
3243 and/or Attachment K, City shall follow the procedures set forth in Article 13.D, section 6,  
3244 subsections (a)(1) and (a)(2) of the California Constitution with respect to Contractor's  
3245 Application, except that (i) notice shall be mailed only to Contractor's Customers (other  
3246 than City), and (ii) only such Customers shall have an opportunity to protest approval of  
3247 Contractor's Application. If, after such notice is provided, a majority of Contractor's  
3248 Customers present written protests prior to or at the hearing, Contractor shall not  
3249 impose the proposed Rate. Contractor shall provide all Customers with written notice of  
3250 Rate changes, in the form of a bill insert, postcard, or other written notice prepared by  
3251 City.

3252 **11.06 FAILURE OR DELAY IN ADJUSTING RATES**

3253 **A. Annual Rate Application Submitted On Time**

3254 If Contractor submits its Application on or before the Application submittal date  
3255 identified in Table 1 for proposed Rate adjustments, such application is accurate  
3256 and consistent with the applicable Rate adjustment procedures specified in this  
3257 Article and Attachment K, the hearing provided by Section 11.05 does not prevent  
3258 Contractor from imposing the proposed Rate, and City delays confirming  
3259 Contractor's entitlement to the proposed Rate adjustment until after January 1 of  
3260 the following Rate Year, then Contractor shall be entitled to an additional Rate  
3261 adjustment for such Rate Year (and, if necessary, subsequent Rate Years) to  
3262 enable Contractor to recover the shortfall in revenues caused by City's delay.

3263 To determine the amount of the shortfall, if any, City and Contractor shall meet and  
3264 confer to determine the effect that the delay in adopting Rates has on the  
3265 Contractor's Gross Receipts. The assessment of the revenue impact shall consider  
3266 Contractor's billing cycle (e.g., impact to Customers billed in advance and to  
3267 Customers billed in arrears), the ability of Contractor to delay issuance of bills, the  
3268 payment cycle of Customers, and other relevant variables.

3269 **B. Annual Rate Application Delayed**

3270 If Contractor does not submit its Application on or before the Application submittal  
3271 date identified in Table 1 for annual Rate adjustments, City Council shall complete  
3272 its administrative review and Rates shall be adjusted not later than the number of  
3273 days after January 1 of the applicable Rate Year equal to the number of days that  
3274 Contractor's Application was late so long as such application is accurate and  
3275 consistent with the applicable Rate adjustment procedures specified in this Article  
3276 and Attachment K and the hearing provided by Section 11.05 does not prevent  
3277 Contractor from imposing the proposed Rate.

3278 If City delays confirming Contractor's entitlement to impose the Rate adjustment  
3279 within such period, then Contractor shall be entitled to an additional Rate  
3280 adjustment for such Rate Year (and, if necessary, subsequent Rate Years) to  
3281 enable Contractor to recover the shortfall in revenues caused by the delay. The

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shortfall will be determined in the same manner as set forth in the second paragraph of Section 11.06.A.

3284 **11.07 POTENTIAL RATE CONSTRAINTS**

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The parties recognize that, as of the date this Agreement is entered into, there is no authoritative judicial determination that Articles 13.C and D of the California Constitution apply to charges imposed by private enterprises for Solid Waste handling and Recycling services. City will not be in default of this Agreement if (i) a majority protest prevents a proposed Rate increase from being adopted, (ii) a court rules that Rates imposed pursuant to this Agreement are not consistent with Article 13.D, or (iii) an initiative reduces Rates from those in effect. After any such event, the Parties shall promptly meet and confer in good faith to develop modifications to service levels commensurate with the Rates that Contractor may legally charge.

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Nothing in this Section 11.07, or elsewhere in this Agreement, including Section 11.05, shall be deemed or construed to be an admission by City or Contractor that Articles 13.C or 13.D of the California Constitution apply to the Rates charged by Contractor under this Agreement.

3298 **11.08 SHARING OF REVENUE FROM SALE OF RECYCLABLES**

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On or before January 31 of each Rate Year beginning in Rate Year Three, Contractor shall pay City an amount equal to fifty percent (50%) of Contractor's revenues above \$269,000 in the most-recently completed Fiscal Year from sale of Recyclable Materials (other than Organic Materials). Contractor shall concurrently provide a statement showing the calculation of the amount paid, including a summary of all sales of Recyclable Materials (other than Organic Materials) during the most-recently completed Fiscal Year. Contractor's Recycling revenues shall be allocated to the City on the basis of volume of Recyclable Materials Collected compared to the volume of all Recyclable Materials Collected in the City and other areas by Contractor. If the full amount is not timely paid, late charges shall apply as set forth in the third paragraph of Section 10.04.

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**ARTICLE 12 CITY RIGHT TO USE EQUIPMENT AND FACILITIES**

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3313 **12.01 PURPOSE**

3314 The Parties recognize (i) that frequent and continuous collection of Solid Waste,  
3315 Targeted Recyclable Materials and Organic Materials is an essential public service and  
3316 an important element of public health in developed communities such as City, and (ii)  
3317 that even a temporary interruption in the Collection and transport services performed by  
3318 Contractor may threaten the public health and safety, as well as causing serious  
3319 financial harm to business operations in the City.

3320 The purpose of this Article is to provide the City the ability to respond to such threats to  
3321 the public health, safety and welfare by making use of Contractor's Facilities and  
3322 equipment. This Article applies to any interruption of services, regardless of whether or  
3323 not Contractor's failure to perform is excused under Section 14.09.

3324 **12.02 CONDITIONS AUTHORIZING CITY'S RIGHT TO USE OF FACILITIES AND**  
3325 **EQUIPMENT**

3326 If Contractor, for any reason, fails, refuses or is unable to Collect Solid Waste, Targeted  
3327 Recyclable Materials and Organic Materials from all or substantially all Customers at the  
3328 times and in the manner required by this Agreement, and transport such materials to the  
3329 Designated Facilities, for more than two (2) Business Days (a "Failure to Collect"), City  
3330 may invoke this Article. City shall provide Contractor written notice that it intends to  
3331 consider invoking this Article at a public meeting of its governing body, to be held two (2)  
3332 or more Business Days from the date of the notice.

3333 At the meeting, the governing body may invoke its rights under this Article if it  
3334 determines that there has been an interruption in Collection service and that such  
3335 interruption may continue, thereby threatening the public health, safety and welfare. If  
3336 the governing body makes that determination, it may also determine to exercise the  
3337 City's right to (i) perform Collection and transport services with its own personnel or  
3338 authorize a third party to do so, and (ii) take possession of any of Contractor's property,  
3339 including vehicles, equipment used for billing and collection of fees, and other  
3340 equipment, used in providing such services (collectively, "Properties").

3341 **12.03 NOTICE TO CONTRACTOR**

3342 City shall deliver written notice to Contractor of its determination to exercise its right to  
3343 provide Collection services and to make use of Contractor's Properties to do so. Upon  
3344 receipt of the notice, Contractor shall immediately take all steps necessary to make  
3345 available to City any of its vehicles and equipment that are requested by City.  
3346 Contractor shall also cooperate in any other way requested by City to assist City in  
3347 providing Collection services on a temporary basis.

3348 **12.04 RIGHTS AND RESPONSIBILITIES OF PARTIES**

3349 If City exercises its right to provide collection services and make use of Contractor's  
3350 Properties to do so, City will be responsible for the proper use and operation of  
3351 Contractor's Properties, including maintenance and repair of vehicles and equipment.  
3352 City will defend, indemnify and hold Contractor harmless from claims by third parties  
3353 that are due solely to City's negligence or intentional misconduct in operating  
3354 Contractor's vehicles or equipment, and not due in whole or in part to defects in the

3355 design or manufacture of the vehicles or equipment or to Contractor's prior failure to  
3356 maintain them in good and safe operating condition.

3357 Contractor shall not be liable for any Liquidated Damages with respect to any incidents  
3358 occurring during the period that City (or any third party authorized by City) is performing  
3359 Collection and transport services, or is in possession of, using or operating any of  
3360 Contractor's Properties, pursuant to this Article 12.

3361 If the interruption in service is excused under Section 14.09, City will pay Contractor one  
3362 hundred dollars (\$100) per Business Day per vehicle used by City to perform Collection  
3363 and transport services, which will constitute full compensation for use of all Properties.  
3364 If the interruption in service constitutes a breach of contract or default, no payment is  
3365 required.

3366 Revenue received from Customers that is attributable to the period of time during which  
3367 City provides temporary Collection service shall accrue to City rather than Contractor to  
3368 the extent City provides temporary Collection services in lieu of Contractor.

3369 City may delegate the use and operation of any or all of Contractor's Properties to a  
3370 third party.

3371 **12.05 DURATION OF CITY'S RIGHT TO POSSESSION AND USE OF**  
3372 **VEHICLES/EQUIPMENT**

3373 City may retain possession of Contractor's Properties and provide Collection services  
3374 until the Contractor demonstrates to City's satisfaction that it is ready, willing and able to  
3375 resume providing such services, or ninety (90) Days from the notice given under Section  
3376 12.03, whichever occurs first.

3377 City has no obligation to exercise its rights under this Article or, having done so, to  
3378 continue to provide Collection services. It may at any time, in its sole discretion,  
3379 relinquish possession of Contractor's Properties to Contractor.

3380 Contractor's Properties shall be returned to Contractor in a condition substantially the  
3381 same as that which existed at the time the City took possession of them, ordinary wear  
3382 and tear excepted.

3383 **12.06 GENERAL**

3384 The City's exercise of its rights under this Article, (i) does not constitute taking or  
3385 damaging of property for which compensation (other than as provided in this Article)  
3386 must be paid, (ii) does not exempt Contractor from its indemnity obligations under Article  
3387 13, which are meant to extend to circumstances arising under this Article, provided that  
3388 Contractor is not required to indemnify City against claims arising from the sole  
3389 negligence or intentional misconduct of City's employees or agents in the operation and  
3390 use of Contractor's Properties during the time the City has sole possession of them.

3391 The City's rights under this Article do not preclude its permanent acquisition of  
3392 Contractor's vehicles and equipment used in providing service to City through the  
3393 exercise of eminent domain.

3394 Subject to the second paragraph of Section 12.04, the City's exercise of rights under  
3395 this Article does not limit its ability to seek any of the remedies available to it under  
3396 Article 14.

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**ARTICLE 13 INDEMNITY, INSURANCE, BOND, GUARANTY**

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**13.01 INDEMNIFICATION**

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Contractor shall indemnify, defend and hold harmless City, its officers, employees and agents (collectively, the "Indemnitees"), from and against (i) any and all liability, penalty, claim, demand, action, proceeding or suit, of any and every kind and description, whether judicial, quasi-judicial or administrative in nature, (ii) any and all loss including, but not limited to, injury to and death of any person and damage to property, and (iii) contribution or indemnity demanded by third parties (collectively, the "Claims"), arising out of or occasioned in any way by, directly or indirectly, Contractor's performance of, or its failure to perform, its obligations under this Agreement. The foregoing indemnity shall not apply to the extent that a Claim is caused solely by the active negligence or intentional misconduct of the Indemnitees, but shall apply if the Claim is caused by the joint negligence of Contractor and other Persons, including an Indemnitee. Upon the occurrence of any Claim, Contractor shall defend (with attorneys reasonably acceptable to City) the Indemnitees. Contractor's duty to defend and indemnify shall survive the expiration or earlier termination of this Agreement.

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**13.02 INSURANCE**

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**A. Types and Amounts of Coverage.** Contractor shall procure from an insurance company or companies admitted to do business in the State of California, and shall maintain in force at all times during the Term, the following types and amounts of insurance:

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1. **Workers' Compensation and Employer's Liability.** Contractor shall maintain workers' compensation insurance covering its employees in statutory amounts and otherwise in compliance with the laws of the State of California. Contractor shall maintain employer's liability insurance in an amount not less than one million dollars (\$1,000,000) per accident or disease. Contractor shall not be obligated to carry workers compensation insurance if (i) it qualifies under California law and continuously complies with all statutory obligations to self-insure against such risks; (ii) furnishes a certificate of Permission to Self Insure issued by the Department of Industrial Relations; and (iii) furnishes updated certificates of Permission to Self Insure periodically to evidence continuous self insurance.

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2. **Commercial General Liability.** Contractor shall maintain commercial general liability insurance with a combined single limit of not less than ten million dollars (\$10,000,000) per occurrence covering all claims and all legal liability for personal injury, bodily injury, death, and property damage, including the loss of use thereof, arising out of, or occasioned in any way by, directly or indirectly, Contractor's performance of, or its failure to perform, services under this Agreement.

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The insurance required by this subsection shall include:

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(i) Premises Operations (including use of owned and non-owned equipment);

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(ii) Personal Injury Liability with employment exclusion deleted;

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(iii) Broad Form Blanket Contractual with no exclusions for bodily injury, personal injury or property damage (including coverage for the indemnity obligations contained herein).

The commercial general liability insurance shall be written on an "occurrence" basis (rather than a "claims made" basis) in a form at least as broad as the most current version of the Insurance Service Office commercial general liability occurrence policy form (CG0001). If occurrence coverage is not obtainable, Contractor must arrange for "tail coverage" on a claims made policy to protect City from claims filed within four (4) years after the expiration or earlier termination of this Agreement relating to incidents that occurred prior to such expiration or termination.

3. **Automobile Liability.** Contractor shall maintain automobile liability insurance covering all vehicles, including Owned, Non-Owned, and Hired Motor Vehicles, used in performing service under this Agreement with a combined single limit of not less than ten million dollars (\$10,000,000) per occurrence for bodily injury and property damage.
4. **Pollution (Environmental Impairment) Liability.** Contractor shall maintain pollution liability insurance coverage of not less than ten million dollars (\$10,000,000) per occurrence covering claims for on-site or off-site bodily injury and property damage as a result of pollution conditions arising out of its operations under this Agreement.

**B. Acceptability of Insurers.** The insurance policies required by this section shall be issued by an insurance company or companies admitted to do business in the State of California, subject to the jurisdiction of the California Insurance Commissioner, and with a rating in the most recent edition of Best's Insurance Reports of size category XV or larger and a rating classification of A+ or better.

**C. Required Endorsements.** Without limiting the generality of Sections 13.02.A and B, the policies shall contain endorsements in substantially the following form:

1. Workers' Compensation and Employers' Liability Policy.
  - (a) "Insurer waives all right of subrogation against the City of Pacifica and its officers and employees for injuries or illnesses arising from work performed for the City of Pacifica."
2. Commercial General Liability Policy; Automobile Liability Policy; and Pollution Liability Policy:
  - (a) "Thirty (30) Days prior written notice shall be given to the City of Pacifica in the event of cancellation, reduction of coverage, or non-renewal of this policy." Such notice shall be sent to:

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Attention: \_\_\_\_\_

- (b) "The City of Pacifica, its officers, employees, and agents are additional insureds on this policy."



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- (c) "This policy shall be considered primary insurance as respects any other valid and collectible insurance maintained by the City of Pacifica, including any self-insured retention or program of self-insurance, and any other such insurance shall be considered excess insurance only."
- (d) "Inclusion of the City of Pacifica as an insured shall not affect the City of Pacifica's rights as respects any claim, demand, suit or judgment brought or recovered against the Contractor. This policy shall protect Contractor and the City of Pacifica in the same manner as though a separate policy had been issued to each, but this shall not operate to increase the company's liability as set forth in the policy beyond the amount shown or to which the company would have been liable if only one party had been named as an insured."

**D. Deductibles and Self-Insured Retentions.** The liability policies described in Sections 13.02.A(2) and (3) may contain a deductible or self-insured retention not to exceed \$500,000 per occurrence. This amount may not be increased without City's prior written consent.

Contractor remains responsible for the payment of all losses and investigation, claim administration and defense expenses, including those of the City.

**E. Delivery of Proof of Coverage.** Contractor shall furnish City upon request with one or more certificates of insurance on a standard ACORD form substantiating that each of the coverages required hereunder is in force, in form and substance satisfactory to City. Such certificates shall show the type and amount of coverage, effective dates and dates of expiration of policies and shall be accompanied by all required endorsements. If City requests, copies of each policy, together with all endorsements, shall also be promptly delivered to City. Contractor shall furnish renewal certificates to City to demonstrate maintenance of the required coverages throughout the Term.

**F. Other Insurance Requirements**

1. In the event performance of any services is delegated to a Subcontractor, Contractor shall require such subcontractor to provide statutory workers' compensation insurance and employer's liability insurance for all of the Subcontractor's employees engaged in the work. The liability insurance required by subsection A.2 and the automobile liability policy required by subsection A.3 shall cover Contractor for work performed by all Subcontractors in connection with this Agreement, or the Subcontractor must furnish evidence of insurance provided by it meeting all of the requirements of this Section 13.02.
2. Contractor shall comply with all requirements of the insurers issuing policies. The carrying of insurance shall not relieve Contractor from any obligation under this Agreement, including those imposed by Section 13.01. If any claim is made by any third Person against Contractor or any Subcontractor on account of any occurrence related to this Agreement, other than claims by employees for work-related incidents, Contractor shall promptly report the facts in writing to the insurance carrier and to the City.
3. If Contractor fails to procure and maintain any insurance required by this Agreement, City may take out and maintain such insurance as it may deem proper and may require Contractor to reimburse it for the cost incurred within

3532 thirty (30) Days and/or deduct the cost from any monies due Contractor. City  
3533 may also treat the failure as a Contractor Default pursuant to Section 14.01  
3534 subject to the notice and cure provisions of that section.

3535 4. City is not responsible for payment of premiums for or deductibles under any  
3536 required insurance coverages.

3537 5. Any excess or umbrella policies shall be written on a "following form" basis.

3538 6. Contractor shall provide City with thirty (30) Days prior written notice in the  
3539 event of cancellation, reduction of coverage, or non-renewal of the  
3540 aforementioned workers' compensation and employers' liability policy. Such  
3541 notice shall be sent to the address set forth in subsection 13.02.C.2(a) above.

3542 **13.03 FAITHFUL PERFORMANCE BOND**

3543 On or before the Effective Date, Contractor shall file with City a bond securing the  
3544 Contractor's faithful performance of its obligations under this Agreement. The principal  
3545 sum of the bond shall be no less than \$500,000. The form of the bond shall be as set  
3546 out in Attachment F. The bond shall be executed as surety by a corporation admitted to  
3547 issue surety bonds in the State of California, regulated by the California Insurance  
3548 Commissioner, and with a financial condition and record of service satisfactory to City.  
3549 City shall have the right to draw on the performance bond only following the occurrence  
3550 and during the continuation of a Contractor Default, and then only in an amount  
3551 necessary to reimburse City for its reasonable costs and expenses of remedying such  
3552 Contractor Default.

3553 The term of the bond shall be twenty-four (24) months. The bond shall be extended, or  
3554 replaced by a new bond in the same principal sum (adjusted by the percentage change  
3555 in the Consumer Price Index), for the same Term (i.e., twenty-four (24) months) and in  
3556 the same form, bi-annually thereafter. Not less than ninety (90) Days before the  
3557 expiration of the initial, or any subsequent, bond, Contractor shall furnish either a  
3558 replacement bond or a continuation certificate substantially in the form attached as  
3559 Attachment F, executed by the surety. It is the intention of this section that there be in  
3560 full force and effect at all times a bond securing the Contractor's faithful performance of  
3561 the Agreement, throughout its Term.

3562 **13.04 ALTERNATIVE SECURITY**

3563 City may, in its sole discretion, allow Contractor to provide alternative security in the  
3564 amount set forth in Section 13.03, in the form of (a) a prepaid irrevocable standby letter  
3565 of credit in form and substance satisfactory to City, approved by the City's Attorney and  
3566 issued by a financial institution acceptable to City, or (b) a certificate of deposit in the  
3567 name of the City and in a form and with a Term satisfactory to City, accompanied by an  
3568 agreement satisfactory to City and with a financial institution acceptable to City giving  
3569 City the right to draw on the funds deposited. Interest on the certificate of deposit will be  
3570 payable to Contractor. City shall have the right to draw on any such alternative security  
3571 only following the occurrence and during the continuation of a Contractor Default, and  
3572 then only in an amount necessary to reimburse City for its reasonable costs and  
3573 expenses of remedying such Contractor Default.

3574 **13.05 HAZARDOUS WASTE INDEMNIFICATION**

3575 Contractor shall indemnify, defend and hold harmless the Indemnitees against all  
3576 claims, of any kind whatsoever paid, incurred or suffered by, or asserted against

3577 Indemnites arising from or attributable to any repair, cleanup or detoxification, or  
3578 preparation and implementation of any removal, remedial, response, closure or other  
3579 plan (regardless of whether undertaken due to governmental action) concerning any  
3580 Hazardous Wastes released, spilled or disposed of by Contractor pursuant to this  
3581 Agreement. The foregoing indemnity is intended to operate as an agreement pursuant  
3582 to Section 107(e) of the Comprehensive Environmental Response, Compensation and  
3583 Liability Act, ("CERCLA"), 42 U.S.C. Section 9607(e), and California Health and Safety  
3584 Code Section 25364, to defend, protect, hold harmless and indemnify Indemnites from  
3585 liability and shall survive the expiration or earlier termination of this Agreement.  
3586 Notwithstanding the foregoing, Contractor is not required to indemnify the Indemnites  
3587 against claims arising from Contractor's delivery of Solid Waste, Recyclable Materials  
3588 and Organic Materials to any of the Designated Facilities, or their subsequent delivery to  
3589 other locations, unless such claims are due to Contractor's negligence or willful  
3590 misconduct.

3591 **13.06 CALIFORNIA INTEGRATED WASTE MANAGEMENT ACT INDEMNIFICATION**

3592 Contractor agrees to indemnify and hold harmless the Indemnites against all fines  
3593 and/or penalties imposed by the California Integrated Waste Management Board  
3594 (CIWMB) or the Local Enforcement Agency (LEA) to the extent of (and in proportion to)  
3595 Contractor's failure to comply with laws, regulations or permits issued or enforced by the  
3596 CIWMB or the LEA, or Contractor's failure to perform its obligations under this  
3597 Agreement. This indemnity obligation is subject to the limitations and conditions in  
3598 Public Resource Code Section 40059.1 but is enforceable to the maximum extent  
3599 allowable by that Section. This indemnity shall survive the termination or earlier  
3600 expiration of this Agreement.

3601 **13.07 GUARANTY**

3602 Concurrently with execution of this Agreement, Contractor shall furnish a Guaranty of its  
3603 performance under this Agreement, in the form of Attachment G, properly executed by  
3604 Recology Inc., a California corporation which owns all of the issued and outstanding  
3605 common stock of Contractor.

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**ARTICLE 14                      DEFAULT AND REMEDIES**

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**14.01 EVENTS OF DEFAULT**

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Each of the following shall constitute an event of default ("Contractor Default");

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A. Contractor fails to perform its obligations under any Article of this Agreement and its failure to perform is not cured within ten (10) Days after written notice from City, provided that if the nature of the failure is such that it will reasonably require more than ten (10) Days to cure, Contractor shall not be in default so long as it promptly commences the cure and diligently proceeds to completion of the cure, and provided further that neither notice nor opportunity to cure applies to events described in subsections B through G.

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B. Contractor ceases to provide Collection and transportation services to all or substantially all Customers for a period of two (2) Business Days for any reason within the Contractor's control, including labor unrest such as strike, work stoppage or slowdown, sickout, picketing, or other concerted job action by Contractor's employees.

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C. Contractor files a voluntary petition for relief under any bankruptcy, insolvency or similar law.

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D. An involuntary petition is brought against Contractor under any bankruptcy, insolvency or similar law which remains un-dismissed or un-stayed for ninety (90) Days.

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E. Contractor fails to furnish a replacement bond or a continuation certificate of the existing bond not less than ten (10) Days before expiration of the performance bond, as required by Section 13.03, or Contractor's actions or omissions result in failure to maintain all required insurance coverage in force.

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F. Contractor fails to provide reasonable assurance of performance when required under Section 14.10.

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G. A representation or warranty contained in Article 2 proves to be false or misleading in a material respect as of the date such representation or warranty was made.

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H. Any Contractor Party is found guilty of Criminal Activity related directly or indirectly to performance of this Agreement or any other agreement held with the City. If City intends to terminate this Agreement by reason of a default under this Section 14.01.H, then before such termination takes effect, Contractor shall be entitled to meet with the City Manager and present evidence regarding the steps Contractor has taken to minimize the adverse effect on City of such Criminal Activity.

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For the purposes of this Section 14.01.H, "Contractor Party(ies)" shall mean Contractor, its officers, directors, or management or fiscal employees, where "management employee" means any employee with direct or indirect responsibility for direction and control over the Contractor's activities, and "fiscal employee" means an employee with direct or indirect responsibility and control duties relating to financial matters.

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For purpose of this Section 14.01.H, "Criminal Activity" shall mean any of the following events or circumstances: (i) the entry against any Contractor Party of a criminal conviction or a permanent mandatory or prohibitory injunction from a court, municipality or regulatory agency of competent jurisdiction based on a finding of wrongful acts taken in his, her or its official capacity on behalf of Contractor that

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3651 constitute: (a) fraud or criminal offense in connection with obtaining, attempting to  
3652 obtain, procuring or performing a public or private agreement related to municipal  
3653 solid waste services of any kind (including Collection, hauling, transfer, processing,  
3654 composting or Disposal), including this Agreement or any amendment thereto; or  
3655 (b) bribery or attempting to bribe a public officer or employee of a local, State, or  
3656 federal agency; or (c) embezzlement, extortion, racketeering, false claims, false  
3657 statements, forgery, falsification or destruction of records, obstruction of justice,  
3658 knowingly receiving stolen property, theft, or misprision (failure to disclose) of a  
3659 felony; or (d) unlawful disposal of Hazardous Waste or designated waste the  
3660 occurrence of which any of Contractor Party knew or should have known; or (e)  
3661 violation of antitrust laws, including laws relating to price-fixing, bid-rigging and  
3662 sales and market allocation, and of unfair and anti-competitive trade practices laws,  
3663 including with respect to inflation of Solid Waste Collection, transportation,  
3664 processing fees, or Disposal Fees; or (f) violation of securities laws; or (g) felonies;  
3665 or (ii) entry of a plea of "guilty," "nolo contendere" or "no contest" by a Contractor  
3666 Party based on acts taken in his, her or its official capacity on behalf of Contractor  
3667 that constitute the conduct described in the preceding clause (i).

3668 **14.02 RIGHT TO SUSPEND OR TERMINATE UPON DEFAULT**

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3670 A. Upon any Contractor Default, City may terminate this Agreement, or suspend it, in  
3671 whole for a reasonable period not to exceed thirty (30) days in order to enable the  
3672 Parties to determine an appropriate cure for the Contractor Default. Such  
3673 suspension or termination shall be effective thirty (30) Days after City has given  
3674 notice of suspension or termination to Contractor, except that such notice may be  
3675 effective in a shorter period of time, or immediately, if the Contractor Default is one  
3676 which endangers the health, welfare or safety of the public, such as the failure to  
3677 collect Solid Waste, Recyclable Materials, or Organic Materials for the period of time  
3678 specified in Section 14.01.B. Notice may be given orally in person or by telephone  
3679 to the representative of Contractor designated in or under Section 15.10 (or, if  
3680 he/she is unavailable, to a responsible employee of Contractor) and shall be  
3681 effective immediately. Written confirmation of such oral notice of suspension or  
3682 termination shall be sent by personal delivery, facsimile, or other expedited means of  
3683 delivery to Contractor within twenty-four (24) hours of the oral notification at the  
3684 address shown in Section 15.09.

3685 B. City may also suspend or terminate this Agreement, upon the same notice  
3686 provisions as above and under the conditions set forth in Section 14.09.D, if  
3687 Contractor's ability to perform is prevented or materially interfered with by a cause  
3688 which excuses nonperformance under Section 14.09, despite the fact that  
3689 Contractor's nonperformance in such cases is neither a breach nor a Contractor  
3690 Default.

3691 **14.03 INJUNCTIVE RELIEF**

3692 By virtue of the nature of this Agreement, the urgency of timely, continuous and high-  
3693 quality service, the lead time required to effect alternative service, and the rights granted  
3694 by City to Contractor, the remedy of damages for a breach hereof by Contractor may be  
3695 inadequate and City shall be entitled to injunctive relief upon an appropriate showing.

3710 **14.04 RIGHT TO PERFORM; USE OF CONTRACTOR PROPERTY**

3711 If this Agreement is terminated due to a Contractor Default, City shall have the right to  
3712 perform, by contract or otherwise, the work herein or such part thereof as it may deem  
3713 necessary. In such event, City shall have the right to use any of Contractor's Properties  
3714 reasonably necessary for the provision of services hereunder, upon the terms provided  
3715 in Article 12, and City shall have the right to continue use of such Properties until other  
3716 suitable arrangements can be made for the provision of such services, which may  
3717 include the award of a contract to another service provider, but in no event longer than  
3718 the period provided in Article 12.

3719 **14.05 DAMAGES**

3720 Contractor shall be liable to City for all direct, indirect, special and consequential  
3721 damages arising out of Contractor's default to the extent permitted under California law.

3722 **14.06 CITY'S REMEDIES CUMULATIVE**

3723 City's rights to terminate the Agreement under Section 14.02, to obtain injunctive relief  
3724 under Section 14.03 and to perform under Section 14.04 are not exclusive, and City's  
3725 exercise of one such right shall not constitute an election of remedies. Instead, they  
3726 shall be in addition to any and all other legal and equitable rights and remedies that City  
3727 may have, including a legal action for damages under Section 14.05 or imposition of  
3728 Liquidated Damages under Section 14.07.

3729 **14.07 LIQUIDATED DAMAGES**

3730 The Parties acknowledge that consistent, courteous and efficient Collection of Solid  
3731 Waste, Targeted Recyclable Materials and Organic Materials is of utmost importance  
3732 and City has considered and relied on Contractor's representations as to its quality of  
3733 service commitment in entering into this Agreement. The Parties further recognize that  
3734 quantified standards of performance are necessary and appropriate to ensure  
3735 consistent and reliable service. The Parties further recognize that if Contractor fails to  
3736 achieve the performance standards, City and its residents will suffer damages and that it  
3737 is and will be impracticable and extremely difficult to ascertain and determine the exact  
3738 amount of damages that City will suffer. Therefore, the Parties agree that the  
3739 Liquidated Damage amounts listed on Attachment J represent a reasonable estimate of  
3740 the amount of such damages considering all of the circumstances existing on the date  
3741 of this Agreement, including the relationship of the sums to the range of harm to City  
3742 that reasonably could be anticipated and recognition that proof of actual damages would  
3743 be costly or inconvenient. By initialing the places provided, each party specifically  
3744 confirms the accuracy of the statements made above and the fact that each party had  
3745 ample opportunity to consult with legal counsel and obtain an explanation of this  
3746 Liquidated Damage provision at the time that this Agreement was made.

3747 Contractor Initial Here: WJ City Initial Here: SAR

3748 Contractor agrees to pay (as Liquidated Damages and not as a penalty) the amounts  
3749 set forth in Attachment J.

3750 In addition to considering the reports submitted by Contractor pursuant to Article 9, City  
3751 may determine the occurrence of incidents giving rise to Liquidated Damages through  
3752 the observation of its own employees or agents, through discussions with Customers,  
3753 and through investigation of Customer Complaints made directly to City.

3740 In order for an incident to be used as the basis for the assessment of Liquidated  
3741 Damages, or to be used as an incident preceding an incident that is the basis for the  
3742 assessment of Liquidated Damages, City shall provide Contractor written notice of the  
3743 incident no more than fifteen (15) months after the occurrence of the incident(s) thereby  
3744 allowing the City to identify occurrences through an annual or periodic review process  
3745 with the exception of non-performance incidents related to failure to notify the  
3746 appropriate authorities of reportable quantities of Hazardous Waste; late or incomplete  
3747 report submittals, webpage information, and public education tasks for which City shall  
3748 provide Contractor written notice of the incident(s) within ten (10) Business Days after  
3749 learning of its occurrence.

3750 Prior to assessing Liquidated Damages, City shall give Contractor notice of its intention  
3751 to do so. The notice will include a brief description of the incidents giving rise to the  
3752 assessment of Liquidated Damages. Contractor may review (and make copies of, at its  
3753 own expense) all non-confidential information in the possession of City relating to such  
3754 incidents.

3755 Contractor may, within ten (10) Days after receiving the notice, request a meeting with  
3756 the City Manager or his or her designee. Contractor may present evidence in writing  
3757 and through testimony of its employees and others relevant to the incident(s)/non-  
3758 performance. City Manager or his or her designee will provide Contractor with a written  
3759 explanation of his or her determination on each incident(s)/non-performance prior to  
3760 authorizing the assessment of Liquidated Damages. The decision of the City Manager  
3761 or his or her designee shall be final, subject to any judicial review permitted by law.

3762 The City's right to recover Liquidated Damages for Contractor's failure to meet the  
3763 service performance standards shall not preclude the City from obtaining equitable relief  
3764 for persistent failures to meet such standards nor from terminating the Agreement for  
3765 such persistent failures.

3766 Notwithstanding any other provision of this Agreement, Contractor shall not be liable for  
3767 Liquidated Damages with respect to any failure to perform caused by labor unrest of  
3768 Contractor's employees (including strike, work stoppage, slowdown, sick out, picketing,  
3769 or other concerted job action).

#### 3770 14.08 CITY DEFAULT

3771 City shall be in default under this Agreement (a "City Default") in the event City commits  
3772 a material breach of the Agreement and fails to cure such breach within thirty (30) Days  
3773 after receiving notice from the Contractor specifying the breach, provided that if the  
3774 nature of the breach is such that it will reasonably require more than thirty (30) Days to  
3775 cure, City shall not be in default so long as City promptly commences the cure and  
3776 diligently proceeds to completion of the cure. In the event of an asserted City Default,  
3777 Contractor shall continue to perform all of its obligations hereunder until a court of  
3778 competent jurisdiction has issued a final judgment declaring that City is in default.

#### 3779 14.09 EXCUSE FROM PERFORMANCE

3780 A. **Force Majeure.** Neither Party shall be in breach or default of its obligations under  
3781 this Agreement, or liable for Liquidated Damages hereunder, in the event, and for  
3782 so long as, it is impossible or extremely impracticable for it to perform its obligations  
3783 due to an "act of God" (including, but not limited to, flood, earthquake or other  
3784 catastrophic events), war, insurrection, riot, labor unrest of other than the Party's  
3785 employees (including strike, work stoppage, slowdown, sick out, picketing, or other  
3786 concerted job action), or other similar cause not the fault of, and beyond the

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reasonable control of, the Party claiming excuse (any such event or cause, an "event of Force Majeure"). A Party claiming excuse under this Section must (i) have taken reasonable precautions, if possible, to avoid being affected by the cause, and (ii) notify the other party in writing as provided in Subsection C.

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B. **Obligation to Restore Ability to Perform.** Any suspension of performance by a Party pursuant to this Section shall be only to the extent, and for a period of no longer duration than, required by the nature of the event, and the Party claiming excuse shall use its best efforts to remedy its inability to perform as quickly as possible and to mitigate damages that may occur as result of the event.

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C. **Notice.** The Party claiming excuse shall deliver to the other Party a written notice of intent to claim excuse from performance under this Agreement by reason of an event of Force Majeure. Notice required by this Section shall be given promptly in light of the circumstances, but in any event not later than five (5) Days after the occurrence of the event of Force Majeure (or, if later, five (5) Days from the time that such event first caused the notifying Party to become unable to perform). Such notice shall describe in detail the event of Force Majeure claimed, the services impacted by the claimed event of Force Majeure, the expected length of time that the party expects to be prevented from performing, the steps which the party intends to take to restore its ability to perform, and such other information as the other party reasonably requests.

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D. **City's Rights in the Event of Force Majeure.** The partial or complete interruption or discontinuance of Contractor's services caused by an event of Force Majeure shall not constitute a Contractor Default. Notwithstanding the foregoing: (i) City shall have the right to make use of Contractor's Properties in accordance with Article 12 in the event of a Failure to Collect excused by an event of Force Majeure; (ii) if Contractor's Failure to Collect by reason of an event of Force Majeure continues for a period of thirty (30) Days or more, City shall have the right to immediately terminate this Agreement or suspend it in whole for a reasonable period not to exceed thirty (30) days to determine an appropriate cure or Contractor's nonperformance; and (iii) if Contractor's Failure to Collect continues for two (2) Days or more from the date by which Contractor gave or should have given notice under Subsection C, City may terminate this Agreement, or suspend it in whole for a reasonable period not to exceed thirty (30) days to determine an appropriate cure or Contractor's nonperformance.

#### 3821 **14.10 ASSURANCE OF PERFORMANCE**

3822 If Contractor (i) persistently suffers the imposition of Liquidated Damages under Section  
3823 14.07; (ii) is the subject of any labor unrest including work stoppage or slowdown,  
3824 sickout, picketing or other concerted job action; (iii) appears in the reasonable judgment  
3825 of City to be unable to regularly pay its bills as they become due; (iv) is the subject of a  
3826 civil or criminal proceeding brought by a federal, State, regional or local agency for  
3827 violation of an Environmental Law in the performance of this Agreement, or (v) performs  
3828 in a manner that causes City to be uncertain about Contractor's ability and intention to  
3829 comply with this Agreement, City may, at its option and in addition to all other remedies  
3830 it may have, demand from Contractor reasonable assurances of timely and proper  
3831 performance of this Agreement, in such form and substance as City may require.



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**ARTICLE 15 OTHER AGREEMENTS OF THE PARTIES**

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3833 **15.01 RELATIONSHIP OF PARTIES**

3834 The Parties intend that Contractor shall perform the services required by this Agreement  
3835 as an independent contractor engaged by City and not as an officer or employee of City  
3836 nor as a partner of or joint venturer with City. No employee or agent of Contractor shall  
3837 be deemed to be an employee or agent of City. Except as expressly provided herein,  
3838 Contractor shall have the exclusive control over the manner and means of conducting  
3839 the services performed under this Agreement, and over all Persons performing such  
3840 services. Contractor shall be solely responsible for the acts and omissions of its  
3841 officers, employees, Subcontractors and agents. Neither Contractor nor its officers,  
3842 employees, Subcontractors and agents shall obtain any rights to retirement benefits,  
3843 workers' compensation benefits, or any other benefits which accrue to City employees  
3844 by virtue of their employment with City.

3845 **15.02 COMPLIANCE WITH LAW**

3846 In providing the services required under this Agreement, Contractor shall at all times  
3847 comply with all applicable laws of the United States, the State and City, with all  
3848 applicable regulations promulgated by federal, State, regional or local administrative and  
3849 regulatory agencies, and by City, now in force and as they may be enacted, issued or  
3850 amended during the Term, and with all permits affecting the services to be provided.

3851 **15.03 ASSIGNMENT**

3852 Contractor acknowledges that this Agreement involves rendering a vital service to City's  
3853 residents and businesses, and that City has selected Contractor to perform the services  
3854 specified herein based on (i) Contractor's experience, skill and reputation for conducting  
3855 its operations in a safe, effective and responsible fashion, and (ii) Contractor's and the  
3856 Guarantor's financial resources to maintain the required equipment and to support its  
3857 indemnity obligations to City under this Agreement. City has relied on each of these  
3858 factors, among others, in choosing Contractor to perform the services to be rendered by  
3859 Contractor under this Agreement.

3860 A. **City Consent Required.** Contractor shall not assign its rights or delegate or  
3861 otherwise transfer its obligations under this Agreement to any other Person without  
3862 the prior written consent of City. Any assignment made in violation of this Section  
3863 15.03.A shall be void and the attempted assignment shall constitute a Contractor  
3864 Default.

3865 B. **Assignment Defined.** For the purpose of this Section, "assignment" shall include,  
3866 but not be limited to, (i) a sale, exchange or other transfer to a third party of  
3867 substantially all of Contractor's assets dedicated to service under this Agreement;  
3868 (ii) a sale, exchange or other transfer of outstanding common stock of Contractor to  
3869 a Person who is not a shareholder as of the Effective Date which results in a  
3870 change of ownership or control of Contractor; (iii) any dissolution, reorganization,  
3871 consolidation, merger, re-capitalization, stock issuance or reissuance, voting trust,  
3872 pooling agreement, escrow arrangement, liquidation or other transaction which  
3873 results in a change of ownership or control of Contractor; (iv) any assignment by  
3874 operation of law, including insolvency or bankruptcy, an assignment for the benefit  
3875 of creditors, a writ of attachment for an execution being levied against this  
3876 Agreement, appointment of a receiver taking possession of Contractor's property,

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or transfer occurring in the event of a probate proceeding; and (v) any combination of the foregoing (whether or not in related or contemporaneous transactions) which has the effect of any such transfer or change of ownership, or change of control of Contractor.

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C. **Consent Requirements.** If Contractor requests City's consideration of and consent to an assignment, City may deny or approve such request in its complete discretion. No request by Contractor for consent to an assignment need be considered by City unless and until Contractor has met the following requirements:

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1. Contractor shall pay City its reasonable expenses for attorneys' fees and investigation costs necessary to investigate the suitability of any proposed assignee, and to review and finalize any documentation required as a condition for approving any such assignment;

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2. Contractor shall furnish City with audited financial statements of the proposed assignee's operations for the immediately preceding three (3) operating years;

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3. Contractor shall furnish City with satisfactory proof: (i) that the proposed assignee has at least ten (10) years of Solid Waste/Recycling management experience on a scale equal to or exceeding the scale of operations conducted by Contractor under this Agreement; (ii) that in the last five (5) years, the proposed assignee has not been the subject of any administrative or judicial proceedings initiated by a federal, State or local agency having jurisdiction over its operations due to an alleged failure to comply with federal, State or local laws or that the proposed assignee has provided City with a complete list of such proceedings and their status; (iii) that the proposed assignee conducts its operations in a safe and environmentally conscientious manner, in accordance with sound Solid Waste management practices in full compliance with all federal, State and local laws regulating the Collection and Disposal of Solid Waste and all Environmental Laws; (iv) of any other information required by City to ensure the proposed assignee can fulfill the terms of this Agreement in a timely, safe and effective manner.

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D. **No Obligation to Consider.** City will not be obligated to consider a proposed assignment if Contractor is in default.

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E. **Consideration Fee.** In the event an assignment as defined in this Section 15.03 is requested by Contractor and consented to by the City, Contractor agrees to pay an assignment fee in the amount of One Hundred Thousand dollars (\$100,000) to the City. Said assignment fee shall be due and payable on the date the City consents in writing to the assignment. The assignment fee shall be in addition to the Contractor's payment of the City's expenses to investigate the assignment in subsection C.1. Notwithstanding the foregoing, Contractor shall not be required to pay an assignment fee if the assignment is to an Affiliate of Contractor.

#### 3916 **15.04 SUBCONTRACTING**

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Contractor shall not engage any Subcontractors to perform any of the services required of it by Articles 5 or 6 of this Agreement without the prior written consent of City. Contractor shall notify City no later than ninety (90) Days prior to the date on which it proposes to enter into a subcontract. City may approve or deny any such request at its sole discretion.

3922 **15.05 TRANSACTIONS WITH AFFILIATES**

3923 If Contractor enters into any financial transactions with any Affiliate (other than  
3924 Permitted Related Party Transactions) for the provision of labor, equipment, supplies,  
3925 services, or capital related to the furnishing of services under this Agreement, that  
3926 relationship shall be disclosed to and approved by the City, and in the financial reports  
3927 submitted to City

3928 Contractor will not form or use any Affiliate to perform any of the services or activities  
3929 which Contractor is required or allowed to perform under this Agreement, other than as  
3930 a Subcontractor approved by the City pursuant to Section 15.04.

3931 City approves the following transactions (each, a "Permitted Related Party Transaction")  
3932 between Contractor and an Affiliate of Contractor:

3933 (i) processing of Compostable Materials by Recology Pacheco Pass (d/b/a/ South  
3934 Valley Organics), at the rate set forth in Section 1.7 of Attachment K;

3935 (ii) transfer and transport of Solid Waste, Recyclable Materials and Compostable  
3936 Materials by Recology San Bruno, utilizing the San Bruno Transfer Station, at the  
3937 rates set forth in Sections 1.9, 1.10, 1.11 and 1.12 of Attachment K;

3938 (iii) leasing of vehicles and equipment by Recology Leasing Inc. to Contractor, at  
3939 the rate and on the terms set forth in Section 2.12 of Attachment K;

3940 (iv) leasing of real property and improvements located at 2305 Palmetto by  
3941 Recology Properties Inc. to Contractor, at the rate set forth in Section 2.12 of  
3942 Attachment K;

3943 (v) provision of management, financial and administrative services by Recology Inc.  
3944 to Contractor, at a rate equal to five and seven tenths percent (5.7%) of allowable  
3945 costs entitled to profit (e.g., all costs included in the Total Annual Costs of  
3946 Operations as defined in Attachment K less the costs of Recology, Inc. as defined  
3947 in Section 4.2.2.r of Attachment K); and

3948 (vi) Disposal of Solid Waste at the Hay Road Landfill owned and operated by  
3949 Recology Hay Road, provided that (A) the tipping fee payable by Contractor at such  
3950 landfill complies with Section 1.8 of Attachment K, and (B) Contractor's agreement  
3951 with Recology Hay Road includes substantially the language set forth in Section  
3952 6.06.A, or similar language satisfactory to City.

3953 **15.06 RESERVED**

3954 **15.07 NO WARRANTY BY CITY**

3955 While City believes that the information that City has provided to Contractor in  
3956 connection with Contractor's investigation of the conditions and circumstances  
3957 surrounding the Agreement and the work to be performed by it is substantially correct,  
3958 City makes no warranties in connection with this Agreement, including but not limited to  
3959 the accuracy or completeness of such information.

3960 **15.08 CONDEMNATION**

3961 City reserves the rights to acquire the Contractor's property utilized in the performance  
3962 of this Agreement through the exercise of eminent domain.

3963 **15.09 NOTICE**

3964 All notices, demands, requests, proposals, approvals, consents and other  
3965 communications which this Agreement requires, authorizes or contemplates shall be in  
3966 writing and shall be deemed effectively given (i) upon personal delivery to a  
3967 representative of the Party to be notified, (ii) when sent by facsimile with written  
3968 confirmation of receipt if sent during the normal business hours of the recipient, or if not,  
3969 then on the next business day, (iii) five (5) business days after having been sent by  
3970 registered or certified mail, return receipt requested, postage prepaid, or (iv) one (1)  
3971 business day after deposit with a nationally recognized overnight courier, specifying next  
3972 day delivery, with written verification of receipt. All such notices shall be sent to the  
3973 Party to be notified at the following address or fax number:

3974 If to City:  
3975  
3976 City Manager  
3977 City of Pacifica  
3978 170 Santa Maria Avenue  
3979 Pacifica, CA 94044  
3980 Fax: (650) 359-6038  
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3982 If to Contractor:  
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3984 Mr. Mark Arsenault, Group Manager  
3985 Recology of the Coast  
3986 1351 Pacheco Pass Highway  
3987 Gilroy, CA 95020  
3988 Fax: (408) 846-1386  
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3990 The address or fax number to which communications may be delivered may be changed  
3991 from time to time by a notice given in accordance with this Section.

3992 Contact information for Contractor's General Manager is as follows:

3993 General Manager  
3994 Recology of the Coast  
3995 2305 Palmetto Avenue  
3996 Pacifica, CA 94044  
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3998 Contact information for Contractor's Environmental Technician is as follows:

3999 Mr. Christopher Gibson, Environmental Technician  
4000 Recology of the Coast  
4001 2305 Palmetto Avenue  
4002 Pacifica, CA 94044  
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4004 Contractor shall promptly provide City the name and contact information for the above  
4005 employees if there is a change during the Term.

4006 **15.10 REPRESENTATIVES OF THE PARTIES.**

4007 **A. Representatives of City.** Contractor may rely upon actions taken by the Mayor or  
4008 City Manager as actions of City unless such actions are outside the scope of the

4009 authority delegated to the City Manager as communicated by City to Contractor  
4010 before the taking of the action.

4011 **B. Representative of Contractor.** City may rely upon action taken by Contractor's  
4012 Group Manager or General Manager as actions of Contractor unless such actions  
4013 are outside the scope of the authority delegated to such individuals as  
4014 communicated by Contractor to City before the taking of the action.

4015 **15.11 DUTY OF CONTRACTOR NOT TO DISCRIMINATE**

4016 In the performance of this Agreement Contractor shall not discriminate, nor permit any  
4017 subcontractor to discriminate, against any employee, applicant for employment, or  
4018 Customer on account of race, color, national origin, ancestry, religion, sex, age, physical  
4019 disability, medical condition, sexual orientation, marital status, or other characteristic, in  
4020 violation of any Applicable Law.

4021 **15.12 RIGHT OF CITY TO MAKE CHANGES IN SERVICES AND SERVICE LEVELS**

4022 A. City may, without amending this Agreement, at any time before the last Rate Year  
4023 of the Term, direct Contractor to cease performing one or more types of service  
4024 described in Articles 5 or 6, may direct Contractor to modify the scope of one or  
4025 more such services, may direct Contractor to perform additional Solid Waste,  
4026 Targeted Recyclable Materials, Organic Materials or Plant Materials handling  
4027 services, or may otherwise direct Contractor to modify its performance under any  
4028 other Section of this Agreement. City shall give Contractor at least ninety (90)  
4029 Days prior written notice of the proposed change so that the Parties will have  
4030 sufficient time to assess the operational and cost implications of the change and  
4031 agree on an adjustment (if any) in Contractor's Compensation.

4032 B. If such change causes an increase or decrease in the cost of performing services,  
4033 an equitable adjustment in Contractor's Compensation shall be made pursuant to  
4034 Article 11 and Attachment K. Contractor shall not be required to perform the  
4035 changed service unless and until the changed service and related compensation  
4036 adjustment (if any) are approved by the City Council, except that under emergency  
4037 circumstances, Contractor will begin performing the changed service while the  
4038 appropriate adjustment in compensation is being determined.

4039 C. The City shall have the right to terminate a program if, in its discretion, the  
4040 Contractor is not cost-effectively achieving the program's goals and objectives.  
4041 Thereafter, the City may utilize a third party to perform such program if the City  
4042 reasonably believes the third party can improve on Contractor's performance and  
4043 cost effectiveness. Contractor shall continue the program until the third party  
4044 takes over the program. This subsection C applies to programs initiated at City's  
4045 direction after the Commencement Date pursuant to Sections 15.12.A and  
4046 15.12.B.

4047 **15.13 TRANSITION TO NEXT SERVICE PROVIDER**

4048 At the expiration of the Term or the earlier termination of the Agreement, or upon City's  
4049 approval of a proposed assignment, Contractor shall cooperate fully with City to ensure  
4050 an orderly transition to any and all new service providers. Contractor shall provide,  
4051 within ten (10) Days of a written request by City, then-current route lists, which identify  
4052 each Customer on the route, its service level (number of Containers, Container sizes,  
4053 frequency of Collection, scheduled Collection day), any special Collection notes, and  
4054 detailed then-current Customer account and Billing information. Contractor may, but is

4055 not required to, sell Collection vehicles and containers to the next service provider,  
4056 subject to City's right to purchase Containers set forth in Section 8.05.G.

4057 Contractor shall upon City request, at least one-hundred-eighty (180) Days prior to the  
4058 transition of services, attend meetings with the next service provider and with City and  
4059 consultants to plan the recovery of Contractor's Containers and placement of the new  
4060 Containers. Contractor shall perform in accordance with such plan and direct route  
4061 supervisors to provide "ride-alongs" so that the new service provider's employees may  
4062 ride with drivers in Collection vehicles during Collection operations. Contractor will direct  
4063 its drivers and other employees to provide accurate information to the new provider  
4064 about routing and Customers.

4065 **15.14 REPORTS AS PUBLIC RECORDS**

4066 Contractor acknowledges that the reports and Rate applications submitted by Contractor  
4067 to City pursuant to Sections 9.05, 9.07 and 11.03 are public records within the meaning  
4068 of that term in the California Public Records Act, Government Code Section 6250 *et*  
4069 *seq.* Unless a particular such record is exempted from disclosure by the California  
4070 Public Records Act, it must be disclosed to the public by City upon request.

4071 **15.15 CONFIDENTIALITY OF CONTRACTOR RECORDS**

4072 City agrees to protect the confidentiality of any and all information which is either  
4073 (i) contained in any report or communication by Contractor to City that is marked or  
4074 otherwise designated as confidential and/or proprietary in nature (it being understood  
4075 that the reports and Rate applications pursuant to Sections 9.05, 9.07 and 11.03 will not  
4076 be so marked), or (ii) obtained by City or its agents pursuant to Section 9.02.B or the  
4077 exercise of any other review or inspection right set forth in this Agreement or otherwise,  
4078 unless in each case disclosure is authorized in writing by Contractor or required by law  
4079 (subject to compliance with the procedures of the following paragraph).

4080 If City receives a request for disclosure of such information under the California Public  
4081 Records Act or other applicable public records disclosure laws, City shall promptly notify  
4082 Contractor in writing of such request prior to any disclosure of such information by City,  
4083 and Contractor shall respond within ten (10) Business Days of receiving City's notice  
4084 whether the requested information should be disclosed or defended as exempt from  
4085 disclosure under such laws. If Contractor requests that the City withhold such  
4086 information from disclosure, and the City complies with the request, Contractor shall  
4087 assume all responsibility for any challenges resulting from the non-disclosure, indemnify  
4088 and hold harmless the City from and against all damages (including but not limited to  
4089 legal counsel fees that may be awarded to the party requesting the Contractor  
4090 information), and pay any and all costs and expenses related to the withholding of  
4091 Contractor information. Contractor shall not make a claim, sue, or maintain any legal  
4092 action against the City or its officers, employees, or agents concerning the withholding  
4093 from disclosure of Contractor information.

4094 **15.16 DISPUTE RESOLUTION**

4095 Neither party to this Agreement shall be limited in its choice of remedy with respect to  
4096 disputes or claims arising under the Agreement. Notwithstanding such preservation of  
4097 remedies, in the event of a dispute or claim arising out of the Agreement, nothing herein  
4098 shall prevent the parties from mutually agreeing to alternative means of dispute  
4099 resolution, including formal or informal arbitration, mediation or any other means of  
4100 resolution.

4101            **ARTICLE 16            MISCELLANEOUS PROVISIONS**

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4102    **16.01 GOVERNING LAW**

4103            This Agreement shall be governed by, and construed and enforced in accordance with,  
4104            the laws of the State of California.

4105    **16.02 JURISDICTION**

4106            Any lawsuits between the Parties arising out of this Agreement shall be brought and  
4107            concluded in the courts of the State of California, which shall have exclusive jurisdiction  
4108            over such lawsuits. With respect to venue, the Parties agree that this Agreement is  
4109            made in and will be performed in San Mateo County.

4110    **16.03 BINDING ON SUCCESSORS**

4111            The provisions of this Agreement shall inure to the benefit of and be binding on the  
4112            successors and permitted assigns of the Parties.

4113    **16.04 PARTIES IN INTEREST**

4114            Nothing in this Agreement is intended to confer any rights on any Persons other than the  
4115            Parties to it and their permitted successors and assigns.

4116    **16.05 WAIVER**

4117            The waiver by either Party of any breach or violation of any provisions of this Agreement  
4118            shall not be deemed to be a waiver of any breach or violation of any other provision nor  
4119            of any subsequent breach or violation of the same or any other provision.

4120    **16.06 ATTACHMENTS**

4121            Each of the attachments, identified as Attachments "A" through "P," is attached hereto  
4122            and incorporated herein and made a part hereof by this reference.

4123    **16.07 ENTIRE AGREEMENT; RELATIONSHIP TO PRIOR AGREEMENT**

4124            This Agreement, including the attachments, represents the full and entire agreement  
4125            between the Parties with respect to the matters covered herein and supersedes all prior  
4126            negotiations and agreements, either written or oral, including without limitation the Prior  
4127            Agreement and the Original Agreement.

4128    **16.08 SECTION HEADINGS**

4129            The article headings and section headings in this Agreement are for convenience of  
4130            reference only and are not intended to be used in the construction of this Agreement nor  
4131            to alter or affect any of its provisions.

4132    **16.09 INTERPRETATION**

4133            This Agreement shall be interpreted and construed reasonably and neither for nor  
4134            against either Party, regardless of the degree to which either Party participated in its  
4135            drafting.

4136    **16.10 AMENDMENT**

4137            This Agreement may not be modified or amended in any respect except by a writing  
4138            signed by the Parties.

4139 **16.11 SEVERABILITY**

4140 If a court of competent jurisdiction holds any non-material provision of this Agreement to  
4141 be invalid and unenforceable, the invalidity or unenforceability of such provision shall not  
4142 affect any of the remaining provisions of this Agreement which shall be enforced as if  
4143 such invalid or unenforceable provision had not been contained herein.

4144 **16.12 COSTS AND ATTORNEYS' FEES**

4145 The prevailing Party in any action brought to enforce the terms of this Agreement or  
4146 arising out of this Agreement may recover its reasonable costs expended in connection  
4147 with such an action from the other Party. However, each Party shall bear its own  
4148 attorneys' fees.

4149 **16.13 NO DAMAGES FOR INVALIDATION OF AGREEMENT**

4150 If a final judgment of a court of competent jurisdiction determines that this Agreement is  
4151 illegal or was unlawfully entered into by City, neither party shall have any claim against  
4152 the other for damages of any kind (including but not limited to loss of profits) on any  
4153 theory.

4154 **16.14 REFERENCES TO LAWS**

4155 All references in this Agreement to laws and regulations shall be understood to include  
4156 such laws and regulations as they may be subsequently amended or recodified, unless  
4157 otherwise specifically provided. In addition, references to specific governmental  
4158 agencies shall be understood to include agencies that succeed to or assume the  
4159 functions they are currently performing.

4160 **16.15 INDEMNITY AGAINST CHALLENGES TO AGREEMENT**

4161 Contractor shall indemnify, defend and hold harmless the Indemnitees from and against  
4162 any and all liability, claim, demand, action, proceeding or suit of any and every kind and  
4163 description brought by a third party challenging the process by which this Agreement  
4164 was assigned or negotiated, to the extent that such liability, claim, demand, action,  
4165 proceeding or suit was caused by Contractor's failure to comply with applicable law or  
4166 the instructions of any Indemnitee with respect to such process.  
4167



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LAST PAGE OF AGREEMENT

IN WITNESS WHEREOF, City and Contractor have executed this Agreement as of the day and year first above written.

CITY OF PACIFICA

RECOLOGY OF THE COAST

4192  
4193  
4194

By: Stephen A. Rhodes  
Name: Stephen A. Rhodes  
Title: City Manager

By: Michael J. Sangiacomo  
Name: Michael J. Sangiacomo  
Title: President and CEO

4195  
4196  
4197

ATTEST: Kathy O'Connell  
Kathy O'Connell  
City Clerk

By: Roxanne L. Frye  
Name: Roxanne L. Frye  
Title: Corporate Secretary

4198

APPROVED AS TO FORM:

4199  
4200  
4201

Kathy O'Connell KO

APPROVED AS TO FORM:

Michelle Kenyon  
Michelle Kenyon  
City Attorney

# ATTACHMENT A

## DEFINITIONS

1 Unless the context otherwise requires, and unless otherwise defined in this Agreement,  
2 capitalized terms used in this Agreement will have the meanings specified in this Attachment A.

### 3 **Act**

4 "Act" means the California Integrated Waste Management Act of 1989 (AB 939) Public  
5 Resources Code, Section 40000 et seq. as currently in force or as hereafter amended.

### 6 **Affiliate**

7 An "Affiliate" of a particular Person means another Person which controls, is controlled by or is  
8 under common control with the particular Person, whether by virtue of direct or indirect  
9 ownership interest or common management.

### 10 **Agreement**

11 "Agreement" means this First Amended Franchise Agreement, including the attachments.

### 12 **Applicable Law**

13 "Applicable Law" means all federal, State, and local laws, regulations, rules, orders, judgments,  
14 decrees, permits, approvals, or other requirements of any governmental agency having  
15 jurisdiction over the Collection, transportation, Processing, composting, and Disposal of Solid  
16 Waste, Targeted Recyclable Materials, Organic Materials and other materials Collected  
17 pursuant to this Agreement that are in force on the Effective Date and as they may be enacted,  
18 issued or amended during the Term.

### 19 **Application**

20 "Application" means the application prepared and submitted by Contractor in accordance with  
21 procedures in Section 11.03 requesting a Rate adjustment for the following Rate Year.

### 22 **Average Hold Time**

23 "Average Hold time" means the sum of all call Hold Times divided by the number of calls  
24 answered by the agent or queue of agents over the same time interval.

### 25 **Average Speed of Answer**

26 "Average Speed of Answer" means the sum of time Customers wait for their calls to be  
27 answered after the call is queued (upon completion of the introductory voicemail message(s) or  
28 Customer bypassing the message(s)) divided by the total number of calls received over the  
29 same time interval.

### 30 **Backyard Collection Service**

31 "Backyard Collection Service" means the provision of Collection Service to a SFD in the rear or  
32 side premises.

### 33 **Billings**

34 "Billings" means statements of charges for services rendered by Contractor, to Owners or  
35 Occupants of property, including Residential and Commercial Premises, for the Collection of  
36 Solid Waste, Targeted Recyclable Materials, Organic Materials, and other materials Collected  
37 pursuant to this Agreement.

38 **Bin**

39 "Bin" means a metal Container with capacity of approximately one (1) to eight (8) cubic yards,  
40 with a hinged lid, with or without wheels, typically serviced by a front-loading Collection vehicle.

41 **Bulky Items**

42 "Bulky Items" means large items including, but not limited to, Major Appliances, furniture,  
43 carpets, mattresses, and other oversize materials whose large size precludes or complicates  
44 their handling by normal Collection. Bulky Items do not include abandoned automobiles, large  
45 auto parts, or trees.

46 **Business Days**

47 "Business Days" means days (i.e., Monday through Friday) during which Contractor's office is  
48 open to do business with the public.

49 **Cart**

50 "Cart" means a plastic Container with a hinged lid and two wheels that is serviced by an  
51 automated or semi-automated Collection vehicle in various sizes ranging in capacity of  
52 approximately twenty (20) to ninety-six (96) gallons.

53 **Cell Phones**

54 "Cell Phones" means all telephones used for mobile or cellular communications including  
55 batteries used to power cell phones.

56 **Change in Law**

57 "Change in Law" means any of the following events or conditions which has a material and  
58 adverse effect on the performance by the Parties of their respective obligations under this  
59 Agreement:

60 a. The enactment, adoption, promulgation, issuance, modification, or written change in  
61 administrative or judicial interpretation on or after the Effective Date of any Applicable  
62 Law; or

63 b. The order or judgment of any governmental body, on or after the Effective Date, to the  
64 extent such order or judgment is not the result of willful or negligent action, error or  
65 omission or lack of reasonable diligence of the City, or of the Contractor, whichever is  
66 asserting the occurrence of a Change in Law; provided, however, that the contesting in  
67 good faith or the failure in good faith to contest any such order or judgment shall not  
68 constitute such a willful or negligent action, error or omission or lack of reasonable  
69 diligence.

70 **City**

71 "City" means the City of Pacifica, a California municipal corporation.

72 **City Facilities**

73 "City Facilities" means any building, site or open space, owned, or leased and maintained,  
74 operated or used by City.

- 75 **City Manager**  
76 "City Manager" means the City Manager or equivalent chief executive officer of City, as  
77 designated by City.
- 78 **Collect/Collection**  
79 "Collect" or "Collection" means to take physical possession, transport, and remove Solid Waste,  
80 Targeted Recyclable Materials, Organic Materials, or other materials pursuant to this Agreement  
81 within and from City.
- 82 **Commencement Date**  
83 "Commencement Date" means the date specified in Section 3.02 when the Contractor is to  
84 begin providing services required by this Agreement.
- 85 **Commercial**  
86 "Commercial" means a business activity including, but not limited to, retail sales, wholesale  
87 sales, services, research and development, government, education, non-profit, hospital,  
88 manufacturing, institutional and industrial operations, but excluding businesses conducted upon  
89 Residential Property which are permitted under applicable zoning regulations and are not the  
90 primary use of the property. Commercial Collection includes service provided to Multi-Family  
91 Dwelling Customers and City Facilities.
- 92 **Commercial Diversion Level**  
93 "Commercial Diversion Level" means the sum of all Commercial Recyclable Materials and  
94 Organic Materials Collected by Contractor divided by the sum of all Commercial materials  
95 Collected by Contractor.
- 96 **Commingle**  
97 "Commingle" means to mix, mingle, or combine Targeted Recyclable Materials with other  
98 Targeted Recyclable Materials in a Collection Container.
- 99 **Compactor**  
100 "Compactor" means a mechanical apparatus that compresses materials and/or the Container  
101 that holds the compressed materials. Compactors include Bin compactors of any size serviced  
102 by front-loading Collection vehicles and Drop Box compactors of any size serviced by Drop Box  
103 Collection vehicles.
- 104 **Complaint**  
105 "Complaint" means written or orally communicated statements made by members of the public,  
106 Customers, Owners, or Occupants of properties served by Contractor, by officers, employees or  
107 agents of City alleging non-performance of, or deficiencies in Contractor's performance of, its  
108 duties under this Agreement, or a violation by Contractor of this Agreement.
- 109 **Compost Product**  
110 "Compost Product" means the product resulting from the controlled biological decomposition of  
111 Organic Materials that have been separated from the Solid Waste stream, whether by the  
112 Generator or at a centralized facility.

113 **Construction and Demolition Debris or C&D**

114 "Construction and Demolition Debris" and "C&D" means materials resulting from construction,  
115 renovation, remodeling, repair, or demolition operations on any Residential, Commercial or  
116 other structure or pavement.

117 **Container**

118 "Container" or "Collection Container" means any Cart, Bin, Drop Box, or Compactor used for  
119 storage of Solid Waste, Targeted Recyclable Materials, Organic Materials or other materials,  
120 and any other receptacle that City and Contractor agree to treat as a Container hereunder.

121 **Contamination**

122 "Contamination" means (i) all materials other than those defined as Targeted Recyclable  
123 Materials that were Collected by Contractor with Single-Stream or Source Separated Targeted  
124 Recyclable Materials; (ii) all materials other than those defined as Plant Materials Collected by  
125 Contractor with Plant Materials; or (iii) all materials other than those defined as Organic  
126 Materials Collected by Contractor with Organic Materials.

127 **Contractor**

128 "Contractor" means Recology of the Coast, a California corporation.

129 **Contractor's Compensation**

130 "Contractor's Compensation" means the monetary compensation owed to Contractor in return  
131 for providing services in accordance with this Agreement as described in Article 11.

132 **Contractor's Facilities**

133 Contractor's Facilities means any plant or site, owned or leased by Contractor and maintained,  
134 operated or used by Contractor for purposes of performing Contractor's obligations under this  
135 Agreement (e.g., facilities for parking and maintaining vehicles, administration offices, and  
136 customer service offices, etc.).

137 **Contractor Pass-Through Costs**

138 "Contractor Pass-Through Costs" means the costs described in Attachment K, Sections 3 and  
139 4, to which no element of overhead, administrative expense, or profit, is added, such that the  
140 specific amount of such cost is included without modification in the calculation of Rate  
141 adjustments or reports prepared in implementing this Agreement.

142 **County**

143 "County" means the County of San Mateo, California.

144 **Curbside**

145 "Curbside" means the location for Collection, where Collection Containers or loose materials are  
146 placed on the street or alley against the face of the curb, or, where no curb exists, placed not  
147 more than five (5) feet from the outside edge of the street or alley.

148 **Customer**

149 "Customer" means the Person to whom Contractor submits billing invoices for Collection  
150 services provided to a Premises, or City with respect to Collection services provided to City  
151 Facilities. The Customer may be the Occupant or Owner of the Premises provided that the  
Franchise Agreement with Recology of the Coast

152 Owner of the Premises shall be responsible for payment of Collection services if an Occupant of  
153 the Premises fails to make such payment.

154 **Day**

155 "Day" means calendar day unless otherwise specified.

156 **Designated Composting Facility**

157 "Designated Composting Facility" means the facility operated by South Valley Organics, Inc.  
158 located at 3675 Pacheco Pass Highway, Gilroy, California, which is owned and operated by  
159 Contractor's Affiliate, South Valley Organics.

160 **Designated Disposal Facility**

161 "Designated Disposal Facility" means (i) the Ox Mountain Sanitary Landfill located at 12310 San  
162 Mateo Road, Half Moon Bay, California, which is owned and operated by Republic Waste  
163 Services, or (ii) any other permitted landfill selected by Contractor pursuant to Section 6.01.

164 **Designated Facilities**

165 "Designated Facilities" means the Designated Disposal Facility, the Designated Transfer  
166 Facility, the Designated Processing Facility, and the Designated Composting Facility.

167 **Designated Processing Facility**

168 "Designated Processing Facility" means the Smurfit-Stone recycling plant located at 205 East  
169 Alma Avenue, San Jose, California, which is owned and operated by Smurfit-Stone Container  
170 Corporation, and which will process Targeted Recyclable Materials.

171 **Designated Transfer Facility**

172 "Designated Transfer Facility" means the San Bruno Transfer Station located at 1271  
173 Montgomery Avenue, San Bruno, California, which is owned and operated by Contractor's  
174 Affiliate, Recology San Bruno.

175 **Designated Waste**

176 "Designated Waste" means non-Hazardous Waste which may pose special Disposal problems  
177 because of its potential to contaminate the environment and which may be disposed of only in  
178 Class II Disposal Sites or Class III Disposal Sites pursuant to a variance issued by the California  
179 Department of Health Services. Designated Waste consists of those substances classified as  
180 Designated Waste in California Code of Regulations Title 23, Section 2522.

181 **Discarded Material**

182 "Discarded Material" means Solid Waste, Targeted Recyclable Materials, and Organic Materials  
183 placed by a Generator in a Container and/or at a location that is designated for Collection  
184 pursuant to the City's Municipal Code or under this Agreement. Discarded Material shall  
185 become the property of Contractor pursuant to California Public Resources Code Section  
186 41950.

187 **Disposal**

188 "Disposal" and "Disposed of" mean the ultimate disposition of Solid Waste.

189 **Drop Box**

190 "Drop Box" means an open-top Container with a typical capacity of twenty (20) to forty (40)  
191 cubic yards that is serviced by a Drop Box or roll-off Collection vehicle. Drop boxes that contain  
192 putrescible Solid Waste require a lid.

193 **Effective Date**

194 "Effective Date" means the date identified in Section 3.01 when the Agreement becomes  
195 effective.

196 **Electronic Waste (or E-Scrap)**

197 "Electronic Waste" or "E-Scrap" means "Covered Electronic Wastes" as defined in the Act  
198 (Section 42463 of Public Resources Code) in addition to discarded electronic equipment such  
199 as, but not limited to, television sets, computer monitors, central processing units (CPUs), laptop  
200 computers, and peripherals (e.g., external computer hard drives, computer keyboards, computer  
201 mice, and computer printers). E-Scrap does not include those items defined herein as Targeted  
202 Recyclable Materials.

203 **Environmental Laws**

204 "Environmental Laws" means all federal and State statutes, County, and City ordinances  
205 concerning public health, safety and the environment including, by way of example and not  
206 limitation, the Act, the Comprehensive Environmental Response, Compensation and Liability  
207 Act of 1980, 42 USC §9601 et seq.; the Resource Conservation and Recovery Act, 42 USC  
208 §6902 et seq.; the Federal Clean Water Act, 33 USC §1251 et seq.; the Toxic Substances  
209 Control Act, 15 USC §1601 et seq.; the Occupational Safety and Health Act, 29 USC §651 et  
210 seq.; the California Hazardous Waste Control Act, California Health and Safety Code §25100 et  
211 seq.; the California Toxic Substances Control Act, California Health and Safety Code §25300 et  
212 seq.; the Porter-Cologne Water Quality Control Act, California Water Code §13000 et seq.; the  
213 Safe Drinking Water and Toxic Enforcement Act, California Health and Safety Code §25249.5 et  
214 seq.; as currently in force or as hereafter amended, and all rules and regulations promulgated  
215 thereunder.

216 **Event**

217 "Event" includes but is not limited to "large events" as defined in the Act (Public Resources  
218 Code Section 42648), any Event that serves an average of at least 2,000 attendees and  
219 workers per day, and City-sponsored community events. A list of Events currently held in the  
220 City is included as Attachment C.

221 **Fiscal Year**

222 "Fiscal Year" means Contractor's fiscal year, which as of the Commencement Date is the period  
223 commencing October 1<sup>st</sup> through September 30<sup>th</sup> each year.

224 **Food Scraps**

225 "Food Scraps" means a subset of Organic Materials including: (i) all kitchen and table food  
226 waste, and animal, or vegetable fruit, grain, dairy or fish waste that attends or results from the  
227 storage, preparation, cooking or handling of foodstuffs, with the exception of animal excrement,  
228 (ii) paper waste contaminated with putrescible material, and (iii) biodegradable plastic food  
229 service ware.

230 **Franchise Fee**

231 "Franchise Fee" means the fee paid by Contractor to City pursuant to Section 10.01.A.

232 **Generator**

233 "Generator" means any Person whose act or process produces Solid Waste, Targeted  
234 Recyclable Materials, Organic Materials, or other materials or whose act first causes Solid  
235 Waste to become subject to regulation.

236 **Gross Receipts**

237 "Gross Receipts" for a given period means total receipts actually collected by Contractor from  
238 Customers (other than City) during such period for services provided to such Customers  
239 pursuant to this Agreement, provided, however, that "Gross Receipts" shall not include (i)  
240 deposits made by Customers in advance, until (and only to the extent that) Contractor actually  
241 charges against the deposit for services provided to the Customer, and (ii) receipts from sale of  
242 Recyclable Materials.

243 **Guarantor**

244 "Guarantor" means Recology Inc., a California corporation.

245 **Guaranty**

246 "Guaranty" means the agreement to be executed by the Guarantor in the form of Attachment G.

247 **Hazardous Waste**

248 "Hazardous Waste" shall mean any of the following: (a) any substances defined, regulated or  
249 listed (directly or by reference) as "hazardous substances", "hazardous materials", "hazardous  
250 wastes", "toxic waste", "pollutant" or "toxic substances" or similarly identified as hazardous to  
251 human health or the environment, in or pursuant to (i) the Comprehensive Environmental  
252 Response, Compensation and Liability Act of 1980, 42 USC §9601 et seq.(CERCLA); (ii) the  
253 Hazardous Materials Transportation Act, 49 USC §1802, et seq.; (iii) the Resource  
254 Conservation and Recovery Act, 42 USC §6901 et seq.; (iv) the Clean Water Act, 33 USC  
255 §1251 et seq.; (v) California Health and Safety Code §§25115-25117, 25249.8, 25281, and  
256 25316; (vi) the Clean Air Act, 42 USC §7901 et seq.; and (vii) California Water Code §13050; (b)  
257 any amendments, rules or regulations promulgated there under to such enumerated statutes or  
258 acts currently existing or hereafter enacted; and (c) any other hazardous or toxic substance,  
259 material, chemical, waste or pollutant identified as hazardous or toxic or regulated under any  
260 other applicable Federal, State or local Environmental Laws currently existing or hereinafter  
261 enacted, including, without limitation, friable asbestos, polychlorinated biphenyl's ("PCBs"),  
262 petroleum, natural gas and synthetic fuel products, and by-products.

263 **Hold Time**

264 "Hold Time" means the amount of time per answered call that a customer service agent (or  
265 agents) place a call on hold, plus the amount of time a call is left unanswered after Contractor's  
266 introductory voicemail message(s) is ended either by completion of the message(s) or by the  
267 Customer bypassing the message.

268 **Holidays**

269 "Holidays" means New Year's Day, Thanksgiving Day, and Christmas Day.



270 **Holiday Schedule**

271 "Holiday Schedule" means the modified service schedule for the days following a Holiday. If a  
272 Holiday falls on Monday, Tuesday, Wednesday, Thursday or Friday, the service is provided the  
273 immediately following Day.

274 **Holiday Trees**

275 "Holiday Trees" means trees targeted for diversion that were purchased and used in celebration  
276 of Christmas and other Holidays in December and January.

277 **Household Batteries**

278 "Household Batteries" means disposable or rechargeable dry cells (e.g., A, AA, AAA, B, C, D, 9-  
279 volt, button-type) commonly used as power sources for household or consumer products  
280 including, but not limited to, nickel-cadmium, nickel metal hydride, alkaline, mercury, mercuric  
281 oxide, silver oxide, zinc oxide, nickel-zinc, nickel iron, lithium, lithium ion, magnesium,  
282 manganese, and carbon-zinc batteries, but excluding automotive lead acid batteries.

283 **Household Hazardous Waste**

284 "Household Hazardous Waste" means Hazardous Waste generated at Residential Premises.  
285 Household Hazardous Waste does not include those items defined as Targeted Recyclable  
286 Materials.

287 **Including**

288 "Including" means including but not limited to.

289 **Infectious Waste**

290 "Infectious Waste" means biomedical waste generated at hospitals, public or private medical  
291 clinics, dental offices, research laboratories, pharmaceutical industries, blood banks, mortuaries,  
292 veterinary facilities, and other similar establishments that are identified in State Health and  
293 Safety Code Section 25117.5.

294 **Inquiry**

295 "Inquiry" means a written or orally communicated request for information, request for Collection  
296 services, or request for change in service level made by members of the public, Customers,  
297 Owners, or Occupants of properties served by Contractor, or by officers, employees or agents  
298 of City.

299 **Liquidated Damages**

300 "Liquidated Damages" means the amounts owed by Contractor to the City for failure to meet  
301 specific standards of performance as described in Section 14.07.

302 **Major Appliances**

303 "Major Appliances" means any large electrically operated device, such as, and including but not  
304 limited to, washing machines, clothes dryer, hot water heaters, dehumidifiers, conventional  
305 ovens, microwave ovens, stoves, refrigerators, freezers, air-conditioners, trash compactors, and  
306 residential furnaces discarded by Customers. Major Appliances are commonly referred to as  
307 "white goods."

308 **Multi-Family Dwelling**

309 "Multi-Family," "Multi-Family Dwelling" or "MFD" means an individual Residential Premises in a  
310 building that contains five (5) or more individual Residential Premises.

311 **Multi-Family Residential Complex**

312 "Multi-Family Residential Complex" means the building(s) containing five (5) or more individual  
313 Residential Premises. Such Premises normally have centralized Solid Waste and Targeted  
314 Recyclable Materials Collection service for all units in the building and are billed to one address  
315 (typically the Owner or property manager).

316 **Occupant**

317 "Occupant" means a Person who occupies a Premise.

318 **On-Call Service**

319 "On-Call Service" means Collection service provided by Contractor that is not regularly  
320 scheduled or is scheduled more than twenty-four (24) hours in advance. On-Call Service is  
321 initiated by Customer by calling, emailing, or requesting the service in person at Contractor's  
322 office.

323 **Operating Cost**

324 "Operating Cost" or "Cost of Operations" means those costs actually incurred by Contractor,  
325 reasonably necessary to perform under this Agreement, and not otherwise specifically excluded  
326 in this Agreement.

327 **Operating Ratio**

328 "Operating Ratio" means a factor used in the calculation of profit. Contractor's profit is  
329 calculated by applying the Operating Ratio of ninety percent (90.0%) to Total Annual Costs of  
330 Operation described in Attachment K.

331 **Organic Materials**

332 "Organic Materials" means those materials that will decompose and/or putrefy and that the City  
333 permits, directs, or requires Generators to separate from Solid Waste and Targeted Recyclable  
334 Materials for Collection in specially designated Containers for Organic Materials Collection.  
335 Organic Materials include Plant Materials, Food Scraps, paper contaminated with Food Scraps,  
336 biodegradable plastic food service ware, pieces of unpainted and untreated wood, and pieces of  
337 unpainted and untreated wallboard. No Discarded Material shall be considered Organic  
338 Materials, unless such material is separated from Solid Waste and Targeted Recyclable  
339 Material.

340 **Overage**

341 "Overage" means the amount of Solid Waste, Targeted Recyclable Materials, Organic  
342 Materials, or other materials placed in or adjacent to a Collection Container that is in excess of  
343 the Container capacity (i.e., volume).

344 **Overall Diversion Level**

345 "Overall Diversion Level" means the sum of all Recyclable Materials and Organic Materials  
346 Collected by Contractor divided by the sum of all materials Collected by Contractor in a Rate  
347 Year.

348 **Owner**

349 "Owner" means the Person holding legal title to the real property constituting the Premises to  
350 which Solid Waste, Targeted Recyclable Materials, and/or Organic Materials Collection service  
351 is provided.

352 **Party(ies)**

353 "Party(ies)" refers to the City and Contractor, individually or together.

354 **Pass-Through Cost**

355 "Pass-Through Cost" means a cost to which no element of overhead, administrative expense, or  
356 profit, is added, such that the specific amount of such cost is included without modification in the  
357 calculations or reports prepared in implementing this Agreement.

358 **Person**

359 "Person" means any individual, firm, company, association, organization, partnership,  
360 corporation, trust, joint venture, the United States, the State, the County, towns, cities, or special  
361 purpose districts.

362 **Plant Materials**

363 "Plant Materials" means a subset of Organic Materials consisting of grass cuttings, weeds,  
364 leaves, prunings, branches, dead plants, brush, tree trimmings, and similar materials generated  
365 at Premises, separated and set out for Collection. Plant Materials does not include materials  
366 not normally produced from gardens or landscape areas, such as, brick, rock, gravel, large  
367 quantities of dirt, concrete, sod, non-organic wastes, oil, and painted or treated wood products.  
368 Diseased plants and trees may be excluded from Plant Materials upon mutual consent of City  
369 and Contractor.

370 **Premise**

371 "Premise" means any land or building where Solid Waste, Recyclable Materials, or Organic  
372 Materials is generated or accumulated.

373 **Previous Contractor**

374 "Previous Contractor" means Coastside Scavenger Company, a California corporation.

375 **Rates**

376 "Rates" means the maximum amounts to be charged a Customer by Contractor for providing  
377 Collection of Solid Waste, Recyclable Materials and Organic Materials and other services  
378 hereunder.

379 **Rate Year**

380 "Rate Year" means the twelve-month period, commencing January 1 of one year and  
381 concluding December 31 of the same year, for which Contractor's Compensation and Rates  
382 adjustments are calculated.

383 **Recycling**

384 "Recycling" and "Recycled" mean the process of sorting, cleansing, treating and reconstituting  
385 materials that would otherwise be Disposed of at a landfill for the purpose of returning such

386 materials to the economy in the form of raw materials for new, reused or reconstituted products,  
387 or compost.

388 **Recyclable Materials**

389 "Recyclable Materials" means Discarded Materials that can be re-used, remanufactured,  
390 reconstituted, Recycled, or composted.

391 **Related Party Entity**

392 "Related Party Entity" means any Affiliate which has financial transactions with Contractor  
393 pertaining to this Agreement.

394 **Residential**

395 "Residential" means of, from, or pertaining to Single-Family Dwellings, and Multi-Family  
396 Residential complexes, including single-family homes, apartments, condominiums, townhouse  
397 complexes, mobile home parks, cooperative apartments, and yacht harbors and marinas where  
398 residents live aboard boats.

399 **Residential Diversion Level**

400 "Residential Diversion Level" means the sum of all Residential Recyclable Materials and  
401 Organic Materials Collected by Contractor divided by the sum of all Residential materials  
402 Collected by Contractor.

403 **Residential Premises**

404 "Residential Premises" means individual dwelling units such as Single-Family Dwelling units,  
405 Multi-Family Dwelling units (such as townhouses, apartments, and condominiums), mobile  
406 home park dwelling units, cooperative apartments, and dwelling units at yacht harbors and  
407 marinas where residents live aboard boats.

408 **Residential Property**

409 "Residential Property" means property used for residential purposes.

410 **Residential Recyclable Materials**

411 "Residential Recyclable Materials" means Targeted Recyclable Materials Collected from both  
412 Single-Family Dwelling Customers and Multi-Family Residential Complexes.

413 **Revenue Requirement**

414 "Revenue Requirement" means the total projected amount of revenue that must be included in  
415 Rates to cover all costs associated with Total Calculated Costs for a Rate Year as described in  
416 Attachment K.

417 **Service Area**

418 "Service Area" means the area within, and, if applicable, outside City's jurisdictional boundaries  
419 with respect to which City exercises franchising authority for the Collection of Solid Waste,  
420 Targeted Recyclable Materials, Organic Materials, or other materials.

421 **Service Day**

422 As to a particular Customer, "Service Day" means any day on which Collection from such  
423 Customer is scheduled to occur.

424 **Service Sector**

425 "Service Sector" means Collection services for each of the following types of services: Single-  
426 Family; Multi-Family; Commercial; and City Facilities.

427 **Single-Family**

428 "Single-Family," "Single-Family Dwelling," or "SFD" means a Premises used as a Residential  
429 dwelling and includes each unit of a duplex, triplex, fourplex or townhouse condominium at  
430 which there are no more than four dwelling units where individual Solid Waste, Targeted  
431 Recyclable Materials, and Organics Materials Collection is provided separately to each dwelling  
432 unit.

433 **Single-Stream Targeted Recyclable Materials**

434 "Single-Stream Targeted Recyclable Materials" shall mean Targeted Recyclable Materials which  
435 have been Commingled by the Generator and placed in a Container for the purposes of  
436 Collection.

437 **Solid Waste**

438 "Solid Waste" means all putrescible and non-putrescible solid, semisolid, and liquid wastes, as  
439 defined in California Public Resources Code Section 40191. For the purposes of this  
440 Agreement, "Solid Waste" does not include abandoned vehicles and parts thereof, Hazardous  
441 Waste, low-level radioactive waste, medical waste, or Targeted Recyclable Materials, Plant  
442 Materials, Organic Materials, or Construction and Demolition Debris that have been separated  
443 from the Solid Waste stream.

444 **Source Separated**

445 "Source Separated" shall mean materials which have been segregated by the Generator and  
446 placed in separate Container(s) by materials type (e.g., cardboard, mixed paper, glass,  
447 aluminum) for purposes of Collection.

448 **Source Separated Targeted Recyclable Materials**

449 "Source Separated Targeted Recyclable Materials" shall mean Targeted Recyclable Materials  
450 which have been segregated by the Generator and placed in separate Containers by materials  
451 type (e.g., cardboard, mixed paper, glass, aluminum) for purposes of Collection.

452 **Special Handling Service**

453 "Special Handling Service" means the provision of Collection service to a SFD in the rear or  
454 side premises. Customers eligible for this service include only those that submit documentation  
455 (e.g., a form signed by a doctor) of their inability to perform the generally applicable Curbside  
456 Collection set-out requirements.

457 **Specialty Recyclable or Reusable Material**

458 "Specialty Recyclable or Reusable Material" means Recyclable Materials that are not Targeted  
459 Recyclable Materials but that may be collected for purposes of Recycling by any Person  
460 operating in accordance with the City Municipal Code. Such Specialty Recyclable or Reusable  
Franchise Agreement with Recology of the Coast

461 Materials include, but are not limited to, scrap metal weighing more than ten (10) pounds,  
462 pallets, plastic film, and reusable furniture.

463 **Speed of Answer**

464 "Speed of Answer" means the amount of time before a call is answered once that call is queued  
465 upon completion of the introductory voicemail message(s) or Customer bypassing the  
466 message(s).

467 **State**

468 "State" means the State of California.

469 **Subcontractor**

470 "Subcontractor" means a Person which has entered into a contract with the Contractor for the  
471 performance of work that is necessary for the Contractor's fulfillment of its obligations under this  
472 Agreement.

473 **Targeted Recyclable Materials**

474 "Targeted Recyclable Materials" means a subset of Recyclable Materials that includes:

- 475 • Newspaper (including inserts, coupons, and store advertisements);
- 476 • Mixed paper (including office paper, computer paper, magazines, junk mail,  
477 catalogs, brown paper bags, paperboard, paper egg cartons, telephone books,  
478 books, colored paper, construction paper, envelopes, legal pad backings,  
479 packing or craft paper, shredded paper, non-metallic wrapping paper, shoe  
480 boxes, cereal and other similar food boxes);
- 481 • Chipboard;
- 482 • Corrugated cardboard;
- 483 • Paper milk cartons;
- 484 • Glass containers of any color (including brown, blue, clear, and green);
- 485 • Metal:
  - 486 ▪ Aluminum (including food and beverage containers, foil, small pieces of  
487 scrap metal);
  - 488 ▪ Small pieces of scrap metal weighing less than ten (10) pounds and fitting  
489 into the Targeted Recyclable Materials Collection Container (excluding  
490 chain, cable, wire, banding, hand tools, and automotive parts hangers,  
491 nut and bolts, silverware);
  - 492 ▪ Steel, tin or bi-metal containers;
  - 493 ▪ Caps and lids from bottles, jars, and steel (tin) cans;
- 494 • Plastic containers:
  - 495 ▪ All plastic containers stamped with the Society for the Plastics Industry  
496 (SPI) code #1 through #7;
  - 497 ▪ Bottles (leave caps on);
  - 498 ▪ Buckets (metal handle ok);
  - 499 ▪ Coffee cup lids;
  - 500 ▪ Containers and clamshells;
  - 501 ▪ Cups and plates (plastic only, no styrofoam)
  - 502 ▪ Flower pots and trays;
  - 503 ▪ Toys (no electronics, metal or batteries)
  - 504 ▪ Tubs and lids;

505 • For Single-Family Dwellings, Targeted Recyclable Materials also include Used  
506 Motor Oil, Used Motor Oil Filters, and Household Batteries.

507 **Term**

508 "Term" means the Term of this Agreement including any extensions thereto.

509 **Ton (or Tonnage)**

510 "Ton (or Tonnage)" means a unit of measure for weight equivalent to 2,000 pounds where each  
511 pound contains 16 ounces.

512 **Universal Waste (or U-Waste)**

513 "Universal Waste," or "U-Waste," means all wastes defined by Title 22, Subsections 66273.1  
514 through 66273.9 of the California Code of Regulations. These include, but are not limited to,  
515 batteries, fluorescent light bulbs, mercury switches, and Electronic Waste. U-Waste does not  
516 include those items defined herein as Targeted Recyclable Materials.

517 **Unscheduled Service**

518 "Unscheduled Service," means services that are unscheduled or provided on an intermittent  
519 basis.

520 **Used Motor Oil**

521 "Used Motor Oil" means used motor oil from automobiles and other light duty vehicles intended  
522 for personal use which is removed from cars at a Residential Premises and not as a part of a  
523 for-profit or other business activity.

524 **Used Motor Oil Filter**

525 "Used Motor Oil Filter" means a used motor oil filter from automobiles and other light duty  
526 vehicles intended for personal use which is removed from the vehicle at a Residential Premises  
527 and not as a part of a for-profit or other business activity.

528 **Venue**

529 "Venue" means a permanent facility that during any year seats or serves an average of more  
530 than 2,000 individuals per day of operation. Both people attending the event and those working  
531 at it, including volunteers, are included in this number.  
532

## ATTACHMENT B CITY FACILITIES

### CITY FACILITIES

Location	Solid Waste	
	Frequency	Container Size
Hilton Library	1 x week	2-30 gallon
Sanchez Library	1 x week	1-1 yard
Sanchez Art	1 x week	1-1 yard
Linda Mar Fire Station	1 x week	1-1 yard
Community Center	5 x week	1-2 yard
New Treatment Plant	1 x week	1-2 yard
Police Dept.	1 x week	1-2 yard
Spindrift Players -- 1050 Crespi	1 x week	1-1 yard
Linda Mar Pump Station / Anza Pump Station	1 x week	1-55 gallon drum
Old Treatment Plant	1 x week / 3 x week	1-1 yard / 14 yard
City Hall -- complex	3 x week	1-1 yard
Corp Yard	3 x week	2-2 yard
Ocean Shore Day Care	2 x week	3-30 gallon
Pomo Co-Op Nursery	1 x week	2-55 gallon
Fairmont West Day Care	1 x week	1-2 yard
Central Fire Station	1 x week	1-1 yard

### PUBLIC LITTER RECEPTACLES

#### Parks & Beaches

Location	Frequency
Fairmont Recreation Center	1 x week
Fairmont West Park	1 x week
Imperial Park	1 x week
Edgemar Park	1 x week
Sky Ridge Park	1 x week
Palmetto Mini Park	1 x week
Brighton Mini Park	1 x week
Palmetto Court Yard	1 x week
Pomo Park	1 x week
Fairway Park	3 x week
Saltaire Park	1 x week
Skate Park	3 x week
Oddstad Park	1 x week
Marvilla Park	1 x week
Sanchez Park DOG PARK	3 x week
Frontierland Park	1 x week
Cuffy Court	1 x week



## ATTACHMENT B CITY FACILITIES

### PUBLIC LITTER RECEPTACLES (cont'd)

#### Trails—Vista Points—Parking Lots

Location	Frequency
Esplanade Trail	1 x week
Palmetto RV Parking Lot	2 x week
Grace McCarthy – Vista Point	1 x week
Promenade – Beach Blvd Walkway	2 x week
Clarendon Blvd	1 x week
Levy cans	[unknown]
Calera Creek Trail	2 x week
Lighthouse Parking Lot	3 x week
Rockaway Beach Pumphouse Lot	3 x week
Rockaway Beach Surfers Lot	3 x week
Nick's Parking Lot	3 x week
Pacifica State Beach	6 x week
Pedro Point Parking Lot	3 x week
Blackburn Terrace Rd.	1 x week
San Pedro Trail	1 x week
Fassler Trail	[unknown]
Grand Ave	1 x week

#### RECYCLING SERVICE

Recycling Containers are located at the City facilities and public recycling receptacles are located in parks and at trails, vista points, and parking lots listed in this Attachment. Contractor shall Collect materials from these Containers and receptacles as needed at a frequency that prevents accumulation of Recyclables, which would otherwise limit the use of the Containers and/or cause overflowing of Containers.

## ATTACHMENT C CITY-SPONSORED EVENTS

Event	Number of Event Days/Year
Fog Fest	2
4th of July	1
Earth Day	1
Coastal Clean Up	1
Beach Clean Up	1
Swim Meets*	6
<b>Total</b>	<b>12</b>

\* Swim meets occur over three (3) weekends.

## ATTACHMENT D CONTAINER SPECIFICATIONS

Container Specifications - Carts				
1.	Material to be Collected	Color	Default Capacity	
	Solid Waste	Black	20, 32, 48, 64 gallons	
	Targeted Recyclable Materials	Blue	96-gallons	
	Organic Materials	Green	64-gallons	
2.	Manufacturer.....	<u>Toter Inc.</u>		
3.	Material of Construction.....	<u>LMPDE – Linear Medium Density Polyethylene</u>		
4.	Recycled Content (percentage).....	<u>Minimum of thirty percent (30%) post-consumer recycled content material</u>		
5.	Manufacturing Method (rotational molding, injection molding, other.).....	<u>Rotational molding for 32, 48, 64, and 96 gallon carts</u> <u>Injection molding for 20 gallon cart</u>		
	Cart Size	20 gal <sup>1</sup>	32 gal	64 gal
		96 gal		
6.	Durability (in service years) .....	<u>10+</u>	<u>10+</u>	<u>10+</u>
7.	Dimensions of Each Container (Length x Width x Height) .....	<u>18 x</u> <u>19.8 x</u> <u>32.60</u>	<u>24.25 x</u> <u>19.25 x</u> <u>38.50</u>	<u>31.75 x</u> <u>24.25 x</u> <u>41.75</u>
8.	Wheel Size (carts only) .....	<u>8"</u>	<u>10"</u>	<u>10"</u>
1.	Maximum Load Weight (lbs) .....	<u>60-74 lbs</u>	<u>112 lbs</u>	<u>224 lbs</u>
9.	Manufacturer's warranty (years)	<u>10</u>	<u>10</u>	<u>10</u>
10.	Labeling (list methods).....	<u>Hot Stamp on Body and/or Lid</u>		

<sup>1</sup> The 20 gallon Cart manufacturer shall be Rehrig Pacific Company or Norseman Environmental Products. Cart capacity may vary slightly based on manufacturer.

## ATTACHMENT D CONTAINER SPECIFICATIONS

Container Specifications – Kitchen Pails	
1. Kitchen Pail (Food Waste) <input checked="" type="checkbox"/>	
2. Manufacturer.....	<u>Norseman Environmental Products</u>
3. Material of Construction .....	<u>High Density Polyethylene</u>
4. Recycled Content (percentage).....	<u>Minimum of twenty percent (20%) post-consumer recycled content material</u>
5. Color .....	<u>Green body</u> <u>White lid</u> <u>White handle</u>
6. Durability (in service years) .....	<u>Five (5) years plus</u>
7. Dimensions of Each Kitchen Pail (Length x Width x Height) ...	<u>12" x 8.6" x 8.6"</u>
8. Manufacturer's warranty .....	<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes    If Yes, Number of Years = five (5)
9. Labeling (list methods).....	<u>Hot stamped on front</u> <u>and/or</u> <u>Label affixed to front or on lid</u>

## ATTACHMENT D CONTAINER SPECIFICATIONS

Container Specifications – Recycling Tote Bag	
1. Recycling Tote Bags .....	<input checked="" type="checkbox"/>
2. Manufacturer.....	<u>Multibag</u>
3. Material of Construction .....	<u>Polypropylene</u>
4. Recycled Content (percentage) .....	<u>60% Recycled Polypropylene, 35% Virgin Polypropylene, 3% White pigment, and 2% Printing ink</u>
5. Color .....	<u>Available in any Pantone color</u>
6. Durability (in service years) .....	<u>5 – 10 Years</u>
7. Dimensions of Recycling Tote Bag (Length x Width x Height)	<u>15 x 7 x 15 (inches)</u>
8. Manufacturer's warranty .....	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes    If Yes, Number of Years = _____
9. Labeling (list methods) .....	<u>Silkscreen</u>

## ATTACHMENT D CONTAINER SPECIFICATIONS

Container Specifications - Bins				
1. Material to be Collected.	Garbage	<input checked="" type="checkbox"/>	Color = TBD	
	Targeted Recyclables	<input checked="" type="checkbox"/>	Color = Blue	
	Organic Materials	<input checked="" type="checkbox"/>	Color = Green	
	C&D Materials	<input checked="" type="checkbox"/>	Color = TBD	
2. Manufacturer.....	<u>Consolidated Fabricators</u>			
3. Material of Construction .....	<u>Steel</u> Body	<u>HDPE Plastic</u> Lid		
4. Recycled Content (percentage).....	<u>30%</u>			
5. Manufacturing Method .....	<u>Welded (Body)</u>		<u>Molded (Lid)</u>	
6. New or Used (Agency authorization required).....	<input type="checkbox"/> New		<input type="checkbox"/> Used	
7. Date of Last Refurbished .....	_____			
Container Size (cubic yards)	<u>1</u> CY	<u>2</u> CY	<u>3</u> CY	<u>4</u> CY
8. Color .....	_____	_____	_____	_____
9. Durability (In service years) .....	<u>7+</u>	<u>7+</u>	<u>7+</u>	<u>7+</u>
10. Dimensions of Each Container (Length x Width x Height) .....	<u>72" x 24" x 28"</u>	<u>72" x 34.5" x 34.5"</u>	<u>72" x 41.5" x 41.5"</u>	<u>72" x 50.5" x 46"</u>
11. Wheel Size (if appropriate) .....	<u>6"</u>	<u>6"</u>	<u>6"</u>	<u>6"</u>
12. Maximum Load Weight (lbs) .....	<u>600</u>	<u>1,000</u>	<u>1,400</u>	<u>1,800</u>
13. Manufacturer's warranty (years)	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
14. Labeling (list methods) .....	<u>Paint and decals</u>			

## ATTACHMENT D CONTAINER SPECIFICATIONS

Container Specifications – Bins				
1. Material to be Collected.	Garbage	<input checked="" type="checkbox"/>	Color = TBD	
	Targeted Recyclables	<input checked="" type="checkbox"/>	Color = Blue	
	Organic Materials	<input checked="" type="checkbox"/>	Color = Green	
	C&D Materials	<input checked="" type="checkbox"/>	Color = TBD	
2. Manufacturer.....	<u>Consolidated Fabricators</u>			
3. Material of Construction .....	<u>Steel Body</u>	<u>HDPE Plastic Lid</u>		
4. Recycled Content (percentage).....	<u>30%</u>			
5. Manufacturing Method .....	<u>Welded (Body) Molded (Lid)</u>			
6. New or Used (Agency authorization required).....	<input type="checkbox"/> New		<input type="checkbox"/> Used	
7. Date of Last Refurbished .....	_____			
<b>Container Size</b>	<u>6</u> CY	<u>8</u> CY	<u>9</u> CY	<u>15</u> CY
8. Color .....	_____	_____	_____	_____
9. Durability (in service years) .....	<u>7+</u>	<u>7+</u>	<u>7+</u>	<u>7+</u>
10. Dimensions of Each Container (Length x Width x Height) .....	<u>72"x66"x 50"</u>	<u>72" x 72" x 56"</u>	<u>8x12x34"</u>	<u>8x12x55"</u>
11. Wheel Size (if appropriate) .....	<u>n/a</u>	<u>n/a</u>	<u>10"</u>	<u>10"</u>
12. Maximum Load Weight (lbs) .....	<u>2,000</u>	<u>2,200</u>	<u>15,000</u>	<u>15,000</u>
13. Manufacturer's warranty (years)	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
14. Labeling (list methods) .....	<u>Paint and decals</u>			

N/A means "not applicable."  
 CY means "cubic yard."  
 TBD means "to be determined."

## ATTACHMENT D CONTAINER SPECIFICATIONS

Container Specifications – Drop Boxes				
1. Material to be Collected.	Garbage	<input checked="" type="checkbox"/>		
	Targeted Recyclables	<input checked="" type="checkbox"/>		
	Organic Materials	<input checked="" type="checkbox"/>		
	C&D Materials	<input checked="" type="checkbox"/>		
2. Manufacturer.....	<u>Consolidated Fabricators</u>			
3. Material of Construction .....	<u>Steel Body</u>	<u>Steel Lid</u>		
4. Recycled Content (percentage).....	<u>30%</u>			
5. Manufacturing Method .....	<u>Welded</u>			
6. New or Used (Agency authorization required).....	<input type="checkbox"/> New	<input type="checkbox"/> Used		
7. Date of Last Refurbished .....				
Container Size	<u>20</u> CY	<u>30</u> CY	<u>40</u> CY	
8. Color .....	_____	_____	_____	
9. Durability (in service years) .....	<u>±</u>	<u>±</u>	<u>±</u>	
10. Cost of Each Container .....	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	
11. Dimensions of Each Container (Length x Width x Height).....	<u>8x18x49"</u>	<u>8x20x66"</u>	<u>8x22x80"</u>	
12. Wheel Size (if appropriate) .....	<u>10"</u>	<u>10"</u>	<u>10"</u>	
13. Maximum Load Weight (lbs) .....	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	
14. Manufacturer's warranty (years)	<u>1</u>	<u>1</u>	<u>1</u>	
15. Labeling (list methods) .....	<u>Paint and decals</u>			

N/A means "not applicable."



## ATTACHMENT D CONTAINER SPECIFICATIONS

Container Specifications – Compactors				
1. Material to be Collected.		Garbage	<input checked="" type="checkbox"/>	
		Targeted Recyclables	<input checked="" type="checkbox"/>	
		Organic Materials	<input checked="" type="checkbox"/>	
		C&D Materials	<input checked="" type="checkbox"/>	
2. Manufacturer..... _____				
3. Material of Construction ..... <u>Steel</u> Body      _____ Lid				
4. Recycled Content (percentage)..... _____				
5. Manufacturing Method ..... _____				
6. New or Used (Agency authorization required)..... <input type="checkbox"/> New <input type="checkbox"/> Used				
7. Date of Last Refurbished .....				
Container Size	__ CY	__ CY	__ CY	__ CY
8. Color .....	_____	_____	_____	_____
9. Durability (in service years) .....	_____	_____	_____	_____
10. Cost of Each Container .....	_____	_____	_____	_____
11. Dimensions of Each Container (Length x Width x Height) .....	_____	_____	_____	_____
12. Wheel Size (if appropriate) .....	_____	_____	_____	_____
13. Maximum Load Weight (lbs) .....	_____	_____	_____	_____
14. Manufacturer's warranty (years)	_____	_____	_____	_____
15. Labeling (list methods) ..... <u>Paint and decals</u>				

**ATTACHMENT E**

**RESERVED**

## ATTACHMENT F PERFORMANCE BOND

KNOW ALL PERSONS BY THESE PRESENTS, that RECOLOGY OF THE COAST, hereinafter called the PRINCIPAL, and

\_\_\_\_\_ ,  
a corporation duly organized under the laws of the State of \_\_\_\_\_,  
having its principal place of business at \_\_\_\_\_,  
in the State of \_\_\_\_\_, and authorized to do business as an admitted surety  
insurer in the State of California, regulated by the California Insurance Commissioner and with a  
financial condition and record of service satisfactory to the CITY OF PACIFICA, hereinafter  
called the SURETY, are held and firmly bound to the CITY OF PACIFICA, a municipal  
corporation in the State of California, hereinafter called the OBLIGEE, in the sum of five  
hundred thousand Dollars (\$500,000) lawful money of the United States, for the payment of  
which, well and truly to be made, we bind ourselves, our heirs, executors, administrators and  
successors, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH THAT:

WHEREAS, the PRINCIPAL has entered into a Contract with the OBLIGEE for Recyclable  
Materials, Organic Materials and Solid Waste Collection Services dated as of February \_\_\_\_,  
2010 ("Contract") and said PRINCIPAL is required under the terms of said Contract to furnish a  
bond of faithful performance of said Contract.

NOW, THEREFORE, if the PRINCIPAL shall well and truly perform and fulfill all of the  
undertakings, covenants, terms and agreements of said Contract, and any modification thereto  
made as therein provided, at the time and in the manner therein specified, then this obligation  
shall become null and void, otherwise it shall be and remain in full force and virtue.

The SURETY, for value received, hereby agrees that no change, extension of time, alteration or  
addition to the terms of the Contract or to the work to be performed thereunder, or the  
specifications incorporated therein shall impair or affect its obligations on this bond, and it  
hereby waives notice of any such change, extension of time, alteration or addition to the terms  
of the Contract or to the work or to the specifications.

PROVIDED, however, that the SURETY shall not be liable (1) as respects to any obligations  
related to said Contract occurring after two (2) years from the date of this Bond, unless this  
Bond is extended, or (2) with respect to PRINCIPAL'S obligation to procure a replacement  
performance bond, as provided for in Section 13.03 of the Contract. This Bond may be  
extended beyond \_\_\_\_\_, 2012 in the sole discretion of the SURETY by means of a  
continuation certificate in the form attached hereto signed by PRINCIPAL or by means of a  
continuation certificate in form and substance satisfactory to PRINCIPAL and OBLIGEE and  
signed and delivered to SURETY at least ninety (90) days prior to \_\_\_\_\_, 2012.

In the event suit is brought upon this Bond by the OBLIGEE and the OBLIGEE is the prevailing  
party, the SURETY shall pay, in addition to the sums set forth above, all costs incurred by the  
OBLIGEE in such suit, including reasonable attorneys' fees to be fixed by the court.

[remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the Principal and Surety have executed this Instrument as of this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

RECOLOGY OF THE COAST  
(PRINCIPAL)

By: \_\_\_\_\_  
Mark R. Lomele  
Senior Vice President & CFO

\_\_\_\_\_  
(SURETY)

By: \_\_\_\_\_  
Attorney-In-Fact

Name: \_\_\_\_\_

\*\*\*

**Note:** To be considered complete, both the principal and surety must sign this performance bond. In addition, the surety's signature must be acknowledged by a notary public and a copy of the surety's power of attorney must be attached.

**CONTINUATION CERTIFICATION**

In consideration of the premium charged,

RECOLOGY OF THE COAST hereby continues in force:

Bond #: \_\_\_\_\_

Dated: \_\_\_\_\_

In the amount of: \_\_\_\_\_ Dollars (\$ \_\_\_\_\_)

on behalf of the CITY OF PACIFICA, for the period:

Beginning: \_\_\_\_\_

And Ending: \_\_\_\_\_ subject to all terms and conditions of said Bond, PROVIDED that the liability of : \_\_\_\_\_  
(NAME OF SURETY)

shall not exceed in the aggregate the amount above written, whether the loss shall have occurred during the term of said bond or during any continuation or continuations thereof, or partly during said term and partly during any continuation or continuations thereof.

Signed and Sealed: \_\_\_\_\_ (date)

By: \_\_\_\_\_  
Attorney-In-Fact

[ACKNOWLEDGEMENT]

## ATTACHMENT G GUARANTY

THIS GUARANTY (the "Guaranty") is given as of the [ ] day of [ ], 2010, by RECOLOGY INC., formerly NORCAL WASTE SYSTEMS, INC., ("Guarantor"), to the CITY OF PACIFICA, a California municipal corporation ("City").

THIS GUARANTY is made with reference to the following facts and circumstances:

- A. Recology of the Coast ("Contractor") is a corporation organized under the laws of the State of California, all of the issued and outstanding stock of which is owned by Guarantor.
- B. Guarantor is a corporation organized under the laws of the State of California.
- C. Contractor and City have negotiated an Agreement for Solid Waste, Recyclable Materials, and Organic Materials Collection (such agreement, as it may be amended, modified or waived from time to time, the "Agreement"), under which Contractor is to provide specified services to City. A copy of this Agreement is attached hereto and incorporated herein by this reference.
- D. It is a requirement of the Agreement, and a condition to City's entering into the Agreement, that Guarantor guaranty Contractor's performance of the Agreement.
- E. Guarantor is providing this Guaranty to induce City to enter into the Agreement.

NOW, THEREFORE, in consideration of the foregoing, Guarantor agrees as follows:

1. **Guaranty of the Agreement.** Guarantor hereby irrevocably and unconditionally guarantees to City the complete and timely performance, satisfaction and observation by Contractor of each and every term and condition of the Agreement which Contractor is required to perform, satisfy or observe. In the event that Contractor fails to perform, satisfy or observe any of the terms or conditions of the Agreement Guarantor will promptly and fully perform, satisfy or observe them in the place of the Contractor. Guarantor hereby guarantees prompt payment to City of each and every sum due from Contractor to City under the Agreement, as and when due from time to time, and the prompt performance of every other task and duty required to be performed by the Contractor under the Agreement.

2. **Guarantor's Obligations Are Absolute.** The obligations of the Guarantor hereunder are direct, immediate, absolute, continuing, unconditional and unlimited and, with respect to any payment obligation of Contractor under the Agreement, shall constitute a guarantee of payment and not of collection, and are not conditioned upon the genuineness, validity, regularity or enforceability of the Agreement.

3. **Waivers and Subordination.** The Guarantor shall have no right to terminate this Guaranty or to be released, relieved, exonerated or discharged from its obligations under Section 1 hereof for any reason whatsoever, including, without limitation: (1) the insolvency, bankruptcy, reorganization or cessation of existence of the Contractor; (2) any amendment, modification or waiver of any provision of the Agreement or the extension of its Term; (3) the actual or purported rejection of the Agreement by a trustee in bankruptcy, or any limitation on any claim in bankruptcy resulting from the actual or purported termination of the Agreement; (4) any waiver, extension, release or modification with respect to any of the obligations of the Agreement guaranteed hereunder or the impairment or suspension of any of City's rights or

remedies against Contractor; or (5) any merger or consolidation of the Contractor with any other organization, or any sale, lease or transfer of any or all the assets of the Contractor.

The Guarantor hereby waives any and all rights, benefits and defenses under California Civil Code Sections 2809, 2815, 2819, 2845, 2849 and 2850, and all other rights permitted to be waived by Section 2856(a) including, without limitation, the right to require City to (a) proceed against Contractor, (b) proceed against or exhaust any security or collateral City may hold now or hereafter hold, or (c) pursue any other right or remedy for Guarantor's benefit, and agree that City may proceed against Guarantor for the obligations guaranteed herein without taking any action against Contractor or any other guarantor or pledgor and without proceeding against or exhausting any security or collateral City may hold now or hereafter hold. City may unqualifiedly exercise in its sole discretion any or all rights and remedies available to it against Contractor or any other guarantor or pledgor without impairing City's rights and remedies in enforcing this Guarantee.

The Guarantor hereby waives and agrees to waive at any future time at the request of City, to the extent now or then permitted by applicable law, any and all rights which the Guarantor may have or which at any time hereafter may be conferred upon it, by statute, regulation or otherwise, to avoid any of its obligations under, or to terminate, cancel, quit or surrender this Guaranty. Without limiting the generality of the foregoing, it is agreed that the occurrence of any one or more of the following shall not affect the liability of the Guarantor hereunder: (a) at any time or from time to time, without notice to the Guarantor, the time for Contractor's performance of or compliance with any of its obligations under the Agreement is extended, or such performance or compliance is waived; (b) the Agreement is modified or amended in any respect; (c) any other indemnification with respect to Contractor's obligations under the Agreement or any security therefor is released or exchanged in whole or in part or otherwise dealt with; (d) any assignment of the Agreement is effected which does not require City's approval; or (e) any termination or suspension of the Agreement arising by reason of a default by Contractor.

The Guarantor hereby expressly waives diligence, presentment, demand for payment or performance, protest and all notices whatsoever, including, but not limited to, notices of non-payment or non-performance, notices of protest, notices of any breach or default, and notices of acceptance of this Guaranty. If all or any portion of the obligations guaranteed hereunder are paid or performed, Guarantor's obligations hereunder shall continue and remain in full force and effect in the event that all or any part of such payment or performance is avoided or recovered directly or indirectly from City as a preference, fraudulent transfer or otherwise, irrespective of (a) any notice of revocation given by Guarantor or Contractor prior to such avoidance or recovery, or (b) payment in full of any obligations then outstanding.

The Guarantor expressly subordinates and waives its rights to subrogation, reimbursement, contribution or indemnity with respect to performance by Guarantor of the obligations of Contractor guaranteed hereby, until such time as City receives payment or performance in full of all such obligations.

**4. Term.** This Guaranty is not limited to any period of time, but shall continue in full force and effect until all of the terms and conditions of the Agreement have been fully performed by Contractor, and Guarantor shall remain fully responsible under this Guaranty without regard to the acceptance by City of any performance bond or other collateral to assure the performance of Contractor's obligations under the Agreement. Guarantor shall not be released of its obligations hereunder so long as there is any claim by City against Contractor arising out

of the Agreement based on Contractor's failure to perform which has not been settled or discharged.

5. **No Waivers by City.** No delay on the part of City in exercising any rights under this Guaranty or failure to exercise such rights shall operate as a waiver of such rights. No notice to or demand on Guarantor shall be a waiver of any obligation of Guarantor or right of City to take other or further action without notice or demand. No modification or waiver by City of any of the provisions of this Guaranty shall be effective unless it is in writing and signed by City and by Guarantor, nor shall any waiver by City be effective except in the specific instance or matter for which it is given.

6. **Attorney's Fees.** In addition to the amounts guaranteed under this Guaranty, Guarantor agrees to pay actual attorney's fees and all other costs and expenses incurred by City in enforcing this Guaranty, or in any action or proceeding arising out of or relating to this Guaranty, including any action instituted to determine the respective rights and obligations of the parties hereunder.

7. **Governing Law; Jurisdiction.** This Guaranty is and shall be deemed to be a contract entered into in and pursuant to the laws of the State of California and shall be governed and construed in accordance with the laws of California without regard to its conflicts of laws rules for all purposes, including, but not limited to, matters of construction, validity and performance. Guarantor agrees that any action brought by City to enforce this Guaranty may be brought in any court of the State of California and Guarantor consents to personal jurisdiction over it by such courts. Guarantor appoints the following person as its agent for service of process in California:

Michael J. Sangiacomo  
Recology  
50 California Street, 24th Floor  
San Francisco, CA 94111

8. **Severability.** If any portion of this Guaranty is held to be invalid or unenforceable, such invalidity shall have no effect upon the remaining portions of this Guaranty, which shall be severable and continue in full force and effect.

9. **Binding on Successors.** This Guaranty shall inure to the benefit of City and its successors and shall be binding upon Guarantor and its successors, including a successor entity formed by a merger or consolidation, a transferee of substantially all of its assets, and its shareholders in the event of its dissolution or insolvency.

10. **Authority.** Guarantor represents and warrants that it has the corporate power to give this guaranty, that its execution of this Guaranty has been authorized by all necessary action under its Articles of Incorporation and by-laws, and that the person signing this Guaranty on its behalf has authority to do so.

11. **Notices.** Notice shall be given in writing, deposited in the U.S. mail, registered or certified, first class postage prepaid, addressed as follows:

To City:                      City of Pacifica  
   170 Santa Maria Avenue  
   Pacifica, California 94044



ATTN: City Manager

With a copy to City's Attorney at the same address.

To Guarantor:       Recology Inc.  
50 California Street, 24th Floor  
San Francisco, CA 94111  
Attention: Michael Sangiacomo

The parties may change the address to which notice is to be sent by giving the other party notice of the change as provided in this Section.

IN WITNESS WHEREOF, Guarantor has executed this Guaranty on the day and year first above written.

RECOLOGY INC.

By: Mark R. Lomele  
Mark R. Lomele  
Senior Vice President & Chief Financial  
Officer

By: Roxanne L. Frye  
Roxanne L. Frye  
Corporate Secretary

## ATTACHMENT G GUARANTY

THIS GUARANTY (the "Guaranty") is given as of the [ ] day of [ ], 2010, by RECOLOGY INC., formerly NORCAL WASTE SYSTEMS, INC., ("Guarantor"), to the CITY OF PACIFICA, a California municipal corporation ("City").

THIS GUARANTY is made with reference to the following facts and circumstances:

- A. Recology of the Coast ("Contractor") is a corporation organized under the laws of the State of California, all of the issued and outstanding stock of which is owned by Guarantor.
- B. Guarantor is a corporation organized under the laws of the State of California.
- C. Contractor and City have negotiated an Agreement for Solid Waste, Recyclable Materials, and Organic Materials Collection (such agreement, as it may be amended, modified or waived from time to time, the "Agreement"), under which Contractor is to provide specified services to City. A copy of this Agreement is attached hereto and incorporated herein by this reference.
- D. It is a requirement of the Agreement, and a condition to City's entering into the Agreement, that Guarantor guaranty Contractor's performance of the Agreement.
- E. Guarantor is providing this Guaranty to induce City to enter into the Agreement.

NOW, THEREFORE, in consideration of the foregoing, Guarantor agrees as follows:

1. **Guaranty of the Agreement.** Guarantor hereby irrevocably and unconditionally guarantees to City the complete and timely performance, satisfaction and observation by Contractor of each and every term and condition of the Agreement which Contractor is required to perform, satisfy or observe. In the event that Contractor fails to perform, satisfy or observe any of the terms or conditions of the Agreement Guarantor will promptly and fully perform, satisfy or observe them in the place of the Contractor. Guarantor hereby guarantees prompt payment to City of each and every sum due from Contractor to City under the Agreement, as and when due from time to time, and the prompt performance of every other task and duty required to be performed by the Contractor under the Agreement.

2. **Guarantor's Obligations Are Absolute.** The obligations of the Guarantor hereunder are direct, immediate, absolute, continuing, unconditional and unlimited and, with respect to any payment obligation of Contractor under the Agreement, shall constitute a guarantee of payment and not of collection, and are not conditioned upon the genuineness, validity, regularity or enforceability of the Agreement.

3. **Waivers and Subordination.** The Guarantor shall have no right to terminate this Guaranty or to be released, relieved, exonerated or discharged from its obligations under Section 1 hereof for any reason whatsoever, including, without limitation: (1) the insolvency, bankruptcy, reorganization or cessation of existence of the Contractor; (2) any amendment, modification or waiver of any provision of the Agreement or the extension of its Term; (3) the actual or purported rejection of the Agreement by a trustee in bankruptcy, or any limitation on any claim in bankruptcy resulting from the actual or purported termination of the Agreement; (4) any waiver, extension, release or modification with respect to any of the obligations of the Agreement guaranteed hereunder or the impairment or suspension of any of City's rights or

remedies against Contractor; or (5) any merger or consolidation of the Contractor with any other organization, or any sale, lease or transfer of any or all the assets of the Contractor.

The Guarantor hereby waives any and all rights, benefits and defenses under California Civil Code Sections 2809, 2815, 2819, 2845, 2849 and 2850, and all other rights permitted to be waived by Section 2856(a) including, without limitation, the right to require City to (a) proceed against Contractor, (b) proceed against or exhaust any security or collateral City may hold now or hereafter hold, or (c) pursue any other right or remedy for Guarantor's benefit, and agree that City may proceed against Guarantor for the obligations guaranteed herein without taking any action against Contractor or any other guarantor or pledgor and without proceeding against or exhausting any security or collateral City may hold now or hereafter hold. City may unqualifiedly exercise in its sole discretion any or all rights and remedies available to it against Contractor or any other guarantor or pledgor without impairing City's rights and remedies in enforcing this Guarantee.

The Guarantor hereby waives and agrees to waive at any future time at the request of City, to the extent now or then permitted by applicable law, any and all rights which the Guarantor may have or which at any time hereafter may be conferred upon it, by statute, regulation or otherwise, to avoid any of its obligations under, or to terminate, cancel, quit or surrender this Guaranty. Without limiting the generality of the foregoing, it is agreed that the occurrence of any one or more of the following shall not affect the liability of the Guarantor hereunder: (a) at any time or from time to time, without notice to the Guarantor, the time for Contractor's performance of or compliance with any of its obligations under the Agreement is extended, or such performance or compliance is waived; (b) the Agreement is modified or amended in any respect; (c) any other indemnification with respect to Contractor's obligations under the Agreement or any security therefor is released or exchanged in whole or in part or otherwise dealt with; (d) any assignment of the Agreement is effected which does not require City's approval; or (e) any termination or suspension of the Agreement arising by reason of a default by Contractor.

The Guarantor hereby expressly waives diligence, presentment, demand for payment or performance, protest and all notices whatsoever, including, but not limited to, notices of non-payment or non-performance, notices of protest, notices of any breach or default, and notices of acceptance of this Guaranty. If all or any portion of the obligations guaranteed hereunder are paid or performed, Guarantor's obligations hereunder shall continue and remain in full force and effect in the event that all or any part of such payment or performance is avoided or recovered directly or indirectly from City as a preference, fraudulent transfer or otherwise, irrespective of (a) any notice of revocation given by Guarantor or Contractor prior to such avoidance or recovery, or (b) payment in full of any obligations then outstanding.

The Guarantor expressly subordinates and waives its rights to subrogation, reimbursement, contribution or indemnity with respect to performance by Guarantor of the obligations of Contractor guaranteed hereby, until such time as City receives payment or performance in full of all such obligations.

4. **Term.** This Guaranty is not limited to any period of time, but shall continue in full force and effect until all of the terms and conditions of the Agreement have been fully performed by Contractor, and Guarantor shall remain fully responsible under this Guaranty without regard to the acceptance by City of any performance bond or other collateral to assure the performance of Contractor's obligations under the Agreement. Guarantor shall not be released of its obligations hereunder so long as there is any claim by City against Contractor arising out

of the Agreement based on Contractor's failure to perform which has not been settled or discharged.

5. **No Waivers by City.** No delay on the part of City in exercising any rights under this Guaranty or failure to exercise such rights shall operate as a waiver of such rights. No notice to or demand on Guarantor shall be a waiver of any obligation of Guarantor or right of City to take other or further action without notice or demand. No modification or waiver by City of any of the provisions of this Guaranty shall be effective unless it is in writing and signed by City and by Guarantor, nor shall any waiver by City be effective except in the specific instance or matter for which it is given.

6. **Attorney's Fees.** In addition to the amounts guaranteed under this Guaranty, Guarantor agrees to pay actual attorney's fees and all other costs and expenses incurred by City in enforcing this Guaranty, or in any action or proceeding arising out of or relating to this Guaranty, including any action instituted to determine the respective rights and obligations of the parties hereunder.

7. **Governing Law; Jurisdiction.** This Guaranty is and shall be deemed to be a contract entered into in and pursuant to the laws of the State of California and shall be governed and construed in accordance with the laws of California without regard to its conflicts of laws rules for all purposes, including, but not limited to, matters of construction, validity and performance. Guarantor agrees that any action brought by City to enforce this Guaranty may be brought in any court of the State of California and Guarantor consents to personal jurisdiction over it by such courts. Guarantor appoints the following person as its agent for service of process in California:

Michael J. Sangiacomo  
Recology  
50 California Street, 24th Floor  
San Francisco, CA 94111

8. **Severability.** If any portion of this Guaranty is held to be invalid or unenforceable, such invalidity shall have no effect upon the remaining portions of this Guaranty, which shall be severable and continue in full force and effect.

9. **Binding on Successors.** This Guaranty shall inure to the benefit of City and its successors and shall be binding upon Guarantor and its successors, including a successor entity formed by a merger or consolidation, a transferee of substantially all of its assets, and its shareholders in the event of its dissolution or insolvency.

10. **Authority.** Guarantor represents and warrants that it has the corporate power to give this guaranty, that its execution of this Guaranty has been authorized by all necessary action under its Articles of Incorporation and by-laws, and that the person signing this Guaranty on its behalf has authority to do so.

11. **Notices.** Notice shall be given in writing, deposited in the U.S. mail, registered or certified, first class postage prepaid, addressed as follows:

To City:                      City of Pacifica  
   170 Santa Maria Avenue  
   Pacifica, California 94044

ATTN: City Manager

With a copy to City's Attorney at the same address.

To Guarantor:           Recology Inc.  
50 California Street, 24th Floor  
San Francisco, CA 94111  
Attention: Michael Sangiacomo

The parties may change the address to which notice is to be sent by giving the other party notice of the change as provided in this Section.

IN WITNESS WHEREOF, Guarantor has executed this Guaranty on the day and year first above written.

RECOLOGY INC.

By: Mark R. Lomele  
Mark R. Lomele  
Senior Vice President & Chief Financial  
Officer

By: Roxanne L. Frye  
Roxanne L. Frye  
Corporate Secretary

## ATTACHMENT H DELINQUENT PAYMENTS

**A. Delinquency.** All bills payable to Contractor will be due in full thirty (30) Days after the date of Billing. Residential Customers will be considered delinquent on the forty-sixth (46th) Day after the Billing date. Multi-Family Dwelling and Commercial Customers will be considered delinquent on the thirty-first (31st) Day after the Billing date. Drop Box or Compactor service Customers will be considered delinquent on the thirty-first (31st) Day after the Billing date, or earlier upon notice to a Customer whose is Billed for an amount exceeding \$2,000.

**B. Late Payment Fee.** Contractor may charge a Customer the lesser of the following late payment fees:

- (1) the greater of \$5 dollars or 1.5% per month or portion of a month, or
- (2) the maximum amount allowed by applicable law.

Contractor may charge a Customer late payment fees on all or a portion of the Billed but unpaid amounts from the due date until the date paid, including on amounts that Customer withheld pending resolution of a dispute with Contractor, which amounts Contractor subsequently determined the Customer owed to Contractor.

**C. 30-Day Residential Reminder.** If Contractor does not receive payment from any Residential Customer within thirty (30) Days after the Billing date, Contractor will send the Customer a statement reminding the Customer of the amount due.

**D. Delinquency Notice.** Contractor will send each Customer that becomes delinquent a notice of delinquency by mail, describing the late payment fee payable by the Customer and the collection actions that Contractor may take if Contractor does not receive payment within fifteen (15) days of the delinquency notice. Such actions may include the actions set forth in subsection E below. Contractor will simultaneously notify the City of all delinquent Customers other than Residential Customers.

**E. Collection Actions.** Contractor may take any or all of the following actions, in Contractor's discretion, to collect from delinquent Customers:

- (1) referring the delinquency to a third-party collection agency;
- (2) reporting the Customer to credit-reporting bureaus;
- (3) making personal phone calls;
- (4) reducing or discontinuing service;
- (5) filing mechanics liens on Premises, to the extent permitted by applicable law; and
- (6) asking the City to take code enforcement action, if applicable.

**F. Reduction or Discontinuation of Service.** If the Customer has not paid their bill in full, including any late payment fee, within the fifteen (15) day period set forth in the delinquency notice referred to in subsection D above, Contractor may, at its option, (i) reduce that Customer's Solid Waste Collection service to twenty (20) gallons of capacity, and/or (ii) discontinue that Customer's Solid Waste, Recyclable Materials and/or Organic Materials Collection service entirely; and, in each of (i) and (ii), retrieve any Containers from that Customer (other than a twenty (20) gallon Cart in the case of (i)). In no case shall reduction or discontinuation of service occur prior to sixty (60) days after Billing date. After service is reduced or discontinued, Contractor may charge the Customer a fee of \$30 for Residential

## **ATTACHMENT H DELINQUENT PAYMENTS**

Customers and \$75 for Commercial Customers to restart service, and may require the Customer to pay all amounts due (including late payment fees), and/or make a deposit in advance equal to two (2) months of service, as a condition to recommencing service. If a Customer's service is reduced or discontinued, Contractor shall provide written notification to the City within twenty-four (24) hours and shall include in the notice to City the Customer's name and address, original date of billing, date of delinquency notice, and amount due. The City may involve their code enforcement officer in the assessment of public health and safety concerns at a Customer's premises following a reduction or discontinuation of service.

ATTACHMENT I

RESERVED



## ATTACHMENT J LIQUIDATED DAMAGES

Contractor may be assessed Liquidated Damages in the event Contractor fails to fulfill its obligations with regards to the events listed in this Attachment in accordance with the terms and conditions of the Agreement with regards to the time frame for accomplishing each event and nature of the responsibility associated with the event unless otherwise stated in this Attachment. Refer to Section 14.07 of the Agreement for procedures for assessing Liquidated Damages.

<b>Collection Reliability</b>		
1	<b>Missed Pick-Ups.</b> For each failure over fifteen (15) in any Rate Year to collect Solid Waste, Recyclable Materials, or Organic Materials which have been properly set out for collection from an established Customer account on the scheduled collection day by 6:00 p.m. of the Business Day following the Day on which Customer notifies Contractor of the missed pickup and requests Collection:	\$100.00
2	<b>Hazardous Waste Reporting.</b> For each failure to notify the appropriate authorities, including the California Department of Toxic Substances Control and Local Emergency Response Providers and the National Response Center, of reportable quantities of Hazardous Waste found or observed in Solid Waste, Targeted Recyclable Materials, Organic Materials, Electronic Waste, Universal Waste, and Construction and Demolition Debris anywhere within Service Area, per Section 8.07.C.	\$250.00
3	<b>New or Changed Service.</b> For each failure over five (5) per month to (A) commence service to a new Customer or (B) deliver to a Customer a different-sized Container, within seven (7) calendar days after the Customer orders the new or changed service and pays any advance or deposit required by Contractor:	\$100.00
<b>Collection Quality</b>		
4	<b>Leaking/Spills.</b> For each failure over ten (10) in any Rate Year to clean up (in accordance with Section 8.02.1.1) unreasonable leakage from Contractor's vehicles, or spillage by Contractor of Solid Waste, Recyclable Materials, or Organic Materials, within one (1) Business Day after City or a Customer notifies Contractor of the location of such leakage or spillage:	\$100.00
5	<b>Container Placement.</b> For each occurrence over four (4) per month of failure to replace containers after Collection in their original position (or alternate location if original location was not safe with regard to pedestrian and vehicular traffic), upright, with lids closed (except that Contractor shall not be responsible for placement of Containers that are moved due to wind, rain or other inclement weather conditions, third parties or other factors outside Contractor's reasonable control):	\$100.00
6	<b>Care of Property.</b> For each failure over three (3) per month of Contractor's employees not closing all gates opened by them in making collections (unless otherwise directed by the Customer) or crossing landscaped areas:	\$150.00

## ATTACHMENT J LIQUIDATED DAMAGES

7	<b>Collection Hours.</b> For each occurrence over three (3) per month of collecting Solid Waste, Recyclable Materials, and Organic Materials during unauthorized hours (as set forth in Sections 8.01.A.1 through 8.01.A.4):	\$150.00
8	<b>Noise.</b> For each occurrence over five (5) per month of excessive noise:	\$100.00
9	<b>Clean Vehicles.</b> For each occurrence over five (5) in any Rate Year of failure to clean collection vehicles one time per week, as described in Section 8.03.E.2:	\$150.00
10	<b>Damage to Property.</b> For each occurrence over ten (10) in any Rate Year of damage to property caused by the negligence or intentional acts of Contractor, its officers, agents or employees that is not repaired (or which claim is not resolved) within thirty (30) days of the Complaint:	\$100.00
11	<b>Mixing Material Types.</b> For each occurrence of mixing Recyclable Materials, Solid Waste, and Organic Materials in the same vehicle during Collection:	\$150.00
12	<b>Use of Unauthorized Facilities.</b> Failure to deliver materials to Designated Disposal Facility, Designated Recyclables Processing Facility, Designated Composting Facility, or Designated Transfer Facility (depending on the type of material):	\$150.00/ton
<b>Customer Responsiveness</b>		
13	<b>Discourteous Behavior.</b> For each occurrence of unreasonably discourteous behavior:	\$150.00
14	<b>Answering Calls.</b> For each failure to answer the telephone (by a customer service representative or answering machine) during the hours specified in Section 7.02.B:	\$150.00
15	<b>Responsiveness to Call.</b> For each failure to initially respond to a service request/call within two (2) Business Days of receipt of such request/call:	\$50.00
16	<b>Hold Times.</b> For each occurrence over twelve(12) in any Rate Year of Complaints by Customers of waiting on hold for more than ninety (90) seconds as specified in Section 7.02.A (and such Customer was in fact left on hold for more than ninety (90) seconds):	\$50.00
<b>Reporting and Performance Adjustments</b>		
17	<b>Late Report Submittal.</b> For each day that a Monthly, Quarterly, or Annual Report is late:	\$100.00/ day
18	<b>Incomplete Report Submittal.</b> For each Business Day over two (2) that a Monthly, Quarterly or Annual Report remains materially inaccurate or materially incomplete after City has notified Contractor of the inaccuracy or Incompleteness:	\$100.00/ day
<b>Public Education</b>		
19	<b>Initial Residential Mailing.</b> Failure to send initial mailing to residents:	\$50.00/incident

## ATTACHMENT J LIQUIDATED DAMAGES

20	<b>Residential Outreach.</b> Failure to prepare and distribute to residents door hanger, flyer or mailer to customers regarding specific collection day, holiday, Christmas tree, and cleanup event schedules:	\$150.00
21	<b>Newsletters.</b> Failure to prepare and mail a bi-annual newsletter for all SFD and MFD Occupants as required by Section 7.03.D:	\$150.00
22	<b>Initial Business Mailing.</b> Failure to send initial mailing to businesses:	\$50.00/incident
23	<b>Webpage.</b> For each Business Day over three (3) that Contractor's dedicated webpage for Pacifica continues to contain materially inaccurate or materially incomplete information, after City has notified Contractor of the inaccuracy or incompleteness:	\$100.00/ day

In placing Designee's initials at the places provided, each Party specifically confirms the accuracy of the statements made above and the fact that each Party has had ample opportunity to consult with legal counsel and obtain an explanation of Liquidated Damage provisions of the time that the Agreement was made.

Contractor

City

Initial Here: ML

Initial Here: \_\_\_\_\_

## ATTACHMENT J LIQUIDATED DAMAGES

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21	<b>Newsletters.</b> Failure to prepare and mail a bi-annual newsletter for all SFD and MFD Occupants as required by Section 7.03.D:	\$150.00
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In placing Designee's initials at the places provided, each Party specifically confirms the accuracy of the statements made above and the fact that each Party has had ample opportunity to consult with legal counsel and obtain an explanation of Liquidated Damage provisions of the time that the Agreement was made.

Contractor \_\_\_\_\_

City \_\_\_\_\_

Initial Here: \_\_\_\_\_

Initial Here: SMR

# ATTACHMENT K

## RATE-SETTING METHODOLOGY

### 1. DEFINITIONS

In addition to the terms defined in Attachment A of this Agreement, the following terms are defined as follows:

1.1 "CPI-U" means the Consumer Price Index, All Urban Consumers, All Items, Not Seasonally Adjusted, San Francisco-Oakland-San Jose Metropolitan Area (Series Id: cuura422sa0), compiled and published by the U.S. Department of Labor, Bureau of Labor Statistics.

1.2 "CPI-W" means the Consumer Price Index, Urban Wage Earners and Clerical Workers, All Items, Not Seasonally Adjusted, San Francisco-Oakland-San Jose Metropolitan Area (Series Id: cwura422sa0), compiled and published by the U.S. Department of Labor, Bureau of Labor Statistics.

1.3 "PPI - Fuel Pricing Index" means the Producer Price Index, Commodities, Not Seasonally Adjusted, No. 2 Diesel Fuel (Series Id: wpu057303), compiled and published by the U.S. Department of Labor, Bureau of Labor Statistics.

1.4 "Motor Vehicle Maintenance and Repair Index" means the Consumer Price Index, All Urban Consumers, Motor Vehicle Maintenance and Repair, Not Seasonally Adjusted, U.S. City Average (Series Id: cuur0000setd), compiled and published by the U.S. Department of Labor, Bureau of Labor Statistics.

1.5 "Annual Percentage Change" means (1) the annual percentage change in any of the indices calculated as described below in this paragraph, or (2) six percent (6% or 0.06), whichever is less, with the exception that the six percent (6% or 0.06) cap shall not apply in the case of the PPI – Fuel Pricing Index. The Annual Percentage Change in an index is calculated as the Average Index Value for the 12-month period ending April 30 of the then-current Rate Year, minus the Average Index Value for the 12-month period ending April 30 of the prior year, and dividing the result by the Average Index Value for the 12-month period ending April 30 of such prior year. The Annual Percentage Change shall be rounded to the nearest hundredth of one percent (e.g., a calculated value of 0.02636 (2.636%) would be rounded to 0.0264 (2.64%)).

1.6 "Average Index Value" for a twelve (12) month period means the sum of the published monthly index values for such period divided by 12 (in the case of indices published monthly) or the sum of the bi-monthly index values for such period divided by 6 (in the case of indices published bi-monthly).

1.7 "Organics Processing Fee" for a given period means the highest per-ton fee payable by Contractor during such period for the processing of Organic Materials at the Designated Composting Facility net of any revenues from Compost Product. So long as the Designated Composting Facility is owned by an Affiliate of Contractor, the Organics Processing Fee shall equal \$45.75 per ton for Rate Year Two, and shall thereafter increase by the Annual Percentage Change in the CPI-U and changes in regulatory fees pursuant to Sections 3.3.9 and 4.3.9.

1.8 "Disposal Fee" for a given period means (i) if Contractor or City has entered into an agreement with the operator of the Designated Disposal Facility applicable

## ATTACHMENT K RATE-SETTING METHODOLOGY (cont.)

to such period, the per-ton fee payable by Contractor pursuant to such agreement (including the Regulatory Fee Component) for Disposal of Solid Waste at the Designated Disposal Facility; and (ii) otherwise, a fee of \$50.37 per Ton as of July 1, 2010, which fee shall thereafter increase by the Annual Percentage Change in the CPI-U (except that the Regulatory Fee Component of such fee shall increase based on actual changes in regulatory fees at the Ox Mountain Sanitary Landfill).

1.9        “Transfer Station (Load-Out) Fee” or “Transfer Station Fee” for a given period means the highest per-ton fee payable by Contractor during such period for the transfer of Solid Waste (if applicable, i.e. if Solid Waste is being taken to the Designated Transfer Facility), Recyclable Materials and Organic Materials at the Designated Transfer Facility to cover costs related to receipt of materials in Collection vehicles and loading such materials into long-haul transfer vehicles. So long as the Designated Transfer Facility is owned by an Affiliate of Contractor, (A) the Transfer Station Fee shall equal \$6.20 per ton for Recyclable Materials and \$5.38 per ton for Organic Materials for Rate Year Two, and shall thereafter increase by the Annual Percentage Change in the CPI-U and changes in regulatory fees pursuant to Sections 3.3.7, 3.6.2, 4.3.7 and 4.6.2, and (B) the Transfer Station Fee for Solid Waste shall equal \$0 per ton for any period when the Designated Transfer Facility is used for Solid Waste for any reason other than unavailability of the Ox Mountain Sanitary Landfill).

1.10       “Solid Waste Transport Fee” for a given period means the per-ton cost for such period for the transportation of Solid Waste from the Designated Transfer Facility to the Designated Disposal Facility (if applicable, i.e. if Solid Waste is being taken to the Designated Transfer Facility). So long as the Designated Transfer Facility is owned by an Affiliate of the Contractor, the Solid Waste Transport Fee shall equal \$0 per ton for any period when the Designated Transfer Facility is used for Solid Waste for any reason other than the unavailability of the Ox Mountain Sanitary Landfill).

1.11       “Organics Transport Fee” for a given period means the per-ton cost for such period for the transportation of Organic Materials from the Designated Transfer Facility to the Designated Composting Facility. So long as the Designated Transfer Facility is owned by an Affiliate of Contractor, the Organics Transport Fee shall equal \$23.61 per ton for Rate Year Two, and shall thereafter increase by the Annual Percentage Change in the CPI-U and changes in regulatory fees pursuant to Sections 3.3.8 and 4.3.8.

1.12       “Recyclables Transport Fee” for a given period means the per-ton cost for such period for the transportation of Recyclable Materials from the Designated Transfer Facility to the Designated Processing Facility. So long as the Designated Transfer Facility is owned by an Affiliate of Contractor, the Recyclables Transport Fee shall equal \$21.16 per ton for Rate Year Two, and shall thereafter increase by the Annual Percentage Change in the CPI-U and changes in regulatory fees pursuant to Sections 3.6.3 and 4.6.3.

1.13       “Base Component” means, with respect to a given fee, the portion of such fee that represents Contractor’s charge for transfer station, transport, processing, composting, or disposal and includes all Contractor’s expenses, but excludes the Regulatory Fee Component.

## ATTACHMENT K RATE-SETTING METHODOLOGY (cont.)

1.14 "Regulatory Fee Component" means, with respect to a given fee, that portion of such fee that represents amounts payable by Contractor for all federal, State, and local fees applied to transfer, transport, processing, composting, or disposal.

If an index is discontinued, the successor index with which it is replaced will be used for subsequent calculations. If no successor index is identified by the Bureau of Labor Statistics, the index published by the Bureau which, in the reasonable opinion of City after conferring with Contractor, is most comparable will be used.

### 2. COST COMPONENTS

Both index-based and cost-based Rate adjustments are effected by applying various adjustment factors as described herein to the following categories of costs and other amounts, which are referred to herein as "Cost Components" or "Components":

2.1 "CBA Labor Costs" for a given period means the direct and indirect costs incurred by Contractor during such period for Contractor's employees, who are governed by a collective bargaining agreement, including without limitation: (1) wage costs including costs for regular, overtime, holiday, vacation, and sick wages; (2) health and welfare costs; and (3) pension/retirement benefit costs, but excluding Workers Compensation and Payroll Taxes.

2.2 "Non-CBA Labor Costs" for a given period means the direct and indirect costs incurred by Contractor during such period for Contractor's employees, including supervisory personnel, who are not governed by a collective bargaining agreement, including without limitation: (1) wage and salary costs including costs for regular, overtime, holiday, vacation, and sick wages; (2) health and welfare costs; and (3) pension/retirement benefit costs, but excluding Workers Compensation and Payroll Taxes.

2.3 "Workers Compensation" for a given period means the costs incurred by Contractor during such period for workers compensation insurance premiums.

2.4 "Payroll Taxes" for a given period means the costs incurred by Contractor during such period for payroll taxes.

2.5 "Vehicle-Related Costs" for a given period means direct and indirect costs incurred by Contractor during such period associated with maintenance, repair, licensing and registration of Contractor's vehicles and equipment, but excluding Fuel Costs and Lease Costs.

2.6 "Fuel Costs" for a given period means the costs incurred by Contractor during such period for fuel.

2.7 "Organics Transfer Station (Load-Out) Costs" or "Organics Transfer Station Costs" for a given period means the total dollar amount (e.g., number of Tons multiplied by the per-Ton Organics Transfer Station Fee) of costs incurred by Contractor during such period for the transfer of Organic Materials at the Designated Transfer Facility.

## ATTACHMENT K RATE-SETTING METHODOLOGY (cont.)

2.8 "Organics Transport Costs" for a given period means the total dollar amount (e.g., number of Tons multiplied by the per-Ton Organics Transport Fee) of costs incurred by Contractor during such period for the transport of Organic Materials from the Designated Transfer Station to the Designated Composting Facility.

2.9 "Organics Processing Costs" for a given period means the total dollar amount (e.g., number of Tons multiplied by the per-Ton Organics Processing Fee) of fees incurred by Contractor during such period for the processing of Organic Materials at the Designated Composting Facility.

2.10 "Lease Costs" for a given period means the costs incurred by Contractor during such period for leases of facilities, vehicles and equipment (including Containers) leased from Affiliates of Contractor. Contractor's lease costs include: (1) lease costs of \$153,614 per year for all Rate Years for lease of the vehicle parking and maintenance facility located at 2305 Palmetto Avenue, Pacifica, from Recology Properties Inc.; (2) lease costs of \$194,385 per year for Rate Years Two and Three (adjusted in subsequent years as set forth below) for used vehicles and equipment (including Containers) leased from Recology Leasing Inc., and (3) lease costs of \$327,650 per year for Rate Years Two and Three (adjusted in subsequent years as set forth below) for new vehicles and equipment (including Containers) leased from Recology Leasing Inc.

Leases for new vehicles and equipment (including Containers) shall fully amortize Contractor's acquisition cost over a 7-year period, and leases for used vehicles and equipment (including Containers) shall fully amortize Contractor's acquisition cost over a 5-year period, in each case based on the date the vehicles or equipment are put into service, and assuming equal monthly payments over the life of the lease. After the 5- or 7-year amortization period, the lease costs shall not be included in subsequent Rate Years. Lease rates shall be calculated at a rate equal to 1.9% plus the rate (as of the date the asset is put into service by Contractor) for Treasury bonds of constant maturity having the same term as the lease term (e.g., 7-year bonds for a 7-year lease term), as such rate appears on the web site of the Federal Reserve Board (<http://www.federalreserve.gov/releases/H15/data.htm>).

The specific Lease Costs set forth above (other than the 2305 Palmetto lease) reflect the leasing of the vehicles and equipment listed in Attachment P (the "Capital Requirements Schedule"). In connection with the Rate adjustment process for each Cost-Based Adjustment Year (i.e., for the Rate Years taking effect January 1 of 2013, 2016 and, if this Agreement is extended, 2019) the Capital Requirements Schedule shall be adjusted by (1) deleting from the schedule vehicles and equipment no longer in use, and (2) adding to the schedule new and replacement vehicles and equipment approved by City in connection with City's consideration of Contractor's Application for such Cost-Based Adjustment Year. Lease terms and rates for new and replacement vehicles and equipments shall be as set forth in the preceding paragraph unless otherwise agreed by City.

2.11 "Start-Up Costs" shall be fixed at \$0.00 per Rate Year for Rate Years Two through Eight and shall not be annually adjusted, and shall be zero in any subsequent Rate Year unless the Parties mutually agree to a different amount.

2.12 "Other Costs" for a given period means all costs reasonably incurred by Contractor during such period in connection with or arising from Contractor's performance of its obligations under this Agreement, other than (i) costs attributable to the Cost



## ATTACHMENT K RATE-SETTING METHODOLOGY (cont.)

Components set forth in Sections 2.1 through 2.11 above, (ii) Pass-Through Costs, (iv) Calculated Profit, and (v) Non-Allowable Costs.

2.13 "Total Annual Cost of Operations" means the sum of the Cost Components set forth in Sections 2.1 through 2.12 above. Total Annual Cost of Operations is used as a basis for determining Calculated Profit.

2.14 "Calculated Profit" means an estimate of Contractor's profit based on the Operating Ratio of 0.90. Contractor's profit margin with respect to a given amount (e.g., the Total Annual Cost of Operations) is calculated by dividing the given amount by the Operating Ratio, and subtracting from the result the given amount.

2.15 "Other City Fees" means an estimate of the amount of the fees other than the Franchise Fee payable by Contractor to City pursuant to Section 10.01 of this Agreement, used for purposes of determining Total Calculated Costs. To the extent that Other City Fees are determined as a percentage of Gross Receipts or other variables (as opposed to being fixed dollar amounts), the Other City Fees Component does not in any way guarantee the actual fees that will be paid by Contractor to City. Other City Fees shall be Pass-Through Costs.

2.16 "Calculated Franchise Fee" means the amount of the Franchise Fee payable by Contractor to City pursuant to Section 10.01 of this Agreement, used for purposes of determining the Total Calculated Costs. The Franchise Fee shall be a Pass-Through Cost.

2.17 "Recyclables Transfer Station (Load-Out) Costs" or "Recyclables Transfer Station Costs" for a given period means the total dollar amount (e.g., number of Tons multiplied by the per-Ton Recyclables Transfer Station Fee) of costs incurred by Contractor during such period for the transfer of Recyclable Materials at the Designated Processing Facility. Recyclables Transfer Station Costs shall be Pass-Through Costs.

2.18 "Recyclables Transport Costs" for a given period means the total dollar amount (e.g., number of Tons multiplied by the per-Ton Recyclables Transport Fee) of costs incurred by Contractor during such period for the transport of Recyclable Materials from the Designated Transfer Station to the Designated Processing Facility. Recyclables Transport Costs shall be Pass-Through Costs.

2.19 "Recyclables Commodities Sales Offset" shall be negative \$269,300 for Rate Years Two through Eight, and any subsequent Rate Years if the Term is extended. The Recyclables Commodities Sales Offset reflects net revenues from the sale of Recyclables; therefore, the costs of processing Recyclable Materials are not included in the Rate adjustment process.

2.20 "Disposal Costs" for a given period means the total dollar amount (e.g., number of Tons multiplied by the per-Ton Disposal Fee) of fees incurred by Contractor during such period for the disposal of Solid Waste at the Designated Disposal Facility. Disposal Costs shall be Pass-Through Costs.

2.21 "Total Calculated Costs" means the sum of the Cost Components set forth in Sections 2.13 through 2.20 above. Total Calculated Costs is used as a basis for determining the Rate Adjustment Factor under the index-based and cost-based Rate

## ATTACHMENT K RATE-SETTING METHODOLOGY (cont.)

adjustment methodologies. Total Calculated Costs does not reflect or in any way guarantee the Gross Receipts that are to be generated by Rates or retained by Contractor.

2.22 "Pass-Through Costs" means the Franchise Fee, Other City Fees, Disposal Costs, Recyclables Transfer Station Costs, Recyclables Transport Costs and Other Pass-Through Adjustments.

### 3. INDEX-BASED RATE ADJUSTMENT METHODOLOGY

3.1 **Summary.** The index-based Rate adjustment methodology involves the application of the Annual Percentage Change in various price indices to certain categories of Contractor's Total Annual Cost of Operations for the current Rate Year; the calculation of profit; and the calculation of Other City Fees and Franchise Fees. The difference (measured as a percentage) between Total Calculated Costs for the coming Rate Year and Total Calculated Costs for the current Rate Year is the Rate Adjustment Factor. The Rate Adjustment Factor is applied to the current Rates to determine the Rates for the coming Rate Year.

3.2 **Determination of Contractor's Costs.** With respect to the Cost Components that comprise Total Annual Cost of Operations, the starting point for the adjustment calculations referred to in Section 3.1 is the value of each Cost Component for the Rate Year in which Contractor's Application is submitted (i.e., the current year), as determined in the previous Rate adjustment process. For purposes of Contractor's Application submitted in Rate Year Two to determine the Rates that will take effect on January 1 of Rate Year Three, the Cost Components that make up Total Annual Cost of Operations will be based on a pro forma financial statement prepared by Contractor that served as the basis for adjusting Rates for Rate Year Two, the form of which shall be in accordance with that presented in Attachment P.

3.3 **Calculation of Adjustments to Cost Components.** Each of the Cost Components will be adjusted as follows:

3.3.1 **CBA Labor Costs.** CBA Labor Costs for the coming Rate Year shall be determined by adjusting CBA Labor Costs for the current Rate Year in accordance with the procedures described in the then-current collective bargaining agreement.

3.3.2 **Non-CBA Labor Costs.** Non-CBA Labor Costs for the coming Rate Year shall equal Non-CBA Labor Costs for the current Rate Year multiplied by one (1) plus the Annual Percentage Change in the CPI-W.

3.3.3 **Workers Compensation.** Workers Compensation for the coming Rate Year shall equal Workers Compensation for the current Rate Year multiplied by one (1) plus the Annual Percentage Change in the CPI-U.

3.3.4 **Payroll Taxes.** Payroll Taxes for the coming Rate Year shall equal (i) Payroll Taxes for the current Rate Year multiplied by (ii) the sum of CBA Labor

## ATTACHMENT K RATE-SETTING METHODOLOGY (cont.)

Costs and Non-CBA Labor Costs for the coming Rate Year, determined in accordance with Sections 3.3.1 and 3.3.2, respectively, and divided by (iii) the sum of CBA Labor Costs and Non-CBA Labor Costs for the current Rate Year.

**3.3.5 Vehicle-Related Costs.** Vehicle-Related Costs for the coming Rate Year shall equal Vehicle-Related Costs for the current Rate Year multiplied by one (1) plus the Annual Percentage Change in the Motor Vehicle Maintenance and Repair Index.

**3.3.6 Fuel Costs.** Fuel Costs for the coming Rate Year shall equal Fuel Costs for the current Rate Year multiplied by one (1) plus the Annual Percentage Change in the PPI - Fuel Pricing Index.

**3.3.7 Organics Transfer Station (Load-Out) Costs.** Organics Transfer Station Costs for the coming Rate Year shall equal (i) the Base Component of the Organics Transfer Station Fee for the current Rate Year multiplied by one (1) plus the Annual Percentage Change in the CPI-U plus the sum of the then-current (or known future) Regulatory Fees of the Regulatory Fee Component of the Organics Transfer Station Fee, multiplied by (ii) the total Tons of Organic Materials Collected by Contractor for the most-recently completed 12-month period ending April 30 (except that, for purposes of Contractor's Application submitted in Rate Year One to determine the Rates that will take effect on March 1 of Rate Year Two, the Organics Transfer Station Fee for the current Rate Year shall equal \$5.38 per Ton, and the total tons of Organic Materials Collected shall be calculated as the Tonnage Collected over the period from September 1, 2010 to October 15, 2010 divided by 1.5 months and multiplied by 12 months.).

**3.3.8 Organics Transport Costs.** Organics Transport Costs for the coming Rate Year shall equal (i) the Base Component of the Organics Transport Fee for the current Rate Year multiplied by one (1) plus the Annual Percentage Change in the CPI-U plus the sum of the then-current (or known future) Regulatory Fees in the Regulatory Fee Component of the Organics Transport Fee, multiplied by (ii) the total Tons of Organic Materials Collected by Contractor for the most-recently completed 12-month period ending April 30 (except that, for purposes of Contractor's Application submitted in Rate Year One to determine the Rates that will take effect on March 1 of Rate Year Two, the Organics Transport Fee for the current Rate Year shall equal \$23.61 per Ton, and the total tons of Organic Materials Collected shall be calculated as the Tonnage Collected over the period from September 1, 2010 through October 15, 2010 divided by 1.5 months and multiplied by 12 months).

**3.3.9 Organics Processing Costs.** Organics Processing Costs for the coming Rate Year shall equal (i) the Base Component of the Organics Processing Fee for the current Rate Year multiplied by one (1) plus the Annual Percentage Change in the CPI-U plus the sum of the then-current (or known future) Regulatory Fees, multiplied by (ii) the total Tons of Organic Materials Collected by Contractor for the most-recently completed 12-month period ending April 30 (except that, for purposes of Contractor's Application submitted in Rate Year One to determine the Rates that will take effect on March 1 of Rate Year Two, the Organics Processing Fee for the current Rate Year shall equal \$45.75 per Ton, and the total tons of Organic Materials Collected shall be calculated

## ATTACHMENT K RATE-SETTING METHODOLOGY (cont.)

as the Tonnage Collected over the period from September 1, 2010 to October 15, 2010 divided by 1.5 months and multiplied by 12 months).

**3.3.10 Lease Costs.** Lease Costs for the coming Rate Year shall be determined in accordance with Section 2.10 above.

**3.3.11 Start-Up Costs.** Start-Up Costs for the coming Rate Year shall equal the applicable amount set forth in Section 2.11 above.

**3.3.12 Other Costs.** Other Costs for the coming Rate Year shall equal Other Costs for the current Rate Year multiplied by one (1) plus the Annual Percentage Change in the CPI-U.

**3.3.13 Total Annual Cost of Operations.** Total Annual Cost of Operations for the coming Rate Year shall equal the sum of the amounts calculated in Sections 3.3.1 through 3.3.12 above.

**3.4 Calculated Profit.** Calculated Profit for the coming Rate Year will be calculated by dividing the Total Annual Cost of Operations for the coming Rate Year (the value calculated in Section 3.3.13 above) by an operating ratio (0.90) and subtracting from the result the Total Annual Cost of Operations for the coming year.

### **3.5 City Fees (For Which No Profit Shall be Added)**

**3.5.1 Franchise Fee.** The annual Franchise Fee for the coming Rate Year shall equal the amount specified in Section 10.01, or such other amount as is established by City in accordance with Section 10.03.

**3.5.2 Frontierland Park Remediation Fee.** The annual remediation fee for Frontierland Park for the coming Rate Year shall be the amount specified in Section 10.01, or such other amount as is established by City in accordance with Section 10.03.

**3.5.3 AB 939 Fee.** The annual AB 939 fee for the coming Rate Year shall be the amount specified in Section 10.01, or such other amount as is established by City in accordance with Section 10.03.

**3.5.4** [Reserved]

**3.5.5** [Reserved]

**3.5.6 Total City Fees.** The Total City Fees for the coming Rate Year shall equal the sum of the costs calculated in items 3.5.1 through 3.5.5 above; provided, however, that any adjustment in any such fee will be a Pass-Through Cost and reflected in the Total City Fees.

**3.6 Other Pass-Through Adjustments.** Other Pass-Through Adjustments for the coming Rate Year shall equal (i) the sum of the costs calculated in items 3.6.1 through 3.6.5 below, plus (ii) any amounts (actual or reasonably estimated) not included in Total Annual Cost of Operations for which Contractor is entitled to reimbursement through

## ATTACHMENT K RATE-SETTING METHODOLOGY (cont.)

the Rate adjustment mechanism, plus (iii) any other amounts mutually agreed by City and Contractor to be "Other Pass-Through Adjustments" hereunder.

**3.6.1 Green Waste Adjustment.** Rates for Rate Year Two shall include a negative adjustment in the amount of \$56,250 to provide for the recapture by City and its residents of the certain amounts relating to Previous Contractor's disposal of green waste and allocation of costs to its Affiliate, Sea Coast Disposal Company. Such adjustment shall not continue beyond Rate Year Two; and accordingly, for purposes of Contractor's Application submitted in Rate Year Two to determine the Rates that will take effect on January 1 of Rate Year Three, the Green Waste Adjustment shall equal zero. As a result, the green waste adjustment shall be zero for Rate Years Three through Eight and any extension of the Term.

**3.6.2 Recyclables Transfer Station (Load-Out) Costs.** Recyclables Transfer Station Costs for the coming Rate Year shall equal (i) the Base Component of the Recyclables Transfer Station Fee for the current Rate Year multiplied by one (1) plus the Annual Percentage Change in the CPI-U plus the sum of the then-current (or known future) Regulatory Fees of the Regulatory Fee Component of the Recyclables Transfer Station Fee, multiplied by (ii) the total Tons of Recyclable Materials Collected by Contractor for the most-recently completed 12-month period ending April 30 (except that, for purposes of Contractor's Application submitted in Rate Year One to determine the Rates that will take effect on March 1 of Rate Year Two, the Recyclables Transfer Station Fee for the current Rate Year shall equal \$6.20 per Ton, and the total tons of Recyclable Materials Collected shall be calculated as the Tonnage Collected over the period from September 1, 2010 through October 15, 2010 divided by 1.5 months and multiplied by 12 months).

**3.6.3 Recyclables Transport Costs.** Recyclables Transport Costs for the coming Rate Year shall equal (i) the Base Component of the Recyclables Transport Fee for the current Rate Year multiplied by one (1) plus the Annual Percentage Change in the CPI-U plus the sum of the then-current (or known future) Regulatory Fees of the Regulatory Fee Component of the Recyclables Transport Fee, multiplied by (ii) the total Tons of Recyclable Materials Collected by Contractor for the most-recently completed 12-month period ending April 30 (except that, for purposes of Contractor's Application submitted in Rate Year One to determine the Rates that will take effect on March 1 of Rate Year Two, the Recyclables Transport Fee for the current Rate Year shall equal \$21.16 per Ton, and the total tons of Recyclable Materials Collected shall be calculated as the tonnage Collected over the period from September 1, 2010 through October 15, 2010 divided by 1.5 months and multiplied by 12 months).

**3.6.4 Recyclables Commodities Sales Offset.** The Recyclables Commodities Sales Offset for the coming Rate Year shall equal the amount set forth in Section 2.19 above.

**3.6.5 Disposal Costs.** Disposal Costs for the coming Rate Year shall equal the per-Ton Disposal Fee at the Designated Disposal Facility for the coming Rate Year multiplied by the total Tons of Solid Waste Collected by Contractor for the most-recently completed 12-month period ending April 30 (except that, for purposes of Contractor's Application submitted in Rate Year One to determine the Rates that will take

## ATTACHMENT K RATE-SETTING METHODOLOGY (cont.)

effect on March 1 of Rate Year Two, the total Tons of Solid Waste Collected shall be calculated as the tonnage Collected over the period from September 1, 2010 through October 15, 2010 divided by 1.5 months and multiplied by 12 months).

**3.6.6 Rate Application Review Costs.** An amount agreed-upon by City and Contractor to reimburse Contractor for payment of City's costs, including consulting and legal fees, associated with the determination of Rates under Attachment K Section 3.

**3.7 Total Calculated Costs.** The Total Calculated Costs for the coming Rate Year shall equal the sum of the Total Annual Cost of Operations for the coming Rate Year (as calculated in Section 3.3.13 above), Calculated Profit for the coming Rate Year (as calculated in Section 3.4 above), Total City Fees for the coming Rate Year (as calculated in Section 3.5.6 above), and Other Pass-Through Adjustments for the coming Rate Year (as calculated in Section 3.6 above).

**3.8 Adjustment of Rates.** The Rate Adjustment Factor for the coming Rate Year shall equal Total Calculated Costs for the coming Rate Year (as calculated in Section 3.7 above) divided by Total Calculated Costs for the current Rate Year, which shall be rounded to the nearest thousandth. Each then-effective Rate, as set forth on Attachment N, shall be multiplied by the Rate Adjustment Factor to calculate the effective Rate for the coming Rate Year. The adjustment to each Rate shall be rounded to the nearest cent.

**3.9 Example.** The estimated costs for Rate Year Two, which are included in Attachment P (but which are subject to adjustment as provided in Section 11.02.C), present an example of the index-based adjustment method.

### 4. COST-BASED RATE ADJUSTMENT METHODOLOGY

**4.1 Summary.** The cost-based Rate adjustment methodology involves: review of Contractor's actual, allowable and allocated Total Calculated Costs from Contractor's most recently completed Fiscal Year; allocation of those costs to the Cost Components that comprise Total Annual Cost of Operations; the application of the Annual Percentage Change in various price indices to those Cost Components to reflect a 2-year increase (i.e., the period from the most recently completed Fiscal Year to the coming Rate Year); the calculation of Calculated Profit for the coming Rate Year based on Total Annual Cost of Operations; the calculation of the Calculated Franchise Fee for the coming Rate Year based on Total Annual Cost of Operations plus Calculated Profit plus Other City Fees and Other Pass-Through Adjustments; and the pass-through of Other City Fees and other actual or reasonably expected changes in costs, if any, to determine Total Calculated Costs for the coming Rate Year. The difference (measured as a percentage) between Total Calculated Costs for the coming Rate Year and Total Billings for the most-recently completed twelve (12) month period ending April 30 (adjusted to reflect the most recent Rate adjustment) is the Rate Adjustment Factor. The Rate Adjustment Factor is applied to the current Rates to determine the Rates for the coming Rate Year. If the Rate Adjustment Factor is nine percent (9%) or more, then City may divide the Rate adjustment over two Rate Years, with nine percent (9%) of the Rate adjustment occurring in the

## ATTACHMENT K RATE-SETTING METHODOLOGY (cont.)

coming Rate Year, and the remainder of the Rate adjustment being carried over to the following Rate Year and added to the Rate adjustment that would otherwise take effect in such Rate Year and, if necessary, carried over an additional Rate Year so that no adjustment in a given Rate Year exceeds nine percent (9%).

**4.2 Determination of Contractor's Costs.** Contractor's actual, allowable and allocated Total Calculated Costs from Contractor's most recently completed Fiscal Year shall be derived from Contractor's audited financial statements for such Fiscal Year, in accordance with the following steps:

**4.2.1 Allocation Across Franchises.** First, Contractor shall allocate its costs as set forth in such financial statements among the different jurisdictions to which Contractor provided services during the Fiscal Year. The amount of costs allocated to this Agreement shall be determined for each cost component described in Section 2 using one of the following allocation factors:

(a) Route allocation factor - Percentage of routes attributable to the City compared to total routes operated by Contractor, which shall be calculated as the number of routes Contractor operates to serve the City divided by the total routes Contractor operates to serve all jurisdictions, multiplied by 100.

(b) Single-Family Customer allocation factor - Percentage of Single-Family Customers in the City compared to the total Single-Family Customers served by the Contractor, which shall be calculated as the total number of Single-Family Customers served by Contractor under this Agreement, divided by the total number of Single-Family Customers served by Contractor in all jurisdictions, multiplied by 100. If Contractor expands its services to other areas in addition to Pacifica, Montara, and Granada, the City reserves the right to request that the Single-Family Customer allocation factor be modified to an allocation factor based on the total Customers including residential and commercial Customers.

(c) Tonnage allocation factor - Percentage of Tonnage of Solid Waste, Recyclable Materials and Organic Materials Collected by Contractor from City, compared to total Tonnage of Solid Waste, Recyclable Materials and Organic Materials, respectively, Collected by Contractor, which shall be calculated as the total number of Tons of the applicable materials type Collected by Contractor from City, divided by the total number of Tons of such materials type collected by Contractor from all jurisdictions, multiplied by 100.

(d) Drop box hauls allocation factor - Percentage of drop box hauls from City, compared to total hauls, which shall be calculated as the total number of hauls by Contractor from City, divided by the total number of hauls by Contractor from all jurisdictions, multiplied by 100.

The route allocation factor will be applied to all costs with the exception of (i) Other Costs, which shall be allocated using the Single-Family Customer allocation factor, (ii) Disposal Costs, which shall be allocated using the Solid Waste Tonnage allocation factor, (iii) Recyclables Transfer Costs and Recyclables Transport Costs, which shall be allocated using the Recyclables Tonnage allocation factor, and (iv) Organics Transfer Costs, Organics Transport Costs and

## ATTACHMENT K RATE-SETTING METHODOLOGY (cont.)

Organics Processing Costs, which shall be allocated using the Organics Tonnage allocation factor.

The allocation factors shall be calculated using the then-current route information, Customer account data and tonnage information. Based on such allocations, Contractor shall prepare a pro forma financial statement which reflects Contractor's costs of performing its obligations under this Agreement for such Fiscal Year.

4.2.2 **Removal of Non-Allowable Costs.** Second, Contractor shall adjust such pro forma financial statement by excluding therefrom all Non-Allowable Costs. "Non-Allowable Costs" means the following:

- (a) Labor costs attributable to Contractor's employees who are governed by a collective bargaining agreement resulting from adjustments to wages, health and welfare, and pension/retirement costs that are in excess of the adjustment made in accordance with the procedures described in the then-current collective bargaining agreement.
- (b) Payments to directors and/or owners of Contractor, unless paid as reasonable compensation for services actually rendered.
- (c) Travel expenses and entertainment expenses (above \$5,000 annually in total), unless authorized in advance by City.
- (d) Payments, not covered by insurance, to repair damage to property of third parties or City for which Contractor is legally liable.
- (e) Fines for penalties of any nature.
- (f) Liquidated Damages assessed under this Agreement.
- (g) Federal or State income taxes.
- (h) Charitable or political donations.
- (i) Lease costs in excess of those determined in accordance with the preapproved methods described in Section 2.10.
- (j) Attorney's fees and other expenses incurred by Contractor in any court proceeding in which City and Contractor are adverse Parties, unless Contractor is the prevailing Party in such proceeding.
- (k) Attorney's fees and other expenses incurred by Contractor arising from any act or omission of Contractor in violation of this Agreement.
- (l) Attorneys' fees and other expenses incurred by Contractor in any court proceeding in which Contractor's own negligence, violation of law or regulation, or willful misconduct are in issue and occasion, in whole or in part, the attorneys' fees and expenses claimed.



## ATTACHMENT K RATE-SETTING METHODOLOGY (cont.)

(m) Attorneys' fees and other expenses incurred by Contractor in any court proceeding in which the legal theory or statute providing a basis of liability against Contractor also provides for separate potential liability for City derived from the action of its citizens or ratepayers (such as in a CERCLA lawsuit) unless Contractor is found not liable in such claims.

(n) Payments to Related Party Entities for products or services in excess of (1) in the case of transactions other than Permitted Related Party Transactions, the cost to the Related Party Entity for those products or services, or (2) in the case of Permitted Related Party Transactions, the applicable amounts set forth in this Agreement for such transactions (such as the Transfer Station Fee, the Organics Transport Fee, the Recyclables Transport Fee, the Organics Processing Fee, and Lease Costs).

(o) Goodwill.

(p) Costs of the Contractor's Employee Stock Ownership Plan.

(q) Depreciation and interest expenses because Contractor plans to lease equipment rather than purchase.

(r) Corporate and regional overhead costs greater than five and seven tenths percent (5.7%) of Total Annual Cost of Operations for the most-recently completed twelve (12) month period ending April 30. This cap on costs applies to the sum total of the following line item expenses in the pro forma provided in Attachment P: regional accounting fees, regional management fees, corporate accounting, IT fee, environmental compliance, human resources fee, corporate management, and public relations.

(s) Bad debt write-offs in excess of three percent (3.0%) of Gross Receipts for the most-recently completed twelve (12) month period ending April 30 with the exception that bad debt write-offs in excess of two percent (2.0%) of Gross Receipts shall not be allowable for Rate Year Two.

(t) Payments to the City for tree maintenance in accordance with Section 5.13.

(u) Incremental costs (i.e., labor, fuel and other truck costs, and including without limitation any Solid Waste Transfer Station Fee or Solid Waste Transport Fee) attributed to delivering Solid Waste to a disposal or transfer facility other than the Ox Mountain Sanitary Landfill for any period when such facility is used for Solid Waste for any reason other than the unavailability of the Ox Mountain Sanitary Landfill (it being understood that if the Ox Mountain Sanitary Landfill is unavailable, such costs and any associated Rate adjustment shall be determined pursuant to a special Rate review under Section 11.04.B.5).

**4.2.3 Allocation to Cost Components.** Third, Contractor shall allocate the costs set forth in the adjusted pro forma financial statement prepared pursuant to Section 4.2.2 to each of the 12 Cost Components that make up Contractor's Total Annual

## ATTACHMENT K RATE-SETTING METHODOLOGY (cont.)

Costs of Operations (taking into account the fact that Lease Costs are determined as set forth in Section 2.10).

**4.3 Calculation of Adjustments to Cost Components.** Calculated Total Cost for the coming Rate Year shall be derived from the Cost Components that make up Contractor's Total Annual Cost of Operations for the Fiscal Year as determined in Section 4.2.3, in the manner set forth below:

**4.3.1 CBA Labor Costs.** CBA Labor Costs for the coming Rate Year shall be determined by adjusting Allowable CBA Labor Costs for the previous Fiscal Year determined in accordance with Section 4.2 above adjusted in accordance with the procedures described in the then-current collective bargaining agreement, for the two (2) year period from the previous Fiscal Year to the coming Rate Year. All CBA Labor Costs shall be as determined in accordance with the procedures of this Section 4.3.1 or increased six percent (6%), which ever is less except health and welfare costs shall not be subject to the six percent (6%) cap.

**4.3.2 Non-CBA Labor Costs.** Non-CBA Labor Costs for the coming Rate Year shall equal Allowable Non-CBA Labor Costs for the previous Fiscal Year determined in accordance with Section 4.2 above multiplied by (i) one (1) plus the Annual Percentage Change in the CPI-W, and multiplying the result by (ii) the same number used in clause (i).

**4.3.3 Workers Compensation.** Workers Compensation for the coming Rate Year shall equal Allowable Workers Compensation for previous Fiscal Year determined in accordance with Section 4.2 above multiplied by (i) one (1) plus the Annual Percentage Change in the CPI-U, and multiplying the result by (ii) the same number used in clause (i).

**4.3.4 Payroll Taxes.** Payroll Taxes for the coming Rate Year shall equal (i) Allowable Payroll Taxes for the previous Fiscal Year determined in accordance with Section 4.2 above, multiplied by (ii) the sum of CBA Labor Costs and Non-CBA Labor Costs for the coming Rate Year, determined in accordance with Sections 4.3.1 and 4.3.2, respectively, and divided by (iii) the sum of CBA Labor Costs and Non-CBA Labor Costs for the previous Fiscal Year.

**4.3.5 Vehicle-Related Costs.** Vehicle-Related Costs for the coming Rate Year shall equal Allowable Vehicle-Related Costs for the previous Fiscal Year determined in accordance with Section 4.2 above multiplied by (i) one (1) plus the Annual Percentage Change in the Motor Vehicle Maintenance and Repair Index, and multiplying the result by (ii) the same number used in clause (i).

**4.3.6 Fuel Costs.** Fuel Costs for the coming Rate Year shall equal Allowable Fuel Costs for the previous Fiscal Year determined in accordance with Section 4.2 above multiplied by (i) one (1) plus the Annual Percentage Change in the PPI - Fuel Pricing Index, and multiplying the result by (ii) the same number used in clause (i).

**4.3.7 Organics Transfer Station (Load-Out) Costs.** Organics Transfer Station Costs for the coming Rate Year shall equal (i) the Base Component of the Organics Transfer Station Fee for the current Rate Year multiplied by one (1) plus the

## ATTACHMENT K RATE-SETTING METHODOLOGY (cont.)

Annual Percentage Change in the CPI-U plus the sum of the then-current (or known future) Regulatory Fees of the Regulatory Fee Component of the Organics Transfer Station Fee, multiplied by (ii) the total Tons of Organic Materials Collected by Contractor for the most-recently completed 12-month period ending April 30.

**4.3.8 Organics Transport Costs.** Organics Transport Costs for the coming Rate Year shall equal (i) the Base Component of the Organics Transport Fee for the current Rate Year multiplied by one (1) plus the Annual Percentage Change in the CPI-U plus the sum of the then-current (or known future) Regulatory Fees of the Regulatory Fee Component of the Organics Transport Fee, multiplied by (ii) the total Tons of Organic Materials Collected by Contractor for the most-recently completed 12-month period ending April 30.

**4.3.9 Organics Processing Costs.** Organics Processing Costs for the coming Rate Year shall equal (i) the Base Component of the Organics Processing Fee for the current Rate Year multiplied by one (1) plus the Annual Percentage Change in the CPI-U plus the sum of the then-current (or known future) Regulatory Fees, multiplied by (ii) the total Tons of Organic Materials Collected by Contractor for the most-recently completed 12-month period ending April 30.

**4.3.10 Lease Costs.** Lease Costs for the coming Rate Year shall be determined in accordance with Section 2.10 above.

**4.3.11 Start-Up Costs.** Start-Up Costs for the coming Rate Year shall equal the applicable amount set forth in Section 2.11 above.

**4.3.12 Other Costs.** Other Costs for the coming Rate Year shall equal Allowable Other Costs for the previous Fiscal Year determined in accordance with Section 4.2 above multiplied by (i) one (1) plus the Annual Percentage Change in the CPI-U, and multiplying the result by (ii) the same number used in clause (i).

**4.3.13 Total Annual Cost of Operations.** Total Annual Cost of Operations for the coming Rate Year shall equal the sum of the amounts calculated in Sections 4.3.1 through 4.3.12 above.

**4.4 Calculated Profit.** Calculated Profit for the coming Rate Year shall equal Total Annual Cost of Operations for the coming Rate Year (as calculated in Section 4.3.13 above) divided by the Operating Ratio, and subtracting from the result Total Annual Cost of Operations for the coming Rate Year.

### **4.5 City Fees (For Which No Profit Shall be Added)**

**4.5.1 Franchise Fee.** The annual Franchise Fee for the coming Rate Year shall equal the amount specified in Section 10.01, or such other amount as is established by City in accordance with Section 10.03.

**4.5.2 Frontierland Park Remediation Fee.** The annual remediation fee for Frontierland Park for the coming Rate Year shall equal the amount specified in Section 10.01, or such other amount as is established by City in accordance with Section 10.03.

## ATTACHMENT K RATE-SETTING METHODOLOGY (cont.)

4.5.3 **AB 939 Fee.** The annual AB 939 fee for the coming Rate Year shall equal the amount specified in Section 10.01, or such other amount as is established by City in accordance with Section 10.03.

4.5.4 [Reserved]

4.5.5 [Reserved]

4.5.6 **Total City Fees.** The Total City Fees for the coming Rate Year shall equal the sum of the costs calculated in items 4.5.1 through 4.5.5 above; provided, however, that any adjustment in any such fee will be a Pass-Through Cost and reflected in the Total City Fees.

4.6 **Other Pass-Through Adjustments.** Other Pass-Through Adjustments for the coming Rate Year shall equal (i) the sum of the costs calculated in items 4.6.1 through 4.6.5 below, plus (ii) any amounts (actual or reasonably estimated) not included in Total Annual Cost of Operations for which Contractor is entitled to reimbursement through the Rate adjustment mechanism, plus (iii) any other amounts mutually agreed by City and Contractor to be "Other Pass-Through Adjustments" hereunder.

4.6.1 **Green Waste Adjustment.** The green waste adjustment shall be the amount described in Section 3.6.1.

4.6.2 **Recyclables Transfer Station (Load-Out) Costs.** Recyclables Transfer Station Costs for the coming Rate Year shall equal (i) the Base Component of the Recyclables Transfer Station Fee for the current Rate Year multiplied by one (1) plus the Annual Percentage Change in the CPI-U plus the sum of the then-current (or known future) Regulatory Fees of the Regulatory Fee Component of the Recyclables Transfer Station Fee, multiplied by (ii) the total Tons of Recyclable Materials Collected by Contractor for the most-recently completed 12-month period ending April 30.

4.6.3 **Recyclables Transport Costs.** Recyclables Transport Costs for the coming Rate Year shall equal (i) the Base Component of the Recyclables Transport Fee for the current Rate Year multiplied by one (1) plus the Annual Percentage Change in the CPI-U plus the sum of the then-current (or known future) Regulatory Fees of the Regulatory Fee Component of the Recyclables Transport Fee, multiplied by (ii) the total Tons of Recyclable Materials Collected by Contractor for the most-recently completed 12-month period ending April 30.

4.6.4 **Recyclables Commodities Sales Offset.** The Recyclables Commodities Sales Offset for the coming Rate Year shall equal the amount set forth in Section 2.19 above.

4.6.5 **Disposal Costs.** Disposal Costs for the coming Rate Year shall equal the per-Ton Disposal Fee at the Designated Disposal Facility for the coming Rate Year multiplied by the total Tons of Solid Waste Collected by Contractor for the most-recently completed 12-month period ending April 30.

4.6.6 **Rate Application Review Costs.** An amount agreed-upon by City and Contractor to reimburse Contractor for payment of City's costs, including

## ATTACHMENT K RATE-SETTING METHODOLOGY (cont.)

consulting and legal fees, associated with determination of Rates under Attachment K Section 4.

4.7 **Total Calculated Costs.** Total Calculated Costs for the coming Rate Year shall equal the sum of Total Annual Cost of Operations for the coming Rate Year (as calculated in Section 4.3.13 above), Calculated Profit for the coming Rate Year (as calculated in Section 4.4 above), Total City Fees for the coming Rate Year (as calculated in Section 4.5.6 above), and Other Pass-Through Adjustments for the coming Rate Year (as calculated in Section 4.6 above).

4.8 **Adjustment of Rates.** The Rate Adjustment Factor for the coming Rate Year shall equal Total Calculated Costs for the coming Rate Year (as calculated in Section 4.7 above) divided by Total Billings for the most-recently completed twelve (12) month period ending April 30, which shall be rounded to the nearest thousandth. Each then-effective Rate, as set forth on Attachment N, shall be multiplied by the Rate Adjustment Factor to calculate the effective Rate for the coming Rate Year. The adjustment to each Rate shall be rounded to the nearest cent.

## ATTACHMENT L IMPLEMENTATION PLAN

The following is a summary of the major transition events and tasks that will be associated with Contractor's performance of services under this Agreement related to the implement of new Collection services for Customers that will improve Customer convenience through provision of wheeled Carts for Single-Family residents and enhancement of Residential and Commercial diversion through Collection of Single-Stream Recyclables and Collection of Food Scraps. All transition activities are scheduled for 2010.

Contractor will provide City with sufficient time to review and comment on all educational and outreach material used in the transition prior to distribution.

1. February 9 - City of Pacifica approves assignment of Franchise Agreement.
2. February 26 - Contractor sends out introductory letter with description of new services that will be offered.
3. February 9 - 28 - Contractor will transition existing customer data base and billing information to its accounts receivable (AR) system. Note - Contractor has received existing data base and is currently creating new service codes to match existing service levels.
4. February 9 - 28 - Train drivers on new semi-automated collection equipment. Note: Contractor has sufficient equipment to transition from existing manual collection methods to semi-automated, or fully-automated collection methods. All vehicles will be newly painted prior to servicing Pacifica.
5. February 10 - 28 - provide training to customer service staff on new AR system.
6. March 1 - Go live with new data base and AR system.
7. March 1 - Launch new web site with Pacifica specific service information.
8. March 15 - Begin transitioning to semi-automated collection where possible. Transition to be complete by September 1, 2010.
9. April 1 - City to review and approve Cart specifications.
10. April 1 - Mail comprehensive service brochure describing new services with a request for Customer's to select a service level and return post card for identification of the selected service level (with an emphasis on selecting the Solid Waste Cart size).
11. May 17 - Order Carts.
12. July 1 - Follow up mailing with description of new services and announcement that Carts will soon be delivered.
13. August 1 - Begin delivery of Carts. All Carts will have Carts hangers describing proper use and set-out of Carts.

## ATTACHMENT L IMPLEMENTATION PLAN

14. September 1 - Complete all Cart deliveries which will include Single-Stream Recyclables Collection and Organic Materials Collection (including Plant Materials and Food Scraps.).

**ATTACHMENT M  
CITY FEES**

**RESERVED**



# ATTACHMENT N RATE SCHEDULE

Maximum Rates shall be those presented in this Exhibit for the period  
January 1, 2012 to December 31, 2013.

	<b>Rates</b>
<b><u>Single-Family Residential Service</u></b>	
One time additional 32 gallon bag	\$8.48
Each additional gallon over 32 per pick up	\$1.48
Mini can 20 gallons or less (20 gallon can)	\$23.38
32 gallon Cart	\$36.63
48 gallon Cart	\$54.93
64 gallon Cart	\$73.25
96 gallon Cart (acknowledged by City)	\$109.88
Extra Recycling Cart	\$3.46
Extra Organic Materials Cart	\$3.46
Residential service rates are for solid waste container sizes and include costs for Recyclables and Organics Materials Collection service	
<b><u>Commercial Solid Waste Bin Collection Service</u></b>	
<b><u>Commercial container rentals</u></b>	
1 cubic yard	\$62.63
2 cubic yards	\$73.04
<b><u>Commercial container pick up for Solid Waste</u></b>	
1 cubic yard	\$57.42
2 cubic yards	\$83.51
<b><u>Compacted commercial container pick up for Solid Waste</u></b>	
1 cubic yard	\$93.92
2 cubic yards	\$161.45
<b><u>Commercial container pick up for Organics</u></b>	
1 cubic yard	\$51.67
2 cubic yards	\$75.15
<b><u>Compacted commercial container pick up for Organics</u></b>	
1 cubic yard	\$84.53
2 cubic yards	\$145.32
<b><u>Commercial Can/Cart Solid Waste Pick Up</u></b>	
Each additional gallon over 32	\$2.12
32 gallon Cart	\$41.73
48 gallon Cart	\$62.59
64 gallon Cart	\$89.20
96 gallon Cart	\$125.19

**Commercial Can/Cart Organics Pick Up**

32 gallon Cart	\$37.56
48 gallon Cart	\$56.33
64 gallon Cart	\$75.11
96 gallon Cart	\$112.67

**Debris Box Solid Waste and Construction and Demolition Debris Collection**

14 yard container (2 days)	\$530.12
Each additional day	\$44.28
20 yard container (2 days)	\$682.97
Each additional day	\$52.16

**Miscellaneous Single-Family Services**

Service from side or rear of house	\$6.18
Return pick up charge	\$10.71
Special call for large items	Quotation

**Extra charge for collection private driveways:**

1 to 30 feet	No charge
Over 30 feet (for every 10 feet or part thereof)	\$6.18

Life line rates (available only for 20 gallon Cart Customers) 15% reduction to 20 gallon rate

Single Family return trip charge (i.e. provision of collection service after the regularly scheduled collection day) per event \$17.33

**Miscellaneous Commercial and Multi-Family Services**

Recycling services provided to commercial and multi-family customers No charge

Distance charge for MFD and commercial accounts for container size of 3 cubic yards or less:

Within fifty (50) feet of access by Contractor's collection vehicle No charge

51 feet or more from access by Contractor's collection vehicle 10% of base monthly rate

Distance charge for MFD and commercial accounts for container size larger than 3 cubic yards or less:

0 to fifty (50) feet of access by Contractor's collection vehicle 10% of base monthly rate

51 feet or more from access by Contractor's collection vehicle 25% of base monthly rate

Extra pick up charge for MFD and commercial customers (charge per collection event)	25% of base monthly rate for size of container collected once per week
Lock purchase fee (one time charge; replacement at no additional charge)	\$19.64
Key service (unlock and relock bin). Monthly charge based on once per week service	\$10.97
Container steam cleaning (or clean container exchange) Bin or debris box	\$98.20
Fee to collect contaminated Targeted Recyclable Materials or Organic Materials (per container)	25% of base monthly rate plus \$16.20 surcharge

## ATTACHMENT O CONTRACTOR'S PERSONNEL

Position	Position Count	Full-Time Part-Time Relief
General Manager (Throughout Term of Agreement)	1.00	Full-Time
General Manager (During First Year of Operations Only)	1.00	Full-Time
Operations Manager	1.00	Full-Time
Drivers, Relief, Recycle Yard	22.00	Full-Time
Maintenance Foreman	1.00	Full-Time
Mechanic	2.00	Full-Time
Office Manager	1.00	Full-Time
Customer Service Representative	3.00	Full-Time
Public Education Specialist	0.50	Part-Time

Above organizational chart reflects Contractor's best estimate of personnel requirements that will be necessary as of the Transition Date. The personnel listed above will cover the Contractor's service areas including the City of Pacifica, and the Community Service Districts of Montara and El Granada.

City of Pacifica  
 Proforma based on New Services Commencing September 1, 2010  
 Capital Requirements Schedule

Description	Routers	Spares	Units	\$/Unit	Total	Now/Used	Lease Rate	Year#1	Year#2	Year#3	Year#4	Year#5	Year#6	Year#7	Year#8	Year#9	Year#10	Totals	
<b>Residential Solid Waste</b>																			
4 axle side loader	5.50	2.0	7.50	14,436	108,203	Used	1,860%	24,151	24,151	24,151	24,151	24,151	24,151	24,151	24,151	24,151	24,151	24,151	120,754
20 Gallon Insects Poles includes Card, Delivery and Insert			200	45	9,000	Now	1,420%	1,534	1,534	1,534	1,534	1,534	1,534	1,534	1,534	1,534	1,534	1,534	10,735
32 Gallon Containers			11,600	45	531,000	Now	1,420%	90,482	90,482	90,482	90,482	90,482	90,482	90,482	90,482	90,482	90,482	90,482	633,377
54 Gallon Containers			3,200	56	179,200	Now	1,420%	30,535	30,535	30,535	30,535	30,535	30,535	30,535	30,535	30,535	30,535	30,535	213,750
96 Gallon Containers			200	62	12,400	Now	1,420%	2,113	2,113	2,113	2,113	2,113	2,113	2,113	2,113	2,113	2,113	2,113	14,791
Container Costs include Delivery Charge																			
<b>Residential Recycling</b>																			
4 axle side loader	3.00	1.0	4.00	56,943	227,549	Used	1,860%	50,789	50,789	50,789	50,789	50,789	50,789	50,789	50,789	50,789	50,789	50,789	253,945
32 Gallon Containers			-	-	-	Now	1,420%	-	-	-	-	-	-	-	-	-	-	-	-
54 Gallon Containers			56	-	-	Now	1,420%	-	-	-	-	-	-	-	-	-	-	-	-
96 Gallon Containers			15,000	62	930,000	Now	1,420%	158,472	158,472	158,472	158,472	158,472	158,472	158,472	158,472	158,472	158,472	158,472	1,109,304
<b>Residential Yardwaste</b>																			
4 axle side loader	4.50	0.5	5.00	14,436	72,200	Used	1,860%	16,115	16,115	16,115	16,115	16,115	16,115	16,115	16,115	16,115	16,115	16,115	80,375
32 Gallon Containers			-	-	-	Now	1,420%	-	-	-	-	-	-	-	-	-	-	-	-
54 Gallon Containers			15,000	56	840,000	Now	1,420%	143,136	143,136	143,136	143,136	143,136	143,136	143,136	143,136	143,136	143,136	143,136	1,001,952
96 Gallon Containers			-	62	-	Now	1,420%	-	-	-	-	-	-	-	-	-	-	-	-
<b>Commercial Solid Waste</b>																			
4 axle FEL truck	1.000	1.000	2.000	130,000	260,000	Used	1,860%	58,032	58,032	58,032	58,032	58,032	58,032	58,032	58,032	58,032	58,032	58,032	230,160
3 axle REL truck			-	-	-	Used	1,860%	-	-	-	-	-	-	-	-	-	-	-	-
<b>Comets</b>																			
1 yd Containers			600	25	15,000	Now	1,420%	2,555	2,555	2,555	2,555	2,555	2,555	2,555	2,555	2,555	2,555	2,555	17,832
2 yd Containers			115	100	11,500	Now	1,420%	1,960	1,960	1,960	1,960	1,960	1,960	1,960	1,960	1,960	1,960	1,960	13,717
3 yd Containers			250	100	25,000	Now	1,420%	4,260	4,260	4,260	4,260	4,260	4,260	4,260	4,260	4,260	4,260	4,260	29,820
4 yd Containers			-	500	-	Now	1,420%	-	-	-	-	-	-	-	-	-	-	-	-
6 yd Containers			-	632	-	Now	1,420%	-	-	-	-	-	-	-	-	-	-	-	-
8 yd Containers			-	825	-	Now	1,420%	-	-	-	-	-	-	-	-	-	-	-	-
<b>Commercial Recycling</b>																			
4 axle FEL truck	1.000	0.000	1.000	130,000	130,000	Used	1,860%	29,016	29,016	29,016	29,016	29,016	29,016	29,016	29,016	29,016	29,016	29,016	145,080
1 yd Containers			-	470	-	Now	1,420%	-	-	-	-	-	-	-	-	-	-	-	-
2 yd Containers			-	520	-	Now	1,420%	-	-	-	-	-	-	-	-	-	-	-	-
3 yd Containers			-	560	-	Now	1,420%	-	-	-	-	-	-	-	-	-	-	-	-
4 yd Containers			-	632	-	Now	1,420%	-	-	-	-	-	-	-	-	-	-	-	-
6 yd Containers			-	825	-	Now	1,420%	-	-	-	-	-	-	-	-	-	-	-	-
<b>General &amp; Administrative (Ops Mgmt)</b>																			
Supervisor Vehicles			1.0	30,000	30,000	Used	1,860%	6,696	6,696	6,696	6,696	6,696	6,696	6,696	6,696	6,696	6,696	6,696	33,480
Shop Truck			1	30,000	30,000	Used	1,860%	6,696	6,696	6,696	6,696	6,696	6,696	6,696	6,696	6,696	6,696	6,696	33,480
<b>Container Maintenance</b>																			
Bin Delivery			1.0	71,000	71,000	Used	1,860%	15,847	15,847	15,847	15,847	15,847	15,847	15,847	15,847	15,847	15,847	15,847	79,236
Debris Box Truck			2.0	75,000	150,000	Used	1,860%	33,480	33,480	33,480	33,480	33,480	33,480	33,480	33,480	33,480	33,480	33,480	167,460
Office Equipment			1.0	100,000	100,000	Now	1,420%	17,040	17,040	17,040	17,040	17,040	17,040	17,040	17,040	17,040	17,040	17,040	119,280
<b>Total Allowable Vehicle and Container Lease Expense</b>																			
					3,232,052			692,910	692,910	692,910	692,910	692,910	692,910	692,910	692,910	692,910	692,910	692,910	4,356,728
<b>Property (Office and Vehicle Parking)</b>																			
					1,700,000		0.670%	179,275	179,275	179,275	179,275	179,275	179,275	179,275	179,275	179,275	179,275	179,275	179,275
at 2305 Palmella Avenue, Pacifica																			

**City of Pacifica**  
**Proforma based on New Services Commencing September 1, 2010**  
**Payroll Calculations supporting Rate Year Two Estimated Costs**

Description	Business Unit												Totals	
	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10		
<b>Workdays Mo.</b>	22	23	23	20	23	23	21	22	21	21	22	22	21	26
<b>Holidays Worked</b>	1	0	0	1	1	1	1	1	1	0	0	0	1	0
<b>Holidays Taken</b>	1	1	1	1	1	1	1	1	1	1	1	1	1	2
<b>Regular Payroll</b>	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
<b>Overtime Pay @</b>	2.01	2.01	2.01	2.01	2.01	2.01	2.01	2.01	2.01	2.01	2.01	2.01	2.01	2.01
<b>Total Overtime</b>	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5
<b>Regular Hours Per Employee</b>	167	163	163	151	175	168	159	168	159	175	167	167	167	167
<b>OT Hours Per Employee Per Day</b>	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>Hourly Rate</b>	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50
<b>Regular Payroll</b>	39,403	43,186	35,620	39,718	37,512	38,718	37,512	37,512	37,512	39,403	41,294	39,403	39,403	39,403
<b>Overtime Pay @</b>	34,320	31,025	35,967	34,594	32,673	34,320	32,673	34,320	32,673	34,320	34,320	34,320	34,320	412,389
<b>Total Overtime</b>	5,712	8,150	7,693	7,447	7,802	7,447	7,802	7,447	7,802	7,802	7,447	7,802	7,447	90,114
<b># of Holidays Worked</b>	5,516	788	5,516	4,728	5,516	4,728	5,516	4,728	5,516	788	788	5,516	788	45,704
<b># of Holidays Taken</b>	1,891	2,073	1,710	1,966	1,891	1,966	1,891	1,891	1,891	1,966	1,891	1,891	1,891	3,782
<b># of Sick Days Payroll</b>	3,546	3,887	3,206	3,276	3,575	3,276	3,575	3,276	3,575	3,276	3,575	3,276	3,575	22,726
<b># of Vac Days Payroll</b>	1,689	1,689	1,689	1,689	1,689	1,689	1,689	1,689	1,689	1,689	1,689	1,689	1,689	42,652
<b>Boot Allowance</b>	\$ 54,563	\$ 52,519	\$ 46,549	\$ 55,338	\$ 52,605	\$ 50,833	\$ 52,605	\$ 50,833	\$ 52,605	\$ 51,244	\$ 47,993	\$ 51,244	\$ 47,993	\$ 5,378
<b>Total Payroll Expense:</b>	4,228	4,070	3,763	6,779	4,340	3,938	4,077	3,838	3,719	4,026	4,113	3,865	4,113	50,858
<b>Payroll Taxes @</b>	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	58,001
<b>Non Union Pension @</b>	13,450	13,450	13,450	13,450	13,450	13,450	13,450	13,450	13,450	13,450	13,450	13,450	13,450	175,817
<b>Health &amp; Welfare Mo.</b>	5,634	5,634	5,634	5,634	5,634	5,634	5,634	5,634	5,634	5,634	5,634	5,634	5,634	62,848
<b>ESOP @</b>	28,046	27,678	26,970	32,287	29,571	28,987	29,308	28,987	28,987	28,442	29,169	28,392	28,442	347,775
<b>Total Fringe Benefits:</b>	52,512	80,199	75,520	87,636	82,177	79,800	81,914	79,690	76,475	81,135	82,468	82,468	76,705	908,430
<b>Total Payroll &amp; Related (includes ESOP):</b>	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
<b>Residual/Recirculating Collection</b>	1.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
<b>Spore Drivers</b>	167	163	163	151	175	168	159	168	159	175	167	167	167	167
<b>Regular Hours Per Employee</b>	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>OT Hours Per Employee Per Day</b>	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50
<b>Hourly Rate</b>	20,979	22,963	18,955	21,996	21,147	19,972	21,147	19,972	20,979	21,985	20,979	20,979	20,979	31,500
<b>Regular Payroll</b>	18,094	19,020	16,348	18,952	18,229	17,216	18,229	17,216	18,094	18,952	18,094	18,094	18,094	217,266
<b>Overtime Pay @</b>	3,114	3,256	2,831	3,256	3,114	2,973	3,114	2,973	3,114	3,114	2,973	3,114	2,973	36,807
<b>Total Overtime</b>	2,937	450	2,937	2,937	2,516	2,937	2,516	2,937	420	420	2,516	420	2,516	24,338
<b># of Holidays Worked</b>	1,007	1,007	1,007	1,007	1,007	1,007	1,007	1,007	1,007	1,007	1,007	1,007	1,007	2,014
<b># of Sick Days Payroll</b>	4,800	5,104	4,104	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	12,100
<b># of Vac Days Payroll</b>	1,888	2,069	1,707	1,888	1,797	1,888	1,888	1,797	1,888	1,888	1,888	1,888	1,888	22,888
<b>Boot Allowance</b>	859	859	859	859	859	859	859	859	859	859	859	859	859	1,798
<b>Total Payroll Expense:</b>	28,937	28,069	24,733	28,179	26,779	25,882	26,779	25,882	24,372	26,419	27,030	25,319	24,372	317,041
<b>Payroll Taxes @</b>	2,243	2,057	1,917	3,452	2,209	2,006	2,075	2,006	2,048	2,048	2,006	2,006	2,006	25,974
<b>Non Union Pension @</b>	2,573	2,573	2,573	2,573	2,573	2,573	2,573	2,573	2,573	2,573	2,573	2,573	2,573	30,962
<b>Health &amp; Welfare Mo.</b>	7,161	7,161	7,161	7,161	7,161	7,161	7,161	7,161	7,161	7,161	7,161	7,161	7,161	83,663
<b>Workers Comp @</b>	2,935	2,705	2,508	2,935	2,716	2,625	2,716	2,625	2,472	2,679	2,741	2,574	2,472	32,154
<b>ESOP @</b>	14,912	14,306	14,159	16,903	15,518	15,224	15,384	15,224	14,354	15,120	15,409	15,134	14,354	182,673
<b>Total Fringe Benefits:</b>	42,849	41,175	38,693	45,082	42,298	41,106	42,164	41,106	39,326	41,740	42,460	40,513	39,326	499,714
<b>Total Payroll &amp; Related (includes ESOP):</b>	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000

City of Pacifica  
 Proforma based on New Services Commencing September 1, 2010  
 Payroll Calculations supporting Rate Year Two Estimated Costs

Description	Business Unit												Totals
	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	
Wardens/ I/O.	22	23	20	21	22	21	22	21	21	22	22	21	21
Holidays Worked	1	0	1	1	1	1	1	1	0	0	1	0	1
Holidays Taken	1	0	0	0	0	0	0	0	0	0	0	0	0
Residential/Yardwaste Collection	450	450	450	450	450	450	450	450	450	450	450	450	450
Route Drivers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Drivers	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Regular Hours Per Employee	167	183	151	175	168	159	168	159	167	175	167	167	167
OT Hours Per Employee Per Day	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Hourly Rate	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50
	23,632	25,901	21,363	24,765	23,621	22,495	23,621	22,495	23,632	24,766	23,632	23,632	23,632
Regular Payroll	21,009	23,025	18,952	22,017	21,177	20,001	21,177	20,001	21,009	22,017	21,009	21,009	21,009
Overtime Pay @	4,679	4,892	4,254	4,892	4,679	4,466	4,679	4,466	4,679	4,892	4,679	4,679	4,679
# of Holidays Worked	3,308	473	3,308	3,308	2,835	3,308	2,835	3,308	473	473	3,308	473	473
# of Holidays Taken	1,134	1,243	1,025	1,188	1,143	1,080	1,143	1,080	1,134	1,134	1,134	1,134	1,134
# of Sick Days Payroll	2,127	2,331	1,923	2,229	2,144	2,025	2,144	2,025	2,127	2,229	2,127	2,127	2,127
# of Vac Days Payroll	1,013	1,143	900	1,080	1,013	900	1,013	900	1,013	1,013	1,013	1,013	1,013
Boot Allowance	34,494	31,955	28,502	31,635	31,979	30,850	31,979	30,850	29,210	30,587	32,257	30,344	377,481
Total Payroll Expense:	2,665	2,477	2,286	4,120	2,638	2,393	2,478	2,393	2,264	2,370	2,500	2,352	30,937
Payroll Taxes @	2,899	2,899	2,899	2,899	2,899	2,899	2,899	2,899	2,899	2,899	2,899	2,899	2,899
7.75% Payroll Taxes	644.00	644.00	644.00	644.00	644.00	644.00	644.00	644.00	644.00	644.00	644.00	644.00	644.00
Union Pension Mo.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Non Union Pension @	1,791.99	1,791.99	1,791.99	1,791.99	1,791.99	1,791.99	1,791.99	1,791.99	1,791.99	1,791.99	1,791.99	1,791.99	1,791.99
Health & Welfare Mo.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Workers Comp @	10.14%	10.14%	10.14%	10.14%	10.14%	10.14%	10.14%	10.14%	10.14%	10.14%	10.14%	10.14%	10.14%
ESOP @	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Fringe Benefits:	17,120	16,664	16,243	19,454	17,814	17,458	17,654	17,458	17,159	17,405	17,704	17,362	209,923
Total Payroll & Related (includes ESOP):	\$1,524	\$4,649	\$4,574	\$3,043	\$4,723	\$4,338	\$4,633	\$4,338	\$4,633	\$4,622	\$4,961	\$4,705	\$87,164
Commercial MSW	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Spare Drivers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Drivers	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Regular Hours Per Employee	167	183	151	175	168	159	168	159	167	175	167	167	167
OT Hours Per Employee Per Day	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Hourly Rate	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50
	5,250	5,754	4,746	5,502	5,282	4,988	5,282	4,988	5,250	5,502	5,250	5,250	5,250
Regular	4,657	5,115	4,219	4,891	4,705	4,443	4,705	4,443	4,657	4,891	4,657	4,657	4,657
Overtime Pay @	1,040	1,087	945	1,087	1,040	992	1,040	992	1,040	1,040	992	992	992
# of Holidays Worked	735	105	735	735	630	735	630	735	105	105	735	105	105
# of Holidays Taken	252	276	228	254	254	240	254	240	252	254	252	252	252
# of Sick Days Payroll	473	518	427	495	476	450	476	450	473	495	473	473	473
# of Vac Days Payroll	225	254	210	254	225	210	225	210	225	225	225	225	225
Boot Allowance	7,643	7,161	6,554	7,472	7,104	6,860	7,104	6,860	6,449	6,795	7,166	6,741	83,891
Total Payroll Expense:	502	550	508	915	586	532	551	532	503	527	555	522	6,873
Payroll Taxes @	644	644	644	644	644	644	644	644	644	644	644	644	644
7.75% Payroll Taxes	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Union Pension Mo.	1,791.99	1,791.99	1,791.99	1,791.99	1,791.99	1,791.99	1,791.99	1,791.99	1,791.99	1,791.99	1,791.99	1,791.99	1,791.99
Non Union Pension @	1,715	1,720	1,685	1,730	1,721	1,686	1,721	1,686	1,715	1,720	1,715	1,715	1,715
Health & Welfare Mo.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Workers Comp @	10.14%	10.14%	10.14%	10.14%	10.14%	10.14%	10.14%	10.14%	10.14%	10.14%	10.14%	10.14%	10.14%
ESOP @	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Fringe Benefits:	3,603	3,766	3,409	4,324	3,958	3,879	3,923	3,879	3,812	3,667	3,933	3,657	46,550
Total Payroll & Related (includes ESOP):	11,455	10,887	10,163	11,798	11,022	10,739	11,027	10,739	10,301	10,682	11,079	10,598	130,441

**City of Pacific**  
**Proforma based on New Services Commencing September 1, 2010**  
**Payroll Calculations supporting Rate Year Two Estimated Costs**

Description	Business Unit												
	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Totals
Workdays (No. Holidays Worked)	22	23	20	23	22	21	21	22	21	22	22	21	260
Holidays Taken	1	0	1	1	1	1	1	1	0	0	0	0	10
Roll-off	1	1	1	1	1	1	1	1	1	1	1	1	12
Route Drivers	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Spare Drivers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Drivers	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Regular Hours Per Employee	167	183	151	175	168	159	169	167	159	175	167	167	1,677
OT Hours Per Employee Per Day	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Hourly Rate	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50
Regular Payroll	10,500	11,508	9,492	11,004	10,584	9,866	10,584	9,996	10,500	11,423	10,900	10,900	109,900
Overtime Pay @	9,375	10,231	8,438	9,783	9,409	8,895	9,409	8,895	9,375	10,155	9,630	9,630	113,247
# of Holidays Worked	2,078	2,174	1,890	2,174	2,079	1,985	2,079	1,985	2,078	2,158	2,158	2,158	24,804
# of Holidays Taken	1,470	210	1,470	1,470	1,260	1,470	1,260	1,470	210	218	218	218	12,252
# of Sick Days Payroll	504	552	455	528	508	480	508	480	504	548	523	523	5,823
# of Sick Days Payroll	945	1,035	854	980	953	900	953	900	945	1,028	981	981	11,465
Book Allowance	450	450	450	450	450	450	450	450	450	450	450	450	500
225.00 Other(payroll)	15,287	14,282	13,108	14,845	14,209	13,720	14,209	13,720	14,209	14,558	14,879	13,595	169,809
Total Payroll Expenses:	18,105	19,915	16,300	18,553	17,752	16,523	17,752	16,523	18,105	19,541	18,969	18,969	213,500
Payroll Taxes @	1,185	1,101	1,016	1,831	1,172	1,063	1,101	1,063	1,066	1,128	1,153	1,065	13,504
Union Pension Mo.	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	15,456
Non Union Pension @	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Health & Welfare Mo.	3,584	3,584	3,584	3,584	3,584	3,584	3,584	3,584	3,584	3,584	3,584	3,584	45,878
Workers Comp @	1,550	1,440	1,323	1,516	1,441	1,391	1,441	1,391	1,316	1,476	1,509	1,419	17,210
ESOP @	7,607	7,413	7,217	8,949	7,915	7,756	7,844	7,756	7,624	7,905	7,964	7,806	93,457
Total Fringe Benefits:	22,884	21,615	20,325	23,694	22,124	21,476	22,053	21,476	20,602	22,464	22,543	21,501	263,285
Total Payroll & Related (includes ESOP):	41,000	41,530	36,625	42,247	39,876	38,000	39,805	39,000	38,707	42,005	41,512	40,470	476,785
Commercial Recycling	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Spare Drivers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Drivers	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Regular Hours Per Employee	167	183	151	175	168	159	169	167	159	175	167	167	1,677
OT Hours Per Employee Per Day	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Hourly Rate	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50	\$ 31.50
Regular Payroll	5,250	5,784	4,745	5,502	5,252	4,998	5,252	4,998	5,250	5,502	5,250	5,250	51,900
Overtime Pay @	4,667	5,115	4,219	4,891	4,705	4,443	4,705	4,443	4,667	4,991	4,667	4,667	55,082
# of Holidays Worked	1,040	1,087	945	1,087	1,040	992	1,040	992	1,040	1,040	1,040	992	12,285
# of Holidays Taken	735	105	735	735	630	735	630	735	105	105	105	105	8,090
# of Sick Days Payroll	252	276	228	264	254	240	254	240	252	264	252	252	3,020
# of Sick Days Payroll	473	518	427	495	476	450	476	450	473	495	473	473	5,878
Book Allowance	225	225	225	225	225	225	225	225	225	225	225	225	255
225.00 Other(payroll)	7,643	7,101	6,554	7,472	7,104	6,800	7,104	6,800	6,489	6,795	7,166	6,741	83,951
Total Payroll Expenses:	18,105	19,915	16,300	18,553	17,752	16,523	17,752	16,523	18,105	19,541	18,969	18,969	213,500
Payroll Taxes @	1,185	1,101	1,016	1,831	1,172	1,063	1,101	1,063	1,066	1,128	1,153	1,065	13,504
Union Pension Mo.	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	15,456
Non Union Pension @	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Health & Welfare Mo.	3,584	3,584	3,584	3,584	3,584	3,584	3,584	3,584	3,584	3,584	3,584	3,584	45,878
Workers Comp @	1,550	1,440	1,323	1,516	1,441	1,391	1,441	1,391	1,316	1,476	1,509	1,419	17,210
ESOP @	7,607	7,413	7,217	8,949	7,915	7,756	7,844	7,756	7,624	7,905	7,964	7,806	93,457
Total Fringe Benefits:	22,884	21,615	20,325	23,694	22,124	21,476	22,053	21,476	20,602	22,464	22,543	21,501	263,285
Total Payroll & Related (includes ESOP):	41,000	41,530	36,625	42,247	39,876	38,000	39,805	39,000	38,707	42,005	41,512	40,470	476,785



**City of Pacifica**  
**Proforma based on New Services Commencing September 1, 2010**  
**Payroll Calculations supporting Rate Year Two Estimated Costs**

Description	Business Unit												Totals
	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	
Workdays (26)	22	23	23	23	22	21	22	21	21	22	22	21	20
Holidays Worked	1	0	1	1	1	1	1	1	0	0	1	0	0
Holidays Taken	1	1	1	1	1	1	1	1	1	1	1	1	1
Auxiliary/Routed/Rescue Year													
1 Container delivery, 2 Recycle Yard													
Regular Hours Per Employee	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
OT Hours Per Employee Per Day	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Hourly Rate	\$ 30.83	\$ 30.83	\$ 30.83	\$ 30.83	\$ 30.83	\$ 30.83	\$ 30.83	\$ 30.83	\$ 30.83	\$ 30.83	\$ 30.83	\$ 30.83	\$ 30.83
	15,417	16,037	15,937	16,157	15,540	14,677	15,540	14,677	15,541	16,157	15,417	14,677	15,417
Regular Payroll	13,705	15,021	12,390	14,364	13,815	13,048	13,815	13,048	13,706	14,364	13,706	13,048	13,706
Overtime Pay @	3,053	3,191	2,775	3,191	3,053	2,914	3,053	2,914	3,053	3,191	3,053	2,914	3,053
# of Holidays Worked	2,158	308	2,158	2,158	2,158	2,158	2,158	2,158	308	308	2,158	308	2,158
# of Holidays Taken	740	811	776	748	748	704	748	704	776	748	740	740	740
# of Sick Days Payroll	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480
# of Vac Days Payroll	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480
Book Allowance	675	1,521	1,254	1,454	1,399	1,321	1,399	1,321	1,388	1,454	1,388	1,388	1,388
Total Payroll Expenses:	22,459	26,952	19,246	21,942	20,862	20,145	20,862	20,145	19,855	20,873	21,044	19,755	20,862
Payroll Taxes @	1,741	1,816	1,492	1,688	1,721	1,501	1,688	1,501	1,677	1,721	1,677	1,501	1,677
Union Pension (Mo.)	1,932	1,932	1,932	1,932	1,932	1,932	1,932	1,932	1,932	1,932	1,932	1,932	1,932
Non Union Pension @	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Health & Welfare (Mo.)	5,376	5,376	5,376	5,376	5,376	5,376	5,376	5,376	5,376	5,376	5,376	5,376	5,376
Workers Comp @	2,270	2,115	1,952	2,225	2,115	2,043	2,115	2,043	2,092	2,115	2,092	2,115	2,092
ESOP @	11,327	11,039	10,752	12,758	11,683	11,450	11,683	11,450	11,256	11,537	11,611	11,288	11,537
Total Fringe Benefits:	32,706	31,851	29,958	34,701	32,545	31,595	32,545	31,595	30,311	32,166	32,555	31,183	32,545
Total Payroll & Related (includes ESOP):	55,165	58,803	49,204	56,643	53,407	51,740	53,407	51,740	50,166	53,039	53,599	50,938	53,407
Operations Management													
1 GM, 1 Ops Manager/Supervisor													
Regular Hours Per Employee	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Hourly Rate	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00
	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Regular Payroll	40,500	40,500	40,500	40,500	40,500	40,500	40,500	40,500	40,500	40,500	40,500	40,500	40,500
Overtime Pay @	14,275	14,275	14,275	14,275	14,275	14,275	14,275	14,275	14,275	14,275	14,275	14,275	14,275
# of Holidays Worked	8	8	8	8	8	8	8	8	8	8	8	8	8
# of Holidays Taken	480	480	480	480	480	480	480	480	480	480	480	480	480
# of Sick Days Payroll	785	785	785	785	785	785	785	785	785	785	785	785	785
# of Vac Days Payroll	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480
Annual Bonus													
Total Payroll Expense:	54,775	54,775	54,775	54,775	54,775	54,775	54,775	54,775	54,775	54,775	54,775	54,775	54,775
Payroll Taxes @	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221	3,221
Union Pension (Mo.)	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Non Union Pension @	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Health & Welfare (Mo.)	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Workers Comp @	1,728	1,728	1,728	1,728	1,728	1,728	1,728	1,728	1,728	1,728	1,728	1,728	1,728
ESOP @	6,049	6,049	6,049	6,049	6,049	6,049	6,049	6,049	6,049	6,049	6,049	6,049	6,049
Total Fringe Benefits:	16,998	16,998	16,998	16,998	16,998	16,998	16,998	16,998	16,998	16,998	16,998	16,998	16,998
Total Payroll & Related (includes ESOP):	71,773	71,773	71,773	71,773	71,773	71,773	71,773	71,773	71,773	71,773	71,773	71,773	71,773

**City of Pacifica**  
**Proforma based on New Services Commencing September 1, 2010**  
**Payroll Calculations supporting Rate Year Two Estimated Costs**

Description	Business Unit												Totals
	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	
Woradays (A/L)	22	23	20	23	22	21	22	21	21	22	22	21	21
Holidays Worked	1	0	1	1	1	1	1	1	1	0	0	1	0
Holidays Taken	1	1	1	1	1	1	1	1	1	1	1	1	1
Truck & Garage	1	1	1	1	1	1	1	1	1	1	1	1	1
2 Mechanics	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Regular Hours Per Employee	167	183	151	175	168	159	168	150	167	175	167	167	167
OT Hours Per Employee Per Day	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Hourly Rate	\$ 32.50	\$ 32.50	\$ 32.50	\$ 32.50	\$ 32.50	\$ 32.50	\$ 32.50	\$ 32.50	\$ 32.50	\$ 32.50	\$ 32.50	\$ 32.50	\$ 32.50
	10,833	11,873	9,753	11,353	10,920	10,313	10,900	10,313	10,833	11,353	10,833	10,833	10,833
Regular Payroll	9,631	10,555	8,706	10,093	9,708	9,169	9,708	9,169	9,631	10,093	9,631	9,631	9,631
Overtime Pay @ 15.00% Overtime	3,218	3,354	2,825	3,261	3,216	3,071	3,216	3,071	3,218	3,218	3,218	3,218	3,218
# of Holidays Worked	1,517	217	1,517	1,517	1,300	1,517	1,300	1,517	217	217	217	217	217
# of Holidays Taken	520	570	470	545	524	465	524	465	520	545	520	520	520
# of Sick Days Payoff	975	1,059	881	1,022	983	928	983	928	975	1,022	975	975	975
# of Vac Days Payoff	450	450	450	450	450	450	450	450	450	450	450	450	450
Boel Allowance													
Total Payroll Expense:	16,030	15,774	14,459	16,540	15,732	15,160	15,732	15,160	14,414	15,544	15,950	14,934	16,220
Payroll Taxes @ 7.75% Payroll Taxes	1,304	1,223	1,124	1,286	1,288	1,176	1,219	1,176	1,117	1,205	1,229	1,157	1,254
Union Pension (A/L) @ 6.44% O/S Pension	1,206	1,288	1,203	1,288	1,288	1,266	1,288	1,266	1,288	1,332	1,332	1,332	1,332
Non Union Pension @ 0.00% I/C Pension-Normal													
Health & Welfare (A/L) @ 1.70% I/C Health Insurance	3,584	3,584	3,584	3,584	3,584	3,584	3,584	3,584	3,584	3,584	3,584	3,584	3,584
Workers Comp @ 10.14% I/C Workers Comp	1,707	1,600	1,471	1,677	1,596	1,539	1,596	1,539	1,462	1,576	1,608	1,515	1,655
ESOP @ 0.00% Non Cash ESOP Exp													
Total Fringe Benefits:	7,883	7,695	7,467	8,575	7,765	7,587	7,687	7,587	7,451	7,697	7,753	7,536	8,236
Total Payroll & Related (includes ESOP):	24,713	23,469	21,926	25,115	23,498	22,747	23,419	22,747	21,865	23,241	23,693	22,522	27,856
General & Administrative	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
1 Office Mgr, 3 CSRs	167	183	151	175	168	159	168	150	167	175	167	167	167
Regular Hours Per Employee	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00
Hourly Rate	13,333	14,613	12,083	13,973	13,440	12,693	13,978	13,201	13,967	14,332	13,867	13,867	13,867
Regular Payroll	11,492	12,598	10,399	12,045	11,585	10,941	12,049	11,379	11,653	12,527	11,053	11,553	14,065
Overtime Pay @ 5.00% Overtime	575	630	519	602	579	502	569	526	598	626	598	598	7,043
# of Holidays Worked	1,807	287	1,807	1,807	1,600	1,807	1,600	1,807	287	287	287	287	287
# of Holidays Taken	640	701	579	671	645	609	671	634	666	689	666	666	1,305
# of Sick Days Payoff	640	701	579	671	645	609	671	634	666	689	666	666	7,844
# of Vac Days Payoff	1,200	1,315	1,085	1,258	1,210	1,142	1,258	1,186	1,248	1,308	1,248	1,248	14,708
Annual Bonus													
Total Payroll Expense:	16,415	18,510	14,439	16,442	15,619	15,107	16,244	15,711	14,742	15,435	16,408	15,408	18,747
Payroll Taxes @ 7.75% Payroll Taxes	1,272	1,202	1,119	1,281	1,289	1,171	1,259	1,216	1,143	1,194	1,271	1,194	1,348
Union Pension (A/L) @ 6.44% O/S Pension													
Non Union Pension @ 0.00% I/C Pension-Normal													
Health & Welfare (A/L) @ 1.50% O/S Health Insurance	6,000	5,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	72,000
Workers Comp @ 10.14% I/C Workers Comp	1,685	1,573	1,464	1,668	1,594	1,532	1,647	1,593	1,495	1,585	1,684	1,583	18,013
ESOP @ 0.00% Non Cash ESOP Exp													
Total Fringe Benefits:	8,937	8,775	8,583	9,652	8,873	8,702	8,906	8,811	8,638	8,761	8,935	8,757	10,651
Total Payroll & Related (includes ESOP):	25,152	24,385	23,022	26,124	24,492	23,810	25,150	24,532	23,380	24,196	25,341	24,165	29,399

City of Pacific  
 Proforma based on New Services Commencing September 1, 2010  
 Payroll Calculations supporting Rate Year Two Estimated Costs

Description	Business Unit												Totals
	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	
Weekdays / Mo.	22	23	20	20	22	21	22	21	21	22	22	21	25
Holidays Worked	1	0	1	1	1	1	1	1	0	0	1	0	10
Holidays Taken	1	0	0	0	0	0	0	0	0	0	0	0	0
Company Totals	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000
Number of Employees	176	184	160	184	178	168	176	168	168	178	176	168	2,000
Regular Hours Per Employee	184	184	160	184	178	168	176	168	168	178	176	168	2,000
Hourly Rate @ 9.03	\$ 151,106	\$ 152,370	\$ 127,140	\$ 147,277	\$ 141,581	\$ 133,653	\$ 142,501	\$ 134,813	\$ 140,895	\$ 148,057	\$ 141,828	\$ 141,828	\$ 1,694,640
Regular Payroll	24,509	27,836	24,177	27,808	26,602	25,368	26,625	25,410	25,439	28,729	26,701	25,514	312,737
Overtime	20,243	2,693	20,243	20,243	17,352	20,243	17,416	20,317	2,903	2,911	20,373	2,911	168,046
# of Holidays Worked	7,420	480	480	480	480	480	489	489	489	489	489	489	7,484
# of Holidays Taken	7,735	8,402	6,865	8,059	7,257	7,233	7,813	7,387	7,721	8,111	7,776	7,276	19,799
# of Sick Days Payroll	14,594	15,754	13,060	15,129	14,543	13,750	14,649	13,650	14,477	15,209	14,580	14,360	92,846
# of Vac Days Payroll	5,875	208,734	192,002	210,002	208,315	201,847	202,593	202,275	191,905	205,075	211,557	200,193	9,769
Boot Allowance													
Total Payroll Expenses:	17,145	16,177	14,856	26,491	17,150	15,581	16,243	15,876	14,878	15,941	16,417	15,514	202,059
Payroll Taxes @	16,102	16,102	16,102	16,102	16,102	16,102	16,102	16,102	16,102	16,146	16,146	16,146	193,354
Union Pension / Mo.													
Non Union Pension @	53,805	53,805	53,805	53,805	53,805	53,805	53,805	53,805	53,805	53,805	53,805	53,805	637,267
Health & Welfare / Mo.	22,436	21,169	19,478	22,211	21,128	20,389	21,257	20,513	19,488	20,857	21,465	20,304	250,656
Workers Comp @													
ESOP @													
Non Cash ESOP Exp	109,489	107,253	104,272	122,232	112,808	110,500	112,030	110,719	108,876	111,372	112,476	110,392	1,333,416
Total Fringe Benefits:	310,711	315,997	296,337	342,237	321,123	311,547	321,023	312,934	300,841	317,051	324,333	310,525	3,605,340
Total Payroll & Related (includes ESOP):													

**City of Pacifica**  
**Proforma based on New Services Commencing September 1, 2010**  
**Truck & Garage Cost Calculations supporting Estimated Rate Year Two Costs**

Description	Factor	GPH	Routes	Trucks	Gallons	Rate	Expense
<b>Residential Garbage</b>							
Fuel (Diesel)	Hours	3.5	5.50	7.50	32,505	3.25	105,641
Tires & Tubes	Annual			7.50		3,500	28,234
Parts	Annual			7.50		5,000	37,477
Oil	Annual					2% of Fuel	2,113
Supplies	Annual			7.50		3,200	23,985
Taxes & Licenses	Annual			7.50		4,675	35,041
Fines & Penalties	Annual			7.50		-	700
Other	Annual			7.50		2,300	17,239
							248,430
<b>Residential Recycling</b>							
Fuel (Diesel)	Hours	3.5	3.00	4.00	17,722	3.25	57,596
Tires & Tubes	Annual			4.00		3,500	13,966
Parts	Annual			4.00		5,000	19,990
Oil	Annual					2% of Fuel	1,152
Supplies	Annual			4.00		3,200	12,787
Taxes & Licenses	Annual			4.00		4,675	18,682
Fines & Penalties	Annual			4.00		-	-
Other	Annual			4.00		2,300	8,191
							133,375
<b>Residential Yardwaste</b>							
Fuel (Diesel)	Hours	3.5	4.50	5.00	26,626	3.25	86,533
Tires & Tubes	Annual			5.00		3,500	17,605
Parts	Annual			5.00		5,000	25,007
Oil	Annual					2% of Fuel	1,731
Supplies	Annual			5.00		3,200	16,004
Taxes & Licenses	Annual			5.00		4,675	23,381
Fines & Penalties	Annual			5.00		-	-
Other	Annual			5.00		2,300	11,503
							161,654
<b>Commercial Solid Waste</b>							
Fuel (Diesel)	Hours	3.5	1.00	2.00	8,645	3.25	28,096
Tires & Tubes	Annual			2.00		3,500	7,000
Parts	Annual			2.00		5,000	10,000
Oil	Annual					2% of Fuel	562
Supplies	Annual			2.00		3,200	6,400
Taxes & Licenses	Annual			2.00		2,675	5,350
Fines & Penalties	Annual			2.00		-	-
Other	Annual			2.00		2,300	4,800
							62,006
<b>Debris Box</b>							
Fuel (Diesel)	Hours	3.5	2.00	2.00	17,290	3.25	56,193
Tires & Tubes	Annual			2.00		3,500	7,000
Parts	Annual			2.00		5,000	10,000
Oil	Annual					2% of Fuel	1,124
Supplies	Annual			2.00		3,200	6,400
Taxes & Licenses	Annual			2.00		4,675	9,350
Fines & Penalties	Annual			2.00		-	-
Other	Annual			2.00		2,300	4,600

City of Pacifica

Proforma based on New Services Commencing September 1, 2010  
Truck & Garage Cost Calculations supporting Estimated Rate Year Two Costs

Description	Factor	GPH	Routes	Trucks	Gallons	Rate	Expense
<b>Commercial Recycling</b>							
Fuel (Diesel)	Hours	3.5	1.00	1.00	8,645	3.25	28,096
Tires & Tubes	Annual			1.00		3,500	3,500
Parts	Annual			1.00		5,000	5,000
Oil					2% of Fuel		562
Supplies	Annual			1.00		3,200	3,200
Taxes & Licenses	Annual			1.00		4,675	4,675
Fines & Penalties	Annual			1.00		-	-
Other	Annual			1.00		2,300	2,300
							47,333
<b>General &amp; Administrative</b>							
Fuel	Miles	1	1.00	1.00	2,470	3.25	8,028
Tires & Tubes	Annual			1.00		1,000	1,000
Parts	Annual			1.00		1,450	1,450
Supplies (Fluids, oil, etc)	Annual			1.00		1,600	1,600
Taxes & Licenses	Annual			1.00		2,338	2,338
Fines & Penalties	Annual			1.00		-	-
Other	Annual			1.00		1,150	1,150
							15,565
<b>Vehicle Maintenance</b>							
Fuel	Miles	1	1.00	1.00	2,470	3.25	8,028
Tires & Tubes	Annual			1.00		1,000	1,000
Parts	Annual			1.00		1,450	1,450
Supplies (Fluids, oil, etc)	Annual			1.00		1,600	1,600
Taxes & Licenses	Annual			1.00		2,338	2,338
Fines & Penalties	Annual			1.00		-	-
Other	Annual			1.00		1,150	1,150
							15,565
<b>Container Maintenance</b>							
Fuel	Miles	1	1.00	1.00	2,470	3.25	8,028
Tires & Tubes	Annual			1.00		1,000	1,000
Parts	Annual			1.00		1,450	1,450
Supplies (Fluids, oil, etc)	Annual			1.00		1,600	1,600
Taxes & Licenses	Annual			1.00		2,338	2,338
Fines & Penalties	Annual			1.00		-	-
Other	Annual			1.00		1,150	1,150
							15,565
<b>Summary</b>					118,842		814,171
Fuel							388,238
Tires & Tubes							79,225
Parts							111,814
Supplies (Fluids, oil, etc)							80,820
Taxes & Licenses							103,491
Fines & Penalties							700
Other							52,883
<b>Total Truck &amp; Garage:</b>							814,171

City of Pacifica  
 Proforma based on New Services Commencing September 1, 2010  
 Annual Clean-ups Cost Estimate supporting Estimated Rate Year Two Costs

WAGES

	Count	Rate	Hrs	Wages
Drivers	5	\$47.25	8	\$1,890
Customer service representatives	1	\$30.02	8	\$240
				<u>\$2,130</u>
				7.75% Taxes
				\$165
				\$2,295 Wages per event
			4 Events per Year	
				\$9,181 Total Wages

DISPOSAL

Average Disposal per Clean-up	100 ton	
	\$45.76 Rate/ton	
	\$4,576 Disposal per event	
	4 Events per Year	
	\$18,304 Total Disposal Cost	
	\$27,485 Total Annual Clean-up Cost	

City of Pacifica

Proforma based on New Services Commencing September 1, 2010  
 Disposal and Processing Costs supporting Estimated Rate Year Two Costs

**SOLID WASTE DISPOSAL COSTS**

Description	Annual Tons	Rate	Expense	Pacifica Only Annual Expense
Residential MSW (Pacifica)	10,450	\$50.37	\$526,367	\$526,367
Residential MSW (Other)	3,690	50.37	\$185,865	
Commercial MSW (Pacifica)	2,000	50.37	\$100,740	\$100,740
Commercial MSW (Other)	500	50.37	\$25,185	
Roll off disposal (Pacifica)	3,000	50.37	\$151,110	\$151,110
Roll off disposal (Other)	852	50.37	\$43,419	
<b>Total Solid Waste Tons</b>	<b>20,502</b>		<b>\$1,032,686</b>	<b>\$779,217</b>

**ORGANICS PROCESSING COSTS**

Residential Organics (Pacifica)	4,102	\$76.74	\$314,787	\$314,787
Residential Organics (Other)	1,330	76.74	\$102,064	
<b>Total Organics Tons</b>	<b>5,432</b>		<b>\$416,852</b>	<b>\$314,787</b>

**RECYCLABLES PROCESSING REVENUES**

Residential Recycling (Pacifica)	5,130	\$19.64	\$100,753	\$100,753
Residential Recycling (Other)	2,000	19.64	\$39,280	
Commercial Recycling	600	19.64	\$11,784	\$11,784
			\$0	
			\$0	
<b>Total Recycling Tons</b>	<b>7,730</b>		<b>\$151,817</b>	<b>\$112,537</b>
<b>Total Volume (Solid Waste, Organics, and Recyclable Materials)</b>	<b>33,664</b>			

**TONNAGE ESTIMATES**

Volume Summary	Tons/Year	Pacifica Only Tons/Year
MSW (Pacifica)	15,450	15,450
Organics (Pacifica)	4,102	4,102
Recycling (Pacifica)	5,730	5,730
MSW (Other)	5,052	
Organics (Other)	1,330	
Recycling (Other)	2,000	
<b>Total Volume</b>	<b>33,664</b>	<b>25,282</b>

Franchise Agreement with Recology of the Coast and City of Pacifica

City of Pacifica  
 Agreed-Upon Transfer Station, Transport, Processing, and Disposal Fees  
 Effective for Rate Year Two

	Solid Waste (\$/ton)	Recyclable Material (\$/ton)	Organic Material (\$/ton)
<b>Transfer Station Fee</b>			
Base Component	not applicable		
Regulatory Fee Components	not applicable		
	not applicable		
	not applicable		
	not applicable		
<b>Total Transfer Station Fee</b>	\$0.00	\$5.20	\$5.38

To be documented on or before  
 November 1, 2010

<b>Transport Fee</b>			
Base Component	not applicable	\$21.16	\$23.61
Regulatory Fee Components	not applicable	\$0.00	\$0.00
	not applicable	\$0.00	\$0.00
	not applicable	\$0.00	\$0.00
	not applicable	\$0.00	\$0.00
<b>Total Transport Fee</b>	\$0.00	\$21.16	\$23.61

<b>Net Processing/Disposal Fee*</b>			
Base Component	\$0.00		
Regulatory Fee Components	\$0.00		
	\$0.00		
	\$0.00		
	\$0.00		
<b>Total Processing/Disposal Fee</b>	\$50.37	(\$47.00)	\$47.75

To be documented on or before  
 November 1, 2010

<b>TOTAL (Transfer Station, Transport, Processing/Disposal)</b>	\$50.37	(\$19.64)	\$78.74
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\* Net of Revenue from the Sale of Recyclable/Organic Materials



City of Pacifica

Proforma based on New Services Commencing September 1, 2010  
Allocation Methodology Example supporting Rate Year Two Cost Estimate and Future Cost-Based Rate Adjustments

Allocation Methodology Example supporting Rate Year Two Cost Estimate and Future Cost-Based Rate Adjustments

Single Family Households (S-F HH)

Rep's	10/1/11	11/30/11	3/31/12	Total	Per HH	Other	Total	Per HH	Other	Total	Per HH	Other
USW Rouse	5.5	4.0	1.5	1.5	0.4	1.1	0.4	1.6	0.4	8.9	2.1	2.1
Residing Rouse	2.0	1.6	1.5	0.0	0.0	0.0	0.0	1.6	0.0	3.5	0.9	0.9
Child Rouse	4.5	3.8	0.8	0.0	0.0	0.0	0.0	3.8	0.0	7.3	1.8	1.8
Total Rouse	12.0	9.4	3.8	2.0	0.4	1.1	0.4	1.6	0.4	12.4	3.1	3.1
Tow	14.10	10.65	3.60	3.50	0.9	2.6	0.9	3.5	0.9	17.2	4.3	4.3
City of Pacifica	7.10	3.10	2.00	0	0	0	0	3.10	0	3.00	0.7	0.7
Operating Time	5.02	4.10	1.30	0	0	0	0	4.10	0	8.2	2.0	2.0
Total Tow	20.70	18.00	7.00	3.50	0.9	2.6	0.9	3.5	0.9	24.7	6.2	6.2
Drain fly catch				1.00	0.25	0.75	0.25	1.00	0.25	1.00	0.25	1.00
Cost Allocation				1.00	0.25	0.75	0.25	1.00	0.25	1.00	0.25	1.00

2010 Budget

Estimated

Rate for Two

Households

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Franchise Agreement with Resology of the Coast

and City of Pacifica

Page 13 of 33

City of Pacifica

Profirma based on New Services Commencing September 1, 2010

Allocation Methodology Example supporting Rate Year Two Cost Estimate and Future Cost-Based Rate Adjustments

Allocation Category	Total		Water		Sewer		Solid Waste		Other	
	Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer
Single-Family Household (S-F HHs)	14,741	11,879	3,712							
Utility Revenue	5.5	4.0	1.5							
Recycling Revenue	3.0	1.4	1.6							
Organics Revenue	4.5	2.8	0.8	1.1	0.4	1.6	0.4	2.0	0.7	2.3
Total Revenue	13.0	9.0	3.4	1.6	0.4	1.6	0.4	17.0	3.1	4.6
Total										
Utility Tax	14,140	10,455	3,685	7,000	507	3,043	412			
Receipts Tax	7,130	5,130	2,000	600	0	0	0			
Qualitas Tax	5,922	4,122	1,320	500	0	0	0			
Total Tax	27,192	19,707	7,005	7,600	507	3,043	412			
Debit Balance										
Cost Allocation										

Cost Allocation	Total Costs to the City (for the year)		Water		Sewer		Solid Waste		Other		Total	
	Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer
Telephone		20,000										20,000
Advertising		10,000										10,000
Print & Special Events		3,600										3,600
Debit		-										-
Direct Expenses		-										-
Employee Training & Development		20,000										20,000
Printing		43,500										43,500
Local Utility Fee		36,000										36,000
Tax - Secret Property		45,000										45,000
Annual Charge		36,000										36,000
Suburban Fee		25,000										25,000
Salary Manager		-										-
Sal. Director		178,000										178,000
Sal. Senior Charge		50,000										50,000
Regional Accounting Fee		50,078										50,078
Regional Management Fee		91,494										91,494
Normal Accounting		43,450										43,450
Environmental Accounting		18,000										18,000
Human Resources Fee		18,100										18,100
Corporate Management		53,599										53,599
Public Relations		4,000										4,000
Senior-Care Clerk		3,267,116										3,267,116
Total Annual Cost of Operations		4,877,116										4,877,116
Water												
Sewer												
Solid Waste												
Other												
Water												
Sewer												
Solid Waste												
Other												

City of Pacifica  
 Proforma based on New Services Commencing September 1, 2010  
 Estimated Rate Year Two Costs

Hypothetical Calculation for Example Purposes Only

	Estimated RY2 Costs (in 2010\$)	Deduct Non-Allocable Costs	Adjusted RY2 Costs (in 2010\$)	Increase %	Estimated Adjusted RY2 Costs (in 2011\$)
<b>CBA Labor Costs</b>					
Salaries and Wages	1,390,245		1,390,245	3.00%	1,431,953
Pension Expense	128,578		128,578	3.50%	133,076
Health Insurance	385,202		385,202	10.00%	423,722
<b>Subtotal - CBA Labor Costs</b>	<b>1,904,023</b>		<b>1,904,023</b>		<b>1,988,751</b>
<b>Non CBA Labor Costs</b>					
Salaries and Wages	478,488		478,488	1.50%	483,638
Pension Expense	17,458		17,458	1.50%	17,720
Health Insurance	133,549		133,549	1.50%	135,553
<b>Subtotal - Non CBA Labor Costs</b>	<b>627,493</b>		<b>627,493</b>		<b>636,909</b>
<b>Workers Compensation</b>					
CBA labor	140,995		140,995	3.00%	145,224
Non-CBA labor	48,322		48,322	1.50%	49,047
<b>Subtotal - Workers Compensation</b>	<b>189,317</b>		<b>189,317</b>		<b>194,272</b>
<b>Payroll Taxes</b>					
CBA labor	113,597		113,597	----	117,005
Non-CBA labor	39,004		39,004	----	39,689
<b>Subtotal - Payroll Taxes</b>	<b>152,601</b>		<b>152,601</b>		<b>166,694</b>
<b>Vehicle-Related Costs</b>					
Tires & Tubes	59,241		59,241	5.39%	62,435
Parts	84,679		84,679	5.39%	89,244
Supplies	61,266		61,266	5.39%	64,558
Taxes & Licenses	78,193		78,193	5.39%	82,408
Fines & Penalties	517		517	5.39%	545
Other	40,043		40,043	5.39%	42,202
<b>Subtotal - Vehicle Related Costs</b>	<b>323,929</b>		<b>323,929</b>		<b>341,302</b>
<b>Fuel Costs</b>	295,318		295,318	3.00%	304,178
<b>Organics Processing</b>					
Transfer Costs	21,700	\$5.29 per ton	21,700	1.66%	22,060
Transport Costs	95,248	\$23.22 per ton	95,248	1.66%	96,832
Processing	184,590	\$45.00 per ton	184,590	1.66%	187,658
<b>Subtotal - Organics Processing</b>	<b>301,538</b>		<b>301,538</b>		<b>306,550</b>
<b>Lease Costs</b>					
I/C Equipment Lease	522,035		522,035	0.00%	522,035
I/C Property Lease	135,000		135,000	0.00%	135,000
<b>Subtotal - Lease Costs</b>	<b>657,035</b>		<b>657,035</b>		<b>657,035</b>
<b>Other Costs</b>					
I/C Insurance	-		-	1.66%	-
Insurance Dept Fee	138,414		138,414	1.66%	140,715
O/S Facility Rent	200,663		200,663	1.66%	203,069
Building and Facility	11,223		11,223	1.66%	11,409
Utilities	18,705		18,705	1.66%	19,016
Travel & Meals	3,741	(3,741)	(0)	1.66%	(0)
Telephone	22,448		22,448	1.66%	22,819
Advertising	3,741	(3,741)	(0)	1.66%	(0)
Promo & Special Events	7,482		7,482	1.66%	7,608
Donations	3,741	(3,741)	(0)	1.66%	(0)
Dues & Subscriptions	-		-	1.66%	-
Employee Recognition	-		-	1.66%	-
Employee Training & Development	-		-	1.66%	-
Office expenses	14,964		14,964	1.66%	15,212
Postage	37,035		37,035	1.66%	37,651
Initial B/M/Award Fee	-		-	-	-
Taxes - Secured Property	22,446		22,446	1.66%	22,819
Taxes - Unsecured Property	29,927		29,927	1.66%	30,425
Annual Clean-ups	27,485		27,485	1.66%	27,942
Subcontractors/Professional Services	26,186		26,186	1.66%	26,622
Settlement Fees	-		-	1.66%	-
Safety Meetings	-		-	1.66%	-
Medical expenses	-		-	1.66%	-
Bad Debt	140,000		140,000	1.66%	142,327
Bank Service Charges	11,223		11,223	1.66%	11,409
Community Outreach	37,409		37,409	1.66%	38,031
Regional Accounting Fees*	38,142		38,142	1.66%	38,776
Regional Management Fees*	73,774		73,774	1.66%	75,000
Corporate accounting*	32,471		32,471	1.66%	33,011
IT fee*	73,322		73,322	1.66%	74,641
Environmental compliance*	12,046		12,046	1.66%	12,246
Human resources fee*	12,046		12,046	1.66%	12,246
Corporate management*	40,327		40,327	1.66%	40,998
Public relations*	3,666		3,666	1.66%	3,727
<b>Subtotal - Other Costs</b>	<b>1,042,625</b>		<b>1,031,402</b>		<b>1,048,546</b>

Payroll Tax comment:  
 Adjustment occurs pursuant to Sections 3.3.4 and 4.3.4 of Attachment K

\$5.38 per ton  
 \$23.61 per ton  
 \$45.75 per ton

**City of Pacifica**  
**Proforma based on New Services Commencing September 1, 2010**  
**Estimated Rate Year Two Costs**

	Estimated RY2		Deduct		Adjusted RY2		Increase %	Estimated	
	Costs (in 2010\$)	Non-Allowable Costs	Adjusted RY2 Costs (in 2010\$)	Non-Allowable Costs	Adjusted RY2 Costs (in 2011\$)	Costs (in 2011\$)			
<b>Total Annual Cost of Operations</b>	5,493,876		5,482,666		5,634,226				
<b>Profit (% Operating Ratio; i.e. 90%):</b>	810,431		809,164		826,025				
<b>Pass-Through City Fees</b>									
Franchise Fees	843,883		842,172		863,305	0.00%			
Frontierland Park Fee Remediation	75,000		75,000		75,000	0.00%			
Contingent Fee	10,000		10,000		10,000	0.00%			
AB933 Regulatory Fee	30,000		30,000		30,000	0.00%			
<b>Subtotal - City Fees</b>	<b>958,883</b>		<b>957,172</b>		<b>978,305</b>				
<b>Other Pass-throughs - 6 mos green waste settlement</b>	<b>(56,250)</b>		<b>(56,250)</b>		<b>(56,250)</b>				
<b>Other Pass-throughs - Recyclable Material Processing</b>									
Transfer Costs	34,953	\$6.10 per ton	34,953		35,534	1.69%	\$6.20 per ton		
Transport Costs	119,241	\$70.61 per ton	119,241		121,223	1.69%	\$21.16 per ton		
Commodities sales	(289,310)	(\$47.02) per ton	(289,310)		(289,310)	0.00%	(\$47.00) per ton		
<b>Subtotal - Recyclable Material Processing</b>	<b>(115,116)</b>		<b>(115,116)</b>		<b>(112,653)</b>				
<b>Other Pass-throughs - Disposal</b>	<b>778,217</b>		<b>778,217</b>		<b>778,217</b>				
<b>Total Costs</b>	<b>7,669,843</b>		<b>7,655,882</b>		<b>7,847,969</b>				
					<b>Estimated Annual Billings at Current Rates</b>		<b>7,000,000</b>		
					<b>Revenue Surplus/(Shortfall)</b>		<b>(847,969)</b>		
					<b>RY2 Rate Adjustment Factor</b>		<b>12.1%</b>		

\* These expenses are costs associated with Permitted Related Party Transactions and shall be adjusted during the Term in accordance with Section 15.05(v) of the Agreement and Section 4.2.2.f of Attachment K.

City of Pacifica  
 Index-Based Rate Adjustment Calculation Example  
 Example Calculation for Determining Rate Year Three Costs and Rate Adjustment Factor

Hypothetical Calculations for Example Purposes

	RY2 (2011) Expenses	CPI Increase %	RY3 (2012) Calculated
<b>CBA Labor Costs</b>			
Salaries and Wages	1,431,953	3.00%	1,474,911
Pension Expense	133,076	3.50%	137,734
Health Insurance	423,722	10.00%	466,095
Subtotal - CBA Labor Costs	1,988,751		2,078,739
<b>Non-CBA Labor Costs</b>			
Salaries and Wages	483,636	1.50%	490,893
Pension Expense	17,720	1.50%	17,986
Health Insurance	135,553	1.50%	137,587
Subtotal - Non-CBA Labor Costs	636,909		646,466
<b>Workers Compensation</b>			
CBA Costs	145,224	3.00%	149,581
Non-CBA Costs	49,047	1.50%	49,783
Subtotal - Workers Compensation	194,272		199,364
<b>Payroll Taxes</b>			
CBA Costs	117,005	---	120,515
Non-CBA Costs	39,589	---	40,183
Subtotal - Payroll Taxes	156,594		160,698
<b>Vehicle Related Costs</b>			
Tires & Tubes	62,435	5.39%	65,801
Parts	89,244	5.39%	94,055
Supplies	84,668	5.39%	88,039
Taxes & Licenses	82,408	5.39%	86,850
Fines & Penalties	545	5.39%	574
Other	42,202	5.39%	44,477
Subtotal - Vehicle Related Costs	341,392		359,799
<b>Fuel Costs</b>			
	304,178	3.00%	313,303
<b>Organics Processing</b>			
Transfer Costs	22,060	Note 1	22,501
Transport Costs	96,832	Note 1	98,768
Processing	187,658	Note 1	191,412
Subtotal - Organics Processing	306,550		312,681
<b>Lease Costs</b>			
I/C Equipment Lease	522,035	0.00%	522,035
I/C Property Lease	135,000	0.00%	135,000
Subtotal - Lease Costs	657,035		657,035
<b>Other Costs</b>			
I/C Insurance	-	1.66%	-
Insurance Dept Fee	140,715	1.66%	143,054
O/S Facility Rent	203,999	1.66%	207,300
Building and Facility	11,409	1.66%	11,599
Utilities	19,016	1.66%	19,332
Travel & Meals	(0)	1.66%	(0)
Telephone	22,819	1.66%	23,198
Advertising	(0)	1.66%	(0)
Promo & Special Events	7,808	1.66%	7,733
Donations	(0)	1.66%	(0)
Dues & Subscriptions	-	1.66%	-
Employee Recognition	-	1.66%	-
Employee Training & Development	-	1.66%	-
Office expenses	15,212	1.66%	15,465
Postage	37,651	1.66%	38,277
Taxes - Secured Property	22,819	1.66%	23,198
Taxes - Unsecured Property	30,425	1.66%	30,931
Annual Clean-ups	27,942	1.66%	28,408
Subcontractors/Professional Services	26,622	1.66%	27,084
Settlement Fees	-	1.66%	-
Safety Meetings	-	1.66%	-
Medical expenses	-	1.66%	-
Bad Debt	142,327	1.66%	144,693
Bank Service Charges	11,409	1.66%	11,599
Community Outreach	38,031	1.66%	38,663
Regional Accounting Fees*	38,776	1.66%	39,420
Regional Management Fees*	75,000	1.66%	76,247
Corporate accounting*	33,011	1.66%	33,560
IT fee*	74,541	1.66%	75,760
Environmental compliance*	12,246	1.66%	12,450
Human resources fee*	12,246	1.66%	12,450
Corporate management*	40,998	1.66%	41,679
Public relations*	3,727	1.66%	3,789
Subtotal - Other Costs	1,046,546		1,065,975

Note:  
 For the RY3 (2012) calculated Rate adjustment, the percentage increase calculation would begin with the RY2 (2011) calculated cost.

Payroll Tax comment:  
 Adjustment occurs pursuant to Sections 3.3.4 and 4.3.4 of Attachment K

**City of Pacifica**  
**Index-Based Rate Adjustment Calculation Example**  
**Example Calculation for Determining Rate Year Three Costs and Rate Adjustment Factor**

Hypothetical Calculations for Example Purposes

	RY2 (2011) Expenses	CPI Increase %	RY3 (2012) Calculated	Note: For the RY3 (2012) calculated Rate
Total Annual Cost of Operations	5,634,226		5,794,058	
<u>Profit (% Operating Ratio; i.e. 60%);</u>	826,025		843,784	
<u>Pass-Through City Fees</u>				
Franchise Fees	883,305		893,528	
Fronterland Park Fee Remediation	75,000	0.00%	75,000	
Contingent Fee	10,000	0.00%	10,000	
AD939 Regulatory Fee	30,000	0.00%	30,000	
Subtotal - Pass-Through City Fees	978,305		1,008,528	
Other Pass-throughs - 6 mos green waste settlement	(56,250)	Note 2	-	
Other Pass-throughs - Recyclable Material Processing				
Transfer Costs	35,534	Note 1	36,245	
Transport Costs	121,223	Note 1	123,648	
Commodities sales	(269,310)	Note 1	(274,698)	
Subtotal - Recyclable Material Processing	(112,553)		(114,804)	
Other Pass-throughs - Disposal	778,217	1.66%	791,135	
Total Costs	7,847,969		8,122,899	A
Current Rate Year Allowable Costs (RY2 for this example)			7,871,176	B
Revenue Surplus/(Shortfall)			(251,523)	B - A
Rate Adjustment Factor			3.20%	(B - A) / B

Note 1: Not adjusted by CPI; Forecasted processing/disposal expenses based on historical tonnage at the agreed-upon transfer, transport, and processing rates

Note 2: Green waste settlement does not continue past RY2

\* These expenses are costs associated with Permitted Related Party Transactions and shall be adjusted during the Term in accordance with Section 15.05(v) of the Agreement and Section 4.2.2.f of Attachment K.



City of Pacifica  
 Proforma based on New Services Commencing September 1, 2010  
 Profit and Loss Statement Estimate supporting Rate Year Two Cost Estimate

	<u>2010</u>
Hauling Revenue Pacifica	7,000,000
Hauling Revenue (Other)	1,500,000
Recycle Revenue (Pacifica)	112,537
Recycle Revenue (Other)	39,280
<b>TOTAL REVENUES</b>	<b>8,651,817</b>
<b>CBA Labor Costs</b>	
Regular Payroll	1,223,259
Overtime Pay	269,619
# of Holidays Worked	134,455
# of Holidays Taken	11,139
# of Sick Days	66,675
# of Vacation Days	125,391
Safety Bonus Yr.	8,439
	<u>1,839,178</u>
Payroll Taxes	150,302
Union Pension /Mo.	170,170
Non Union Pension	0
Health & Welfare /Mo.	435,976
RSP	73,937
Workers Comp	186,524
<b>Subtotal CBA Labor Costs</b>	<b><u>2,856,087</u></b>
<b>Non-CBA Labor Costs</b>	
Regular Payroll	471,389
Overtime Pay	43,118
# of Holidays Worked	33,592
# of Holidays Taken	8,860
# of Sick Days	25,971
# of Vacation Days	48,695
Safety Bonus Yr.	1,350
	<u>632,775</u>
Payroll Taxes	51,797
Union Pension /Mo.	23,184
Non Union Pension	-
Health & Welfare /Mo.	151,036
RSP	25,716
Workers Comp	64,172
<b>Subtotal Non-CBA Labor Costs</b>	<b><u>849,282</u></b>
<b>Vehicle Related Costs</b>	
Tires & Tubes	78,225
Parts	111,814
Supplies (Fluid, oil, etc)	80,820
Taxes & Licenses	103,491
Fines & Penalties	700
Other	52,883
<b>Subtotal Vehicle Related Costs</b>	<b><u>427,933</u></b>
<b>Fuel</b>	<b>386,238</b>
<b>Disposal</b>	<b>416,852</b>
<b>Composting</b>	
<b>Lease Costs</b>	
I/C Equipment Lease	692,910
I/C Property Lease	179,275
<b>Subtotal Lease Costs</b>	<b><u>872,185</u></b>
<b>Start-Up Costs</b>	
<b>Other Costs</b>	
I/C Insurance	0
Insurance Dept Fee	185,000
O/S Facility Rent	268,200
Building and Facility	15,000
Utilities	25,000
Travel & Meals	5,000
Telephone	30,000
Advertising	5,000



**City of Pacifica**  
**Proforma based on New Services Commencing September 1, 2010**  
**Profit and Loss Statement Estimate supporting Rate Year Two Cost Estimate**

	<u>2010</u>
Promo & Special Events	10,000
Donations	5,000
Dues & Subscriptions	0
Employee Recognition	0
Employee Training & Development	0
Office expenses	20,000
Postage	49,600
Taxes - Secured Property	30,000
Taxes - Unsecured Property	40,000
Annual Clean-ups	27,485
Subcontractors/Professional Services	35,000
Settlement Fees	0
Safety Meetings	0
Medical expenses	0
Bad Debt	170,000
Bank Service Charges	15,000
Community Outreach	50,000
Regional Accounting Fees*	50,979
Regional Management Fees*	98,604
Corporate accounting*	43,400
IT fee*	98,000
Environmental compliance*	16,100
Human resources fee*	16,100
Corporate management*	63,900
Public relations*	4,900
<b>Subtotal - Other Costs</b>	<u><b>1,387,168</b></u>
<b>Total Annual Cost of Operations:</b>	<b>7,275,744</b>
<b>Profit (% Operating Ratio; i.e. 90%):</b>	<b>808,416</b>
<b>Pass-Through City Fees</b>	
Franchise Fees - (Pacifica)	1,017,124
Franchise Fees - (Other)	30,000
Franchise Fees - D	0
Frontierland Park Fee Remediation	75,000
AB939 Regulatory Fee	30,000
Contingent Fee	10,000
Vehicle Impact Fee	0
<b>Subtotal - City Fees</b>	<u><b>1,162,124</b></u>
<b>Total Calculated Costs</b>	<b>9,246,285</b>

\* These expenses are costs associated with Permitted Related Party Transactions and shall be adjusted during the Term in accordance with Section 15.05(v) of the Agreement and Section 4.2.2.r of Attachment K.

**City of Pacifica**  
**Proforma based on New Services Commencing September 1, 2010**  
**General & Administrative Cost Estimate supporting Rate Year Two Cost Estimate**

Description	% to Bid	Total	
I/C Insurance	100.00%	-	
Insurance Dept Fee	100.00%	185,000	
O/S Equipment Lease	100.00%		
O/S Facility Rent	100.00%	268,200	
Building and Facility	100.00%	15,000	
Utilities	100.00%	25,000	
Travel & Meals	100.00%	5,000	
Telephone	100.00%	30,000	
Advertising	100.00%	5,000	
Promo & Special Events	100.00%	10,000	
Donations	100.00%	5,000	
Dues & Subscriptions	100.00%	-	
Employee Recognition	100.00%	-	
Employee Training & Development	100.00%	-	
Office expenses	100.00%	20,000	
Postage	100.00%	49,500	Includes \$0.60 every other month for 15K res and \$0.50/mo for 760 com'l customers
Taxes - Secured Property	100.00%	30,000	
Taxes - Unsecured Property	100.00%	40,000	
Annual Clean-up Day	100.00%	-	
Subcontractors/Professional Services	100.00%	35,000	
Settlement Fees	100.00%	-	
Safety Meetings	100.00%	-	
Medical expenses	100.00%	-	
Bad Debt	100.00%	170,000	
Bank Service Charges	100.00%	15,000	
Community Outreach	100.00%	50,000	4 newsletters
Regional Accounting Fees	100.00%	50,979	
Regional Management Fees	100.00%	98,604	
Corporate accounting	100.00%	43,400	
IT fee	100.00%	98,000	
Environmental com	100.00%	18,100	
Human resources f	100.00%	16,100	
Corporate managem	100.00%	53,900	
Public relations	100.00%	4,900	
<b>Subtotal G &amp; A Costs:</b>	<b>\$0</b>	<b>\$1,339,683</b>	
<b>City Fees</b>			
Vehicle Impact Fee	100.00%	-	
Frontierland Park Fee Remediation	100.00%	75,000	
Contingent fee	100.00%	10,000	
AB939 Regulatory Fee	100.00%	30,000	
<b>Subtotal City Fees:</b>		<b>\$115,000</b>	
<b>Total Costs</b>		<b>\$1,454,683</b>	

City of Pacifica

Proforma based on New Services Commencing September 1, 2010  
Index Change Calculations supporting Rate Year Two Cost Estimate

Hypothetical Calculations for Example Purposes Only

1. Average change calculation for index CPI - W, series id. cwura422sa0

	July	August	September	October	November	December	January	February	March	April	May	June	Average Change
2007-2008		211,620		213,133		214,204		214,913		217,913		221,454	303,642
2008-2009		221,385		221,192		213,685		216,797		218,587		220,996	230,642
													1,500%

2. Annual average change for index PPI - Fuel Pricing Index, series id. wpu057303

	July	August	September	October	November	December	January	February	March	April	May	June	Average Change
2007-2008	243.5	231.2	246.2	249.6	296.7	271.9	276.2	287.5	353.7	365.1	398.2	421.9	303,642
2008-2009	431.9	346.7	342.3	281.8	224.1	168.0	161.6	147.2	139.2	167.4	165.4	191.1	230,642
													-24.041%

Note: This value was not used in RY2 estimate;  
a hypothetical value was included for example purposes.

3. Annual change for index CPI - U, series id. cuur422sa0

	July	August	September	October	November	December	January	February	March	April	May	June	Average Change
2007-2008		216,240		217,949		218,485		219,612		222,074		225,181	219,924
2008-2009		225,411		225,824		218,528		222,166		223,854		225,632	223,579
													1,662%

4. Annual average change for Motor Vehicle Maintenance and Repair Index, series id. Cuur0000seid

	July	August	September	October	November	December	January	February	March	April	May	June	Average Change
2007-2008	223,487	224,019	224,302	224,938	225,672	226,120	227,732	228,731	229,765	230,528	231,730	233,162	227,516
2008-2009	234,788	236,125	237,121	238,227	239,048	239,356	241,076	241,689	242,118	242,649	242,488	242,683	239,781
													5.391%

# ATTACHMENT Q FORM OF NOTICE FOR PROPOSED RATE ADJUSTMENTS

City of Pacifica  
Notice of Public Hearing

## PROPOSED REFUSE COLLECTION CHARGES

Notice is hereby given that at \_\_\_\_\_ a.m/p.m on \_\_\_\_\_, \_\_\_\_\_, in the Council Chambers located at \_\_\_\_\_, the City Council of the City of Pacifica will consider the revision of Recology of the Coast's refuse collection charges that will be effective beginning fiscal year \_\_\_\_ - \_\_\_\_\_. If approved, you will see the refuse collection charges appear at this new rate on the Recology's bills issued later in \_\_\_\_\_.

The refuse collection charges fund the Recology's costs of operating and maintaining its refuse collection and disposal services to customers within the City. The proposed refuse collection charges and fees listed below were calculated using the procedures prescribed in the Franchise Agreement between the City and Recology of the Coast.

### Summary of Proposed Charges

	Current	Proposed
Rate per _____	\$ _____	\$ _____
Rate per _____	\$ _____	\$ _____
Franchise Fee	\$ _____	\$ _____
Frontierland Park Remediation Fee	\$ _____	\$ _____
AB 939 Fee	\$ _____	\$ _____

The refuse collection rates and fees for each customer are calculated using the procedure set forth in Sections \_\_\_\_\_ and \_\_\_\_\_ of the Franchise Agreement between the City and Recology of the Coast, a copy of which is available for review at \_\_\_\_\_.

### Your Opportunity to Get Involved

You are invited to present oral or written testimony to the City Council at the public hearing. You may also present the City Clerk with a written protest against the proposed charges at or prior to the public hearing. The protest must be signed by the property owner and must include the assessor's parcel number(s) or street address(es) of the property(ies). Before the hearing, protests may be delivered to the City Clerk's office. The mailing address is City Clerk, 170 Santa Maria Avenue, Pacifica, CA 94044. If written protests against the proposed charges are presented by a majority of owners of parcels subject to the charges, then Recology will not impose the proposed charges.

If you have any questions about the proposed charges, please feel free to contact \_\_\_\_\_ at (650) \_\_\_\_\_.