

WEST VALLEY SOLID WASTE MANAGEMENT AUTHORITY

Executive Director

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REGULAR MEETING AGENDA

May 5, 2022

5:00 p.m.

Teleconference/Public Participation Information

This meeting will be held exclusively via teleconference participation by the Board Members in locations not open to the public in order to be in compliance with the Governor's Executive order N-25-20 (March 12, 2020), superseded by Order N-29-20 (March 17, 2020), allowing physical location and teleconference meetings required by the Ralph M. Brown Act. The purpose of the order is to ensure the safest environment for both staff and the public, consistent with Santa Clara County Public Health Department's current recommendations.

On June 11, 2021, the Governor issued Executive Order N-08-21, which stated the Brown Act teleconferencing suspension was to expire on September 30, 2021. On September 16, 2021, the Governor signed Assembly Bill 361 (AB 361), which amended the Brown Act to allow legislative bodies to meet via teleconferencing, provided that particular conditions are met. AB 361 allows legislative bodies to use teleconferencing to conduct public meetings during a proclaimed State Emergency. At the April 7, 2022 Joint Special Board Meeting with the West Valley Clean Water Authority, the Board approved a resolution authorizing continued teleconferencing under AB 361.

For this meeting, there will be no physical location from which members of the public may observe the meeting. Instead, members of the public can attend and/or participate using the following:

- Submit written comments via email to the West Valley Solid Waste Management Authority (Authority) at wvswma@hfh-consultants.com prior to or during the time for public comment at the meeting. Authority staff will share all comments with the Board at the meeting and make them part of the public record.
- Observe and address the Board telephonically, at the appropriate time for public comment during the meeting, following these instructions:

Link to join the Virtual Meeting: <https://us02web.zoom.us/j/88241007011>

Call in Phone Number: +1 (669) 900-9128

Meeting ID: 882 4100 7011

- During the meeting, the Chairperson will call for public comment. If you wish to address the Board, please use the "raise hand" feature and Chairperson will call on you when it is your turn.

Note: To improve everyone's opportunity to participate, please mute your microphone until you are called on to speak.

Call to Order

Pledge of Allegiance

Roll Call

Oral Communications from the Public

Written Communications

None

Old Business

None

New Business

1. Approve the issuance of the Request for Proposals for Organic Materials, Recyclable Materials, and Solid Waste Collection, and Recyclable Materials and Organic Materials Processing.
2. Approve Resolution 2022-05 adopting the fiscal year (FY) 2022-2023 Budget.

Public Hearings

3. Approve Resolution 2022-06 ratifying the West Valley Collection & Recycling, LLC (WVC&R) contractual rate increase effective July 1, 2022.

Consent Calendar

4. Receive a report on recent regulatory changes and program updates.
5. Receive a report on SB 1383 implementation.
6. Approve minutes of January 27, 2022 Special Board Meeting.
7. Approve minutes of February 3, 2022 Board Meeting.
8. Approve minutes of the April 7, 2022 Special Board Meeting.
9. Receive and file the Executive Director Year-to-date Financial Report for the nine months ended March 31, 2022.
10. Receive and file a report on the West Valley Solid Waste Management Authority's FY 20-21 Audited Financial Statements.

ADDRESSING THE BOARD

Any person shall have the right to address the Board during consideration of any item on the Board's agenda or during the time for oral communication if not on the agenda but pertaining to subject matter within the jurisdiction of the Board. Any person wishing to address the Board should stand or raise the hand and wait to be recognized by the Chairperson. Please stand at the podium, if able, state your name and address for the record, and proceed to address the Board. All remarks and questions should be addressed to the Board through the Chairperson and not to any member thereof or to the public. No question should be asked a Board Member or a member of Authority staff without first obtaining permission of the Chairperson.

Executive Director Report

Future Agenda Items

Board Member Reports

Adjournment

Next Regular Meeting: September 1, 2022, 5:00 p.m.

ADDRESSING THE BOARD

Any person shall have the right to address the Board during consideration of any item on the Board's agenda or during the time for oral communication if not on the agenda but pertaining to subject matter within the jurisdiction of the Board. Any person wishing to address the Board should stand or raise the hand and wait to be recognized by the Chairperson. Please stand at the podium, if able, state your name and address for the record, and proceed to address the Board. All remarks and questions should be addressed to the Board through the Chairperson and not to any member thereof or to the public. No question should be asked a Board Member or a member of Authority staff without first obtaining permission of the Chairperson.

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WEST VALLEY SOLID WASTE MANAGEMENT AUTHORITY

AGENDA REPORT

Agenda Item No. 1
Meeting Date: May 5, 2022

Date: May 5, 2022

To: West Valley Solid Waste Management Authority Board

From: Executive Director

Subject: Collection Request for Proposal

Recommended Action

Approve the issuance of the Request for Proposals (RFP) for Organic Materials, Recyclable Materials, and Solid Waste Collection, and Recyclable Materials and Organic Materials Processing.

Discussion

Background

The West Valley Solid Waste Management Authority's (Authority) has an agreement with West Valley Collection and Recycling, LLC (WVC&R) for collection of solid waste, recyclable materials, and organic materials, and processing of recyclable materials and organic materials in the City of Campbell, Town of Los Gatos, City of Monte Sereno, and City of Saratoga (Member Agencies). The agreement expires on February 28, 2024. At the direction of the Collection Procurement Subcommittee created at the November 4, 2021 Board Meeting, the Authority plans to solicit these services with a competitive RFP, enabling a new contract to be negotiated and implemented no later than February 28, 2024.

Request for Proposals

Services – The following services will be subject to the procurement process: the collection of solid waste, recyclable materials, and organic materials from all residents, businesses and institutions within the service area, organic materials processing for multi-family and commercial customers, recyclable materials processing for all customers, and construction and demolition debris delivery to multiple facilities, as approved by the Authority.

Approach – A competitive RFP for services, as approved by the Collection Procurement Subcommittee, assures the Authority receives services at the “best value,” and will address recent and ongoing performance issues.

Proposal Requests – The Authority will request that each proposer submit technical and cost proposals for base services, alternative services, and optional services. The base proposal includes services that are similar to the current scope of the agreement with WVC&R. The alternative proposals are for potential new services, such as the provision of bulk compost and mulch, used cooking oil collection services, and weekend public litter container collection services, that interested proposers are required to offer in their proposals, but that the Authority can determine at its sole discretion whether to contract the selected proposer for. Optional proposal(s) are left to the discretion of the proposer to provide, and allow the proposer to propose services that are particularly innovative or will result in significant cost savings.

Key Business Terms – The proposed franchise agreement includes a ten-year term with an option to extend for an additional five years at the sole discretion of the Authority. The contract also includes standard risk management terms, liquidated damages and performance management, breach and default terms, and assignment language.

Compensation and Rates – The rates will fund the contractor’s compensation under the proposed franchise agreement and no compensation will be due to the contractor directly from the Authority. The contract includes an annual multi-index adjustment and two cost based rate reviews in rate year 4 and rate year 8. The Board will ratify the rates annually. Member Agency and Authority reimbursements will continue in the new agreement in substantially the same form and amount as the current agreement, with the exception of the \$450,000 per year paid to the Authority as part of the last contract extension.

Collection Services – The proposed franchise agreement includes similar base provisions for single family, multi-family, and commercial customers as the current contract with expansions to service in a few, targeted areas. For example, cart and bin size options are expanded to provide customers with more flexibility and the current annual clean-ups will be shifted to an ‘on-call’ program where single family customers can request the service up to three times per calendar year at no charge. Multi-family dwelling units can request the service one time per unit per year.

Additional Services – The proposed franchise agreement includes requirements for customer billing, performance review, customer service, public education and outreach, recordkeeping and reporting, and stormwater pollution prevention measures. The performance review and billing audit will allow the Authority to proactively review the contractor’s performance against the requirements of the contract and ensure rates charged do not exceed the rates authorized by the Board. The public education and outreach portion of the contract requires the contractor to cooperate with Authority staff to create an annual public education and outreach plan that is focused on specific campaigns to reach targeted audiences within the service area. The contract also expands the current litter abatement provisions to require the contractor to develop a container overflow management program in an effort to reduce stormwater pollution, in alignment with initiatives of the West Valley Clean Water Authority.

Integrity Policy

A common best practice during the solid waste competitive RFP processes will be to establish a “process integrity policy” that governs the communications between proposers and the Authority. The Board established a Code of Conduct policy for the RFP process at the November 4, 2021 Board Meeting. The Code of Conduct requires each Board Member to inform the Executive Director of any potential conflicts of interest, prohibits Board Members, or other elected officials representing each of the Member Agencies, from accepting any contributions from potential proposers, and prohibits Board Members or elected officials from participating in non-public meetings or conversations with potential proposers. This Code of Conduct policy protects the Authority by limiting communication between the potential proposers and the authorized negotiations team. This way, potential proposers will not rely upon information from or try to negotiate with people outside of the authorized team.

Documents Attached

Request for Proposals for Organic Materials, Recyclable Materials, and Solid Waste Collection, and Recyclable Materials and Organic Materials Processing.

Fiscal Impact

None

West Valley Solid Waste Management Authority



Request for Proposals for Organic Materials, Recyclable Materials, and Solid Waste Collection, and Recyclable Materials and Organic Materials Processing



April 28, 2022

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WEST VALLEY SOLID WASTE MANGEMENT AUTHORITY
REQUEST FOR PROPOSALS FOR
Organic Materials, Recyclable Materials, and Solid Waste Collection, and
Recyclable Materials and Organic Materials Processing

Proposal Information: The West Valley Solid Waste Management Authority (Authority) is requesting submittal of proposals for collection of organic materials, recyclable materials, and solid waste, processing of organic materials and recyclable materials, and provision of related programs and services. HF&H Consultants, LLC is managing the RFP process on behalf of the Authority.

RFP Process: Please follow the following steps to participate in the process:

1. **Register for Correspondence, RFP, and Announcements:** To be placed on the list of interested parties for this RFP process, email WVSWMA-RFP@hfh-consultants.com and include a signed copy of the Authority RFP Process Communications Protocol, RFP Attachment G (one signed copy per proposing company/entity). You will be placed on the list of interested parties registered to receive future correspondence and announcements related to this RFP.
2. **Access to RFP Package:** Download the RFP package, related materials, and any later addenda from the following website: <http://www.hfh-consultants.com/hfh-clients/WVSWMA-RFP/>
3. **Key Proposal Process Dates:** See RFP Figure 1 for key RFP process dates.
4. **Proposer Questions and Authority Responses:** Proposers should submit all questions regarding this RFP in writing by email to WVSWMA-RFP@hfh-consultants.com according to the deadlines provided in Figure 1. Do not seek to communicate with Authority or Member Agency staff or elected officials regarding the RFP package or RFP process. Proposer questions and Authority responses will be issued as addenda, without identifying the party submitting the question.
5. **Pre-Proposal Meeting:** All potential proposers should attend the mandatory pre-proposal meeting at the time and date specified in Figure 1. The Authority may hold the meeting virtually and/or in person. The Authority will update registered proposers via email with the meeting details, once confirmed. The Authority may, but is not obligated to, reject proposals received from proposers that do not attend the pre-proposal meeting.
6. **Receiving the RFP Addenda and Other Updates:** Registered proposers will receive email notification of the issuance of addenda, or of any other updates to the RFP Package. However, it is the sole responsibility of each proposer to ensure that they have downloaded all relevant documents, including addenda. Add the domain @hfh-consultants.com to your safe senders list in order to help ensure that you receive email related to the Authority's RFP process.
7. **Proposal Submittal:** All proposals shall be submitted in the format specified in Section 4.5.4 of the RFP, no later than 3:00 p.m. on the date specified in Figure 1.
8. **Compliance with Authority's Process Integrity Policy:** Proposers are solely responsible for ensuring that all team members, including affiliates, subcontractors, and individual staff are made aware of, and maintain compliance with, the RFP Process Communications Protocol. Any party that violates the terms of the protocol may, at Authority's sole discretion, be disqualified at any time from further participation in the Authority's RFP process. Primary proposers may share the RFP link with other team members, including affiliates and subconsultants, or may choose to require that team members submit their own executed RFP Process Communications Protocol Form to WVSWMA-RFP@hfh-consultants.com.

Please see Section 4.5 for more information regarding the proposal submittal process.

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ATTACHMENTS

- A. Draft Franchise Agreement for Collection Services
 - 1. Draft Franchise Agreement
 - 2. Draft Franchise Exhibits
- B. Cost Proposal Forms
 - 1. Base Cost Proposal Forms
 - 2. Alternative Cost Proposal Forms
- C. Current Customer Rates
- D. Secretary's Certificate
- E. Anti-Collusion Affidavit
- F. Iran Contracting Act Certification
- G. RFP Process Communications Protocol

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SECTION 1: INTRODUCTION

1.1 Overview

The West Valley Solid Waste Management Authority (Authority) is comprised of the Cities of Campbell, Monte Sereno, and Saratoga; and, the Town of Los Gatos, referred to collectively as “Member Agencies.”

As of the start of 2022, the Authority service area included approximately twenty-nine thousand five hundred (29,500) single-family accounts, approximately five hundred (500) multi-family accounts, and approximately one thousand six hundred (1,600) commercial accounts.

The Authority is seeking proposals for a ten- (10) year period to provide collection of organic materials, recyclable materials, and solid waste from residents and businesses; and, processing of organic materials and recyclable materials. The new Franchise Agreement may be extended at the Authority’s sole option for up to an additional five (5) years. West Valley Collection and Recycling (WVC&R) provides collection services to the Authority through a Franchise Agreement that expires on February 28, 2024. The Authority is not soliciting proposals for residential organics processing or disposal (post-collection) services through this RFP.

Through this Request for Proposals (RFP), the Authority is looking for a service provider who will deliver high quality cost-effective service, maintain competitive rates, and support the Authority’s and Member Agencies’ regulatory compliance and environmental goals. This RFP introduction contains the following: the goals and objectives of the Authority; an overview of this RFP; a description of the RFP’s organization; the RFP schedule; and, a list of readily available background information.

Note that many terms used in this RFP are defined in Exhibit A of the Draft Franchise Agreement, which is presented as Attachment A hereto.

1.2 Authority’s Goals and Objectives

The Authority is requesting proposals from companies that have demonstrated experience and success in providing organic materials, recyclable materials, and solid waste collection, and recyclable materials and organics processing services comparable to those described in this RFP, under a franchise agreement with a community comparable to or larger than the Authority service area. The Authority seeks proposals from entities that have demonstrated delivery of exemplary customer service to all residents, businesses, and contractors in the Authority, in a manner that is cost effective and supports landfill diversion.

The Authority’s goals and objectives for this procurement, and for future collection and processing services, are as follows:

- Provide exceptional, courteous, timely, responsive, and high-quality services to customers, with a customer-focused philosophy.
- Provide service to customers at reasonable rates that are effectively managed over the term of the new Franchise Agreement to minimize future rate increases.
- Engage a Contractor that is committed to being an active member of the community.

- Ensure that the Authority and its residents and businesses achieve, and maintain or exceed, compliance with State solid waste and recycling requirements, including but not limited to AB 939, AB 341, AB 1826, SB 1383, and all current and future related regulations.
- Expand and enhance the opportunities for residents and businesses in the Authority to divert materials from landfill disposal, with priority for the hierarchy of waste reduction, reuse, recycling, composting, transformation, and landfilling.
- Receipt of timely, actionable, and transparent data regarding collection and processing services.
- Minimize environmental impacts of collection operations.
- Engage a Contractor that cooperatively delivers service to customers and the Authority, and collaborates with the Authority and its Member Agencies to allow programs to evolve over time.
- Provide for contractual arrangements that can be easily and effectively managed by Authority and Member Agency staff and selected proposer.
- Ensure a fair and equitable Agreement for all parties.

1.3 RFP Overview

WVC&R, a joint venture of Waste Connections of California, Inc. and GreenWaste Recovery, Inc., is nearing the end of a collection and processing franchise originally awarded by the Authority in 2004 and amended in March 2014. Under the current franchise agreement, WVC&R collects organic materials, recyclable materials, solid waste, and construction and demolition debris from residents, businesses, and construction sites. The franchise agreement term is scheduled to end on February 28, 2024. The Authority Board has directed staff to pursue a competitive Request for Proposals (RFP) process, with the goal of entering into a new collection services franchise agreement for a term of ten (10) years and one (1) month from March 1, 2024 through March 31, 2034. The new collection services franchise agreement would have the option for a five (5) year contract extension from April 1, 2034 through March 31, 2039. All solid waste and single-family organic materials collected under the new franchise must be delivered by direct haul to the Guadalupe Landfill in San Jose. Organic materials delivered to Guadalupe Landfill will be transferred to Altamont Covered Aerated Static Pile (CASP) Compost Facility.

This Request for Proposal (RFP) details the RFP process and highlights the specific services that proposers should address in their proposal. The package includes a Draft Franchise Agreement, cost proposal forms, and other relevant attachments. The procurement process involves soliciting and evaluating proposals, selecting the future Contractor, executing a contract with the selected Contractor, and establishing an implementation period leading to commencement of services on March 1, 2024. The Authority wishes to receive proposals from companies that have demonstrated experience in safely providing services comparable to those described in this RFP and the Draft Franchise Agreement (Attachment A).

Through this RFP, the Authority is requesting that proposers submit proposal information on the “Base Services,” which cover collection services and programs that are very similar to the scope of services under the current agreement, as well as information for “Alternative Services.” Proposers also have the option to provide proposals for other innovative or cost saving proposals.

Requested services are summarized in Section 3 of this RFP.

1.4 Organization of RFP

This RFP is organized into six sections as follows:

Section 1 provides a brief introduction to the RFP.

Section 2 provides background information on the Authority, including current service arrangements.

Section 3 presents the scope of requested collection and processing services.

Section 4 provides information on the RFP Process, with more specific information on the RFP policies, conditions, and submittal process.

Section 5 describes proposal submittal requirements.

Section 6 outlines the proposal evaluation process and criteria by which the proposals will be evaluated.

The attachments include the Draft Franchise Agreement, proposal forms, current rates for collection and processing services, and additional background information.

1.5 RFP Schedule

The key activities and completion dates for the RFP process are provided in Figure 1. The RFP process is described in detail in Sections 4 and 5. All questions regarding the RFP must be submitted in accordance with the guidelines specified in Section 4.

Figure 1: RFP Schedule¹

ACTIVITY	COMPLETION DATE
Authority releases RFP for Collection and Processing Services	May 9, 2022
Deadline for submittal of written questions before the pre-proposal meeting	May 20, 2022
Mandatory pre-proposal meeting (tentative)	May 25, 2022
Authority issues Addendum 1: summary of responses provided at the pre-proposal meeting	June 1, 2022
Deadline to submit additional written questions	June 8, 2022
Authority will issue Addendum 2: responses to additional written questions, and RFP addendum if necessary	June 22, 2022
Proposers submit proposals	August 10, 2022
Authority conducts preliminary evaluation, clarifies proposal questions	August – September 2022

¹ Note that the Authority, at its sole discretion, may modify this process and/or schedule to best meet the needs of the Authority. The Authority may request, at its sole discretion, facility tours from Proposers as part of the interview process.

ACTIVITY	COMPLETION DATE
Authority conducts interviews with one or more proposers	September 2022
Authority completes negotiations with one or more proposers	October – November 2022
Authority Board approves selected Contractor	February 2023
Selected Contractor begins providing service	March 1, 2024

1.6 Readily Available Background Information

Figure 2 contains a list of readily available sources that provide background information on the Authority. Additional background information is provided in Section 2 and in the RFP attachments.

Figure 2: Readily Available Background Information

Resource	Relevant Content	Location
RFP Website	<ul style="list-style-type: none"> Account and Service Level Data Route Maps Current Street sweeping schedules and maps Current Wages 	http://www.hfh-consultants.com/hfh-clients/WVSWMA-RFP/
Authority Website	<ul style="list-style-type: none"> General information Solid Waste & Recycling Services Current Franchise Agreement Post-Collection Services Agreement Current Rates 	https://www.wvswma.org/
Member Agency Websites	<ul style="list-style-type: none"> Municipal Code General Plan Climate Action Plan Sustainability Plan 	Campbell: https://www.ci.campbell.ca.us Los Gatos: https://www.losgatosca.gov/ Monte Sereno: https://www.montesereno.org/ Saratoga: https://www.saratoga.ca.us/
Coordinating Organizations	<ul style="list-style-type: none"> Joint Ventures Silicon Valley Santa Clara County Recycling and Waste Reduction Commission (RWRC) 	https://jointventure.org/ https://reducewaste.sccgov.org/rwr-commission

SECTION 2: BACKGROUND

2.1 Summary of Current Services

Pursuant to Chapter 6 of the City of Campbell's Municipal Code, Chapter 11 of the Town of Los Gatos' Municipal Code, Chapter 6 of the City of Monte Sereno's Municipal Code, and Chapter 7 of the City of Saratoga's Municipal Code, all occupied premises are required to have and pay for collection service for discarded materials through the Authority's franchised hauler. Under the existing collection agreement, WVC&R collects residential and commercial organic materials, recyclable materials, solid waste, and construction and demolition debris from customers within the Authority service area at rates calculated pursuant to the current franchise agreement. WVC&R provides collection services to Member Agency facilities at no charge to the Authority or its Member Agencies.

The Authority currently has a separate agreement with Waste Management of South Bay (WM) for disposal and processing (post-collection) services. Under the current post-collection agreement, WM processes residential organic materials at the Altamont Covered Aerated Static Pile Compost Facility and disposes of all solid waste at the Guadalupe Landfill. The selected proposer will be required to deliver all solid waste and all single-family organic materials collected under the new collection Agreement to the Guadalupe Landfill in San Jose, in accordance with the Authority's disposal and processing agreement with WM.

Currently, WVC&R is responsible for billing for all customers. Residential customers are billed on a quarterly basis during the second month of the billing period and commercial customers are billed monthly in advance or arrears.

WVC&R provides all customer service related to the current franchise. This includes all customer service call center, electronic, and web-based customer interactions. The Authority prefers that the selected proposer utilize a local customer service call center. If a proposer suggests a non-local call center, the Authority will want assurance the call center will still provide localized responses.

The selected proposer will be required to purchase new collection vehicles for use in providing services under this agreement. Portions of the Authority service area have narrow streets and alleys that can make collection difficult and may require use of smaller trucks.

The selected proposer will be required to provide new collection containers that comply with the color and labeling requirements of SB 1383 for all customers at the commencement of the new Franchise Agreement. The selected proposer will be responsible for distribution, repair, and maintenance of all collection containers.

Schools and federal facilities are not currently receiving service through the franchise but may still receive collection service from the franchised hauler. The Authority may, in the future, require the inclusion of one (1) or both as franchise services.

See Section 3.3 for a more detailed summary of the Authority's current organic materials, recyclable materials, and solid waste collection services provided to single-family, multi-family, and commercial customers, including a comparison to the requested services under the new Draft Franchise Agreement.

2.2 Demographic Information

The Authority is comprised of the Cities of Campbell, Monte Sereno, and Saratoga, and the Town of Los Gatos, all located in Santa Clara County. The Authority's 2020 population was approximately one hundred six thousand five hundred (106,500), with approximately forty-four thousand five hundred seventy (44,570) single and multi-family housing units. The tables below present a summary of the demographic and housing data provided by the CA Department of Finance.

Figure 3a: Household Data*

Member Agency	Single Homes	Two to Four Units	Five Plus	Mobile Homes
City of Campbell	10,622	2,036	5,221	316
City of Monte Sereno	1,362	10	19	0
City of Saratoga	9,941	1,230	2,438	64
Town of Los Gatos	10,266	393	652	0
Total	32,191	3,669	8,330	380

Source: CA Department of Finance Table E-5 City/County Population and Housing Estimates 1/1/2021.

*Note: Numbers provided are estimates only.

Figure 3b: Household Projections for Santa Clara County

	2025	2030
Total Population	2,023,194	2,094,936
Household Population	1,990,643	2,061,182
Total Households	672,028	706,272

For more information about each of the Member Agencies, please visit their respective websites listed in Section 1.6 above.

2.3 Current Tonnage, Container, and Account Data

Figures 4a and 4b, below, summarizes recent historical volumes of materials collected within the Authority service area for 2019 through 2021, as reported by WVC&R. Figure 5a, below, summarizes customer account data as reported by WVC&R. Figure 5b shows the total number of carts and Figure 5c shows the number of bins separated by container size, material type, and customer sector.

Figure 4a: Annual Materials Collected by Sector
(Source: WVC&R Reports to Authority)

	2019	2020	2021
Recyclable Materials (tons)			
Single-Family	13,946	13,946	12,640
Multi-Family / Commercial Total	6,039	5,869	6,687
Roll-Off	3,149	2,257	1,549
Organic Materials (tons)			
Single-Family	23,508	21,508	22,306
Multi-Family / Commercial Total	1,808	1,807	1,845
Roll-Off	1,056	488	616
Solid Waste (tons)			
Single-Family	23,842	22,842	23,374
Multi-Family / Commercial Total	21,823	27,823	22,991
Roll-Off	12,319	8,682	9,109
Residue (Tons)			
Single-Family	1,323	2,393	1,306
Total (Tons)			
Single-Family	62,619	60,690	59,625
Multi-Family / Commercial Total	29,670	35,499	31,523
Roll-Off	16,523	11,427	11,275
Total	108,812	107,616	102,424

Figure 4b: Annual Materials Collected by Facility
(Source: WVC&R Reports to Authority)

	2019	2020	2021
Recyclable Materials (tons)			
GreenWaste Recovery	21,405	20,085	19,327
Guadalupe Landfill	3,149	2,257	1,549
Organic Materials (tons)			
Guadalupe Landfill	24,430	23,997	22,922
Z-Best Composting Facility	2,577	1,808	1,845
Solid Waste (tons)			
Guadalupe Landfill	60,115	54,347	55,475
Total (Tons)			
GreenWaste Recovery	21,405	20,085	19,327
Guadalupe Landfill	87,694	80,601	79,946
Z-Best Composting Facility	2,577	1,808	1,845
Total	111,676	102,494	101,118

Figure 5: Cart and Bin Accounts
(Source: WVC&R Reports to Authority)

Capacity	Single-Family	Multi-Family / Commercial Total
Carts		
20 Gallons	1,922	0
35 Gallons	22,411	477
65 Gallons	3,992	0
95 Gallons	1,140	0
Bins		
1.5 Yards	0	565
2 Yards	0	395
3 Yards	0	571
4 Yards	0	83
6 Yards	0	80
Total		
Carts	29,465	477
Bins	0	1,694
Total	29,465	2,171

Figure 6a: Number of Carts by Capacity and Material Type
(Source: WVC&R Reports to Authority)

	20 Gallons	35 Gallons	65 Gallons	95 Gallons	Total
Solid Waste					
Single-Family	1,861	21,890	4,036	1,147	28,934
Multi-Family / Commercial Total	0	112	62	309	483
Recyclable Materials					
Single-Family	0	1,627	2,163	25,054	28,844
Multi-Family / Commercial Total	0	10	7	1,542	1,559
Organic Materials					
Single-Family	0	516	526	28,054	29,096
Multi-Family / Commercial Total	0	0	415	0	415
Total					
Single-Family	1,861	24,033	6,725	54,255	86,874
Multi-Family / Commercial Total	0	122	484	1,851	2,457
Total	1,861	24,155	7,209	56,106	89,331

Figure 6b: Number of Bins by Customer and Material Type
(Source: WVC&R Reports to Authority)

	1 Yard	1.5 Yards	2 Yards	3 Yards	4 Yards	6 Yards	8 Yards	Total
Solid Waste								
Multi-Family / Commercial Total	0	567	393	568	76	72	0	1,676
Recyclable Materials								
Multi-Family / Commercial Total	14	225	232	389	82	49	3	994
Organic Materials								
Multi-Family / Commercial Total	0	188	30	46	0	0	0	264
Total								
Multi-Family / Commercial Total	14	980	655	1,003	158	121	3	2,934

2.4 Historical Operating Information

Figure 7 below summarizes information on the number and type of collection vehicles currently utilized by WVC&R.

Figure 7: Inventory of Regular and Spare Collection Vehicles
(Source: WVC&R Reports to City)

Sector	Collection Vehicles
Residential	24
Commercial	10
Drop Box	4
Total Vehicles	39

Please see the RFP Website for further details.

2.5 Current Rate Revenues

Figure 8a below provides the annual rate revenues including franchise and other fees resulting from the most recent three (3) years of the current franchise agreement. WVC&R pays each Member Agency a nineteen percent (19%) Franchise fee on gross revenues collected, including the Refuse Vehicle Road Impact reimbursement described in Figure 8b and excluding all other reimbursements described in Figure 8b. The collection rates have many components but not all components are included in the franchise fee. Franchise fees are paid on the following rate components: collection, disposal/processing, SB 1383 programs, and road vehicle impact charges. Figure 8b below provides the other fees from the most recent three (3) years by Member Agency.

Figure 8a: Annual Rate Revenues including Fees
(Source: WVC&R Reports to Authority)

Sector	FY 2018-2019	FY 2019-2020	FY 2020-2021*
Residential	\$12,594,060	\$13,090,897	\$14,931,184
Commercial	\$11,575,260	\$11,460,854	\$11,811,033
Drop Boxes	\$2,954,139	\$2,689,200	\$2,549,622
Total Rate Revenue	\$27,123,459	\$27,240,951	\$29,291,839

*Note: This excludes subsequent rate adjustments for SB 1383 and the July 1, 2022 rate adjustment from a cost-based review in accordance with the current franchise agreement.

Figure 8b: Annual Member Agency Reimbursements
(Source: Authority Reports)*

	2018-2019	2019-2020	2020-2021	2021-2022
Campbell				
Street Maintenance	\$248,905	\$268,905	\$278,905	\$278,905
Household Hazardous Waste	\$26,104	\$26,104	\$26,104	\$45,525
Authority Administrative	\$103,524	\$78,075	\$153,750	\$214,718
Refuse Vehicle Road Impact	\$477,600	\$477,600	\$477,600	\$477,600
Total	\$856,133	\$850,685	\$936,359	\$1,016,748
Los Gatos				
Street Maintenance	\$412,230	\$430,780	\$430,780	\$439,395
Household Hazardous Waste	\$57,896	\$57,896	\$57,896	\$66,018
Authority Administrative	\$84,920	\$65,985	\$120,441	\$236,180
Refuse Vehicle Road Impact	\$493,429	\$619,553	\$745,676	\$871,800
Total	\$1,048,475	\$1,174,215	\$1,354,793	\$1,613,393
Monte Sereno				
Street Maintenance	\$0	\$0	\$0	\$0
Household Hazardous Waste	\$11,285	\$11,285	\$11,285	\$11,138
Authority Administrative	\$5,707	\$3,629	\$10,287	\$12,027
Refuse Vehicle Road Impact	\$0	\$0	\$0	\$0
Total	\$16,992	\$14,914	\$21,572	\$23,165
Saratoga				
Street Maintenance	\$100,000	\$100,000	\$100,000	\$100,000
Household Hazardous Waste	\$42,276	\$42,276	\$42,276	\$45,244
Authority Administrative	\$49,835	\$31,424	\$85,316	\$103,842
Refuse Vehicle Road Impact	\$351,300	\$351,300	\$351,300	\$420,951
Total	\$543,411	\$524,999	\$578,892	\$670,037
Total				
Street Maintenance	\$761,135	\$799,685	\$809,685	\$818,300
Household Hazardous Waste	\$137,561	\$137,562	\$137,561	\$167,925
Authority Administrative	\$243,986	\$179,113	\$369,794	\$566,767
Refuse Vehicle Road Impact	\$1,322,329	\$1,448,453	\$1,574,576	\$1,770,351
Total	\$2,465,011	\$2,564,813	\$2,891,616	\$3,323,343

SECTION 3: SCOPE OF SERVICES

3.1 Overview

Section 3 describes the Authority's services to be provided under the Draft Franchise Agreement.

Proposers must submit a "Base Proposal" and an "Alternative Proposal." The technical and cost proposals for the Alternative Proposals will be evaluated and used by the Authority to determine if one or more of the alternative services will be included in the final scope of the new Franchise Agreement. The scope of services for the Base Proposal and Alternative Proposals are summarized in Sections 3.3 and 3.4, respectively.

The Draft Franchise Agreement presents all of the contract terms and conditions including a complete description of the collection services and programs requested, as well as addressing Contractor's compensation and rate-setting methods, dispute resolution, indemnification, insurance, performance assurances, default and remedy provisions, termination rights, performance standards and consequences for non-compliance, reporting obligations, and other provisions.

Section 3 provides summary information but is in no way intended to substitute for a careful review of the service requirements as specified in the Draft Franchise Agreement. To the extent there are any differences in how services are summarized in this RFP and the specific requirements of the Draft Franchise Agreement, the terms and conditions in the Draft Franchise Agreement shall prevail.

3.2 Key Authority Priorities

The following are key areas of Authority priority for provision of future collection services.

3.2.1 Service Transition

Proposers must address how, as applicable, they will ensure a smooth and successful transition of service, including, but not limited to, customer communication, billing transition, coordination of old container removal, maintenance and relabeling of existing containers (as applicable), and new container assembly and delivery.

Customer Service

Customer service is the Authority's top priority. The Authority, and its residents and businesses, expect provision of a high level of customer service. Proposers should address how they will provide high-quality service in responding to traditional customer service requests such as missed or incomplete collection complaints. The Authority expects that high quality service be provided to its residents and businesses in a cost-effective manner.

SB 1383 Compliance

The SB 1383 regulations require that jurisdictions implement a range of programs including, but not limited to, mandatory collection of organic materials, recyclable materials, and solid waste, processing facility standards, contamination monitoring, education and outreach, recordkeeping, reporting, compliance monitoring and inspections, development of food recovery programs, and generator enforcement. The Authority intends to delegate many of the ongoing SB 1383 activities to the selected proposer through this RFP process. The Authority and its Member Agencies delegate certain activities to

Santa Clara County Recycling and Waste Reduction Commission (RWRC) and Joint Ventures of Silicon Valley (JCSV), particularly those related to edible food recovery. The selected proposer will need to actively coordinate and collaborate with the Authority, its Member Agencies, RWRC, JCSV, and other Authority designees providing services related to SB 1383.

Public Education, Outreach, and Technical Assistance

Proposers must demonstrate how they will successfully meet both the letter and the spirit of the public education, outreach, and technical assistance provisions contained in the Draft Franchise Agreement. Proposers must provide technical assistance using their own staff and/or subcontractors and should provide a scope of work that clearly defines the tasks to be undertaken, management and conduct of the tasks, and coordination with subcontractor staff, as applicable.

Diversion and Contamination

The selected Contractor will need to work aggressively to maximize diversion of collected materials while minimizing contamination of each stream. The Draft Franchise Agreement provides a minimum diversion level to ensure that diversion rates do not decline, as well as a future diversion rate table for proposers to complete. “Diversion” is measured as the ratio of collected organic materials and recyclable materials to the sum of collected organic materials, recyclable materials, and solid waste. The Authority is also interested in receiving proposer ideas for effective and relatively simple ways to track and assess Contractor performance in ensuring the quality of material set-outs.

3.3 Scope of Services for Base Proposal

The selected proposer shall have the exclusive right to collect residential and commercial organic materials, recyclable materials, and solid waste, subject to the limitations described in Section 1.2 of the Draft Franchise Agreement. Under the terms of the Draft Franchise Agreement, the selected Contractor will be required to transport and deliver all solid waste and single-family residential organic materials to the Guadalupe Landfill. The selected Contractor shall be responsible for processing all recyclable materials and commercial and multi-family organic materials.

Figures 9 through 12 below summarize current base services for single-family, multi-family, and commercial customers, and other services, and identify the requested changes in base services. Proposal development should rely on review of the Draft Franchise Agreement for full details on service requirements.

Figure 9: Single-Family Collection Base Services

Service	Current SFD Service	Requested SFD Base Services
Recyclable Materials	<ul style="list-style-type: none"> • Weekly, curbside collection • Containers provided by Contractor • Carts (20-, 35-, 65-, and 95-gallon) • Extra cardboard collection: Bundled cardboard collected next to container (amount that could fit in container) 	<ul style="list-style-type: none"> • Same base service, with the exception of the modifications noted below • <i>Collections missed on Fridays to be picked up Saturdays as described in Draft Agreement</i>

Request for Proposals for Collection and Processing Services

Service	Current SFD Service	Requested SFD Base Services
Organic Materials	<ul style="list-style-type: none"> • Weekly, curbside collection • Containers provided by Contractor • Carts (35-, 65-, 95- gallon) • Green body with green lid • Up to three 95-gallon carts provided at no additional charge • Kitchen pail replacements available upon request, once per year, at no charge • Compostable plastic bags allowed • Curbside holiday tree collection, at no cost. Trees must fit in the cart or be cut I lengths of five feet or less next to the container 	<ul style="list-style-type: none"> • Same base service, with the exception of the additions or modifications noted below • <i>Provide a 20-gallon cart option</i> • <i>Provide kitchen pails to new service accounts.</i> • <i>Provide curbside holiday tree coordination and coordinate curbside holiday tree collection with local community groups who do fundraising and provide a 24-hour on-call pick-up service for holiday trees during the holiday tree collection period.</i> • <i>Permit bundled/tied yard trimmings collection next to container</i> • <i>Collections missed on Fridays to be picked up Saturdays as described in Draft Agreement</i>
Solid Waste	<ul style="list-style-type: none"> • Weekly, curbside collection • Containers provided by Contractor • Carts (20-, 35-, 65-, or 95- gallon) 	<ul style="list-style-type: none"> • Same base service, with the exception of the modifications noted below • <i>Collections missed on Fridays to be picked up Saturdays as described in Draft Agreement</i>
Backyard or Sideyard	<ul style="list-style-type: none"> • Provided to physically handicapped at no additional cost 	<ul style="list-style-type: none"> • Same base service
Household Hazardous Waste (HHW) and Used Motor Oil	<ul style="list-style-type: none"> • Curbside household batteries collected in customer provided clear plastic bags placed on top of recyclable materials cart • E-waste, universal waste, oil, and paint are dropped off by customers at a permanent collection site during pre-scheduled times determined by the customer 	<ul style="list-style-type: none"> • Same base service, with the exception of the additions or modifications noted below • <i>Curbside household batteries collected in Contractor provided fluorescent bags placed on top of solid waste cart</i> • <i>Permanent collection site for e-waste, universal waste, oil, paint, batteries, and fluorescent lights should be at a location within a 15-mile radius of any customer's premises in the Authority service area</i>
Bulky Item Collection	<ul style="list-style-type: none"> • One Contractor-scheduled annual curbside clean-up event per single-family customer. Los Gatos customers receive two scheduled annual curbside clean-ups 	<ul style="list-style-type: none"> • Same base service, with the exception of the additions or modifications noted below: • <i>In lieu of scheduled annual curbside clean-up events, provide on-call curbside clean-up event, as scheduled by customer, up to 3 times per calendar year at no charge</i>

Italics denote changes to existing services.

Alternative services are not described in this table; refer to Section 3.4.

Figure 10: Multi-Family Collection Base Services

Service	Current MFD Service	Requested MFD Base Services
Recyclable Materials	<ul style="list-style-type: none"> • Minimum weekly collection • Containers provided by Contractor • Individual or centralized cart and bin service • No less than 20 gallons for per unit • Carts (95-gallons) • Bins (1-6 cubic yards) • Collection at location agreed upon by Contractor and customer 	<ul style="list-style-type: none"> • Same base service, with the exception of additions or modifications noted below • <i>Collection 1 to 5 days/week, as scheduled by customer</i> • <i>Collections missed on Fridays to be picked up Saturdays as described in Draft Agreement</i>
Organic Materials	<ul style="list-style-type: none"> • Minimum weekly collection • Containers provided by Contractor • Individual or centralized cart and bin service • Carts (95-gallons) • Bins (1-6 cubic yards) • Up to three 95-gallon carts provided at no additional charge • Kitchen pail replacements available upon request, once per year, at no charge • Clear plastic and compostable plastic bags accepted • Curbside holiday tree collection, at no cost. Trees must fit in the container or be cut 1 lengths of five feet or less next to the container. 	<ul style="list-style-type: none"> • Same base service, with the exception of additions or modifications noted below • <i>Collection 1 to 5 days/week, as scheduled by customer</i> • <i>Collections missed on Fridays to be picked up Saturdays as described in Draft Agreement</i> • <i>Provide 20-, 30-, and 60- gallon cart options.</i> • <i>Provide kitchen pails to new service accounts.</i> • <i>Provide curbside holiday tree coordination and coordinate curbside holiday tree collection with local community groups and provide pick-up service for holiday trees during the holiday tree collection period</i>
Solid Waste	<ul style="list-style-type: none"> • Minimum weekly collection • Containers provided by Contractor • Centralized bin or cart service • Carts (35-, 65-, 95-gallons) • Bins (1-6 cubic yards) • Drop boxes/Compactors (8-40 cubic yards) 	<ul style="list-style-type: none"> • Same base service, with the exception of additions or modifications noted below • <i>Billed per dwelling unit rather than volume</i> • <i>Collections missed on Fridays to be picked up Saturdays as described in Draft Agreement</i>

Request for Proposals for Collection and Processing Services

Service	Current MFD Service	Requested MFD Base Services
Household Hazardous Waste (HHW) and Used Motor Oil	<ul style="list-style-type: none"> • Curbside household batteries collected in customer provided clear plastic bags placed on top of recyclable materials cart • E-waste, universal waste, oil, and paint are dropped off by customers at a permanent collection site during pre-scheduled times determined by the customer 	<ul style="list-style-type: none"> • Same base service, with the exception of additions or modifications noted below • <i>Small MFD's: Curbside household batteries collected in Contractor provided fluorescent bags placed on top of solid waste cart</i> • <i>Large MFD's: Household batteries collected from on-site property manager in battery bucket</i> • <i>Household battery collection bucket to be placed in the property management office for household battery collection at large multi-family complexes.</i> • <i>Permanent collection site for e-waste, universal waste, oil, paint, batteries, and fluorescent lights should be at a location within a 15-mile radius of any location within the Authority service area</i>
Bulky Item Collection	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • <i>On-call curbside clean-up event, as scheduled by tenant, up to 1 time per calendar year per MFD unit at no charge</i>

Italics denote changes to existing services.

Alternative services are not described in this table; refer to Section 3.4.

Figure 11: Commercial Collection Base Services

Service	Current Commercial Service	Requested Commercial Base Services
Recyclable Materials	<ul style="list-style-type: none"> • Minimum weekly collection; Monday through Friday • Containers provided by Contractor • Individual cart or bin service or centralized cart or bin service • Carts (95-gallons) • Bins (1-6 cubic yards) • Drop boxes/compactors (8-40 cubic yards) <ul style="list-style-type: none"> • Option for drop boxes and compactors to be purchased or leased • No less than 20 gallons per unit 	<ul style="list-style-type: none"> • Same base service, with the exception of the additions or modifications noted below • <i>In lieu of minimum weekly collection Monday – Friday, collection 1 to 6 days/week, Monday – Saturday, as scheduled by customer</i> <ul style="list-style-type: none"> • <i>Commercial customers within 200 feet of single family or multi-family customers shall between 8 a.m. and 4 p.m.</i> • <i>Provide 35-, 65-, and 95-gallon cart options</i> <i>Provide 1-8 cubic yard bin options</i>

Request for Proposals for Collection and Processing Services

Service	Current Commercial Service	Requested Commercial Base Services
Organic Materials	<ul style="list-style-type: none"> • Minimum weekly collection, Monday through Friday • Containers provided by the Contractor • Carts (95-gallon) • Bins (1-6 cubic yards) • No less than 20 gallons per unit • Clear plastic and compostable plastic bags allowed • Location agreed upon by customer and Contractor 	<ul style="list-style-type: none"> • Same base service, with the exception of the additions or modifications noted below • <i>Provide 30- and 60- gallon cart options</i> • <i>In lieu of minimum weekly collection Monday – Friday, collection 1 to 6 days/week, Monday – Saturday, as scheduled by customer</i> <ul style="list-style-type: none"> • <i>Commercial customers within 200 feet of single family or multi-family customers shall be serviced between 8 a.m. and 4 p.m.</i>
Solid Waste	<ul style="list-style-type: none"> • Minimum weekly collection, Monday through Saturday • Containers provided by the Contractor • Carts (35-, 65-, 95- gallon) • Bins (1-6 cubic yards) • Drop boxes/compactors (8-40 cubic yards) • Cart colors: carts have brown body brown lid; at the end of the cart’s useful life, replacement carts have black body and black lid • Bin colors: green body and black lid 	<ul style="list-style-type: none"> • <i>Same base service, with the exception of the additions or modifications noted below</i> • <i>In lieu of minimum weekly collection Monday – Friday, collection 1 to 6 days/week, Monday – Saturday, as scheduled by customer</i> <ul style="list-style-type: none"> • <i>Commercial customers within 200 feet of single family or multi-family customers shall be serviced between 8 a.m. and 4 p.m.</i> • <i>Provide 1-8 cubic yard bin options</i>

Italics denote changes to existing services.

Alternative services are not described in this table; refer to Section 3.4.

Figure 12: Other Base Services

Service	Current Service	Requested Services
<p>Public Education, Outreach, and Technical Assistance</p>	<ul style="list-style-type: none"> • Two full time coordinators • Conduct site visits for multi-family and commercial customers on a schedule approved by Authority or upon customer request • Host at least four technical assistance workshops per year focused on SB 1383 regulations • Attend at least four Authority or Member Agency-held events per calendar year with at least one staff member available • Educational media including, but not limited to quarterly newsletters, ‘how-to’ brochures, ads in newspapers, and mailers • Direct contact with schools, homeowner associations, and property managers • Printed in English • All materials approved by Authority • Website service info reviewed once per quarter or more frequently as directed by Authority • Authority may require Company to post info about other Authority/Member Agency programs • School education programs: working through the local schools and libraries, using creative strategies such as drawing and essay contests • Commercial sector: increase traditional Recycling Diversion by targeting each Member Agency’s largest producers and downtown areas, making site visits, meeting with managers and/or contacting owners to offer free site assessments • SB 1383 edible food recovery required distributions 	<ul style="list-style-type: none"> • <i>Flexible annual public education plan based on dedicated budget of \$150,000 per year</i> • <i>Educational media shall include, but not be limited, to quarterly newsletters, ‘how-to’ brochures, ads in newspapers, mailers, direct contact, and social media platforms</i> • <i>Allocated Contractor staff for monitoring social medial platforms and responding to direct messages and/or comments that are of a customer service nature</i> • <i>Printed in English and up to three additional languages as directed by Authority</i> • <i>On-call curbside clean-up promoted through instructional and promotional material.</i> • <i>Authority has right to promote events and programs on vehicle signs at no charge to Authority.</i> • <i>Mail all printed educational material to the Authority and Member Agency Public Works Departments.</i> • <i>Additional education and outreach content required to comply with SB 1383 (See Exhibit C of the Draft Franchise Agreement for full details)</i>

Request for Proposals for Collection and Processing Services

Service	Current Service	Requested Services
C&D	<ul style="list-style-type: none"> Collection from residential and commercial customers and directly delivered to Guadalupe Landfill, or an alternative approved facility Contractor and customer mutually agree upon in order to achieve higher levels of diversion 	<ul style="list-style-type: none"> Same base service <i>Note: Processing of C&D at alternative facility is part of the scope of alternative services described in Section 3.4 of this RFP</i>
Disposal and Processing	<ul style="list-style-type: none"> Recyclable materials are delivered to GreenWaste Recovery Single family organic materials are delivered to Guadalupe Landfill and then transferred to Altamont CASP Multi-family and Commercial organic materials are delivered to ZWED Solid waste is delivered to Guadalupe Landfill 	<ul style="list-style-type: none"> Contractor shall propose a recyclable materials processing facility Contractor shall propose an organic materials processing facility for multi-family and commercial organics

Service	Current Service	Requested Services
<p>Collection and Container Standards</p>	<ul style="list-style-type: none"> • Contractor to provide all carts, bins, drop boxes and compactors to customers that are compatible with automated equipment • Cart colors: <ul style="list-style-type: none"> • Recyclables: Blue body and lid • Organic Materials: Green body and lid • Solid Waste: Brown body and lid OR black body and lid • Bin colors: <ul style="list-style-type: none"> • Recyclables: White with black lid OR white with blue lid • Organic Materials: green with bright green lid • Solid Waste: green with black lid • Authority has the option to maintain ownership of all Carts at the end of the Agreement. • with neatly and uniformly painted surfaces • All containers issued after January 1, 2022 must have SB 1383-compliant colors and labeling using label or imprint methods 	<ul style="list-style-type: none"> • Same base service, with the exception of additions or changes noted below • <i>Use of SB 1383 qualified Renewable Natural Gas (RNG) for collection vehicles to assist the Authority and its Member Agencies in complying with SB 1383 requirements for recovered organic product procurement</i> • <i>Contractor can use existing carts under an attrition model. At the end of the cart's useful life or before the end of year 5 of the contract, replace existing carts with carts that are SB 1383 color compliant</i> • <i>Replace all bins and drop boxes at the start of the contract term</i> • <i>Cart and bin colors:</i> <ul style="list-style-type: none"> • <i>Recyclables: blue body and lid</i> • <i>Organic Materials: green body and lid</i> • <i>Solid Waste: gray/black body and lid</i> • Authority has the option to maintain ownership of all Containers at the end of the Agreement. • <i>Provide locked container service on request</i> • <i>Covered sliding container tops for drop boxes available to customers on request for fee</i>
<p>Review of Waivers</p>	<ul style="list-style-type: none"> • Contractor reviews de minimis and physical space constraint waivers for multi-family and commercial generators and provides recommendation to Authority/applicable Member Agency • Contractor provides documentation to the Authority/applicable Member Agency demonstrating that the generator has met the waiver conditions 	<ul style="list-style-type: none"> • Same base services

Request for Proposals for Collection and Processing Services

Service	Current Service	Requested Services
Compliance and Monitoring	<ul style="list-style-type: none"> Contamination monitoring route reviews conducted by Contractor Route review methodology approved by Authority 	<ul style="list-style-type: none"> Same base services
Reporting	<ul style="list-style-type: none"> Report formats mutually agreed upon by Authority and Contractor Monthly, quarterly, and annual reports required Event-specific reporting Billing and complaint reports 	<ul style="list-style-type: none"> Same base services, <i>with the exception of additions or changes noted below</i> <i>Reports must be compatible with Authority-designated web-based third party reporting platform</i>
Public Litter Containers	<ul style="list-style-type: none"> Minimum weekly collection Containers provided and maintained by Member Agency Services provided at no charge to Member Agency 	<ul style="list-style-type: none"> Same base service Note: Weekend public litter container service is part of the scope of alternative services described in Section 3.4 of this RFP
Services for Member Agency Facilities	<ul style="list-style-type: none"> Containers are collected Monday through Friday, or on Saturdays following non-working holidays Bin and drop box collection is scheduled at a time agreed upon by the Contractor and respective Member Agency Solid waste, recyclable materials, and organic materials collected from public facilities, as a result of routine and customary municipal operations and Member Agency-sponsored events 	<ul style="list-style-type: none"> Same base service Note: Large Event and Venue Services is part of scope of alternative services, described in Section 3.4.5 of this RFP
Billing	<ul style="list-style-type: none"> Contractor bills customers rates approved by Authority Residential – quarterly during second month of billing period Commercial – monthly advance or arrears Contractor conducts annual review of customer billings Contractor may terminate collection after 60 days past due from the last day of the billing period and 30 days written notice 	<ul style="list-style-type: none"> Same base service, with the exception of additions or changes below <i>Service termination may be initiated by Contractor; must follow bad debt process defined in Draft Franchise Agreement</i> <i>During each billing cycle, send example bill to Authority address</i> <i>Upon Authority request, provide read-only access to billing information</i>

Italics denote changes to existing services.

Alternative services are not described in this table; refer to Section 3.4.

3.4 Scope of Alternative Services

The Authority wants to evaluate the potential benefits and cost efficacy of several alternative services to determine if they will be included in the scope of services for the future Contractor to implement. For this reason, the proposer is required to consider each of the new services identified separately and present its approach to providing the service, and incremental costs (or savings) as noted.

In addition, the Authority is interested in other innovative and/or cost saving approaches to providing the requested services. Proposers are invited to provide incremental cost and operating information for such services, at the proposer's option.

Each alternative service is generally described below, and in more detail in the relevant section of the Draft Franchise Agreement. Please be specific regarding anticipated labor requirements (level of effort in hours per year), equipment needs and capital requirements, and required or discretionary use of subcontractors. Please provide an implementation schedule detailing the steps, roles and responsibilities, and the timeframes necessary to meet each service need, including staff hiring and training and equipment acquisition. Clearly document all assumptions.

3.4.1 Bulk Compost and Mulch

SB 1383 requires that the Authority procure a specified quantity of recovered organic products (meeting the applicable guidelines for "California Recovered" as described in SB 1383). The selected Contractor is expected to provide the necessary services for the Authority to fulfill this recovered organic products obligation through the provision of compost, mulch, and/or Renewable Natural Gas (RNG) fuel for vehicles. The Authority may need to receive and use or distribute significant quantities of compost or mulch to meet this procurement requirement if other means including, but not limited to, the use of RNG collection vehicles described in Section 3.7 below, are not feasible. As such, the Authority may elect for the selected Contractor to provide a bulk compost and/or mulch give-back program totaling up to approximately twelve thousand four hundred (12,400) cubic yards of materials for use or give-away by the Authority or Member Agencies. This program is described in Exhibit B4, Section 5 of the Draft Franchise Agreement.

3.4.2 Compost Give-Away

In addition to or, perhaps, in place of the bulk compost/mulch program described above, the Authority may be interested in working with the successful Contractor to perform community events to give-away retail quantities of compost or mulch to assist in meeting the SB 1383 procurement requirement. In addition, the give-back program with the community may reinforce the "closed loop" messaging supporting the organic materials program. This program is described in Exhibit B4, Section 5.C of the Draft Franchise Agreement.

3.4.3 Used Cooking Oil Collection

The Authority is interested in adding used cooking oil to the curbside collection program for single-family customers, including the provision of used oil recovery kits to customers upon request. These oils are dangerous to the sewer systems and the Authority is interested in reducing their negative impacts through this program. Customers would be provided with used oil recovery kits (defined in Exhibit A) and the Contractor would provide curbside collection as needed by the customer, on the customer's normal service day. Refer to Exhibit B1, Section 4 of the Draft Franchise Agreement for more information.

3.4.4 Multi-Family Move-In and Move-Out Kits

The Authority is interested in providing tools to support the unique needs of different sectors provided collection service. In particular, the Authority is interested in multi-family “Move-In Kits” to introduce new multi-family tenants to the program, particularly focusing on how to manage organic materials and recyclable materials at their new property; and, “Move-Out Kits” to assist with materials management and reuse upon move-out.

Please describe how you would provide Move-In Kits to each multi-family dwelling unit, including coordination with property managers prior to the commencement of the agreement, and to new multi-family tenants thereafter during the term of the agreement. Note any differences in approach for larger multi-family premises that have on-site property management, versus multi-family premises for which the property manager is offsite.

Please also describe how you would provide Move-Out Kits to multi-family tenants throughout the term of the agreement, including coordination with property managers. Note any differences in approach for larger multi-family premises that have on-site property management, versus multi-family premises for which the property manager is offsite.

Refer to Exhibit B2 of the Draft Franchise Agreement for more information.

3.4.5 Large Event and Venue Services

The Authority and its Member Agencies are interested in implementing recyclable materials and organic materials services in public spaces, to support the overall program implementation and to “walk the talk” at Member Agency events. The Authority is interested in having the successful Contractor support up to twelve (12) Member Agency event days per Member Agency per year, with enhanced materials management services, including but not limited to event collection stations, collection station monitors, consolidation containers, public education booths, and reporting.

This program is described in full in Section 4.5 of the Draft Franchise Agreement and events listed are listed in Exhibit B5.

3.4.6 Street Sweeping

Each Member Agency contracts to provide street sweeping services for their residents. The Authority is interested in the selected Contractor providing street sweeping services as described in the Draft Franchise Agreement.

3.4.7 Weekend Public Litter Container Collection

Each Member Agency contracts to provide weekend collection for the public litter containers that are required to be serviced during the week by the selected proposer. The Authority is interested in the Contractor also providing weekend collection service, in the same manner as weekday collection service for public litter containers described in the Draft Franchise Agreement.

3.4.8 Exclusive C&D Collection

Under the current agreement, C&D is collected exclusively by the franchised hauler. The Authority is interested in evaluating the exclusivity of the C&D collection and may ask the Contractor to provide C&D

collection exclusively within the Authority service area or may choose to allow the service to be provided in an open market.

3.5 Innovative or Cost-Saving Proposals

While proposers must provide a proposal that is fully responsive to this RFP, they are also invited to submit one (1) or more proposals for additional service enhancements, innovations, or cost-saving approaches to address any of the service needs requested above, or to provide other services that would be of benefit to the Authority and its ratepayers. Examples of such alternatives may include, without limitation, variations in collection methods, equipment requirements, customer service approaches, methods of achieving the Authority's recovered organic waste product procurement obligation, use of electric vehicles, or other changes from the Authority-requested specifications that the proposer believes achieve the goals of the RFP, maintain regulatory compliance, and deliver cost-effective and high-quality services to the Authority and its Member Agencies. Any alternative proposals should be clearly marked as such.

3.6 Labor Policy

3.6.1 Employee Retention

The Authority is aware of AB 1669 regarding bidding preferences for companies proposing to hire the displaced employees of the previous Contractor. As described in this Section 3.6.1, the Authority will be requiring all proposers to make such offers of employment. Therefore, no preference will be awarded based on this condition. Compensation data for the current service provider has been included at the RFP website: <http://www.hfh-consultants.com/hfh-clients/WVSWMA-RFP/>.

The Authority is seeking the following employment conditions for the selected Contractor:

1. The Authority's future Contractor shall offer employment under the new Franchise Agreement to existing employees working under the current franchise agreement who become unemployed by reason of the change in contractors. However, the future Contractor shall not be obligated to offer employment to more existing employees than the future Contractor needs to perform the services required under the new Franchise Agreement and the Contractor shall not be obligated to offer employment to existing employees that are not working prior to the commencement date due to a leave of absence related to disability or workers' compensation claim. Additionally, the Contractor shall not be obligated to displace any of its current employees or modify its current job performance requirements or employee selection standards. Additional employees, if needed, shall be obtained pursuant to procedures currently in effect under the collective bargaining agreement with the current solid waste collection Contractor. This requirement, however, shall not be applicable to management or supervisory personnel.
2. Wages and benefits applicable to employees performing work under the new Franchise Agreement shall be commensurate with current compensation or in accordance with existing agreements with represented labor groups.
3. The Contractor may enter into agreement(s) with subcontractors to provide services covered in the Draft Franchise Agreement, subject to the prior written consent of the Authority as stated in Section 3.3 of the Draft Franchise Agreement. Subcontractors shall be required to comply with the obligations stated in paragraphs (1) and (2), above.

4. Labor agreements and MOUs must be included with proposals and as attachments to the Draft Franchise Agreement and future modification shall be submitted to the Agreement.

3.6.2 Labor Peace

The health and safety considerations involved in a possible interruption in the collection services requested through this RFP emphasize the importance of labor peace during the term of the contract award. All proposals submitted in response to this RFP shall include proposer commitment to remain entirely neutral in the event that a question of employee representation arises during the term of the Franchise Agreement.

Notwithstanding the provisions of AB 1669, the Contractor may enter into agreement(s) with subcontractors to provide services covered in the Draft Franchise Agreement, subject to the prior written consent of the Authority as provided in Section 3.3 of the Draft Franchise Agreement. Subcontractors shall be required to comply with the obligations of Section 3.3 of the Draft Franchise Agreement. Labor agreements must be included as attachments to the Draft Franchise Agreement and future modification shall be submitted to the Authority.

3.7 Collection Vehicles and Containers (RNG Preferred)

At a minimum, collection vehicles shall meet the most recent State of California Air Resources Control Board regulations for “Diesel Particulate Matter Control Measure for On-Road Heavy-Duty Residential and Commercial Solid Waste Collection Vehicle Diesel Engines.” Collection vehicles must comply with all applicable emissions standards and laws not only at commencement of the agreement but also throughout the term of the Franchise Agreement. The Authority’s strong preference is for the fleet to accommodate the use of RNG to assist the Authority and its Member Agencies in complying with SB 1383 requirements for recovered organic product procurement. Proposers shall identify whether such RNG credits can be made available to the Authority through this process and the amount of credits/fuel usage associated with this contract.

The selected proposer will be required to provide all new collection vehicles, bins, and drop boxes. The existing solid waste, organic materials, and recyclable materials carts will remain in place and will be acquired by the Authority for use by the selected Contractor. Proposers may assume that such containers have been fully depreciated unless otherwise notified by the Authority and as documented by the current collector. Proposers will be required to replace containers with SB 1383 compliant color containers at the end of a container’s useful life. All containers need to be SB 1383 color compliant at the end of Rate Period Five of the Franchise Agreement. Proposers shall assume an average vehicle and container life of ten (10) or more years and plan to depreciate vehicles and containers over a ten (10) year period for the purposes of determining depreciation and interest expenses.

3.8 Corporation Yard

The Authority requires that all proposers identify a site or potential sites to be used for staging equipment and personnel and for performing equipment maintenance. The Authority is not requiring that such site(s) be located within the Authority service area.

3.9 Subcontractors

The selected proposer may enter into agreements with subcontractors to provide services requested in the RFP, subject to the prior written consent of the Authority, as described in Section 3.3 of the Draft

Franchise Agreement. Subcontractor arrangements are to be disclosed in the proposal. Agreements with the subcontractor(s) must meet the requirements of the level and type of insurance specified in Article 9 of the Draft Franchise Agreement.

3.10 Municipal Code Revisions

Changes to the existing collection arrangements proposed by the Authority may require revisions to each Member Agency's Municipal Code. The selected proposer shall comply with applicable law, including each Member Agency's Municipal Code, at all times.

3.11 Reimbursement of Procurement Costs

The selected proposer will reimburse Authority for the Authority's procurement-related expenses (including, but not limited to, staff time, legal costs, and consulting fees). The reimbursement payment will be made by the selected proposer within five (5) days of the execution date of the new Franchise Agreement. The reimbursement expense of three hundred thirty-three thousand and six hundred ninety dollars (\$333,690) shall be paid by the Contractor and may not be recovered through its annual compensation under any agreement awarded in response to this RFP.

SECTION 4: RFP CONDITIONS AND PROPOSAL SUBMITTAL

4.1 Rights Reserved by the Authority

The Authority reserves the right, in its sole discretion, to pursue any or all of the following actions in regard to this RFP process:

- Issue addenda and amend the RFP and Draft Franchise Agreement.
- Request additional information and/or clarification from proposers.
- Permit the timely correction of errors and waive minor deviations in the process.
- Withdraw the RFP.
- Revise the process.
- Reject incomplete proposals; proposals containing errors, inconsistencies, false, inaccurate or misleading information; proposals submitted after the deadline; and/or, proposals with other process or content errors or deficiencies.
- Reject proposals that do not fully comply with the requirements detailed in this RFP, its attachments, addenda, or clarifications.
- Reject a proposal if it is not in the best interest of the Authority and/or the Member Agencies and its residents and businesses.
- Award the new Franchise Agreement to a proposer based on a combination of its qualitative and quantitative attributes.
- Award the new Franchise Agreement to a proposer without further discussion or negotiation.
- Negotiate changes in the services proposed and/or described in the RFP or to incorporate programs proposed by others; and, negotiate changes to the Draft Franchise Agreement.
- Approve or disapprove the use of particular subcontractors.
- Negotiate with the selected Contractor for a later commencement date.
- Issue subsequent RFP(s) for the same, similar, or related services at a later date.
- Amend individual Member Agencies' Municipal Codes.
- Take any other action it deems in the best interest of the Authority, its Member Agencies, its residents, and/or businesses.

4.2 General RFP Agreements

This RFP shall not be construed by any party as an agreement of any kind between the Authority, its Member Agencies, Contractor(s), or other parties.

This RFP does not obligate the Authority to accept any proposal, negotiate with any proposer, award a franchise agreement, or proceed with the development of any project or service described in response to this RFP. The Authority has no intention or obligation to compensate any proposer for its expense of preparing its proposal and participating in this procurement process.

Submission of a proposal shall constitute acknowledgment and acceptance of all the terms and conditions contained in this RFP and Draft Franchise Agreement, including all addenda or amendments issued by the Authority per the schedule provided in this RFP, with the exception that proposers may take exceptions to the RFP and Draft Franchise Agreement in accordance with Section 5.8 of this RFP. Submittal of a proposal signifies proposer's commitment to provide the proposed services, if selected. Contractor shall be bound by the proposal they submitted. Proposals may not be altered after submittal, except in response to the Authority's request for clarification. In addition, all aspects, conditions, and components of proposals submitted shall be valid for one (1) year from the date of submission.

The Authority shall have the right (but not the obligation) to perform a review of any or all proposers' ability to perform the work required. Each proposer must agree to cooperate with such a review, as a failure to do so may result in the immediate disqualification of the proposal(s) submitted by proposer. Such cooperation by proposer shall apply to the verification of the proposer's capability and experience in the provision of services and any other component of work that may be required under this procurement.

The Authority or its consultants may conduct reference checks on proposers that involve contacting municipalities currently or previously served by proposer, as well as contacting regulatory agencies involved in the oversight of proposers' facilities. In addition, the Authority or its consultants may research proposers' past performance by reviewing litigation history, regulatory actions, highway driving records, and recycling history. The proposer's submission of a proposal shall constitute an agreement to cooperate with the Authority's review.

The Authority will only enter into Agreements that will enable the Authority and the Member Agencies to comply with all applicable State mandates including, but not limited to: AB 939, AB 341, AB 1826, and SB 1383.

4.3 Disclaimer

To the best of the Authority's knowledge, all data and information provided during the RFP process including, but not limited to, the RFP website, the Authority and Member Agency websites, and any subsequent communications, are accurate. However, all data and information are presented for informational purposes only and the Authority, its Member Agencies, and its consultants are in no way responsible for any inaccurate, inconsistent, or incomplete data or information. Proposers, by submission of their proposal(s) in response to this RFP, agree to indemnify and hold the Authority and its Member Agencies harmless from any claims of damages incurred by the proposer for its reliance on any data provided by the Authority or the Member Agencies throughout this RFP process. Each proposer should take whatever steps it believes are necessary to determine the Authority's service requirements and service conditions as a condition of participating in the RFP process.

4.4 Conflict of Interest and Prohibited Contracts

No person performing services for the Authority, in connection with the establishment of any agreements or any projects resulting from this solicitation, shall have a financial or other personal interest other than employment or retention by the Authority or its Member Agencies, in any contract or subcontract in connection with this solicitation or any resulting project. No officer or employee of such person retained by the Authority or its Member Agencies shall have any financial or other personal interest in any real property acquired for this list or resulting project, unless such interest is openly disclosed upon the public

records of the Authority or its Member Agencies and such officer, employee, or person has not participated in the acquisition of such property for or on behalf of the Authority or its Member Agencies.

4.5 Proposal Communication and Submittal Process

Proposers submitting proposals to the Authority shall follow the procedures described in this Section 4.5 and the procedures included in subsequent clarifications or addendums to this RFP, which are issued by the Authority or its consultant.

4.5.1 Step One – Register for Correspondence, RFP, and Announcements

To be placed on the list of interested parties, email WVSWMA-RFP@hfh-consultants.com and include a signed copy of the Authority RFP Process Communications Protocol, RFP Attachment G (one signed copy per proposing company/entity). You will be placed on the list of interested parties registered to receive future correspondence and announcements related to this RFP. In addition, please include any other contacts from your company that should be included on this list. Parties interested in submitting a proposal must be registered to submit a proposal. All requests will be acknowledged by e-mail. Be sure to adjust computer settings as necessary to allow receipt of emails from the domain “hfh-consultants.com.”

4.5.2 Step Two – Submission of Written Questions

Respondents should submit all questions and requests for information or clarification regarding this RFP in writing by email to WVSWMA-RFP@hfh-consultants.com by the date shown in Figure 1.

The Authority directs proposers to submit all questions and requests for information regarding this RFP in writing by email to: WVSWMA-RFP@hfh-consultants.com. Proposers shall refrain from contacting Authority or its Member Agency employees, elected officials, or other Authority or Member Agency agents directly. Questions submitted on or before the date shown in Figure 1 will be addressed at the pre-proposal meeting. Proposers may submit additional questions on or before 5:00 p.m. on the date shown in Figure 1. The Authority will respond to all written questions and requests for clarifications submitted by proposers by the date shown in Figure 1. Such response will be in writing and made available via HF&H’s Authority RFP Web Page, with notification to the RFP Distribution List and without identifying the party asking the question.

4.5.3 Step Three – Mandatory Pre-Proposal Meeting

The mandatory pre-proposal meeting will be held at the time and date shown in Figure 1. Attendance at this meeting is mandatory. The Authority may hold the meeting virtually and/or in person. The Authority will update registered proposers via email with the meeting details, once confirmed. The Authority may, but is not obligated to, reject proposals received from proposers that do not attend the pre-proposal meeting. Proposers are encouraged to submit questions in advance of the meeting (in accordance with Section 4.5.2) or prepare and pose questions at the pre-proposal meeting. Preliminary oral responses to questions will be provided at the discretion of Authority staff at the pre-proposal meeting but will not be binding on the Authority. Written responses to questions will be provided to all registered parties. In the event of any inconsistencies between oral responses provided at the pre-proposal meeting and written responses subsequently issued, written responses have precedence.

4.5.4 Step Four – Proposal Submittal

By submitting a proposal, all proposers agree, and certify under penalty of perjury, under the laws of the State of California, that the certification, forms, and affidavits submitted as part of this RFP process are true and correct.

Proposals shall be submitted electronically via email. Proposers should ensure that their email is sent requesting a read receipt and that you receive submission confirmation prior to the deadline shown in Figure 1. If Proposer needs to send multiple emails due to outgoing file size, please number each email in the subject line using “WVSWMA Proposal Submittal, Email 1 of 2,” etc. Proposers must submit and receive confirmation of receipt of the following four (4) files before the deadline:

1. The proposer’s complete proposal except for cost forms shall be submitted in Adobe PDF format.
2. The two (2) sets of cost proposal forms (Attachment B) shall be separately submitted as Microsoft Excel files.
3. In addition to being included in the PDF under Item 1, the Draft Franchise Agreement shall also be provided as a Microsoft Word document with any edits shown in track changes mode, as further described in Section 5.8.

All pages shall be consecutively numbered; although, each section may start with a new page number if proceeded with the section number (e.g., Page 2-1 for the first page of Section 2).

Proposal emails shall include the following information in the body:

**PROPOSAL FOR THE WEST VALLEY SOLID WASTE MANAGEMENT AUTHORITY
COLLECTION SERVICES PROPOSAL**

Name of Proposer:

Address:

Contact Person:

Telephone Number:

E-mail:

Proposals can be emailed to: WVSWMA-RFP@hfh-consultants.com.

All proposals must be received by 3:00 p.m. on the date shown in Figure 1. Proposals received after this time and date may be rejected.

Upon receipt by the Authority, proposals shall become public records subject to public disclosure. It is the responsibility of the proposer to clearly identify any confidential, proprietary, trade secret, or otherwise legally privileged information contained within the proposals (general references to sections of the California Public Records Act (PRA) will not suffice). If the proposer does not provide applicable case law that clearly establishes that the requested information is exempt from the disclosure requirements of the PRA, the Authority and its Member Agencies shall be free to release the information when required in accordance with the PRA, pursuant to any other applicable law, or by order of any court or government agency, and the proposer agrees to hold the Authority and its Member Agencies harmless for any such release of this information.

4.5.5 Step Five – Clarification of Proposal Information

Proposer may be asked to clarify information through written or verbal communications, or during site visits of each proposer's offices; customer service center; corporation yard and maintenance facilities; and, transfer facilities (if applicable). This clarification process may involve requesting that the proposer demonstrate how financial, customer service, and management information systems can provide reports required by the Draft Franchise Agreement. The clarification process may be performed by Authority staff and/or their consultants.

4.5.6 Step Six – Proposer Interviews & Negotiations

One or more proposers are likely to be invited to meet with Authority staff and its consultant. The purpose of these meetings is to: 1) receive a presentation of the proposals; and, 2) engage in preliminary negotiations on any exceptions taken to the terms of the Draft Franchise Agreement. The Authority reserves the right to incorporate any written clarifications, presentations, or other supporting documentation into the Draft Franchise Agreement as a material element of the Draft Franchise Agreement. The Authority also reserves the right to, at its sole discretion, require proposers to provide facility tours as part of the interview process.

Time is of the essence in the procurement of these services; therefore, the negotiations will be limited to those items identified in the company's proposal as exceptions to the Draft Franchise Agreement. The Authority will not discuss any changes to the Draft Franchise Agreement that are not clearly presented in proposer's proposal.

The Authority expects that the selected proposer(s) will make themselves available promptly to start the negotiations process and will negotiate expeditiously and in good faith to ensure a prompt resolution to the process. The Authority may choose to negotiate final agreements with more than one (1) proposer in order to bring final, proposer-executed agreements to the Authority Board for their approval. The determination to negotiate agreements prior to consideration by the Authority Board will be at the sole discretion of the Authority's staff and consultant.

4.5.7 Step Seven – Contractor Selection

Authority staff and its consultant will present the results of the RFP and negotiations process to the Authority Board for their consideration. The Authority Board may, in their sole discretion:

1. Award a contract to the recommended proposer;
2. Award a contract to a proposer other than the recommended proposer;
3. Direct staff and the recommended proposer to negotiate further;
4. Direct staff to negotiate with additional or replacement proposers;
5. Cancel and/or restart this process; or,
6. Take any other action they deem in the best interest of the Authority and/or the Member Agencies.

SECTION 5: PROPOSAL REQUIREMENTS

Section 5 includes the required proposal outline, and a description of the specific information proposers must include. Failure to provide all the required information may be grounds for rejection of a proposal.

5.1 Proposal Outline

Proposer shall present its proposals in accordance with the outline provided in Figure 13. Items that are not required elements of the proposal are noted as “Optional.” At proposer’s option, the proposer may include additional information or data on other relevant topics, or more detail on the information requested herein that is relevant to the proposal. Any additional information shall be included as attachments to the proposal.

Figure 13: Proposal Outline

- i. Title Page
- ii. Cover Letter
- iii. Table of Contents
- ES Executive Summary
- 1. Company Description
 - 1. Business Structure
 - 2. Collection Experience
 - 3. Service Initiation Experience
 - 4. Key Personnel
 - 5. Labor Agreements and Wages
 - 6. Past Performance Record
 - 7. Financial Information
- 2. Technical Proposal for Base Services
 - 1. Collection
 - 2. Bulky Item/Abandoned Materials Collection
 - 3. Multi-Family/Commercial Technical Assistance
 - 4. Customer Service
 - 5. Billing
 - 6. Public Education and Outreach Plan
 - 7. Implementation Plan
 - 8. Other Required Plans
 - 9. Subcontractors
 - 10. Existing Management and Customer Service Systems
 - 11. Corporation Yard and Maintenance Facilities
- 3. Technical Proposal for Alternative Services
 - 1. Alternative Services (Required)
 - 2. Innovative Services (Optional)

4. Environmental Considerations
5. Acceptance of RFP and Franchise Agreement
6. Cost Proposal
 1. Cost Proposal for Base Services
 2. Cost Proposal for Alternative and Innovative Services
7. Other Proposal Forms
 1. Secretary's Certificate
 2. Anti-Collusion Affidavit
 3. Iran Contracting Act Certification
 4. RFP Process Communications Protocol

Attach. Additional material may be included at proposer's discretion (Optional)

5.2 Cover Letter

The cover letter shall clearly identify the legal entity(ies) submitting the proposal and state whether each entity is a sole proprietorship, partnership, corporation, or joint venture. The cover letter shall be signed by the designated representative authorized to bind proposer as documented on the Secretary's Certificate to be submitted in accordance with Section 5.10.1. In the cover letter, proposer shall acknowledge all addenda to the RFP it received by providing a list of the addendum and date of issuance.

5.3 Executive Summary

Proposer shall provide an executive summary to introduce its proposal; present its strategy and costs; and, highlight unique aspects of its approach to servicing the Authority and its Member Agencies. The executive summary can be used to highlight any additional programs, service enhancements, or other innovations proposed.

5.4 Company Description

5.4.1 Business Structure

In its proposal, proposer shall:

- Confirm that proposer is authorized to conduct business in California;
- Identify whether the proposer is certified as a Green Business;
- Identify the legal entity that would execute the new Franchise Agreement. State whether each entity is a sole proprietorship, partnership, corporation, or joint venture. Describe in detail the relationship of the proposer to the executing entity. If the proposer is a joint venture, describe where the entities have collaborated before;
- State the number of years the entity(ies) has been organized and doing business under this legal structure. Proposal must include all the names of company's (and executing entities' if different than company's) owners/stockholders with greater than a 10% holding and creditors owed a debt greater than 10% of the company's total assets;

- Identify other businesses with ownership by principals and/or management; and,
- Describe all services to be performed by subcontractors and identify each subcontractor by name. Proposer shall describe any current or past working relationship with the subcontractor(s) in the past five years.

5.4.2 Collection Experience

Proposer must describe its experience serving jurisdictions in California (preferably serving jurisdictions of similar or larger combined size and similar demographics to the Authority service area. Proposer's description for each comparable jurisdiction shall include:

- The name of the jurisdiction where the services were provided, commencement date of services, and term of the agreement;
- The service provided (e.g., organic materials collection, recyclable materials collection, solid waste collection, and other unique collection programs at proposer's discretion, such as those for e-waste, universal waste, or household hazardous waste);
- The name, address, and telephone number of the jurisdiction's representative responsible for administering the agreement; and,
- The number of single-family, multi-family, and commercial customers served.

5.4.3 Service Initiation Experience

The Authority is interested in learning about each proposer's experience with implementation of new franchise agreements and new programs. Include a minimum of three (3) reference projects for which the proposer has initiated a new collection contract and/or new collection services. For each reference program, the description shall include:

- The name of the jurisdiction where the services were provided and commencement date and term of the agreement;
- The service initiation performed (e.g., initiation of a new franchise agreement, universal roll-out/distribution of recycling service to all multi-family and commercial accounts, multi-family and commercial food scraps collection);
- The name, address, and telephone number of the jurisdiction's representative responsible for administering the agreement;
- The number of residential and commercial customers served;
- Description of how the company handled the specific requirements for the procurement of vehicles and personnel; training of personnel; billing and fee collection services; determination of routes and operating procedures; delivery of containers; public education; and, the preparation of procedures to ensure a smooth transition from one company to another and one type of service to another; and,
- Identification of problems that occurred during the initiation of the new contract and solutions implemented to solve the problem(s).

5.4.4 Key Personnel

Provide an organization chart for key personnel. Identify key personnel the proposer plans to assign to: (1) the transition team; and, (2) the ongoing management of the services provided under the Draft Franchise Agreement. At a minimum, provide the names, contact information, job description, and qualifications for the key personnel with the following or related job titles:

- Regional Manager
- General Manager
- Contract Relations/Compliance Manager
- Operations Manager
- Customer Service Manager

Also provide the name, contact information, and qualifications for the person who will serve as the primary contact person for the Authority during the term of the new Franchise Agreement. If specific individuals have not been identified for one (1) or more positions, provide the job description and/or hiring criteria that will be used to select the individual.

5.4.5 Labor Agreements and Wages

Proposer shall identify the jurisdiction(s) in which its employees are currently represented by labor organizations and the names of each labor organization. In addition, proposer shall identify its plan for arranging labor if they are selected to provide collection services in the Authority service area. Specifically, proposer shall confirm its acceptance of the terms of the labor policies described in Section 3.6 of the RFP and identify the labor organization(s) the proposer will work with, along with the nature of the collective bargaining agreement(s). If services will be provided under an extension or renewal of an existing labor agreement, proposer must provide a copy of the full agreement including all amendments, extensions, and/or renewals. If new labor agreement(s) will be negotiated prior to the commencement of the new Franchise Agreement, proposer must provide a memorandum of understanding between the labor organization and company outlining the terms and conditions of the agreement, wage rates, employee benefits, and work rules. Pursuant to the requirements of Section 3.6 of the RFP, identify if, and how, the proposed plans, wages, benefits, and/or work rules differ from the labor agreements in place for employees currently serving the Authority and employed by WVC&R. Proposers should also explain how they will comply with the living wage requirements of each Member Agency.

5.4.6 Past Performance Record

1. Litigation and Regulatory Actions. Describe past and pending civil, legal, regulatory, and criminal actions (including arrests, indictments, litigation, grand jury investigations, etc.) now pending or that have occurred in the past five (5) years against key personnel (as identified by the proposer in Section 5.4.4), proposing entity, its parent company, and all subsidiaries owned by proposing entity, including any proposed subcontractors.
2. Payment of Fines, Penalties, Settlements, or Damages. Provide a statement disclosing any and all fines, penalties (including liquidated damages or administrative fees), settlements, or liquidated damages of any kind paid by proposer, its parent company, subsidiaries, and any proposed subcontractors, to any public agencies in the past five (5) years. This shall include any penalties, fee payments, settlements, or any other form of consideration related to the proposer's failure

to achieve diversion requirements or any other stated performance standard of a contract with a public agency. For each payment, list the amount the company has paid, the name of the jurisdiction to which damages were paid, and the event(s) that triggered the damages. Identify personnel and/or policy changes the company made in response to such incidents (e.g., terminated or reassigned employees involved, new process protocols).

3. Satisfactory performance in other agreements. Provide a list of all other agencies where similar franchise collection services are performed by Contractor along with contact information for that agency's contract manager. The Authority reserves the right to conduct reference checks and satisfaction interviews with any current or past municipal agencies that proposer discloses, or Authority determines the proposer has contracted with previously.

With regard to the items requested in this Section 5.4.6, proposers who operate in multiple states with independent management structures need only report such actions relative to the operations in California. Similarly, proposers who operate landfill facilities need not disclose information about those facilities, as they are beyond the scope of the services requested here.

The occurrence of past or pending civil, legal, regulatory, or criminal actions does not automatically disqualify a company from participating in this process. However, failure to report such actions, whether discovered before or after Authority executes the new Franchise Agreement, shall be considered a material omission and may form the basis for disqualifying a proposer or terminating the new Franchise Agreement. Material omissions may constitute fraud in the inducement of a public contract, and if such omissions are discovered, the Authority reserves all rights and remedies available under the law.

5.4.7 Financial Information

1. Financial Statements. Submit audited financial statements for the most-recently completed fiscal year for the legal entity(ies) that would execute the new Franchise Agreement. All such statements are to be prepared in accordance with Generally Accepted Accounting Principles applied on a consistent basis and shall be audited in accordance with Generally Accepted Auditing Standards by an accountant certified in the State of California and shall include a statement by the chief financial officer (CFO) of the entity(ies) that there has been no material adverse change in such condition or operations as reflected in the submitted balance sheet and income statements since the date on which they were prepared. To the extent allowable under the public records act, the Authority will maintain the confidentiality of submitted materials marked as "confidential."
2. Financing Plan. Describe the plan for financing all capital requirements (i.e., those listed on Cost Proposal Form 4) in a "Sources and Uses of Funds" format, which describes the sources of required capital (e.g., banks, leasing companies, cash reserves) and uses (e.g., property, trucks, equipment, containers, reserves). Attach supporting documents (e.g., letters from banks or leasing companies) that demonstrate your ability to implement the financing plan.

5.5 Technical Proposal for Base Services

Proposer shall describe how it plans to perform the collection services and programs requested in Section 3 of this RFP and described in the Draft Franchise Agreement. When presenting information requested herein, proposer shall explain the method of delivering the services, equipment selected, routing strategies, and collection methods. The description shall also note differences (for different customer

types) in terms of routing strategies, collection methods, vehicles, collection crew size, etc. In addition, proposer must describe in detail why its technical approach to the services was chosen, and its advantages to the Authority.

If a proposer has presented information for one type of service that is the same for another type of service, proposer may refer to its previous description rather than reiterating the discussion in its proposal. For example, if single-family solid waste and recyclables collection vehicles are the same, the vehicle description can be provided once for the solid waste service and then referenced for the recyclable materials collection service.

5.5.1 Collection

Proposer shall describe how it plans to perform the collection services requested in the RFP and described in the Draft Franchise Agreement. Specifically, information should address organic materials, recyclable materials, and solid waste collection for single-family, multi-family, commercial, and drop box and compactor services (as applicable). In the event the proposed collection methodology from one customer/material type to the next is largely the same, proposer may identify this, and highlight the differences between the proposed approaches, as opposed to repeating the same information multiple times. Proposer shall also describe how it plans to perform bulky item, battery, holiday tree, special events, and any other non-routine collection operations required by the Draft Franchise Agreement. Proposers shall also identify how tonnage will be allocated between customer types (single-family, multi-family, commercial, etc.) if multiple customer types are collected on a single route (e.g., organic materials cart service route). Include at a minimum:

- Collection methodology;
- Equipment to be utilized (e.g., equipment/vehicle description, number, types, cost, capacity, age);
- Standard crew size; and,
- Number, types, sizes, and manufacturer's specifications of containers to be utilized.

If the proposed methodology or equipment relies on co-collection vehicles, split containers, or an uncommon method, proposer must provide the names of jurisdictions where the proposed equipment/method is currently being used as it is proposed. Also, describe in detail how this collection technology will work, why it was chosen for the Authority, and how it will benefit and work in the Authority specifically.

The proposer's approach to collection must address any need for special equipment and/or operational practices to provide service in hard-to-service areas such as narrow streets and alleys. Note that there will be no special customer rates or charges for hard-to-serve areas.

Describe the proposed location(s) of the corporation yard for collection vehicles parking, collection container storage, employee parking, vehicle and equipment maintenance facilities, offices, and transfer operations (if necessary). If the facility(ies) is currently operational and owned or leased by the proposer, describe plans, if any, to modify or expand the facility(ies) and the permitting process associated with the modification or expansion activities. If the facility(ies) needs to be purchased, leased, and/or developed by the proposer, describe the acquisition and development plans; describe contingency plans in the event the proposed site is not available (or suitable) or in the event the acquisition and development timeline is delayed; and indicate willingness to stand by the proposed costs and rates if proposer has to secure a site other than that described in its proposal.

In an effort to effectively manage stormwater and prevent litter, proposers shall also propose a one (1) time charge to customers requesting gravity-lock carts, to be considered for addition to the proposed Rates during negotiations of the Draft Franchise Agreement. Note that proposers will also be expected to provide lockable containers upon customer request.

5.5.2 Recyclable Materials Processing

The following information is required for recyclable materials processing services:

1. Processing Site Information. Provide at minimum the following:
 - Name and description of facility(ies) where recyclable materials will be processed;
 - Name of owner and operator, identifying whether the company that owns or operates the processing site is the same as the proposing entity, a related-party entity, or a subcontractor;
 - Contact name and phone number of the site manager;
 - Strategies for maximizing material separation and recovery results;
 - Detailed description of all equipment used, and the operators' ongoing approach to adapting technology to evolving recyclable materials streams;
 - History of upgrades and re-tools to the facility for the last fifteen (15) years at the site and the resulting improvements in efficiency and material quality;
 - Material flow and traffic flow schematics;
 - Description of site staffing levels by function;
 - Description of burden depth and line speed management to maximize recovery;
 - List of materials accepted by site and documentation (e.g., agreement between proposer and site) verifying which materials are processed and diverted;
 - Method of tracking tonnage by jurisdiction;
 - The monthly residue level of the processing site for each of the last twelve (12) months; and,
 - Recycling and Disposal Reporting System (RDRS) reports for the most recent year for the proposed facility(ies).
2. Permits and Regulatory Compliance. Provide contact names for the regulatory agencies that monitor the processing facility's compliance with applicable local, State, and federal laws and regulations. For each contact, provide the name of the regulatory agency, the contact person's name, title, and telephone number.
3. Available Processing Capacity. Provide a written commitment guaranteeing capacity for the recyclable materials collected under the new Franchise Agreement throughout the term of the Agreement. If proposer is not the owner or operator of the facility, proposer is to provide a letter of commitment from the processing facility owner to comply with this RFP requirement.
4. Import Restrictions or Fees. List any import restrictions, taxes, or fees that will be applicable to the receipt of the Authority's recyclable materials. Discuss the ability of the host jurisdiction or state to increase or levy taxes, host fees, or other fees. If there is an import restriction on accepting materials from outside of the local jurisdiction, identify the process you will use to ensure the import restriction is waived.
5. Transfer Method. If use of a transfer station is proposed in conjunction with the proposed processing site, proposer shall provide the same type of information requested in Items 1 through 4 of this Section 5.5.2. If an alternative transfer method, such as direct transfer, is proposed, proposer shall describe the transfer methodology and any equipment required, regulatory approval needed, and other pertinent information.

5.5.3 Organic Materials Processing

The following information is required for commercial and multi-family organic materials processing services:

1. Processing Site Information. Provide, at minimum, the following:
 - Name and description of facility(ies) where organic materials will be processed;
 - Name of owner and operator, identifying whether the company that owns or operates the processing site is the same as the proposing entity, a related-party entity, or a subcontractor;
 - Contact name and phone number of the site manager;
 - Description of pre-processing, processing, and composting processes (including the type of composting/digestion method(s) used);
 - Strategies for maximizing material separation and recovery results;
 - Detailed description of all equipment used, and the operators' ongoing approach to adapting technology to evolving organic materials streams;
 - History of upgrades and re-tools to the facility for the last fifteen (15) years at the site and the resulting improvements in efficiency and material quality;
 - Material flow and traffic flow schematics;
 - Description of site staffing levels by function;
 - Description of burden depth and line speed management to maximize recovery;
 - List of materials accepted by site and documentation (e.g., agreement between proposer and site) verifying which materials are processed and diverted, including whether compostable plastics, compostable plastic bags, compostable service ware, clear plastic bags, and/or other plastic bags are accepted and/or diverted;
 - Method of tracking tonnage by jurisdiction;
 - The products to be produced from the organic materials (e.g., compost, mulch);
 - The monthly residue level of the processing site for each of the last twelve (12) months; and,
 - Recycling and Disposal Reporting System (RDRS) reports for the most recent year for the proposed facility(ies).

Note that the use of organic materials for alternative daily cover or beneficial reuse is not allowed under the Draft Franchise Agreement. Identify if the company that owns or operates the processing site is the same as the proposing entity, a related-party entity, or a subcontractor.

2. Permits and Regulatory Compliance. Provide contact names for the regulatory agencies that monitor the processing facility's compliance with applicable local, State, and federal laws and regulations. For each contact, provide the name of the regulatory agency, the contact person's name, title, and telephone number.
3. Available Processing Capacity. Provide a written commitment guaranteeing capacity for the organic materials collected under the new Franchise Agreement throughout the term of the Agreement. If proposer is not the owner or operator of the facility, proposer is to provide a letter of commitment from the processing facility owner to comply with this RFP requirement.
4. Import Restrictions or Fees. List any import restrictions, taxes, or fees that will be applicable to the receipt of the Authority's organic materials. Discuss the ability of the host jurisdiction or state to increase or levy taxes, host fees, or other fees. If there is an import restriction on accepting materials from outside of the local jurisdiction, describe the process to have the import restriction waived.

5. **Transfer Method.** If use of a transfer station is proposed in conjunction with the proposed commercial organic material processing and/or composting site, proposer shall provide the same type of information requested in Items 1 through 4 of this Section 5.5.3. If an alternative transfer method is proposed, proposer shall describe the transfer methodology and any equipment required, regulatory approval needed, and other pertinent information.

5.5.4 Bulky Item/Abandoned Materials Collection

Describe your approach to providing on-call bulky item collection programs for single-family and multi-family customers described in Section 5 of Exhibit B1 and Section 5 of Exhibit B2 of the Draft Franchise Agreement. Address differences in your approach to working with single-family and multi-family customers. Identify how you plan to encourage reuse, any third party(ies) you plan to work with, and list the materials that will be targeted for reuse. Discuss how you will route these services to use extra capacity to provide additional requested on-call bulky item collections as well as to collect abandoned material as capacity allows. Please describe your approach to providing abandoned materials collection upon Authority request, as described in Section 4.5 of the Draft Franchise Agreement.

5.5.5 Multi-Family/Commercial Technical Assistance

- Describe proposer's plan to provide technical assistance to multi-family customers and commercial businesses, and identify the type of education materials that will be available.
- Identify who will manage the technical assistance efforts and the number and job classification/title of the individuals that will be conducting assistance work.
- Identify the proposed number of technical assistance visits per week/month and describe the planned nature of such visits.
- Identify the estimated hours of technical assistance that will be provided per multi-family and commercial account and the total annual hours for the technical assistance program.
- Provide an estimate of the increase in the weekly cubic yards of recycling service and the increase in annual recycling tonnage.
- Describe the benefits of the proposed service and potential challenges related to the service and strategies for managing such challenges.

Please note that the technical assistance program will not preclude the Authority, Member Agencies, or an Authority or Member Agency designee from also meeting with customers, proposing service changes, and providing service orders to the selected Contractor to implement such changes (provided that doing so does not create operational impossibilities or unusual/unacceptable safety concerns).

5.5.6 Customer Service

To ensure that customers in the Authority obtain exemplary, professional, and courteous customer service, proposer shall develop and submit as part of its proposal a customer service plan that includes the following:

- Describe where proposer's customer service representatives will be located. While the Authority prefers that proposers locate customer service representatives in or near the Authority service area, the Authority will also consider proposals that include one (1) or more customer service offices elsewhere, provided that the proposer demonstrates it is able to comply with the requirements of the Draft Franchise Agreement. If proposer chooses to propose a customer service office location which

is greater than thirty (30) miles from the center of the Authority service area, or propose that customer service representatives work remotely while located within thirty (30) miles from the center of the Authority service area, proposer must also include in its proposal, the incremental Rate Period One cost to secure and maintain an office within thirty (30) miles from the center of the Authority service area.

- Specify the number of full-time equivalent customer service representatives (CSR) that will serve the Authority and Member Agencies. Describe how calls will be handled/reported, how many calls are expected per CSR, and describe any changes you will make to your current CSR operation to accommodate the Authority.
- Describe the proposed approach to respond to and address events of deliberate non-collection (in addition to the noticing requirements specified in the Draft Franchise Agreement).
- Confirm that the company has a website that customers may access to obtain customer rates, service information, pay bills, and to submit inquiries or complaints and provide website address, if applicable. Confirm that customers can email their queries and specify the maximum turn-around time for responses.
- Describe how the Authority and its Member Agencies will be able to access the company's customer service system to view (in a read-only format) customer service-related information by customer type, including information such as the number of missed pick-ups, number and type of complaints received, level of service, collection day(s), etc. to comply with the Draft Franchise Agreement. Please provide examples of all information that would be available to Authority and Member Agency staff using screenshots, tables, or other outputs from the system.
- Describe any other strategies and/or methods the proposer will implement to ensure that customers receive exemplary customer service throughout the term of the new Franchise Agreement.

5.5.7 Billing

To ensure that customers in the Authority service area obtain competent, professional, and courteous customer service with regard to billing matters, proposer shall:

- Describe the process for transitioning the billing responsibility from the existing service provider to the proposer, including examples of prior billing transitions that Contractor has affected.
- Describe how the proposer will develop the necessary customer service and billing data at the start of services. Such a description shall include the proposer's approach for obtaining email addresses for paperless billing, identifying service needs, and process for auditing and verifying the accuracy of data in the Contractor's system.
- Describe how the proposer will encourage paperless/electronic billing and automatic recurring payments.
- Provide sample customer billings and a listing of jurisdictions where proposer currently provides billing services, including a contact name and phone number.
- Describe procedures for addressing customer service issues, with regard to customer billing demands, during the transition and throughout the term of the new Franchise Agreement.

- Describe how the proposer will make billing information available to the Authority to ensure transparency, and how the proposer will integrate billing information into their reporting to the Authority.

5.5.8 Public Education and Outreach Plan

The Authority and its Member Agencies place the utmost importance on effective public education and promotion as the key to helping residents and businesses understand more about source reduction, reuse, and recycling. Each proposer shall develop a public education plan for Rate Period One, which will ultimately be included in Exhibit C to the new Franchise Agreement. While the Authority encourages each proposer to use their own knowledge and expertise to develop the proposed public education plan, the Authority requests that each proposed plan describe the following:

- Public education programs that will be implemented to educate single-family, multi-family, and commercial customers on the recyclable materials and organic materials collection programs;
- Plans for complying with the education and outreach requirements of AB 939 and SB 1383;
- Description of your strategy for developing and using a website or webpage specific to the Authority to provide customers with access to service information, rates, and other public education information; include links to example websites;
- Description of your approach to non-collection notices, courtesy collection notices, and contamination charge notices, including samples of each type of notice, and noting that the Authority encourages proposers to utilize innovative and proactive strategies for using such notices as public education opportunities;
- Description of your strategy for communicating to customers how to properly dispose of household hazardous waste, sharps, and other difficult-to-handle materials;
- Plans for presentations to schools and other community organizations;
- Participation at Member Agency-sponsored events, such as booths, displays, sponsorship, parade floats, farmers markets, etc.;
- Schedule and quantity of information that will be distributed (e.g., newsletter, brochures);
- Proposed number of employees, their job functions, and number of hours per week that will be devoted to the promotion and maintenance of collection services in the Authority service area;
- Public education and outreach subcontractors (if any), and their qualifications, years of experience, and references;
- Samples of similar educational materials, which may have been used in other programs, particularly those related to recyclable materials collection and food scraps collection programs;
- Proposed budget for public education and outreach during the start-up period of the contract and on an annual basis (noting the required minimum annual public education budget described in Section 5.9.1 of this RFP and Exhibit C of the Draft Franchise Agreement); and,
- Other aspects or unique features of the proposed public education and outreach plan.

5.5.9 Implementation Plan

Provide a detailed implementation plan describing the proposer's approach to facilitating a smooth service transition under the new Franchise Agreement. The proposal must clearly describe the proposer's ability to implement the services in accordance with the schedule shown in Figure 1 of this RFP. This should include how the proposer will meet equipment (e.g., ordering new vehicles and new containers), personnel, administration, maintenance, and public education requirements. The proposer should describe its assumptions regarding Authority and Member Agency staff participation and the current service provider's participation. Provide a schedule listing key events (e.g., equipment procurement, public education, new container distribution and coordination to remove previous service providers' containers, labeling existing containers (if applicable), employee hiring and training), duration, and expected completion date of each event. Discuss contingency plans that will be in place for various aspects of the implementation process.

5.5.10 Other Required Plans

- 1. SB 1383 Contamination Monitoring Plan.** Contractor will be required to provide all program elements required by the State regulations for mandatory commercial recycling and organics collection under SB 1383 including, at a minimum, the provision of collection services, education, outreach, compliance and contamination monitoring, waivers, record keeping, and reporting for all properties covered by the regulations. Proposers must describe their approach to performing, at a minimum, customer education, outreach, compliance reviews, contamination monitoring, management of waivers, recordkeeping, and reporting to comply with SB 1383 as part of their proposal. Contractor will be required to conduct route reviews within the Authority service area as necessary to comply with the contamination monitoring requirements of SB 1383. Proposers must describe their approach to performing route reviews.
- 2. Litter Prevention/Abatement Plan.** The Authority understands that many pieces of litter that spill during collection are of such a small size that it may become challenging for route drivers to collect them manually during the course of regular collection operations. Proposers must describe their approach to either preventing such litter during collection operations, or to effectively abate it afterwards. Proposers should include any costs related to litter prevention/abatement in the Base Proposal.
- 3. Container Deployment Plan.** Proposers must describe their approach to assembly, delivery, and swap-out of containers, consistent with the Draft Franchise Agreement, for each container type. Proposers should include, at a minimum, details regarding delivery and swap-out timing and customer notification process, as well as contingency plans for customers that are provided incorrect containers and/or are missing containers.

5.5.11 Subcontractors

Identify by name and describe all services to be performed by any subcontractors or vendors, as defined in the Draft Franchise Agreement.

5.5.12 Management and Customer Service Systems

Proposer shall describe the management systems and customer service systems its company plans to use to manage inquiries and complaints received from residential and commercial customers. The description of the management systems and customer service systems shall include:

1. Overview of your company's management information system, including how various components are integrated, and the extent to which information is accessible to the Authority in read-only mode;
2. Name, type of equipment, software used to maintain routing and customer service information, and period of time the company has operated this system;
3. Management procedures for managing inquiries and complaints and procedures used to minimize complaints (e.g., missed pick-ups, noise, spills);
4. Description of system capability and/or procedures to ensure timely accessibility of information by jurisdictions served;
5. Description of your company's experience establishing individual call centers, centralized call centers, and or remote customer service representative teams; and, identification of the location of any call center(s) that will be used;
6. Identification of whether the system is used company-wide or for select jurisdictions (listing which jurisdictions);
7. Description of how the customer service information interfaces with route and billing data and provision of examples of reports that summarize single-family and commercial customer information (name, address, service location, level of service, complaints, etc.);
8. Description of your company's internal performance standards/targets as well as procedures used to satisfactorily respond to, record, and report common customer complaints such as: missed pick-ups; spills and litter resulting from collection; collection schedule changes; broken or missing containers; improperly prepared set-outs; noise complaints; traffic and sidewalk obstruction during collection; and, safety around collection vehicles during operations;
9. Description of how the company measures customer service with regard to the call center's responsiveness and accuracy of responses, as well as the quality of collection service. Identification of specific performance metrics or targets your company tracks. Provision of copies of actual reports for at least three jurisdictions that document the actual performance level against your targets including, at a minimum, average hold times of the customer service call center and missed pick-ups;
10. Provision of copies of monthly or quarterly reports submitted to at least two (2) jurisdictions that document monthly tonnage, customer account, and complaint information;
11. Demonstration of the ability to report the information required in Article 6 and Exhibit D of the Draft Franchise Agreement if not demonstrated through the presentation of information required above; and,
12. Description of prior experience utilizing Recyclist, including jurisdictions in which Recyclist has been utilized, and the types of data your company has stored in Recyclist.

5.6 Technical Proposal for Alternative Services

5.6.1 Alternative Services (Required)

For the Alternative Services described in Section 3.4, provide a description of the proposer's approach to providing each service. Note that a response to this Section 5.6.1 is a required element of the proposal; it

is not optional. Cost proposal information for Alternative Services must be provided in the proposal forms. At a minimum, include for each service the following, as relevant:

- The type and number of customers that would be targeted and basis for estimated tonnage levels, diversion information, and customer participation levels, noting the proposer's experience with comparable programs in other communities;
- Collection or distribution methodology, including discussion of special methods for collecting in hard-to-service areas such as narrow streets, courts, and alleys;
- Equipment to be utilized (e.g., equipment/vehicle description, number, types, cost, capacity, age); and,
- The benefits of the proposed service and potential challenges related to the service and strategies for managing such challenges.

5.6.2 Innovative Services (Optional)

Providing a response to Section 5.6.2 is optional. Proposer may present one (1) or more proposals for innovative and/or cost-saving services in addition to those identified in this RFP and Draft Franchise Agreement that further the Authority's goals as identified in Section 1.2. Examples of potentially innovative or cost-saving services include, but are not limited to: collection of additional source separated materials; innovative ideas for enhancing SB 1383 programs and compliance; and, innovative strategies to incentivize waste reduction that could impact upstream consumer habits.

Proposer must clearly describe the proposed service(s) and the operational and financial impacts that the inclusion of the service(s) would have on the other services. For each proposal for innovative and/or cost-saving services, proposer shall provide a thorough description of its plans for the program, including, but not limited to, the following:

- The type and number of customers that would be targeted and basis for estimated tonnage levels and customer participation levels;
- Collection methodology, including discussion of special methods for collecting in hard-to-service areas such as narrow streets and alleys;
- Equipment to be utilized (e.g., equipment/vehicle description, number, types, cost, capacity, age). Describe plans for equipment replacements through the maximum term of the Franchise Agreement;
- The benefits of the proposed service and potential challenges related to the service and strategies for managing such challenges; and,
- Communities where this program has been successfully implemented by proposer or others.

If innovative or cost-saving proposals are presented, proposer shall submit cost and operating data in the space provided in the cost proposal forms. The Authority is not obligated to select these proposals. Innovative or cost-saving proposals will be considered by the Authority if it concludes that they warrant evaluation and analysis.

5.7 Environmental Considerations

Proposer shall identify environmental enhancements it can incorporate into its operations and/or describe its company's environmental policies that support the Authority's goals and objectives related to minimizing environmental impacts (e.g., air, water, depletion of natural resources, greenhouse gas emissions) associated with collection and transport services.

Examples of environmental enhancements, include:

- Using electric vehicles or alternative fuels for support and/or collection vehicles;
- Adopting environmentally preferable purchasing policies for the company's operations; and,
- Achieving certification to national or international standards (e.g., ISO certification for environmental or quality management and/or Green Business Certification).

The above examples are intended as guidance for what may be considered environmental enhancements. Proposer is not obligated to address any of these elements.

5.8 Acceptance of RFP and Franchise Agreement

To provide the proposer with a clear understanding of the roles, responsibilities, rights, and obligations of the Contractor and the Authority, the Draft Franchise Agreement has been prepared and is included as Attachment A. Proposer is required to review the Draft Franchise Agreement prior to submittal of its proposal to the Authority. The Authority expects the Draft Franchise Agreement will be executed by the selected Contractor in substantially the same form as presented in Attachment A. This review process allows the proposer to prepare the proposal and costs for services with full consideration of its rights and obligations. Cost proposals must be provided on the basis that no exceptions to the Draft Franchise Agreement are accepted.

Proposer must describe in detail any proposed exceptions to the RFP and Draft Franchise Agreement. For each RFP exception, proposer shall identify the exception, explain its concern, provide alternative language for consideration by the Authority, and provide the cost increase/savings associated with accepting the proposer's proposed language. To document the proposer's exceptions to the Draft Franchise Agreement and proposed alternative language, proposer shall record its exceptions and proposed alternative language directly in an electronic version of the Draft Franchise Agreement, clearly displaying any redline/strikeout changes in its proposal using only the "track changes" and "comments" functions found in MS Word. Proposer shall also complete any information in the Draft Franchise Agreement that needs to be tailored to the company's proposal such as, but not limited to, the Contractor's name and guarantor's name. Each location in the Draft Franchise Agreement where proposer-specific information is to be inserted is identified with gray highlights and/or a note to proposer that provides instructions. Proposers shall include its electronic version of the Draft Franchise Agreement with its proposal as specified in Section 5.8.

The exceptions to the Draft Franchise Agreement will be given significant consideration in the evaluation process, and the Authority will assess both the number of, and the nature of all exceptions. In its sole discretion, the Authority may determine whether to negotiate some or all of the proposed exceptions with one (1) or more proposers prior to the final evaluation of the proposals.

Proposer will be deemed to have accepted and agreed to any provisions of the RFP and/or proposed terms and conditions of the Draft Franchise Agreement that have not been noted as exceptions in the proposal.

If the Authority chooses to enter into negotiations with a proposer, the noted comments and recommended alternative Franchise Agreement language will serve as a starting point for discussion. Authority may end negotiations at any point, without notice, at its discretion. The selected Contractor may not initiate discussion related to Franchise Agreement language for which no exceptions were noted. The Authority may request the proposer execute the new Franchise Agreement before the Authority Board makes the final Contractor selection.

5.9 Cost Proposal

The cost proposal to be prepared by proposer includes several components such as operating statistics and detailed costs. Proposer shall submit the cost proposal using the forms provided in Attachment B. Proposer must carefully review the instructions provided in this section and comply fully with the requirements set forth herein. Cost proposals must be prepared assuming that no exceptions to the Draft Franchise Agreement will be accepted. The cost proposal includes two (2) sets of forms with the following components:

1. Cost Proposal for Base Services (Required)
2. Cost Proposal for Alternative and Innovative Services
 - a. Alternative Services (Required)
 - b. Innovative or Cost Saving Options (Optional)

Proposer shall follow the instructions provided below for preparation of the cost proposal components. Two (2) complete sets of cost proposal forms described herein shall be included in each copy of the proposal submitted and an electronic copy of the forms is required in Microsoft Excel format.

The proposal assumptions, operating statistics, and cost proposal information submitted by proposer will be evaluated to determine the reasonableness of the Contractor's proposed rates and will serve as a baseline for future adjustments calculated in accordance with the terms of the franchise agreement. The cost proposal (including proposed rates) shall be firm and valid for a period of one (1) year from the submittal date of the proposal.

5.9.1 General Guidelines

The proposer shall prepare its cost proposals in accordance with the following guidelines:

1. **Terms based on Agreement.** Contractor shall be governed by the terms and conditions of the Draft Franchise Agreement.
2. **Scope per RFP and Agreement.** The proposed operating statistics and costs on Forms 2 through 7 shall encompass all base collection services, which are identified in Section 3.3 and further described in the Draft Franchise Agreement (with the exception of base services requiring separate pricing, as specified in Section 5.9.3).
3. **Valid for Rate Period One.** Costs, including proposed rates, shall be proposed for the 12- (12) month period from July 1, 2024 through June 30, 2025. Capital costs on Form 4 shall be presented in current dollars, reflecting the estimated cost of purchase on or about the contract execution date. Rate Period Zero rates (March 1, 2024 – June 30, 2024) shall be to the same rates in effect July 1, 2023 through June 30, 2024.

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4. **Wage and Benefit Requirements.** Labor costs shall reflect the labor policy presented in Section 3.6 of the RFP, and proposals shall anticipate necessary changes to reflect inflation and negotiated labor contract terms.
5. **Depreciation and Interest.** The base cost proposal must reflect the purchase of new collection vehicles and containers. Depreciation and interest expenses related to purchase of vehicles and containers at commencement and during the term of the new Franchise Agreement (including possible extensions) need to be anticipated and an average annual amount will be included for Rate Period One. Proposer shall assume an average vehicle and container life of ten (10) or more years and plan to depreciate the vehicles and containers over a ten (10) year period for the purposes of determining depreciation and interest expenses.
6. **Post-Collection Charges.** The cost proposal forms contain the Post-Collection Services Contractor's estimated per-ton tip-fees for post-collection services, effective July 1, 2024. Cost proposals shall include proposer's estimated delivered tonnages for each material stream as provided below in Item 14. The forms automatically multiply proposer's estimated tonnages by the tip-fees to calculate the estimated compensation due the Post-Collection Services Contractor, based on the most recently available tip fee information for the designated post-collection services facility, the Guadalupe landfill, inflated to 2024 costs. Pursuant to Exhibit E1 of the Draft Franchise Agreement, an adjustment shall be made to Contractor's compensation in Rate Period Two to reflect a reconciliation of the estimated and actual Disposal and Processing costs during Rate Period One. The per-ton Disposal and Processing per-ton costs shall be used to estimate Disposal and Processing costs in the alternative services form.
7. **Start-Up Costs Annualized.** Start-up costs related to implementation of the new Franchise Agreement shall be annualized over a ten (10) year period and shown on Form 6E for the base cost proposal.
8. **Fuel.** For the base proposal, all annual vehicle and related fuel costs shall reflect the fuel chosen by the proposer for the base proposal.
9. **Public Education.** Proposers must reflect the required minimum annual public education budget of one hundred fifty thousand dollars (\$150,000), or higher amount at proposer's option, in the Cost Proposal Forms.
10. **Compactor Service.** Costs for servicing drop box compactors shall be included with drop box costs on the cost proposal forms. Cost for bin-type compactors shall be included with bin costs on the cost proposal forms.
11. **Non-Allowable Costs.** Costs identified in Exhibit E2 to the Draft Franchise Agreement as non-allowable costs shall not be included in the cost proposal.
12. **Member Agency Reimbursements.** Forms 5 and 6 of the cost proposals itemize the Authority and Member Agency Reimbursements to be included in the cost proposal. The Authority and its Member Agencies reserve the right to modify reimbursements before commencement of the Draft Franchise Agreement. Proposer must propose a franchise fee in Form 6 for consideration by the Authority.
13. **Service Level Assumptions.** For the purposes of preparing the cost proposal, the current collection contractor's reported number of accounts serviced in each rate category is included in Figures 6a through 6b. The proposer shall develop its cost and rate proposal based on its service level assumptions reflecting its: (i) due diligence in reviewing the provided service level information; (ii) assessment of the service needs of the Authority and its residents and businesses;

(iii) the anticipated change in service levels due to new rates; and, (iv) any other factors that may impact future customer service level needs. If the actual level of service is more than that assumed for the purposes of preparing the proposal, the Contractor shall receive and retain more revenues from customer rates. Alternatively, if the actual service levels are less than assumed for proposal purposes, the Contractor shall receive less rate revenue from customers.

14. **Tonnage Assumptions.** For the purposes of preparing the cost proposal, proposer shall estimate the annual tonnage of organic materials, recyclable materials, C&D, on-call bulky item materials, and solid waste that will need to be collected. This annualized amount shall be shown as the total tonnage collected on Form 2 in the base cost proposal and proposer shall allocate the total tonnage to the different service categories based on its own assumptions with regard to historical tonnage collected and future participation in Recyclable Materials and Organic Materials programs. The proposer shall develop its cost and rate proposal using its estimated tonnage levels specified on Form 2. The Post-Collection Services Contractor shall invoice, and the selected Collection Contractor (if an entity other than the current collection services contractor) shall compensate the Post-Collection Services Contractor for actual tonnages delivered at the then-current annual tip fees, as provided in Article 4 of the Draft Franchise Agreement.

5.9.2 Cost Proposal for Base Services

Proposers are required to submit a base cost proposal using Forms 1 through 7 provided for this purpose in Attachment B. On the base cost proposal forms, proposers are required to present operating statistics, an annual cost proposal, and a rate proposal.

5.9.3 Cost Proposal for Alternative and Innovative Services

The Authority has identified alternative services the Authority may choose to include in the scope of the final Franchise Agreement (Section 3.4 of the RFP), as well as certain base services (Section 3.3 of the RFP) for which the Authority would like to receive separate pricing, as follows:

A. Alternative Services

1. Bulk Compost and Mulch
2. Compost Give-Away
3. Used Cooking Oil Collection
4. Multi-Family Move-In (provide per one hundred (100) units²)
5. Multi-Family Move-Out Kits (provide per one hundred (100) units²)
6. Large Event and Venue Services
7. Street Sweeping
8. Weekend Public Litter Container Collection

B. Base Services with Separate Pricing

² The Authority has not yet determined how many move-in kits/move-out kits or kitchen pails that the Authority wants to be distributed. For the purposes of the cost forms, please provide pricing per one hundred (100) units and the final number and cost will be determined through negotiations.

1. Contamination Monitoring Route Reviews (per-day cost)
2. Kitchen Pails (per one hundred (100) units²)
3. Gravity-lock carts (per unit)
4. Public Education Annual Budget

Proposers are required to submit separate operating statistics and costs for each of the services listed in this Section, reflecting the incremental cost increases/decreases for the service above/below costs reflected in the base cost proposal. Proposers are also encouraged to submit separate operating statistics and costs for any innovative or cost savings proposals as described in Section 3.5, using the alternative services set of cost forms and reflecting the incremental cost increases/decreases for the optional proposal(s) above/below costs reflected in the base cost proposal.

If the Authority chooses one (1) or more alternative services or a proposed optional service, the annual costs and rates presented in the final base cost proposal will be modified as needed to reflect the selected alternative services.

5.10 Other Proposal Forms

5.10.1 Secretary's Certificate

Each proposer shall complete and submit the Secretary's Certificate, Attachment D, documenting the designated representative authorized to bind the proposing company.

5.10.2 Anti-Collusion Affidavit

Each proposer shall complete and submit the Anti-Collusion Affidavit, Attachment E. The Anti-Collusion Affidavit shall be signed by the designated representative authorized to bind the proposing company as documented on the Secretary's Certificate, Attachment 4.

5.10.3 Iran Contracting Act Certification

Each proposer shall complete and submit the Iran Contracting Act Certification, Attachment F. The Iran Contracting Certification shall be signed by the designated representative authorized to bind the proposing company as documented on the Secretary's Certificate, Attachment 4.

5.10.4 RFP Process Communication Protocol

In accordance with Section 4.5.1, "Register for Correspondence, RFP, and Announcements," each proposer must register through the following website to receive information related to the RFP process:

<http://www.hfh-consultants.com/hfh-clients/WVSWMA-RFP/>

Additionally, each proposer must request to be added to the RFP Distribution list, by sending an email with a signed copy of a Authority RFP Process Communications Protocol, Attachment G, to: WVSWMA-RFP@hfh-consultants.com

5.11 Additional Information (Optional)

Additional information or data relevant to the proposal is optional and may be included by a proposer as an attachment(s) to the proposal.

SECTION 6: PROPOSAL EVALUATION PROCESS

The Authority will conduct a detailed evaluation of the proposals and provide a recommendation to the Authority Board, considering all of the factors below, with particular focus on the degree to which each proposal will help the Authority and its Member Agencies achieve the goals identified in Section 1.2. The Authority values cost-effectiveness; however, the recommendation of the evaluation committee will be based on selecting the best value proposal, including all of the factors below. The Authority Board will review staff's recommendation and select the future Contractor acting in the best interests of the community, in its sole discretion. Authority staff and its consultants will be responsible for negotiating the final Franchise Agreement for Board approval.

The factors that may be considered by the evaluation team include, but are not limited to, the items below. Some or all of these factors may be considered by the evaluation team; factors not listed below may also be considered.

6.1 Responsiveness (Pass/Fail)

- Comprehensiveness and consistency of the proposal with respect to this RFP.
- Completeness and accuracy of all proposal forms.
- Submittal of a redline/strikeout version of the Draft Franchise Agreement with any exceptions noted as specified in Section 5.8, and completion of all blanks identified for proposer to complete.
- Compliance with the RFP and procurement procedures.
- Submitted by the deadline.

6.2 Company's Qualifications

- Collection Experience.
 - Demonstrated experience of company providing the requested or similar services to other jurisdictions.
 - Demonstrated experience of company's ability to implement new collection and processing services and new Franchise Agreements and obligations that are similar to the Authority's services in comparable sized communities.
 - If the proposer is a joint venture, demonstrated experience of parties working together.
 - If the proposer intends to use subcontractors, performance history of the proposed subcontractors.
 - Satisfaction of company's references with the services received in the past ten (10) years (including, but not limited to, implementation, customer service, call center, billing, payment of fees, reporting, and the handling of contractual issues).
- Key Personnel Qualifications. Extent and relevance of the qualifications and experience of key personnel proposed for the transition team and on-going management of the Authority's collection and processing operations.
- Performance Record. Review of company's history with litigation and regulatory action (e.g., nature of past and pending civil, legal, regulatory, and criminal actions; history and nature of payments of liquidated damages, penalties, damages); performance under similar contracts with municipal

agencies; and, regulatory compliance related to equipment and facilities including compliance with land use permits, storm water discharge permits, State highway requirements, etc.

- Financial Stability. Financial strength and ability of company to acquire equipment and provide financial assurance of performance based on review of its audited financial statements and its proposed financing plan and the relationship of the Authority's contract to the company's total annual revenues.

6.3 Technical Proposal for Base Collection Services

- Collection Approach – Reasonableness and reliability of the proposed collection methods, technology, equipment, and containers; productivity and operating assumptions (e.g., number of routes, route drivers, route hours, stops per route, and other operating statistics).
- Diversion Ability – The nature and reliability of proposed diversion programs and potential of such programs to divert solid waste from landfill disposal, and to comply with AB 341, AB 1826, and SB 1383.
- Customer Service – Compatibility (relative to other proposers) of customer service approach and staffing levels with the goals, objectives, and needs of the Authority and the requirements of the Draft Franchise Agreement.
- Public Education and Outreach Program – Compatibility (relative to other proposers) of the proposed education program, staffing levels, and program ideas with the goals, objectives, and needs of the Authority and the requirements of the Draft Franchise Agreement; and, the quality of public education samples relative to other proposers.
- Multi-Family and Commercial Recycling Technical Assistance – Proposed approach to providing multi-family and commercial customers with comprehensive and results-oriented recycling technical assistance.
- Billing System – Compatibility (relative to other proposers) of billing approach and procedures for addressing customer needs.
- Implementation Plan – Reasonableness of implementation schedule and ability to meet deadlines (e.g., reasonableness of equipment procurement schedules, implementation staffing levels, new corporation or maintenance yard development, and contingency plans).
- Other Required Plans – Compatibility (relative to other proposers) of the other plans required to be submitted in Section 5.5.10 of the RFP with the Authority's goals and objectives.
- Facilities for Equipment, Maintenance, and Administration – Compatibility (relative to other proposers) of plan for providing facilities as needed for equipment storage, parking, maintenance, and administration. Level of assurance provided, if any, with regard to site acquisition and timely development of necessary facilities.
- Data Accessibility and Transparency – Extent to, and ease with which, relevant and actionable information is accessible to the Authority in a timely manner.
- Other – Other technical considerations to be determined.

6.4 Technical Proposals for Alternative and Optional Services

- Collection Approach (if applicable) – Reasonableness and reliability of the proposed collection methods, technology, equipment, containers; productivity and operating assumptions (e.g., number of routes, route drivers, route hours, stops per route, and other operating statistics, as applicable).
- Diversion Ability (if applicable) – The nature and reliability of proposed diversion programs and potential of such programs to divert solid waste from landfill disposal.
- Other – Other technical considerations may be evaluated in addition to the collection approach and diversion ability.

6.5 Acceptance of RFP and Franchise Terms

- Number and Nature of Exceptions – The number and nature of exceptions to the RFP and Draft Franchise Agreement relative to other proposers.
- Likelihood of Prompt and Successful Negotiations – The likelihood that the Authority will be able to promptly and successfully negotiate and finalize the Draft Franchise Agreement with the proposer.

6.6 Cost and Rate Proposals

- Reasonableness - The reasonableness, cost-effectiveness, accuracy, and consistency of the proposer's operational, labor, capital, cost, rate, and rate revenue proposals.
- Competitiveness - The competitiveness of Company's proposed customer rates relative to rates proposed by others.

**ATTACHMENT A:
DRAFT FRANCHISE AGREEMENT FOR COLLECTION
SERVICES**

**ATTACHMENT B:
COST PROPOSAL FORMS**

ATTACHMENT C: CURRENT CUSTOMER RATES

{To be included electronically with release of the RFP package}

**ATTACHMENT D:
SECRETARY'S CERTIFICATE**

ATTACHMENT D: SECRETARY'S CERTIFICATE

The undersigned, being the Secretary of _____, a
Company Name
California corporation ("the Company"), does hereby certify that the following resolution was adopted by the Board of Directors of the Company and that such resolution has not been amended, modified or rescinded and is in full force and effect as of the date hereof:

RESOLVED, that _____ be, and hereby is, authorized to
Name of Designated Representative
sign the Company's proposal and execute by and on behalf of the Company any and all agreements, instruments, documents or papers, as he/she may deem appropriate or necessary, pertaining to or relating to the **Request for Proposal for Organic Materials, Recyclables, and Solid Waste Collection and Processing** issued by the West Valley Solid Waste Management Authority, and that any such action taken to date is hereby ratified and approved.

Dated: _____

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**ATTACHMENT E:
ANTI-COLLUSION AFFIDAVIT**

ATTACHMENT E: ANTI-COLLUSION AFFIDAVIT

Anti-Collusion Affidavit

The following affidavit is submitted by proposer as a part of their proposal for organic materials, recyclable materials, and solid waste collection services.

The undersigned deponent, of lawful age, being duly sworn, upon his oath deposes and says that he/she has lawful authority to execute the within and foregoing proposal; that he/she has executed the same by subscribing his/her name hereto under oath for and on behalf of said proposer; that proposer has not directly or indirectly entered into any agreement, express or implied, with any proposer or proposers, having for its object the controlling of the price or amount of such proposal or proposals, the limiting of the proposals or proposers, the parceling or farming out to any proposer or proposers or other persons of any part of the agreement or any part of the subject matter of the proposal or proposals or of the profits thereof, and that he has not and will not divulge the sealed proposal to any person whomsoever, except those having a partnership or other financial interest with him in said proposal or proposals, until after the said sealed proposal or proposals are opened.

Deponent further states that the proposer has not been a party to any collusion among proposers in restraint of freedom of competition, by agreement to make a proposal at a fixed price or to refrain from submitting a proposal, or with any West Valley Solid Waste Management staff, City of Campbell staff or official, Town of Los Gatos staff or official, City of Monte Sereno staff or official, or City of Saratoga staff or official as to quantity, quality, or price in the prospective agreement; or in any discussions between proposers and any West Valley Solid Waste Management official, City of Campbell official, Town of Los Gatos official, City of Monte Sereno official, or City of Saratoga official concerning exchange of money or other things of value for special consideration in the letting of an agreement; that the proposer/Company has not paid, given or donated or agreed to pay, give or donate to any official, officer or employee of the West Valley Solid Waste Management Authority, City of Campbell, Town of Los Gatos, City of Monte Sereno, or City of Saratoga directly or indirectly, in the procuring of the award of agreement pursuant to this proposal.

Executed under penalty of perjury on this _____ day of _____, 2022 at _____.

SIGNED BY: _____

TITLE: _____

Subscribed and sworn to before me this _____ day of _____, 2022 at _____.

Notary Public

My Commission expires: _____

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**ATTACHMENT F:
IRAN CONTRACTING ACT CERTIFICATION**

ATTACHMENT F: IRAN CONTRACTING ACT CERTIFICATE

Iran Contracting Act Certification

Pursuant to Public Contract Code Section 2200 et seq., (“Iran Contracting Act of 2010”), Grantee certifies that:

- (1) Grantee is not identified on the list created by the California Department of General Services (“DGS”) pursuant to California Public Contract Code Section 2203(b) as a Person engaging in investment activities in Iran; and
- (2) Grantee is not a financial institution that extends twenty million dollars (\$20,000,000) or more in credit to another Person, for 45 days or more, if that Person will use the credit to provide goods or services in the energy sector in Iran and is identified on the DGS list made pursuant to Section 2203(b).

As used herein, “Person” shall mean a “Person” as defined in Public Contract Code Section 2202(e). I, the official named below, CERTIFY UNDER PENALTY OF PERJURY, that I am duly authorized to legally bind the Grantee to this Certification, which is made under the laws of the State of California.

_____ (Company Name)

By: _____ (Signature)

Name: _____ (Printed Name)

Title: _____

Date: _____

Signature

Title

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**ATTACHMENT G:
RFP PROCESS COMMUNICATIONS PROTOCOL**

ATTACHMENT G: RFP PROCESS COMMUNICATIONS PROTOCOL

On November 4, 2021, the West Valley Solid Waste Management Board adopted Resolution 2021-12.

Purpose

The West Valley Solid Waste Management Authority (“Authority”) is engaged in developing and conducting an Organic Materials, Recyclable Materials, and Solid Waste Collection, and Recyclables Materials and Organic Materials Processing Services Competitive Request For Proposal (“RFP”) Process. The Authority’s Code of Conduct for the 2021 Collection Agreement Procurement Process (“Code of Conduct”) was adopted by the Authority’s Board at the November 4, 2021 Board meeting.

Acknowledgement of the Authority’s Process Communications Protocol

By signing and submitting this form, _____ {insert company name}, a potential respondent to the Authority’s RFP, has reviewed the Authority’s Process Communications Protocol and acknowledges its agreement to adhere to the guidelines as the policy applies to the Solid Waste Services RFP process.

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY, that I am duly authorized to legally bind the company to this Acknowledgement, which is made under the laws of the State of California.

_____ (Company)

By: _____ (Signature)

Name: _____ (Printed Name)

Title: _____

Date: _____

ATTACHMENT G: RFP PROCESS COMMUNICATIONS PROTOCOL

WEST VALLEY SOLID WASTE MANAGEMENT AUTHORITY CODE OF CONDUCT FOR PROCUREMENT PROCESS

POTENTIAL CONFLICT OF INTEREST. Each Board Member shall inform the Executive Director of the Authority and each elected official of the Authority's Member Agencies ("Elected Official") shall inform the staff of his or her Member Agency of any potential conflicts of interest regarding the potential proposers for solid waste services for the Authority ("Potential Proposers"). Information regarding potential conflicts shall be provided within 10 days of the Board Member or Elected Official learning of the potential conflict.

CONTRIBUTIONS. No Board Member or Elected Official shall accept any contributions from Potential Proposers from the date of the adoption of this code until the solid waste services agreement is finalized and executed. Each Board Member and Elected Official shall disclose all past contributions from Potential Proposers to the Executive Director of the Authority.

PROHIBITED CONTACTS. No Board Member or Elected Official shall have non-public meetings or conversations with Potential Proposers regarding the procurement process the date of adoption of this code until the solid waste services agreement is finalized and executed. However, this section shall not prohibit Board Members and elected officials from meeting with Potential Proposers for purely social reasons. All Board Members and Elected Officials shall refer any questions regarding the procurement process to the Executive Director of the Authority. Board Members and Elected Officials shall disclose to the Executive Director of the Authority any non-public meetings or conversations with Potential Proposers regarding the procurement process which occurred prior to the adoption of this code. A "non-public" meeting is any meeting that has not been called and held in accordance with the Brown Act.

FRANCHISE AGREEMENT
BETWEEN
WEST VALLEY SOLID WASTE MANAGEMENT AUTHORITY

AND

FOR

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

AND

**ORGANICS MATERIALS AND RECYCLABLE MATERIALS
PROCESSING**

APRIL 28, 2022

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A. Definitions

B. Direct Services

- B1. Single-Family Residential Services
- B2. Multi-Family Residential Services
- B3. Commercial Services
- B4. Member Agency Services
- B5. Special Events
- B6. Construction & Demolition Material Collection

C. Public Education and Outreach Requirements

D. Reporting Requirements

E. Rate Adjustment Methodology

- E1. Index-Based Rate Adjustment Methodology
- E2. Cost-Based Rate Adjustment Methodology

F. Performance Standards and Liquidated Damages

- F1. Performance Standards and Liquidated Damages Approach A
- F2. Performance Standards and Liquidated Damages Approach B

G. Contractor's Proposal

- G1. Cost Basis for Proposal
- G2. Initial Rates for Collection Services
- G3. Implementation Plan and Schedule
- G4. Approved Subcontractors

H. Performance Bond

I. Waiver Approval Process Flowchart

38 **WHEREAS**, the Authority further declares its intent to approve and maintain reasonable Rates for the
39 Collection, Recycling, Processing, Composting, and/or Disposal of Recyclable Materials, Organic Materials,
40 Solid Waste, and Construction and Demolition Debris; and

41 **WHEREAS**, the Authority desires, having determined that Contractor, by demonstrated experience,
42 reputation and capacity is qualified to provide for both the Collection of Recyclable Materials, Organic
43 Materials, Solid Waste, and Construction and Demolition Debris within the corporate limits of the
44 Authority and the Transportation of such material to appropriate places of Processing, Recycling,
45 Composting, and/or Disposal, that Contractor be engaged to perform such services on the basis set forth
46 in this Agreement; and

47 **WHEREAS**, the Authority and Contractor have attempted to address conditions affecting their
48 performance of services under this Agreement but recognize that reasonably unanticipated conditions
49 may occur during the Term of this Agreement that will require the Parties to meet and confer to
50 reasonably respond to such changed conditions; and

51 **NOW, THEREFORE**, in consideration of the mutual promises, covenants, and conditions contained in this
52 Agreement and for other good and valuable consideration, the Parties agree as follows:

53 **ARTICLE 1.**
54 **GRANT AND ACCEPTANCE OF FRANCHISE**

55 **1.1 GRANT AND ACCEPTANCE OF FRANCHISE**

56 By the signing of this Agreement, the Authority grants to Contractor and Contractor accepts an exclusive
57 franchise within the Authority. The franchise granted to Contractor shall be for the scope of services
58 described in this Agreement, subject to the limitations described in Section 1.2 and except where
59 otherwise precluded by Federal, State, and local laws and regulations.

60 **1.2 LIMITATIONS TO THE FRANCHISE**

61 The award of this Agreement shall not preclude the categories of Recyclable Materials, Organic Materials,
62 Solid Waste, and C&D listed below from being delivered to and Collected and Transported by others,
63 provided that nothing in this Agreement is intended to or shall be construed to excuse any Person from
64 obtaining any authorization from the Authority which is otherwise required by law:

65 A. **Recyclable and Organic Materials.** Collection and Transport of Recyclable Materials and Organic
66 Materials other than Edible Food that have been Source Separated from Solid Waste by the
67 Generator and that: (1) Generator sells or donates to any other Person, provided that there is no
68 net payment made by the Generator to such other Person; or, (2) have a value equal to or more
69 than the cost of Collection.

70 B. **Self-Hauled Materials.** A Commercial Business Owner or Resident may Collect and Transport
71 Recyclable Materials, Organic Materials, Solid Waste, and Construction and Demolition Debris for
72 Processing generated in or on their own Premises with their own vehicle. However, the Owner or
73 Resident shall be required to subscribe to and pay for the minimum required level of Solid Waste,

- 74 Recyclable Materials, and Organic Materials Collection services provided by the Contractor in
75 accordance with Exhibit B.
- 76 C. **Construction and Demolition Debris (C&D).** Collection and Transport of mixed material
77 Construction and Demolition Debris (C&D) by a licensed construction or demolition contractor as
78 part of a total service offered by that contractor when removal is performed by an employee of the
79 contractor using equipment owned by the contractor, rather than as a hauling service, and
80 consistent with the Cities' Municipal Code and other Applicable Law. C&D materials Source
81 Separated for the purpose of Recycling are considered Recyclable Materials.
- 82 D. **Donated or Sold Materials.** Any items which are Source Separated at any Premises by the
83 Generator and sold or donated to other Persons, including youth, civic, or charitable organizations.
- 84 E. **Edible Food.** Edible Food that is collected from a Generator by other Person(s), such as a Person
85 from a Food Recovery Organization or Food Recovery Service, for the purposes of Food Recovery,
86 or which is transported by the Generator to another Person(s), such as a Person from a Food
87 Recovery Organization, for the purposes of Food Recovery, regardless of whether the Generator
88 donates, sells, or pays a fee to the other Person(s) to collect or receive the Edible Food from the
89 Generator.
- 90 F. **Food Scraps.** Food Scraps that are separated by the Generator and used by the Generator or
91 distributed to other Person(s) for lawful use as animal feed, in accordance with 14 CCR Section
92 18983.1(b)(7). Food Scraps intended for animal feed may be Self-Hauled by Generator or hauled by
93 another party.
- 94 G. **Beverage Containers.** Containers delivered for Recycling under the California Beverage Container
95 Recycling and Litter Reduction Act, Section 14500, et seq. California Public Resources Code.
- 96 H. **Materials Removed by Customer's Contractor as Incidental Part of Services.** Recyclable Materials,
97 Organic Materials, Solid Waste, C&D, and Bulky Items removed from a Premises by a contractor
98 (e.g., gardener, landscaper, tree-trimming service, construction contractor, Residential clean-out
99 service) as an incidental part of the service being performed, rather than as a separately contracted
100 or subcontracted hauling service; or if such contractor is providing a service which is not included in
101 the scope of this Agreement.
- 102 I. **On-Site Composting or Community Composting.** Organic Materials Composted on a Residential
103 Premise or otherwise legally managed at the site where it is generated or at a Community
104 Composting site.
- 105 J. **Animal and Grease Waste.** Animal waste and remains from slaughterhouse or butcher shops, or
106 grease.
- 107 K. **Sewage Treatment By-Product.** By-products of sewage treatment, including sludge, sludge ash,
108 grit, and screenings.
- 109 M. **Excluded Materials.** Excluded Materials regardless of its source.
- 110 N. **Materials Generated by State and County Facilities.** Materials generated by State and County
111 facilities located in the Authority, including but not limited to public schools, provided that the

112 facility Self-Hauls, has arranged services with other Persons, or has arranged services with the
113 Contractor through a separate agreement.

114 Contractor acknowledges and agrees that the Authority may permit other Persons besides the Contractor
115 to Collect any and all types of materials excluded from the scope of this Franchise, as set forth above,
116 without seeking or obtaining approval of Contractor. If Contractor can produce evidence that other
117 Persons are servicing Collection Containers or are Collecting and Transporting Recyclable Materials,
118 Organic Materials, Solid Waste, and/or C&D in a manner that is not consistent with this Agreement or the
119 Cities' Codes, it shall report the location, the name and phone number of the Person or company to the
120 Authority Contract Manager along with Contractor's evidence. In such case, Contractor shall have the
121 primary right and duty to take legal action to enforce its rights under this Agreement. Authority's duty to
122 enforce the exclusivity of this Agreement shall be limited to providing written confirmation of Contractor's
123 exclusive rights under this agreement to Generators, collection companies, and/or the court, as requested
124 by Contractor.

125 This Agreement and scope of this franchise shall be interpreted to be consistent with Applicable Law, now
126 and during the Term of the Agreement. If future judicial interpretations of current law or new laws,
127 regulations, or judicial interpretations limit the ability of the Authority to lawfully contract for the scope
128 of services in the manner consistent with all provisions as specifically set forth herein, Contractor agrees
129 that the scope of the Agreement will be limited to those services and materials which may be lawfully
130 included herein and that the Authority or Member Agencies shall not be responsible for any lost profits
131 or losses claimed by Contractor to arise out of limitations to the scope or provisions of the Agreement set
132 forth herein. In such an event, it shall be the responsibility of Contractor to minimize the financial impact
133 of such future judicial interpretations or new laws and the Contractor may meet and confer with Authority
134 and may petition for a Rate adjustment pursuant to Section 8.3.

135 **1.3 OBLIGATIONS OF PARTIES**

136 In addition to the specific performance required under the Agreement, Authority and Contractor shall:

- 137 A. Use their reasonable efforts to enforce the exclusive nature of the franchise by the Contractor's
138 identification and documentation of violations of the franchise Agreement and the Authority's
139 notification of Generators, collection companies, and/or the court reasonably believed to be
140 violating the franchise regarding the terms of this Agreement.
- 141 B. Provide timely notice to one another of a perceived failure to perform any obligations under this
142 Agreement and access to information demonstrating the Party's failure to perform.
- 143 C. Provide timely access to the Authority Contract Manager and the Contractor's designated
144 representative, and complete and timely responses to requests of the other Party.
- 145 D. Provide timely notice of matters which may affect either Party's ability to perform under the
146 Agreement.

147 **ARTICLE 2.**
148 **TERM OF AGREEMENT**

149 **2.1 TERM AND OPTION TO EXTEND**

150 The Term of this Agreement shall commence March 1, 2024 (Commencement Date) and continue in full
151 force for a period of ten (10) years and one (1) month, through and including March 31, 2034, unless the
152 Agreement is extended in accordance with this Section or terminated pursuant to Section 10.2.

153 At Authority's sole discretion, this Agreement may be extended one (1) or more times without
154 amendment for a total period not to exceed five (5) years. If Authority desires to extend the Agreement,
155 Authority shall provide the Contractor with written notice of its decision to extend the Agreement at least
156 one (1) year before the expiration of the initial Term. Such notice by Authority shall specify the duration
157 of the extension. In the event of an extension, all terms and conditions of this Agreement shall remain in
158 full force and effect throughout the extended term of the Agreement.

159 Between the Effective Date and Commencement Date, Contractor shall perform all activities necessary to
160 prepare itself to start providing services required by this Agreement on the Commencement Date.

161 **2.2 CONDITIONS TO EFFECTIVENESS OF AGREEMENT**

162 The obligation of Authority to permit this Agreement to become effective and to perform its undertakings
163 provided for in this Agreement is subject to the satisfaction of all the conditions below, each of which may
164 be waived, in written form only, in whole or in part by Authority.

165 **A. Accuracy of Representations.** The Contractor's representations and warranties made in
166 Contractor's Proposal and Article 11 of this Agreement are true and correct on and as of the
167 Effective Date.

168 **B. Furnishings of Insurance and Performance Bond.** Contractor has furnished evidence of the
169 insurance and performance bond required by Article 9 that is satisfactory to the Authority.

170 **C. Absence of Litigation.** To the best of Contractor's knowledge, after reasonable investigation, there
171 is no action, suit, proceeding or investigation, at law or in equity, before or by any court or
172 governmental authority, commission, board, agency or instrumentality decided, pending or
173 threatened against Contractor wherein an unfavorable decision, ruling or finding, in any single case
174 or in the aggregate, would:

- 175 1. Materially adversely affect the performance by Contractor of its obligations hereunder;
- 176 2. Adversely affect the validity or enforceability of this Agreement; or
- 177 3. Have a material adverse effect on the financial condition of Contractor, or any surety or entity
178 guaranteeing Contractor's performance under this Agreement.

179 **D. Permits Furnished.** Contractor has provided Authority with copies of all permits necessary for
180 operation of all Approved Facilities owned or operated by Contractor or any Subcontractor for use
181 under the terms of this Agreement.

182 **E. Legal Challenge.** Contractor understands and acknowledges that the award of this Agreement may
183 be subject to review and repeal by the Authority’s citizens through a referendum or similar petition,
184 and to various types of legal and environmental challenges (such referenda, similar petition and
185 legal and environmental challenges being referred to collectively as “Legal Challenges”).
186 Accordingly, this Agreement shall not become effective until the Authority Contract Manager
187 reasonably determines that (i) any Legal Challenges that had been initiated as of the time of such
188 determination have been resolved in favor of the Authority’s award of this Agreement to
189 Contractor; and, (ii) the deadline to initiate any additional Legal Challenges has expired. To the
190 fullest extent permitted by law, Contractor shall defend, indemnify and hold the Authority, its
191 board, and the Member Agencies, its Mayor, Council, officers, representatives, agents, employees
192 and volunteers, harmless against any and all liability, claims, losses, damages, or expenses including
193 reasonable attorney’s fees, arising from any Legal Challenges. In the event of any election regarding
194 a Legal Challenge and Referendum, Authority shall meet and confer with Contractor to determine
195 if the Authority will hold an election on the Referendum. Contractor shall have the option of either
196 (1) funding the cost to contest the Referendum or (2) rescinding its proposal to enter into the
197 Franchise Agreement. If Contractor and the Authority do not reach an agreement on the costs of an
198 election, the Authority may elect in its sole discretion to rescind its approval of the Franchise
199 Agreement to avoid the need for an election.

200 **ARTICLE 3.**
201 **SCOPE OF AGREEMENT**

202 **3.1 SUMMARY SCOPE OF SERVICES**

203 The Contractor or its Subcontractor(s) shall be responsible for the following:

- 204 A. Collecting Recyclable Materials, Organic Materials, and Solid Waste, and C&D (with the exception
205 of materials excluded under Article 1) generated by and placed for Collection by Customers
206 pursuant to the requirements of Article 4 and Exhibit B;
- 207 B. Transporting Collected materials to the Designated Facilities or Approved Facilities pursuant to
208 requirements of Article 4 and Exhibit B;
- 209 C. Compensating Post-Collection Services Contractor on a per-Ton basis for all delivered Discarded
210 Materials at the then applicable Authority-approved per-Ton rates for each Rate Period. The initial
211 per-Ton rates are as shown in Exhibit G2, subject to annual adjustment as provided in Section 6.01.1
212 of the Post-Collection Services Agreement;
- 213 D. Performing all other services required by this Agreement including, but not limited to, Customer
214 billing, public education, Customer service, record keeping, and reporting pursuant to Articles 4 and
215 6 and Exhibits C (Public Education & Outreach Requirements) and D (Reporting Requirements);
- 216 E. Furnishing all labor, supervision, vehicles, Containers, other equipment, materials, supplies, and all
217 other items and services necessary to perform its obligations under this Agreement;

- 218 F. Paying all expenses related to provision of services required by this Agreement including, but not
219 limited to, taxes, regulatory fees (including Member Agency Reimbursements and Franchise Fees),
220 and utilities;
- 221 G. Performing or providing all services necessary to fulfill its obligations in substantial conformance
222 with the Contractor's Proposal, and in full accordance with this Agreement, and the performance
223 standards contained within, at all times using best industry practice for comparable operations; and
- 224 H. Complying with all Applicable Laws.

225 The enumeration and specification of particular aspects of service, labor, or equipment requirements shall
226 not relieve Contractor of the duty to perform all other tasks and activities necessary to fulfill its obligations
227 under this Agreement, regardless of whether such requirements are enumerated elsewhere in the
228 Agreement, unless excused in accordance with Section 10.7.

229 **3.2 USE OF APPROVED FACILITIES**

230 The Contractor, without constraint and as a free-market business decision in accepting this Agreement,
231 agrees to Transport all materials Collected under this Agreement to the Designated Facility(ies) and
232 Approved Facility(ies) described in this Agreement for the purposes of Transfer, Processing and/or
233 Disposal. Such decision by Contractor in no way constitutes a restraint of trade notwithstanding any
234 Change in Law regarding flow control limitations or any definition thereof.

235 **3.3 SUBCONTRACTING**

236 Contractor is solely responsible for management and oversight of the activities of all Subcontractors and
237 subcontractors. Contractor shall require that all Subcontractors or Affiliates comply with all material terms
238 of this Agreement. Contractor shall be subject to Liquidated Damages and/or considered to be in breach
239 or default should the activities of any Subcontractor trigger such Liquidated Damages or constitute a
240 breach or event of default under this Agreement. The Authority Contractor Manager may, in their
241 reasonable discretion, determine that the Contractor's relationship with a third-party constitutes a
242 Subcontractor under this Agreement.

243 Contractor shall not engage any Subcontractors for any activity involving direct interaction with
244 Customers, operation of vehicles within the Authority, nor the Collection, Transportation, or Processing
245 of Recyclable Materials, Organic Materials, Solid Waste, or C&D services without the prior written consent
246 of Authority Contract Manager, which may be granted in their sole discretion. As of the Effective Date of
247 this Agreement, Authority has approved Contractor's use of those Subcontractors and subcontractors
248 identified in Contractor's Proposal, included herein as Exhibit G4.

249 If the Contractor plans to engage an Affiliate or a Subcontractor in the provision of services, Contractor
250 shall provide Authority Contract Manager with thirty (30) days written notification of its plans and provide
251 an explanation of any potential impacts related to the quality, timeliness, or cost of providing services
252 under this Agreement. Contractor shall require that all Subcontractors provide insurance coverage and
253 file certificates with the Authority consistent with the coverage types, levels, and endorsements included
254 in Article 9 of this Agreement. The Authority Contract Manager may waive or excuse these insurance
255 requirements in their sole discretion and a waiver of requirements for one Subcontractor shall not provide
256 precedent regarding future waivers.

257 **3.4 RESPONSIBILITY FOR MATERIALS**

258 Once Recyclable Materials, Organic Materials, Solid Waste, and/or C&D are placed in Containers serviced
259 by the Contractor and at the Collection location, the responsibility for their proper handling shall transfer
260 directly from the Generator to Contractor, with the exception of Excluded Materials if the Contractor can
261 identify the Generator pursuant to Section 5.3.B. Once Recyclable Materials, Organic Materials, Solid
262 Waste, and or C&D are deposited by Contractor at the appropriate Designated Facility or Approved
263 Facility, such materials shall become the responsibility of the Owner or operator of the Designated Facility
264 or Approved Facility with the exception of Excluded Materials pursuant to Section 5.3.

265 Responsibility for Excluded Materials that have been inadvertently Collected by the Contractor shall
266 remain with the Contractor if it cannot identify the Generator, and Contractor shall assume all
267 responsibility for its proper Disposal.

268 **3.5 AUTHORITY-DIRECTED CHANGES TO SCOPE**

269 Authority shall require a proposal from Contractor to establish the scope of any modification to existing
270 services (which may include use of Approved Facilities) that Authority wishes to have provided under this
271 Agreement. In such case, Contractor shall present, within thirty (30) calendar days of Authority's request,
272 unless an alternate schedule is mutually agreed-upon, a written proposal to provide such modified or
273 additional services, including adjustments in Contractor's Compensation ("Contractor's modification
274 proposal"). Authority shall review the Contractor's proposal for the change in scope of services. The
275 Parties shall negotiate Contractor's proposed revisions and costs and shall amend this Agreement, as
276 appropriate, to reflect the mutually agreed-upon changes in scope. If the Authority and Contractor are
277 unable to agree on terms and conditions, including compensation adjustments, of such services within
278 one hundred twenty (120) calendar days from Authority receipt of Contractor's proposal for such services,
279 the Authority may permit other Persons to provide such services. Nothing herein shall prevent the
280 Authority from soliciting cost and operating information from other Persons in order to inform the
281 Authority's evaluation of Contractor's proposal.

282 **ARTICLE 4.**
283 **SCOPE OF SERVICES**

284 Contractor shall perform the Recyclable Materials, Organic Materials, Solid Waste, C&D, and Bulky Item
285 Collection and Transport services described in this Article 4. This Article 4 describes the general
286 requirements for the services to be provided. More specific requirements for how each service shall be
287 provided to each Customer Type are described in Exhibit B. Failure to specifically require an act necessary
288 to perform the service does not relieve Contractor of its obligation to perform such act.

289 **4.1 RECYCLABLE MATERIALS**

290 **A. Collection.** Contractor shall provide Recyclable Materials Collection services as described in Exhibit
291 B.

292 **B. Transfer.** *{Note to Proposers: If a Transfer Station will be used to consolidate Recyclable Materials*
293 *for Transport to the Approved Recyclable Materials Processing Facility the following paragraph will*
294 *be used. If no Transfer services will be required, the paragraph will be deleted.}* Contractor plans to

295 Transport Recyclable Materials to the Approved Transfer Facility where the materials will be
296 unloaded from Collection vehicles and loaded into large-capacity vehicles and Transported to the
297 Approved Recyclable Materials Processing Facility. Contractor shall keep all existing permits and
298 approvals necessary for use of the Approved Transfer Facility in full regulatory compliance. Upon
299 request, Contractor shall provide copies of facility permits and/or notices of violations (obtained
300 from its Approved Transfer Facility operator if necessary) to Authority Contract Manager. If the
301 Contractor is unable to use the Approved Transfer Facility, then the Contractor shall be responsible
302 for making other Transportation arrangements. In such event, Contractor shall not be compensated
303 for any additional costs. If the Contractor plans to change its Transfer method, Contractor shall
304 obtain written approval from the Authority prior to making the change.

305 **C. Delivery to Approved Facility.** Contractor shall Transport and deliver all Source Separated
306 Recyclable Materials placed by Customers in Recyclable Material Containers in the Authority to the
307 Approved Recyclable Materials Processing Facility.

308 Contractor shall observe and comply with all regulations in effect at the Approved Recyclable
309 Materials Processing Facility and cooperate with and take direction from the operator thereof with
310 respect to delivery of Recyclable Materials. Contractor shall actively work with the Approved
311 Recyclable Materials Processing Facility operator throughout the Term of this Agreement to ensure
312 that contamination of the Recyclable Materials Collected under this Agreement delivered to the
313 Processing Facility remains below any limits established by Applicable Law.

314 **D. Processing.** Contractor shall Transport and deliver all Source Separated Recyclable Materials placed
315 in Recyclable Material Containers in the Authority to the Approved Recyclable Materials Processing
316 Facility. All tipping fees and other costs associated with Transporting to and Processing of such
317 Recyclable Materials at the Approved Recyclable Materials Processing Facility and Disposing of the
318 Residue as required in Section 4.1.E below shall be paid by Contractor.

319 Contractor guarantees sufficient capacity at the Approved Recyclable Materials Processing Facility
320 to Process all Source Separated Recyclable Materials Collected by Contractor under this Agreement
321 throughout the Term of the Agreement.

322 Contractor shall keep all existing permits and approvals necessary for use of the Approved
323 Recyclable Materials Processing Facility in full regulatory compliance. Upon request, Contractor
324 shall provide copies of facility permits and/or notices of violations (obtained from its Processing
325 Facility operator if necessary) to Authority Contract Manager.

326 **E. Alternative Facilities.** If Contractor is unable to use the Approved Recyclable Materials Processing
327 Facility due to an emergency or sudden and unforeseen closure of the Approved Recyclable
328 Materials Processing Facility that is outside the control of the Contractor, Contractor may use an
329 alternative Processing Facility provided that the Contractor provides written notice to Authority
330 Contract Manager. Within forty-eight (48) hours of such emergency or sudden and unforeseen
331 closure, the Contractor shall provide a written description of the reasons the use of the Approved
332 Recyclable Materials Processing Facility is not feasible and the period of time Contractor proposes
333 to use the alternative Processing Facility. Such a change in Processing Facility shall be temporarily
334 permitted until such time as the Authority Contract Manager is able to consider and respond to the
335 use of the proposed alternative Processing Facility. If the use of the proposed alternative Processing
336 Facility is anticipated to or actually does exceed thirty (30) days in a consecutive twelve (12) month

337 period, the use of such Processing Facility shall be subject to approval by the Authority Contract
338 Manager. The Authority Contract Manager may, in their sole discretion, approve, conditionally
339 approve, temporarily approve, or disapprove of the use of the proposed alternative Processing
340 Facility. In the event that the Authority disapproves the use of the proposed alternative Processing
341 Facility, the Parties shall meet and confer to determine an acceptable Processing Facility.

342 If the need to use the alternative Processing Facility is discretionary or for reasons within
343 Contractor's reasonable control, Contractor's Compensation shall not be adjusted for any change in
344 Transportation and Processing costs associated with use of the alternative Processing Facility. If the
345 need to use the alternative Processing Facility results from reasons beyond Contractor's, or its
346 Subcontractor's, reasonable control, Authority shall adjust, either up or down, Contractor's
347 Compensation for changes in Transportation and Processing costs associated with use of the
348 alternative Processing Facility. In the event that a change in the Processing Facility results in
349 increased costs, Authority Contract Manager may identify and direct Contractor to an alternative
350 Processing Facility that results in less cost than the Contractor-identified alternative.

351 **F. Marketing.** The Contractor shall be responsible for marketing Recyclable Materials Collected in
352 Authority that are delivered for Processing at Contractor's Approved Recyclable Materials
353 Processing Facility. Contractor's marketing strategy shall promote the highest and best use of
354 materials presented in the waste management hierarchy established by AB 939. Where practical,
355 the marketing strategy should include use of local, regional, and domestic markets for Recyclable
356 Materials.

357 **G. Residue Disposal.** Residue from the Processing of Source Separated Recyclable Materials Collected
358 under this Agreement at Contractor's Approved Recyclable Materials Processing Facility, which
359 cannot be marketed, shall be Disposed of by Contractor, or the Approved Recyclable Materials
360 Processing Facility operator. Residue delivered for Disposal shall not include any Excluded Waste.

361 **H. Minimizing Prohibited Container Contaminants.** Contractor shall make best efforts, including
362 those measures specifically identified in this Agreement as well as effective industry practices that
363 may be identified during the Term of this Agreement, to reduce Prohibited Container Contaminants.
364 Contractor shall use information resulting from the Prohibited Container Contaminant monitoring
365 program and any material characterization studies performed on Member Agency Discarded
366 Materials to propose education and outreach campaigns, as required in Exhibit C, that target specific
367 problem materials.

368 **4.2 ORGANIC MATERIALS**

369 **A. Collection.** Contractor shall provide Organic Materials Collection services as described in Exhibit B.

370 **B. Transfer.** *{Note to Proposers: If a Transfer Station will be used to consolidate Residential or*
371 *Commercial Organic Materials for Transport to the Approved Organic Materials Processing Facility*
372 *the following paragraph will be used. If no Transfer services will be required, the paragraph will be*
373 *deleted.}* Contractor plans to Transport Multi-Family and Commercial Organic Materials to the
374 Designated Transfer Facility where the materials will be unloaded from Collection vehicles and
375 loaded into large-capacity vehicles and Transported to the Approved Organic Materials Processing
376 Facility. Contractor shall keep all existing permits and approvals necessary for use of the Designated
377 Transfer Facility in full regulatory compliance.

378 **C. Delivery of Single-Family Organic Materials.** Contractor shall Transport and deliver all Source
379 Separated materials placed by Single-Family Customers in Organic Materials Containers in the
380 Authority to the Designated Organic Materials Processing Facility.

381 **D. Delivery of Commercial Organic Materials.** Contractor shall Transport and deliver all Source
382 Separated Organic Materials placed by Commercial Customers in Organic Material Containers in the
383 Authority to the Approved Organic Materials Processing Facility. Tipping fees associated with use of
384 the Designated Facility shall be paid by Contractor to the Post-Collection Services Contractor as
385 provided in Article 8 and Exhibit E.

386 **E. Delivery of Multi-Family Organic Materials.** Contractor shall Transport and deliver all Source
387 Separated Organic Materials placed by Multi-Family Customers in Organic Material Containers in
388 the Authority to the Designated Organic Materials Processing Facility or Approved Organic Materials
389 Processing Facility. Authority reserves the right to require Contractor to Transport and deliver all
390 Source Separated Organic Materials placed by Multi-Family Customers in Organic Material
391 Containers in the Authority to the Approved Organic Materials Processing Facility if excessive
392 Prohibited Container Contaminants are delivered to the Designated Organic Materials Processing
393 Facility. Tipping fees associated with use of the Designated Facility shall be paid by Contractor to
394 the Post-Collection Services Contractor as provided in Article 8 and Exhibit E.

395 **F. Cooperation with Organic Materials Processing Facility operators.** Contractor shall observe and
396 comply with all regulations in effect at the Designated Organic Materials Processing Facility and
397 Approved Organic Materials Processing Facility and cooperate with and take direction from the
398 operators thereof with respect to delivery of Organic Materials. Contractor shall actively work with
399 the Post-Collection Services Contractor throughout the Term of this Agreement to ensure that
400 contamination of the Organic Materials Collected under this Agreement delivered to the Processing
401 Facility remains below any limits established under the Post-Collection Services Agreement with the
402 Designated Organic Materials Processing Facility and Applicable Law. Contractor shall actively work
403 with the Approved Organic Materials Processing Facility operator throughout the Term of this
404 Agreement to ensure that contamination of the Organic Materials Collected under this Agreement
405 and delivered to the Processing Facility remains below the limits established by Applicable Law
406 including, without limitation, SB 1383.

407 **G. Processing.**

- 408 1. Contractor shall arrange for Processing of all Multi-Family and Commercial Customer Source
409 Separated Organic Materials at a facility that recovers Organic Materials and in a manner
410 deemed not to constitute landfill Disposal pursuant to 14 CCR Section 18983.1(a) which states
411 that landfill Disposal includes final deposition of Organic Waste, including Organic Materials,
412 at a landfill or use of Organic Waste, including Organic Materials, as Alternative Daily Cover
413 (ADC) or Alternative Intermediate Cover (AIC). All tipping fees and other costs associated with
414 Transporting such Organic Materials to the Approved Organic Materials Processing Facility
415 and Disposing of the Residue as required in Section 4.2.E below shall be paid by Contractor.
- 416 2. Company shall arrange for Organic Materials Processing at the Approved Organic Materials
417 Processing Site, which shall be a facility that meets one or more of the following criteria, and
418 such facility or operation is capable of and permitted to accept and recover the types of
419 Organic Materials Collected under this Agreement:

- 420 a. A “Compostable Material Handling Operation or Facility” as defined in 14 CCR Section
421 17852(a)(12); small Composting facilities that are otherwise excluded from that
422 definition; or Community Composting as defined in 14 CCR Section 18982(a)(8). The
423 compostable materials handling operation or facility shall, pursuant to 14 CCR Section
424 17867(a)(16), demonstrate that the percentage of Organic Materials in the materials
425 sent to Disposal is:
- 426 • On and after January 1, 2022, less than 20 percent (20%); and,
 - 427 • On and after January 1, 2024, less than 10 percent (10%).
- 428 b. An “In-vessel Digestion Operation or Facility” as defined in 14 CCR Section 17896.5. The
429 in-vessel digestion facility or operation shall, pursuant to 14 CCR Section 17896.44.1,
430 demonstrate that the percentage of Organic Waste in the materials sent to Disposal is:
- 431 • On and after January 1, 2022, less than 20 percent (20%); and,
 - 432 • On and after January 1, 2024, less than 10 percent (10%).
- 433 c. A “Biomass Conversion Operation” as defined in Section 40106 of the California Public
434 Resources Code.
- 435 d. Soil amendment for erosion control, revegetation, slope stabilization, or landscaping at
436 a landfill, that is defined as a reduction in landfill Disposal pursuant to 14 CCR Section
437 18983.1(b)(5).
- 438 e. Land application of compostable materials consistent with 14 CCR Section
439 17852(a)(24.5) and subject to the conditions in 14 CCR Section 18983.1(b)(6).
- 440 3. Contractor guarantees sufficient capacity at the Approved Organic Materials Processing
441 Facility to Process all Multi-Family and Commercial Customer Source Separated Organic
442 Materials Collected by Contractor under this Agreement throughout the Term of the
443 Agreement.
- 444 4. Contractor shall keep all existing permits and approvals necessary for use of the Approved
445 Organic Materials Processing Facility in full regulatory compliance. Upon request, Contractor
446 shall provide copies of facility permits and/or notices of violations (obtained from its
447 Approved Organic Materials Processing Facility operator if necessary) to Authority Contract
448 Manager.
- 449 **H. Alternative Facilities.** If Contractor is unable to use the Designated Organic Materials Processing
450 Facility or Approved Organic Materials Processing Facility due to an emergency or sudden and
451 unforeseen closure of the Designated Organic Materials Processing Facility or Approved Organic
452 Materials Facility that is outside the control of the Contractor, Contractor may use an alternative
453 Processing Facility as consistent with the provisions of the Post-Collection Services Agreement and
454 provided that the Contractor provides written notice to Authority Contract Manager. Within forty-
455 eight (48) hours of emergency or sudden and unforeseen closure, the Contractor shall provide a
456 written description of the reasons the use of the Designated Organic Materials Processing Facility
457 or Approved Organic Materials Processing Facility is not feasible and the period of time Contractor
458 proposes to use the alternative Processing Facility. Such a change in Processing Facility shall be
459 temporarily permitted until such time as the Authority Contract Manager is able to consider and
460 respond to the use of the proposed alternative Processing Facility. If the use of the proposed
461 alternative Processing Facility is anticipated to or actually does exceed thirty (30) days in a
462 consecutive twelve (12) month period, the use of such Processing Facility shall be subject to

463 approval by the Authority Contract Manager. The Authority Contract Manager may, in their sole
464 discretion, approve, conditionally approve, temporarily approve, or disapprove of the use of the
465 proposed alternative Processing Facility. In the event that the Authority Contract Manager
466 disapproves the use of the proposed alternative Processing Facility, the Parties shall meet and
467 confer to determine an acceptable Processing Facility.

468 If the need to use the alternative Processing Facility is discretionary or for reasons within
469 Contractor's reasonable control, Contractor's Compensation shall not be adjusted for any change in
470 Transportation and Processing costs associated with use of the alternative Processing Facility. If the
471 need to use the alternative Processing Facility results from reasons beyond Contractor's, or its
472 Subcontractor's, reasonable control, Authority shall adjust, either up or down, Contractor's
473 Compensation for changes in Transportation and Processing costs associated with use of the
474 alternative Processing Facility. In the event that a change in the Processing Facility results in
475 increased costs, Authority Contract Manager may identify and direct Contractor to an alternative
476 Processing Facility that results in less cost than the Contractor-identified alternative.

477 Except for the emergency conditions described in this section, Contractor shall not change its
478 selection of the Approved Organic Materials Processing Facility without Authority Contract
479 Manager's written approval, which may be withheld in the Authority's sole discretion. If Contractor
480 elects to use an Organic Materials Processing Facility that is different than the initial Approved
481 Organic Materials Processing Facility, it shall request written approval from the Authority Contract
482 Manager sixty (60) calendar days prior to use of the site and obtain Authority Contract Manager's
483 written approval no later than ten (10) calendar days prior to use of the site. Failure to meet the
484 requirements of this Section shall result in Liquidated Damage as identified in Exhibit F.

485 {Note to Proposers: This section will be revised to align with the selected Exhibit F1 or F2.}

486 **I. Residue Disposal.** Residue from the Processing of Source Separated Organic Materials Collected
487 under this Agreement at Contractor's Approved Organic Materials Processing Facility, which cannot
488 be marketed, shall be Disposed of by Contractor, or the Processing Facility operator. Residue
489 delivered for Disposal shall not include any Excluded Waste.

490 **J. Minimizing Prohibited Container Contaminants.** Contractor shall make best efforts, including
491 those measures specifically identified in this Agreement as well as effective industry practices that
492 may be identified during the Term of this Agreement, to reduce Prohibited Container Contaminants.
493 Contractor shall use information resulting from the Prohibited Container Contaminant monitoring
494 program and any material characterization studies performed on Member Agency Discarded
495 Materials to propose education and outreach campaigns, as required in Exhibit C, that target specific
496 problem materials.

497 **4.3 SOLID WASTE**

498 **A. Collection.** Contractor shall provide Solid Waste Collection services as described in Exhibit B.

499 **B. Delivery to Designated Facility.** Contractor shall Transport and deliver all Solid Waste placed by
500 Single-Family Customers in Solid Waste Containers in the Authority to the Designated Disposal
501 Facility. Contractor shall observe and comply with all regulations and posted rules in effect at the
502 Designated Disposal Facility and cooperate with and take direction from the operator thereof with
503 respect to delivery of Solid Waste.

504 **C. Alternative Facilities.** If Contractor is unable to use the Designated Disposal Facility due to an
505 emergency or sudden and unforeseen closure of the Designated Disposal Facility that is outside the
506 control of the Contractor, Contractor may use an alternative Disposal Facility as consistent with the
507 provisions of the Post-Collection Services Agreement and provided that the Contractor provides
508 written notice to Authority Contract Manager. Within forty-eight (48) hours of emergency or sudden
509 and unforeseen closure, the Contractor shall provide a written description of the reasons the use of
510 the Designated Disposal Facility is not feasible and the period of time Contractor proposes to use
511 the alternative Disposal Facility. Such a change in Disposal Facility shall be temporarily permitted
512 until such time as the Authority Contract Manager is able to consider and respond to the use of the
513 proposed alternative Disposal Facility. If the use of the proposed alternative Disposal Facility is
514 anticipated to or actually does exceed thirty (30) days in a consecutive twelve (12) month period,
515 the use of such Processing Facility shall be subject to approval by the Authority Contract Manager.
516 The Authority Contract Manager may, in their sole discretion, approve, conditionally approve,
517 temporarily approve, or disapprove of the use of the proposed alternative Disposal Facility. In the
518 event that the Authority Contract Manager disapproves the use of the proposed alternative Disposal
519 Facility, the Parties shall meet and confer to determine an acceptable Disposal Facility.

520 If the need to use the alternative Disposal Facility is discretionary or for reasons within Contractor's
521 reasonable control, Contractor's Compensation shall not be adjusted for any change in
522 Transportation costs associated with use of the alternative Disposal Facility. If the need to use the
523 alternative Disposal Facility results from reasons beyond Contractor's, or its Subcontractor's,
524 reasonable control, Authority shall adjust, either up or down, Contractor's Compensation for
525 changes in Transportation costs associated with use of the alternative Disposal Facility. In the event
526 that a change in the Disposal Facility results in increased costs, Authority Contract Manager may
527 identify and direct Contractor to an alternative Processing Facility that results in less cost than the
528 Contractor-identified alternative.

529 **D. Diversion from Disposal.** Contractor acknowledges that Authority is committed to Diverting
530 materials from Disposal through the implementation of Source Reduction, reuse, Recycling, and
531 other programs, and that Authority may implement new programs, with the involvement of the
532 Contractor, subject to the provisions of Section 3.5, or without the Contractor (which would not be
533 subject to the provisions of Section 3.5) that may impact the overall quantity or composition of Solid
534 Waste to be Collected by Contractor. In addition, Contractor acknowledges that the quantity and
535 composition of Discarded Materials changes over time and accepts all risks associated with those
536 changes. Contractor shall not be entitled to any compensation or other relief resulting from a
537 decline in Solid Waste volumes or Tonnage or from a change in the composition of Solid Waste.

538 **4.4 CONSTRUCTION AND DEMOLITION MATERIAL**

539 **A. Collection.** Contractor shall provide C&D services as described in Exhibit B6.

540 **B. Delivery.** Contractor shall Transport and deliver all C&D Collected in the Authority to the
541 Designated C&D Processing Facility, unless C&D is delivered to an Approved C&D Processing
542 Facility, upon request by the Customer. Contractor shall charge Customers the appropriate Rates
543 based upon the Processing Facility agreed upon by the Company and Customer. Contractor shall
544 keep and store in their databases all weight tags and receipts from the Designated C&D Processing
545 Facility. Contractor shall observe and comply with all regulations and posted rules in effect at the

546 Designated C&D Processing Facility and applicable Approved C&D Processing Facilities, and
547 cooperate with and take direction from the operator thereof with respect to delivery of C&D.

548 **4.5 DROP OFF CENTER**

549 Contractor shall provide E-Waste, Universal Waste, Used Motor Oil, and Used Oil Filters collection at a
550 permanent drop-off site. Customers may drop off the materials mentioned in this Section 4.5 during
551 operating hours at the Approved E-Waste Drop-Off Facility.

552 {Note to Proposers: Propose a drop-off location for the Authority to approve. The location should be in
553 close proximity to the Authority.}

554 **4.6 USED COOKING OIL**

555 Contractor shall provide used cooking oil Collection services to Single-Family Customers in accordance
556 with Exhibit B1.

557 {Note to Proposers: This Section will be removed if Authority elects not to retain Contractor for this
558 alternative service.}

559 **4.7 BULKY ITEM AND ABANDONED WASTE**

560 **A. Bulky Items and Reusable Materials.** Contractor shall offer Bulky Item and Reusable Materials
561 Collection services for Single-Family Customers, Multi-Family Customers, and Member Agency
562 facilities, as described in Exhibit B. On-call Bulky Item and Reusable Materials Collection services
563 shall be offered to Customers within five (5) Working Days of Contractor's receipt of such a
564 Customer request for service. Pursuant to Exhibit B, Contractor shall make reasonable efforts to
565 schedule on-call Bulky Item and Reusable Materials Collections on a day that is convenient to the
566 Customer. Pursuant to the provisions of Exhibit B, Contractor shall pay all costs associated with
567 Transporting and Processing Bulky Items and Reusable Materials. Contractor shall observe and
568 comply with all regulations in effect at the Approved Facility or reuse vendor(s), and cooperate with
569 and take direction from the operator(s) thereof with respect to delivery of Bulky Items and/or
570 Reusable Materials.

571 **B. Abandoned Waste.** Contractor shall Collect Solid Waste and Bulky Items abandoned by Generators
572 in the Authority. Contractor shall dispatch a truck to Collect Abandoned Waste at locations in the
573 Authority identified by Contractor or at locations identified by the Member Agencies. In instances
574 when the Contractor has received verbal or written request from the Member Agency to Collect
575 Abandoned Waste at a specific location, Contractor shall Collect Abandoned Waste from such
576 location within twenty-four (24) hours of receiving the verbal or written request (on Monday for
577 requests received Friday) unless special circumstances warrant a longer period, in which case
578 Contractor shall notify the Member Agency of such circumstances and the need for additional time
579 to Collect materials within twenty-four (24) hours of the Member Agencies' notice to Collect
580 Abandoned Waste. Contractor shall be responsible for Collection, Transportation, and Disposal of
581 such material. Contractor shall record the date, time, location, and description of material Collected
582 including estimated volume of such material; location where such material was Disposed; and cost
583 of Disposal. Copies of receipts from Disposal site for Disposal of Abandoned Waste shall be made
584 available by Contractor upon request by the Member Agency. Tonnage or volume of material
585 Collected shall be separately recorded and reported to the Authority as described in Exhibit D.

586 **4.6 SPECIAL EVENTS**

587 Contractor shall provide Recyclable Materials, Organic Materials, and Solid Waste services as described in
588 Exhibit B at no cost to the event or Member Agency. Contractor shall provide the special event services
589 to other events that are sponsored by Member Agency upon thirty (30) calendar days' advance request
590 by the Member Agency. If so directed by Member Agency, Contractor shall coordinate and cooperate with
591 Member Agency or its designees as necessary to facilitate recovery of Edible Food from special events.

592 Contractor shall Transport all Discarded Materials from special events to the Designated Facility and/or
593 Approved Facility.

594 **4.7 STREET SWEEPING**

595 *{Note to Proposers: This Section will be updated based on Street Sweeping proposal received. This Section*
596 *may be moved, at the sole discretion of the Authority, to a separate agreement to be signed by Contractor.*
597 *In the event that the Alternative Proposal for Street Sweeping Services is not selected by the Authority, this*
598 *Section will be deleted.}*

599 **4.8 PUBLIC EDUCATION AND OUTREACH**

600 The Authority places the utmost importance on effective public outreach and education in helping
601 residents, businesses, and visitors fully understand options for, and benefits of, source reduction, reuse,
602 repair, Recycling, and Composting. The Contractor shall be responsible for designing and implementing a
603 comprehensive, multimedia public education and outreach program. The required public education and
604 outreach activities to be provided by Contractor are specified in Exhibit C.

605 **4.9 EDIBLE FOOD RECOVERY**

606 **A.** Contractor shall assist the Authority in annually updating the Authority's list of all Commercial
607 Customers that meet the definition of Commercial Edible Food Generator, which shall include:
608 Customer name; service address; contact information; and, type of business (as it relates to the
609 Commercial Edible Food Generator definitions). Contractor shall post the list on its website and
610 make such list available for the Authority's website.

611 **B.** Annually, Contractor shall cooperate with Authority, County, and/or their designees as they conduct
612 inspections of Commercial Edible Food Generators, Food Recovery Organizations, and Food
613 Recovery Services to assess compliance with the requirements of 14 CCR Chapter 12 Article 10.

614 **C.** At least annually, the Contractor shall provide Commercial Edible Food Generators with public
615 education and outreach materials pursuant to Section 4.8 and Exhibit C.

616 **4.10 BILLING**

617 Contractor shall bill all Customers and be solely responsible for collecting billings at Authority approved
618 Rates as established under this Agreement and set in accordance with Article 8. Billing shall be performed
619 on the basis of services rendered and this Agreement shall create no obligation on the part of any Person
620 on the sole basis of the Ownership of property. Individual contracts between Contractor and a Customer
621 for services provided under this Agreement shall be prohibited unless otherwise approved in writing by
622 the Authority Contract Manager on a case-by-case basis.

623 **A. Billing Schedule.** Contractor shall bill all Residential Customers quarterly during the second month
624 of the billing period, thereby billing one month in arrears, one month in advance, and one month
625 currently. Contractor shall bill all Commercial Customers for scheduled and regularly recurring
626 services on a monthly basis in advance of services provided. Contractor shall bill Customers for any
627 on-call and/or non-recurring services as well as applying any adjustments, rebates, or credits in
628 arrears. Contractor may require pre-payment arrangements for Drop Box service. For advance
629 billing, Contractor shall remit invoices to Customers no earlier than the first (1st) day of the month
630 for which service is being billed. Quarterly billing shall be on the calendar quarter (January-March,
631 April-June, July-September, October-December). Contractor shall notify Customers of Rate changes
632 thirty (30) days prior to the effective date of the new Rates.

633 **B. Customer Database and Documentation.** Contractor shall develop and maintain a database of
634 Customer contact information, which shall include an email address for each Customer account.
635 Contractor shall maintain, and make such database available upon request from the Authority
636 Contract Manager, in accordance with Sections 4.12 and 6.1.

637 Contractor shall maintain copies of all billings and receipts, each in chronological order, for the Term
638 of this Agreement, for inspection and verification by the Authority Contract Manager at any
639 reasonable time but in no case more than thirty (30) calendar days after receiving a request to do
640 so.

641 **C. Invoicing and Payment.** Contractor shall bill Customers electronically using paperless invoices;
642 however, Contractor shall bill Customers who decline or are otherwise unable to provide email
643 contact information by standard mail, using standard (printed) invoices. Contractor shall permit
644 Customers the ability to pay their bills through an electronic check or credit card and include the
645 ability for Customer billings to be automatically charged on a recurring basis. Customers that pay
646 using credit cards shall be reminded by Contractor two (2) months before their credit card is to
647 expire to update their billing information. Contractor shall prepare, mail, and collect bills from
648 Customers who decline to use such internet-based billing system. Contractor shall make
649 arrangements to allow such Customers to pay bills by cash, check, electronic check, money order,
650 and credit card. Contractor shall send the Authority an example electronic invoice for each
651 Customer type during each billing cycle. Example invoices shall be itemized to include all services
652 provided to Member Agencies' facilities (Exhibit B4) and list all charges as zero dollars (\$0).
653 Contractor shall send the mailed invoices to the address specified by the Authority Contract
654 Manager.

655 **D. Bill Inserts.** Contractor shall include bill inserts with both paper and electronic billing as described
656 in Exhibit C.

657 **E. Reimbursements and Under-Charges.** If Contractor fails to invoice a Customer, or otherwise under-
658 charges a Customer for services provided for more than twelve (12) months, Contractor may not
659 subsequently attempt to collect the under-charged amount for more than twelve (12) months of
660 service. If Contractor over-charges a Customer, Contractor shall reimburse or credit the Customer.
661 If Contractor over-charges a Customer for a period of more than six (6) months, Contractor shall
662 reimburse or credit the Customer for at least six (6) months of the over-charged service, but is not
663 required by this Agreement to reimburse or credit the Customer for more than twenty-four (24)
664 months of overcharges. This Agreement also does not prohibit Contractor from reimbursing or
665 crediting a Customer for more than twenty-four (24) months of overcharges.

666 **F. Timeliness of Payments.** Quarterly Customer invoices shall be due thirty (30) calendar days after
667 the end of the billing period. Monthly Customer invoices shall be due thirty (30) calendar days after
668 the first day of the billing period. In the event that any account becomes more than thirty (30)
669 calendar days past due, Contractor shall notify such Customer of the delinquency via written
670 correspondence, instructing the Customer that unpaid bills that become more than forty-five (45)
671 calendar days delinquent may be assessed late fees approved by the Authority in Exhibit G.
672 Contractor shall provide a second written notice of delinquency to any account that becomes more
673 than sixty (60) calendar days past due, and a third written notice of delinquency to any account that
674 becomes more than ninety (90) calendar days past due.

675 **G. Bad Debt.** Contractor shall be responsible for collection of payment from Customers with past due
676 accounts (“bad debt”) in accordance with this Section 4.10. Contractor shall make reasonable
677 efforts to obtain payment from delinquent accounts through issuance of late payment notices,
678 telephone requests for payments, assistance from collection agencies, and filing collection actions.
679 Under no circumstances shall the Authority or Member Agencies have any responsibility for
680 Contractor’s bad debt.

681 **4.11 CUSTOMER SERVICE PROGRAM**

682 **4.11.1 Program Requirements**

683 **A. Availability of Representatives.** A representative of the Contractor who is knowledgeable of the
684 service area, services, and Rates shall be available during business office hours to communicate with
685 the public by telephone, virtual method (including email, live chat, or other electronic method as
686 mutually agreed between Authority Contract Manager and Contractor), and the Authority’s
687 authorized customer relationship management system (as further described in Section 4.11).

688 Contractor shall also maintain an after-hours telephone number allowing twenty-four (24) hour per
689 day access to Contractor management by Authority Contract Manager in the event of an emergency
690 involving Contractor’s equipment or services including, but not necessarily limited to, fires, blocked
691 access, or property damage. Contractor’s primary Customer service representatives shall be located
692 no more than thirty (30) miles from the Authority. Contractor shall maintain Customer service
693 staffing levels consistent with the levels stated in Exhibit G, unless otherwise approved by the
694 Authority Contract Manager. *{Note to Proposers: The Authority prefers that Customer service*
695 *representatives be located locally.}*

696 **B. Telephone.** Contractor shall secure, use, pay all costs incurred by, and maintain during the Term of
697 this Agreement, a local toll-free phone number which shall serve as the primary point of contact
698 between Contractor and the public during normal business hours.

699 Contractor shall maintain a telephone system in operation from 7:00 a.m. to 6:00 p.m. and shall
700 have sufficient equipment in place and staff a representative, or an answering service available to
701 handle the volume of calls experienced on the busiest days and such telephone equipment shall be
702 capable of recording the responsiveness to calls, including but not limited to on-hold time per call
703 and average on-hold time. Contractor’s telephone system shall offer Customers who have been
704 placed on-hold the option of leaving a voice message or maintaining their place in the queue and
705 being called back when their position in the queue is reached, rather than remaining on-hold. The
706 average amount of time that the Customer is left on-hold during any given month, including the
707 amount of time a Customer is left on hold after a Customer service representative has answered

708 the call, shall not exceed three (3) minutes, and no Customer shall be left on-hold for more than ten
709 (10) minutes. The Contractor’s telephone system must have the capability to record outgoing
710 messages and must provide an easily-navigated menu with programmed responses to common
711 service questions related to the Authority. In the event that Contractor’s telephone customer
712 service performance falls below the performance standards established in Exhibit F for three (3) or
713 more consecutive months, the Authority Contract Manager and Contractor shall meet and confer
714 regarding existing staffing levels and customer service system capacities. Following such meet and
715 confer period, the Authority Contract Manager shall have the right to require Contractor to increase
716 its staffing levels and/or call handling capacity, if the Authority Contract Manager reasonably
717 determines that such capacity was directly related to the performance shortfall, without
718 requirement for any additional compensation to the Contractor. Recording of Contractor’s
719 responsiveness to calls shall include, at a minimum, all items included in the “Service Quality and
720 Reliability” and “Customer Service” performance standards listed in Exhibit F. An answering
721 machine or voicemail service shall record Customer calls and voice messages between 4:30 p.m.
722 and 8:00 a.m. Contractor shall provide a live, not automated, call back on the same day to all
723 Customers who leave voice messages by 4:30 p.m. on Working Day and shall provide a live call back
724 by noon of the following Working Day for any voice messages left after 4:30 p.m.

725 {Note to Proposers: This section will be revised to align with the selected Exhibit F1 or F2.}

726 **C. Website and Email Access.** Contractor shall develop and maintain content on a website owned by
727 the Authority. that is accessible by the public. The website shall include all public education and
728 outreach materials described in Exhibit C, highlight program successes, provide Diversion statistics,
729 and provide the public the ability to e-mail Contractor questions, service requests, or Complaints.
730 The site shall have web page(s) dedicated to the administrative operations of the Authority that the
731 Authority Contract Manager and their designee(s) can access and maintain as needed. The site shall
732 have links to the Member Agencies’ web sites. The website shall be reviewed and updated at least
733 once per quarter, or more frequently as directed by the Authority Contract Manager. Substantive
734 changes to the website shall be pre-approved by the Authority Contract Manager, and changes
735 requested by the Authority or Authority Contract Manager shall be made within twenty-four (24)
736 hours of the request.

737 Contractor shall respond the same day to all Customers who leave e-mail messages and direct
738 messages through social media platforms utilized by the Contractor by 4:30 p.m. on a Working Day
739 and shall respond by noon of the following Working Day for any e-mail messages and direct
740 messages through social media platforms utilized by the Contractor left after 4:30 p.m. (for
741 purposes of this Section 4.11.1.C, Saturdays shall be excluded from the definition of “Working Day”).
742 Contractor may respond to Customer e-mails either via e-mail or phone. Contractor may respond
743 to Customer direct messages through social media platforms utilized by the Contractor either via
744 direct message through the social media platform through which the message was received or
745 phone. In the event that during the Term of this Agreement Contractor obtains or develops a mobile
746 device web application which may be used by Customers, Contractor shall notify Authority, and
747 shall make such application available for Customer use.

748 **D. Training.** Customer service representatives shall receive training during each quarter of the calendar
749 year on Authority-specific Collection programs and service requirements. During the training,
750 customer service representatives shall participate in a ride-a-long on a Collection vehicle servicing
751 the Authority to allow for greater understanding of Authority’s community-specific needs. An

752 Authority-specific Collection service and Rate information sheet, training agenda, and associated
753 documentation shall be provided to and discussed with employees during the training. Information
754 sheet, training agenda, and associated documentation shall be forwarded by Contractor to the
755 Authority Contract Manager each quarter after the training in accordance with reporting
756 requirements of Section 6.2. The Authority Contract Manager may review the training materials and
757 request changes.

758 The Contractor shall notify the Authority Contract Manager of the date and time of the scheduled
759 Customer service training sessions and the Authority Contract Manager may, at its option, attend
760 the meetings.

761 Upon request by the Authority Contract Manager but not more than two (2) times per Rate Period,
762 Contractor shall arrange and host a meeting to include the Authority Contract Manager,
763 Contractor's contract manager, Contractor's customer service representatives, and any other
764 Member Agency or Authority staff requested by the Authority Contract Manager. The purpose of
765 such meeting shall be to discuss topics including (by way of example but not limitation): Customer
766 questions, Complaints, and/or service issues, or other topics identified by the Authority Contract
767 Manager.

768 **4.11.2 Service Requests, Compliments, Complaints**

769 Contractor shall be responsible for the prompt and courteous attention to, and prompt and reasonable
770 resolution of, all Customer service requests and Complaints. Contractor shall record, in its computer
771 system or a separate log, as directed by Authority Contract Manager, all Complaints, noting the name and
772 address of Complainant, date and time of Complaint, nature of Complaint, and nature and date of
773 resolution. The Contractor shall retain this Complaint log for the Term. Upon request by the Authority
774 Contract Manager, Contractor shall compile and submit a summary statistical table of the Complaint log.

775 Contractor shall respond to all Complaints received in accordance with the requirements of Section
776 4.11.1.B, and 4.11.1.C. Complaints related to missed Collections shall be addressed in accordance with
777 Section 5.11. Complaints related to repair or replacement of Carts or Bins, shall be addressed in
778 accordance with Section 5.7.E.

779 For Complaints received in which the Person alleges that an entity is in violation of SB 1383 requirements,
780 Contractor shall document the information listed in Exhibit D. Contractor shall provide this information in
781 a brief Complaint report to the Authority for each SB 1383-noncompliance Complaint within seven (7)
782 days of receipt of such Complaint, and a monthly summary report of SB 1383-non-compliance Complaints
783 in accordance with Exhibit D. Upon Authority request, Contractor shall conduct follow-up inspections
784 and/or outreach to the violating entity, and shall document the information in the reports provided
785 pursuant to Exhibit D.

786 **4.12 ACCESS TO CUSTOMER SERVICE AND BILLING SYSTEMS**

787 **A. Information System Training.** Contractor shall provide access and any necessary training to the
788 Authority Contract Manager and one (1) or more designee(s) regarding the use of Contractor
789 information systems as described in this Section. Contractor shall designate one (1) member of
790 Contractor staff to work directly with the Authority Contract Manager and their designee(s).

791 **B. Information System Integration.** Authority Contract Manager, their designee(s), and Contractor
792 employee shall cooperate to ensure that the Contractor's information systems are integrated with

793 the Member Agencies' and Authority's customer service systems, or are otherwise able to receive
794 information from such Member Agency and Authority systems on a regular basis and without
795 manual input. Contractor shall have access to the Member Agencies' and Authority's automated
796 Customer Response Management System (CRM) or any subsequent similar system and shall
797 respond to Customer requests transmitted to Contractor through the Member Agencies' and
798 Authority's CRM system and enter resolutions to Customer requests directly into the Member
799 Agencies' and Authority's CRM system.

800 **C. Access to Information.** Contractor shall provide Authority and their designees with access to
801 Contractor's Customer service, call center, and operations information systems in order to validate
802 Contractor performance standards, and recommend changes to Customer Service Levels to resolve
803 service issues or otherwise address Customer needs. In the event that recommended Service Level
804 changes are made, Authority Contract Manager's designee will work with Contractor's designated
805 representative to make such changes, which shall not be denied by Contractor except for reasons
806 related to Customer, Route driver, and/or equipment safety, in which cases Contractor shall provide
807 similar volumes of service by material type to the Customer in some alternate configuration.

808 **D. Access to Billing and Contact Information.** Contractor shall provide read-only access to Customer
809 contact information (including email addresses) for purposes of Authority-provided public
810 education and outreach activities. In addition, Contractor shall ensure that the Authority Contract
811 Manager and their designees have read-only access to all service order and billing records in
812 Contractor's internal information systems. Such read-only access is intended to provide the
813 Member Agencies and Authority the ability to review notes related to Customer service and/or
814 billing issues.

815 **4.13 SERVICE EXEMPTIONS**

816 **A. Generator Waivers.** Authority may elect to provide for one or more of the following types of
817 Generator waivers to the Collection requirements of this Agreement as described in this Section to
818 Generators that impact the scope of Contractor's provision of services for those Customers. Waivers
819 shall be subject to compliance with SB 1383 Regulatory requirements, pursuant to 14 CCR Section
820 18984.11, or other requirements specified by the Authority or applicable Member Agency. Granting
821 of waivers shall be done by the Authority, in consultation with the Member Agencies, in accordance
822 with this Section and Exhibit I.

823 **1. Types of Generator Waivers.**

824 **a. De Minimis Waivers and Physical Space Waivers.** The Authority, in consultation with
825 the Member Agencies, may waive a Multi-Family's, Commercial Business', or its
826 Owner's obligation to comply with some or all of the Source Separated Recyclable
827 Materials and Organic Materials requirements set forth in this Agreement, and SB 1383
828 Regulations, consistent with rules published by the Authority, as they may be amended
829 from time to time.

830 **b. Collection Frequency Waivers.** The Authority may allow Contractor to provide
831 Collection of Recyclable Materials Containers, Solid Waste Containers, or both once
832 every fourteen (14) days, rather than once per week, for Customers that have been
833 granted a Collection frequency waiver from the Authority.

- 834 2. **Contractor Waiver Request on Behalf of Generator.** Upon reasonable belief that a Generator
835 may qualify for a waiver, Contractor may submit a request to the Authority to grant a waiver
836 to the Generator, provided that adequate evidence of the de minimis, physical space, or
837 collection frequency waiver requirements is included with the request. Authority Contract
838 Manager, in consultation with the Member Agencies, shall review and approve or deny the
839 waiver request, in their sole discretion. Contractor's request for consideration of a waiver
840 shall include the Generator's name and address, type of Commercial Business or number of
841 Multi-Family Dwelling Units if Customer is a Multi-Family Premises, number of employees on
842 site, reasons Generator may be eligible for the waiver, and evidence such as, but not limited
843 to: Service Level data, photo documentation, weight records, and technical assistance
844 assessment results.
- 845 3. **Contractor Review of Generator Waiver Requests.** Generators may submit requests for de
846 minimis waivers or physical space waivers to the Contractor. Contractor shall, within seven
847 (7) days, review the Generator's waiver application and send the application to the Authority,
848 including the Contractor's recommendation to approve or deny the application. The Authority
849 Contract Manager ultimately retains the right to approve or deny any application in their sole
850 discretion, regardless of the Contractor's recommendation. Contractor shall report
851 information regarding waivers reviewed on a monthly basis, in accordance with Exhibit D.
- 852 4. **Contractor Change in Customer's Service Levels.** When the Authority Contract Manager
853 grants a waiver to a Generator, the Authority Contract Manager shall notify the Contractor
854 within seven (7) days of the waiver approval with information on the Customer and any
855 changes to the Service Level or Collection service requirements for the Customer. Contractor
856 shall have seven (7) days to modify the Customer's Service Level and billing statement, as
857 needed.
- 858 5. **Waiver Reverification.** It shall be the responsibility of the Contractor to verify that the
859 Generators with de minimis waiver, physical space constraint, or collection frequency waivers
860 continue to meet the waiver requirements set forth in this Section. Contractor shall conduct
861 such reverifications of waivers through inspection of each Generator's Premises and review
862 of applicable records at least once every five (5) years for de minimis waiver and physical
863 space constraint waivers. Pursuant to Exhibit D, Contractor shall maintain a record of each
864 waiver verification and provide a monthly report to the Authority documenting the waiver
865 reverifications performed and recommendations to the Authority on those waivers that
866 Contractor concludes are no longer warranted. The Authority Contract Manager shall make a
867 final determination of the waiver eligibility of Generators.
- 868 6. **Contractor Recordkeeping of Generators Granted Waivers.** Upon Contractor request, no
869 more than four (4) times per year, the Authority Contract Manager shall provide Contractor
870 an updated listing of waivers approved by the Authority Contract Manager, including the
871 Generators' names, mailing address, service address, and type of waiver. Contractor shall
872 maintain waiver-related records and report on waiver verifications pursuant to Exhibit D.
873 Upon Authority Contract Manager request, no more than four (4) times per year, the
874 Contractor shall provide Authority an updated listing of waivers approved by the Contractor,
875 including the Generators' names, mailing address, service address, and type of waiver.
- 876 B. **Service Exemptions.** Contractor acknowledges that there is no obligation for any parcel of land to
877 receive Contractor's services as a function of the existence of that property. As such, Contractor
878 shall have no expectation of providing service to undeveloped or vacant properties which do not
879 produce Discarded Materials. Upon Customer request Contractor shall cease providing (and shall

880 make appropriate billing adjustments and prorations for) Collection services to a Premises which is
881 anticipated to be vacant for no less than thirty (30) days.

882 **C. Alternative Service Locations.** Persons that have a qualifying health issue, as determined in
883 accordance with this subsection, who are Occupants of Single-Family Premises shall be permitted
884 to receive Collection services at a location other than Curbside at no extra charge. Customers
885 requesting such exemption shall submit a request to the Contractor, including a note from a
886 physician or healthcare provider verifying that the Customer has a health issue that prevents the
887 Customer from moving their Containers to the Curb, and a statement from the Customer certifying
888 that there are no other permanent residents of the household over the age of twelve (12) that are
889 able to move Containers to the Curb on a weekly basis. Contractor shall be required to review all
890 requests made by Customers, and shall grant exemptions upon verification of Customer’s provided
891 documentation. With regards to all requirements of this subsection, the Contractor shall provide
892 Collection services at locations other than Curbside at no additional cost to the Customer, provided
893 that Contractor shall not be required to service Containers from locations on a Customer Premises
894 determined to be unsafe for Collection. Contractor may make such alternative service locations
895 available to Single-Family Customers that do not have a qualifying health issue (as determined in
896 accordance with this subsection) for an additional, Authority-approved Rate.

897 **4.14 CONTAMINATION MONITORING**

898 *{Note to Proposers: this section may be modified as necessary to reflect Authority review of proposed*
899 *approaches to contamination monitoring services.}*

900 **4.14.1 Ongoing Contamination Monitoring**

901 **A. Contamination Threshold.** Contractor shall issue Customer Notice in accordance with Section
902 4.16 upon finding Prohibited Container Contaminants in a Container in excess of the following
903 thresholds. *{Note to Proposers: Please propose a methodology or description for how the*
904 *contamination threshold will be determined on driver routes.}*

Container	Prohibited Container Contaminants Threshold
Solid Waste Containers	10%
Recyclable Materials Containers	10%
Organic Materials Containers to the Designated Organic Materials Processing Site	5%
Organic Materials Containers to the Approved Organic Materials Processing Site	10%

905

906 **B. Contamination Notification.** Upon first, second, and third instance of identification of Prohibited
907 Container Contaminants in a Customer’s Container in any twelve (12) month period, as

908 determined by the route auditor or Collection driver, Contractor shall provide the Customer with
909 a Courtesy Collection Notice in accordance with Section 4.16. Upon fourth and subsequent
910 instances of identified Prohibited Container Contaminants in a Customer's Container in any
911 twelve (12) month period, Contractor shall provide the Customer with a notice of contamination
912 in the form of a Non-Collection Notice accordance with Section 4.16.

913 **C. Assessment of Contamination Processing Fees.** If the Contractor has issued four (4) or more
914 Customer Notices in the same twelve (12) month period, as appropriate, the Contractor may
915 impose a contamination Processing fee as approved by the Authority Contract Manager for that
916 Customer's Service Level, if and only if Contractor has provided a Contamination Processing Fee
917 Notice in accordance with Section 4.16. The intent of contamination Processing fee is to provide
918 a behavioral tool to educate and promote proper Source Separation.

919 Contamination Processing fees are to be used for the intended purposes and not as a form of
920 revenue generation. Contractor agrees that contamination fees shall not exceed one percent (1%)
921 of Contractor's Gross Receipts in any calendar quarter. In the event that contamination fees
922 exceed one percent (1%) of Contractor's Gross Receipts in any calendar quarter, the assessment
923 of contamination fees shall be suspended immediately and indefinitely pending a program
924 assessment by the Authority and Contractor. Upon program suspension or at the request of the
925 Authority Contract Manager at any time during the Term of the Agreement, Authority and
926 Contractor shall meet and confer regarding the application and effectiveness of contamination
927 fees in accomplishing the behavior change. If the program is suspended due to excessive revenue
928 generation, the Authority may require Contractor to either: i) modify the program parameters; ii)
929 modify the amount of the contamination fee; or, iii) return to the Authority any funds generated
930 by the contamination fee which exceed one percent (1%) of Contractor's Gross Receipts for a
931 given period of time.

932 **D. Recordkeeping and Reporting Requirements.** Contractor shall maintain records of each annual
933 route review conducted and report results in accordance with Exhibit D.

934 **4.14.2 Annual Route Reviews**

935 **A. Methodology.** The Contractor shall, at its sole expense, conduct annual route reviews of
936 Containers for Prohibited Container Contaminants in a manner that meets the requirements of
937 this Section; is approved by the Authority; and, results in all routes being reviewed at least
938 annually.

939 Contractor's route review shall include all Container types in service for all Customer types. The
940 Containers shall be randomly selected prior to beginning the route review through use of a
941 random number generator; and the minimum number of Containers to be sampled shall be based
942 on weekly route size, as follows:

- 943 1. For weekly routes with less than 1,500 Generators, the Contractor shall sample a minimum
944 of twenty-five (25) Containers;
- 945 2. For weekly routes with 1,500-3,999 Generators, the Contractor shall sample a minimum of
946 thirty (30) Containers;

947 3. For weekly routes with 4,000-6,999 Generators, the Contractor shall sample a minimum of
948 thirty-five (35) Containers; and,

949 4. For weekly routes with more than 7,000 Generators, the study shall include a minimum of
950 forty (40) samples.

951 Contractor shall develop a specific route review methodology to accomplish the above Container
952 inspection requirements and such methodology shall comply with the requirements of 14 CCR
953 Section 18984.5(b). Contractor shall submit its proposed route review methodology for the
954 coming year to the Authority Contract Manager no later than January 15 of each year describing
955 its proposed methodology for the calendar year and schedule for performance of each route's
956 annual review. Contractor's proposed route review methodology shall include not only its plan
957 for Container inspections, but shall also include its plan for prioritizing the inspection of Customers
958 that are more likely to be out of compliance. Contractor's proposed route review methodology
959 and schedule shall not interfere with Member Agencies' posted street sweeping schedules. The
960 Authority Contract Manager will review and approve the proposed methodology. Contractor may
961 commence with the proposed methodology upon approval by the Authority Contract Manager.

962 If the Authority and/or CalRecycle notifies the Contractor that the methodology is inadequate to
963 meet the requirements of 14 CCR Section 18984.5(b), Contractor shall, at its sole expense, revise
964 the methodology and, after obtaining Authority Contract Manager approval, conduct additional
965 route reviews, increased Container inspections, or implement other changes using the revised
966 procedure. If the Contractor's proposed methodology meets the requirements of 14 CCR Section
967 18984.5(b), but has been deemed inadequate by the Authority, the Contractor shall, at the
968 expense of the Authority, revise the methodology and implement the necessary changes using
969 the revised procedure.

970 The Authority Contract Manager may request, and Contractor shall accept, modifications to the
971 schedule to permit observation of the route reviews by the Authority. In addition, Contractor shall
972 provide an email notice to the Authority Contract Manager no less than ten (10) Working Days
973 prior to each scheduled route review that includes the specific time(s), which shall be between
974 8:00 am and 5:00 pm, and location(s) in the Authority.

975 **B. Contamination Notification.** Upon identification of Prohibited Container Contaminants in a
976 Customer's Container, Contractor shall provide the Customer with a Customer Notice, per
977 Section 4.16, as determined by the route auditor. Failure to comply with the requirements of
978 this Section shall result in Liquidated Damages in accordance with Exhibit F.

979 {Note to Proposers: This section will be revised to align with the selected Exhibit F1 or F2.}

980 **4.15 WASTE CHARACTERIZATION AND PILOT STUDIES**

981 **A. Design and Performance.** If Authority requires Contractor to participate in a waste characterization
982 and/or pilot study, Contractor and Authority Contract Manager shall mutually agree on the scope
983 of services to be provided by Contractor.

984 Contractor acknowledges that Authority, Member Agencies, CalRecycle, or other governmental
985 agencies may wish to perform generation and characterization studies periodically with respect to

986 materials covered under this Agreement. Contractor agrees to participate and cooperate with
987 Authority and its agents and to perform studies and data collection exercises, as needed, to
988 determine weights, volumes and composition of materials generated, Disposed, Diverted or
989 otherwise Processed In any event, Contractor shall permit and in no way interfere with the
990 Collection and handling of the subject materials by other Persons for such purposes. Contractor
991 shall make all efforts to support the study design and performance.

992 Contractor that acknowledges that the County, in coordination with the Authority, is required by SB
993 1383 to conduct Organic Waste and Edible Food capacity planning studies. The Contractor shall
994 provide information to the Authority Contract Manager as needed for the Authority's participation
995 in such capacity planning studies. This information and/or participation may include, but is not
996 limited to, conducting or supporting waste characterization studies; providing information
997 regarding existing and potential new or expanded capacity in the Contractor's operations for the
998 Collection, Transport, or Processing of Recyclable and Organic Materials; and any other information
999 deemed necessary by the Authority or County for purposes of the study. The Contractor shall
1000 respond to any request for information from the Authority within thirty (30) days, unless another
1001 timeframe is otherwise specified or authorized by the Authority Contract Manager.

1002 Contractor acknowledges that the Authority may, wish to conduct and/or participate in pilot studies
1003 related to the Customers and materials that are the subject of this Agreement. In any event,
1004 Contractor shall coordinate in a timely manner with the Authority Contract Manager or other
1005 Authority representative as requested, permit, and in no way interfere with the Collection and
1006 handling of the subject materials by other Persons for such purposes.

1007 **B. Scheduling and Observation of Studies.** Contractor shall, within forty-five days of Authority
1008 Contract Manager's request, provide the Authority with a proposed methodology for each type of
1009 study and a schedule of studies for the calendar year for review and approval by the Authority
1010 Contract Manager. The Authority shall be notified at least thirty (30) days in advance of each study
1011 and the Authority, or the Authority's designated third party, maintains the right to observe all
1012 aspects of the study. The studies shall be scheduled between 8:00 am to 5:00 pm, and the Authority
1013 Contract Manager may request, and Contractor shall accept, modifications to the schedule to
1014 permit observation by the Authority.

1015 **C. Recordkeeping and Reporting.** Contractor shall maintain records of each study conducted and
1016 report results directly to the Authority within fourteen (14) days of completing the study as well as
1017 include the results in the Contractor's annual report, in accordance with Exhibit D.

1018 **D. Delegation Options.** This section in no way precludes the Authority or its designee from performing
1019 the inspections specified in this Section in lieu of or in addition to the Contractor's inspections.
1020 Contractor shall support any inspections or reviews conducted by the Authority or its designee
1021 through actions including, but not limited to, providing information or data requested by the
1022 Authority or its designee. Authority may determine the cost of a third-party to design and conduct
1023 a waste characterization and/or pilot study. The amount of compensation for Contractor, if any,
1024 may be determined as an "Other Adjustment" provided that it is reflected in the rate application
1025 form, pursuant to Exhibit E.

1026 **4.16 CUSTOMER NOTICES**

1027 **A. Customer Noticing.** Prior to the Commencement Date, Contractor shall develop, and submit to the
1028 Authority Contract Manager for review and approval:

- 1029 1. A template Courtesy Collection Notice, for use in instances of improper set-out of Discarded
1030 Materials, which the Contractor, at its sole option, elects or is otherwise required by this
1031 Section to Collect as a courtesy to the Customer; and,
- 1032 2. A template Non-Collection Notice, for use in instances of acceptable non-Collection of
1033 Discarded Materials, as determined by this Section.

1034 Contractor may propose an alternative to a paper Customer Notice left at Customer Premises
1035 (e.g., Customer notification via a phone call or e-mail) subject to Member Agency approval.
1036 Such an alternative must involve pro-active communication with Customer, initiated by
1037 Contractor. {Note to Proposers: This section may be revised in the event that an alternative
1038 method of addressing non-Collection is approved by the Authority. Proposers should note
1039 that no alternatives will be accepted unless they involve *direct, pro-active communication*
1040 *with the Customer.*}

1041 **B. Noticing Location.** Contractor may leave a Customer Notice at a Customer’s door or gate, on a
1042 Customer’s Container, or, subject to Authority’s approval, may deliver the Customer Notice by
1043 mail, e-mail, or text message. Such an alternative must involve pro-active and timely
1044 communication with Customer, initiated by Contractor.

1045 **C. Courtesy Collection Notice.** In the event that Contractor encounters circumstances described in
1046 Figure 1 as provided in subsection E, Contractor shall collect the material and leave a Courtesy
1047 Collection Notice at the Customer Premises clearly explaining how the Customer failed to comply.
1048 The Courtesy Collection Notice shall, at a minimum:

- 1049 1. Inform the Customer of the observed failure;
- 1050 2. Include the date and time the failure was observed;
- 1051 3. Include information on the Customer’s requirement to properly participate in Collection
1052 service (e.g., separate materials into the appropriate Containers and the accepted and
1053 prohibited materials for Collection in each Container, proper set-out procedure,
1054 Overages);
- 1055 4. Inform the Customer of the courtesy Collection on this occasion with information that the
1056 Contractor may assess contamination Processing fees, if applicable, and/or issue a Non-
1057 Collection Notice in the future; and,
- 1058 5. Include time-stamped photographic evidence.

1059 For Containers with identified Prohibited Container Contaminants in excess of the
1060 contamination thresholds described in Section 4.14, Contractor shall Collect the Discarded
1061 Materials and either Transport the material to the appropriate Designated Facility or
1062 Approved Facility or, Contractor may Collect the contaminated Recyclable Materials or
1063 Organic Materials with the Solid Waste and Transport the contaminated materials to the

1064 Designated Disposal Facility. A courtesy Collection of contaminated Recyclable Materials or
1065 Organic Materials where the materials are sent to the Designated Disposal Facility may be
1066 made with a Solid Waste Collection vehicle, provided that the contaminants may safely and
1067 lawfully be Collected as Solid Waste.

1068 **D. Non-Collection Notices.** In the event that Contractor encounters circumstances at a Customer
1069 Premises which prevents the Contractor from Collecting Discarded Materials which have been
1070 placed for Collection, such as those described in Figure 1 below, Contractor shall leave a Non-
1071 Collection Notice at the Customer Premises clearly explaining Contractor's reason for refusal to
1072 Collect the Discarded Materials. If Contractor intentionally refuses to Collect Discarded Materials
1073 (including Cardboard Overages), but does not leave a Non-Collection Notice, it shall be considered
1074 a missed Collection per Section 5.11, and provisions of Section 5.13 shall apply.

1075 1. The Non-Collection Notice shall, at a minimum:

1076 a. Inform the Customer of the reason(s) for non-Collection;

1077 b. Include the date and time the notice was left or issued;

1078 c. Describe the premium charge to Customer for Contractor to return and
1079 Collect the Container after Customer corrects the issue;

1080 d. Provide a warning statement that a contamination Processing fee may be
1081 assessed, if applicable; and,

1082 e. Include photographic evidence of the violation(s).

1083 **E. Noticing Examples** By way of example, and not limitation, the Authority and Contractor agree to
1084 the manner in which the following common occurrences will be addressed with regard to
1085 Customer Notices provided under this Agreement:

1086

Figure 1. Noticing Examples

Collect Leave Courtesy Collection Notice	Refuse Collection Leave Non-Collection Notice
<ul style="list-style-type: none"> • Container set-out <ul style="list-style-type: none"> ○ Too close to another Container ○ Too close to a car, mailbox ○ Under tree, basketball hoop, or overhang ○ Wheels not against Curb ○ Cart facing the wrong way ○ Carts placed in front of one another ○ Lid open • 1st, 2nd, and 3rd instance of non-hazardous and/or Prohibited Container Contaminants or Overages in 12 months • Cardboard outside of the Recyclable Materials Container, not flattened and/or not cut down, but can still be safely Collected 	<ul style="list-style-type: none"> • Not safe to Collect • Contains Excluded Waste • 4th or more instance of non-hazardous and/or Prohibited Container Contaminants or Overages in 12 months • Container is overweight and may break if lifted

1087

1088 **F** **Communications with Customer.** Whenever a Container at the Premises of a Commercial or a
 1089 Multi-Family Customer is not Collected, Contractor shall contact the Customer on the scheduled
 1090 Collection day by telephone, email, text message, or other verbal or electronic message to explain
 1091 why the Container was not Collected. Whenever a Container is not Collected because of
 1092 Prohibited Container Contaminants, a Customer service representative shall contact the
 1093 Customer to encourage the Customer to adopt proper Discarded Materials preparation and
 1094 separation procedures.

1095 **G.** **Contamination Processing Fee Notice.** Per Section 4.14, Contractor shall leave a Contamination
 1096 Processing Fee Notice attached to Generators' contaminated Container(s). Contractor must also
 1097 deliver notice by mail to the bill-payer's address within twenty-four (24) hours of assessing the
 1098 contamination Processing fee. Contamination Processing Fee Notices shall be in a format
 1099 approved by the Authority Contract Manager. Contractor shall notify the Authority in its monthly
 1100 report of Customers for which contamination Processing fees were assessed per Section 4.14 Each
 1101 Contamination Processing Fee Notice shall, at a minimum:

- 1102 1. Describe the specific material(s) of issue;
- 1103 2. Explain how to correct future set outs;
- 1104 3. List all previous notices provided to the Customer within the same twelve (12) month
 1105 period; and,

1106 4. Indicate that the Customer will be charged a contamination Processing fee on their next
1107 bill.

1108 {Note to Proposers: Proposers may also propose an Overage fee and/or mandatory increase in
1109 Service Level for Customers with chronic Overage events. Proposers must also propose a noticing
1110 program for any such fees or service increases.}

1111 **ARTICLE 5.**
1112 **STANDARD OF PERFORMANCE**

1113 **5.1 GENERAL**

1114 Contractor shall at all times comply with Applicable Law and provide services in a manner that is safe to
1115 the public and the Contractor’s employees. Except to the extent that a higher performance standard is
1116 specified in this Agreement, Contractor shall perform services in accordance with Organic Materials,
1117 Recyclable Materials, Solid Waste, and C&D management practices common to the San Francisco Bay
1118 Area.

1119 **5.2 OPERATING HOURS AND SCHEDULES**

1120 **A. Hours of Collection.** Unless otherwise authorized by the Authority Contract Manager, Contractor’s
1121 days and hours for Collection operations shall be as follows:

1122 **1. Residential Premises.** Collection from Residential Premises shall only occur between the
1123 hours of 8:00 a.m. and 4:30 p.m., Monday through Friday, with the exception that for those
1124 Complaints related to missed Collections that are received after 12:00 p.m. from Bin or Drop
1125 Box Customers, or after 3:00 p.m. from Cart Customers on a Friday, Collections shall occur on
1126 Saturdays between the hours of 8:00 a.m. and 4:30 p.m. {Note to Proposers: The Authority
1127 intends to discuss modified hours with shortlisted Proposers during negotiations.}

1128 **2. Commercial Premises.** Collection from Commercial Premises shall only occur between the
1129 hours of 7:00 a.m. and 6:00 p.m., Monday through Saturday. For Commercial Premises within
1130 two hundred (200) feet or less of Residential Premises, Collection shall occur between the
1131 hours of 8:00 a.m. and 4:30 p.m. {Note to Proposers: The Authority intends to discuss
1132 modified hours with shortlisted Proposers during negotiations.}

1133 **3. Exceptions.** In the event of an unforeseen and/or extraordinary circumstance, the Contractor
1134 may Collect from Residential Premises or Commercial Premises that are two hundred (200)
1135 feet or less from Residential Premises between the hours of 6:00 a.m. and 8:00 p.m., Monday
1136 through Friday, upon prior written approval from the Authority Contract Manager.

1137 In the event the Authority receives repeated noise complaints resulting from Collection in
1138 some geographic area, the Authority Contract Manager may require Contractor to re-
1139 sequence the service schedule for one or more Customer(s) to accommodate later Collection
1140 in such areas.

1141 **B. Holiday Collection Schedule.** Contractor, at its sole discretion, may choose not to provide Collection
1142 services on a Holiday. In such event, Contractor shall provide Single-Family Collection services on
1143 the day following the Holiday thereby adjusting subsequent work that week with normally

1144 scheduled Friday Collection services being performed on Saturday; however, Customer service days
1145 shall be returned to the normal schedule within one (1) week of the Holiday. Multi-Family,
1146 Commercial, and Member Agency Collection services shall be adjusted as agreed between the
1147 Contractor and the Customer but must meet the minimum frequency requirement of one (1) time
1148 per week. The Contractor shall provide Customers notice of Holiday-related changes in Collection
1149 schedules at least two (2) weeks prior to the change.

1150 **C. Collection Route Schedules.** Contractor shall provide Authority Contract Manager with Route maps
1151 and daily Collection schedules for each Collection service. Such maps and schedules shall not change
1152 regularly scheduled Collection days for more than five percent (5%) of Customers relative to the
1153 regularly scheduled Collection days of Customers immediately prior to the Commencement Date.
1154 In addition, such maps and schedules shall be reviewed and approved by the Authority Contract
1155 Manager. Contractor may not change its regularly scheduled Residential Collection days without
1156 prior written approval from the Authority Contract Manager, or its regularly scheduled Commercial
1157 Collection days without prior consent from each impacted Customer. Such written approval shall
1158 be obtained from the Authority Contract Manager thirty (30) calendar days before the effective
1159 date of the schedule change. Once approved, Contractor shall notify any Residential Customer four
1160 (4) weeks prior to any Collection schedule changes. Contractor shall not permit any Customer to go
1161 more than seven calendar days without service during a Collection schedule change. *{Note to*
1162 *Proposers: Contractor should include any expected service date changed from the current*
1163 *Contractor's routing and the total number of affected Customers.}*

1164 **5.3 HAZARDOUS WASTE INSPECTION AND HANDLING**

1165 **A. Inspection Program and Training.** Contractor shall develop a load inspection program that includes
1166 the following components: (i) personnel and training; (ii) load checking activities; (iii) management
1167 of wastes; and, (iv) record keeping and emergency procedures.

1168 Contractor's load checking personnel, including its Collection vehicle drivers, shall be trained in:
1169 (i) the effects of Hazardous Substances on human health and the environment; (ii) identification of
1170 prohibited materials; and, (iii) emergency notification and response procedures. Collection vehicle
1171 drivers shall inspect Containers before Collection when practical.

1172 **B. Response to Excluded Materials Identified During Collection.** If Contractor determines that
1173 material placed in any Container for Collection is Excluded Materials or presents a hazard to
1174 Contractor's employees, the Contractor shall have the right to refuse to accept such material. The
1175 Generator shall be contacted by the Contractor and requested to arrange proper Disposal. If the
1176 Generator cannot be reached immediately, the Contractor shall, before leaving the Premises, leave
1177 a Non-Collection Notice, which indicates the reason for refusing to Collect the material and lists the
1178 phone number of a facility that accepts the Excluded Materials or a phone number of an entity that
1179 can provide information on proper Disposal of the Excluded Materials. Under no circumstances shall
1180 Contractor's employees knowingly Collect Excluded Materials or remove unsafe or poorly
1181 containerized Excluded Materials from a Collection Container.

1182 If Excluded Materials are found in a Collection Container or Collection area that could possibly result
1183 in imminent danger to people or property, the Contractor shall immediately notify the Fire
1184 Department.

1185 **5.4 COLLECTION STANDARDS**

1186 **A. Servicing Containers.** Contractor shall Collect and return each Container to the location where the
1187 Occupant properly placed the Container for Collection provided that Contractor shall not replace
1188 Containers in such a manner that blocks the public right-of-way or bicycle lanes, regardless of how
1189 the Containers were placed for Collection. Contractor shall place the Containers upright with lids
1190 properly secured. For Customers other than Single-Family Residential Customers, Contractor shall,
1191 without additional charge to the Customer, pull or push Containers up to twenty-five (25) feet from
1192 the location where the Occupant placed the Container for Collection to the Collection vehicle for
1193 service. Contractor shall direct its employees not to Collect Solid Waste beyond each Customer’s
1194 subscription level of service unless otherwise specified in this Agreement, or business office of
1195 Contractor has granted prior authorization to make such Collection.

1196 Contractor, at the request of Customers, may provide special services including: (i) unlocking
1197 Containers; (ii) accessing Container enclosures with a key; (iii) pulling or pushing Containers
1198 distances greater than twenty-five (25) feet; or, (iv) providing sliding lids for Drop Boxes. Contractor
1199 may charge Customers for such extra services at the Rates approved by Authority for such services.

1200 Contractor shall provide hard-to-service Collection as necessary, at the Authority Contract
1201 Manager’s request, to safely and efficiently service Customers in areas of the Member Agencies
1202 that are difficult to access, do not have space to make turn-arounds, or where Contractor is
1203 otherwise unable to provide service meeting the highest safety standards.

1204 Contractor may require Customers on private roads to sign road damage liability waivers prior to
1205 operating on such private streets. Additionally, Contractor may require Customers (including groups
1206 of Customers and homeowners’ associations) requesting Collection service from on-property
1207 motor-courts to sign damage liability waivers indicating the Customer’s choice to receive Collection
1208 services in such manner, prior to operating on such private streets or motor-courts. If Customers
1209 requesting service on private roads or on-property motor-courts fail to sign such waivers,
1210 Contractor may, upon approval, which may or may not be conditional, from the Authority Contract
1211 Manager, require them to receive service at the nearest public right of way.

1212 **B. Litter Abatement and Stormwater Management.** Contractor shall use due care to prevent spills or
1213 leaks of material placed for Collection, fuel, and other vehicle fluids while providing services under
1214 this Agreement. If any materials are spilled or leaked during Collection and Transportation, the
1215 Contractor shall clean up all spills or leaks before leaving the site of the spill. Contractor’s vehicles
1216 shall be equipped at all times with spill kits, including but not limited to a broom, shovel, and
1217 absorbent. The Authority Contract Manager reserves the right to require modifications to Collection
1218 vehicle equipment (e.g., tarping, screening material) to prevent litter from falling from vehicles. If
1219 spills or leaks enter Member Agency storm drains, Contractor must immediately notify the Member
1220 Agency Fire Department. Contractor shall clean up litter in the direct vicinity of Containers
1221 regardless of whether or not the Contractor caused the litter.

1222 All containers provided to the Member Agency corporation yards listed in Exhibit B4 shall have
1223 covered sliding tops. Contractor shall cover all open Drop Boxes at the pickup location before
1224 Transporting materials to the Approved Facility. Contractor shall not transfer loads from one vehicle
1225 to another on any Public Street, unless it is necessary to do so because of mechanical failure,
1226 combustion of material in the truck, or accidental damage to a vehicle.

1227 Contractor shall conduct public outreach and staff training to Customers on best management
1228 practices for litter abatement as part of the public outreach program. Such best management
1229 practices include, without limitation:

1230 1. Closing Container lids and right-sizing service: Contractor staff will tag overfull Containers with
1231 Courtesy Collection Notices, which will serve as outreach and education to the Customer.
1232 Photos of the Container will be taken by Contractor staff, attached to the Customer’s account,
1233 and will be available to outreach and Customer service staff in order to demonstrate to the
1234 Customer where a problem exists.

1235 2. Outreach to Customer on importance of bagging lightweight materials such as plastic bags,
1236 film plastics, foam peanuts, and other materials that can easily become litter due to their
1237 lightweight nature.

1238 3. Driver training on litter reduction techniques and litter removal best management practices.

1239 4. Affixing signage to the back of Contractor trucks that provides a phone number for residents
1240 to report material spills.

1241 **C. Development and Review of Collection Specifications.** Contractor shall work with each Member
1242 Agency’s planning department to develop standard specifications for Collection Container
1243 enclosures at Commercial and Multi-Family Premises. These specifications shall be developed to
1244 ensure that the Collection Container enclosures are built to provide adequate space and suitable
1245 configuration to allow the Contractor to service Organic Materials, Recyclable Materials, and Solid
1246 Waste Containers safely and efficiently. Contractor’s Operations Manager or other appropriately
1247 qualified staff shall, upon request by the Authority Contract Manager, provide a review of plans for
1248 new Single-Family, Multi-Family, Commercial, or other development or project design drawings.
1249 Contractor shall provide comments and recommendations resulting from the review in writing
1250 within ten (10) Business Days of receipt of the documents for review. In each review report,
1251 Contractor shall comment on the acceptability of the proposed enclosure arrangements in terms
1252 of: (i) the adequacy of space for Organic Materials, Recyclable Materials, and Solid Waste
1253 Containers; (ii) the accessibility of the Containers for Collection including whether additional
1254 charges (e.g., Push/Pull Charges, lock/unlock charges) would apply; and, (iii) ease of use by
1255 Occupants.

1256 **D. No Commingling of Materials.** Contractor shall Collect materials generated in the Authority in
1257 Collection vehicles separately from other materials generated outside the Authority service area,
1258 unless otherwise approved by the Authority Contract Manager. Contractor shall not commingle
1259 materials that have been Source Separated with other material types (for example, Source
1260 Separated Recyclable Materials that have been properly placed for Collection shall not be combined
1261 with Solid Waste or Source Separated Organic Materials).

1262 **5.5 TRANSFER AND PROCESSING STANDARDS**

1263 **5.5.1 Equipment and Supplies**

1264 Contractor shall equip and operate the Approved Transfer Facility and the Approved Processing Facilities
1265 in a manner adequate to fulfill Contractor’s obligations under this Agreement. Contractor is solely
1266 responsible for the adequacy, safety, and suitability of the Approved Processing Facilities. Contractor shall
1267 modify, enhance, and/or improve the Approved Processing Facilities as needed to fulfill Services under
1268 this Agreement. *{Note to Proposers: Section 5.5 will be modified as necessary if transfer is not provided.}*

1269 Contractor shall provide all rolling stock, stationary equipment, material storage containers, spare parts,
1270 maintenance supplies, Transfer, Transport, and Processing equipment, and other consumables as
1271 appropriate and necessary to operate the Approved Transfer Facility and the Approved Processing
1272 Facilities and provide all services required by this Agreement. Contractor shall place the equipment in the
1273 charge of competent operators. Contractor shall repair and maintain all equipment at its own cost and
1274 expense.

1275 **5.5.2 Scales and Weighing**

1276 Contractor is solely responsible for ensuring accurate weighing of all materials entering and leaving the
1277 Approved Transfer Facility and Approved Processing Facilities.

1278 **A. Facility Scales.** Contractor shall maintain State-certified motor vehicle scales in accordance with
1279 Applicable Law. All scales shall be linked to a centralized computer recording system at the
1280 Approved Transfer Facility and Approved Processing Facilities to record weights for all incoming and
1281 outgoing materials. Contractor shall provide back-up generator(s) capable of supplying power to
1282 the scales in the event of a power outage. Contractor shall promptly arrange for use of substitute
1283 portable scales should its usual scales not be available for whatever reason. Pending substitution of
1284 portable scales, Contractor shall, as necessary, estimate the Tonnages of materials delivered to and
1285 Transported from the Approved Transfer Facility and Approved Processing Facilities, on the basis of
1286 delivery vehicle and Transfer trailer volumes, tare weights, and/or other available facility weight
1287 records. These estimates shall take the place of actual weights while scales are inoperable, and shall
1288 be identified as estimates in electronic records and reporting.

1289 **B. Tare Weights.** No less than thirty (30) calendar days prior to the Commencement Date, Contractor
1290 shall ensure that all vehicles used by Contractor to deliver Organic Materials, Recyclable Materials,
1291 and Solid Waste to the Approved Transfer Facility and Approved Processing Facilities are weighed
1292 to determine unloaded (“tare”) weights. Contractor shall electronically record the tare weight,
1293 identify vehicle as Contractor owned, and provide a distinct vehicle identification number for each
1294 vehicle. Contractor shall provide Authority with a report listing the vehicle tare weight information
1295 upon request. Contractor shall promptly weigh additional or replacement vehicles prior to placing
1296 them into service. Contractor shall check tare weights at least annually, or within fourteen (14)
1297 calendar days of an Authority request and shall re-tare vehicles immediately after any major
1298 maintenance or service event.

1299 **C. Testing.** Contractor shall test and calibrate all scales in accordance with Applicable Law, but at least
1300 one (1) test and recalibration per scale every twelve (12) months or upon Authority request.

1301 **D. Records.** Contractor shall maintain computerized scale records and reports that provide
1302 information including date of receipt, inbound time, inbound and outbound weights of vehicles, and
1303 vehicle identification number. Contractor shall also maintain computerized scale records and
1304 reports providing historical vehicle tare weights for each vehicle and the date and location for each
1305 tare weight recorded.

1306 **E. Upon-Request Reporting.** If vehicle receiving and unloading operations are recorded on video
1307 cameras at the Approved Transfer Facility and Approved Processing Facilities, Contractor shall make
1308 those videos available for Authority review during the Approved Transfer Facility's and Approved
1309 Processing Facility's operating hours, upon request of the Authority, and shall provide the name of
1310 the driver of any particular load, if available.

1311 **5.6 COLLECTION VEHICLE REQUIREMENTS**

1312 **A. Vehicle Requirements.** Contractor shall provide a fleet of Collection vehicles sufficient in number
1313 and capacity to efficiently perform the work required by the Agreement in strict accordance with
1314 its terms. Contractor shall have available sufficient back-up vehicles for each type of Collection
1315 vehicle used to respond to scheduled and unscheduled maintenance, service requests, Complaints,
1316 and emergencies.

1317 1. All such vehicles shall have watertight bodies designed to prevent leakage, spillage, or
1318 overflow. All such vehicles shall meet the California Air Resources Board’s On-Road Heavy
1319 Duty Vehicle emissions requirements for model year 2020, regardless of the actual model
1320 year of Contractor’s vehicles, and generally comply with all Federal, State, and local laws and
1321 regulations. Contractor’s vehicles shall utilize Recycled motor oil to the extent practicable.

1322 2. All Collection vehicles used by Contractor under this Agreement shall be powered by
1323 Renewable Natural Gas (RNG) generated by the {insert name of publicly-owned treatment
1324 works in-vessel digestion facility} or powered by RNG that is purchased through a wheeling
1325 agreement with a party(ies), provided that the wheeling agreement is for purchase of gas
1326 derived from Organic Waste that has been Diverted from a landfill and Processed at an in-
1327 vessel digestion facility that is permitted or otherwise authorized by 14 CCR to Recycle Organic
1328 Waste and meets SB 1383 requirements. Contractor shall comply with this requirement no
1329 later than insert date. Upon Authority Contract Manager’s request, Contractor shall obtain
1330 and provide the Authority with a written certification by an authorized representative of the
1331 publicly-owned treatment works or the wheeling agreement service provider certifying that
1332 the in-vessel digestion facility produces the RNG consistent with the requirements of 14 CCR
1333 Section 18993.1(h). Contractor shall maintain records of the amount of RNG purchased and
1334 shall report this information in accordance with Exhibit D. Contractor shall agree to the
1335 Authority right to report this RNG usage toward the Authority’s and its Member Agencies’
1336 fulfilment of its annual recovered Organic Waste product procurement target in accordance
1337 with 14 CCR Section 18993.1. *{Note to Proposers: This subsection will be updated based on
1338 how the Proposer proposes to ensure that the SB 1383 organic waste product procurement
1339 requirements of the Authority’s Member Agencies are met.}*

1340 3. Collection vehicles shall have the capability of carrying and safely Transporting empty and full
1341 Used Oil Recovery Kits, as well as the capacity to Collect and Transport loose Cardboard
1342 overages, to ensure that Contractor is capable of complying with Exhibit B.

1343 **B. Vehicle Display.** Vehicles used in the Collection of Organic Materials, Recyclable Materials, and Solid
1344 Waste shall be thoroughly washed a minimum of one (1) time per week or more frequently if
1345 necessary, so as to present a clean appearance of the exterior and interior compartment of the
1346 vehicle under this Agreement. Contractor's name and local telephone number shall be displayed on
1347 all vehicles in at least four (4) inch characters. Vehicles shall be equipped with sign board holders or
1348 other hardware to allow public education signage of no less than thirty-six (36) by forty-eight (48)
1349 inches to be displayed on both sides of the vehicle. The Authority has right to promote events and
1350 programs on vehicles signs at no charge to Authority.

1351 Contractor shall not place the Member Agencies’ or Authority’s logos on its vehicles. Contractor
1352 shall not use vehicles identified for use in the Authority in any other jurisdiction, or use vehicles

1353 labeled for use in other jurisdictions in the Authority without prior approval from the Authority
1354 Contract Manager, excluding incidental and weekend use.

1355 **C. Vehicle Inspection.** Contractor shall inspect each vehicle daily to ensure that all equipment is
1356 operating properly. Vehicles that are not operating properly shall be taken out of service until they
1357 are repaired and operate properly. Contractor shall repair, or arrange for the repair of, all of its
1358 vehicles and equipment for which repairs are needed because of accident, breakdown, or any other
1359 cause so as to maintain all equipment in a safe and operable condition. Authority Contract Manager
1360 may inspect vehicles at any reasonable time, and within three (3) calendar days of such a request,
1361 to determine compliance with sanitation requirements.

1362 **D. Vehicle Operations.** All Collection operations shall be conducted as quietly as possible and shall
1363 conform to applicable Federal, State, County, and Member Agency noise level regulations. The
1364 Authority Contract Manager may request Contractor to check any piece of equipment for
1365 conformance with the noise limits in response to Complaints and/or when the Authority Contract
1366 Manager believes it is reasonable to do so. In the event that Contractor's Collection activities are
1367 the subject of noise Complaints from Residents that are near non-Residential service locations,
1368 Contractor shall meet and confer with the Authority Contract Manager to identify whether
1369 alternative Collection times or methods could be used to mitigate the noise concerns and shall alter
1370 Routes upon request by the Authority Contract Manager in accordance with Section 5.2.A.

1371 **E. Vehicle Inventory.** Contractor shall furnish the Authority Contract Manager a written (electronic)
1372 inventory of all vehicles, including Collection vehicles, used in providing service, and shall update
1373 the inventory report annually. The inventory shall list all vehicles by manufacturer, ID number, date
1374 of acquisition, fuel type, capacity, and decibel rating.

1375 **5.7 CONTAINER REQUIREMENTS**

1376 **A. Containers Provided to Customers.** All Carts, Bins, and Drop Boxes shall be provided by Contractor
1377 to all Customers as part of services provided by Contractor, with the exception of public litter and
1378 public Organic Materials and Recyclable Materials cans that shall be provided by the Member
1379 Agencies. Contractor shall offer Customers the option to purchase or lease Compactors either
1380 through Contractor or an outside vendor.

1381 Contractor shall adhere to the Authority-approved provisions for Container assembly, delivery, and
1382 swap-out as specified in a Container deployment plan to be submitted and approved by the
1383 Authority at least sixty (60) days prior to the date of the first Container purchase scheduled, as
1384 indicated in Exhibit G3 Implementation Plan. Contractor shall provide Containers for storage and
1385 Collection of Organic Materials, Recyclable Materials, Solid Waste, and C&D. Contractor shall
1386 provide Containers to new Customers requesting service initiation, or existing Customers requesting
1387 a Used Oil Recovery Kit within five (5) Working Days of Contractor's first receipt of the Customer
1388 request. Contractor-provided Containers shall be new or clean used Containers, and Carts and Bins
1389 shall be designed and constructed to be watertight and prevent the leakage of liquids.

1390 All Containers shall display the Authority's name, Container capacity (yards or gallons) and some
1391 identifying inventory or serial number. Contractor shall cooperate with the previous Authority
1392 Collection contractor to ensure that all existing Bins and Drop Boxes are replaced with Contractor-
1393 provided Bins and Drop Boxes within thirty (30) calendar days following the Commencement Date.

1394 In addition, Contractor shall cooperate with the previous Authority Collection contractor to ensure
1395 that the previous Authority Collection contractor's Cart inventory for the Authority is transferred to
1396 the Contractor.

1397 Contractor shall provide all Customers with Collection Containers that comply with the Container
1398 color requirements specified in this Section. At least sixty (60) days in advance of Contractor
1399 Container purchases or repainting of metal Containers, Contractor shall present proposed colors to
1400 the Authority Contract Manager for review and approval. If an existing Container breaks or is
1401 otherwise rendered non-functional, the Contractor shall replace the non-functional Container with
1402 a Container that complies with the color requirements of this Section.

1403 **B. Container Color Requirements.** Contractor shall differentiate Discarded Materials Containers based
1404 on color with different colors for Organic Materials, Recyclable Materials, and Solid Waste
1405 Containers that are readily identifiable by Customers and Generators. Containers must be in bright,
1406 readily identifiable colors to facilitate Customers' ready recognition of Organic Materials, Recyclable
1407 Materials, and Solid Waste, and are subject to Authority Contract Manager's written approval.

1408 1. **Carts.** Solid Waste Carts provided to Customers shall have gray bodies and gray lids; Recyclable
1409 Materials Carts provided to Customers shall have blue bodies and blue lids; and, Organic
1410 Materials Carts provided to Customers shall have green bodies and green lids. No later than
1411 December 31, 2035, Contractor shall provide all Customers with Carts that comply with the Cart
1412 color requirements specified in this Section or as otherwise specified in 14 CCR Section 18982;
1413 14 CCR, Division 7, Chapter 12, Article 3; or other Applicable Law. If an existing Cart breaks or is
1414 otherwise rendered non-functional on or after the Commencement Date, the Contractor shall
1415 replace the non-functional Cart with a Container that complies with the color requirements of
1416 this Section.

1417 2. **Bins.** Solid Waste Bins shall have gray bodies and gray lids, Recyclable Materials Bins shall have
1418 blue bodies and blue lids, and Organic Materials Bins shall have green bodies and green lids.

1419 3. **Drop Boxes.** Solid Waste Drop Boxes shall have gray bodies; Recyclable Materials Drop Boxes
1420 shall have blue bodies; and, Organic Materials Drop Boxes shall have green bodies.

1421 4. **C&D Containers.** Containers for Collection of C&D may be in any color, provided that the colors
1422 do not conflict with the Container color requirements of this Section and provided that the C&D
1423 Container colors are consistent for all C&D Containers. The C&D Container color shall be
1424 proposed by the Contractor and reviewed and approved by the Authority Contract Manager
1425 prior to Contractor's procurement or refurbishing of such Containers.

1426 **C. Container Standards**

1427 1. All Carts shall be manufactured by injection or rotational molding methods and shall be of a
1428 standard that is greater or equivalent to that of the Carts currently in use. Contractor-
1429 provided Containers shall be designed and constructed to be watertight and prevent the
1430 leakage of liquids. Carts provided to Customer shall have a useful life of ten (10) or more years
1431 as evidenced by a manufacturer's warranty or other documentation acceptable to the
1432 Authority Contract Manager, and shall be depreciated over ten (10) years.

- 1433 2. All Containers with a capacity of one (1) cubic yard or more shall meet applicable Federal,
1434 State, and local regulations for Bin safety and be covered with industry-standard attached
1435 lids.
- 1436 3. Drop Boxes with sliding tops shall be available to Customers upon request.
- 1437 4. Contractor shall obtain the Authority Contract Manager's written approval of Container
1438 specifications, colors, and labeling before acquisition, painting, and labeling occurs.
- 1439 5. When purchasing plastic Collection Containers, Contractor shall purchase Containers that
1440 contain a minimum of thirty percent (30%) post-consumer Recycled plastic content.
- 1441 6. All such Containers shall be one hundred percent (100%) Recyclable at the end of their useful
1442 life.
- 1443 7. Prior to ordering Containers for use under this Agreement, Contractor and Authority Contract
1444 Manager shall meet and confer to ensure the proposed Container specifications and labels
1445 comply with Applicable Law, including the final SB 1383 Regulations.

1446 **D. Container Labeling.** All markings on the Containers shall be approved by the Authority Contract
1447 Manager in advance of ordering such Containers. On the lid of each Cart, and the body of each Bin,
1448 and Drop Box, Contractor shall label each materials as follows: "LANDFILL" for Solid Waste;
1449 "RECYCLE" for Recyclable Materials; and, "ORGANICS" for Organic Materials. On the body of each
1450 Cart, Bin, and Drop Box, Contractor shall label the Container capacity (in gallons for Carts, and cubic
1451 yards for Bins and Drop Boxes). Container body labeling shall be positioned on the side of each
1452 Container, so it is always visible to the Customer. Each Cart shall be stamped with the Authority's
1453 name and an Authority owned web address and phone number, and no Container shall be stamped
1454 or labeled with Contractor's name or logo.

1455 All Containers shall be labeled in accordance with the requirements of SB 1383. Recyclable Materials
1456 and Organic Materials Container labels shall include at least three (3) graphic examples of materials
1457 that are accepted in the Container, and at least two (2) graphic examples of materials that are
1458 prohibited from being placed in the Container, clearly displaying that the prohibited materials are
1459 prohibited (using recognizable symbols). Solid Waste Container labels must include at least two (2)
1460 graphic examples of materials that are prohibited from being placed in the Container, clearly
1461 displaying that the prohibited materials are prohibited (using recognizable symbols), and a
1462 statement that proper separation of Recyclable Materials and Organic Materials is mandatory.

1463 All Carts shall include a high-quality educational information label using in-mold technology with
1464 full color, such that all labeling shall be integral to the lid, through the use of injection molding, and
1465 shall not be affixed to any part of the Cart or lid with adhesives, unless otherwise approved in
1466 advance by the Authority Contract Manager. Notwithstanding the provisions of this Section, or the
1467 requirements of SB 1383, the in-mold lid label shall include: information about the Collection
1468 program; acceptable materials; prohibited materials; notification forbidding Hazardous Waste and
1469 describing proper Disposal thereof; notification forbidding scavenging (through words and
1470 international symbols) and describing the penalties therefore under California law or Member
1471 Agency resolution; and the Member Agencies' name and logo.

1472 Contractor shall provide Drop Boxes containing permanent, fully SB 1383 compliant labeling and
1473 color specifications to Customers subscribing to regular, ongoing Drop Box service.

1474 {Proposers: Authority reserves the right to modify Subsection D Container Labeling prior to execution
1475 of the Agreement.}

1476 **E. Repair and Replacement of Containers; Inventory.**

1477 1. Contractor shall be responsible for repairing or replacing Containers when Contractor
1478 determines the Container is no longer suitable for service; or when a Member Agency,
1479 Authority Contract Manager, or Customer requests replacement of a Container that does not
1480 properly function, leaks, is damaged, or is otherwise not fit for service, at no additional charge.
1481 Contractor shall be responsible for acquiring and providing the replacement Containers.
1482 Contractor shall repair or replace all lost, stolen, missing, damaged, or broken Containers
1483 within one (1) week of Customer, Authority Contract Manager, or Member Agency request.
1484 Any such replacements are in addition to replacements requested by a Customer under
1485 Section 5.7.E.3 below. If Contractor has reason to believe that a Customer may be abusing the
1486 repair/replacement requirement of this Section, Contractor may present the basis for their
1487 belief to the Authority Contract Manager who may, in their sole discretion, modify the
1488 obligations of this Section with respect to such Customer.

1489 2. Contractor shall maintain a sufficient inventory of Containers to accommodate new Customer
1490 requests for service, requests for change in Service Levels (size, type, or number of
1491 Containers) from current Customers, and requests for replacement due to damage.

1492 3. Contractor shall provide to Single-Family Customers at least one (1) free Cart replacement per
1493 any twelve (12) month period for any reason, upon Customer request. If Customer requests
1494 more than one (1) Cart replacement per any twelve (12) month period, Contractor shall make
1495 Carts available at the Authority-established Rate for such services. In addition, Customers may
1496 also request Container size exchanges at no charge. All such Containers shall be provided on
1497 or before Customer's next regular Collection date. Contractor's failure to comply with the
1498 Container requirements may result in assessment of Liquidated Damages pursuant to Section
1499 10.6 and Exhibit F.

1500 {Note to Proposers: This section will be revised to align with the selected Exhibit F1 or F2.}

1501 4. Contractor shall provide all Single-Family Premises and all Multi-Family Dwelling Units a
1502 kitchen pail as part of initial service rollout or a Multi-Family Move-In Kit.

1503 **F. Maintenance, Cleaning, Painting.** All Containers shall be maintained in a safe, serviceable, and
1504 functional condition and present a clean appearance, with the exception of public litter and public
1505 Recycling and Organic Materials cans that shall be maintained by the Member Agencies. Such
1506 maintenance shall include, but not be limited to, ensuring that Bins have operational wheels if
1507 equipped. Contractor shall repair or replace all Containers damaged by Collection operations in
1508 accordance with standards specified in Section 5.7.E, unless damage is caused by Customer's gross
1509 negligence, in which case, the Customer will be billed for repair or replacement of Container at an
1510 Authority-approved Rate for such service. All Containers shall be maintained in a functional
1511 condition.

1512 Contractor to provide clean and repainted Containers as needed (other than Carts) to present a
1513 clean appearance. Contractor shall, or contract with a third party to, offer steam cleaning service
1514 (or clean Container exchange) to Customers requesting such service and shall charge Customers for
1515 such cleaning (or Container exchange) at the Authority-established Rate for such service.

1516 Contractor will provide to Customers one (1) free Organic Materials Container steam cleaning
1517 service or Container exchange per Rate Period.

1518 Contractor shall remove graffiti from Containers within one (1) Working Day of identification by
1519 Contractor or notice by Member Agency or Customer if such graffiti includes any written or pictorial
1520 obscenities and otherwise within a forty-eight (48) hour period.

1521 Upon request from the Authority Contract Manager, Contractor shall provide the Authority with a
1522 list of Containers and the date each Container was painted and maintained.

1523 **G. Authority Ownership of Containers at End of Term.** Upon expiration or early termination of
1524 Agreement, all Containers purchased under this Agreement shall become property of the Authority
1525 at no cost to the Authority, if such Containers are fully depreciated. Upon expiration or early
1526 termination of Agreement, all Containers purchased under this Agreement that have not been fully
1527 depreciated shall be available to the Authority, at the Authority's option, at a cost reflecting the net
1528 book value. Depreciation for purposes of this Section 5.7.G will be calculated as used for
1529 determining Contractor's Compensation under this Agreement.

1530 At its sole discretion, the Authority may elect not to exercise its rights with regard to this Section
1531 and, in such case, the Containers shall remain the property of the Contractor upon the date of this
1532 Agreement's expiration or earlier termination. In such case, Contractor shall be responsible for
1533 outstanding depreciation and for removing all Containers in service from Premises within fourteen
1534 (14) Working Days of the expiration date or early termination date of this Agreement or within a
1535 different timeframe mutually agreed to by the Parties. Contractor shall arrange for reuse or
1536 Recycling of Containers removed from the Authority, provided that Contractor does not place
1537 Containers labeled for use in the Authority into service in any other jurisdiction without prior
1538 written approval from the Authority Contract Manager.

1539 **5.8 PERSONNEL**

1540 {Note to Proposers: This section will be revised to align with the selected Exhibit F1 or F2.}

1541 **A. General.** Contractor shall furnish such qualified personnel as may be necessary to provide the
1542 services required by this Agreement in a safe and efficient manner. Contractor shall designate at
1543 least one (1) qualified employee as Authority's primary point of contact with Contractor who is
1544 principally responsible for Collection operations and resolution of service requests and Complaints.
1545 Such individual shall be empowered to negotiate on behalf of, and bind, Contractor with respect to
1546 any changes in scope, dispute resolution, compensation adjustments, and service-related matters
1547 which may arise during the Term of this Agreement.

1548 Contractor shall use its best efforts to ensure that all employees present a neat appearance and
1549 conduct themselves in a courteous manner. Contractor shall not permit its employees to accept,
1550 demand, or solicit, directly or indirectly, any additional compensation or gratuity from Customers
1551 or members of the public.

1552 **B. Hiring of Displaced Employees.** Contractor is aware of, and shall comply with, the requirements of
1553 and duties imposed by Sections 1072 and 1075 of the California Labor Code regarding offers of
1554 employment to any displaced employees resulting from a change in service provider, if any,
1555 resulting from this Agreement or upon the expiration of this Agreement.

1556 The number of staffing positions to be provided by Contractor to perform the services described
1557 herein to the Authority are identified in Exhibit G. Contractor shall provide the Authority Contract
1558 Manager with monthly status reports on or before the tenth (10th) day of each month during the
1559 period between the Effective Date and Commencement Date related to the hiring of all positions
1560 proposed by Contractor under this Agreement. This report shall include specific tracking of offers
1561 and hires of any employees displaced as a result of the award of this Agreement that were hired by
1562 Contractor. Failure to consistently maintain these staffing levels, by position, during the Term of the
1563 Agreement shall be considered a material breach, provided that prior to such action being
1564 determined a breach, Contractor and Authority Contract Manager shall meet and confer to
1565 determine whether staffing levels may be adjusted. If Authority and Contractor agree to a reduction
1566 in Contractor staffing levels, the resulting cost savings shall be reflected as an "Other Adjustment"
1567 during the next scheduled Rate adjustment, in accordance with Exhibit E.

1568 **C. Driver Qualifications.** All drivers must have in effect a valid driver's license, of the appropriate class,
1569 issued by the California Department of Motor Vehicles. Contractor shall use the Class II California
1570 Department of Motor Vehicles employer "Pull Notice Program" to monitor its drivers for safety.

1571 **D. Employee Behavior.** If any Contractor manager, supervisor, or employee is found to be discourteous
1572 or not to be performing services in the manner required by this Agreement, Contractor shall take
1573 all necessary corrective measures, including, but not limited to, transfer, discipline, or termination.
1574 If Authority has notified Contractor of a Complaint related to discourteous or improper behavior,
1575 Contractor will consider reassigning the employee to duties not entailing contact with the public
1576 within the Authority while the Contractor is pursuing its investigation and corrective action process.

1577 **E. Safety Training.** Contractor shall provide suitable operational and safety training for all of its
1578 employees who operate Collection vehicles or equipment. Contractor shall train its employees
1579 involved in Collection to identify, and not to Collect, Excluded Materials. Upon the Authority
1580 Contract Manager's request, Contractor shall provide a copy of its safety policy and safety training
1581 program, the name of its safety officer, and the frequency of its trainings.

1582 **F. Key Personnel.** Contractor shall make every reasonable effort to maintain the stability and
1583 continuity of Contractor's staff assigned to perform the services required under this Agreement.
1584 Contractor shall notify the Authority Contract Manager of any changes in Contractor's key staff to
1585 be assigned to perform the services required under this Agreement and shall obtain the approval of
1586 the Authority Contract Manager of all proposed key staff members, including the General Manager,
1587 Diversion Coordinator, and Customer Service Manager, who are to be assigned to perform services
1588 under this Agreement prior to any such performance, and shall have the right to request the
1589 Contractor to reassign proposed key staff members if Liquidated Damages levied against the
1590 Contractor exceed ten thousand dollars (\$10,000) in any consecutive three- (3) month period.

1591 Notwithstanding Authority Contract Manager's approval of Contractor's personnel, Contractor shall
1592 not be relieved from any liability resulting from the work to be performed under this Agreement,
1593 nor shall Contractor be relieved from its obligation to ensure that its personnel maintain all requisite
1594 certifications, licenses, and the like, and Contractor shall at all times ensure that its personnel fully
1595 comply with Applicable Law.

1596 At any point during the Term of this Agreement, the Authority Contract Manager may request in
1597 writing, followed by a meet and confer with Contractor senior management, that any of

1598 Contractor’s employees be reassigned such that they no longer perform work directly relating to
1599 this Agreement. Such request by Authority shall provide a statement describing the reasonable
1600 cause for such request. Following such meet and confer period, if the Parties agree that such
1601 employee may be reassigned or legally terminated, Contractor shall remove the identified
1602 employee(s) from performing work directly related to this Agreement; the vacated position(s) must
1603 be filled by Contractor with a suitable replacement within ten (10) calendar days and Contractor
1604 shall immediately fill the vacated position with a temporary replacement, if required to perform
1605 without delay, all services required under this Agreement. If during the process, the Contractor is
1606 unable to find a suitable replacement and the performance has been accurately performed, the
1607 Authority may waive Liquidated Damages.

1608 **1. Field Operations Supervisor.** Contractor shall designate a qualified full-time employee as
1609 supervisor of field operations. The designated field supervisor will work full time dedicated to
1610 the Authority, in the field checking on Collection operations, including responding to
1611 Customer requests, inquiries, and Complaints. The field operations supervisor shall provide
1612 their cell phone number to the Authority Contract Manager and shall be reachable by cell
1613 phone or text at any time during normal business hours by the Authority Contract Manager
1614 or their designee.

1615 **2. Diversion Coordinator.**

1616 *{Note to Proposers: The selected Contractor’s number of FTE and dollar amounts in this Section*
1617 *will be completed for the final Agreement.}*

1618 Contractor shall provide _____ () full-time Diversion Coordinator(s) and maintain staff
1619 in such position through the Term of the Agreement. The duties of the Diversion
1620 Coordinator(s) will be focused on public education, community outreach, Commercial and
1621 Multi-Family site visits, and technical assistance, and will be substantially as described in
1622 Exhibit C Public Education and Outreach Requirements. The Diversion Coordinator(s) shall be
1623 full-time, regular, professional positions, compensated in accordance with the wages shown
1624 in Contractor’s Proposal for such positions (which may also be called “Sustainability
1625 Specialists” or “Recycling Coordinators”). Contractor acknowledges that the Diversion
1626 Coordinator role is not intended to be an internship, or entry-level role, and that the role shall
1627 not include serving as regular support for other internal or administrative Contractor
1628 functions. Authority shall have the option to participate in the hiring and training process of
1629 Contractor’s Diversion Coordinator(s). Authority may designate a staff member to work in
1630 partnership with Contractor’s Diversion Coordinator(s).

1631 **3. Personnel Vacancies.** In the event that Contractor fails to provide the required number of full-
1632 time equivalent key personnel, including the General Manager, Field Operations Supervisor,
1633 Diversion Coordinator, and Customer Service Manager, for more than two (2) months (nine
1634 (9) consecutive weeks), Contractor shall remit to the Authority _____ dollars (\$) per un-
1635 provided key personnel for every month (in excess of four (4) months) such employee is not
1636 provided. Such amount shall be adjusted annually by the same percentage used to adjust
1637 Rates in accordance with Exhibit E. For example, if for six (6) months Contractor fails to
1638 provide one (1) key personnel employee, Contractor would remit to the Authority a minimum
1639 of \$ _____ (\$) (assuming no annual adjustment of the amount has occurred). Contractor
1640 shall remit such payment within fifteen (15) Business Days of a written request by the
1641 Authority Contract Manager. The intent of this payment is for the Authority to utilize the

1642 funds to separately procure equivalent public education services and ensure the contractually
1643 agreed-upon levels of technical assistance and outreach are provided to Customers.

1644 **5.9 CONTRACT MANAGEMENT**

1645 Authority has designated staff, the Authority Contract Manager, to be responsible for the monitoring and
1646 administration of this Agreement, in consultation with other Authority and Member Agency staff as
1647 Authority deems necessary. Contractor shall designate an employee to serve as Contractor's contract
1648 manager(s), to be responsible for working closely with the Authority Contractor Manager in the
1649 monitoring and administration of this Agreement. At any point during the Term of this Agreement, the
1650 Authority Contract Manager may require that Contractor's contract manager not be involved in the
1651 management, operations, administration, marketing, or other activities of Contractor other than under
1652 this Agreement and up to one (1) other community's franchise agreement if Contractor's contract
1653 manager is unable to devote the necessary time to Contractor's obligations under this Agreement,
1654 provided that Contractor's contract manager may be involved with up to (2) other communities in order
1655 to respond to temporary, short-term staffing turnover as needed. In such case, Contractor shall be
1656 responsible for notifying the Authority Contract Manager of such other community(ies), the length
1657 Contractor's contract manager's involvement therewith, and any change in assignments. In the event the
1658 Contractor's contract manager(s) is not providing satisfactory responsiveness to Authority Contract
1659 Manager requests, Authority Contract Manager may require Contractor to designate a new Contractor's
1660 contract manager at no additional cost to the Authority.

1661 The Contractor's contract manager shall meet and confer with the Authority Contract Manager to resolve
1662 differences of interpretation and implement and execute the requirements of this Agreement in an
1663 efficient and effective manner that is consistent with the stated objectives of this Agreement.

1664 From time to time, the Authority Contract Manager may designate other agents of the Authority to work
1665 with Contractor on specific matters. In such cases, those individuals should be considered designates of
1666 the Authority Contract Manager for those matters to which they have been engaged. Such designates
1667 shall be afforded all of the rights and access granted thereto. In the event of a dispute between the
1668 Authority Contract Manager's designate and Contractor, the Authority Contract Manager's determination
1669 shall be conclusive.

1670 In the event of dispute between the Authority Contract Manager and the Contractor regarding the
1671 interpretation of or the performance of services under this Agreement, the Authority Contract Manager's
1672 determination shall be conclusive, except where such determination results in a material impact to the
1673 Contractor's revenue and/or cost of operations. In the event of a dispute between the Authority Contract
1674 Manager and the Contractor results in such material impact to the Contractor, the provisions of Section
1675 10.9 shall apply. For the purposes of this Section 5.9, "material impact" is an amount equal to or greater
1676 than one percent (1%) of Contractor's Gross Receipts as estimated in Contractor's Proposal or the most
1677 recent twelve (12) months of operating results, whichever is higher.

1678 Authority Contract Manager or their designate shall have the right to observe and review Contractor
1679 operations and Processing Facilities and enter Premises for the purposes of such observation and review,
1680 including review of Contractor's records, during reasonable hours with reasonable notice. In no event
1681 shall Contractor prevent access to such Premises for a period of more than three (3) calendar days after
1682 receiving such a request. Authority Contract Manager shall be granted access to Contractor's information
1683 systems and Customer service database in accordance with this Agreement and without requirement for
1684 confidentiality agreement.

1685 **5.10 DIVERSION REQUIREMENTS**

1686 **A. General.** Contractor shall perform services under this Agreement in a manner that supports the
 1687 Authority’s environmental goals. This includes, but is not limited to, providing services, education,
 1688 and outreach to Customers and in the community that promote Source Reduction, reuse, Recycling,
 1689 Composting, and other methods to reduce landfill Disposal and overall environmental impact.
 1690 Contractor is expected, wherever appropriate, to suggest opportunities for Customers to reduce
 1691 their Solid Waste subscription levels and increase the level of Recyclable Materials and Organic
 1692 Materials service received. Contractor’s management, operations, and Customer service personnel
 1693 shall, with every Customer interaction, promote the principles of zero waste, and identify and
 1694 recommend opportunities for Customers to increase the relative level of Recyclable Materials and
 1695 Organic Materials service received compared to the level of Solid Waste service received through
 1696 downsizing their Solid Waste subscription level, and to reduce the overall amount of Discarded
 1697 Materials.

1698 **B. Annual Diversion Goals.** Contractor shall maintain the minimum Diversion rates specified in Figure
 1699 5.2. Failure to achieve the minimum Diversion rates specified in Figure 5.2 in any calendar year shall
 1700 result in adjustments to the Franchise Fee as described in Section 7.1.

1701 The minimum Diversion rate shall be calculated as total Tons Diverted divided by total Tons
 1702 Collected for the applicable sector. Total Tons Diverted does not include Processing Residue that is
 1703 Disposed.

1704 *{Proposers: Fill in your minimum proposed Diversion rates in the table below. The specific Diversion*
 1705 *goal for each Member Agency will be negotiated based on the first six (6) months’ experience, with*
 1706 *target goals not less than thirty-three percent (33%) for Campbell, sixty-eight percent (68%) for*
 1707 *Monte Sereno, sixty-one percent (61%) for Saratoga, and forty-two percent (42%) for the Town of*
 1708 *Los Gatos. ‘Rate Period X’ is included as an example for illustrative purposes only.}*

1709 **Figure 5.2: Minimum Diversion Rate**

Rate Period	City of Campbell	City of Monte Sereno	City of Saratoga	Town of Los Gatos
X	33%	68%	61%	42%
1	_____%	_____%	_____%	_____%
2	_____%	_____%	_____%	_____%
3	_____%	_____%	_____%	_____%
4	_____%	_____%	_____%	_____%
5	_____%	_____%	_____%	_____%
6	_____%	_____%	_____%	_____%
7	_____%	_____%	_____%	_____%
8	_____%	_____%	_____%	_____%
9	_____%	_____%	_____%	_____%
10	_____%	_____%	_____%	_____%

1710
 1711 **C. Continuous Improvement**

1712 Authority and Contractor agree that in the course of meeting the Diversion target percentages indicated
1713 in Figure 5.2, Contractor shall make continuous annual improvement of its Diversion percentage over the
1714 Term by:

1715 A. **Increasing Participation.** Increasing the relative total service level volume for Organic Materials and
1716 Recyclable Materials Collection as compared to the total service level volume for Solid Waste
1717 Collection from Residential Customers and from Commercial Customers.

1718 B. **Increasing Capture Rate.** Increasing the average pounds Collected per cubic yard of subscribed
1719 Organics Materials capacity from Multi-Family Customers and Commercial Customers; and,

1720 C. **Decreasing Contamination.** Decreasing the weight of contamination as a percentage of the weight
1721 of total Recyclable Materials and Organic Materials as set-out, as measured by the waste
1722 characterization studies pursuant to Section 4.15 of the Agreement. At the direction of Authority
1723 Contract Manager, the methodology for decreasing contamination may be altered upon mutual
1724 agreement between Authority and Contractor.

1725 Assessing progress for Items A and B above shall be based on comparing the annual calendar year data
1726 for each metric as reported in the annual report as provided in Exhibit D with the comparable data for the
1727 previous calendar year.

1728 For Item C above, Contractor shall not be obligated to demonstrate continuous annual improvement
1729 unless the Authority Contract Manager directs the Contractor to conduct a waste characterization study
1730 of Organics Materials, Recyclable Materials, and Solid Waste as defined in Section 4.15 of the Agreement
1731 to define the baseline level of contamination for assessing Contractor progress over time in reducing
1732 contamination.

1733 Authority acknowledges that Contractor may not achieve progress for all three (3) measures over a given
1734 period of time. Should Contractor fail to make progress for at least one (1) of the three (3) measures
1735 defined above, Contractor shall have the opportunity to meet and confer with the Authority Contract
1736 Manager to present Contractor’s efforts in striving to achieve such targets, prior to the penalties specified
1737 in Exhibit F being due. Authority may, in its reasonable discretion, waive such penalties or portions of
1738 penalties based on a determination that Contractor has made a good faith effort towards improved
1739 progress over time in each of the above measures.

1740 *{Proposer: This section will be revised as necessary for the final Agreement to reflect any additional*
1741 *Diversion metrics as negotiated by the Authority and the selected Contractor and the final selection of*
1742 *Exhibit F1 or F2.}*

1743 **5.11 MISSED COLLECTIONS**

1744 A. **Missed Collection Complaints.** When handling Customer Complaints related to missed or
1745 incomplete Collections, Contractor shall utilize a “Customer is always right” approach and not
1746 question or contest the Customer’s claim that the Collection was missed or incomplete, even in
1747 cases where the Route driver or service verification technology has recorded the Container(s) in
1748 question as already “Collected” or “not out.” In the event that Contractor believes a Customer has
1749 a pattern of inaccurately reporting missed Collections, Contractor may submit supporting
1750 documentation of such claim to the Authority Contract Manager including, but not be limited to: a
1751 statement explaining why Contractor believes the missed Collections were inaccurately reported;

1752 documentation of the Customer’s prior Complaints and resolution thereof; and, call center notes
1753 taken during the Complaint calls. The Authority Contract Manager may waive this “customer is
1754 always right” requirement for individual Customer(s) that demonstrate a pattern of confirmed
1755 inaccurate reporting.

1756 **B. Schedule for Resolution.** Contractor shall resolve each and every Customer Complaint of a missed
1757 or incomplete Collection by returning to the Customer address and completing the Collection. For
1758 all Complaints related to missed Collections that are received by 12:00 p.m. from Bin or Drop Box
1759 Customers, or that are received by 3:00 p.m. from Cart Customers on a Working Day, the Contractor
1760 shall return to the Customer address and Collect the missed materials on the same Working Day on
1761 which the missed Collection was reported. For those Complaints related to missed Collections that
1762 are received after 12:00 p.m. from Bin or Drop Box Customers, or after 3:00 p.m. from Cart
1763 Customers on a Working Day, the Contractor shall have until the end of the following Working Day
1764 to resolve the Complaint.

1765 Contractor shall not be required to return and complete a Collection in response to a Complaint if
1766 the Contractor’s driver has left a Non-Collection Notice due to Prohibited Container Contaminants,
1767 or if Customer had not placed their Container out in a timely manner, as evidenced by Contractor’s
1768 records.

1769 **C. Courtesy Collections for Late Set-Outs.** In the event that a Customer places their Container for
1770 Collection after Contractor’s Collection vehicle has already passed the Premises for regularly
1771 scheduled Collection, Contractor shall return to the Customer Premises and provide a courtesy
1772 collection at no charge to the Customer. Contractor is not required to provide more than one (1)
1773 courtesy Collection for late set-outs per Customer per calendar year. For Residential Customers,
1774 one (1) courtesy Collection represents Collection of up to three (3) Carts (Organic Materials,
1775 Recyclable Materials, and Solid Waste) per incident. Contractor shall complete the courtesy
1776 Collection by the end of the following Working Day. The provisions of this Section shall only apply if
1777 the Customer acknowledges, and/or Contractor documents with evidence satisfactory to the
1778 Authority Contract Manager, that the event did not constitute a missed or incomplete Collection
1779 event by the Contractor.

1780 **D. Disposal of Contaminated Discarded Materials.** In the event a Discarded Materials Container is not
1781 Collected due to presence of Prohibited Container Contaminants, as identified pursuant to the
1782 approved methodology under Section 4.14.A, Contractor shall Transport Discarded Materials to the
1783 Approved Facility for Disposal in accordance with Section 4.14.

1784 **5.12 CUSTOMER REBATES FOR FAILURE TO PROVIDE SERVICE**

1785 **A. General.** Contractor and Authority agree that Contractor’s failure to provide service in accordance
1786 with Articles 4 and 5 of this Agreement will result in the impacted Customer receiving a lower level
1787 of service than is anticipated by the Customer’s subscribed Rate and creates additional burdens on
1788 the impacted Customer. To account for this, Contractor shall issue rebates to Customers for specific
1789 events of non-performance, in accordance with this Section 5.12. Such rebates shall be assessed for
1790 each calendar day the issue remains unresolved. Contractor shall issue such rebates automatically,
1791 regardless of whether or not the impacted Customer requests a rebate. Rebates as described in this
1792 Section 5.12 shall be in addition to any Liquidated Damages or other remedies associated with
1793 Contractor’s failure to perform.

1794 **B. Missed Collection Rebate.** For each first failure per Customer, per Working Day for the Contractor
1795 to resolve a missed or incomplete Collection on the scheduled Collection day, Contractor shall remit
1796 to the Customer a Missed Collection Rebate. The Missed Collection Rebate amount shall be
1797 equivalent to the Rate paid by the Customer for the missed Collection multiplied by the number of
1798 Working Days the missed Collection complaint was left unresolved. The Rate paid by the Customer
1799 for each Working Day of each missed Collection shall be calculated as the total bill amount during
1800 the bill period during which the missed Collection occurred divided by the number of regularly
1801 scheduled Collections were scheduled to occur during that bill period. For example, if a total bill was
1802 forty dollars (\$40) and four (4) regularly scheduled Collections were scheduled to occur during that
1803 bill period, the Missed Collection Rebate per Working Day for a missed Collection during that bill
1804 period would be ten dollars (\$10), and the total Missed Collection Rebate for such a missed
1805 Collection that was resolved in two (2) Working Days would be twenty dollars (\$20).

1806 For each second failure per Customer, per Rate Period for the Contractor to resolve a missed or
1807 incomplete Collection on the scheduled Collection day that occurs for a Customer, the Missed
1808 Collection Rebate amount shall be equivalent to the Customer’s total bill for the month in which the
1809 failure occurred.

1810 The Missed Collection Rebate applies to missed Collections of all material types, including but not
1811 limited to Bulky Items and Reusable Materials, used cooking oil, household batteries, and Cardboard
1812 overages. {Note to Proposers: Missed Collection Rebates for used cooking oil only apply if Authority
1813 elects for Contractor to provide this service.}

1814 **C. Late Container Delivery Rebate.** For each failure to deliver a Container to a new or existing
1815 Customer in accordance with the schedule provided in Section 5.7, Contractor shall remit to the
1816 Customer a Late Container Delivery Rebate. The Late Container Delivery Rebate amount shall be
1817 five dollars (\$5) per calendar day per Container in Rate Period Zero and Rate Period One, and shall
1818 be adjusted annually thereafter by the same percentage used to adjust Rates in accordance with
1819 Exhibit E. Contractor shall continue to remit the Late Container Delivery Rebate each calendar day
1820 until the Container(s) in question have been delivered. The Late Container Delivery Rebate applies
1821 to all approved Containers, including but not limited to a Used Oil Recovery Kits, if an empty Used
1822 Oil Recovery Kit is not left when the full kit is Collected, in accordance with Section 4 of Exhibit B1.
1823 {Note to Proposers: Late Container Delivery Rebates for Used Oil Recovery kits only apply if
1824 Authority elects for Contractor to provide this service.}

1825 **ARTICLE 6.**
1826 **RECORD KEEPING AND REPORTING**

1827 **6.1 RECORD KEEPING**

1828 Contractor shall maintain Customer contact, Customer service, accounting, statistical, operational, and
1829 other data records related to its performance as shall be necessary to provide reporting under this
1830 Agreement, Applicable Law, and to demonstrate compliance with this Agreement. Unless otherwise
1831 required in this Article, Contractor shall retain all records and data required to be maintained by this
1832 Agreement in an accessible location and condition (which may include the cloud) for the Term of this
1833 Agreement plus three (3) years after its expiration or earlier termination. Records and data shall be stored
1834 in digital format that is sortable, indexed, and readily and easily interpreted. Where records contain

1835 internal coding, Contractor shall provide a legend to facilitate the interpretation of any such coding. Upon
1836 request, any such records shall be retrieved within ten (10) Working Days of a request by the Authority
1837 Contract Manager and made available to the Authority Contract Manager. Contractor shall maintain
1838 adequate record security to preserve records from events that can be reasonably anticipated such as a
1839 fire, theft, and earthquake. Electronically-maintained data and records shall be protected and backed-up.
1840 Contractor shall, on a monthly basis, save all system-generated reports supporting the record keeping and
1841 reporting requirements in PDF format in order to provide an audit trail for all data required.

1842 To adjust Contractor's Compensation in the event of Authority-directed changes in accordance with
1843 Section 3.5 or in the event of special Rate review in accordance with Section 8.3, Contractor must maintain
1844 accurate, detailed, financial, and operational information in a consistent format, and must make such
1845 information available to the Authority in a timely fashion.

1846 Authority views its ability to defend itself against Comprehensive Environmental Response, Compensation
1847 and Liability Act (CERCLA), and related litigation as a matter of great importance. For this reason, Authority
1848 regards its ability to prove where Collected Recyclable Materials, Organic Materials, Solid Waste, and C&D
1849 are taken for Transfer, Processing, or Disposal. Contractor shall maintain records to establish delivery of
1850 loads to the Approved Facility(ies). This provision shall survive the expiration or earlier termination of this
1851 Agreement. Contractor shall maintain these records for a minimum of ten (10) years beyond expiration
1852 or earlier termination of the Agreement. Contractor shall provide these records to Authority Contract
1853 Manager (upon request or at the end of the record retention period) in an organized and indexed manner
1854 rather than destroying or Disposing of them.

1855 It is not possible to accurately anticipate all of the conditions giving rise to the need for information;
1856 therefore, to the extent such requirements are set out in this and other Articles of this Agreement, they
1857 shall not be considered limiting or necessarily complete. In particular, this Article is intended to only
1858 highlight the general nature of records and reports and their minimum content and is not meant to
1859 comprehensively define what the records and reports are to be and their content. Further, with the
1860 written direction by or approval of the Authority Contract Manager, the records and reports to be
1861 maintained and provided by Contractor in accordance with this and other Articles of the Agreement shall
1862 be adjusted in number, format, or frequency. If such adjustment results in additional costs to the
1863 Contractor over twenty thousand dollars (\$20,000) per year, Contractor shall submit a proposal for a
1864 change in scope consistent with the requirements of Section 3.5 and, if approved, the Authority shall
1865 compensate Contractor for its increased record keeping and reporting costs.

1866 **6.2 REPORT SUBMITTAL REQUIREMENTS**

1867 Contractor shall submit monthly reports no later than twenty (20) calendar days after the end of the
1868 calendar month. Contractor shall submit annual reports no later than thirty (30) calendar days after the
1869 end of each calendar year. Quarterly and annual reports shall, at a minimum, include all data and
1870 information as described in Exhibit D. Additionally, upon request by the Authority, Contractor shall
1871 provide any data, described in Exhibit D, required to respond to requests by local, regional, or State
1872 agencies within five (5) Business Days.

1873 Contractor may propose report formats that are responsive to the objectives and audiences for each
1874 report. The format of each report shall be approved by the Authority Contract Manager, in their sole
1875 discretion. Authority Contract Manager may, from time to time during the Term, review and request

1876 changes to Contractor’s report formats and content and Contractor shall not unreasonably deny such
1877 requests.

1878 Contractor shall submit all reports to the Authority Contract Manager electronically via e-mail using
1879 software acceptable to the Authority Contract Manager. The Authority reserves the right to require
1880 Contractor to maintain records and submit the reports required herein through use of an Authority-
1881 selected web-based software platform or cloud-based reporting system, at Contractor’s expense.

1882 **6.3 PERFORMANCE REVIEW AND AUDIT**

1883 The Authority Contact Manager shall conduct, and Contractor shall cooperate with, a performance review
1884 and audit during Rate Periods Three, Seven, and Eleven, if applicable. The purpose of such review and
1885 audit shall be, without limitation, to review Complaints, billings, and fee payments to Authority, and to
1886 determine if Contractor has met the performance standards described in this Agreement (including,
1887 without limitation, performance standards established in Exhibit F). Authority may choose to enlist
1888 professional service providers to perform such review and audit, and Contractor shall be required to pay
1889 Authority’s actual costs for such services up to one hundred twenty five thousand dollars (\$125,000) per
1890 event (such amounts shall be adjusted annually by the annual percentage change in CPI-U, calculated in
1891 accordance with Exhibit E).

1892 Contractor shall not attempt to influence or control the Authority’s selection of professional service
1893 providers nor the specific review items covered by the review or audit. Contractor shall cooperate with
1894 the Authority and its agents during the review and audit process, including by providing a thorough,
1895 complete, and accurate response to any requests for information within ten (10) Business Days of the
1896 Authority’s request. Contractor shall not request a confidentiality agreement from the Authority or its
1897 agents in order to conduct the performance review and audit, nor shall it claim privilege over any record
1898 or documents that the Authority Contract Manager is entitled to under this Agreement unless this
1899 Agreement already specifically acknowledges some privilege related to that record.

1900 If any partial compliance or noncompliance with the Agreement is found, the Authority may elect any
1901 remedy available under the Agreement including, but not limited to, assessing Liquidated Damages,
1902 determining that a breach or default has occurred, and/or directing the Contractor to correct the
1903 inadequacies in accordance with Article 10 of this Agreement.

1904 **ARTICLE 7.**
1905 **AUTHORITY FEES AND REIMBURSEMENTS**

1906 **7.1 FRANCHISE FEE**

1907 The Contractor shall pay a Franchise Fee to the Authority each month. Contractor has proposed and
1908 Authority has agreed that the amount of the Franchise Fee shall be equal to \$_____ per year for all
1909 services performed under this Agreement and shall be paid in equal monthly installments by Electronic
1910 Funds Transfer (EFT) or check. Contractor and Authority agree the Franchise Fee is a negotiated amount
1911 that is reasonably related to the value of the rights granted to Contractor under this Agreement. The
1912 Authority and Member Agencies may use the Franchise Fee for any lawful purpose. The Franchise Fee is
1913 a cost paid solely by Contractor from its profits. Accordingly, the Franchise Fee shall be considered a
1914 reduction to Contractor’s profit and not reflected in the calculations performed in Exhibit E. The Franchise

1915 Fee amount shall be increased annually by the same percentage as the Total Costs Before Member Agency
1916 Reimbursements Adjustment Factor calculated for that Rate Period. *{Note to Proposer: The Authority*
1917 *intends to negotiate this amount with the selected proposer. The proposer should include their proposed*
1918 *franchise fee amount in the cost forms.}*

1919 **7.2 ADMINISTRATIVE REIMBURSEMENT**

1920 The Contractor shall pay an Administrative Reimbursement to the Authority each month. The Authority
1921 shall use the Administrative Reimbursement to reimburse program expenses or Authority, Member
1922 Agency, or other third-party staffing costs, including but not limited to Authority or Member Agency
1923 programs, pilot studies, education and outreach campaigns, technical assistance to Customers, reporting,
1924 compliance, capacity planning, organics procurement, or other activities related to the management of
1925 this Agreement. Contractor acknowledges that Administrative Reimbursements are a cost of doing
1926 business not eligible for profit and that Administrative Reimbursements shall not be passed directly
1927 through to Customers as a line item on a Customer billing statement. Both Parties acknowledge that all
1928 Administrative Reimbursements are an allowable cost of business similar to any license or permit required
1929 by the Contractor to perform the services required under this Agreement and will be recovered by
1930 Contractor through the Rates as described in Exhibit E. The reimbursement amount shall be determined
1931 by the Authority annually by June 30 for the subsequent year.

1932 **7.3 VEHICLE IMPACT MITIGATION REIMBURSEMENT**

1933 The Contractor shall pay a Vehicle Impact Mitigation Reimbursement to Member Agencies each month.
1934 The amount of the Vehicle Impact Mitigation Reimbursement shall be as follows in Rate Period Zero and
1935 Rate Period One: _____ dollars (\$_____) per month for the City of Campbell; _____ dollars (\$_____) per
1936 month for the City of Monte Sereno; _____ dollars (\$_____) per month for the City of Saratoga; and,
1937 _____ dollars (\$_____) per month for the Town of Los Gatos. This payment is to reimburse the Member
1938 Agencies for street maintenance costs incurred from Collection vehicles traveling on Member Agency
1939 streets. Contractor acknowledges that Vehicle Impact Mitigation Reimbursements are a cost of doing
1940 business not eligible for profit and that Vehicle Impact Mitigation Reimbursements shall not be passed
1941 directly through to Customers as a line item on a Customer billing statement. Both Parties acknowledge
1942 that all Vehicle Impact Mitigation Reimbursements are an allowable cost of business similar to any license
1943 or permit required by the Contractor to perform the services required under this Agreement and will be
1944 recovered by Contractor through the Rates as described in Exhibit E.

1945 **7.4 STREET MAINTENANCE REIMBURSEMENT**

1946 The Contractor shall pay a Street Maintenance Reimbursement to Member Agencies each month. The
1947 amount of the Street Maintenance Reimbursement shall be as follows in Rate Period Zero and Rate Period
1948 One: _____ dollars (\$_____) per month for the City of Campbell; _____ dollars (\$_____) per month for
1949 the City of Monte Sereno; _____ dollars (\$_____) per month for the City of Saratoga; and, _____ dollars
1950 (\$_____) per month for the Town of Los Gatos. The payment is to reimburse the Member Agencies for
1951 costs related to the maintenance of streets including, but not limited to, costs for street sweeping and
1952 tree trimming. Contractor acknowledges that Street Maintenance Reimbursements are a cost of doing
1953 business not eligible for profit and that Street Maintenance Reimbursements shall not be passed directly
1954 through to Customers as a line item on a Customer billing statement. Both Parties acknowledge that all
1955 Street Maintenance Reimbursements are an allowable cost of business similar to any license or permit
1956 required by the Contractor to perform the services required under this Agreement and will be recovered

1957 by Contractor through the Rates as described in Exhibit E. *{Note to Proposer: The Authority intends to*
1958 *negotiate this amount with the selected contractor.}*

1959 **7.5 OTHER REIMBURSEMENTS**

1960 Member Agencies and/or Authority reserves the right to set "other" reimbursements, as it deems
1961 necessary. The amount, time and method of payment and adjustment process will be set in a manner
1962 similar to that for other reimbursements described in this Article. Contractor acknowledges that Member
1963 Agency Reimbursements are a cost of doing business not eligible for profit and that Member Agency
1964 Reimbursements shall not be passed directly through to Customers as a line item on a Customer billing
1965 statement. Both Parties acknowledge that all Member Agency Reimbursements are an allowable cost of
1966 business similar to any license or permit required by the Contractor to perform the services required
1967 under this Agreement and will be recovered by Contractor through the Rates as described in Exhibit E.

1968 **7.6 ADJUSTMENT TO REIMBURSEMENTS**

1969 Member Agencies and/or Authority may set other payments or adjust the payments established in this
1970 Article (other than the Franchise Fee) from time-to-time during the Term of this Agreement and such
1971 other payments and adjustments shall be considered an allowable cost of business not subject to profit
1972 mark-up and included in the adjustment of Rates as described in Exhibit E.

1973 **7.7 PAYMENT SCHEDULE AND LATE FEES**

1974 Within twenty-five (25) calendar days of the end of each calendar month, during the Term of this
1975 Agreement, Contractor shall remit to Member Agencies and Authority all fees and reimbursements as
1976 described in this Article. Such fees and reimbursements shall be remitted to Member Agencies and sent
1977 or delivered to the Authority Contract Manager. If such remittance is not paid to Member Agencies or
1978 Authority on or before the twenty-fifth (25th) calendar day following the end of a calendar month, all fees
1979 due shall be subject to a delinquency penalty of two percent (2%), or maximum permitted by law, which
1980 attaches on the first day of delinquency. The delinquency penalty shall be increased an additional two
1981 percent (2%), or maximum permitted by law, for each additional month the payment remains delinquent.

1982 Each monthly remittance to Member Agencies and Authority shall be accompanied by a statement listing
1983 the amount of each fee paid; and the calculation of each fee. Authority Contract Manager may, at any
1984 time during the Term, request a detailed calculation of Gross Receipts which may include, but is not
1985 necessarily limited to, the number of Customers charged at each Service Level and Rate for each billing
1986 period. Contractor shall maintain all supporting documents and calculations for each payment made to
1987 Member Agencies as required by Section 6.1.

1988 Authority Contract Manager may, at any time during the Term, perform an audit of Contractor's billings
1989 and payment of fees. Contractor shall cooperate with the Authority Contract Manager in any such audit.
1990 Should Authority or its agent perform this review and identify errors in payment of fees valued at one (1)
1991 percent or more for the period reviewed, Contractor shall, in addition to compensating Authority for lost
1992 fees, reimburse the Authority's actual cost of the review.

1993 **7.8 PROCUREMENT REIMBURSEMENT**

1994 Within (5) Business Days of the Effective Date of this Agreement, Contractor shall pay the Authority three
1995 hundred thirty-three thousand and six hundred ninety dollars (\$333,690) to reimburse the Authority for

1996 the cost of preparing the RFP, reviewing Contractor’s Proposal, and negotiating this Agreement. The
1997 Contractor shall not recover this payment through Contractor’s Compensation.

1998 **ARTICLE 8.**
1999 **CONTRACTOR'S COMPENSATION AND RATE**
2000 **SETTING**

2001 **8.1 GENERAL**

2002 The Contractor’s Compensation for performance of all its obligations under this Agreement shall be Gross
2003 Receipts. Contractor’s Compensation provided for in this Article shall be the full, entire, and complete
2004 compensation due to Contractor pursuant to this Agreement for all labor, equipment, materials, and
2005 supplies for Transfer, Processing and Disposal costs, Member Agency Reimbursements, taxes, insurance,
2006 bonds, overhead, operations, profit, and all other things necessary to perform all the services required by
2007 this Agreement in the manner and at the times prescribed. Nothing herein shall obligate Authority to
2008 provide any compensation to Contractor beyond Gross Receipts.

2009 If Contractor’s actual costs, including fees due to Member Agencies and Authority, are more than Gross
2010 Receipts, Contractor shall not be compensated for the difference between actual costs and actual Gross
2011 Receipts. If Contractor’s actual costs are less than the actual Gross Receipts, Contractor shall retain the
2012 difference, provided that Contractor has paid all costs necessary to fulfil Contractor’s obligations under
2013 this Agreement.

2014 Under this Agreement, Contractor shall have the right to charge and collect from Customers, the
2015 maximum Rates in Exhibit G2 that are established by the Authority for provision of services to Customers.
2016 The Rates for Rate Period Zero were continued from the prior agreement. The Rates for Rate Period One
2017 are based on the Contractor’s Proposal. Contractor’s proposed costs and operating assumptions for Rate
2018 Period One are presented in Exhibit G1. Rate Period One Rates in Exhibit G2 are subject to the adjustment
2019 of the Administrative Reimbursement, as described in Section 7.2, approved by the Authority prior to the
2020 Commencement Date.

2021 **8.2 RATES AND ANNUAL ADJUSTMENTS**

2022 **A. General.** The Authority Contract Manager shall be responsible for ratifying Rates as described in
2023 this Article. If at any time during the Term of the Agreement, the Contractor determines the need
2024 for a Rate that does not appear on the Authority established Rate schedule in Exhibit G2, Contractor
2025 shall immediately notify the Authority Contract Manager and request establishment of such Rate.
2026 For example, if a Customer requires Collection of Organic Materials in a fifteen (15) cubic yard
2027 Compactor five (5) times per week and the Authority-ratified Rate schedule does not include this
2028 level of service, the Contractor must request that the Authority Contract Manager establish a Rate
2029 for this level of service. Rates for an individual service that do not appear on the Authority-ratified
2030 Rate schedule may be established by the Authority Contract Manager on a temporary basis for up
2031 to one Rate Period until the next normally-scheduled consideration by the Authority Board of
2032 Directors.

2033 **B. Rates for Rate Period One.** The Rates for Rate Period One, which are presented as an addendum to
2034 Exhibit G1, were determined by Contractor and Authority and were established along with this

2035 Agreement. The Rates for Rate Period One shall be effective from July 1, 2024 through June 30,
2036 2025, a twelve (12) month period. Rate Period One Rates in Exhibit G2 are subject to the adjustment
2037 of the Administrative Reimbursement, as described in Section 7.2, approved by the Authority prior
2038 to the Commencement Date.

2039 **C. Rates for Subsequent Rate Periods.** Rates for subsequent Rate Periods shall be adjusted annually
2040 in accordance with this Section 8.2 and Exhibit E using the annualized Rate Period One costs, as
2041 presented in Exhibit G1. Rates for Rate Periods Two, Three, Five, Six, Seven, Nine, Ten, and if
2042 applicable, Eleven, Thirteen, Fourteen, and Fifteen, shall be adjusted in accordance with Exhibit E1,
2043 Index-Based Rate Adjustment Methodology. Rates for Rate Periods Four, Eight, and Twelve, if
2044 applicable, shall be adjusted in accordance with Exhibit E2, Cost-Based Rate Adjustment
2045 Methodology.

2046 The index-based adjustment, which is described in Exhibit E1, involves use of various cost
2047 adjustment factors (such as the percentage change in the consumer price index and changes in
2048 Tonnage and tipping fees) to calculate adjusted Rates. Such Rate adjustment calculations shall be
2049 performed in strict conformance to the procedures described in Exhibit E1.

2050 The cost-based methodology, which is described in Exhibit E2, involves a review of Contractor's
2051 actual costs and revenues and projection of costs and revenues for the coming Rate Period. This
2052 cost-based Rate adjustment shall be performed instead of the index-based Rate adjustment for Rate
2053 Periods Four, Eight, and Twelve. Such Rate adjustment calculations shall be performed in strict
2054 conformance to the procedures described in Exhibit E2.

2055 **D. Rate Structure.** The Authority may, at any time during the Term of this Agreement and in its sole
2056 discretion, change the relationship of individual Rates in comparison with other Rates. Any such
2057 changes would occur in conjunction with the annual Rate adjustment process described in Section
2058 8.2.C or in conjunction with a Rate adjustment resulting from an extraordinary Rate adjustment in
2059 accordance with Section 8.3. Changes to the Rates charged under the new structure shall be
2060 calculated in such a way that the revised Rate structure generates at least the same amount of total
2061 revenue when the current number of accounts at each Service Level are multiplied by the Rates
2062 charged for each Service Level and the total for all Service Levels are summed.

2063 **8.3 EXTRAORDINARY RATE ADJUSTMENTS**

2064 It is understood that the Contractor accepts the risk for changes in the cost of providing services and the
2065 Service Levels requested by Customers and, therefore, the extraordinary adjustments to Rates shall be
2066 limited to a Change in Law or an Authority-directed change in scope. If a Change in Law or Authority-
2067 directed change in scope (pursuant to Section 3.5) occurs, the Contractor may petition Authority for an
2068 adjustment to the Rates in excess of the annual adjustment described in Section 8.2.

2069 Contractor shall prepare an application for the extraordinary Rate increase. Such submittal shall be
2070 prepared in compliance with the procedures described in Exhibit E2 and shall provide all information
2071 requested by Authority Contract Manager specific to the nature of the request being made. Contractor
2072 shall pay all reasonable costs incurred by Authority, including the costs of outside accountants, attorneys,
2073 and/or consultants, in order to make a determination of the reasonableness of the requested Rate
2074 adjustment. The application shall clearly document the reason for the proposed adjustment, include
2075 calculation of the proposed Rate adjustments, and provide supporting documentation.

2076 In the event of such an application for extraordinary Rate increase, it is understood that the Contractor
2077 shall have the burden of demonstrating, to the reasonable satisfaction of the Authority Contract Manager,
2078 that the failure of Authority to ratify the Rates will result in the Contractor's failure to achieve the
2079 operating ratio stipulated in Contractor's Proposal and described in Exhibit E due to the Change in Law or
2080 Authority-directed change in scope. The Contractor shall the burden of demonstrating its failure to
2081 achieve the operating ratio by allowing for Authority Contract Manager review of financial statements
2082 and supporting documentation.

2083 The Authority Contract Manager shall have the right to request any other information that they, in their
2084 reasonable judgment, determine is necessary to establish the reasonableness or accuracy of Contractor's
2085 request for an extraordinary Rate increase. Contractor's failure to fully cooperate in a timely manner with
2086 any reasonable request for information by the Authority Contract Manager may result in either the denial
2087 of or a delay in the approval of the request for an extraordinary Rate increase.

2088 In no case shall Contractor undertake significant cost reduction efforts that, in the Authority's reasonable
2089 determination, negatively impact the services provided under this Agreement without the prior written
2090 approval of the Authority. Contractor may, at any time during the Term of this Agreement, present to
2091 Authority opportunities for reducing costs. Upon Contractor's presentation of their cost saving proposal,
2092 Authority may request and Contractor shall provide such information as may be reasonably necessary to
2093 fully understand the proposed change. Should Contractor propose and Authority accept an approach to
2094 reducing costs, the Parties shall establish the portion of the cost savings that will accrue to the benefit of
2095 the Contractor and the portion that will accrue to the benefit of the Customers through a reduction in the
2096 Rates. Should no other mutually-acceptable apportionment be agreed upon, the Contractor shall retain
2097 fifty percent (50%) of the projected cost savings and the Customers shall gain the benefit of the other fifty
2098 percent (50%). Such cost savings shall be reflected as a negative value in the "Other Adjustment" portion
2099 of the Rate application submitted pursuant to Exhibit E1 or Exhibit E2, depending on the type of Rate
2100 adjustment procedure used in that Rate Period.

2101 **8.4 COMPENSATION OF POST-COLLECTION SERVICES CONTRACTOR**

2102 Contractor is solely responsible for compensating the Post-Collection Services Contractor for actual Tons
2103 of each type of Discarded Material delivered at the then-current per-Ton rate. The then-current per-Ton
2104 rate, as adjusted by the Post-Collection Services Agreement and as incorporated into the Authority
2105 established Rates as provided in Exhibit E, shall be the only form of compensation due to the Post-
2106 Collection Services Contractor, including for Disposal of Residue. Contractor shall be invoiced for and shall
2107 pay for Processing and Disposal of actual Tons delivered to, the Approved Facility regardless of material
2108 type; there are no minimum or maximum Tonnage requirements. Contractor and Post-Collection Services
2109 Contractor shall meet and confer no less than sixty (60) days prior to the Commencement Date to finalize
2110 the invoicing process. Contractor shall provide payment to Post-Collection Services Contractor within
2111 thirty (30) days of receipt of complete invoices. Contractor's failure to pay the Post-Collection Services
2112 Contractor timely, completely, and accurately shall be considered a material breach of the terms of the
2113 Agreement and may subject Contractor to Liquidated Damages, default, claim(s) against Contractor's
2114 Performance Bond, or other remedies available to the Authority and/or Post-Collection Services
2115 Contractor.

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**ARTICLE 9.
INDEMNITY, INSURANCE, AND PERFORMANCE
BOND**

2119 **9.1 INDEMNIFICATION**

2120 **A. General.** Contractor shall indemnify, defend with counsel reasonably acceptable to Authority, and
2121 hold harmless (to the full extent permitted by law) Authority and its officers, officials, employees,
2122 consultants, volunteers, agents, and Member Agencies from and against any and all claims, liability,
2123 loss, injuries, damage, expense, and costs (including without limitation costs and fees of litigation,
2124 including reasonable attorneys’ and expert witness fees) (collectively, “Damages”) of every nature
2125 arising out of or in connection with Contractor’s performance under this Agreement, or its failure
2126 to comply with any of its obligations contained in the Agreement, except to the extent such loss or
2127 damage was caused by the negligence or willful misconduct of Authority.

2128 **B. Excluded Materials Responsibilities.** Contractor acknowledges that it is responsible for compliance
2129 during the entire Term of this Agreement with all Applicable Laws. Contractor shall not store,
2130 Transport, use, or Dispose of any Excluded Materials except in strict compliance with all Applicable
2131 Laws.

2132 In the event that Contractor negligently or willfully mishandles Excluded Materials in the course of
2133 carrying out its activities under this Agreement, Contractor shall at its sole expense promptly take
2134 all investigatory and/or remedial action reasonably required for the remediation of such
2135 environmental contamination. Prior to undertaking any investigatory or remedial action, however,
2136 Contractor shall first obtain Authority’s approval of any proposed investigatory or remedial action.
2137 Should Contractor fail at any time to promptly take such action, Authority may undertake such
2138 action at Contractor’s sole cost and expense, and Contractor shall reimburse Authority for all such
2139 expenses within thirty (30) calendar days of being billed for those expenses, and any amount not
2140 paid within that thirty (30) calendar day period shall thereafter be deemed delinquent and subject
2141 to the delinquent fee payment provision of Section 7.8. These obligations are in addition to any
2142 defense and indemnity obligations that Contractor may have under this Agreement. The provisions
2143 of this Section shall survive the termination or expiration of this Agreement.

2144 Notwithstanding the foregoing, Contractor’s duties under this subsection shall not extend to any
2145 claims arising from the Disposal of Solid Waste at the Designated Disposal Facility, including, but
2146 not limited to, claims arising under CERCLA unless such claim is a direct result of Contractor’s
2147 negligence or willful misconduct.

2148 **C. Excluded Materials Indemnification.** Contractor shall indemnify, defend with counsel acceptable
2149 to the Authority, protect and hold harmless the Authority, officers, employees, consultants,
2150 volunteers, agents, and Member Agencies (collectively, “indemnitees”) from and against all claims,
2151 damages (including, but not limited to, special, consequential, natural resources and punitive
2152 damages), injuries, costs, (including, without limitation, any and all response, remediation and
2153 removal costs), losses, demands, debts, liens, liabilities, causes of action, suits, legal or
2154 administrative proceedings, interest, fines, charges, penalties, and expenses (including, without
2155 limitation, attorneys’ expert witness fees and costs incurred in connection with defending against
2156 any of the foregoing or in enforcing this indemnity), (collectively, “Damages”) of any kind
2157 whatsoever paid, incurred or suffered by, or asserted against, indemnitees arising from or

2158 attributable to the acts or omissions of Contractor whether or not negligent or otherwise culpable,
2159 in connection with or related to the performance of this Agreement, including, without limitation,
2160 damages arising from or attributable to any operations, repair, clean-up or detoxification, or other
2161 plan (regardless of whether undertaken due to governmental action) concerning any Excluded
2162 Materials, Collected under this Agreement. Notwithstanding the foregoing, however, Contractor
2163 shall not be required to indemnify the Authority for the costs for any claims arising from the Disposal
2164 of Solid Waste at the Designated Disposal Facility, including, but not limited to, claims arising under
2165 CERCLA. This indemnity afforded indemnitees, shall only be limited to exclude coverage for
2166 intentional wrongful acts and negligence of indemnitees, and as provided below.

2167 The foregoing indemnity is intended to operate as an agreement pursuant to §107(e) of CERCLA, 42
2168 USC. §9607(e) and California Health and Safety Code §25364, to defend, protect, hold harmless, and
2169 indemnify Authority and Member Agencies from liability.

2170 This provision is in addition to all other provisions in this Agreement and is intended to survive the
2171 expiration or earlier termination of this Agreement. Nothing in this paragraph shall prevent
2172 Authority from seeking indemnification or contribution from Persons or entities other than
2173 indemnitees, for any liabilities incurred by Authority, or the indemnitees

2174 **D. Related to CalRecycle Regulations.** Contractor's duty to defend and indemnify herein includes all
2175 fines and/or penalties imposed by CalRecycle, if the requirements of AB 939, AB 341, AB 1826, SB
2176 1383, and/or any other regulation under CalRecycle's authority for which the Authority has
2177 delegated responsibility to the Contractor are not met by Authority with respect to the waste
2178 stream Collected under this Agreement, and such failure is: (i) due to the failure of Contractor to
2179 meet its obligations under this Agreement; or, (ii) due to Contractor delays in providing information
2180 that prevents Contractor, Authority, or Member Agencies from submitting reports to regulators in
2181 a timely manner.

2182 Notwithstanding any other provision in this Agreement, Contractor's obligations in this Subsection
2183 D with respect to AB 939, AB 341, AB 1826, and/or SB 1383 shall be subject to the provisions of
2184 Section 40059.1 of the Public Resources Code, and Contractor shall not be liable for any indemnity
2185 obligations or penalties under this Agreement in respect of any such requirements except to the
2186 extent that indemnity obligations by Contractor are enforceable under said Section.

2187 **E. Related to Proposition 218.** Should there be a Change in Law or a new judicial interpretation of
2188 Applicable Law, including, but not limited to, Article XIII A, C and D of the California Constitution
2189 (commonly known as Proposition 218), which impacts the Rates for the Collection services
2190 established in accordance with this Agreement, Contractor agrees to meet and confer with
2191 Authority to discuss the impact of such Change in Law on either Party's ability to perform under this
2192 Agreement. Any adjustment of Rates is contingent on Member Agencies' use of such Proposition
2193 218 process as deemed necessary or advisable by the Authority.

2194 If, at any time, the existing Rates or a Rate adjustment determined to be appropriate by both
2195 Authority and Contractor to compensate Contractor for costs or increases in costs as described in
2196 this Agreement cannot be maintained or implemented for any reason, Contractor shall be granted
2197 the option to negotiate with Authority, in good faith, a reduction of services equal to the value of
2198 the Rate or Rate adjustment that cannot be implemented. If Authority and Contractor are unable
2199 to reach agreement about such a reduction in services, then Contractor may terminate this

2200 Agreement upon 180 days' prior written notice to Authority, in which case the Contractor and
2201 Authority shall each be entitled to payment of amounts due for contract performance through the
2202 date of termination but otherwise will have no further obligation to one another pursuant to this
2203 Agreement after the date of such termination. Should a court of competent jurisdiction determine
2204 that the Contractor cannot charge and/or increase its Rates for any amount of charges related to
2205 Franchise Fees and/or Member Agency Reimbursements and/or other charges, Contractor shall
2206 reduce the Rates it charges Customers by a corresponding amount and shall be relieved from paying
2207 the amount of such Franchise Fees and/or Member Agency Reimbursements and/or other charges,
2208 provided said Franchise Fees and/or Member Agency Reimbursements and/or other charges
2209 disallowed by the court were determined not to be lawful or related to the cost of providing service
2210 hereunder and had been incorporated in the Rates charged by Contractor to its Customers.

2211 Nothing herein is intended to imply that California Constitution, Articles XIIC or XIID, apply to the
2212 Rates established for services provided under this Agreement; rather this Section is provided merely
2213 to allocate risk of an adverse judicial interpretation between the Parties.

2214 This provision (i.e., Section 9.1) will survive the expiration or earlier termination of this Agreement
2215 and shall not be construed as a waiver of rights by Authority to contribution or indemnity from third
2216 parties.

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2219 **9.2 INSURANCE**

2220 *{Note to Proposers: Final insurance provisions are subject to approval by Authority's Risk*
2221 *Manager.}*

2222 **A. General Requirements.** Contractor shall, at its sole cost and expense, maintain in effect at all times
2223 during the Term of this Agreement not less than the following coverage and limits of insurance:

2224 **B. Coverages and Requirements.** During the Term of this Agreement, Contractor shall at all times
2225 maintain, at its expense, the following coverages and requirements. The comprehensive general
2226 liability insurance shall include broad form property damage insurance.

2227 1. Minimum Coverages. Insurance coverage shall be with limits not less than the following:

2228 **Comprehensive General Liability** – \$10,000,000 combined single limit per occurrence for
2229 bodily injury, personal injury, and property damage.

2230 **Automobile Liability** – \$10,000,000 combined single limit per accident for bodily injury and
2231 property damage (include coverage for Hired and Non-owned vehicles).

2232 **Workers' Compensation – Statutory Limits/Employers' Liability** - \$1,000,000/accident for
2233 bodily injury or disease.

2234 **Commercial Crime Insurance OR Employee Blanket Fidelity Bond** – \$500,000 per employee
2235 loss covering dishonesty, forgery, alteration, theft, disappearance, and destruction (inside or
2236 outside).

2237 **Pollution Legal Liability** – \$5,000,000 for bodily injury, property damage, and remediation of
2238 contaminated site.

2239 **Cyber Liability** – Contractor will maintain cyber liability insurance with a combined single limit
2240 of not less than \$1,000,000 per event. Contractor’s cyber policy must include language related
2241 to Contractor data breach.

2242 2. Additional Insured. Authority, its officers, agents, employees, volunteers, and Member
2243 Agencies shall be named as additional insured on all but the workers’ compensation and
2244 professional liability coverages.

2245 3. Said policies shall remain in force through the life of this Agreement and, with the exception
2246 of professional liability coverage, shall be payable on a “per occurrence” basis unless
2247 Authority’s Risk Manager specifically consents in writing to a “claims made” basis. For all
2248 “claims made” coverage, in the event that the Contractor changes insurance carriers
2249 Contractor shall purchase “tail” coverage or otherwise provide for continuous coverage
2250 covering the Term of this Agreement and not less than three (3) years thereafter. Proof of
2251 such “tail” or other continuous coverage shall be required at any time that the Contractor
2252 changes to a new carrier prior to receipt of any payments due.

2253 4. The Contractor shall declare all aggregate limits on the coverage before commencing
2254 performance of this Agreement, and Authority’s Risk Manager reserves the right to require
2255 higher aggregate limits to ensure that the coverage limits required for this Agreement as set
2256 forth above are available throughout the performance of this Agreement. In the event that
2257 the Authority’s Risk Manager requests a change in accordance with this Section 9.2.B.4 that
2258 results in increased costs to Contractor, such change shall be addressed in accordance with
2259 Section 3.5.

2260 5. The deductibles or self-insured retentions are for the account of Contractor and shall be the
2261 sole responsibility of the Contractor.

2262 6. Each insurance policy shall provide or be endorsed to state that coverage shall not be
2263 suspended, voided, canceled by either Party, reduced in coverage or in limits except after
2264 thirty (30) calendar days prior written notice by certified mail, return receipt requested, has
2265 been given to Authority Contract Manager ten (10) Business Days for delinquent insurance
2266 premium payments).

2267 7. Insurance is to be placed with insurers with a current A.M. Best’s rating of no less than A-VII,
2268 unless otherwise approved by Authority.

2269 8. The policies shall cover all activities of Contractor, its officers, employees, agents, and
2270 volunteers arising out of or in connection with this Agreement.

2271 9. For any claims relating to this Agreement, the Contractor’s insurance coverage shall be
2272 primary, including as respects Authority, its officers, agents, employees, volunteers, and
2273 Member Agencies. Any insurance maintained by Authority shall apply in excess of, and not
2274 contribute with, insurance provided by Contractor’s liability insurance policy.

2275 10. The Contractor shall waive all rights of subrogation against , its officers, employees, agents,
2276 volunteers, and Member Agencies.

2277 **B. Endorsements.** Prior to the Effective Date pursuant to this Agreement, Contractor shall furnish
2278 Authority Contract Manager with certificates or original endorsements reflecting coverage required

2279 by this Agreement. The certificates or endorsements are to be signed by a Person authorized by
2280 that insurer to bind coverage on its behalf. All certificates or endorsements are to be received by,
2281 and are subject to the approval of, Authority Risk Manager before work commences.

2282 **C. Renewals.** During the Term of this Agreement, Contractor shall furnish Authority Contract Manager
2283 with certificates or original endorsements reflecting renewals, changes in insurance companies, and
2284 any other documents reflecting the maintenance of the required coverage throughout the entire
2285 Term of this Agreement. The certificates or endorsements are to be signed by a Person authorized
2286 by that insurer to bind coverage on its behalf.

2287 **D. Workers' Compensation.** Contractor shall provide workers' compensation coverage as required by
2288 State law and shall comply with Section 3700 of the State Labor Code.

2289 **9.3 PERFORMANCE BOND**

2290 Within seven (7) calendar days of the Authority's notification to Contractor that the Authority has
2291 executed this Agreement, Contractor shall file with the Authority a bond, payable to the Authority and in
2292 a format approved by the Authority Contract Manger, securing the Contractor's performance of its
2293 obligations under this Agreement and such bond shall be renewed annually if necessary, so that the
2294 performance bond is maintained at all times during the Term. The principal sum of the bond shall be
2295 ____ dollars (\$____), which is an amount set to equal twenty-five percent (25%) of Contractor's proposed
2296 Rate Period One Gross Receipts and shall be adjusted every three (3) years, commencing with Rate Period
2297 Three, to equal three (3) months of the prior Rate Period's annual Gross Receipts. The bond shall be
2298 executed as surety by a corporation authorized to issue surety bonds in the State of California that has a
2299 rating of A or better in the most recent edition of Best's Key Rating Guide, and that has a record of service
2300 and financial condition satisfactory to the Authority.

2301 In lieu of a performance bond, Authority and Contractor may agree that Contractor will provide for the
2302 issuance of an irrevocable stand by letter of credit (the "Letter of Credit") by a bank approved by Authority
2303 in its sole discretion (the "Bank") for the benefit of Authority. Under the Letter of Credit, Authority may
2304 draw, in one or more drawings, an aggregate amount up to ____ dollars (\$____) (the "Stated
2305 Amount", equivalent to that provided above in this Section 9.3 for a performance bond) upon the
2306 occurrence of: (1) an Event of Default defined in Section 10.1; (2) Contractor's failure to timely pay any
2307 monies due Member Agencies; (3) Contractor's inability to regularly pay its bills as they become due; or,
2308 (4) Contractor's failure to timely pay any Solid Waste management facility for Recyclable Materials
2309 Processing, Composting or Disposal services provided under this Agreement, as evidenced to the
2310 satisfaction of Authority. Authority and Contractor may agree that Contractor will increase the aggregate
2311 amount of the Letter of Credit in conjunction with the adjustment of Rates in accordance with Article 8.
2312 Any incremental costs or savings incurred by Contractor to secure the increased aggregate amount will
2313 be included in the calculation of Rates for the next Rate Period.

2314 The expiration date of the Letter of Credit must be sooner than the Term of this Agreement provided in
2315 Section 2.1 (the "Stated Expiration Date"), unless it provides that it will not be terminated, modified, or
2316 not renewed except after prior written notice by certified mail, return receipt requested, to Authority 60
2317 days in advance of termination or failure to renew. The Letter of Credit may expire on the date on which
2318 the Bank receives a certificate from Authority saying that the Term has expired, or this Agreement has
2319 been terminated and Contractor owes Authority no money under this Agreement, or that Contractor has
2320 substituted an alternative letter of credit or other security document acceptable to Authority in

2321 Authority's sole discretion. The form of the Letter of Credit, including the procedures for and place of
2322 demand for payment and drawing certificate attached thereto, is subject to approval of Authority in its
2323 sole discretion, following the notice procedures defined in Section 12.9. The Letter of Credit must be
2324 transferable to any successor or assignee of Authority.

2325 **ARTICLE 10.**

2326 **DEFAULT AND REMEDIES**

2327 **10.1 EVENTS OF DEFAULT**

2328 All provisions of the Agreement are considered material. Each of the following shall constitute an event
2329 of default.

2330 **A. Fraud or Deceit.** Contractor, its Affiliates, any Subcontractor, or any other Person employed by or
2331 with an ownership interest in Contractor, its Affiliates or any Subcontractor practices, or attempts
2332 to practice, any fraud or deceit upon the Authority, including but not limited to any representation
2333 or disclosure made to the Authority by Contractor in connection with or as an inducement to
2334 entering into this Agreement, or any future amendment to this Agreement, which proves to be false
2335 or misleading in any material respect as of the time such representation or disclosure is made,
2336 whether or not any such representation or disclosure appears as part of this Agreement; and, any
2337 Contractor-provided report containing a misstatement, misrepresentation, data manipulation, or
2338 an omission of fact or content explicitly defined by the Agreement, excepting non-numerical
2339 typographical and grammatical errors.

2340 **B. Acts or Omissions.** Any other act or omission by Contractor that violates the terms, conditions, or
2341 requirements of this Agreement, or Applicable Law and that is not corrected or remedied within the
2342 time set in the written notice of the violation or, if Contractor cannot reasonably correct or remedy
2343 the breach within the time set forth in such notice, if Contractor should fail to commence to correct
2344 or remedy such violation within the time set forth in such notice and diligently effect such correction
2345 or remedy thereafter.

2346 **C. Insolvency, Bankruptcy, Seizure, or Attachment.** Contractor becomes insolvent, unable, or
2347 unwilling to pay its debts, upon entry of an order for relief in favor of Contractor in a bankruptcy
2348 proceeding, or upon a seizure of, attachment of, or levy on, some or all of Contractor's operating
2349 equipment, including without limits its equipment, maintenance or office facilities, Approved
2350 Facility(ies), or any part thereof.

2351 **D. Violations of Regulation.** Contractor violates any orders or filings of any regulatory body having
2352 authority over Contractor relative to this Agreement, provided that Contractor may contest any
2353 such orders or filings by appropriate proceedings conducted in good faith, in which case no breach
2354 or default of this Agreement shall be deemed to have occurred.

2355 **E. Violations of Applicable Law.** Contractor has been found by a court of proper jurisdiction to be in
2356 violation of Applicable Law (other than criminal law) directly or indirectly related to the
2357 performance of this Agreement, provided that Contractor may contest any such allegation or finding
2358 by appropriate proceedings conducted in good faith, in which case no breach or default of this
2359 Agreement shall be deemed to have occurred.

- 2360 **F. Criminal Activity.** Contractor, its officers, managers, or employees are found guilty of Criminal
 2361 Activity related directly or indirectly to performance of this Agreement or any other agreement held
 2362 with a public agency.
- 2363 **G. Failure to Complete Transition.** Contractor fails to complete the tasks identified in Contractor’s
 2364 Implementation Plan as specified in Exhibit G3.
- 2365 **H. Failure to Perform Direct Services.** Contractor ceases to provide Collection, Transportation,
 2366 Processing, or other services as required under this Agreement for a period of two (2) consecutive
 2367 calendar days or more, for any reason within the control of Contractor including, but not limited to,
 2368 labor unrest including strike, work stoppage or slowdown, sick-out, picketing, or other concerted
 2369 job action.
- 2370 **I. Failure to Provide Proposal or Implement Change in Service.** Contractor fails to provide a proposal
 2371 for new services or changes to services or fails to implement a change in service as agreed-upon by
 2372 the Authority as specified in Section 3.5.
- 2373 **J. Failure to Pay or Report.** Contractor fails to make any payments to Authority, Member Agencies,
 2374 or the contractor for the Post-Collection Services Agreement required under this Agreement
 2375 including payment of Franchise Fees or Member Agency Reimbursements or Liquidated Damages
 2376 and/or refuses to provide Authority with required information, reports, and/or records in a timely
 2377 manner as provided for in this Agreement.
- 2378 **K. Failure to Maintain Coverage.** Contractor fails to provide or maintain in full force and affect the
 2379 Workers' Compensation, liability, or indemnification coverage as required by this Agreement.
- 2380 **L. Assignment without Approval.** Contractor transfers or assigns this Agreement without the express
 2381 written approval of the Member Agencies and Authority unless the assignment is permitted without
 2382 Authority approval pursuant to Section 12.6.
- 2383 **M. Failure to Perform Any Obligation.** Contractor fails to perform any obligation established under
 2384 this Agreement.

2385 Authority shall provide Contractor written notice of default within seven (7) calendar days of the
 2386 Authority’s first knowledge of the Contractor’s default.

2387 **10.2 RIGHT TO TERMINATE UPON EVENT OF DEFAULT**

2388 Contractor shall be given ten (10) Business Days from written notification by Authority to cure any default
 2389 that, in the Authority Contract Manager’s sole opinion, creates a potential public health and safety threat.

2390 Contractor shall be given ten (10) Business Days from written notification by Authority to cure any default
 2391 arising under subsections A, C, E, H, and K in Section 10.1 provided, however, that the Authority shall not
 2392 be obligated to provide Contractor with a notice and cure opportunity if the Contractor has committed
 2393 the same or similar breach/default within a twenty-four (24) month period.

2394 Contractor shall be given thirty (30) calendar days from written notification by Authority to cure any other
 2395 default (which is not required to be cured within ten (10) Business Days); provided, however, that the

2396 Authority shall not be obligated to provide Contractor with a notice and cure opportunity if the Contractor
2397 has committed the same or similar breach/default within a twenty-four (24) month period.

2398 **10.3 AUTHORITY'S REMEDIES IN THE EVENT OF DEFAULT**

2399 Upon Contractor's default, Authority has the following remedies:

2400 **A. Waiver of Default.** Authority may waive any event of default or may waive Contractor's
2401 requirement to cure a default event if Authority determines that such waiver would be in the best
2402 interest of the Authority. Authority's waiver of an event of default is not a waiver of future events
2403 of default that may have the same or similar conditions.

2404 **B. Suspension of Contractor's Obligation.** Authority may suspend Contractor's performance of its
2405 obligations if Contractor fails to cure default in the time frame specified in Section 10.2 until such
2406 time the Contractor can provide assurance of performance in accordance with Section 10.8.

2407 **C. Liquidated Damages.** Authority may assess Liquidated Damages for Contractor's failure to meet
2408 specific performance standards pursuant to Section 10.6 and Exhibit F.

2409 {Note to Proposers: This section will be revised to align with the selected Exhibit F1 or F2.}

2410 **D. Termination.** In the event that Contractor should default, and subject to the right of the Contractor
2411 to cure, in the performance of any provisions of this Agreement, and the default is not cured for any
2412 default within in ten (10) calendar days if the default creates a potential public health and safety
2413 threat or arises under Section 10.1. A, C, E, H, or K, or otherwise thirty (30) calendar days after
2414 receipt of written notice of default from the Authority, then the Authority may, at its option,
2415 terminate this Agreement and/or hold a hearing at its Authority Board meeting to determine
2416 whether this Agreement should be terminated. In the event Authority decides to terminate this
2417 Agreement, the Authority shall serve twenty (20) calendar days' written notice of its intention to
2418 terminate upon Contractor. In the event Authority exercises its right to terminate this Agreement,
2419 the Authority may, at its option, upon such termination, either directly undertake performance of
2420 the services, or arrange with other Persons to perform the services with or without a written
2421 agreement. This right of termination is in addition to any other rights of Authority upon a failure of
2422 Contractor to perform its obligations under this Agreement.

2423 Contractor shall not be entitled to any further revenues from Collection operations authorized
2424 hereunder from and after the date of termination.

2425 **E. Other Available Remedies.** Authority's election of one (1) or more remedies described herein shall
2426 not limit the Authority from any and all other remedies at law and in equity including, but not limited
2427 to, injunctive relief.

2428 **10.4 POSSESSION OF RECORDS UPON TERMINATION**

2429 In the event of termination for an event of default, the Contractor shall furnish Authority Contract
2430 Manager with immediate access to all of its business records, including without limitation, proprietary
2431 Contractor computer systems related to its Customers, Collection Routes, and billing of accounts for
2432 Collection services.

2433 **10.5 AUTHORITY’S REMEDIES CUMULATIVE; SPECIFIC PERFORMANCE**

2434 Authority’s rights to terminate the Agreement under Section 10.2 and to take possession of the
2435 Contractor's records under Section 10.4 are not exclusive, and Authority’s termination of the Agreement
2436 and/or the imposition of Liquidated Damages shall not constitute an election of remedies. Instead, these
2437 rights shall be in addition to any and all other legal and equitable rights and remedies that Authority may
2438 have.

2439 By virtue of the nature of this Agreement, the urgency of timely, continuous, and high-quality service, the
2440 lead time required to effect alternative service, and the rights granted by Authority to the Contractor, the
2441 remedy of damages for a breach hereof by Contractor is inadequate and Authority shall be entitled to
2442 injunctive relief (including, but not limited to, specific performance).

2443 **10.6 PERFORMANCE STANDARDS AND LIQUIDATED DAMAGES**

2444 {Note to Proposers: This section will be revised to align with the selected Exhibit F1 or F2.}

2445 **A. General.** The Parties find that as of the time of the execution of this Agreement, it is impractical, if
2446 not impossible, to reasonably ascertain the extent of damages that shall be incurred by Authority
2447 as a result of a breach by Contractor of its obligations under this Agreement. The factors relating to
2448 the impracticability of ascertaining damages include, but are not limited to, the fact that:
2449 (i) substantial damage results to members of the public who are denied services or denied quality
2450 or reliable service; (ii) such breaches cause inconvenience, anxiety, frustration, and deprivation of
2451 the benefits of the Agreement to individual members of the general public for whose benefit this
2452 Agreement exists, in subjective ways and in varying degrees of intensity that are incapable of
2453 measurement in precise monetary terms; (iii) that exclusive services might be available at
2454 substantially lower costs than alternative services and the monetary loss resulting from denial of
2455 services or denial of quality or reliable services is impractical or impossible to calculate in precise
2456 monetary terms; and, (iv) the termination of this Agreement for such breaches, and other remedies
2457 are, at best, a means of future correction and not remedies that make the public whole for past
2458 breaches.

2459 **B. Service Performance Standards; Liquidated Damages for Failure to Meet Standards.** The Parties
2460 further acknowledge that consistent, reliable Collection services are of utmost importance to
2461 Authority and that Authority has considered and relied on Contractor's representations as to its
2462 quality-of-service commitment in awarding the Agreement to Contractor. The Parties recognize that
2463 some quantified standards of performance are necessary and appropriate to ensure consistent and
2464 reliable service and performance. The Parties further recognize that if Contractor fails to achieve
2465 the performance standards or fails to submit required documents in a timely manner, Authority and
2466 its residents and businesses will suffer damages, and that it is, and will be, impractical and extremely
2467 difficult to ascertain and determine the exact amount of damages that Authority will suffer.
2468 Therefore, without prejudice to Authority’s right to treat such non-performance as an event of
2469 default under this Section, the Parties agree that the Liquidated Damages amounts established in
2470 Exhibit F of this Agreement and the Liquidated Damage amounts therein represent a reasonable
2471 estimate of the amount of such damages considering all of the circumstances existing on the
2472 Effective Date of this Agreement, including the relationship of the sums to the range of harm to
2473 Authority that reasonably could be anticipated and the anticipation that proof of actual damages
2474 would be costly or impractical.

2475 Contractor agrees to pay (as Liquidated Damages and not as a penalty) the amounts set forth in the
2476 Performance Standards and Liquidated Damages, Exhibit F.

2477 Before assessing Liquidated Damages, Authority shall give Contractor notice of its intention to
2478 assess such damages. The notice will include a brief description of the incident(s) and non-
2479 performance. Authority may review and make copies of all information in the possession of
2480 Contractor relating to incident(s) and/or non-performance. Authority Contract Manager may,
2481 within ten (10) Business Days after issuing the notice, request a meeting with Contractor. If
2482 Contractor does not agree to meet within ten (10) Business Days of Authority Contractor Manager's
2483 request for a meeting with Contractor, the Authority Contract Manager may, at their sole discretion,
2484 impose such Liquidated Damages without any further opportunity for the Contractor to cure.
2485 Authority Contract Manager may present evidence of non-performance in writing and through
2486 testimony of its employees and others relevant to the incident(s) and non-performance. Authority
2487 Contract Manager will provide Contractor with a written explanation of their determination on each
2488 incident(s) and non-performance prior to authorizing the assessment of Liquidated Damages under
2489 this Section 10.6. Any Liquidated Damages that were assessed and not rescinded after the meet and
2490 confer period shall be final and not subject to further appeal.

2491 **C. Amount.** Authority Contract Manager may assess Liquidated Damages for each calendar day or
2492 event, as appropriate, that Contractor is determined to be liable in accordance with this Agreement
2493 in the amounts specified in Exhibit F, subject to annual adjustment described below.

2494 **D. Timing of Payment.** Contractor shall pay any Liquidated Damages assessed by Authority within ten
2495 (10) Business Days of the date the Liquidated Damages are assessed. If they are not paid within the
2496 ten (10) Business Day period, Authority may proceed against the performance bond required by the
2497 Agreement, order the termination of the rights or "franchise" granted by this Agreement, or all of
2498 the above.

2499 **10.7 EXCUSE FROM PERFORMANCE**

2500 The Parties understand and agree herein that the services provided under this Agreement are critical to
2501 the protection of public health and safety and that Contractor is expected to perform these services
2502 despite the occurrence of events that may otherwise give rise to Force Majeure conditions. The Parties
2503 herein agree that the obligations for excuse from performance under this Agreement should and do have
2504 a higher standard than the general law understanding of Force Majeure. In particular, a Party shall be
2505 excused from performing their obligations hereunder and from any obligation to pay Liquidated Damages
2506 if they are prevented from so performing by reason of floods, earthquakes, other acts of nature, war, civil
2507 insurrection, riots, acts of any domestic government (including judicial action), and other similar
2508 catastrophic events that are beyond the control of and not the fault of the Party claiming excuse from
2509 performance hereunder. However, performance shall only be excused if the Party requesting relief from
2510 performance can specifically demonstrate that the performance of a specific obligation is impossible and
2511 shall only be excused from those requirements that are demonstrated to be impossible. All other
2512 performance obligations that remain possible, shall be required to continue.

2513 In the case of labor unrest or job action directed at a third party over whom Contractor has no control,
2514 the inability of Contractor to provide services in accordance with this Agreement due to the unwillingness
2515 or failure of the third party to: (i) provide reasonable assurance of the safety of Contractor's employees
2516 while providing such services; or, (ii) make reasonable accommodations with respect to Container

2517 placement and point of Delivery, time of Collection, or other operating circumstances to minimize any
2518 confrontation with pickets or the number of Persons necessary to make Collections shall, to that limited
2519 extent, excuse performance. The foregoing excuse shall be conditioned on Contractor's cooperation in
2520 performing Collection services at different times and in different locations. Further, in the event of labor
2521 unrest, including but not limited to strike, work stoppage or slowdown, sickout, picketing, or other
2522 concerted job action conducted by the Contractor's employees or directed at the Contractor, or a
2523 subsidiary, the Contractor shall not be excused from performance. In such case, Contractor shall continue
2524 to provide a reasonably satisfactory level of performance during the pendency thereof, but the Contractor
2525 shall not be required to adhere strictly to the specific requirements of this Agreement regarding routes,
2526 Collection times, or similar matters; provided, however, that in no event shall more than seven (7)
2527 calendar days elapse between pickups for Residential and Commercial Customers. Any labor action
2528 initiated by Contractor including, but not limited to, a lock-out, shall not be grounds for any excuse from
2529 performance and Contractor shall perform all obligations under this Agreement during the pendency of
2530 such Contractor-initiated labor action.

2531 The Party claiming excuse from performance shall, within two (2) calendar days after such Party has notice
2532 of such cause, give the other Party notice of the facts constituting such cause and asserting its claim to
2533 excuse under this Section.

2534 If either Party validly exercises its rights under this Section, the Parties hereby waive any claim against
2535 each other for any damages sustained thereby.

2536 The partial or complete interruption or discontinuance of Contractor's services caused by one (1) or more
2537 of the events described in this Article shall not constitute a default by Contractor under this Agreement.
2538 Notwithstanding the foregoing, however, if Contractor is excused from performing its obligations
2539 hereunder for any of the causes listed in this Section for a period of thirty (30) calendar days or more,
2540 Authority shall nevertheless have the right, in its sole discretion, to terminate this Agreement by giving
2541 ten (10) Business Days' notice to Contractor, in which case the provisions of Section 10.4 shall apply.

2542 **10.8 RIGHT TO DEMAND ASSURANCES OF PERFORMANCE**

2543 The Parties acknowledge that it is of the utmost importance to Authority and the health and safety of all
2544 those members of the public residing or doing business within Authority who will be adversely affected
2545 by interrupted Discarded Materials management service, that there be no material interruption in services
2546 provided under this Agreement.

2547 If Contractor: (i) is the subject of any labor unrest including work stoppage or slowdown, sick-out,
2548 picketing or other concerted job action; (ii) appears, in the reasonable judgment of Authority, to be unable
2549 to regularly pay its bills as they become due; or, (iii) is the subject of a civil or criminal judgment or order
2550 entered by a Federal, State, regional or local agency for violation of an Applicable Law, and Authority
2551 believes in good faith that Contractor's ability to perform under the Agreement has thereby been placed
2552 in substantial jeopardy, Authority may, at its sole option and in addition to all other remedies it may have,
2553 demand from Contractor reasonable assurances of timely and proper performance of this Agreement, in
2554 such form and substance as Authority believes in good faith is reasonably necessary in the circumstances
2555 to evidence continued ability to perform under the Agreement. If Contractor fails or refuses to provide
2556 satisfactory assurances of timely and proper performance in the form and by the date required by
2557 Authority, such failure or refusal shall be an event of default for purposes of Section 10.1.

2558 **10.9 DISPUTE RESOLUTION**

2559 In the event of dispute between the Authority Contract Manager and the Contractor regarding the
2560 interpretation of, or the performance of services under, this Agreement that results in a material impact
2561 to the Contractor’s revenue and/or cost of operations, as defined in Section 5.9, the provisions of Section
2562 10.9 shall apply.

2563 A. **Meet and Confer.** The Authority Contract Manager and Contractor agree that they promptly will
2564 meet and confer to attempt to resolve the matter between themselves.

2565 B. **Mediation.** In the event that disputes arise under this Agreement and cannot be resolved
2566 satisfactorily between the Parties in accordance with Section 10.9.A, the Authority and Contractor
2567 agree that such disputes shall be submitted to mandatory, non-binding thirty (30) day mediation by
2568 a mutually agreed upon independent third party.

2569 C. **Period of Time.** Insofar as allowed by Applicable Law, the period of time otherwise applicable for
2570 filing claims against the Authority under Applicable Law shall be tolled during the period of time for
2571 which meet and confer or mediation procedures are pending, in accordance with Sections 10.9.A
2572 and 10.9.B.

2573 D. **Litigation.** Litigation may be commenced only after all reasonable efforts to resolve the dispute(s)
2574 pursuant to Sections 10.9.A and 10.9.B have failed and any necessary claim(s) have been denied.

2575 Notwithstanding any other provision to the contrary in this Agreement, Company’s sole remedy for any
2576 dispute or claim it may have relating to Contractor’s Compensation or Rates is to file a petition for writ of
2577 mandate pursuant to C.C.P. Section 1085. Contractor shall have no cause of action for damages against
2578 Authority in relation to any dispute or claim.

2579 **ARTICLE 11.**
2580 **REPRESENTATIONS AND WARRANTIES OF**
2581 **THE PARTIES**

2582 The Parties, by acceptance of this Agreement, represents and warrants the conditions presented in this
2583 Article.

2584 **11.1 CONTRACTOR’S CORPORATE STATUS**

2585 Contractor is a corporation duly organized, validly existing and in good standing under the laws of the
2586 State. It is qualified to transact business in the State and has the power to own its properties and to carry
2587 on its business as now owned and operated and as required by this Agreement.

2588 **11.2 CONTRACTOR’S CORPORATE AUTHORIZATION**

2589 Contractor has the authority to enter this Agreement and perform its obligations under this Agreement.
2590 The Board of Directors of Contractor (or the shareholders, if necessary) has taken all actions required by
2591 law, its articles of incorporation, its bylaws, or otherwise, to authorize the execution of this Agreement.

2592 The Person signing this Agreement on behalf of Contractor represents and warrants that they have
2593 authority to do so. This Agreement constitutes the legal, valid, and binding obligation of the Contractor.

2594 **11.3 AGREEMENT WILL NOT CAUSE BREACH**

2595 To the best of Contractor's and Authority's knowledge after reasonable investigation, the execution or
2596 delivery of this Agreement or the performance by such Party of its respective obligations hereunder does
2597 not conflict with, violate, or result in a breach: (i) of any Applicable Law; or, (ii) any term or condition of
2598 any judgment, order, or decree of any court, administrative agency or other governmental authority, or
2599 any agreement or instrument to which Contractor or Authority is a party or by which Contractor or any of
2600 its properties or assets are bound, or constitutes a default hereunder.

2601 **11.4 NO LITIGATION**

2602 To the best of Contractor's and Authority's knowledge after reasonable investigation, there is no action,
2603 suit, proceeding or investigation, at law or in equity, before or by any court or governmental authority,
2604 commission, board, agency or instrumentality decided, pending or threatened against either Party
2605 wherein an unfavorable decision, ruling or finding, in any single case or in the aggregate, would:

- 2606 A. Materially adversely affect the performance by such Party of its obligations hereunder;
- 2607 B. Adversely affect the validity or enforceability of this Agreement; or
- 2608 C. Have a material adverse effect on the financial condition of Contractor, or any surety or entity
2609 guaranteeing Contractor's performance under this Agreement.

2610 **11.5 NO ADVERSE JUDICIAL DECISIONS**

2611 To the best of Contractor's and Authority's knowledge after reasonable investigation, there is no judicial
2612 decision that would prohibit this Agreement or subject this Agreement to legal challenge.

2613 **11.6 NO LEGAL PROHIBITION**

2614 To the best of each Party's knowledge, after reasonable investigation, there is no Applicable Law in effect
2615 on the date that Party signed this Agreement that would prohibit the performance of that Party's
2616 obligations under this Agreement and the transactions contemplated hereby.

2617 **11.7 CONTRACTOR'S ABILITY TO PERFORM**

2618 Contractor possesses the business, professional, and technical expertise to perform all services,
2619 obligations, and duties as described in and required by this Agreement including all Exhibits thereto.
2620 Contractor possesses the ability to secure equipment, facility, and employee resources required to
2621 perform its obligations under this Agreement.

2622 **ARTICLE 12.**
2623 **OTHER AGREEMENTS OF THE PARTIES**

2624 **12.1 RELATIONSHIP OF PARTIES**

2625 The Parties intend that Contractor shall perform the services required by this Agreement as an
2626 independent Contractor engaged by Authority and neither as an officer nor employee of Authority, nor as
2627 a partner or agent of, or joint venturer with, Authority. No employee or agent of Contractor shall be, or
2628 shall be deemed to be, an employee or agent of Authority. Contractor shall have the exclusive control
2629 over the manner and means of performing services under this Agreement, except as expressly provided
2630 herein. Contractor shall be solely responsible for the acts and omissions of its officers, employees,
2631 Subcontractors and agents. Neither Contractor nor its officers, employees, Subcontractors, and agents
2632 shall obtain any rights to retirement benefits, workers' compensation benefits, or any other benefits
2633 which accrue to Authority employees by virtue of their employment with Authority.

2634 **12.2 COMPLIANCE WITH LAW**

2635 Contractor shall at all times, at its sole cost, comply with all Applicable Laws now in force and as they may
2636 be enacted, issued or amended during the Term.

2637 **12.3 GOVERNING LAW**

2638 This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the
2639 State.

2640 **12.4 JURISDICTION**

2641 Any lawsuits between the Parties arising out of this Agreement shall be brought and concluded in the
2642 courts of Santa Clara County in the State of California, which shall have exclusive jurisdiction over such
2643 lawsuits. With respect to venue, the Parties agree that this Agreement is made in and will be performed
2644 in Santa Clara County.

2645 **12.5 BINDING ON SUCCESSORS**

2646 The provisions of this Agreement shall inure to the benefit to and be binding on the successors and
2647 permitted assigns of the Parties.

2648 **12.6 ASSIGNMENT**

2649 Neither Party shall assign its rights nor delegate or otherwise transfer its obligations under this Agreement
2650 to any other Person without the prior written consent of the other Party. Any such assignment made
2651 without the consent of the other Party shall be void and the attempted assignment shall constitute a
2652 material breach of this Agreement.

2653 For purposes of this Section, "assignment" shall include, but not be limited to: (i) a sale, exchange or other
2654 transfer of substantially all of Contractor's local, regional, and/or corporate assets dedicated to service
2655 under this Agreement to a third party; (ii) a sale, exchange or other transfer of ten (10) percent or more
2656 of the local, regional, and/or corporate stock or ownership of Contractor to a Person (other than a transfer

2657 of shares in Contractor by the owner of such shares to members of the owner's family or a trust for the
2658 benefit of the owner's family, to Contractor or to another owner of shares in Contractor) except that no
2659 cumulative sale, exchange, or transfer of shares may exceed twenty percent (20%) during the Term of the
2660 Agreement (other than a transfer of shares in Contractor by the owner of such shares to members of the
2661 owner's family or a trust for the benefit of the owner's family, to Contractor or to another owner of shares
2662 in Contractor); (iii) any reorganization, consolidation, merger, recapitalization, stock issuance or re-
2663 issuance, voting trust, pooling agreement, escrow arrangement, liquidation or other transaction to which
2664 Contractor or any of its shareholders is a party which results in a change of ownership or control of ten
2665 (10) percent or more of the value or voting rights in the local, regional, and/or corporate stock of
2666 Contractor (excluding as the result of changes in ownership or control between an owner of shares in
2667 Contractor and Contractor, members of the owner's family, or a trust for the benefit of the owner's
2668 family); (iv) any reorganization, consolidation, merger, recapitalization, stock issuance or re-issuance,
2669 voting trust, pooling agreement, escrow arrangement, liquidation or other transaction to which
2670 Contractor or any of its shareholders is a party which results in a change of ownership or control of ten
2671 (10) percent or more of the value or voting rights in the local, regional, and/or corporate stock of
2672 Contractor that results from changes in ownership or control between an owner of shares in Contractor
2673 and another owner of shares in Contractor unless Contractor engages a professional manager to oversee
2674 this Agreement; (v) divestiture of an Affiliate (e.g., trucking company, materials recovery facility, Transfer
2675 station) used by Contractor to fulfill its obligations under this Agreement; and, (vi) any combination of the
2676 foregoing (whether or not in related or contemporaneous transactions) that has the effect of any such
2677 transfer or change of local, regional, and/or corporate ownership and/or control of Contractor. For
2678 purposes of this Section, the term "proposed assignee" shall refer to the proposed transferee(s) or other
2679 successor(s) in interest pursuant to the assignment.

2680 Contractor acknowledges that this Agreement involves rendering a vital service to Authority's residents
2681 and businesses, and that Authority has selected Contractor to perform the services specified herein based
2682 on: (i) Contractor's experience, skill, and reputation for conducting its Recyclable Materials, Organic
2683 Materials, Solid Waste, and C&D management operations in a safe, effective, and responsible fashion, at
2684 all times in keeping with applicable waste management laws, regulations, and good waste management
2685 practices; and, (ii) Contractor's financial resources on a local, regional, and/or corporate level to maintain
2686 the required equipment and to support its indemnity obligations to Authority under this Agreement.
2687 Authority has relied on each of these factors, among others, in choosing Contractor to perform the
2688 services to be rendered by Contractor under this Agreement.

2689 If Contractor requests Authority's consideration of and consent to an assignment, Authority may deny or
2690 approve such request in its sole and complete discretion. No request by Contractor for consent to an
2691 assignment need be considered by Authority unless and until Contractor has met the following
2692 requirements. The Authority may, in its sole discretion, waive one (1) or more of these requirements.

2693 A. On the date Authority approves Contractor's written request for the Authority's written consent to
2694 an assignment and the assignment occurs, Contractor shall pay the Authority a transfer fee in the
2695 amount of one (1) percent of the Gross Receipts for the most-recently completed Rate Period.

2696 B. Contractor shall pay Authority its actual expenses for attorneys', consultants', accountants' fees,
2697 staff time, and investigation costs necessary to investigate the suitability of any proposed assignee,
2698 and to review and finalize any documentation required as a condition for approving any such
2699 assignment. Such payment shall be required regardless of the ultimate determination of the
2700 Authority with regard to the approval or denial of the assignment. Upon submittal of Contractor's

2701 request for assignment to Authority, Contractor shall submit an initial deposit of one hundred
2702 thousand dollars (\$100,000) for this purpose.

2703 C. Contractor shall furnish Authority with reviewed financial statements of the proposed assignee's
2704 operations for the immediately preceding three (3) operating years.

2705 D. Contractor shall furnish Authority with satisfactory proof: (i) that the proposed assignee has at least
2706 ten (10) years of Recyclable Materials, Organic Materials, Solid Waste, and C&D management
2707 experience on a scale equal to or exceeding the scale of operations conducted by Contractor under
2708 this Agreement; (ii) that in the last five (5) years, the proposed assignee has not suffered any
2709 citations or other censure from any Federal, State or local contractor having jurisdiction over its
2710 waste management operations due to any significant failure to comply with State, Federal or local
2711 waste management laws and that the assignee has provided the Authority with a complete list of
2712 such citations and censures; (iii) that the proposed assignee has at all times conducted its operations
2713 in an environmentally safe and conscientious fashion; (iv) that the proposed assignee conducts its
2714 operations and management practices in accordance with sound waste management practices in
2715 full compliance with all Federal, State, and local laws regulating the Collection, Transportation,
2716 Processing and Disposal of Recyclable Materials, Organic Materials, Solid Waste including
2717 Hazardous Waste, and C&D; and, (v) that any other information required by Authority demonstrates
2718 that the proposed assignee can fulfill the terms of this Agreement in a timely, safe and effective
2719 manner.

2720 E. Contractor shall provide the Authority with any and all additional records or documentation which,
2721 in the Authority Contract Manager's sole determination, would facilitate the review of the proposed
2722 assignment.

2723 Under no circumstances shall any proposed assignment be considered by Authority if Contractor is in
2724 default at any time during the period of consideration. If, in the Authority's sole determination, there is
2725 any doubt regarding the compliance of the Contractor with the Agreement, Authority may require
2726 conduct of a performance review and audit of the Contractor's compliance and the costs of such
2727 performance review and audit shall be paid by Contractor in advance of the conduct of said performance
2728 review and audit.

2729 **12.7 NO THIRD PARTY BENEFICIARIES**

2730 This Agreement is not intended to, and will not be construed to, create any right on the part of any third
2731 party to bring an action to enforce any of its terms.

2732 **12.8 WAIVER**

2733 The waiver by either Party of any breach or violation of any provisions of this Agreement shall not be
2734 deemed to be a waiver of any breach or violation of any other provision nor of any subsequent breach or
2735 violation of the same or any other provision. The subsequent acceptance by either Party of any monies
2736 which become due hereunder shall not be deemed to be a waiver of any pre-existing or concurrent breach
2737 or violation by the other Party of any provision of this Agreement.

2738 **12.9 NOTICE PROCEDURES**

2739 All notices, demands, requests, proposals, approvals, consents, and other communications, which this
2740 Agreement requires, authorizes, or contemplates, shall be in writing and shall either be personally
2741 delivered to a representative of the Parties at the address below or deposited in the United States mail,
2742 first class postage prepaid, addressed as follows:

2743 If to Authority:

2744 West Valley Solid Waste Management Authority
2745 Attn: Executive Director
2746 590 Ygnacio Road, Suite 105
2747 Walnut Creek, CA 94596

2748 with copy to:

2749 West Valley Solid Waste Management Authority
2750 Attn: Authority Counsel
2751 LOGAN & POWELL, LLP
2752 15466 Los Gatos Blvd., Suite 109
2753 Los Gatos, CA 95032
2754

2755 If to Contractor:

2756 _____
2757 _____
2758 _____
2759

2760 The address to which communications may be delivered may be changed from time to time by a notice
2761 given in accordance with this Section. Notice shall be deemed given on the day it is personally delivered
2762 or, if mailed, three (3) calendar days from the date it is deposited in the mail. Either Party may choose to
2763 provide email notification to the other Party that notice has been deposited in the mail, however such
2764 email notification shall not constitute official notice.

2765 **12.10 REPRESENTATIVES OF THE PARTIES**

2766 References in this Agreement to the “Authority” shall mean the Authority’s elected body and all actions
2767 to be taken by Authority except as provided below. The Authority may delegate, in writing, authority to
2768 the Authority Contract Manager and/or to other Authority officials and may permit such officials, in turn,
2769 to delegate in writing some or all of such authority to subordinate officers. The Contractor may rely upon
2770 actions taken by such delegates if they are within the scope of the authority properly delegated to them.

2771 The Contractor shall, by the Effective Date, designate in writing a responsible officer who shall serve as
2772 the representative of the Contractor in all matters related to the Agreement and shall inform Authority in
2773 writing of such designation and of any limitations upon his or her authority to bind the Contractor.
2774 Authority may rely upon action taken by such designated representative as actions of the Contractor
2775 unless they are outside the scope of the authority delegated to him/her by the Contractor as
2776 communicated to Authority.

2777 **ARTICLE 13.**
2778 **MISCELLANEOUS AGREEMENTS**

2779 **13.1 ENTIRE AGREEMENT**

2780 This Agreement is the entire agreement between the Parties with respect to the subject matter hereof
2781 and supersedes all prior and contemporaneous oral and written agreements and discussions. Each Party
2782 has cooperated in the drafting and preparation of this Agreement and this Agreement shall not be
2783 construed against any Party on the basis of drafting. This Agreement may be amended only by an
2784 agreement in writing, signed by each of the Parties hereto.

2785 **13.2 SECTION HEADINGS**

2786 The article headings and section headings in this Agreement are for convenience of reference only and
2787 are not intended to be used in the construction of this Agreement nor to alter or affect any of its
2788 provisions.

2789 **13.3 REFERENCES TO LAWS**

2790 All references in this Agreement to laws and regulations shall be understood to include such laws as they
2791 may be subsequently amended or recodified, unless otherwise specifically provided herein.

2792 **13.4 AMENDMENTS**

2793 This Agreement may not be modified or amended in any respect except in writing signed by the Parties.

2794 **13.5 SEVERABILITY**

2795 If any non-material provision of this Agreement is for any reason deemed to be invalid and unenforceable,
2796 the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this
2797 Agreement, which shall be enforced as if such invalid or unenforceable provision had not been contained
2798 herein.

2799 **13.6 COUNTERPARTS**

2800 This Agreement may be executed in counterparts, each of which shall be considered an original.

2801 **13.7 EXHIBITS**

2802 Each of the Exhibits identified as Exhibit "A" through "H" is attached hereto and incorporated herein and
2803 made a part hereof by this reference. In the event of a conflict between the terms of this Agreement and
2804 the terms of an Exhibit, the terms of this Agreement shall control.

2805 IN WITNESS WHEREOF, this Agreement is entered into by the Parties hereto in Santa Clara County,
2806 California on the day and year first above written.

2807

West Valley Solid Waste Management Authority

"CONTRACTOR"

Authority Board Chair

Signature

Date

Date

Print Name of Signatory

Signature

Date

Title of Signatory

APPROVED AS TO FORM:

Print Name of Signatory

Authority Attorney

Date

Title of Signatory

ATTEST:

Secretary of the Board

Date

2808

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**EXHIBIT A:
DEFINITIONS**

EXHIBIT A DEFINITIONS

For purposes of this Agreement, unless a different meaning is clearly required, the following words and phrases shall have the following meanings respectively ascribed to them by this Exhibit and shall be capitalized throughout this Agreement:

“AB 1826” means the Assembly Bill approved by the Governor of the State of California on September 28, 2014, which added Chapter 12.9 (commencing with Section 42649.8) to Part 3 of Division 30 of the Public Resources Code relating to Solid Waste, as amended, supplemented, superseded, and replaced from time to time.

“AB 341” means the Assembly Bill approved by the Governor of the State of California on October 5, 2011, which amended Sections 41730, 41731, 41734, 41735, 41736, 41800, 42926, 44004, and 50001 of, and added Sections 40004, 41734.5, and 41780.01 and Chapter 12.8 (commencing with Section 42649) to Part 3 of Division 30 of, and added and repealed Section 41780.02 of, the Public Resources Code relating to Solid Waste, as amended, supplemented, superseded, and replaced from time to time.

“AB 939” means the California Integrated Waste Management Act of 1989 (Division 30 of the California Public Resources Code), also commonly referred to as "AB 939," as amended, supplemented, superseded, and replaced from time to time.

“Affiliate” means all businesses (including corporations, limited and general partnerships, and sole proprietorships) that are directly or indirectly related to Contractor by virtue of direct or indirect Ownership interest or common management. They shall be deemed to be "Affiliated with" Contractor and included within the term "Affiliates" as used herein. An Affiliate shall include: (i) a business in which Contractor has a direct or indirect Ownership interest; (ii) a business that has a direct or indirect Ownership interest in Contractor; and/or, (iii) a business that is also Owned, controlled, or managed by any business or individual that has a direct or indirect Ownership interest in Contractor. For the purposes of this definition, “Ownership” means ownership as defined in the constructive ownership provisions of Section 318(a) of the Internal Revenue Code of 1986, as in effect on the date here, provided that ten percent (10%) shall be substituted for fifty percent (50%) in Section 318(a)(2)(C) and in Section 318(a)(3)(C) thereof; and Section 318(a)(5)(C) shall be disregarded. For purposes of determining ownership under this paragraph, and constructive or indirect ownership under Section 318(a), ownership interest of less than ten percent (10%) shall be disregarded and percentage interests shall be determined on the basis of the percentage of voting interest of value that the ownership interest represents.

“Agreement” means this Agreement between Authority and Contractor, including all exhibits, and any future amendments hereto.

“Alternative Daily Cover” or **“ADC”** means Disposal Facility cover material, other than Compostable material and at least six (6) inches of earthen material, placed on the surface of the active face of the refuse fill area at the end of each operating day to control vectors, fires, odors, blowing litter, and scavenging, as defined in 20690 of Title 27 of the California Code of Regulations.

“Alternative Intermediate Cover” or **“AIC”** has the same meaning as in 27 CCR Section 20700 of Title 27 of the California Code of Regulations.

EXHIBIT A DEFINITIONS

“Appliances” means discarded household appliances such as refrigerators, stoves, clothing washers and dryers, water heaters, dishwashers, and similar items discarded by Residential Generators.

“Applicable Law” means all Federal, State, County, and local laws, regulations, rules, orders, judgments, degrees, permits, approvals, or other requirement of any governmental agency having jurisdiction over the Collection, Transportation, and Processing of Recyclable Materials, Organic Materials, and Solid Waste that are in force on the Effective Date and as may be enacted, issued, or amended during the Term of this Agreement. Applicable Law includes, but is in no way limited to, AB 939, AB 341, AB 1826, and SB 1383.

“Approved Construction and Demolition Debris Processing Facility” means a CALGreen-compliant facility used to process C&D that guarantees a higher Diversion Rate than the Designated C&D Processing Facility. This includes *[Insert facilities]*, which were selected by Company and approved by the Authority in writing. *{Note to Proposers: Proposer is encouraged to provide multiple facility options.}*

“Approved E-Waste Drop-Off Facility” means _____. *{Note to Proposers: Propose a drop-off location for the Authority to approve. The location should be in close proximity to the current location (575 Charles Street, San Jose).}*

“Approved Facility(ies)” means any one (1) of or any combination of the Approved Recyclable Materials Processing Facility, Approved Organic Materials Processing Facility, Approved E-Waste Drop-off Facility, and Approved Construction and Demolition Debris Processing Facility, each of which are defined in this Exhibit A.

“Approved Organic Materials Processing Facility” means the facility designated and approved by the Authority for the receipt, Processing, and Transfer of the Organic Materials Collected under the terms of this Agreement. As of the Effective Date, the *[Insert facility]*, owned and operated by *[Insert facility owner]* is the Approved Organic Materials Processing Facility.

“Approved Processing Facility(ies)” means any one of or any combination of the: Approved Recyclable Materials Processing Facility, Approved Construction and Demolition Debris Processing Facility, or Approved Organic Materials Processing Facility.

“Approved Recyclable Materials Processing Facility” means the facility designated and approved by the Authority for the receipt, Processing, and Transfer of the Recyclable Materials Collected under the terms of this Agreement. As of the Effective Date, the *[Insert facility]*, owned and operated by *[Insert facility owner]* is the Approved Recyclable Materials Processing Facility.

“Approved Transfer Facility” means the facility designated and approved by the Authority for the receipt and Transfer of the Recyclable Materials Collected under the terms of this Agreement. As of the Effective Date, the *[Insert facility]*, owned and operated by *[Insert facility owner]* is the Approved Transfer Facility.

“Authority” means the West Valley Solid Waste Management Authority and the geographic area of the Member Agencies.

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“Authority Contract Manager” means the Authority Executive Director, or their designee, who is responsible for the administrative management of this Agreement.

“Back-Haul” means generating and transporting Organic Waste to a destination owned and operated by the Generator using the Generator’s own employees and equipment, or as otherwise defined in 14 CCR Section 18982(a)(66)(A).

“Bin” means a Container with capacity of approximately one (1) to eight (8) cubic yards with a hinged lid and with wheels (where appropriate) that is serviced by a front end-loading Collection vehicle.

“Bulky Item” means discarded Appliances (including refrigerators), furniture, tires, carpets, mattresses, E-Waste, and similar large items that can be handled by two (2) people, weigh no more than one hundred fifty (150) pounds, and require special Collection due to their size or nature, but can be Collected without the assistance of special loading equipment (such as forklifts or cranes) and without violating vehicle load limits. Bulky Items must be generated by the Customer and at the service address wherein the Bulky Items are Collected. Bulky Items do not include abandoned automobiles, large auto parts, trees, Construction and Demolition Debris, or items herein defined as Excluded Materials.

“Business Days” mean days during which the Member Agency offices are open to do business with the public.

“California Code of Regulations” or “CCR” means the State of California Code of Regulations. CCR references in this Agreement are preceded with a number that refers to the relevant Title of the CCR (e.g., “14 CCR” refers to Title 14 of CCR).

“Cardboard” means corrugated fiberboard consisting of a fluted corrugated sheet and one (1) or two (2) flat linerboards, as is often used in the manufacture of shipping containers and corrugated boxes. Cardboard is a subset of Recyclable Materials.

“Cart” means a plastic Container with a hinged lid and wheels that is serviced by an automated or semi-automated Collection vehicle. A Cart has capacity of ten (10), twenty (20), thirty-two (32), sixty-four (64), or ninety-six (96) gallons (or similar volumes).

“Change in Law” means any of the following events or conditions that has a material and adverse effect on the performance by either Party or any Subcontractor of its respective obligations under this Agreement (except for payment obligations), as defined monetarily in Section 5.9, or on the activities of any Approved Facility in connection with this Agreement:

- A. The enactment, adoption, promulgation, issuance, modification, or written change in administrative or judicial interpretation of any Applicable Law on or after the Effective Date; or
- B. The order or judgment of any Federal, State, or local governmental body, on or after the Effective Date, to the extent such order or judgment is not the result of willful or negligent action, error or omission, or lack of reasonable diligence of Authority or of Contractor (or Subcontractor), whichever is asserting the occurrence of a Change in Law; provided however, that the contesting in good faith or the failure in good faith to contest any such order or judgment shall not constitute

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or be construed as such a willful or negligent action, error or omission, or lack of reasonable diligence.

“Clean Alternative Fuel Vehicle” means a vehicle that runs on any fuel used as the certification fuel in a low-emission vehicle, other than the primary gasoline or diesel fuel used in exhaust emission certification testing pursuant to the California Air Resources Board’s “California Exhaust Emission Standards and Test Procedures for 1988 through 2000 Model Passenger Cars, Light-Duty Trucks and Medium-Duty Vehicles” as incorporated by reference in Title 13, California Code of Regulations, Section 1960.1, or “California Exhaust Emission Standards and Test Procedures for 2001 and Subsequent Model Passenger Cars, Light-Duty Trucks and Medium-Duty Vehicles” as incorporated by reference in Title 13, California Code of Regulations, Section 1961; where low-emission vehicle means any vehicle certified to the transitional low-emission vehicle, low-emission vehicle, ultra-low emission vehicle, super ultra-low emission vehicle, or zero-emission vehicle standards established by the California Air Resources Board as described in Title 13, California Code of Regulations.

“Clean Wood” means wood that is not painted, stained, coated, pressure treated, or chemical treated. Clean Wood may include dimensional lumber, pallets, crates, chop sticks, toothpicks, stir sticks, and wooden utensils. Clean Wood excludes creosote, lumber treated with chromated copper arsenate (CCA), melamine-coated furniture, and manufactured wood products such as plywood, particle board, oriented strand board, and medium-density fiberboard. The Parties agree that materials may be added to or subtracted from this list from time to time by mutual consent. Contractor shall not add or subtract materials to or from this list without approval from the Authority Contract Manager, and such approval shall not be unreasonably withheld. Clean Wood is a subset of Organic Materials.

“Collect or Collection (or any variation thereof)” means the act of collecting Recyclable Materials, Organic Materials, Solid Waste, Bulky Items, and other material at the place of generation in the Authority.

“Commencement Date” means the date specified in Section 2.1 when Collection, Transportation, and Processing services required by this Agreement shall be provided.

“Commercial or Commercial Business” means a non-Residential Premises including a firm, partnership, proprietorship, joint- stock company, corporation, or association where business activity is conducted including, but not limited to, retail sales, services, wholesale operations, manufacturing, and industrial operations, but excluding businesses conducted upon Residential property that are permitted under applicable zoning regulations and are not the primary use of the property, whether for-profit or nonprofit, strip mall, or industrial facility, or as otherwise defined in 14 CCR Section 18982(a)(6), with the exception that Multi-Family is excluded from the definition of Commercial Business for the purposes of this Agreement.

“Commercial Edible Food Generators” has the same meaning as in 14 CCR Section 18982(a)(7). For the purposes of this definition, Food Recovery Organizations and Food Recovery Services are not Commercial Edible Food Generators.

“Community Composting” means any activity that composts green material, agricultural material, food material, and vegetative food material, alone or in combination, and the total amount of feedstock and

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Compost on-site at any one time does not exceed one hundred (100) cubic yards and seven hundred fifty (750) square feet, as specified in 14 CCR Section 6 17855(a)(4); or as otherwise defined in 14 CCR Section 18982(a)(8).

“Compactor” means a mechanical apparatus that compresses materials together with the Container that holds the compressed materials or the Container that holds the compressed materials if it is detached from the mechanical compaction apparatus. Compactors include one (1) to seven (7) cubic yard Bin Compactors serviced by front-end loader Collection vehicles and six (6) to fifty (50) cubic yard Drop Box Compactors serviced by roll-off Collection vehicles. Contractor shall support Customers in locating options for purchase or lease of Compactors through an outside vendor(s).

“Complaint” shall mean each written or orally communicated statement made by any Person, whether to Authority, Member Agencies, or Contractor, alleging: (i) non-performance or deficiencies in Contractor’s performance of its duties under this Agreement; or, (ii) a violation by Contractor of this Agreement.

“Compost Product” means the product resulting from the controlled biological decomposition of Organic Materials that are Source Separated from the municipal Solid Waste stream, or that are separated at a centralized facility and meets the Compost procurement requirements described in 14 CCR Section 18993.1(f).

“Compostable Plastics” or “Compostable Plastic” means plastic materials that meet the ASTM D6400 standard for Compostability. Compostable Plastic shall be a subset of Organic Materials, if directed by the Authority.

“Composting or Compost (or any variation thereof)” has the same meaning as in 14 CCR Section 17896.2(a)(4) that stated, as of the Effective Date of this Agreement, that “Compost” means the product resulting from the controlled biological decomposition of organic Solid Wastes that are Source Separated from the municipal Solid Waste stream, or that are separated at a centralized facility.

“Construction and Demolition Debris (C&D)” includes discarded building materials, packaging, debris, and rubble resulting from construction, alteration, remodeling, repair or demolition operations on any pavements, excavation projects, houses, Commercial buildings, or other structures, excluding Excluded Materials. Construction and Demolition Debris includes rocks, soils, tree remains, and other Yard Trimmings that result from land clearing or land development operations in preparation for construction.

“Container(s)” mean Bins, Carts, Compactors, and Drop Boxes, provided however, that Contractor shall not be required to provide Compactors to Customers, but shall be required to provide Collection service to Customer-provided Compactors, provided that such Customer-provided Compactors are compatible with Contractor’s existing Collection equipment and processes.

“Contamination Processing Fee Notice” means a form developed by Contractor and approved by the Authority Contract Manager to be provided to Customers at Contractor’s cost in accordance with Section 4.16.G.

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“Contractor” means *[Insert proposer name]* organized and operating under the laws of the State through its officers, directors, employees, agents, companies, Affiliates, subsidiaries, and Subcontractors.

“Contractor’s Compensation” means the monetary compensation received by Contractor in return for providing services in accordance with this Agreement as described in Article 8.

“Contractor’s Proposal” means the proposal submitted to Authority by Contractor on *[Insert date]* for provision of Solid Waste, Recyclable Materials, Organic Materials, and C&D Collection services and certain supplemental written materials, which are included as Exhibit G to this Agreement and are incorporated by reference.

“Corrective Action Plan” means the document described in Exhibit F2, Section 4 specifying the roles of the Authority and the Contractor in resolving Contractor noncompliance issues with any provision(s) of this Agreement.

“County” means the County of Santa Clara, California.

“Courtesy Collection Notice” means a form developed by Contractor and approved by the Authority Contract Manager to be provided at Contractor’s cost to Generators in accordance with Section 4.16 as applicable to the cause of the courtesy Collection.

“Criminal Activity” means the approval of a plea of nolo contendere or the entry against Contractor or any of its employees of a criminal conviction or a permanent mandatory or prohibitory injunction from a court, municipality, or regulatory agency of competent jurisdiction, based, in the case of any of Contractor’s employees, on acts taken in his or her official capacity on behalf of Contractor with respect to:

- A. Fraud or criminal offense in connection with obtaining, attempting to obtain, procuring, or performing a public or private agreement; or
- B. Bribery or attempting to bribe a public officer or employee of a local, State, or Federal agency; or
- C. Embezzlement, extortion, racketeering, false claims, false statements, forgery, falsification or destruction of records, obstruction of justice, knowingly receiving stolen property, theft, or misprision (failure to disclose) of a felony; or
- D. Unlawful Disposal of Hazardous Waste or Designated Waste the occurrence of which Contractor knew or should have known; or
- E. Violation of antitrust laws, including laws relating to price-fixing, bid-rigging, and sales and market allocation, and of unfair and anti-competitive trade practices laws, including with respect to inflation of Solid Waste Collection, Transportation, Processing fees, or Disposal Fees; or
- F. Violation of securities laws; or
- G. Felonies or misdemeanors involving moral turpitude.

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“Curb or Curbside (or any variation thereof)” means the cornered edging between the street and sidewalk. Curb or Curbside also means and describes the location of a Collection Container for pick-up, where such Container is placed on the street or alley against the face of the Curb or, where no Curb exists, the Container is placed not more than five (5) feet from the outside edge of the street or alley nearest the property’s entrance.

“Customer” means the Person whom Contractor submits its billing invoice to and collects payment from for Collection services provided to a Premises. The Customer may be either the Occupant or Owner of the Premises. For purposes of Contractor’s requirement to provide services (other than billing services), “Customer” shall mean an occupied Residential or Commercial Premises.

“Customer Notice” means a Courtney Notice, Non-Collection Notice, or Contamination Fee Notice provided to a Customer.

“Customer Type” means the Customer’s sector category including, but not limited to, Single-Family, Multi-Family, Commercial, Drop Box, and Member Agency.

“Designated C&D Processing Facility” means the Guadalupe Landfill at 15999 Guadalupe Mines Road in San Jose, which is owned and operated by Waste Management of the South Bay, Incorporated, unless the Authority designates, in writing, a different Processing Facility.

“Designated Disposal Facility” means the Guadalupe Landfill at 15999 Guadalupe Mines Road in San Jose, which is owned and operated by Waste Management of the South Bay, Incorporated, unless the Authority designates, in writing, a different Disposal Facility.

“Designated Facility(ies)” means any one of or any combination of the Designated Disposal Facility, Designated Organic Materials Processing Facility, and Designated C&D Processing Facility, each of which are defined in this Exhibit A.

“Designated Organic Materials Processing Facility” means the Altamont Covered Aerated Static Pile (CASP) Composting Facility, which is owned and operated by Waste Management of Alameda County, Incorporated, unless the Authority designates, in writing, a different Disposal Facility. For the purposes of delivery location, the Contractor shall deliver material to the Guadalupe Landfill at 15999 Guadalupe Mines Road in San Jose where it shall be transferred to the Altamont Covered Aerated Static Pile Composting Facility.

“Designated Waste” means non-Hazardous Waste that may pose special Disposal problems because of its potential to contaminate the environment and that may be Disposed of only in Class II Disposal sites or Class III Disposal sites pursuant to a variance issued by the California Department of Health Services. Designated Waste consists of those substances classified as Designated Waste by the State, in California Code of Regulations Title 23, Section 2522 as may be amended from time to time.

“Discarded Materials” means Organic Materials, Recyclable Materials, C&D, and Solid Waste placed by a Generator in a receptacle and/or at a location for the purposes of Collection by Contractor, excluding Excluded Materials, pursuant to the Member Agencies’ Municipal Codes.

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“Disposal or Dispose (or any variation thereof)” means the final disposition of Solid Waste or Processing Residue at a Disposal Facility.

“Disposal Facility” means a landfill or other facility for ultimate Disposal of Solid Waste.

“Divert or Diversion (or any variation thereof)” means to prevent Discarded Materials from Disposal at landfill or transformation facilities (including facilities using incineration, pyrolysis, distillation, gasification, or biological conversion methods) through Source Reduction, reuse, Recycling, Composting, anaerobic digestion, or other method of Processing, in accordance with the provisions of AB 939 and SB 1383. Diversion is a broad concept that is to be inclusive of material handling and Processing changes that may occur over the Term including, but not limited to, changes in standard industry practice or implementation of innovative (but not necessarily fully proven) techniques or technology that reduce Disposal risk, decrease costs, and/or are for other reasons deemed desirable by the Authority.

“Drop Box” means an open-top Container with a capacity of ten (10) to forty (40) cubic yards that is serviced by a roll-off Collection vehicle.

“Dwelling Unit” means any individual living unit in a Single-Family dwelling, Multi-Family dwelling, structure or building, mobile home, or motor home located on a permanent site intended for, or capable of being utilized for, Residential living other than a hotel or motel.

“Edible Food” means food intended for human consumption. For the purposes of this Agreement, Edible Food is not Solid Waste if it is recovered and not discarded. Nothing in this Agreement requires or authorizes Food Recovery of Edible Food that does not meet the food safety requirements of the California Retail Food Code. If the definition in 14 CCR Section 18982(a)(18) for Edible Food differs from this definition, the definition in 14 CCR Section 18982(a)(18) shall apply to this Agreement.

“Effective Date” means the date on which the latter of the two Parties signs this Agreement, subject to the provisions of Section 2.2.

“E-Waste” means discarded electronic equipment including, but not limited to, televisions, computer monitors, cathode ray tubes (CRTs), central processing units (CPUs), laptop computers, computer peripherals (including external hard drives, keyboards, scanners, and mice), printers, copiers, facsimile machines, radios, stereos, stereo speakers, VCRs, DVDs, camcorders, microwaves, telephones, cellular telephones, and other electronic devices. Some E-Waste or components thereof may be Hazardous Waste or include Hazardous Substances and thus require special handling, Processing, or Disposal.

“Excluded Materials” means Hazardous Substance, Hazardous Waste, Infectious Waste, Designated Waste, volatile, corrosive, biomedical, infectious, biohazardous, toxic substances or material, and waste that Contractor reasonably believes would, as a result of or upon Disposal, be a violation of local, State, or Federal law, regulation or ordinance, including land use restrictions or conditions, waste that cannot be Disposed of in Class III landfills, waste that in Contractor’s reasonable opinion would present a significant risk to human health or the environment, cause a nuisance or otherwise create or expose Contractor, Authority, or Member Agencies to potential liability; but not including de minimis volumes or concentrations of waste of a type and amount normally found in Residential Solid Waste after implementation of programs for the safe Collection, Recycling, treatment, and Disposal of batteries and

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paint in compliance with Sections 41500 and 41802 of the California Public Resources Code. Excluded Materials does not include used cooking oil or Household Batteries when properly placed for Collection by Customer as set forth in this Agreement.

“Federal” means belonging to or pertaining to the Federal government of the United States.

“Food Recovery” means actions to collect and distribute food for human consumption that otherwise would be Disposed, or as otherwise defined in 14 CCR Section 18982(a)(24).

“Food Recovery Organization” means an entity that primarily engages in the collection or receipt of Edible Food from Commercial Edible Food Generators and distributes that Edible Food to the public for Food Recovery, either directly or through other entities, including, but not limited to:

1. A food bank as defined in Section 113783 of the Health and Safety Code;
2. A nonprofit charitable organization as defined in Section 113841 of the Health and Safety code; and,
3. A nonprofit charitable temporary food facility as defined in Section 113842 of the Health and Safety Code.

If the definition in 14 CCR Section 18982(a)(25) for Food Recovery Organization differs from this definition, the definition in 14 CCR Section 18982(a)(25) shall apply to this Agreement.

“Food Recovery Service” means a Person or entity that collects and transports Edible Food from a Commercial Edible Food Generator to a Food Recovery Organization or other entities for Food Recovery; or as otherwise defined in 14 CCR Section 18982(a)(26).

“Food Scraps” means those Discarded Materials that will decompose and/or putrefy including: (i) all kitchen and table food waste; (ii) animal or vegetable waste that is generated during or results from the storage, preparation, cooking, or handling of food stuffs; (iii) fruit waste, grain waste, dairy waste, meat, and fish waste; and, (iv) vegetable trimmings, houseplant trimmings, flowers, and other Compostable Organic Waste common to the occupancy of Residential Dwelling Units or Commercial Businesses involved in food production, preparation, or sales. The Parties agree that materials may be added to or subtracted from this list from time to time, by mutual consent. Contractor shall not add or subtract materials to or from this list without approval from the Authority Contract Manager, and such approval shall not be unreasonably withheld. Food Scraps are a subset of Food Waste.

“Food-Soiled Paper” means pre- and post-consumer Compostable paper material that has come in contact with food or liquid such as, but not limited to, Compostable paper plates, paper coffee cups, coffee filters, napkins, pizza boxes, and milk cartons. Food-Soiled Paper is a subset of Food Waste.

“Food Waste” means Source Separated Food Scraps and Food-Soiled Paper. Food Waste is a subset of Organic Materials.

“Franchise Fee” means the fee paid by Contractor to the Authority as described in Section 7.1.

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“Generator” means any Person whose act or process produces Discarded Materials as defined in the Public Resources Code, or whose act first causes Discarded Materials to become subject to regulation.

“Gross Rate Revenues” means total Customer billings by the Contractor for the provision of services pursuant to this Agreement, without any deductions.

“Gross Receipts” means total cash receipts collected from Customers by the Contractor for the provision of services pursuant to this Agreement, without any deductions. Gross Receipts do not include revenues from the sale of Recyclable Materials.

“Hazardous Substance” means any of the following: (a) any substances defined, regulated, or listed (directly or by reference) as "Hazardous Substances," "Hazardous Materials," "Hazardous Wastes," "toxic waste," "pollutant," "toxic substances," or similarly identified as hazardous to human health or the environment, in or pursuant to: (i) the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) of 1980, 42 USC §9601 et seq. (CERCLA); (ii) the Hazardous Materials Transportation Act, 49 USC §1802, et seq.; (iii) the Resource Conservation and Recovery Act, 42 USC §6901 et seq.; (iv) the Clean Water Act, 33 USC §1251 et seq.; (v) California Health and Safety Code §§25115-25117, 25249.8, 25281, and 25316; (vi) the Clean Air Act, 42 USC §7901 et seq.; and, (vii) California Water Code §13050; (b) any amendments, rules, or regulations promulgated thereunder to such enumerated statutes or acts currently existing or hereafter enacted; and, (c) any other hazardous or toxic substance, material, chemical, waste, or pollutant identified as hazardous or toxic or regulated under any other Applicable Law including, without limitation, friable asbestos, polychlorinated biphenyl's (PCBs), petroleum, natural gas, and synthetic fuel products and by-products.

“Hazardous Waste” means any waste that meets the definitions set forth in 22 CCR Section 66261.3, et seq. and is required to be managed; or as otherwise defined in 14 CCR Section 17402(a)(7). Hazardous Waste includes hazardous wood waste.

“Holidays” are defined as New Year's Day, Thanksgiving Day, and Christmas Day.

“Household Battery(ies)” means disposable or rechargeable dry cells (e.g., A, AA, AAA, B, C, D, 9-volt, button-type) commonly used as power sources for household or consumer products including, but not limited to, nickel-cadmium, nickel metal hydride, alkaline, mercury, mercuric oxide, silver oxide, zinc oxide, nickel-zinc, nickel iron, lithium, lithium ion, magnesium, manganese, and carbon-zinc batteries, but excluding automotive lead acid batteries or other batteries Contractor is prohibited from carrying by Applicable Law. This excludes cell phone batteries and laptop batteries.

“Household Hazardous Waste” or **“HHW”** means Hazardous Waste generated at Residential Premises within the Member Agencies. HHW includes: paint, stain, varnish, thinner, adhesives, auto products such as old fuel, Used Motor Oil and Filter, batteries, fluorescent bulbs, tubes, cleaners and sprays, pesticides, fertilizers and other garden products, needles, syringes, and lancets.

“Infectious Waste” means biomedical waste generated at hospitals, public or private medical clinics, dental offices, research laboratories, pharmaceutical industries, blood banks, mortuaries, veterinary facilities, and other similar establishments that are identified in Health and Safety Code Section 25117.5 as may be amended from time to time.

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“In-Home Recycling Container” refers to a small, easily portable tote bag with a capacity of at least three (3) gallons to be included by Contractor in the Multi-Family Move-in Kit to facilitate convenient accumulation of Recyclable Materials within a Multi-Family Dwelling Unit.

“Large Event” means an event including, but not limited to, a sporting event or a flea market, that charges an admission price, or is operated by a local agency, and serves an average of more than two thousand (2,000) individuals per day of operation of the event, at a location that includes, but is not limited to, a public, nonprofit, or privately owned park, parking lot, golf course, street system, or other open space when being used for an event. If the definition in 14 CCR Section 18982(a)(38) differs from this definition, the definition in 14 CCR Section 18982(a)(38) shall apply to this Agreement.

“Large Multi-Family” means a Multi-Family Premise, used for Residential purposes (regardless of whether residence therein is temporary or permanent), with sixteen (16) or more Dwelling Units, including such Premises when combined in the same building with Commercial Businesses.

“Large Venue” means a permanent venue facility that annually seats or serves an average of more than two thousand (2,000) individuals within the grounds of the facility per day of operation of the venue facility. For purposes of 14 CCR, Division 7, Chapter 12 and this Agreement, a venue facility includes, but is not limited to, a public, nonprofit, privately owned or operated stadium, amphitheater, arena, hall, amusement park, conference or civic center, zoo, aquarium, airport, racetrack, horse track, performing arts center, fairground, museum, theater, or other public attraction facility. For purposes of 14 CCR, Division 7, Chapter 12 and this Agreement, a site under common Ownership or control that includes more than one Large Venue that is contiguous with other Large Venues in the site, is a single Large Venue. If the definition in 14 CCR Section 18982(a)(39) differs from this definition, the definition in 14 CCR Section 18982(a)(39) shall apply to this Agreement.

“Late Container Delivery Rebate” means the rebate payment to be provided by Contractor to a Customer in accordance with Section 5.12 for failure to deliver one or more Container(s) to a Customer Premises.

“Liquidated Damages” means the amounts due by Contractor for failure to meet specific quantifiable standards of performance as described in Section 10.6 and Exhibit F.

“Member Agency(ies)” means the cities of Campbell, Monte Sereno, Saratoga, and the Town of Los Gatos, collectively, and includes all of the territory lying within their boundaries as presently existing or as such boundaries may be modified during the Term of this Agreement.

“Member Agency Reimbursements” means all payments payable to the Member Agencies identified and referenced in Article 7 of this Agreement, excluding Franchise Fees.

“Missed Collection Rebate” means the rebate payment to be provided by Contractor to a Customer in accordance with Section 5.12 for failure to Collect materials from a Customer Premises.

“Move-in Kit” refers to a pre-prepared and standardized collection of useful items to be given by property managers or Owners of Multi-Family Premises to new Multi-Family tenants upon move-in to a Multi-Family Dwelling Unit. At a minimum, Move-in Kits shall include a Multi-Family Recycling guide and

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stickers or refrigerator-magnets that clearly define the accepted and prohibited materials in the Recycling program. Contractor shall make In-Home Recycling Containers and kitchen pails available to Multi-Family property managers and Owners upon request at Contractor's office.

"Move-out Kit" means a pre-prepared and standardized collection of useful items to be given by property managers or Owners of Multi-Family Premises to existing tenants upon move-out from a Multi-Family Dwelling Unit. At a minimum, Move-out Kits shall include a move-out reuse guide to promote donating and reusing slightly used items (e.g., furniture, clothing), as well as other helpful information for Multi-Family residents that are moving out of the complex.

"Mulch" means a layer of material applied on top of soil, and, for the purposes of the Agreement, Mulch shall conform with the following conditions, or conditions as otherwise specified in 14 CCR Section 18993.1(f)(4):

- A. Meets or exceeds the physical contamination, maximum metal concentration, and pathogen density standards for land applications specified in 14 CCR Section 17852(a)(24.5)(A)(1) through (3).
- B. Was produced at one or more of the following types of Facilities:
 - 1. A Compostable material handling operation or facility as defined in 14 CCR Section 17852(a)(12), that is permitted or authorized under Division 7 of Title 14 of the CCR, other than a chipping and grinding operation or facility as defined in 14 CCR Section 17852(a)(10);
 - 2. A Transfer/Processing Facility or Transfer/Processing operation as defined in 14 CCR Section 17402(a)(30) and (31), respectively, that is permitted or authorized under 14 CCR, Division 7, Chapter 12; or,
 - 3. A Solid Waste landfill as defined in PRC Section 40195.1 that is permitted under 27 CCR, Division 2.

"Multi-Family" means any Residential Premises, other than a Single-Family Premises, used for Residential purposes (regardless of whether residence therein is temporary or permanent), with five (5) or more units, including such Premises when combined in the same building with Commercial Businesses. Multi-Family includes Large Multi-Family Premises and Small Multi-Family Premises that receive centralized, shared, Collection service for all units on the Premises. Customers residing in townhouses, mobile homes, condominiums, or other structures who receive individual service shall not be considered Multi-Family.

"Multi-Family Dwelling Unit" means an individual Residential unit of a Multi-Family complex.

"Non-Collection Notice" means a form developed by Contractor and provided to Customers at Contractor's cost.

"Occupant" means the Person who occupies a Premises.

"Organic Materials" means Yard Trimmings, Food Waste, and Clean Wood, individually or collectively. As of the Effective Date, Organic Materials do not include Compostable Plastic products; however, if

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requested by the Authority during the Term of the Agreement, Contractor shall Collect Compostable Plastics with the Organic Materials. No Discarded Material shall be Organic Materials, however, unless it is separated from Recyclable Material and Solid Waste. The Parties agree that materials may be added to or subtracted from the list of Organic Materials from time to time by mutual consent. Contractor shall not add or subtract materials to or from this list without approval from the Authority Contract Manager, and such approval shall not be unreasonably withheld. Organic Materials are a subset of Organic Waste.

"Organic Waste" means Solid Wastes containing material originated from living organisms and their metabolic waste products including, but not limited to, food, Yard Trimmings, organic textiles and carpets, lumber, wood, paper products, printing and writing paper, manure, biosolids, digestate, and sludges, or as otherwise defined in 14 CCR Section 18982(a)(46). Biosolids and digestate are as defined in 14 CCR Section 18982(a)(4) and 14 CCR Section 18982(a)(16.5), respectively.

"Overage" means Discarded Materials exceeding the Container's intended capacity such that the Container's lid is lifted by at least one (1) inch (or would be lifted by at least one (1) inch if there was a lid); or, (ii) Discarded Materials placed on top of or in the immediate vicinity of the Container, excluding allowed Cardboard as permitted in Exhibit B.

"Owner" means the Person(s) holding legal title to real property and/or any improvements thereon and shall include the Person(s) listed on the latest equalized assessment roll of the County Assessor, or as otherwise defined in 14 CCR Section 18982(a)(57).

"Party or Parties" refers to the Authority and Contractor, individually or together.

"Person(s)" means any individual, firm, association, organization, partnership, consortium, corporation, trust, joint venture, Commercial entity, governmental entity, public entity, or any other legal Person.

"Post-Collection Services Agreement" means the "Processing, Transfer, and Disposal Service Agreement" between the Authority and Waste Management of South Bay, Incorporated effective January 1, 2022 through December 31, 2036, unless extended or earlier terminated.

"Post-Collection Services Contractor" means Waste Management of South Bay, Incorporated who is under contract to the Authority as provided in the Processing and Disposal Agreement.

"Premises" means any land or building in the Authority where Recyclable Materials, Organic Materials, Solid Waste, or C&D are generated or accumulated.

"Processing" means the controlled separation, recovery, volume reduction, conversion, or Recycling of Discarded Materials including, but not limited to, organized, manual, automated, or mechanical sorting, the use of vehicles for spreading of waste for the purpose of recovery, and/or includes the use of conveyor belts, sorting lines, or volume reduction equipment, or as otherwise defined in 14 CCR Section 17402(a)(20).

"Processing Facility" or "Processing Site" means any plant or site used for the purpose of sorting, cleansing, treating, or reconstituting Recyclable Materials or Reusable Materials for the purpose of

EXHIBIT A DEFINITIONS

making such material available for Recycling or reuse; or the facility for the Processing and/or Composting of Organic Materials.

“Prohibited Container Contaminants” means: (i) Discarded Materials placed in the Recyclable Materials Container that are not identified as acceptable Recyclable Materials for the Recyclable Materials Container; (ii) Discarded Materials placed in the Organic Materials Container that are not identified as acceptable Organic Materials for the Organic Materials Container; (iii) Discarded Materials placed in the Solid Waste Container that are acceptable Recyclable Materials and/or Organic Materials to be placed in Organic Materials Container and/or Recyclable Materials Container; and, (iv) Excluded Materials placed in any Container.

“Projected Gross Rate Revenues” means projected Gross Rate Revenues calculated by multiplying the most-recent Customer subscription levels by then-current Rates.

“Public Street” means all Member Agency-owned and maintained paved areas between the normal Curb line of a roadway, including public parking lots, roadway dividers, and medians.

“Push/Pull Charges” means Authority-approved charges associated with the Contractor bringing and/or returning a Commercial Cart or Bin from a location on the Customer’s Premises to the public right-of-way (Push Charge) and/or returning the Container to said Premise (Pull Charge) so that the Container may be serviced.

“Rate” means the maximum amount, expressed as a dollar unit, approved by the Authority that the Contractor may bill a Customer for providing services under this Agreement. A Rate has been established for each individual Service Level and the initial Rates for Rate Period One are presented in Exhibit G2. The Rates approved by Authority are the maximum Rates that Contractor may charge a Customer and Contractor may, in its sole discretion, charge any amount up to and including the maximum Rate approved by the Authority or ratified by the Authority Contract Manager.

“Rate Adjustment Factor” means the amount determined under Exhibit E1 Section 3 or Exhibit E2 Section 4, whichever applies for a particular Rate Period.

“Rate Period” means a twelve (12) month period, commencing July and concluding June 30, with the exception that Rate Period Zero shall begin on the Commencement Date, and end June 30, 2024 (i.e., four-month period).

“Recyclable Materials” means those Discarded Materials that the Generators set out in Recyclable Materials Containers for Collection for the purpose of Recycling by the Contractor and that exclude Excluded Materials. No Discarded Materials shall be considered Recyclable Materials unless such material is separated from Organic Materials and Solid Waste. Contractor shall not add or subtract materials to or from this list without approval from the Authority Contract Manager. Recyclable Materials shall include, at a minimum, the following:

- A Metals: aerosol cans, aluminum foil, aluminum pans, beverage cans, can lids, car parts, doors and screens, electrical motors, food and soup cans, furniture, hangers, keys, lids andcaps, nuts and

EXHIBIT A DEFINITIONS

bolts, paint cans, pet food cans, pipes, plumbing fixtures, pots and pans, propane tanks, scrap metal, screws and nuts, tools, toys, umbrellas, and utensils.

- B. E-Waste: appliances, calculators, cameras, cell phones, computer mice, computer tower, cords, DVD players, DVRs, fax machines, inkjet toner cartridges, keyboards, microwaves, pagers, PDAs, printers, radios, scanners, stereos, telephones, and VCRs, but not including any E-Waste items with embedded batteries.
- C. Paper: aseptic packaging, books, carbonless paper, cardboard, catalogs, cereal boxes, coffee cups, colored paper, computer paper, construction paper, coupons, egg cartons, envelopes, frozen food boxes, gift wrap, juice boxes, junk mail, magazines, mailers, milk cartons, newspapers (including inserts), office paper, paper bags, paper cups and plates, pizza boxes, shoe boxes, shredded paper, and telephone books.
- D. Plastic: auto parts, baby wipe containers, baskets, beverage bottles, bleach/ detergent bottles, buckets, coffee cup lids, coolers, crates, flowerpots, food containers, furniture, hangers, household cleaner bottles, mouthwash bottles, pet carriers, HDPE pipes, plastics (numbers one (1) through seven (7)), prescription bottles, shampoo bottles, shelving, squeeze bottles, swimming pools, take-out containers, and toys.
- E. Film Plastics: bread bags, bubble wrap, cellophane bags, dry cleaning bags, frozen food bags, newspaper bags, pallet wrap, plastic liners, plastic wrap, produce bags, and shrink wrap.
- F. Glass: beverage bottles, broken glass, food jars, and wine bottles.
- G. Miscellaneous: textiles.

“Recycle or Recycling (or any variation thereof)” means the process of sorting, cleansing, treating, and reconstituting, at a Recyclable Materials Processing Facility, materials that would otherwise be Disposed of at a landfill for the purpose of returning such materials to the economy in the form of raw materials for new, reused, or reconstituted products. Recycling includes Processes deemed to constitute a reduction of landfill Disposal pursuant to 14 CCR, Division 7, Chapter 12, Article 2. Recycling does not include gasification or transformation as defined in Public Resources Code Section 40201.

“Related-Party Entity” (whether capitalized or not) means any Affiliate that has financial transactions with Contractor pertaining to this Agreement. For the purposes of this Agreement, Related-Party Entities shall include, but are not limited to _____. *{Proposers: Specify as applicable.}*

“Renewable Natural Gas” or **“RNG”** means gas derived from Organic Waste that has been Diverted from a landfill and Processed at an in-vessel digestion facility that is permitted or otherwise authorized by 14 CCR to recover Organic Waste, or as otherwise defined in 14 CCR Section 18982(a)(62).

“Residential” shall mean of, from, or pertaining to a Single-Family Premises or Multi-Family Premises including Single-Family homes, apartments, condominiums, townhouse complexes, mobile home parks, and cooperative apartments.

EXHIBIT A DEFINITIONS

“Residue” or “Residual” means those materials that, after Processing, are Disposed rather than Recycled, Composted, or otherwise recovered due to either the lack of markets for materials or the inability of the Processing Facility to capture and recover the materials.

“Reusable Materials” means items that are capable of being used again after minimal Processing. Reusable Materials may be Collected Source Separated or recovered through a Processing Facility and using reuse markets developed by Contractor. Reusable Materials may include, but are not limited to, textiles, furniture, and/or sporting equipment.

“Route” means the designated itinerary or sequence of stops for each segment of the Authority’s Collection service area, or as otherwise defined in 14 CCR Section 18982(a)(31.5).

“SB 1383” means Short-Lived Climate Pollutants Act of 2016 (an act to add Sections 39730.5, 39730.6, 39730.7, and 39730.8 to the Health and Safety Code, and Chapter 13.1 (commencing with Section 42652) to Part 3 of Division 30 of the Public Resources Code), establishing methane emissions reduction targets in a Statewide effort to reduce emissions of short-lived climate pollutants as amended, supplemented, superseded, and replaced from time to time.

“SB 1383 Regulations or SB 1383 Regulatory” means to the Short-Lived Climate Pollutants (SLCP): Organic Waste Reductions regulations developed by CalRecycle and adopted in 2020 that created Chapter 12 of 14 CCR, Division 7 and amended portions of regulations of 14 CCR and 27 CCR., as they may be amended.

“Self-Haul(er)” means a Person who hauls Discarded Materials, recovered material, or any other material they have generated to another Person, or as otherwise defined in 14 CCR Section 18982(a)(66). Self-Hauler also includes a Person who Back-Hauls waste.

“Service Level” refers to the size of a Customer’s Container(s) and the frequency of Collection service.

“Service Opportunity” shall mean each individual scheduled opportunity the Contractor has to Collect from a Container at a Customer’s location. For example, a Commercial Customer receiving Recyclable Materials Collection service two (2) times per week from two (2) Containers, Organic Materials Collection service two (2) times per week from (2) Containers, and Solid Waste Collection service two (2) times per week from two (2) Containers would have a total of twelve (12) Service Opportunities each week. Service Opportunities shall be calculated based on the subscription levels presented in Contractor’s most recent monthly report to Authority and Member Agencies.

“Single-Family” means of, from, or pertaining to any Residential Premises with one (1) to four (4) units; notwithstanding any contrary definition in the Member Agencies’ Municipal Code, and any detached or attached house or residence designed or used for occupancy by one (1) or two (2) families, provided that Collection service can feasibly be and is provided to such Premises as an independent unit. Customers residing in townhouses, mobile homes, condominiums, or other structures who receive individual service shall be considered Single-Family.

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“Small Multi-Family” means a Multi-Family Premise, used for Residential purposes (regardless of whether residence therein is temporary or permanent), with five (5) to fifteen (15) Dwelling Units, including such Premises when combined in the same building with Commercial Businesses.

“Solid Waste” means solid waste as defined in California Public Resources Code, Division 30, Part 1, Chapter 2, §40191 and regulations promulgated hereunder. Excluded from the definition of Solid Waste are Excluded Materials, C&D, Source Separated Recyclable Materials, Source Separated Organic Materials, and radioactive waste. Notwithstanding any provision to the contrary, Solid Waste may include de minimis volumes or concentrations of waste of a type and amount normally found in Residential Solid Waste after implementation of programs for the safe Collection, Recycling, treatment, and Disposal of Household Hazardous Waste in compliance with Section 41500 and 41802 of the California Public Resources Code, as may be amended from time to time. Solid Waste includes salvageable materials only when such materials are included for Collection in a Solid Waste Container, not Source Separated from Solid Waste at the site of generation.

“Source Reduction” means and refers to the reduction in overall volume of Discarded Materials generated.

“Source Separated” means the segregation, by the Generator, of materials designated for separate Collection for some form of Recycling, Composting, recovery, or reuse.

“State” means the State of California.

“Subcontractor” means a Person other than the Contractor, who has been engaged to perform an act that is necessary for, and directly related to, Contractor’s fulfillment of a substantial portion of its obligations for providing service under this Agreement. Notwithstanding any other provision in this Agreement, Vendors providing materials, supplies, or professional services to Contractor shall be considered Subcontractors for any purpose under this Agreement (except as explicitly provided in Section 3.3 of this Agreement). Subcontracted activities would include, but are not limited to, Collection, Processing, Container delivery, and any activity that involves direct contact with Customers or operation of vehicles within the Authority. As of Effective Date, Subcontractors are listed in Exhibit G4.

“Term” means the term of this Agreement, including extension periods if granted, as provided for in Article 2.

“Ton” or **“Tonnage”** means a unit of measure for weight equivalent to two thousand (2,000) standard pounds per each ton where each pound contains sixteen (16) ounces.

“Total Service Opportunities” shall mean the sum of all Service Opportunities in a given time period.

“Transfer” means the act of transferring the materials Collected by Contractor in its Route vehicles into larger vehicles for Transport to other facilities for the purpose of Recycling, Processing, or Disposing of such materials.

“Transportation” or **“Transport”** means the act of conveying Collected materials from one location to another.

EXHIBIT A DEFINITIONS

“Universal Waste (U-Waste)” means all wastes as defined by 22 CCR Subsections 66273.1 through 66273.9. These include, but are not limited to, batteries, fluorescent light bulbs, mercury switches, and E-Waste.

“Used Motor Oil and Filter” means used oil fluids for vehicles including motor and engine oil, transmission and hydraulic oil, crankcase and differential oils, lubricating oils for vehicles, and oil filters from automobiles, boats, motorcycles, and light trucks.

“Used Oil Recovery Kit” means a kit containing one (1) reusable plastic jug of at least one (1) gallon capacity with a leak-proof watertight screw-on top to contain used cooking oil and a flyer, brochure, or other informational media approved by the Authority Contract Manager intended to educate Customers about the used cooking oil Collection program and the benefits resulting from the proper handling of used cooking oil. The Used Oil Recovery Kit is to be provided to Single-Family residents. *{Note to Proposers: Container sizes and/or type may be modified based on the program proposed by the selected Contractor.}*

“Vendor” means a person who has entered into a contract with Contractor for performance of an act that is necessary for Contractor’s fulfillment of an unsubstantial portion of its obligations for providing service under this agreement. Vendors include, but are not limited to, printers of public education and outreach materials, document translators, material and supply providers, and professional service providers.

“Working Days” means days on which the Contractor is required to provide regularly scheduled Collection services under this Agreement.

“Yard Trimmings” means those Discarded Materials that will decompose and/or putrefy including, but not limited to, green trimmings, grass, weeds, flowers, leaves, prunings, branches, dead plants, brush, tree trimmings, dead trees, and other types of Organic Materials resulting from normal yard and landscaping maintenance that may be specified in Member Agency legislation for Collection and Processing as Organic Materials under this Agreement. The Parties agree that materials may be added to or subtracted from this list from time to time by mutual consent. Contractor shall not add or subtract materials from this list without approval from the Authority Contract Manager, and such approval shall not be unreasonably withheld. Yard Trimmings does not include items herein defined as Excluded Materials. Yard Trimmings are a subset of Organic Materials. Yard Trimmings placed for Collection must fit within the Contractor-provided Container.

**EXHIBIT B:
DIRECT SERVICES**

EXHIBIT B DIRECT SERVICES

The following Exhibits (B1 through B6) describe the programs that, in aggregate, represent the direct services to be performed under this Agreement by the Contractor.

Each of the following Exhibits (B1 through B6) present the programs to be provided to each Customer Type by Contractor. Within each program description are specific requirements for the:

- Type and size of Containers or Service Level to be offered by Contractor under each program;
- Frequency of service to be offered by Contractor to Customers;
- Location of service, including an indication of whether or not additional charges may apply if a Customer selects a location that is more costly to serve (e.g., back-yard service);
- Materials that are acceptable or prohibited within the program;
- Provision of additional services to the Customer if the standard Service Levels are inadequate, either on a regular or periodic basis, and an indication of whether or not additional charges may apply; and/or,
- Other requirements and considerations of the program.

Contractor shall provide the services for each program described in accordance with the specific program requirements detailed in Exhibits B1 through B6 and Contractor shall promote such programs using the public education and outreach methods described in Exhibit C.

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**EXHIBIT B1:
SINGLE-FAMILY RESIDENTIAL SERVICE**

EXHIBIT B1

SINGLE-FAMILY RESIDENTIAL SERVICES

1. Recyclable Materials Collection

Contractor shall Collect Recyclable Materials placed in Contractor-provided Containers (or otherwise placed in accordance with this Section) one (1) time per week from Single-Family Customers and Transport all Recyclable Materials to the Approved Recyclable Materials Processing Facility.

- Containers:** Carts.
- Container Sizes:** 20, 35-, 65-, and 95-gallons (or comparable sizes approved by the Authority Contract Manager).
- Service Frequency:** One (1) time per week on the same day as Organic Materials and Solid Waste Collection services.
- Service Location:** Curbside. Non-curbside Collection available for free for those physically unable to use curbside service, or at an additional charge as described in Section 4.13.C of the Agreement.
- Acceptable Materials:** Recyclable Materials.
- Prohibited Materials:** Solid Waste, Organic Materials, C&D, Excluded Materials.
- Additional Service:** For Single-Family Customers requesting Recyclable Materials Containers beyond one (1), Contractor shall provide the additional Recyclable Materials Carts at Rates approved by the Authority.
- Contractor shall allow Single-Family Customers to place flattened Cardboard (pieces no larger than 4' x 4') adjacent to the Recyclable Materials Cart on their regularly scheduled Collection day at no additional charge to the Customer.
- Other Requirements:** None.

2. Organic Materials Collection

Contractor shall Collect Organic Materials placed in Contractor-provided Carts (or otherwise placed in accordance with this Section) one (1) time per week from Single-Family Customers and Transport all Organic Materials to the Designated Organic Materials Processing Facility.

- Containers:** Carts.
- Container Sizes:** 20-, 35-, 65-, and 95-gallons (or comparable size approved by the Authority Contract Manager).
- Service Frequency:** One (1) time per week on the same day as Recyclable Materials and Solid Waste Collection service.
- Service Location:** Curbside Non-curbside Collection available for free for those physically unable to use curbside service, or at an additional charge as described in Section 4.13.C of the Agreement.
- Acceptable Materials:** Organic Materials (including Yard Trimmings, Food Scraps, and Compostable Paper). Contractor shall accept Compostable Plastic unless otherwise directed by Authority Contract Manager.

EXHIBIT B1

SINGLE-FAMILY RESIDENTIAL SERVICES

Single-Family Customers may place Organic Materials in Compostable Plastic bags and then place the bagged Organic Materials into their Organic Materials Carts for Collection.

Organic Materials placed for Collection in Carts may not exceed six (6) inches in diameter and three (3) feet in length and must fit in the provided Cart.

Prohibited Materials: Recyclable Materials, Solid Waste, C&D, Excluded Materials.

Additional Service: Up to one (1) additional Cart shall be made available for no additional charge upon Customer request for Customers residing in the City of Campbell, the City of Saratoga, or the Town of Los Gatos. Up to two (2) additional Carts shall be made available for no additional charge upon Customer request for Customers residing in the City of Monte Sereno. For Single-Family Customers requesting Organic Materials Containers beyond three (3), Contractor shall provide the additional Organic Materials Carts to Single-Family Customers upon request and may charge at Rates approved by the Authority.

Contractor shall allow Single-Family Customers to place bundled and tied Yard Trimmings of up to thirty-two (32) gallons in volume adjacent to the Organic Materials Cart on their regularly scheduled Collection day at no additional charge to the Customer up to six (6) times per calendar year.

Other Requirements: Contractor shall purchase and distribute one (1) small kitchen pail designed to contain Food Scraps prior to placement in the Customer's Organic Materials Cart to each new Single-Family Customer at no additional charge. Contractor shall also purchase and provide each Single-Family Customer no more than one (1) small kitchen pail annually at no additional charge upon request by Customer and as directed by the Authority Contract Manager.

3. Solid Waste Collection

Contractor shall Collect Solid Waste placed in Contractor-provided Carts one (1) time per week from Single-Family Customers and Transport all Solid Waste to the Designated Disposal Facility.

Containers: Carts.

Container Sizes: 20-, 35-, 65-, and 95-gallons (or comparable sizes approved by the Authority Contract Manager) as requested by Customer, or Customer purchased additional Solid Waste Collection bags.

Service Frequency: One (1) time per week on the same day as Recyclable Materials and Organic Materials Collection service.

Service Location: Curbside. Non-curbside Collection available for free for those physically unable to use curbside service, or at an additional charge as described in Section 4.13.C of the Agreement.

Acceptable Materials: Solid Waste.

Prohibited Materials: Recyclable Materials, Organic Materials, C&D, and Excluded Materials.

EXHIBIT B1

SINGLE-FAMILY RESIDENTIAL SERVICES

Additional Service: Contractor shall provide additional Solid Waste Carts to Single-Family Customers upon request and may charge the appropriate Rate approved by the Authority.

Contractor shall accept Household Batteries in the Collection program provided that those batteries have been separately packaged in a sealed fluorescent bag, provided by the Contractor and placed on top of the Solid Waste Cart.

Other Requirements: Contractor shall provide every Single-Family Customer with at least two (2) fluorescent bags per calendar year. Contractor shall deliver fluorescent bags in conjunction with educational mailers as part of Contractor's annual public education and outreach plan approved in accordance with Exhibit C, or other method approved by the Authority Contract Manager.

4. Used Cooking Oil Collection

{Note to Proposers: This Section will be removed if Authority elects not to retain Contractor for this alternative service.}

Contractor shall Collect used cooking oil generated through Residential use placed in a Contractor-provided Used Oil Recovery Kit from Single-Family Customers and shall Recycle all used cooking oil Collected pursuant to this Agreement. Contractor shall provide service at the frequency requested by Customers or Occupants, up to the maximum service frequency.

Containers: Used Oil Recovery Kit.

{Note to Proposers: Kit Container sizes and/or types may be modified based on the selected Contractor's proposal.}

Container Sizes: One (1)-gallon translucent plastic containers with screw-on top jugs, and six- (6) mil plastic sealable bags.

Service Frequency: Up to one (1) time per week and up to three (3) gallons per Single-Family Customer per week of used cooking oil on the same day as Solid Waste Collection service.

Service Location: Curbside.

Acceptable Materials: Used cooking oil.

Prohibited Materials: Recyclable Materials, Organic Materials, Solid Waste, C&D, and Excluded Materials.

Additional Service: Not applicable.

Other Requirements: Contractor shall provide a Used Oil Recovery Kit to a Customer upon Customer's request within three (3) Business Days of such request. Upon Collection of used cooking oil from a Customer, Contractor shall leave a clean and empty Used Oil Recovery Kit adjacent to the Recyclable Materials Cart.

Contractor shall Recycle the used cooking oil only with Persons who are authorized by the State of California to Recycle such materials. In the event the used cooking oil Collected pursuant to this Agreement is contaminated to the

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SINGLE-FAMILY RESIDENTIAL SERVICES

extent that the materials require Disposal as a Hazardous Waste, Contractor shall Dispose of such materials at Contractor's own cost and expense in accordance with Applicable Law.

Contractor shall notify the Authority Contract Manager of any contamination that renders the used cooking oil unacceptable for Recycling or that requires Disposal as a Hazardous Waste.

Contractor shall keep all used cooking oil Collected pursuant to this Agreement segregated from other materials.

Contractor may refuse to Collect used cooking oil if it is not contained in an approved Used Oil Recovery Kit, provided that Contractor leaves a Non-Collection Notice that explains the reason for non-Collection, and also leaves a clean and empty Used Oil Recovery Kit adjacent to the refused used cooking oil set out. Contractor may refuse to Collect a Used Oil Recovery Kit that contains liquid other than used cooking oil, provided that Contractor leaves a Non-Collection Notice that explains the reason for non-Collection.

5. Bulky Item Collection

Contractor shall Collect Bulky Items, Reusable Materials, and other materials described herein from Single-Family Customers and Transport all Bulky Items and Reusable Materials to the applicable Designated Facility, Approved Facility, or reuse vendor(s). Contractor shall provide service at the frequency requested by Customers or Occupants, up to the maximum service frequency.

During the first two (2) complete calendar weeks of January each year, Contractor may offer limited Collection of Bulky Items, Reusable Materials, and other materials while offering holiday tree Collection service in accordance with Exhibit B1 Section 6, if needed. Under no circumstances shall the Contractor cease Collection service for Abandoned Waste in accordance with Section 4.5 and Exhibit B4.

Containers: Not applicable.

Service Level: For each Collection event, up to three (3) cubic yards of Reusable Materials, Recyclable Materials, and Solid Waste; and, up to three (3) Bulky Items of which up to one (1) may be an E-Waste item, and two(2) may be an Appliance.

Service Frequency: Upon Customer or Occupant request, up to three (3) times per calendar year per Single-Family Customer at no additional cost to the Customer.

Additional on-call service upon Customer or Occupant request at Rates approved by the Authority.

Service Location: Curbside, in front of each individual Premises, or other location on or adjacent to Customer's Premises, as arranged by Customer and Contractor, to reduce safety concerns of Collecting Bulky Items along busy streets.

Acceptable Materials: Reusable Materials, Bulky Items, Source Separated Recyclable Materials, Source Separated Yard Trimmings, clean unfinished wood, Solid Waste, and E-Waste.

Prohibited Materials: Food Scraps, Hazardous Materials, liquids, sludge, rocks, cement, dirt, bundled

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SINGLE-FAMILY RESIDENTIAL SERVICES

wood exceeding five (5) feet in length or wood that is painted or stained, abandoned automobiles, automobile batteries, commercial tires, Excluded Materials, Infectious Waste, or any single item (e.g., large auto parts) that exceeds one hundred fifty (150) pounds in weight, excluding Appliances (unless Customer has paid an additional fee for service).

Additional Service: Contractor shall Collect additional acceptable materials (as described herein) that exceed the required Service Level (as requested by Customer) and may charge the appropriate Rate approved by the Authority for such additional material Collected.

Other Requirements: Contractor shall design the Bulky Item Collection program to include the participation of reuse vendor(s) to accept donated clothes or other reusable items and to Recycle or Divert as much of the material as possible. Mattresses shall be delivered to a recycler. Contractor shall not Dispose of materials Collected through the Bulky Item Collection program unless the materials cannot be Diverted. Contractor shall Process and Dispose of Bulky Items and Reusable Materials Collected from Customers in accordance with the following hierarchy: (1) reuse as is (where energy efficiency is not compromised); (2) disassemble for reuse or Recycling; (3) Recycle; and if none of the other options are practicable, (4) Dispose.

Appliances and E-Waste items shall be reused, Recycled, or Disposed by Contractor in accordance with requirements of Applicable Law and in accordance with the State Department of Toxic Substance Controls regulations. In the event Contractor Collects Appliances that contain freon, Contractor shall handle such Appliances in a manner that the Appliances are not subject to regulation as Hazardous Waste under applicable State and Federal laws or regulations.

If Contractor determines that material placed for Collection is Hazardous Waste, Designated Waste, or other material that may not legally be Disposed of at the Designated Disposal Facility, handled at the Processing Sites, or presents a hazard to Contractor's employees, the Contractor shall have the right to refuse to accept such material, provided that Contractor leaves a Non-Collection Notice in accordance with Section 4.14 of this Agreement.

6. Holiday Tree Collection

Contractor shall Collect holiday trees from all Single-Family Customers annually to supplement but not replace the Collection program offered by youth programs (including by not limited to the Boy Scouts) in the Authority. Contractor's Collection of holiday trees shall begin at the Customer's Curbside during the first Monday in January and end on the first regularly scheduled Organic Materials Collection day of February for each specific Route. Contractor shall publicize to Customers that the holiday tree collection service is available from the first Monday in January until the first regularly scheduled Organic Materials Collection day of the last week of February for each specific Route. On the first regularly scheduled Organic Materials Collection day of February for each specific Route, Contractor shall offer a courtesy Collection of holiday trees for Customers who did not receive a holiday tree Collection in January.

EXHIBIT B1

SINGLE-FAMILY RESIDENTIAL SERVICES

Holiday trees shall be routed consistent with Organic Materials Collection routes and shall be Collected on the Customer's regular Collection day.

Holiday trees shall be delivered to the Approved Facility(ies) where they will be used to produce Mulch or Diverted from landfill Disposal in an alternative manner to count as Diversion in accordance with the AB 939 and SB 1383, with the exception that holiday trees may not be used as ADC, AIC, or for transformation fuel without prior written approval from the Authority Contract Manager. Trees that are flocked and contain tinsel and/or other decorations may not be Collected for Diversion purposes but shall be Collected and Disposed by Contractor.

Holiday tree Collection services shall be provided at no additional cost to the Authority or the Customer. Contractor may require that holiday trees be cut into sections no greater than six (6) feet.

7. Drop Boxes and Compactors

Contractor shall allow for a Single-Family Customer to use a Drop Box for temporary Collection to meet the Customer's needs. In such case, Contractor shall provide Customer with a choice of Container capacities ranging from eight (8) to forty (40) cubic yards with lids and covers. Contractor shall provide Drop Box Containers. Contractor shall ensure that Drop Boxes containing putrescible materials are Collected at least one (1) time per week. Contractor shall ensure the designated pick-up area shall be in accordance with all Applicable Laws and permit conditions and does not impede the flow of traffic.

**EXHIBIT B2:
MULTI-FAMILY RESIDENTIAL SERVICES**

EXHIBIT B2

MULTI-FAMILY RESIDENTIAL SERVICES

1. Recyclable Materials Collection

Contractor shall Collect Recyclable Materials placed in Contractor-provided Containers from Multi-Family Customers and shall Transport all Recyclable Materials to the Approved Recyclable Materials Processing Facility for Processing. Contractor shall provide service at the frequency requested by Customers, up to the maximum service frequency.

Containers: Carts, Bins.

Container Sizes: 95-gallon (or comparable size Carts approved by the Authority Contract Manager); and,

1-, 1.5-, 2-, 3-, 4-, 5-, and 6-cubic yard Bins. As requested by Customer.

Contractor shall provide Customer with a choice of Container capacities ranging from eight (8) to forty (40) cubic yards. Contractor shall offer the Customer the option to purchase or lease Compactors through either the Contractor or an outside Vendor.

Service Frequency: Up to five (5) times per week, as scheduled by Customer, but not less than one (1) time per week.

Service Location: Curbside, enclosure, or other location agreed upon by Customer and Contractor. Authority-approved charges may apply if the service location is greater than twenty-five (25) feet from the nearest point that a Collection vehicle can access from a paved surface.

Contractor shall ensure the designated pick-up area for Drop Boxes and Compactors are in accordance with all Applicable Laws and permit conditions and does not impede the flow of traffic.

Acceptable Materials: Recyclable Materials.

Prohibited Materials: Organic Materials, Solid Waste, C&D, Excluded Materials.

Additional Service: Special pick-ups requested by a Customer, on days other than their regularly scheduled Collection day, will be available at an approved additional charge. Such additional picks-ups can be scheduled equating to up to five (5) days per week total service.

Other Requirements: Contractor shall open and close gates, push and/or pull Containers, lock and unlock Containers, or perform other services as reasonably necessary to access and service Containers and may charge Authority-approved Rates for such service.

Contractor shall provide no less than twenty (20) gallons for each Dwelling Unit.

2. Organic Materials Collection

Contractor shall Collect Organic Materials in Contractor-provided Containers not less than one (1) time per week from Multi-Family Customers and Transport all Organic Materials to the Approved Organic Materials Processing Facility for Processing. Contractor shall provide service at the frequency requested by Customers, up to the maximum service frequency.

EXHIBIT B2

MULTI-FAMILY RESIDENTIAL SERVICES

{Note to Proposers: Proposer has the option to deliver Multi-Family Organic Materials to the Designated Organic Materials Processing Facility with Single-Family Organic Materials, provided that the Multi-Family Organic Materials meet the contamination standards of the Designated Organic Materials Processing Facility. Authority reserves the right to direct the Contractor to deliver Multi-Family Organics to the Approved Organic Materials Processing Facility.}

- Containers:** Carts, Bins.
- Container Sizes:** 95-gallon (or comparable size Carts approved by the Authority Contract Manager); and,
1-, 1.5-, 2-, 3-, 4-, 5-, and 6-cubic yard Bins, as requested by Customer.
Contractor shall provide Customer with a choice of Container capacities ranging from eight (8) to forty (40) cubic yards. Contractor shall offer the Customer the option to purchase or lease Compactors through either the Contractor or an outside Vendor.
- Service Frequency:** Up to five (5) times per week but not less than one (1) time per week (as requested by Customer).
- Service Location:** Curbside, enclosure, or other location agreed upon by Contractor and Customer. Authority-approved charges may apply if the service location is greater than twenty-five (25) feet from the nearest point that a Collection vehicle can access from a paved surface. Containers shall be shared by Occupants and centralized.
Contractor shall ensure the designated pick-up area for Drop Boxes and Compactors are in accordance with all Applicable Laws and permit conditions and does not impede the flow of traffic.
- Acceptable Materials:** Organic Materials (including Yard Trimmings, Food Scraps, and Compostable Paper). Compostable Plastics are acceptable materials unless otherwise directed by Authority Contract Manager.
Multi-Family Customers may place Organic Materials in Compostable Plastic bags and then place the bagged Organic Materials into their Organic Materials Containers for Collection.
Organic Materials placed for Collection may not exceed six (6) inches in diameter and three (3) feet in length and must fit in the provided Cart or Bin.
- Prohibited Materials:** Recyclable Materials, Solid Waste, C&D, Excluded Materials.
- Additional Service:** Special pick-ups requested by a Customer, on days other than their regularly scheduled Collection day, will be available at an approved additional charge. Such additional picks-ups can be scheduled equating to up to five (5) days per week total service.
- Other Requirements:** Contractor shall purchase and distribute one (1) small kitchen pail designed to contain Food Scraps prior to placement in the Customer's Organic Materials Cart to each new Multi-Family Dwelling Unit Customer or Occupant at no additional charge.

EXHIBIT B2

MULTI-FAMILY RESIDENTIAL SERVICES

Contractor shall open and close gates, push and/or pull Containers, lock and unlock Containers, or perform other services as reasonably necessary to access and empty Containers and may charge Authority-approved Rates for such service.

Contractor shall provide no less than ten (10) gallons of Container capacity for every Dwelling Unit.

3. Solid Waste Collection

Contractor shall Collect Solid Waste placed in Contractor-provided Containers not less than one (1) time per week from Multi-Family Customers and Transport all Solid Waste to the Designated Disposal Facility. Contractor shall provide service at the frequency requested by Customers, up to the maximum service frequency.

Containers: Carts, Bins.

Container Sizes: 35-, 65-, and 95-gallon Carts (or comparable size Carts approved by the Authority Contract Manager); and,
1-, 1.5-, 2-, 3-, 4-, 5-, and 6-cubic yard Bins, as requested by Customer.

Contractor shall provide Customer with a choice of Container capacities ranging from eight (8) to forty (40) cubic yards. Contractor shall offer the Customer the option to purchase or lease Compactors through either the Contractor or an outside Vendor.

Contractor to provide no less than ninety-five (95) gallons of Container capacity for every five (5) Dwelling Units.

Service Frequency: Up to five (5) times per week, but not less than one (1) time per week (as requested by Customer).

Service Location: Curbside, enclosure, or other location agreed up by Contractor and Customer. Authority-approved charges may apply if the service location is greater than twenty-five (25) feet from the nearest point that a Collection vehicle can access from a paved surface.

Contractor shall ensure the designated pick-up area for Drop Boxes and Compactors are in accordance with all Applicable Laws and permit conditions and does not impede the flow of traffic.

Acceptable Materials: Solid Waste.

Prohibited Materials: Recyclable Materials, Organic Materials, C&D, and Excluded Materials.

Additional Service: Special pick-ups requested by a Customer, on days other than their regularly scheduled Collection day, will be available at an approved additional charge. Such additional picks ups can be scheduled equating to up to five (5) days per week total service.

Contractor shall accept Household Batteries in the Collection program from Small Multi-Family Premises provided that tenants of Small Multi-Family

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MULTI-FAMILY RESIDENTIAL SERVICES

Premises place Household Batteries in a sealed fluorescent bag, provided by the Contractor, and place on top of a centrally located Solid Waste Container.

Contractor shall accept Household Batteries in the Collection program from Large Multi-Family Premises provided that the Household Batteries are placed in a Contractor-provided Collection container and placed in a mutually-determined location for Collection.

Other Requirements: Contractor shall open and close gates, push and/or pull Containers, lock and unlock Containers, and/or perform other services as reasonably necessary to access and service Bins, and may charge the Authority-approved Rates for such services.

Contractor shall provide every Multi-Family Customer with at least two (2) fluorescent bags per Multi-Family Dwelling Unit per calendar year. Contractor shall deliver fluorescent bags in conjunction with Diversion opportunity assessments as part of Contractor's annual public education and outreach plan, approved in accordance with Exhibit C, or other method approved by the Authority Contract Manager.

4. Bulky Item Collection

Contractor shall Collect Bulky Items, Reusable Materials, and other materials described herein from Multi-Family Customers and shall Transport all Bulky Items and Reusable Materials to the applicable Designated Facility, Approved Facility, or reuse Vendor(s). Contractor shall provide service at the frequency requested by Customers or Occupants, up to the maximum service frequency.

Containers: Not applicable.

Service Level: Per Multi-Family Dwelling Unit: Up to three (3) cubic yards of Reusable Materials, Recyclable Materials, Yard Trimmings, and Solid Waste; and, up to three (3) Bulky Items of which one (1) may be an E-Waste item.

Service Frequency: Collection provided one (1) time per calendar year per Dwelling Unit on an on-call basis (e.g., a Multi-Family Premises with ten (10) Dwelling Units is entitled to a total of ten (10) total Collection requests per calendar year for the Premises at no charge, regardless of which Dwelling Unit receives the service).

Additional on-call service upon Customer or Occupant request at Rates approved by the Authority.

Service Location: For Small Multi-Family Customers, Contractor shall Collect from a designated location at the Multi-Family Premises mutually agreed upon between Contractor and the Occupant requesting service.

For Large Multi-Family Customers, Contractor shall Collect from a designated location at the Multi-Family Premises mutually agreed upon between Contractor and the property Owner or manager.

Acceptable Materials: Appliances (maximum of two (2) per Dwelling Unit), Reusable Materials, Bulky

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MULTI-FAMILY RESIDENTIAL SERVICES

Items, Source Separated Recyclable Materials, clean unfinished wood, Solid Waste, tires (four (4) per Dwelling Unit; removed from rims) and E-Waste.

Prohibited Materials: Food Scraps, Hazardous Materials, liquids, sludge, rocks, cement, dirt, bundled wood exceeding five (5) feet in length or wood that is painted or stained, abandoned automobiles, automobile batteries, commercial tires, Excluded Materials, Infectious Waste, or any single item (e.g., large auto parts,) that exceeds one hundred fifty (150) pounds in weight, excluding Appliances (unless Customer has paid an additional fee for service).

Additional Service: Contractor shall Collect additional Acceptable Materials (as described herein) that exceed the required Service Level (as requested by Customer) and may charge the appropriate Rate, approved by the Authority, for such additional material Collected.

Other Requirements: Contractor shall design the Bulky Item Collection program to include the participation of reuse Vendor(s) to accept donated clothes or other reusable items and to Recycle or Divert as much of the material as possible. Mattresses shall be delivered to a recycler. Contractor shall not Dispose of materials Collected through the Bulky Item Collection program unless the materials cannot be Diverted. Contractor shall Process and Dispose of Bulky Items and Reusable Materials Collected from Customers in accordance with the following hierarchy: (1) reuse as is (where energy efficiency is not compromised); (2) disassemble for reuse or Recycling; (3) Recycle; and if none of the other options are practicable, (4) Dispose.

Appliances and E-Waste items shall be reused, Recycled, or Disposed by Contractor in accordance with requirements of Applicable Law and in accordance with the State Department of Toxic Substance Controls regulations. In the event Contractor Collects Appliances that contain freon, Contractor shall handle such Appliances in a manner that the Appliances are not subject to regulation as Hazardous Waste under applicable State and Federal laws or regulations.

If Contractor determines that material placed for Collection is Hazardous Waste, Designated Waste, or other material that may not legally be Disposed of at the Designated Disposal Facility, handled at the Processing Sites, or presents a hazard to Contractor's employees, the Contractor shall have the right to refuse to accept such material, provided that Contractor leaves a Non-Collection Notice in accordance with Section 4.14 of this Agreement.

5. Holiday Tree Collection

Contractor shall Collect holiday trees from all Multi-Family Customers annually to supplement, but not replace, the Collection program offered by youth programs (including by not limited to the Boy Scouts) in the Authority.

For Small Multi-Family Customers, Contractor's Collection of holiday trees shall occur at the Customer's Curbside. For Large Multi-Family Customers, Contractor shall contact the property manager or Owner to

EXHIBIT B2

MULTI-FAMILY RESIDENTIAL SERVICES

arrange for a Collection location. Contractor shall offer to provide Large Multi-Family Customers a Drop Box at no additional cost for holiday tree Collection.

Contractor shall publicize to Customers that the holiday tree collection service is available from the first Monday in January until the first regularly scheduled Organic Materials Collection day of the last week of February for each specific Route. On the first regularly scheduled Organic Materials Collection day of February for each specific Route, Contractor shall offer a courtesy Collection of holiday trees for Customers who did not receive a holiday tree Collection in January. Holiday trees shall be routed consistent with Organic Materials Collection routes and shall be Collected on the Customer's regular Collection day.

Holiday trees shall be delivered to the Approved Facility(ies) where they will be used to produce Mulch or Diverted from landfill Disposal in an alternative manner to count as Diversion in accordance with AB 939 and SB 1383, with the exception that holiday trees may not be used as ADC, AIC, or for transformation fuel without prior written approval from the Authority Contract Manager. Trees that are flocked and contain tinsel and/or other decorations may not be Collected for Diversion purposes but shall be Collected and Disposed by Contractor.

Holiday tree Collection services shall be provided at no additional cost to the Authority or the Customer. Contractor may require that Christmas trees be cut into sections no greater than six (6) feet.

6. Move In and Move Out Kits

{Note to Proposers: This Section will be removed if the Authority does not elect for Contractor to provide this service.}

Contractor shall provide Move-in Kits and Move-out Kits to Multi-Family Customers.

For Large Multi-Family Customers, Contractor shall provide Move-in Kits and Move-out Kits to the property manager or Owner, upon request, for the property manager or Owner to provide to tenants. Contractor shall provide additional Move-in Kits and Move-out Kits annually during Diversion opportunity assessments described in Exhibit C, Section 4.

For Small Multi-Family Customers, Contractor shall provide Move-in Kits upon request of a new tenant, property manager, or Owner. In addition, Contractor shall contact each tenant once per calendar year to notify them of the availability of the Move-out Kits and encourage tenants to contact the Contractor when they would like to receive a Move-out Kit.

7. Multi-Family Container Sharing

Upon approval by the Authority Contract Manager and the Contractor, the Contractor shall permit Multi-Family Customers to share Discarded Materials service with other geographically proximate Multi-Family Customers. Such shared service shall be performed and billed as if it were being provided to a single Customer, with the exception that Contractor shall require all Customers sharing a single service account to identify a "Primary Responsible Party" that will serve as the singular point of contact for communication and billing from Contractor and the Authority, along with a list of all addresses with which the Primary Responsible Party will share service.

**EXHIBIT B3:
COMMERCIAL SERVICES**

EXHIBIT B3

COMMERCIAL SERVICES

1. Recyclable Materials Collection

Contractor shall Collect Recyclable Materials placed in Contractor-provided Containers from Commercial Customers and Transport all Recyclable Materials to the Approved Facility for Processing. Contractor shall provide service at the frequency requested by Customers, up to the maximum service frequency.

Containers: Carts, Bins.

Container Sizes: 35-, 65-, and 95-gallon Carts (or comparable size Carts approved by the Authority Contract Manager); and,
1-, 1.5-, 2-, 3-, 4-, 5-, and 6-, 7, and 8-cubic yard Bins, as requested by Customer.
Contractor shall provide Customer with a choice of Drop Box and Compactor capacities ranging from eight (8) to forty (40) cubic yards. Contractor shall offer the Customer the option to purchase or lease Compactors through either the Contractor or an outside Vendor.

Service Frequency: Up to six (6) times per week but not less than one (1) time per week (as requested by Customer).

Service Location: Curbside, enclosure, or location agreed upon by Contractor and Customer at the Commercial Premises. Authority-approved charges may apply if the service location is greater than twenty-five (25) feet from the nearest point that a Collection vehicle can access from a paved surface.
Contractor shall ensure the designated pick-up area for Drop Boxes and Compactors are in accordance with all Applicable Laws and permit conditions and does not impede the flow of traffic.

Acceptable Materials: Recyclable Materials.

Prohibited Materials: Organic Materials, Solid Waste, C&D, Excluded Materials.

Additional Service: Special pick-ups requested by a Customer, on days other than their regularly scheduled Collection day, will be available at an approved additional charge. Such additional picks-ups can be scheduled equating to up to six (6) days per week total service.

Other Requirements: Contractor shall open and close gates, push and/or pull Containers, lock and unlock Containers, or perform other services as reasonably necessary to access and empty Containers, and may charge the Authority-approved Rate for such service.

Contractor to provide no less than sixty-four (64) gallons of Container capacity per week per Commercial Generator with shared service at the Commercial Premises.

2. Organic Materials Collection

Contractor shall Collect Organic Materials placed in Contractor-provided Containers not less than one (1) time per week from Commercial Customers and Transport all Organic Materials to the Approved Facility

EXHIBIT B3

COMMERCIAL SERVICES

for Processing. Contractor shall provide service at the frequency requested by Customers, up to the maximum service frequency.

Containers: Carts, Bins.

Container Sizes: 35-, 65, and 95-gallon (or comparable size Carts approved by the Authority Contract Manager); and,

1-, 1.5-, 2-, 3-, 4-, 5-, and 6-cubic yard Bins, as requested by Customer.

Contractor shall provide Customer with a choice of Container capacities ranging from eight (8) to forty (40) cubic yards. Contractor shall offer the Customer the option to purchase or lease Compactors through either the Contractor or an outside Vendor.

Service Frequency: Up to six (6) times per week but not less than one (1) time per week (as requested by Customer). Saturday service requires three (3) service days during the week (Monday through Friday).

Service Location: Curbside, enclosure, or location agreed upon by Contractor and Customer at the Commercial Premises. Authority-approved charges may apply if the service location is greater than twenty-five (25) feet from the nearest point that a Collection vehicle can access from a paved surface.

Contractor shall ensure the designated pick-up area for Drop Boxes and Compactors are in accordance with all Applicable Laws and permit conditions and does not impede the flow of traffic.

Acceptable Materials: Organic Materials (including Yard Trimmings, Food Scraps, Compostable Paper, and Compostable Plastics).

Commercial Customers may place Organic Materials in Compostable Plastic bags and then place the bagged Organic Materials into their Organic Materials Containers for Collection.

Organic Materials placed for Collection may not exceed six (6) inches in diameter and three (3) feet in length and must fit in the provided Cart or Bin.

Prohibited Materials: Recyclable Materials, Solid Waste, C&D, Excluded Materials.

Additional Service: Contractor shall provide additional Organic Materials Collection capacity to Commercial Customers upon request and may charge the appropriate Rate approved by the Authority. Special pick-ups requested by a Customer, on days other than their regularly scheduled Collection day, will be available at an approved additional charge. Such additional picks-ups can be scheduled equating to up to six (6) days per week total service.

Other Requirements: Contractor shall open and close gates, push and/or pull Containers, lock and unlock Containers, or perform other services as reasonably necessary to access and empty Containers, and may charge the Authority-approved Rate for such service.

Contractor to provide no less than ten (10) gallons of Container capacity per

EXHIBIT B3

COMMERCIAL SERVICES

week per Commercial Generator with shared service at the Commercial Premises.

3. Solid Waste Collection

Contractor shall Collect Solid Waste placed in Contractor-provided Containers not less than one (1) time per week from Commercial Customers and Transport all Solid Waste to the Designated Disposal Facility. Contractor shall provide service at the frequency requested by Customers, up to the maximum service frequency.

Containers: Carts, Bins.

Container Sizes: 35-, 65-, and 95-gallon Carts (or comparable size Carts approved by the Authority Contract Manager); and,

1-, 1.5-, 2-, 3-, 4-, 5-, and 6-, 7, and 8-cubic yard Bins, as requested by Customer.

Contractor shall provide Customer with a choice of Container capacities ranging from eight (8) to forty (40) cubic yards. Contractor shall offer the Customer the option to purchase or lease Compactors through either the Contractor or an outside Vendor.

Service Frequency: Up to six (6) times per week but not less than one (1) time per week (as requested by Customer). Saturday service requires three (3) service days during the week (Monday through Friday).

Service Location: Curbside, enclosure, or location agreed upon by Contractor and Customer at the Commercial Premises. Authority-approved charges may apply if the service location is greater than twenty-five (25) feet from the nearest point that a Collection vehicle can access from a paved surface.

Contractor shall ensure the designated pick-up area for Drop Boxes and Compactors are in accordance with all Applicable Laws and permit conditions and does not impede the flow of traffic.

Acceptable Materials: Solid Waste.

Prohibited Materials: Recyclable Materials, Organic Materials, C&D, Excluded Materials.

Additional Service: Contractor shall provide additional Solid Waste Collection capacity to Commercial Customers upon request and may charge the appropriate Rate approved by the Authority. Special pick-ups requested by a Customer, on days other than their regularly scheduled Collection day, will be available at an approved additional charge. Such additional picks-ups can be scheduled equating to up to six (6) days per week total service.

Contractor shall make contact with each and every Commercial Customer in advance of the Commencement Date to determine appropriate Container sizes and service frequency.

Other Requirements: Contractor shall open and close gates, push and/or pull Containers, lock and unlock Containers, or perform other services as reasonably necessary to access

EXHIBIT B3 COMMERCIAL SERVICES

and empty Containers, and may charge the Authority-approved Rate for such service.

Contractor to provide no less than twenty (20) gallons of Container capacity per week per Commercial Generator with shared service at the Commercial Premises.

4. Commercial Container Sharing

Upon approval by the Authority Contract Manager and the Contractor, the Contractor shall permit Commercial Customers to share Discarded Materials service with other geographically-proximate Commercial Customers. Such shared service shall be performed and billed as if it were being provided to a single Customer, with the exception that Contractor shall require all Customers sharing a single service account to identify a "Primary Responsible Party" that will serve as the singular point of contact for communication and billing from Contractor and the Authority, along with a list of all addresses with which the Primary Responsible Party will share service.

**EXHIBIT B4:
MEMBER AGENCY SERVICES**

EXHIBIT B4

MEMBER AGENCY SERVICES

1. Commercial Customer Services to Member Agency Facilities

Contractor shall Collect Organic Materials, Recyclable Materials, and Solid Waste from Member Agency facilities in the same manner as those services are provided to Commercial Customers. Contractor shall provide service to all existing Member Agency facilities identified in Exhibit B4, as well as any future Member Agency facilities established after the Commencement Date, in the Container sizes and at the frequency requested by the Member Agencies. The cost of providing such service shall be an allowable cost of business, included in the adjustment of Rates as described in Exhibit E.

Contractor shall work with the Member Agencies to ensure that each Member Agency facility (including but not limited to public spaces such as parks) receives service that adequately meets the generation needs of that facility. Contractor shall ensure that all Member Agency facility Service Levels are reviewed and updated every three (3) years during the Term.

2. List of Member Agency Facilities

Contractor will Collect Recyclable Materials, Organic Materials, and Solid Waste from Member Agency facilities (including parks) in the same manner as those services are provided to Commercial Customers. Contractor shall provide service to all Member Agency facilities, present and future, at no additional cost to the Member Agency. However, such costs shall be allowable during cost-based Rate adjustments pursuant to Exhibit E2. Contractor shall provide special event services pursuant to Section 4.6 of the Agreement. Listed below are the current and planned Member Agency facilities to receive Collection services.

Contractor shall provide Solid Waste, Recyclable Materials, and Organic Materials Collection services to the Member Agencies' public facilities, parks, public litter cans, and public Recycling and Organics cans as listed below. The Member Agency may, at any time, modify the service requirements to increase the volume Collected or the frequency of Collection, and add locations serviced.

EXHIBIT B4 MEMBER AGENCY SERVICES

City of Campbell					
Location/Facility Name	Address	Solid Waste	Recyclable Materials	Organic Materials	Drop Box On Call
City Hall	70 N. First Street	1 x 3 yard 3x/week			
Community Center	1 W. Campbell Avenue	2 x 3 yard 2x/week			1 x 18 Yard 1 x 30 Yard
Corporation Yard	290 Dillon Avenue				1 x 18 Yard 1 x 30 Yard

Town of Los Gatos					
Location/Facility Name	Address	Solid Waste	Recyclable Materials	Organic Materials	Drop Box On Call
Police Department	110 E. Main Street	1 x 3 yard 3x/week			
Recreation Center	123 E. Main Street	1 x 2 yard 1x/week			
Neighborhood Center	Main Street & Fiesta	1 x 2 yard 3x/week			
Museum	4 W. Main Street	1 x 1.5 yard 1x/week			
Corporation Yard	41 Miles Avenue				1 x 18 Yard 1 x 30 Yard
Oak Meadows Park	233 Blossom Hill Road				1 x 18 Yard 1 x 30 Yard

City of Monte Sereno					
Location/Facility Name	Address	Solid Waste	Recyclable Materials	Organic Materials	Drop Box On Call
City Hall	18041 Saratoga Los Gatos Road				

City of Saratoga					
Location/Facility Name	Address	Solid Waste	Recyclable Materials	Organic Materials	Drop Box On Call
City Hall	13777 Fruitvale Avenue	1 x 3 yard 3x/week			
Senior Center	19655 Allendale Avenue	1 x 3 yard 3x/week			
Museum	20460 Saratoga-Los Gatos Road	2 x 1.5 yard 1x/week			
Corporation Yard	Allendale Avenue				1 x 18 Yard

3. Public Litter Module Service

Contractor shall provide Collection, Transportation, and Processing or Disposal service to all public litter modules in place or placed by the Member Agencies on sidewalks, at bus stops, in parks, and other Member Agency properties as set forth in Exhibit B4 during the Term of this Agreement. Frequency of Collection may be designated by the Member Agency, not to exceed five (5) times per week per public litter module. *{Note to Proposers: Frequency of Collection will be updated to seven (7) times per week if the Authority elects for Contractor to provide weekend service.}*

EXHIBIT B4

MEMBER AGENCY SERVICES

In the event that public litter modules are designed and able to separately contain Source Separated Recyclable Materials and/or Source Separated Organic Materials, Contractor shall Process such materials in accordance with Sections 4.1 and 4.2 of the Agreement and shall not commingle such materials with Solid Waste.

Listed below are the current and planned Member Agency public litter modules to receive Collection services.

EXHIBIT B4 MEMBER AGENCY SERVICES

City of Campbell		
Location/Facility Name	Address	Service Level
Bus stop	Bascom Avenue & Campbell Avenue	1 can 1x/week
Bus stop	Bascom Avenue & Campbell Avenue	1 can 1x/week
Bus stop	Bascom Avenue & Campbell Avenue	1 can 1x/week
Bus stop	Budd Avenue & Winchester Boulevard	1 can 1x/week
Bus stop	Campbell Avenue & Winchester Boulevard	1 can 1x/week
Bus stop	Campbell Avenue & Winchester Boulevard	1 can 1x/week
Bus stop	Civic Center Drive & Central Avenue	1 can 1x/week
Bus stop	Hamilton Avenue & Winchester Boulevard	1 can 1x/week
Bus stop	Hamilton Avenue & Winchester Boulevard	1 can 1x/week
Bus stop	Hamilton Avenue & Winchester Boulevard	1 can 1x/week
Bus stop	Hamilton Avenue & Winchester Boulevard	1 can 1x/week
Bus stop	Orchard City Drive & Central Avenue	1 can 1x/week
Public litter can	1265 Burrows Road	1 can 1x/week
Public litter can	175 E. Campbell Avenue	1 can 1x/week
Public litter can	1800 Winchester Boulevard	1 can 1x/week
Public litter can	1825 Winchester Boulevard	1 can 1x/week
Public litter can	1976 Bascom Avenue	1 can 1x/week
Public litter can	2020A E. Campbell Avenue	1 can 1x/week
Public litter can	2071 Winchester Boulevard	1 can 1x/week
Public litter can	2120 Winchester Boulevard	1 can 1x/week
Public litter can	2157 Winchester Boulevard	1 can 1x/week
Public litter can	2270 Bascom Avenue	1 can 1x/week
Public litter can	2523 Winchester Boulevard	1 can 1x/week
Public litter can	276 E. Campbell Avenue	1 can 3x/week
Public litter can	347 E. Campbell Avenue	1 can 3x/week
Public litter can	360 E. Campbell Avenue	1 can 3x/week
Public litter can	378 E. Campbell Avenue	1 can 3x/week
Public litter can	415 E. Campbell Avenue	1 can 3x/week
Public litter can	566 E. Campbell Avenue	1 can 3x/week
Public litter can	Bascom Avenue & Campisi Way	1 can 1x/week
Public litter can	Bascom Avenue at Hamilton Plaza	1 can 3x/week
Public litter can	Budd Avenue at 7-11	1 can 3x/week
Public litter can	Across from 1265 Burrows Road	1 can 3x/week
Public litter can	E. Campbell Avenue & Union Avenue	1 can 3x/week
Public litter can	E. Campbell Avenue at Ainsley Park	1 can 3x/week
Public litter can	E. Campbell Avenue at Bank of America	1 can 3x/week
Public litter can	E. Campbell Avenue at Bradley Video	1 can 3x/week
Public litter can	E. Campbell Avenue at Subway	1 can 3x/week
Public litter can	E. Campbell Avenue at Subway	1 can 3x/week
Public litter can	E. Campbell Avenue between Dillon Avenue & Poplar Avenue	5 cans 3x/week
Public litter can	Hamilton Avenue at Winchester Plaza	1 can 3x/week
Public litter can	Pollard Road & Bracebridge Court	1 can 1x/week
Public litter can	Winchester Boulevard & Friar Way	1 can 1x/week
Public litter can	Winchester Boulevard at Community Center	1 can 1x/week
Public litter can	Winchester Boulevard at Safeway	1 can 1x/week
Public litter can	Winchester Boulevard at Winchester Hardware	1 can 1x/week
Public litter can	Winchester Boulevard at Wollworth Garden	1 can 1x/week
Public litter can	W. Campbell Avenue & Kim Louise Drive	1 can 3x/week
Public litter can	W. Hamilton Avenue & Llewellyn Avenue	1 can 3x/week

EXHIBIT B4 MEMBER AGENCY SERVICES

Town of Los Gatos		
Location/Facility Name	Address	Service Level
Bus stop	131 E. Main Street	1 can 5x/week
Bus stop	230 University Avenue	1 can 5x/week
Bus stop	291 E. Main Street	1 can 5x/week
Bus stop	300 E. Main Street	1 can 5x/week
Bus stop	316 N. Santa Cruz Avenue	1 can 5x/week
Bus stop	332 N. Santa Cruz Avenue	1 can 5x/week
Bus stop	333 N. Santa Cruz Avenue	1 can 5x/week
Bus stop	375 Knowels Drive	1 can 5x/week
Bus stop	440 N. Santa Cruz Avenue	1 can 5x/week
Bus stop	5157 Union Avenue	1 can 5x/week
Bus stop	555 Knowels Drive	1 can 5x/week
Bus stop	657 N. Santa Cruz Avenue	1 can 5x/week
Bus stop	664 N. Santa Cruz Avenue	1 can 5x/week
Bus stop	80 University Avenue	1 can 5x/week
Bus stop	815 Pollard Road	1 can 5x/week
Bus stop	E. Main Street at Civic Center	1 can 5x/week
Bus stop	E. Main Street at Police Station	1 can 5x/week
Bus stop	Lark Avenue and Oka Road	1 can 2x/week
Bus stop	Lark Avenue and Oka Road	1 can 2x/week
Bus stop	Los Gatos-Almaden Road & National Avenue	1 can 1x/week
Bus stop	Los Gatos-Almaden Road & Peach Blossom Lane	1 can 1x/week
Bus stop	Los Gatos-Almaden Road & Verde Court	1 can 1x/week
Bus stop	Los Gatos Boulevard at Anderson Chevy	1 can 1x/week
Bus stop	Los Gatos Boulevard at New Town	1 can 1x/week
Bus stop	Los Gatos Boulevard at Village Square	1 can 1x/week
Bus stop	Across from 371 Los Gatos Boulevard	1 can 1x/week
Bus stop	Los Gatos Boulevard at Calvary Church	1 can 1x/week
Bus stop	Los Gatos-Saratoga Road & Montgomery Street	1 can 2x/week
Bus stop	Winchester Boulevard at AAA	1 can 1x/week
Bus stop	Winchester Boulevard at Elks Parking Lot	1 can 1x/week
Bus stop	100 S. Santa Cruz Avenue	1 can 5x/week
Public litter can	100 W. Main Street	1 can 5x/week
Public litter can	101 W. Main Street	1 can 5x/week
Public litter can	101 S. Santa Cruz Avenue	1 can 5x/week
Public litter can	105 N. Santa Cruz Avenue	1 can 5x/week
Public litter can	130 N. Santa Cruz Avenue	1 can 5x/week
Public litter can	133 N. Santa Cruz Avenue	1 can 5x/week
Public litter can	137 N. Santa Cruz Avenue	1 can 5x/week
Public litter can	14 E. Main Street	1 can 5x/week
Public litter can	145 W. Main Street	1 can 5x/week
Public litter can	150 N. Santa Cruz Avenue	1 can 5x/week
Public litter can	151 N. Santa Cruz Avenue	1 can 5x/week

EXHIBIT B4 MEMBER AGENCY SERVICES

Town of Los Gatos (Continued)		
Location/Facility Name	Address	Service Level
Public litter can	15695 Los Gatos Boulevard	1 can 5x/week
Public litter can	15780 Los Gatos Boulevard	1 can 5x/week
Public litter can	15951 Los Gatos Boulevard	1 can 5x/week
Public litter can	16 N. Santa Cruz Avenue	1 can 5x/week
Public litter can	160 W. Main Street	1 can 5x/week
Public litter can	1990 Los Gatos-Almaden Road	1 can 5x/week
Public litter can	2 N. Santa Cruz Avenue	1 can 5x/week
Public litter can	20 Park Avenue	1 can 5x/week
Public litter can	20 S. Santa Cruz Avenue	1 can 5x/week
Public litter can	201 N. Santa Cruz	1 can 5x/week
Public litter can	204 Los Gatos Boulevard	1 can 5x/week
Public litter can	207 Los Gatos Boulevard	1 can 5x/week
Public litter can	208 Bachman Avenue	1 can 5x/week
Public litter can	208 Bachman Avenue	1 can 5x/week
Public litter can	208 N. Santa Cruz Avenue	1 can 5x/week
Public litter can	21 E. Main Street	1 can 5x/week
Public litter can	21 N. Santa Cruz Avenue	1 can 5x/week
Public litter can	224 E. Main Street	1 can 5x/week
Public litter can	227 N. Santa Cruz Avenue	1 can 5x/week
Public litter can	236 N. Santa Cruz Avenue	1 can 5x/week
Public litter can	244 E. Main Street	1 can 5x/week
Public litter can	27 E. Main Street	1 can 5x/week
Public litter can	301 N. Santa Cruz Avenue	1 can 5x/week
Public litter can	34 E. Main Street	1 can 5x/week
Public litter can	37 N. Santa Cruz Avenue	1 can 5x/week
Public litter can	40 N. Santa Cruz Avenue	1 can 5x/week
Public litter can	420 N. Santa Cruz Avenue	1 can 5x/week
Public litter can	470 N. Santa Cruz Avenue	1 can 5x/week
Public litter can	49 E. Main Street	1 can 5x/week
Public litter can	51 N. Santa Cruz Avenue	1 can 5x/week
Public litter can	51 University Avenue	1 can 5x/week
Public litter can	51 University Avenue	1 can 5x/week
Public litter can	51 University Avenue	1 can 5x/week
Public litter can	51 University Avenue	1 can 5x/week
Public litter can	51 University Avenue	1 can 5x/week
Public litter can	51 University Avenue	1 can 5x/week
Public litter can	51 University Avenue	1 can 5x/week
Public litter can	55 N. Santa Cruz	1 can 5x/week
Public litter can	55 N. Santa Cruz	1 can 5x/week
Public litter can	61 E. Main Street	1 can 5x/week
Public litter can	7 Montebello Way	1 can 5x/week
Public litter can	88 W. Main Street	1 can 5x/week
Public litter can	9 N. Santa Cruz	1 can 5x/week
Public litter can	E. Main Street & High School Court	1 can 5x/week
Public litter can	E. Main Street & High School Court	1 can 5x/week

EXHIBIT B4 MEMBER AGENCY SERVICES

City of Saratoga		
Location/Facility Name	Address	Service Level
Bus stop	14363 Saratoga Avenue	1 can 0x/week
Bus stop	Saratoga Avenue at Federated Church	1 can 0x/week
Bus stop	Saratoga Avenue & Seagraves Way	1 can 0x/week
Bus stop	Big Basin Way at Corinthian Corners	1 can 0x/week
Bus stop	Prospect Road at High School	1 can 0x/week
Bus stop	Saratoga Avenue and Cox Avenue	1 can 0x/week
Bus stop	Saratoga-Los Gatos Road & Oak Street	1 can 1x/week
Bus stop	Saratoga-Sunnyvale Road & Blauer Drive	1 can 1x/week
Bus stop	Saratoga-Sunnyvale Road & Prospect Road	1 can 1x/week
Public litter can	14288 Big Bason Way	1 can 2x/week
Public litter can	14429 Big Bason Way	1 can 2x/week
Public litter can	14445 Big Bason Way	1 can 2x/week
Public litter can	14471 Big Bason Way	1 can 2x/week
Public litter can	14495 Big Bason Way	1 can 2x/week
Public litter can	14500 Big Bason Way	1 can 2x/week
Public litter can	14501 Big Bason Way	1 can 2x/week
Public litter can	14510 Big Bason Way	1 can 2x/week
Public litter can	14510 Big Bason Way	1 can 2x/week
Public litter can	14523 Big Bason Way	1 can 2x/week
Public litter can	14531 Big Bason Way	1 can 2x/week
Public litter can	14550 Big Bason Way	1 can 2x/week
Public litter can	14554 Big Bason Way	1 can 2x/week
Public litter can	14555 Big Bason Way	1 can 2x/week
Public litter can	14567 Big Bason Way	1 can 2x/week
Public litter can	14572 Big Bason Way	1 can 2x/week
Public litter can	14573 Big Bason Way	1 can 2x/week
Public litter can	14583 Big Bason Way	1 can 2x/week
Public litter can	Big Bason Way & 3rd Street	1 can 2x/week
Public litter can	Big Bason Way & 4th Street	1 can 2x/week
Public litter can	Bid Bason Way at Bank of America	1 can 2x/week
Public litter can	Bid Bason Way at Drug Store	1 can 2x/week
Public litter can	Bid Bason Way at Saratoga Village Court	1 can 2x/week
Public litter can	Bid Bason Way at Saratoga Village Court	1 can 2x/week
Public litter can	Saratoga Avenue at Post Office	1 can 2x/week
Public litter can	Saratoga-Sunnyvale Road at Saratoga High School	2 cans 2x/week

4. On-Call Clean Up Service

Contractor shall provide Collection and Transportation service for on-call clean-up service requests upon Member Agency request. At each Member Agency's sole option, the Member Agency may direct the Contractor to provide such clean-up capacity in the form of temporary Drop Box service for community events, creek vegetation removal, large clean-up events at locations throughout the Member Agencies, Member Agency Facility Bulky Item Collection, Abandoned Waste Collection, or any other arrangement deemed appropriate. Contractor will provide and collect a maximum of twenty (20) Drop Box hauls per calendar year at no charge to each Member Agency. The Parties acknowledge that the intent of this program is not to support the ongoing, regular Collection needs associated with new developments in

EXHIBIT B4

MEMBER AGENCY SERVICES

the Member Agencies, but rather to support the Member Agencies through targeted, short-term, clean-up events or Collection service.

Contractor shall, in response to a written request from a Member Agency, deliver to and Collect Drop Boxes from locations not designated as City facilities. The request to Contractor shall specify the date of delivery and Collection of the Drop Box Containers, the location(s) for delivery, and the number of and size of the Drop Box Containers to be delivered. Contractor shall deliver Drop Boxes by the next Working Day following Member Agency request. Contractor shall Collect, empty, and return Drop Boxes by the next Working Day following Member Agency request. Contractor shall remove and not return Drop-Boxes by the next Working Day following Member Agency request.

5. Emergency Services

Contractor shall provide emergency services (i.e., special Collections, Transport, Processing, and Disposal) at the request of the Member Agency in the event of major accidents, disruptions, or natural calamities. Contractor shall be capable of providing emergency services within twenty-four (24) hours of notification by the Member Agency or as soon thereafter as is reasonably practical in light of the circumstances. For any services that exceed the scope of services under this Agreement, Contractor shall be entitled to compensation at the emergency service Rates approved under this Agreement. The Member Agency shall have discretion in the method of such compensation between direct payments by the Member Agency and allowing such costs to be considered in the adjustment of Rates for the following Rate Period.

6. Provision of Compost Product

{Note to Proposers: This Section will be updated based on services the Authority elects to have the Contractor provide. It is the Authority's strong preference that SB 1383 organic waste product procurement requirements are met through the use of RNG in Collection vehicles.}

- A. Bulk Compost and/or Mulch for Member Agency Use.** Contractor shall provide to the Authority and its Member Agencies bulk Compost, Mulch, or both each calendar year in an amount needed to fully achieve each Member Agency's recovered organic waste product purchasing requirements of SB 1383, as they may be determined and adjusted throughout the Term. The production, acquisition, advertising, storage, transportation, distribution, and/or any other costs needed to achieve this requirement shall be performed by Contractor at no additional cost to the Authority, its Member Agencies, or Customers. Member Agencies will notify Contractor as to the Member Agency's needs for delivery of finished Compost, Mulch, or both throughout each Calendar Year. Contractor shall deliver Compost, Mulch, or both within five (5) Business Days of a request of the Member Agency to any accessible location within the Member Agency's limits at no additional cost to the Member Agency. Contractor shall work actively with the Member Agency and appropriate Member Agency departments to educate, develop, test, and support expanded uses of qualified Compost and Mulch in the Member Agency. The Member Agency will specify the material type (i.e., Compost, Mulch, or both) to be provided and the quality specifications of the selected material type for any given application.

- B. Compost Give-Away Events.** Contractor shall distribute an annual total of at least one thousand (1,000) cubic feet of Compost per Member Agency to Member Agency residents at no additional

EXHIBIT B4

MEMBER AGENCY SERVICES

cost to the Member Agencies, Authority, or Customers at two (2) public Compost give-away events per Rate Period (such that Contractor shall provide at least five hundred (500) cubic feet of Compost per event). The location, date, and time of such events shall be mutually agreed upon by Contractor and the Member Agency and may be held in conjunction with other Member Agency approved events. Contractor shall deliver the un-bagged Compost to the agreed-upon event location at no cost to Member Agency. Contractor shall provide at least one (1) attendant for at least six (6) hours per event; however, Contractor shall have no obligation to assist Customers with loading the un-bagged Compost into Customer-provided bags. Contractor shall provide no fewer than one hundred (100) empty bags for Customers to fill with Compost at no additional charge to Member Agency or Customers. Any Compost given away to the community through this program shall count towards the Contractor's obligations to provide the Member Agency with the amount of organic waste products required under SB 1383.

- C. SB 1383 Procurement.** Contractor agrees that all Compost, Mulch, or both provided through this Agreement shall comply with the municipal procurement requirements of SB 1383, including being generated from "California Organic Waste Products," as defined by SB 1383 for each applicable material type.

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**EXHIBIT B5:
SPECIAL EVENTS**

EXHIBIT B5 SPECIAL EVENTS

1. Special Events

Contractor shall provide Recyclable Materials, Organic Materials, and Solid Waste services for up to twelve (12) special event days per Member Agency per calendar year. Examples of special event days are listed on the following page. Special event services will be provided at no cost to the event, Authority, or Member Agency. Special event services include:

- A. Event Collection Stations.** Contractor shall provide and set-up an adequate number and type of event Collection stations for Collection of Recyclable Materials, Organic Materials, and Solid Waste at Member Agency-sponsored special events. Contractor shall cooperate with the recovery of Edible Food from special events in accordance with Section 4.6 and 14 CCR Chapter 12 Section 18991.3. Contractor acknowledges that efforts to recover Edible Food at special events may be conducted by others; and, Contractor agrees not to interfere with such activities.
- B. Collection Station Monitors.** Upon request, Contractor shall provide up to six (6) Collection station monitors who shall be present for the duration of each special event. Contractor shall require Collection station monitors to monitor event Collection stations and educate event attendees and vendors about the materials that are acceptable in each Collection station Cart. The Member Agency shall be responsible for Transporting materials contained in event Collection stations to Drop Boxes, which will subsequently be Collected by the Contractor. Station monitors will also sort materials, both at the Collection stations and at the Drop Boxes, to ensure that they are properly separated.
- C. Consolidation Containers.** Upon request, Contractor shall provide Containers for the aggregation of material removed from event Collection stations during the course of the event. Contractor shall provide Containers in sufficient number of appropriate type(s) for the needs of the event (which shall include consideration of needs of the vendors for discarded packing materials) as determined by Contractor in cooperation with the event organizer. Contractor shall service Containers, as agreed-upon with the event organizer, and deliver Collected materials to the appropriate Approved Facility for Processing and/or Disposal.
- D. Public Education Booth.** Upon request of either the Member Agency or the event organizer, Contractor shall staff a booth or exhibit at the event for the purpose of educating the public about the services and programs provided by Contractor under this Agreement and the benefits of Source Reduction, reuse, Recycling, and Composting.
- E. Reporting.** Within ten (10) Business Days following the end of the event (unless otherwise requested by Member Agency on an event-by-event basis), Contractor shall submit a report to the Member Agency, event organizer, and Authority Contract Manager. The report shall include, at a minimum: the number of event Collection stations deployed at the event; the number of Collection station monitors; the Tonnage of each material type (i.e., Recyclable Materials, Organic Materials, and Solid Waste) Collected; a description of the public education provided at the event; and, any suggestions Contractor proposes for the next event.

Contractor may, at its sole discretion and expense, coordinate with event sponsors, local youth, community, or charitable organizations to provide some or all of the required services. Regardless

EXHIBIT B5 SPECIAL EVENTS

of Contractor's use of such an organization, Contractor shall be responsible for ensuring that service is provided to the Customer in a professional and timely manner.

For special events that are not identified in this Exhibit B5 or otherwise hosted or sponsored by the Member Agency, Contractor shall provide the above-described special event services at the request of the event organizer and may negotiate the charges for such services with the event organizer based on the specific needs of the event.

City of Campbell		
Special Event	Estimated Annual Date	# of Days / Weeks
Prune Festival	May	2 Days
Fun Run	February	1 Day
Fun Run	October	1 Day
Summer Concert Series	Summer	8 Weeks
Day Camp Program	Summer	8 Weeks
Holiday Teas	December	2 Weeks
State of the City	September	1 Day

Town of Los Gatos		
Special Event	Estimated Annual Date	# of Days / Weeks
Spring into Green	April	
Christmas Parade	December	

City of Monte Sereno		
Special Event	Estimated Annual Date	# of Days / Weeks
City Picnic	August	1 Day

City of Saratoga		
Special Event	Estimated Annual Date	# of Days / Weeks
Celebrate Saratoga		

**EXHIBIT B6:
CONSTRUCTION & DEMOLITION MATERIAL
COLLECTION**

Exhibit B6

Construction & Demolition Material Collection

1. General

Contractor shall Collect C&D from Customers that directly subscribe to its Collection services. Contractor shall charge Customers for C&D Collection services at Authority Contract Manager approved Rates.

In providing such services, Contractor shall:

- A. Comply with the Member Agency's Construction and Demolition Debris ordinances and regulations.
- B. Educate C&D Customers on the requirement to Source Separate Organic Materials generated during construction and demolition projects. Organic Materials shall be Collected separately from other C&D and Transported for Processing to the Approved Organic Materials Processing Facility, unless C&D is delivered to an Approved C&D Processing Facility, upon request by the Customer.
- C. Cause any C&D Processor that is a Subcontractor (including Affiliates) of Contractor to comply with CalRecycle and California Building Standards Code, including Part 11 California Green Building Standards Code (CALGreen) requirements for the Processing and Recycling of C&D including Organic Waste.
- D. Provide in-person site visits at large C&D Collection Sites within the Authority to train staff on proper sorting for C&D Containers to assist them in achieving Diversion targets as required by California Building Standards Code Part 11 California Green Building Standards Code (CALGreen) requirements.

2. Acceptable Material

Contractor may Collect C&D from construction, remodeling, repair, or demolition operations. C&D may be Source-Separated mixed materials or Source Separated individual materials (e.g., wood-only or metal-only loads). C&D may contain only de minimis amounts of Solid Waste generated at the C&D Collection Sites.

3. Transport and Processing

Contractor shall Deliver C&D to the Designated C&D Processing Facility, or an Approved C&D Processing Facility, as agreed upon by the Customer and the Contractor, in order to achieve higher levels of Diversion than the Designated C&D Processing Facility. Contractor shall work with the Customer to determine the best approach to reach CALGreen compliance.

4. Container Types and Collection Frequency

Contractor shall offer Customers various size Drop Boxes for Collection of C&D, subject to review and approval by the Authority Contract Manager. C&D Containers shall conform to all requirements of Section 5.7 of this Agreement. After the Drop Box has been delivered, Contractor shall provide requested Collection of C&D materials within two (2) Working Days of a Customer request.

Exhibit B6

Construction & Demolition Material Collection

5. Education Information

Contractor shall provide Customers with Authority Contract Manager approved educational information on best practices for C&D Recycling and reuse and proper separation of materials for Collection as described in Section 4.8. As directed by the Authority Contract Manager, Contractor shall label or install signs on Bins and Drop Boxes identifying allowable and non-allowable materials for Collection in the C&D Containers. Signs shall be a minimum size of one (1) foot by two (2) feet and lettering on signs shall be a minimum of three (3) inches high. Signs shall be affixed to the front and both sides of each Bin and Drop Box.

6. Record Keeping and Reporting

Contractor shall submit C&D Tonnage information and other data pursuant to Exhibit D of the Agreement.

**EXHIBIT C:
PUBLIC EDUCATION AND OUTREACH
REQUIREMENTS**

EXHIBIT C

PUBLIC EDUCATION AND OUTREACH REQUIREMENTS

1. General Administration

- A. Program Objectives.** The public education and outreach strategy shall focus on improving Generator understanding of the benefits of and opportunities for Source Reduction, reuse, and landfill Disposal reduction and supporting compliance with Applicable Laws and regulations. Contractor acknowledges that they are part of a multi-Party effort to operate and educate the public about the regional integrated waste management system. Contractor shall cooperate and coordinate with the Authority Contract Manager on public education activities to minimize duplicative, inconsistent, or inappropriately timed education campaigns.
- B. Transition Outreach Plan.** Within thirty (30) days of the Effective Date, Contractor shall host a meeting with the Authority Contract Manager to discuss and present options for a transition outreach plan. Such transition outreach plan options shall indicate strategies for providing targeted Customer education and outreach and highlight any changes from the services provided under the previous franchise agreement. Such transition outreach plan shall also ensure that Contractor makes contact with each and every Multi-Family Customer and Commercial Customer in advance of the Commencement Date to determine appropriate Container sizes and service frequency. Within ninety (90) days of the Effective Date, Contractor shall provide a finalized transition outreach plan for Authority Contract Manager review and approval. Contractor shall distribute instructional information, public education, and promotion materials in advance of, and following, commencement of services in accordance with the transition outreach plan approved by the Authority Contract Manager. {Note to Proposers: If the Proposers suggests revisions to the current acceptable materials lists, the education and outreach program will need to directly reflect the additional outreach efforts that will be performed to ensure a smooth transition to the updated list.}
- C. Status Meetings.** Upon request from the Authority Contract Manager, Authority Contract Manager and Contractor's contract manager (or their respective designees) shall meet up to one (1) time per month to discuss services, outreach, and educational campaigns and request changes or adaptations to the annual public education and outreach plan.
- D. Website.** Contractor shall post all public education and outreach materials on the Authority's website, pursuant to Section 4.11 of the Agreement.
- E. Social Media.** Contractor shall create social media accounts specific to its operations in the Authority. Social media accounts shall be used to post educational materials once per month. Contractor shall use paid, targeted social media advertisements to promote the Collection program. Social media account posts and targeted social media advertisements shall be reviewed and approved by the Authority Contract Manager pursuant to the procedures in this Exhibit.
- F. Additional Materials Request.** A Commercial Business or Multi-Family Premise Owner may request that materials are provided more than once per year to educate new tenants and employees before or within fourteen (14) days of occupation of the Premises. In this case, the Commercial Business or Multi-Family Premise Owner may request delivery of materials by contacting the Contractor's Customer service department.

EXHIBIT C

PUBLIC EDUCATION AND OUTREACH REQUIREMENTS

2. Annual Public Education and Outreach Plan

- A. General.** Each public education and outreach plan shall comply with the requirements set forth in this Exhibit C. This shall entail, at a minimum, distributing program literature to all Customers at the commencement of the Agreement as well as to any new Customer during the Agreement Term. Contractor shall use multiple media sources including, but not limited to, print, radio, television, electronic and social media, workshops, events, and technical assistance. Transition and ongoing sector-specific collateral materials shall be developed and distributed.
- B. Submission of Annual Public Education and Outreach Plan.** At least ninety (90) days prior to the Commencement Date and by October 1 of each year during the Term of this Agreement, Contractor shall develop and submit an annual public education and outreach plan for review by the Authority Contract Manager. The annual public education and outreach plan shall meet the requirements set forth in Exhibit C, Section 2. Prior to the submission of the annual public education and outreach plan, Contractor shall meet with the Authority Contract Manager to present and discuss the plan, review the prior year's activities (including sponsorships and services provided to Member Agency-sponsored events) and determine appropriate campaign areas for the upcoming plan. The Authority Contract Manager shall be permitted to provide input on each annual public education and outreach plan, and the plan shall not be finalized or implemented without approval of the Authority Contract Manager. Authority Contract Manager shall be allowed up to thirty (30) calendar days after receipt of the public education plan to review and request modifications. At the direction of the Authority Contract Manager, Contractor shall revise the public education and outreach plan and submit a revised plan for final review and approval by the Authority Contract Manager at least thirty (30) days prior to the Commencement Date and by December 1 of each year during the Term of this Agreement. Any further delays may result in Liquidated Damages for failure to perform education and outreach activities as identified in Exhibit C.
- C. Campaigns.** Each annual public education and outreach plan shall include campaign(s) designed to address Authority-specific problem areas in the Collection program. Campaign descriptions shall:
1. Identify the problem that the Contractor plans to address, including the target audience for the campaign.
 2. List the activities that the Contractor will use to address the identified problem. This may include, but is not limited to, technical assistance, workshops, distribution materials, and partnerships.
 3. Provide a timeline for implementation of the campaign with specific milestones identified.
 4. Establish metrics to determine the campaign's effectiveness.
 5. Provide an estimated cost for each activity outlined in the campaign in relation to the Contractor's total annual public education and outreach budget.

An example campaign description is provided below for illustrative purposes only.

EXHIBIT C

PUBLIC EDUCATION AND OUTREACH REQUIREMENTS

Problem	Activity	Metrics for Success	Implementation Timeline	Estimated Cost
Complaints regarding kitchen pail program and resulting limited Organic Materials program participation	Distribute kitchen pails to each Occupant living in a Small Multi-Family or Large Multi-Family Premise with instructions on how to use, clean, and care for the kitchen pail.	Conduct a waste characterization study before and after the campaign to determine if tenants in Multi-Family Premises have increased their participation in the Organic Materials program.	Complete distribution by the end of Quarter 2.	{Note to Proposers: estimated costs to be included}
	Provide in-person, technical assistance to tenants. Identify barriers for lack of pail usage through in-Person conversations.		3-4 weeks after the Occupant receives the pail.	{Note to Proposers: estimated costs to be included}

D. Minimum Content Standards. The Contractor shall execute the activities of each campaign in the annual public education and outreach plan to ensure compliance with Applicable Law. The minimum content standards for the information distributed through the annual public education plan include:

1. **Collection Programs.** Information on the Collection programs described in this Agreement and the Generator’s requirements to properly separate Discarded Materials and place such materials in appropriate Containers pursuant to this Agreement, SB 1383 Regulations, and all other Applicable Laws.
2. **Edible Food Recovery.** Information about the County’s Edible Food Recovery Collection program; Commercial Edible Food Generators requirements specified in 14 CCR, Division 7, Chapter 12, Article 10; and where a list of Food Recovery Organizations and Food Recovery Services can be found; and, information about actions that Commercial Edible Food Generators can take to prevent the creation of Food Waste.
3. **Tenant and Business Outreach.** Contractor’s approach to providing public education and outreach materials to property Owners and Commercial Business Owners to distribute to all employees, contractors, tenants, and Customers of the properties and businesses.
4. **School Outreach.** Contractor’s approach to providing public education and outreach materials to schools and youth groups.

EXHIBIT C

PUBLIC EDUCATION AND OUTREACH REQUIREMENTS

5. **Large Venues and Events.** Contractor's approach to providing education and outreach through the public events and venues served under Exhibits B4 and B5 and as required under AB 2176.
 6. **Internal Commercial Business Containers.** Signage for internal Recyclable Materials and Organic Materials containers for applicable Commercial Businesses under AB 827.
 7. **Applicable Law.** Any Federal, State, or local requirements to properly separate Discarded Materials or other necessary actions by Generators, including Applicable Law and corresponding regulations, and requirements of the Member Agencies' municipal codes.
- E. Design, Approval, Production, and Distribution of Materials.** Requirements for production and distribution of public education and outreach materials are as follows:
1. **Material Design and Production.** The Contractor shall be responsible for the design and production of all materials under this program in accordance with this Agreement. Contractor agrees to print, produce, and distribute education materials and conduct outreach, as required by the Authority, as detailed in the Contractor's annual public education plan described in this Exhibit. All outreach and educational materials shall be: thematically branded with consistent color, graphics, font, look, and feel; produced in English and up to three (3) additional languages as the Authority may direct throughout the Term of the Agreement in response to shifting demographics in the Authority); and, photo-oriented to appeal to varied language and literacy levels. Nothing in this Agreement precludes the Authority from designing, producing, and distributing its own education and outreach materials. Prior to finalizing any collateral materials, and no fewer than four (4) weeks prior to the deadline for distribution, the draft shall be provided to the Authority for a final review. The draft shall then be sent for printing and distribution. All materials shall be printed double-sided on one hundred percent (100%) post-consumer Recycled and Recyclable paper.
 2. **Approval of Materials.** Contractor shall obtain approval from the Authority Contract Manager on all Contractor-provided, service-related advertising and promotional materials used within the Authority before publication, production, distribution, and/or release. The Authority Contract Manager, in their sole discretion, shall have the right to deny the use of any materials or content or may request that Contractor include Authority identification and contact information on all distributed education materials. If requested, Contractor shall review and comment on the materials within two (2) weeks of request from the Authority.
 3. **Material Distribution.** In addition to the material distribution requirements of the approved transition outreach plan, in accordance with Exhibit C, Section 1.B, Contractor shall distribute program literature to all Customers annually as well as targeted materials to any new Customer throughout the Term of the Agreement. Contractor shall use multiple distribution methods including, but not limited to, print, radio, television, electronic and social media, and public event participation, if applicable. All printed materials shall also be made available in digital form. Contractor shall differentiate between transition materials

EXHIBIT C

PUBLIC EDUCATION AND OUTREACH REQUIREMENTS

for new services, and ongoing collateral materials, to be distributed at the start and throughout the Term of the Agreement.

4. **Member Agency Facilities.** All Member Agency facilities and the Authority shall receive any and all public education and outreach materials and services provided to the Commercial sector. Contractor shall provide all printed public education materials to Member Agency offices, facilities, and the Authority to have available for the public that visits those facilities and shall replenish the materials as requested by the Authority Contract Manager. Contractor shall mail all printed public education materials to the Authority and Member Agency public works departments at the locations specified by the Authority Contract Manager.

- F. **Metrics.** Each campaign's implementation success shall be measured based on the metrics agreed-upon in the annual public education and outreach plan (e.g., changes in Diversion, contamination, social media engagement rates, and click-through rates resulting from the education and/or outreach efforts). Metrics shall be reported in the monthly report, pursuant to Exhibit D.

- G. **Bill inserts.** Bill inserts shall be designed and produced by the Contractor; and the Contractor shall be responsible for printing and distributing the billing inserts to all Customers up to four (4) times per calendar year. Bill inserts shall be a sheet of paper no larger than eight and one half (8.5) inches by eleven (11) inches. The mailers shall be printed on double-sided, one hundred percent (100%) post-consumer Recycled content and Recyclable paper and shall fit in standard envelopes. Contractor shall provide electronic bill inserts (or separate email attachments) to Customers who are billed electronically, and paper bill inserts to Customers who receive paper bills. For Customers receiving electronic bills, Contractor agrees to distribute brochures, newsletters, or other information developed by the Authority as attachments to Customer invoices. Electronic bill inserts and attachments must be readily available for the Customer to view upon receipt of the invoice (attachments shall not be provided as links). Upon Authority request, Contractor agrees to insert additional information describing Authority activities with the bill inserts. Authority will provide not less than thirty (30) calendar days' notice to Contractor before the mailing date of any proposed additional mailing to permit Contractor to make appropriate arrangements for inclusion of the Authority's additional materials. Authority will provide Contractor the additional materials least fifteen (15) calendar days before the mailing date. Contractor shall perform this service with no additional requirement for compensation.

- H. **Annual Budget.** In addition to staffing expenses, Contractor shall spend, for the public education and outreach services described in this Exhibit C, no less than one hundred fifty thousand dollars (\$150,000) in Rate Period One. The Rate Period One budget shall be adjusted annually thereafter by the same percentage used to adjust Rates pursuant to Exhibit E. Annually, Contractor shall provide to the Authority Contract Manager, for review and approval, a detailed description of how such budget will be spent as part of the annual public education plan to be developed in accordance with Section 2 of this Exhibit C. At the conclusion of each Rate Period, any unused funds shall be transferred to the Authority. Contractor shall be prohibited from expending such funds without the prior written approval of the Authority Contract Manager. Any expenditures

EXHIBIT C

PUBLIC EDUCATION AND OUTREACH REQUIREMENTS

not approved by the Authority in advance shall neither be counted in Contractor's annual public education and outreach budget, nor be recovered through Rates.

3. Public Education and Outreach Team

To best achieve the highest possible level of public education and awareness, Contractor shall employ no less than () full-time equivalent staff member(s) to coordinate and implement all public education and outreach activities required by this Agreement throughout the Agreement Term. The public education and outreach staff shall, at a minimum, perform the following tasks:

- A. Work collaboratively with the Authority to support, supplement, or incorporate Authority programs and educational activities into Contractor activities, and vice versa;
- B. Educate Authority entities and schools on Collection and Diversion programs through presentations or events, upon request;
- C. Participate and represent Contractor in community activities;
- D. Educate Customers on all program services, as described in Exhibit B to the Agreement;
- E. Handle escalated Customer service issues related to Diversion issues that are not operational in nature;
- F. Prepare and present the annual public education and outreach plan required by Section 2 of this Exhibit C;
- G. Coordinate implementation of the annual public education and outreach plan;
- H. Perform Diversion opportunity assessments as outlined in Section 4 of this Exhibit;
- I. Educate Customers on how to make informed, environmentally-forward decisions relative to waste reduction, reuse, repair, Recycling, and Diversion activities.
- J. Monitor social media accounts and respond to comments and direct messages that are of a Customer service nature.
- K. Maximize the opportunity for initial and sustained program success by seeking to identify a "champion" (ideally a senior manager) at each Commercial Business and Multi-Family Premise who will serve as a primary contact and advocate for Diversion programs within the Customer's organization;
- L. Assist in planning service needs for special events and Large Venues with a focus on reducing the Disposal of materials resulting from such events or venues; and,
- M. Create and distribute reports as required under this Agreement and/or requested by Authority Contract Manager.

EXHIBIT C

PUBLIC EDUCATION AND OUTREACH REQUIREMENTS

4. Diversion Opportunity Assessments

Contractor shall provide Diversion opportunity assessments to Commercial and Multi-Family Customers. Diversion opportunity assessments shall be implemented by the public education and outreach staff. Contractor shall include, in the annual public education and outreach plan, details on how Contractor will meet the below requirements for providing Diversion opportunity assessments for the coming year.

- A. Annually notify every Multi-Family and Commercial Customer of the opportunity to have a Diversion opportunity assessment performed, the benefits of such an assessment, and how to schedule the assessment.
- B. Provide assessments to every Multi-Family and Commercial Customer at least once per year over the Term of the Agreement. Contractor shall specify, in the annual public education and outreach plan, the criteria for prioritizing and/or selecting the Customers that will receive Diversion opportunity assessments. Customers who have not been documented as having on-going contamination issues do not need to be prioritized for Diversion opportunity assessments but must still receive all other forms of education and outreach materials. Each Multi-Family and Commercial Customer shall have an assessment within eighteen (18) months of their prior assessment.
- C. Provide assessments that include, at minimum:
 - 1. A meeting with the property manager, Owner, or other management personnel to discuss strategies to increase Diversion.
 - 2. A complete walkthrough of each facility, complex, or business to evaluate the Collection infrastructure, signage, placement of containers, and capacity.
 - 3. An evaluation of the waste stream to identify special wastes and major contaminants.
 - 4. Recommendations for waste reduction, contamination prevention, staff training, and Service Level or frequency modification.
 - 5. Identification of a "champion" (ideally a senior manager) at each Commercial Business and Multi-Family Premise who can serve as a primary contact and advocate for Diversion programs within the Customer's organization.
 - 6. Distribution of educational materials including posters, recycling guides, signage, and other collateral to promote Diversion activities, educate Generators, and meet the education requirements of AB 827, SB 1383, and other Applicable Laws.
 - 7. Confirmation that the property is in compliance with all Applicable Laws.
- D. Compile monthly reports to submit to the Authority as outlined in Exhibit D.

5. News Media Relations

Contractor shall notify the Authority Contract Manager by e-mail of all requests for news media interviews related to the Collection services program within twenty-four (24) hours of Contractor's receipt of the request. Before responding to any inquiries involving controversial issues or any issues likely to affect participation or Customer perception of services, Contractor will discuss Contractor's proposed response with the Contract Administrator.

EXHIBIT C

PUBLIC EDUCATION AND OUTREACH REQUIREMENTS

Copies of draft news releases or proposed trade journal articles related to the provision of Collection services under this Agreement shall be submitted to Authority Contract Manager for prior review and approval at least five (5) Business Days in advance of provision to such Persons, except where Contractor is required by any law or regulation to submit materials to any regulatory agency in a shorter period of time, in which case Contractor shall submit such materials to Authority Contract Manager simultaneously with Contractor's submittal to such regulatory agency.

Copies of articles resulting from media interviews or news releases shall be provided to the Authority Contract Manger within five (5) Business Days after publication.

**EXHIBIT D:
REPORTING REQUIREMENTS**

EXHIBIT D

REPORTING REQUIREMENTS

Records shall be maintained in forms 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:

- Determine and approve Rates and evaluate the financial efficacy of operations.
- Evaluate past and expected progress towards achieving the Contractor's Diversion goals and objectives.
- Provide concise and comprehensive program information and metrics for use in fulfilling reporting requirements under Applicable Law.
- Determine needs for adjustment to programs.
- Evaluate Customer service and Complaints.
- Determine Customer compliance with State-mandated Recycling requirements.

1. Monthly Report Content

Monthly reports shall be presented by Contractor to show the following information for each month in the reporting period. In addition, each monthly report shall include a year-to-date summary page that includes the data submitted from the monthly report(s) submitted in the calendar year prior to the submittal of the current monthly report. Contractor shall report the information included in the following subsections.

A. Tonnage Report

1. Tonnage delivered to the Approved Facility or Designated Facility by Customer Type and material type, subtotaling and clearly identifying those Tons that are Diverted and those that are Disposed.
2. Units of Used Motor Oil and Filters, used cooking oil, E-Waste, U-Waste, and Bulky Items Collected by Customer Type.
3. Bulky Items and Reusable Materials Tonnage reused, Tonnage Recycled, and Tonnage Disposed from non-Divertible materials and Processing Residue.
4. Monthly Diversion rate by Customer Type and in aggregate for all Customer Types under this Agreement, based on the calculation methodology described in Section 5.10.
5. The Tons of Discarded Materials removed from illegal Disposal sites.

B. Diversion Report

1. The Diversion level for each month and the cumulative year-to-date Diversion level, where Diversion level shall be calculated as: (Discarded Materials Collected – Solid Waste Collected – Processing Residue Disposed) / Discarded Materials Collection.
2. All information required of in Section 5.10.

EXHIBIT D

REPORTING REQUIREMENTS

C. Contamination Monitoring Report

1. The number of Contractor route reviews conducted in the reporting month, if any, pursuant to Section 4.14.2 of this Agreement.
2. Description of the Contractor's process for determining contamination.
3. A record of each inspection and contamination incident that occurred in the month, if any, which shall include, at a minimum: name of Customer; address of Customer; date the contaminated Container was observed; staff who conducted the inspection; total number of violations found and a description of the action that was taken for each; copies of all notices and enforcement orders issued or taken against Generator with Prohibited Container Contaminants; any photographic documentation or supporting evidence; and, documentation of the total number of Containers with contents Disposed of due to observation of Prohibited Container Contaminants.
4. Documentation of the total number of Containers Disposed of due to observation of Prohibited Container Contaminants.
5. A list of all Customers assessed contamination Processing fees, pursuant to Section 4.14 of this Agreement, reported separately by Single-Family, Multi-Family, and Commercial Customers and including the Customer name, Customer address, and reason for the assessment of the contamination Processing fee, and the total number of instances that contamination fees were assessed in the month, the total dollar amount of fees collected in the month; and, any other information reasonably requested by the Authority Contract Manager or specified in contamination monitoring provisions of this Agreement.
6. A list of Customers with chronic contamination, defined as four (4) or more instances of observed Prohibited Container Contaminants within a calendar year. The list shall include: the Generator's name and address; the total number of contamination instances observed year-to-date; and, the actions taken by the Contractor to address the situation, reduce contamination, and improve Customer compliance.
7. Any other information reasonably requested by the Authority Contract Manager or specified in any contamination monitoring provisions of this Agreement.

D. General Non-Collection and Courtesy Collection

1. Number of events where Discarded Materials were tagged for non-Collection in accordance with Section 4.16, summarized by the reason for tagging (e.g., improper set-out, Hazardous Waste). Each event shall include the date of issuance of the Non-Collection Notice, Customer name, and service address.
2. List of courtesy Collections including the Customer address, material type for which the courtesy Collection was performed, and the reason for leaving a Courtesy Collection Notice in accordance with Section 4.16 (e.g., improper set-out, Hazardous Waste). Courtesy Collection Notices related to Prohibited Container Contaminants shall be reported as specified in Exhibit D.1.C.
3. List of Customers for which Contractor has performed a courtesy Collection, including the Customer address and material type for which the courtesy Collection was performed.

EXHIBIT D

REPORTING REQUIREMENTS

E. Education Program

1. Status report of Contractor's actual activities completed and budget expended compared to the approved annual public education and outreach plan and budget. Include content of posted social media posts, e-mail communications, or other electronic messages. For each completed item, document the results including what methods were used to accomplish the task, if different from the plan, and the agreed-upon metrics for each campaign in the annual public education and outreach plan.
2. For any mass distribution through mailings or bill inserts that occurred in the month, the Contractor shall maintain a record of the date, a copy of the information distributed, and the type and number of accounts that received the information.
3. A copy of all printed education and outreach materials provided to Generators, or otherwise used for education and outreach efforts in accordance with Exhibit C of the Agreement, including, but not limited to: flyers, brochures, and newsletters. A record of the date and to whom each material was disseminated shall be included in the report, including the Generator's name or account name, the type of education or outreach received, the distribution date, and the method of distribution.
4. A copy of all electronic media, including the dates posted or sent for social media posts, e-mail communications, website banners, or other electronic messages. A summary report shall be provided for electronic marketing that itemizes each communication.
5. Summary of the public education materials and activities provided to schools in the month.
6. Dates, times, and group or event names of any site visits, meetings, and events attended in the month.
7. Diversion opportunity assessment reports, including the following:
 - a. Contact information including address, name, and telephone number of Person(s) contacted.
 - b. The total number of Diversion opportunity assessments performed for Multi-Family and Commercial Customers in accordance with Exhibit C, Section 4.
 - c. A list of each Customer provided a Diversion opportunity assessment, their Service Levels before and after the assessment, recommendations made, and any other outcomes of the assistance provided. For Multi-Family Customers, include the number of Dwelling Units.
 - d. The number of engagements per Customer (phone calls, site visits, notices, etc.)
 - e. A list of Multi-Family and Commercial Customers who have not received a Diversion opportunity assessment in the past eighteen (18) months and an explanation as to why the Customer was missed, and a plan to contact the Customer.
 - f. The total number of non-compliant Multi-Family and Commercial Customers, the number of non-compliant Customers directly targeted for technical assistance, the number of Customers brought into compliance in the reported month, and the number of non-compliant Customers escalated to Authority staff.

EXHIBIT D

REPORTING REQUIREMENTS

- g. Any other metrics or measurements of success the Contractor deems appropriate to share, or as requested by the Authority

F. Customer Subscription Report

1. List of all Customers with associated service addresses, contact information, Customer Type, Service Level, Bulky Item and Reusable Materials Collections for the month, Rates charged, Missed Collection Rebates remitted, Late Container Delivery Rebates remitted, and any new notes added to each Customer account since the prior month.
2. Number of Containers at each Service Level by Customer Type and material type. Summarize the total gallons of Cart service, cubic yards of Bin service, and pulls and cubic yards or Tons of Drop Box and Compactor service by Customer Type. The report should calculate the average volume of service received per: Single-Family Dwelling Unit (separately identifying Dwelling Units in a duplex, triplex, or fourplex); Multi-Family Dwelling Unit; Commercial Customer; and, Drop-Box Customer.
3. Number of Bulky Item, Reusable Materials Collection, and holiday tree Collection events by Customer Type.

G. Service Exemptions

1. Number of Customers subscribing to each Member Agency approved service exemption by Customer Type.
2. The number of Generator waiver reverifications performed by the Contractor pursuant to Section 4.13 of this Agreement in the month, if any, including a copy of documentation for each reverification inspection, which shall include, at a minimum: Customer's name, address, and Generator type; the type of waiver being verified; any photographic or other evidence collected during the inspection; and, the resulting recommended conclusion by the Contractor regarding the validity of the waiver. The Contractor shall provide a summary of recommendations to the Authority of all waivers that the Contractor concludes to no longer be warranted.

H. Revenue Report

1. Statement detailing Gross Receipts by Member Agency, Sector, and material type from all operations conducted or permitted pursuant to this Agreement as required by Article 8.
2. List of Customers that are forty-five (45) or more calendar days past due and include the following information for each delinquent account: name; service address; contact information; number of days the account is delinquent; and method(s) the Contractor has used to attempt collection of the bad debt, including date of such attempt(s).

I. Member Agency Service Report

1. Member Agency facility Diversion rate report (i.e., volume of service by Service Type received by each Member Agency facility and the percentage of the total Service Levels that are for Diversion services relative to the total).

EXHIBIT D

REPORTING REQUIREMENTS

2. Summary report on the programs offered to Member Agency as described in Exhibit B4, focused on when each service was provided, summary report of tonnage collected as applicable, and any issues or concerns identified.

J. Customer Service Report

1. Number of Customer calls listed separately by Complaints and inquiries. Inquiries should include requests for Recycling information, Rate information, etc. Complaints should list the number of calls separately by category (e.g., missed pickups, scheduled cleanups, billing concerns, damage claims). These Complaints and inquiries shall be documented and reported separately from SB 1383 non-compliance Complaints or other regulatory non-compliance Complaints.
2. Total Customer calls handled by the operator, average time to answer, average hold time after operator has answered, and average time for Customer abandoned calls. *{Note to Proposers: This will be revised to align with the Proposer's available data from the call system.}*
2. Number of missed or incomplete Collections reported in total, and per one thousand (1,000) Service Opportunities in the Member Agency, presented in a graph format, that compares total missed Collections in the Authority to total missed Collections in the other agencies served by Contractor's *{General Manager/Regional Manager}*.
3. Number of missed or incomplete Collections reported in total, and per one thousand (1,000) Service Opportunities in the Member Agency, presented in a graph format, that compares total missed Collections in the Authority during the current report period to total missed Collections in the Authority in past reporting periods.
4. Number of new service requests for each Customer Type and program.
5. Number of events of Discarded Materials being tagged for non-Collection summarized by the reason for tagging (e.g., inclusion of non-Recyclable or non-Compostable materials, improper set-out, Hazardous Waste).
6. Number of hits and unique visitors to the Contractor's website.
7. Record of SB 1383 non-compliance Complaints received, including the following information:
 - a. Total number of Complaints received, and total number of complaints investigated.
 - b. Copies of documentation recorded for each Complaint received, which shall at a minimum include the following information: (i) the Complaint as received; (ii) the name and contact information of the complainant, if the Complaint is not submitted anonymously; (iii) the identity of the alleged violator, if known; (iv) a description of the alleged violation, including location(s) and all other relevant facts known to the complainant; (v) any relevant photographic or documentary evidence submitted to support the allegations in the Complaint; and, (vi) the identity of any witnesses, if known.
 - c. Copies of all SB 1383 non-compliance Complaint reports submitted to the Authority, pursuant to Section 4.11.2 of this Agreement.

EXHIBIT D

REPORTING REQUIREMENTS

- d. Documentation of any follow-up inspections and/or outreach, if any, conducted upon Member Agency or Authority Contract Manager request pursuant to Section 4.11.2 of this Agreement, which shall include at a minimum: (i) the date the Contractor investigated the Complaint; (ii) documentation of the findings of the investigation; and (iii) any photographic or other evidence collected during the investigation.

K. C&D Report

Contractor shall separately document the following information for each construction and demolition project:

1. Tonnage of C&D Collected.
2. Tonnage of C&D delivered to the Designated C&D Processing Facility or an Approved C&D Processing Facility, specialty Recyclers, and/or reuse or salvage operations, or locations where C&D Debris was delivered for Processing or reuse.
3. Calculation of the project-specific Diversion level (tons of C&D Recycled, reused, or salvaged divided by total tons of C&D Collected).

- L. Special Event Reporting.** Contractor shall include a compilation of the special event reports provided for the month in accordance with Exhibit B5.

- M. Pilot and New Programs Report.** For each pilot and/or new program, provide activity-related and narrative reports on goals, milestones, and accomplishments. Describe problems encountered, actions taken, and any recommendations to facilitate progress. Describe vehicles, personnel, and equipment utilized for each program.

2. Annual Report Content

The annual report shall be the final monthly report, including annual totals, summary pages, and a compilation of any materials required by the monthly reports, plus the following additional information.

- A. Summary Assessment.** Provide a summary assessment of the programs performed under this Agreement, from Contractor's perspective, relative to the financial and physical status of the program. The physical status assessment shall reflect how well the program is operating in terms of efficiency, economy, and effectiveness in meeting all the goals and objectives of this Agreement, particularly the Contractor's Diversion goals and compliance with regulatory requirements. Provide recommendations and plans to improve. Highlight significant accomplishments and problems. Results shall be compared to other similar size communities served by the Contractor in the State.

- B. Collection Report.** Contractor shall provide a summary of Collection and Transportation operations, including:

1. The total Tonnage of Discarded Materials, listed separately by Discarded Material type, removed by Contractor from illegal Disposal sites as part of an abatement activity, listing each Collection event separately by date, location, and Tonnage Collected.

EXHIBIT D

REPORTING REQUIREMENTS

3. A record of all compliance agreements for quarantined Organic Waste that is Disposed, including the name of Generator, date issued, location of final Disposition, and the amount of quarantined Organic Waste that was required to be Disposed at a landfill.
4. If the Contractor Transports Collected materials to an alternative Processing Facility in the event of an unforeseen closure or emergency, in accordance with Sections 4.1.E and 4.2.H of the Agreement, Contractor shall include the following documents and information:
 - a. The number of days the Processing Facility emergency was in effect;
 - b. Copies of any notifications sent to the Authority pursuant to Sections 4.1 and 4.2 of the Agreement;
 - c. Documentation setting forth the date of issuance of the waiver, the timeframe for the waiver; and,
 - d. A record of the Tons of Recyclable Materials and/or Organic Materials redirected to an alternative Facility or Disposed as a result of the waiver, recorded by Collection vehicle or Transfer vehicle number or load, date, and weight.

C. Vehicle Inventory

1. Provide a listing of all vehicles used in performing services under this Agreement including the license plate number, VIN, make, model, model year, purchase date, fuel type, capacity, decibel rating, engine overhaul/rebuild date (if applicable), and mileage on June 30.
2. The total amount of RNG procured by the Contractor for use in Contractor vehicles, in diesel gallon equivalents (DGE), including copies of any receipts, invoices, or other similar documentation evidencing procurement. In addition to the amount procured, Contractor shall include the total amount actually used in Contractor vehicles in the calendar year, if these values are different.
3. The name, physical location, and contact information of each entity, operation, or facility from whom the Contractor procured RNG for Collection vehicles.

- D. Regulatory Compliance.** Provide a narrative description of the status of the Contractor's programs related to compliance with SB 1383 Regulations or other relevant regulations specified by the Authority Contract Manager. Describe any challenges or opportunities for program improvement identified in the calendar year.

3. Other Reports

- A. AB 901 Reports.** The Authority Contract Manager reserves the right to require that Contractor provide the Authority copies of the Contractor's, or their Approved Facility Subcontractor's, AB 901 reports on a regular basis (such as monthly, quarterly, or annually) or within five (5) Business Days of Authority request. If a Contractor has an agreement with an Approved Facility, the Contractor shall be required to provide AB 901 reports for those facilities.
- B. Upon Incident Reporting.** The Authority Contract Manager reserves the right to request additional reports or documents in the case of unforeseen events or additional requirements imposed upon the Member Agencies and/or Authority. Contractor shall provide the requested reports,

EXHIBIT D

REPORTING REQUIREMENTS

documents, or information within ten (10) Business Days upon receipt of the request or within a timeframe determined by the Authority Contract Manager, which shall not to exceed ten (10) days.

- C. Customized Reports.** The Authority Contract Manager reserves the right to request Contractor to prepare and provide customized reports from records Contractor is required to maintain; or require a specified format or submission system, such as the use of a web-based software platform.

**EXHIBIT E:
RATE ADJUSTMENT METHODOLOGY**

EXHIBIT E

RATE ADJUSTMENT METHODOLOGY

1. General

Subject to the terms herein, the Authority Contract Manager shall ratify all Rates on an annual basis. Contractor shall submit its application for a Rate adjustment to the Authority Contract Manager on or before February 1 of each Rate Period where Rates shall be adjusted using the index-based methodology described in Exhibit E1. Contractor shall submit its application on or before January 1 for any Rate Period where Rates shall be adjusted using the cost-based methodology described in Exhibit E2. Contractor's Rate application shall document all calculations and include all supporting schedules, documentation of City provided per-Ton charge for Disposal and Processing at the Approved Facility(ies), and any other documentation or evidence determined by the Authority Contract Manager to be reasonably necessary to ensure that the calculation of Rate adjustments has been performed in strict conformance to the requirements of this Exhibit E. The Contractor's Processing and Disposal Costs shall be paid to the Post Collections Services Contractor, as calculated using the Authority-provided per-Ton rates for the Approved Facilities for each material type and the total Tons of material provided by the Contractor, as further detailed in Exhibit E1 and E2.

The Authority Contract Manager shall make a good faith effort to ratify Rates by June 1 of each year, and such Rates shall be effective on each subsequent July 1. If Rates are not effective by July 1, due to a delay caused solely by Authority, Authority Contract Manager shall allow Contractor to retroactively bill Customers for the amount of the Rate increase for any period of said delay that is solely caused by Authority (subject to the Authority Contract Manager's approval of how the retroactive adjustment is billed) or the Authority may compensate the Contractor for lost Gross Rate Revenues. In the case of a delayed Rate adjustment, the Contractor may bill the Customer during the next billing cycle to recoup the deferred Rate increase. If Rates are not effective by July 1, as a result of Contractor's delay in submitting the Rate application in a complete and accurate form, then prior Rates remain in effect until such adjustment is made and Contractor shall not be entitled to a retroactive adjustment for lost Gross Rate Revenues.

2. Definitions

Certain terms that are specific to this Exhibit (including Exhibits E1 and E2) are defined below:

- A. **"Annual Percentage Change"** means the annual percentage change in any of the indices defined above, calculated as described in the following paragraph.

The Annual Percentage Change for a cost index shall be calculated as the Average Index Value for the most recently available twelve- (12) month period of the then-current Rate Period minus the Average Index Value for the corresponding twelve- (12) month period of the most-recently completed Rate Period and the result of which shall be divided by the Average Index Value for the same twelve- (12) month period of the most recently completed Rate Period.

For example, if the Contractor is calculating the Total Calculated Costs in January 2026 to be effective for Rate Period Three (July 2026 through June 2027), the Annual Percentage Change for the CPI-U would be calculated as follows:

[(Average CPI-U for January 2025 through December 2025) minus
(Average CPI-U for January 2024 through December 2024)] divided by
(Average CPI-U for January 2024 through December 2025)

EXHIBIT E

RATE ADJUSTMENT METHODOLOGY

The calculated Annual Percentage Change shall be carried to three (3) places to the right of the decimal and rounded to the nearest thousandth.

- B. **“Average Index Value”** means the sum of the monthly index values during the most recently available twelve- (12) month period divided by twelve (12) (in the case of indices published monthly) or the sum of the bi-monthly index values divided by six (6) (in the case of indices published bi-monthly).
- C. **“CPI-U”** means the Consumer Price Index, All Urban Consumers, all items, not seasonally adjusted San Francisco-Oakland-Hayward Metropolitan Area compiled and published by the U.S. Department of Labor, Bureau of Labor Statistics.
- D. **“Processing and Disposal Costs”** means the separate, and in combination, costs of Processing and Disposing of Discarded Materials at the Designated Facility or the Approved Facility, calculated as the per-Ton fee multiplied by the total Tons of material.
- E. **“ECI”** means the Employment Cost Index, Total Compensation, Private Industry, Service-Providing Industries, seasonally adjusted, compiled and published by the U.S. Department of Labor, Bureau of Labor Statistics.
- F. **“Fuel Index”** means the per-therm price for Core Natural Gas Service for Compression on Customer’s Premises, Schedule G-NGV1, compiled and published by the Pacific Gas and Electric Company Analysis and Rate Department and reported monthly in its *“Gas RateFinder”* publication (<http://www.pge.com/tariffs/GRF.SHTML>). The January 2018 Fuel Index is \$0.70874 per therm, which reflects the sum of the Customer charge, procurement charge, Transportation charge, and public purpose program (PPP) charge for natural gas service for compression on Customer’s Premises as reported by Pacific Gas and Electric Company.
- G. **“Recyclables Rebate Index”** or **“RRI”** means {Note to Proposers: The Authority requests your proposal for a calculation methodology that uses publicly-available or third-party indices (OBM, RecyclingMarkets.net, etc.) and Recycling characterization data, specific to the Authority, to develop an index to track the value of Recyclable Materials during the Term of the Agreement}.
- H. **“Motor Vehicle Maintenance and Repair Index”** or **“MVI”** means the Consumer Price Index, All Urban Consumers, Motor Vehicle Maintenance and Repair, not seasonally adjusted U.S. city average, compiled and published by the U.S. Department of Labor, Bureau of Labor Statistics.
- I. **“Total Calculated Costs”** means the total amount to be used as a basis for determining the Rate Adjustment Factor. The Total Calculated Costs do not reflect or in any way guarantee the Gross Rate Revenues that are to be generated by Rates or retained by the Contractor. Note that for determining Rates for Rate Period Two, the annual proposed costs for Rate Period One (July 1 2024 to June 30, 2025) shall be used for the calculations.
- J. **“Total Calculated Costs Before Member Agency Reimbursements”** means the sum of the Total Annual Cost of Operations, Profit, and Costs Excluded from the Calculation of Profit for the coming Rate Period.

EXHIBIT E

RATE ADJUSTMENT METHODOLOGY

K. “**Projected Gross Rate Revenues Before Member Agency Reimbursements**” means the Projected Gross Rate Revenues for the then-current Rate Period minus the Member Agency Reimbursements for all Member Agencies for the current Rate Period as ratified by the Authority Contract Manager.

Table 1 provides additional information about the four indices defined above.

TABLE 1*

	CPI-U	Fuel Index	Motor Vehicle Maintenance and Repair	ECI	RRI
Description	Consumer Price Index - All Urban Consumers	Core Natural Gas for Compression at Customer’s Premises for Motor Vehicles	Consumer Price Index – All Urban Consumers, Motor Vehicle Maintenance and Repair	Employment Cost Index - Total Compensation for Private Industry Workers in Service-Providing Industries.	{Note to Proposers: The RRI will be updated to reflect the proposer’s proposed methodology.}
Series ID	CUURS49BSA0	G-NGV1	CUUR0000SETD	CIS201S000000000I	
Adjusted	Not seasonally adjusted	N/A	Not seasonally adjusted	Seasonally adjusted	
Area	San Francisco-Oakland-Hayward	N/A	U.S. City average	N/A	
Item	All items	N/A	Motor vehicle maintenance and repair	Total Compensation	
Base Period	1982-84=100	N/A	1982-84=100	Dec 2005 = 100	
Periodicity	Bi-monthly	Monthly	Monthly	Quarterly	

* All indices published by the U.S. Bureau of Labor Statistics with the exception of the Fuel Index, which is published by Pacific Gas and Electric Company Analysis and Rate Department.

3. Cost of Rate Adjustment process

The Authority may incur costs, including consulting and legal fees, when determining adjustments to the Rates in accordance with this Exhibit and may require the Contractor to pay for such costs within sixty (60) calendar days of receipt of the Authority’s invoice for such costs. The Contractor may recover such costs through the Rates by treating the costs as an allowable cost of business, not subject to profit mark-up. Regardless of Contractor’s payment of costs associated with said review, the Authority shall retain full and unimpeded discretion in selection of its agents to ensure, at a minimum, that no conflict of interest arises in the review of Contractor’s request. The Authority retains the right to select its agents on the basis of their qualifications and experience and without regard to cost.

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EXHIBIT E1:
INDEX-BASED RATE ADJUSTMENT METHODOLOGY

EXHIBIT E1

INDEX-BASED RATE ADJUSTMENT METHODOLOGY

1. General

The purpose of this attachment is to describe and illustrate the method by which the Authority will calculate the annual adjustment to Rates to reflect changes in various cost indices and changes to Processing and Disposal Costs based on Tonnes of materials Collected and changes in tipping fees. This index-based adjustment process shall be used to determine Rates for Rate Periods Two, Three, Five, Six, Seven, Nine, and Ten. If the Term is extended, subsequent Rate Periods shall be adjusted pursuant to Section 8.2.C.

The index-based adjustment involves application of indices to various costs that comprise the Total Proposed Annual Costs for Rate Period One (and to Total Calculated Costs for future Rate Periods) to determine the Total Calculated Costs for the coming Rate Period. In addition, Processing and Disposal Costs shall be adjusted to reflect actual Tonnage Collected during the most-recently completed Rate Period. A Rate Adjustment Factor is applied to the current Rates to determine the Rates for the coming Rate Period.

The Total Calculated Costs Before Member Agency Reimbursements Rate Adjustment Factor, calculated pursuant to this Exhibit E1, may not exceed five percent (5%). In the event that the calculation results in a calculated increase exceeding five percent (5%), the calculated dollar amount exceeding five percent (5%) shall be reflected as an "Other Adjustment" in the next scheduled Rate adjustment ("roll-over"). The Authority shall not be required to compensate Contractor for any cumulative "rolled-over" amounts remaining at the end of the Agreement Term.

In the event the Total Calculated Costs Before Member Agency Reimbursements, calculated pursuant to this Exhibit E2, results in a negative Total Costs before Member Agency Reimbursements Rate Adjustment Factor, the Authority reserves the right to "roll-under" the reduction to the Total Calculated Costs Before Member Agency Reimbursements, but the calculated reduction to the Total Calculated Costs Before Member Agency Reimbursements shall then be deferred to the following Rate Period as a credit against future rate increases.

2. Adjustment of Total Calculated Costs

The cost categories of the main components of Total Calculated Costs are presented in detail in Exhibit G1. Adjustments to these components to calculate costs for the coming Rate Period shall be calculated as follows:

A. Total Annual Cost of Operations

1. **Labor-Related Costs.** The Labor-Related Costs component of Total Annual Cost of Operations for the then-current Rate Period is multiplied by one (1) plus the Annual Percentage Change in the ECI.
2. **Vehicle-Related Costs (excluding Fuel).** The Vehicle-Related Costs component of Total Annual Cost of Operations for the then-current Rate Period is multiplied by one (1) plus the Annual Percentage Change in the MVI.

EXHIBIT E1

INDEX-BASED RATE ADJUSTMENT METHODOLOGY

3. **Fuel Costs.** The Fuel Cost component of Total Annual Cost of Operation for the then-current Rate Period is multiplied by one (1) plus the Annual Percentage Change in the Fuel Index.
 4. **Other Costs.** The Other Costs component of the Total Annual Cost of Operations for the then-current Rate Period is multiplied by one (1) plus the Annual Percentage Change in the CPI-U.
 5. **Direct Depreciation.** Direct Depreciation is _____ dollars (\$_____) per year for Rate Periods Two through Ten and is not annually adjusted. This adjusted depreciation amount shall remain fixed for Rate Periods Two through Ten. If the Agreement is extended beyond Rate Period Ten, direct depreciation shall be zero dollars (\$0) in any subsequent Rate Periods, unless Parties mutually agree to a different amount. *{Note to Proposers: Amount of direct depreciation shall be entered during contract negotiations to reflect the final scope of services, which may include some or all of the alternative services.}*
 6. **Allocated Costs (Labor, Vehicle, Fuel, and Other Costs).** The Allocated Costs (Labor, Vehicle, Fuel, and Other Costs) component for the then-current Rate Period is multiplied by one (1) plus the Annual Percentage Change in the CPI-U.
 7. **Allocated Depreciation and Start-Up Costs.** The Allocated Depreciation and Start-Up Costs shall be _____ dollars (\$_____) per year for Rate Period Two through Ten, and are not annually adjusted. These costs shall be zero dollars (\$0) for all subsequent Rate Periods unless Parties mutually agree to a different amount. *{Note to Proposers: Amount of direct depreciation shall be entered during contract negotiations to reflect the final scope of services, which may include some or all of the alternative services.}*
 8. **Total Annual Cost of Operations.** The Total Annual Cost of Operations for the coming Rate Period equals the sum of the costs calculated in subsections (1) through (7) above.
- B. Profit.** *{Note to Proposers: Fill in your proposed operating ratio. This ratio may be negotiated with the Authority.}* Profit for the coming Rate Period shall be calculated by dividing the Total Annual Cost of Operations for the coming Rate Period (the value calculated in Section 2.A.8 above) by an operating ratio (___%) and subtracting from the result the Total Annual Cost of Operations for the coming year.

$$\text{Profit} = \frac{\text{Total Annual Cost of Operations for Coming Rate Period}}{\text{Operating Ratio}} - \text{Total Annual Cost of Operations for Coming Rate Period}$$

C. Costs Excluded from the Calculation of Profit

1. **Recyclable Materials Processing Costs.** The Recyclable Materials Processing Costs shall be calculated as follows:

Recyclable Materials Processing Costs = Per-Ton Recyclable Materials Processing fee at the Approved Facility for the coming Rate Period x Total Tons of Recyclable Materials Collected for the most-recently completed twelve- (12) month period, excluding Recyclable Materials Tonnage Collected through Drop Box.

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In the establishment of Rates for Rate Period Two, due to the lack of Tonnage data for a twelve- (12) month period, the Tonnage of Recyclable Materials included in Contractor's Proposal shall be used in place of the Total Tons of Recyclable Materials Collected for the most-recently completed twelve- (12) month period.

2. **Recyclable Materials Processing Rebate.** The Recyclable Materials Processing Rebate shall be calculated as follows:

Recyclable Materials Processing Rebate = [(Per-Ton Recyclable Materials Processing Rebate for the then-current Rate Period) x (1 + Annual Percentage Change in the Recyclables Rebate Index)] x (Total Tons of Recyclable Materials Collected for the most-recently completed twelve- (12) month period, excluding Recyclable Materials Tonnage Collected through Drop Box).

(Note: this value should be reflected as a negative number)

In the establishment of Rates for Rate Period Two, due to the lack of Tonnage data for a twelve- (12) month period, the Tonnage of Recyclable Materials included in Contractor's Proposal shall be used in place of the Total Tons of Recyclable Materials Collected for the most-recently completed twelve- (12) month period.

3. **Residential Organic Materials Processing Costs.** The Residential Organic Materials Processing Costs shall be calculated as follows:

Residential Organic Materials Processing Costs = Per-Ton Organic Materials Processing fee at the Designated Facility for the coming Rate Period x Total Tons of Residential Organic Materials Collected for the most-recently completed twelve- (12) month period, excluding Residential Organic Materials Tonnage Collected through Drop Box.

In the establishment of Rates for Rate Period Two, due to the lack of Tonnage data for a twelve- (12) month period, the Tonnage of Organic Materials included in Contractor's Proposal shall be used in place of the Total Tons of Organic Materials Collected for the most-recently completed twelve- (12) month period.

4. **Commercial Organic Materials Processing Costs.** The Commercial Organic Materials Processing Costs shall be calculated as follows:

Commercial Organic Materials Processing Costs = Per-Ton Organic Materials Processing fee at the Approved Facility for the coming Rate Period x Total Tons of Commercial Organic Materials Collected for the most-recently completed twelve- (12) month period, excluding Commercial Organic Materials Tonnage Collected through Drop Box.

In the establishment of Rates for Rate Period Two, due to the lack of Tonnage data for a twelve- (12) month period, the Tonnage of Organic Materials included in Contractor's Proposal shall be used in place of the Total Tons of Organic Materials Collected for the most-recently completed twelve- (12) month period.

5. **Disposal Costs.** The Disposal Costs shall be calculated as follows:

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Disposal Costs = Per-Ton Disposal fee at the Designated Facility for the coming Rate Period x Total Tons of Solid Waste Collected for the most-recently completed twelve- (12) month period, excluding Solid Waste Tonnage Collected through Drop Box.

In the establishment of Rates for Rate Period Two, due to the lack of Tonnage data for a twelve- (12) month period, the Tonnage of Solid Waste included in Contractor's Proposal shall be used in place of the Total Tons of Solid Waste Collected for the most-recently completed twelve- (12) month period.

6. **Interest Expense.** The Interest Expense amount is _____ dollars (\$_____) in Rate Period Two through Ten, is not annually adjusted, and shall be zero dollars (\$0) in any subsequent Rate Period unless Parties mutually agree to a different amount.
 7. **Direct Lease Costs.** The Direct Lease Costs amount is _____ dollars (\$_____) in Rate Period Two through Ten, is not annually adjusted, and shall be zero dollars (\$0) in any subsequent Rate Period unless Parties mutually agree to a different amount.
 8. **Allocated Lease Costs.** The Allocated Lease Costs amount is _____ dollars (\$_____) for Rate Period Two through Ten (including interest costs for Allocated General and Administrative of _____ dollars (\$_____) , Allocated Vehicle Maintenance costs of _____ dollars (\$_____), and Allocated Container Maintenance of _____ dollars (\$_____)) is not annually adjusted and shall remain unadjusted in any subsequent Rate Period unless Parties mutually agree to a different amount.
 9. **Total Costs Excluded from the Calculation of Profit.** Total Costs Excluded from the Calculation of Profit for the coming Rate Period are the sum of the amounts in subsections (1) through (8) above.
- D. Total Calculated Costs before Member Agency Reimbursements.** The Total Calculated Costs before Member Agency Reimbursements shall be the sum of the Total Annual Cost of Operations, Profit, and Costs Excluded from the Calculation of Profit for the coming Rate Period.
- E. Member Agency Reimbursements.** Reimbursements shall be calculated separately for each Member Agency.
1. **Administrative Reimbursement.** The Administrative reimbursement for the coming Rate Period shall equal the amount approved by the Authority for each fiscal year ended June 30.
 2. **Vehicle Impact Mitigation Reimbursement.** The Vehicle Impact Mitigation Reimbursement for the coming Rate Period shall equal the total Vehicle Impact Mitigation Reimbursement paid to the Member Agencies in the most-recently completed twelve- (12) month period multiplied by one (1) plus the Annual Percentage Change in the CPI-U, or as otherwise directed by the Member Agencies.
 3. **Street Sweeping Reimbursement.** The Street Sweeping Reimbursement for the coming Rate Period shall equal the total Street Sweeping Reimbursement paid to the Member Agencies in the most-recently completed twelve- (12) month period multiplied by one (1) plus the Annual Percentage Change in the CPI-U, or as otherwise directed by the Member Agencies.

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4. **HHW Reimbursement.** The HHW Reimbursement for the coming Rate Period shall equal the total HHW Reimbursement paid to the Member Agencies in the most-recently completed twelve- (12) month period multiplied by one (1) plus the Annual Percentage Change in the CPI-U, or as otherwise directed by the Member Agencies.
 5. **Total Member Agency Reimbursements.** The Total Member Agency Reimbursements for the coming Rate Period shall equal costs calculated in subsection (1) through (4) above; provided, however, that any adjustment in any such fee, whether pursuant to the relevant index or as the result of the decision of Member Agencies, shall be an allowable cost of business, excluded from the calculation of profit, and reflected in the Total Member Agency Reimbursements.
- F. Other Adjustments.** From time to time during the Term of the Agreement, it may be necessary to make other adjustments to the compensation calculations. For example, if the Authority Contract Manager elects to roll-under a negative Rate adjustment to a future year, the dollar value of that negative adjustment shall be reflected as an adjustment. In such case, the adjustment would be a reduction to the Total Calculated Costs.
- G. Total Calculated Costs.** The Total Calculated Costs for the coming Rate Period shall equal the sum of the Total Annual Cost of Operations, Profit, Total Costs Excluded from the Calculation of Profit, Total Member Agency Reimbursements, and Other Adjustments (if applicable), for the coming Rate Period.

3. Rate Adjustment Factor

A Rate Adjustment Factor shall be calculated for each Member Agency. The Rate Adjustment Factor shall be a blend of a Total Calculated Costs Before Member Agency Reimbursements Adjustment Factor and a Member Agency Reimbursements Adjustment Factor and shall be calculated as follows:

The Total Costs Before Member Agency Reimbursements Adjustment Factor shall be the Total Calculated Costs for the coming Rate Period divided by the Total Calculated Costs for the then-current Rate Period.

The Member Agency Reimbursements Adjustment Factor shall be the Total Member Agency Reimbursements for each Member Agency for the coming Rate Period divided by the Member Agency Reimbursements for each Member Agency for the then-current Rate Period.

The Rate Adjustment Factor for each Member Agency shall be calculated as follows and shall be rounded to the nearest thousandth:

Rate Adjustment Factor = [Total Calculated Costs Before Member Agency Reimbursements Adjustment Factor x (Total Costs before Reimbursements for the coming Rate Period / Total Calculated Costs for the coming Rate Period)] + [Member Agency Reimbursements Adjustment Factor x (Total Member Agency Reimbursements for all Member Agencies for the coming Rate Period / Total Calculated Costs for the coming Rate Period)]

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4. Adjustment of Rates

Each then-current Rate shall be multiplied by the Member Agencies' Rate Adjustment Factor to calculate the effective Rate for the coming Rate Period. The adjustment to each Rate shall be rounded to the nearest cent.

5. Examples

The following examples illustrate the index-based adjustment method for determining Rates for Rate Period Three. The dollar amounts shown are hypothetical amounts for Total Calculated Costs for Rate Period Two (July 1, 2025 through June 30, 2026) and the Rate Adjustment Factors are based on assumed changes in the various indices between the Average Index Values for the twelve (12) months ending December 2025 and for the twelve (12) months ending December 2024. Example A depicts a standard index-based adjustment, wherein the calculated Total Calculated Costs Before Member Agency Reimbursements increased greater than zero percent (0%) and less than five percent (5%) over the prior Rate Period. Example B depicts an index-based adjustment wherein the calculated Total Calculated Costs Before Member Agency Reimbursements resulted in a decrease from the prior Rate Period.

A. EXAMPLE A

1. Assumptions for Example Adjustment to Contractor's Compensation:
 - a. Most-Recently Completed Rate Period = Rate Period One (July 1, 2024 through June 30, 2025)
 - b. Then-current Rate Period = Rate Period Two (July 1, 2025 through June 30, 2026)
 - c. Coming Rate Period = Rate Period Three (July 1, 2026 through June 30, 2027)
 - d. Recyclable Materials Processing Costs per Ton for the coming Rate Period = \$62.00 per Ton
 - e. Recyclable Materials Processing Rebate per Ton for the coming Rate Period = (\$30.63) per Ton
 - f. Residential Organic Materials Processing Costs per Ton for the coming Rate Period = \$97.00 per Ton
 - g. Commercial Organic Materials Processing Cost per Ton for the coming Rate Period = \$103.00
 - h. Disposal cost for the coming Rate Period = \$104.00 per Ton
 - i. Annual Percentage Change in the ECI = 0.045
 - j. Annual Percentage Change in the CPI-U = 0.040
 - k. Annual Percentage Change in the Motor Vehicle Maintenance and Repair Index = 0.031
 - l. Annual Percentage Change in the Fuel Index = 0.075
 - m. Annual Percentage Change in the Recyclables Rebate Index = 0.021
 - n. Tonnages for the most-recently completed 12-month period:

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- Recyclable Materials – 17,400 Tons (900 Tons attributable to Drop Box)
- Residential Organic Materials – 20,600 Tons (1,500 Tons attributable to Drop Box)
- Commercial Organic Materials – 2,150 Tons (150 Tons attributable to Drop Box)
- Solid Waste – 25,300 Tons (1,800 Tons attributable to Drop Box)

Note: All values presented in the following table are hypothetical and used for illustrative purposes only.

Example A Calculation of Total Calculated Costs for Rate Period Three

Table 1. Disposal and Processing Tip Fee Adjustments

	Rate Period Two	Adjustment Index	Adjustment Factor	Rate Period Three
Disposal and Processing Tip Fee Adjustment (per Ton)				
Recyclable Materials Processing Tip Fee	\$ 60.00	N.A.	N.A.	\$ 62.00
Recyclable Materials Processing Rebate	\$ (30.00)	RRI	1 + .021	\$ (30.63)
Residential Organic Materials Processing Tip Fee	\$ 94.00	N.A.	N.A.	\$ 97.00
Commercial Organic Materials Processing Tip Fee	\$ 102.00	N.A.	N.A.	\$ 103.00
Solid Waste Disposal Tip Fee	\$ 100.00	N.A.	N.A.	\$ 104.00

Table 2. Total Calculated Costs before Member Agency Reimbursements

	Rate Period Two	Adjustment Index	Adjustment Factor	Rate Period Three
Annual Cost of Operations				
Labor-Related Costs	\$ 10,000,000	ECI	1 + 0.045	\$ 10,450,000
Vehicle-Related Costs (excluding fuel)	\$ 1,500,000	MVI	1 + 0.031	\$ 1,546,500
Fuel Costs	\$ 300,000	FUEL	1 + 0.075	\$ 322,500
Other Costs	\$ 2,000,000	CPI-U	1 + 0.040	\$ 2,080,000
Direct Depreciation	\$ 1,500,000	N.A.	N.A.	\$ 1,500,000
Allowed Costs (Labor, Vehicle, Fuel, and Other Costs)*	\$ 3,000,000	CPI-U	1 + 0.040	\$ 3,120,000
Allocated Costs (Depreciation and Start-Up)	\$ 400,000	N.A.	N.A.	\$ 400,000
Total Annual Cost of Operations	\$ 18,700,000			\$ 19,419,000
Profit (assuming operating ratio of 0.8)	\$ 4,675,000			\$ 4,854,750
Costs Excluded from the Calculation of Profit				
Recyclable Materials Processing Costs	\$ 1,000,000	Tip Fee x Tons	16,500 x \$62.00	\$ 1,023,000
Recyclable Materials Processing Rebate	\$ (400,000)	Tip Fee x Tons	16,500 x \$(30.63)	\$ (505,395)
Residential Organic Materials Processing Costs	\$ 1,800,000	Tip Fee x Tons	19,100 x \$97.00	\$ 1,852,700
Commercial Organic Material Processing Costs	\$ 200,000	Tip Fee x Tons	2,000 x \$103.00	\$ 206,000
Solid Waste Disposal Costs	\$ 2,300,000	Tip Fee x Tons	23,500 x \$104.00	\$ 2,444,000
Interest Expense	\$ 400,000	N.A.	N.A.	\$ 400,000
Direct Lease Costs	\$ -	N.A.	N.A.	\$ -
Allocated Lease Costs	\$ -	N.A.	N.A.	\$ -
Total Costs Excluded from the Calculation of Profit	\$ 5,300,000			\$ 5,420,305
Other Adjustments (as needed from time to time)	N.A.	N.A.	N.A.	
Total Costs Before Member Agency Reimbursements	\$ 28,675,000			\$ 29,694,055

*Fuel costs included in allocated costs shall be adjusted using the CPI-U not Fuel Index.

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Table 3. Member Agency Reimbursements

	Rate Period Two					Adjustment Index	Adjustment Factor	Rate Period Three				
	Monte							Monte				
	Campbell	Los Gatos	Sereno	Saratoga	Total			Campbell	Los Gatos	Sereno	Saratoga	Total
Member Agency Reimbursements**												
Vehicle Impact Mitigation Reimbursement	\$ 500,000	\$ 800,000	\$ -	\$ 400,000	\$ 1,700,000	CPI-U**	1 + 0.040	\$ 520,000	\$ 832,000	\$ -	\$ 416,000	\$ 1,768,000
Street Maintenance Reimbursement	\$ 300,000	\$ 400,000	\$ -	\$ 100,000	\$ 800,000	CPI-U**	1 + 0.040	\$ 312,000	\$ 416,000	\$ -	\$ 104,000	\$ 832,000
HHW Reimbursements	\$ 40,000	\$ 60,000	\$ 10,000	\$ 40,000	\$ 150,000	CPI-U**	1 + 0.040	\$ 41,600	\$ 62,400	\$ 10,400	\$ 41,600	\$ 156,000
Administration Reimbursement	\$ 200,000	\$ 215,000	\$ 20,000	\$ 100,000	\$ 535,000	Actuals	N.A.	\$ 210,000	\$ 225,000	\$ 21,000	\$ 110,000	\$ 566,000
Total Member Agency Reimbursements	\$ 1,040,000	\$ 1,475,000	\$ 30,000	\$ 640,000	\$ 3,185,000			\$ 1,083,600	\$ 1,535,400	\$ 31,400	\$ 671,600	\$ 3,322,000

** Member Agency Reimbursements shall either be increased by the Annual Percentage Change in the CPI-U, or as otherwise directed by the Member Agency.

Table 4. Rate Adjustment Factors

	Rate Period Two					Rate Period Three					Allocation
	Monte					Monte					
	Campbell	Los Gatos	Sereno	Saratoga	Total	Campbell	Los Gatos	Sereno	Saratoga	Total	
Total Calculated Costs Before Member Agency Reimbursements	N.A.	N.A.	N.A.	N.A.	\$28,675,000	N.A.	N.A.	N.A.	N.A.	\$29,694,055	89.94%
Total Calculated Costs Before Member Agency Reimbursements Adjustment Factor										1.036	
Total Member Agency Reimbursements	\$1,040,000	\$1,475,000	\$ 30,000	\$ 640,000	N.A.	\$1,083,600	\$1,535,400	\$ 31,400	\$ 671,600	\$ 3,322,000	10.06%
Member Agency Reimbursements Adjustment Factor						1.042	1.041	1.047	1.049		
Total Calculated Costs										\$33,016,055	
Rate Adjustment Factor						1.036	1.036	1.037	1.037		

EXHIBIT E1

INDEX-BASED RATE ADJUSTMENT METHODOLOGY

2. Example Calculation of the Rate Adjustment Factors and Adjusted Rates for Rate Period Three

a. Rate Period Three Costs

Total Calculated Costs Before Member Agency Reimbursements = \$29,694,055

Total Member Agency Reimbursements = \$3,322,000

Total Calculated Costs = \$29,694,055 + \$3,322,000 = \$33,016,055

Total Calculated Costs Before Member Agency Reimbursements Percentage = \$29,694,055 / \$33,016,055 = 89.94%

Total Member Agency Reimbursements Percentage = \$3,322,000 / \$33,016,055 = 10.06%

b. Rate Adjustment Factors

Total Calculated Costs Before Member Agency Reimbursements Adjustment Factor = \$29,694,055 / \$28,675,000 = 1.036

Campbell Total Member Agency Reimbursements Adjustment Factor = \$1,083,600 / \$1,040,000 = 1.042

Los Gatos Total Member Agency Reimbursements Adjustment Factor = \$1,535,400 / \$1,475,000 = 1.041

Monte Sereno Total Member Agency Reimbursements Adjustment Factor = \$31,400 / \$30,000 = 1.047

Saratoga Total Member Agency Reimbursements Adjustment Factor = \$671,600 / \$640,000 = 1.049

c. Member Agency Rate Adjustment Factors

Campbell = (1.036 x 89.94%) + (1.042 x 10.06%) = 1.036

Los Gatos = (1.036 x 89.94%) + (1.041 x 10.06%) = 1.036

Monte Sereno = (1.036 x 89.94%) + (1.047 x 10.06%) = 1.037

Saratoga = (1.036 x 89.94%) + (1.049 x 10.06%) = 1.037

d. 20-gallon Single-Family Rate for Rate Period Three (effective July 1, 2026)

Campbell = \$31.25 x 1.036 = \$32.38

Los Gatos = \$33.23 x 1.036 = \$34.43

Monte Sereno = \$34.76 x 1.037 = \$36.03

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Saratoga = $\$33.48 \times 1.037 = \34.72

B. EXAMPLE B

1. Assumptions for Example Adjustment to Contractor's Compensation:
 - a. Most-Recently Completed Rate Period = Rate Period One (July 1 ,2024 through June 30, 2025)
 - b. Then-current Rate Period = Rate Period Two (July 1 ,2025 through June 30, 2026)
 - c. Coming Rate Period = Rate Period Three (July 1 ,2026 through June 30, 2027)
 - d. Recyclable Materials Processing Costs per Ton for the coming Rate Period = \$62.00 per Ton
 - e. Recyclable Materials Processing Rebate per Ton for the coming Rate Period = (\$30.63) per Ton
 - f. Residential Organic Materials Processing Costs per Ton for the coming Rate Period = \$97.00 per Ton
 - g. Commercial Organic Materials Processing Cost per Ton for the coming Rate Period = \$103.00
 - h. Disposal cost for the coming Rate Period = \$104.00 per Ton
 - i. Annual Percentage Change in the ECI = - 0.045
 - j. Annual Percentage Change in the CPI-U = - 0.040
 - k. Annual Percentage Change in the Motor Vehicle Maintenance and Repair Index = 0.031
 - l. Annual Percentage Change in the Fuel Index = 0.075
 - m. Annual Percentage Change in the Recyclables Rebate Index = 0.021
 - n. Tonnages for the most-recently completed 12-month period:
 - Recyclable Materials – 17,400 Tons (900 Tons attributable to Drop Box)
 - Residential Organic Materials – 20,600 Tons (1,500 Tons attributable to Drop Box)
 - Commercial Organic Materials – 2,150 Tons (150 Tons attributable to Drop Box)
 - Solid Waste – 25,300 Tons (1,800 Tons attributable to Drop Box)

Note: All values presented in the following table are hypothetical and used for illustrative purposes only.

EXHIBIT E1 INDEX-BASED RATE ADJUSTMENT METHODOLOGY

Example B Calculation of Total Calculated Costs for Rate Period Three

Table 1. Disposal and Processing Tip Fee Adjustments

Disposal and Processing Tip Fee Adjustment (per Ton)	Rate Period Two	Adjustment Index	Adjustment Factor	Rate Period Three
Recyclable Materials Processing Tip Fee	\$ 60.00	N.A.	N.A.	\$ 62.00
Recyclable Materials Processing Rebate	\$ (30.00)	RRI	1 + .021	\$ (30.63)
Residential Organic Materials Processing Tip Fee	\$ 94.00	N.A.	N.A.	\$ 97.00
Commercial Organic Materials Processing Tip Fee	\$ 102.00	N.A.	N.A.	\$ 103.00
Solid Waste Disposal Tip Fee	\$ 100.00	N.A.	N.A.	\$ 104.00

EXHIBIT E1 INDEX-BASED RATE ADJUSTMENT METHODOLOGY

Table 2. Total Calculated Costs before Member Agency Reimbursements

	Rate Period	Adjustment	Adjustment Factor	Rate Period
	Two	Index		Three
Annual Cost of Operations				
Labor-Related Costs	\$ 10,000,000	ECI	1 + -0.045	\$ 9,550,000
Vehicle-Related Costs (excluding fuel)	\$ 1,500,000	MVI	1 + 0.031	\$ 1,546,500
Fuel Costs	\$ 300,000	FUEL	1 + 0.075	\$ 322,500
Other Costs	\$ 2,000,000	CPI-U	1 + -0.040	\$ 1,920,000
Direct Depreciation	\$ 1,500,000	N.A.	N.A.	\$ 1,500,000
Allowed Costs (Labor, Vehicle, Fuel, and Other Costs)*	\$ 3,000,000	CPI-U	1 + -0.040	\$ 2,880,000
Allocated Costs (Depreciation and Start-Up)	\$ 400,000	N.A.	N.A.	\$ 400,000
Total Annual Cost of Operations	\$ 18,700,000			\$ 18,119,000
Profit (assuming operating ratio of 0.8)	\$ 4,675,000			\$ 4,529,750
Costs Excluded from the Calculation of Profit				
Recyclable Materials Processing Costs	\$ 1,000,000	Tip Fee x Tons	16,500 x \$62.00	\$ 1,023,000
Recyclable Materials Processing Rebate	\$ (400,000)	Tip Fee x Tons	16,500 x \$(30.63)	\$ (505,395)
Residential Organic Materials Processing Costs	\$ 1,800,000	Tip Fee x Tons	19,100 x \$97.00	\$ 1,852,700
Commercial Organic Material Processing Costs	\$ 200,000	Tip Fee x Tons	2,000 x \$103.00	\$ 206,000
Solid Waste Disposal Costs	\$ 2,300,000	Tip Fee x Tons	23,500 x \$104.00	\$ 2,444,000
Interest Expense	\$ 400,000	N.A.	N.A.	\$ 400,000
Direct Lease Costs	\$ -	N.A.	N.A.	\$ -
Allocated Lease Costs	\$ -	N.A.	N.A.	\$ -
Total Costs Excluded from the Calculation of Profit	\$ 5,300,000			\$ 5,420,305
Other Adjustments (as needed from time to time)	N.A.	N.A.	N.A.	
Total Costs Before Member Agency Reimbursements	\$ 28,675,000			\$ 28,069,055

*Fuel costs included in allocated costs shall be adjusted using the CPI-U not Fuel Index.

EXHIBIT E1 INDEX-BASED RATE ADJUSTMENT METHODOLOGY

Table 3. Member Agency Reimbursements

	Rate Period Two					Adjustment Index	Adjustment Factor	Rate Period Three				
	Monte							Monte				
	Campbell	Los Gatos	Sereno	Saratoga	Total			Campbell	Los Gatos	Sereno	Saratoga	Total
Member Agency Reimbursements**												
Vehicle Impact Mitigation Reimbursement	\$ 500,000	\$ 800,000	\$ -	\$ 400,000	\$1,700,000	CPI-U**	1 + -0.040	\$ 520,000	\$ 832,000	\$ -	\$ 416,000	\$1,768,000
Street Maintenance Reimbursement	\$ 300,000	\$ 400,000	\$ -	\$ 100,000	\$ 800,000	CPI-U**	1 + -0.040	\$ 312,000	\$ 416,000	\$ -	\$ 104,000	\$ 832,000
HHW Reimbursements	\$ 40,000	\$ 60,000	\$ 10,000	\$ 40,000	\$ 150,000	CPI-U**	1 + -0.040	\$ 41,600	\$ 62,400	\$ 10,400	\$ 41,600	\$ 156,000
Administration Reimbursement	\$ 200,000	\$ 215,000	\$ 20,000	\$ 100,000	\$ 535,000	Actuals	N.A.	\$ 210,000	\$ 225,000	\$ 21,000	\$ 110,000	\$ 566,000
Total Member Agency Reimbursements	\$1,040,000	\$1,475,000	\$ 30,000	\$ 640,000	\$3,185,000			\$1,083,600	\$1,535,400	\$ 31,400	\$ 671,600	\$3,322,000

** Member Agency Reimbursements shall either be increased by the Annual Percentage Change in the CPI-U, or as otherwise directed by the Member Agency.

Table 4. Rate Adjustment Factors

	Rate Period Two					Rate Period Three					Allocation
	Monte					Monte					
	Campbell	Los Gatos	Sereno	Saratoga	Total	Campbell	Los Gatos	Sereno	Saratoga	Total	
Total Calculated Costs Before Member Agency Reimbursements	N.A.	N.A.	N.A.	N.A.	\$28,675,000	N.A.	N.A.	N.A.	N.A.	\$28,069,055	89.42%
Total Calculated Costs Before Member Agency Reimbursements Adjustment Factor										0.979	
Total Member Agency Reimbursements	\$1,040,000	\$1,475,000	\$ 30,000	\$ 640,000	N.A.	\$1,083,600	\$1,535,400	\$ 31,400	\$ 671,600	\$ 3,322,000	10.58%
Member Agency Reimbursements Adjustment Factor						1.042	1.041	1.047	1.049		
Total Calculated Costs										\$31,391,055	
Rate Adjustment Factor						0.986	0.985	0.986	0.986		

EXHIBIT E1

INDEX-BASED RATE ADJUSTMENT METHODOLOGY

2. Example Calculation of the Rate Adjustment Factors and Adjusted Rate for Rate Period Three
- a. Rate Period Three Costs
- Total Calculated Costs Before Member Agency Reimbursements = \$28,069,055
- Total Member Agency Reimbursements = \$3,322,000
- Total Calculated Costs = \$28,069,055 + \$3,322,000 = \$31,391,055
- Total Calculated Costs Before Member Agency Reimbursements Percentage =
 $\$28,069,055 / \$31,391,055 = 89.42\%$
- Total Member Agency Reimbursements Percentage = $\$3,322,000 / \$31,391,055 = 10.58\%$
- b. Rate Adjustment Factors
- Rate Period Three Total Calculated Costs Before Member Agency Reimbursements \$28,069,055 < Rate Period Two Total Calculated Costs Before Member Agency Reimbursements \$28,675,000, therefore Total Calculated Costs Before Member Agency Reimbursements Adjustment Factor = 1.00
- Campbell Total Member Agency Reimbursements Adjustment Factor = $\$1,083,600 / \$1,040,000 = 1.042$
- Los Gatos Total Member Agency Reimbursements Adjustment Factor = $\$1,535,400 / \$1,475,000 = 1.041$
- Monte Sereno Total Member Agency Reimbursements Adjustment Factor = $\$31,400 / \$30,000 = 1.047$
- Saratoga Total Member Agency Reimbursements Adjustment Factor = $\$671,600 / \$640,000 = 1.049$
- c. Member Agency Rate Adjustment Factors
- Campbell = $(1.00 \times 89.42\%) + (1.042 \times 10.58\%) = 1.004$
- Los Gatos = $(1.00 \times 89.42\%) + (1.041 \times 10.58\%) = 1.004$
- Monte Sereno = $(1.00 \times 89.42\%) + (1.047 \times 10.58\%) = 1.005$
- Saratoga = $(1.00 \times 89.42\%) + (1.049 \times 10.58\%) = 1.005$
- d. 20-gallon Single-Family Rate for Rate Period Three (effective July 1, 2026) NO RATE ADJUSTMENT
- Campbell = $\$31.25 \times 1.004 = \31.39
- Los Gatos = $\$33.23 \times 1.004 = \33.37
- Monte Sereno = $\$34.76 \times 1.005 = \34.93
- Saratoga = $\$33.48 \times 1.005 = \33.65
- e. Subsequent Rate Period Adjustments

EXHIBIT E1

INDEX-BASED RATE ADJUSTMENT METHODOLOGY

Cost savings to be applied as an “Other Adjustments” in the subsequent Rate Period adjustment calculations as an offset to Total Calculated Costs Before Member Agency Reimbursements = \$28,069,055 - \$28,675,000 = \$605,945

6. Other

If an index described in Section 2 is discontinued, the successor index with which it is replaced shall be used for subsequent calculations. If no successor index is identified by the Bureau of Labor Statistics or Pacific Gas and Electric Company (if applicable), the index published by the organization that is most comparable shall be used.

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EXHIBIT E2: COST-BASED RATE ADJUSTMENT METHODOLOGY

EXHIBIT E2

COST-BASED RATE ADJUSTMENT METHODOLOGY

1. General

The Authority and Contractor shall use the cost-based Rate adjustment method described in this Exhibit to determine Rates for Rate Periods Four and Eight, and if the Contractor requests an extraordinary Rate adjustment in accordance with Agreement Section 8.3. If the Term is extended, subsequent Rate Periods shall be adjusted pursuant to Section 8.2.C. The cost-based adjustment involves review of the Contractor's actual cost of operations and operational statistics (staffing levels, Routes, Route hours, Customers, and their Service Levels, etc.) to determine the Actual Allowable Total Annual Cost of Operations for the most-recently completed Rate Period and to forecast the Total Contractor's Compensation for the coming Rate Period. A Rate Adjustment Factor is applied to the then-current Rates to determine the Rates for the coming Rate Period.

The intent of performing the cost-based adjustment is to examine the actual impact of changes in inflation or deflation, the number of Customers, and the Service Level of Customers.

The Total Calculated Costs Before Member Agency Reimbursements Rate Adjustment Factor calculated pursuant to this Exhibit E2 may not exceed ten percent (10%), the calculated dollar amount exceeding ten percent (10%) shall be reflected as an "Other Adjustment" in the next scheduled Rate adjustment ("roll-over"). The Authority shall not be required to compensate Contractor for any cumulative "roll-over" amounts remaining at the end of the Agreement Term.

In the event the Total Calculated Costs Before Member Agency Reimbursements calculated pursuant to this Exhibit E2 results in a negative Total Costs before Member Agency Reimbursements Adjustment Factor, the Authority reserves the right to "roll-under" the reduction to the Total Calculated Costs Before Member Agency Reimbursements, but the calculated reduction to the Total Calculated Costs Before Member Agency Reimbursements shall then be deferred to the following Rate Period as a credit against future rate increases.

A. Contractor's Rate Application. Contractor's Rate application for any Rate Period where Rates shall be adjusted using the cost-based methodology described in this Exhibit E2, shall include the information described in this Section 1.A. With the exception of the information identified in Subsections 1 and 2 below, all other items listed may be requested by the Authority Contract Manager at any time during the Term of the Agreement and Contractor shall comply with that request in a timely fashion.

- 1. Financial Statements.** Within one hundred twenty (120) calendar days after the close of the Contractor's fiscal year (June 30), Contractor shall deliver to the Authority one (1) hard copy of the reviewed (or audited) consolidated financial statements of Contractor for the preceding fiscal year. Financial statements shall include a supplemental combining schedule showing Contractor's results of operations, including the specific revenues and expenses in connection with the operations provided for in this Agreement separate 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 the results of operations and Contractor's financial condition. Annual financial statements shall be reviewed (or 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 as determined by the State Department

EXHIBIT E2

COST-BASED RATE ADJUSTMENT METHODOLOGY

of Consumer Affairs Board of Accountancy. The CPA's 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.

- 2. Financial Statement Reconciliation.** Contractor shall provide a schedule that clearly and accurately ties the amounts shown in Contractor's Rate application to Contractor's financial statements. Such schedule shall include any and all allocation factors and methodologies used to report cost and operating information for services provided to the Authority under this Agreement separately from Contractor obligations related to other public or private entities. Such statement of reconciliation shall include:
 - a. General explanation of the various allocation methodologies used for each Rate application line item.
 - b. Specific examples of each type of allocation used showing how an entry is reported in the general ledger and ties to the Rate application.
 - c. Statement indicating whether there have been any changes in allocation methods used since the last Rate application. If any allocation methods have changed clearly identify those changes.

- 3. Operational Information.**
 - a. Routes by Line of Business:
 - i. Number of Routes per day.
 - ii. Types of vehicles.
 - iii. Crew size per Route.
 - iv. Number of full time equivalent (FTE) Routes.
 - v. Number of accounts and cubic yards scheduled per Route.
 - vi. Total Route hours per Line of Business per year.
 - vii. Average cost per Route.

 - b. Personnel:
 - i. Organizational chart.
 - ii. Job classifications and number of employees (e.g., administrative, Customer service representatives, drivers, supervisors, educational staff).
 - iii. Wages by job classification.
 - iv. Number of FTE positions for each job classification.
 - v. Number of hours per job classification per year.

 - c. Productivity Statistics:
 - i. Average Number of accounts per Route per day by Line of Business.
 - ii. Average number of setouts per Route per day by Line of Business.
 - iii. Average Tons per Route per day by vehicle type (i.e., side-loader, front-loader, roll-off).
 - iv. Average cubic yards of Collection scheduled per Route.

EXHIBIT E2

COST-BASED RATE ADJUSTMENT METHODOLOGY

- d. Vehicles:
 - i. List of Collection vehicles including year purchased and mileage.
 - ii. Average age of mobile equipment with oldest and newest.
 - e. Operational Changes:
 - i. Number of Routes.
 - ii. Staffing.
 - iii. Supervision.
 - iv. Collection services.
- 4. Variance Analysis.** Provide the following variance analysis for each Line of Business. For any variances greater than five percent (5%) annually, Contractor shall provide sufficient rationale to support variance:
- a. Variance analysis comparing current Rate Period to each of the prior Rate Periods of Agreement.
 - b. Variance analysis comparing current Rate Period to each of the future projected Rate Periods.
- 5. Projections.** Provide the following projection data:
- a. Provide support for the basis for projected Gross Receipts and line-item expenses, clearly indicate the supporting calculations and assumptions.
 - b. Provide support for the most-recent twelve (12) months of Tonnage data for Rate Period ending June 30. Clearly indicate the supporting calculations and assumptions.

2. Forecasting Total Contractor's Compensation

The Total Contractor's Compensation for the coming Rate Period shall be forecasted in the manner described in this Section.

A. Forecasting Total Annual Cost of Operations

- 1. Determine Actual Allowable Total Annual Cost of Operations.** Contractor's financial statements, books, and records shall be reviewed to determine Contractor's "Actual Allowable Total Annual Cost of Operations" for the most-recently completed Rate Period to perform all the services in the manner required by this Agreement for each of the following cost categories:
- a. Actual labor-related costs.
 - b. Actual vehicle-related costs (excluding fuel and depreciation).
 - c. Actual fuel costs.
 - d. Actual other costs (as defined on Form 6E of Exhibit G1).
 - e. Direct depreciation costs (in the amount specified in Exhibit E1).
 - f. Actual allocated costs (labor, vehicle, general and administrative, and other costs).

EXHIBIT E2

COST-BASED RATE ADJUSTMENT METHODOLOGY

- g. Actual allocated costs (depreciation and start-up) (in the amount stated in Exhibit E1).
- 2. Non-Allowable Costs.** The following list of non-allowable costs shall be deducted from the Contractor's actual costs when determining the Actual Allowable Total Annual Cost of Operations.
- a. Labor, equipment, fuel, and start-up costs for personnel, vehicles, and facilities that are not specified in the proposal forms contained in Exhibit G1 and/or that cannot be demonstrated to have been incurred as part of the performance of services under this Agreement including, without limitation, as the result of growth in the number of Customers and/or the levels and/or types of services provided.
 - b. Payments to directors and/or Owners of Contractor, unless the amount paid is reasonable compensation for services actually rendered. Reasonableness shall be determined based on available market pricing for similar services and shall be in the reasonable discretion of the Authority Contract Manager.
 - c. Travel expenses and entertainment (above five thousand dollars (\$5,000) annually in total) expenses, unless authorized in advance by the Authority Contract Manager.
 - d. Payments to repair damage to public or private property for which Contractor is legally liable.
 - e. Fines or penalties of any nature.
 - f. Liquidated Damages assessed under this Agreement.
 - g. Federal or State income taxes.
 - h. Cash donations or value of in-kind services provided to charitable, political, youth, civic, or other community organizations unless such donation has been previously approved in writing as an allowable expense by the Authority Contract Manager.
 - i. Depreciation or interest expense for Collection vehicles, Containers, other equipment, offices, and other facilities if such items are leased as specified in Exhibit G1.
 - j. Attorneys' fees and other expenses incurred by Contractor in any court proceeding in which the Authority and/or Member Agencies and Contractor are adverse Parties.
 - k. Attorneys' fees and other expenses incurred by Contractor arising from any act or omission 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 wrong doing are in issue and occasion, in whole or in part, the attorneys' fees and expenses claimed; and attorneys' fees and expenses incurred by Contractor in a court proceeding in which the legal theory or statute providing a basis of liability against Contractor also provides for separate potential liability for the Authority and/or Member Agencies derived from the action of its citizens or Rate payers (such as in a CERCLA lawsuit) unless the Contractor is found not liable in such claims and such claims arise from acts or occurrences within the Term of the Agreement.

EXHIBIT E2

COST-BASED RATE ADJUSTMENT METHODOLOGY

- m. Payments to Related-Party Entities for products or services, in excess of the market value for those products or services, provided that the Authority may use information available to it to verify market pricing for similar products and services.
- n. Goodwill.
- o. Unreasonable profit-sharing distributions.
- p. Replacement costs for Containers that need to be replaced because the useful life of such Container was less than the Term.
- q. Administrative costs greater than the administrative costs presented in Contractor's Proposal (Exhibit G1) adjusted annually by one (1) plus the Annual Percentage Change in the CPI-U.
- r. Bad debt write-offs in excess of ____ percent (_%) of annual Rate revenues. *{Note to Proposers: This percentage will be determined based on the Contractor's proposed cost forms.}*

3. Forecasted Total Annual Cost of Operations. Forecasted Total Annual Cost of Operations for the coming Rate Period shall be calculated based on Actual Allowed Total Cost of Operations for the most-recently completed Rate Period determined in accordance with Sections 2.A.1 and 2.A.2 above. The forecasts shall be performed in the following manner:

a. Forecasted labor-related costs shall be calculated for the coming Rate Period by the lesser of:

- (i) multiplying the allowed labor-related costs, both direct and allocated, for the most-recently completed Rate Period by one (1) plus the Annual Percentage Change in the ECI; and,
- (ii) multiplying the result of step one (1) once more by one (1) plus the Annual Percentage Change in the ECI; OR,

The Labor-Related Costs component of Total Calculated Costs for the then-current Rate Period is multiplied by one (1) plus the Annual Percentage Change in the ECI.

b. Forecasted vehicle-related costs (excluding fuel and depreciation costs) shall be calculated for the coming Rate Period by:

- (i) multiplying the allowed vehicle-related costs, both direct and allocated, for the most-recently completed Rate Period by one (1) plus the Annual Percentage Change in the Motor Vehicle Maintenance and Repair Index; and,
- (ii) multiplying the result of step one (1) once more by one (1) plus the Annual Percentage Change in the Motor Vehicle Maintenance and Repair Index.

c. Forecasted fuel costs shall be calculated for the coming Rate Period by (i) multiplying the allowed fuel costs, both direct and allocated, for the most-recently completed Rate Period by one (1) plus the Annual Percentage Change in the Fuel Index, and (ii) multiplying the result of step one (1) once more by one (1) plus the Annual Percentage Change in the Fuel Index.

d. Forecasted other costs shall be calculated for the coming Rate Period by (i) multiplying the allowed other-related costs, both direct and allocated, for the most-recently

EXHIBIT E2

COST-BASED RATE ADJUSTMENT METHODOLOGY

completed Rate Period by one (1) plus the Annual Percentage Change in CPI-U, and (ii) multiplying the result of step one (1) once more by one (1) plus the Annual Percentage Change in the CPI-U.

- e. **Forecasted direct depreciation expense** shall be the amount specified in in Section 2.A.5 of Exhibit E1. Direct depreciation expense is a fixed cost and is not subject to inflation.
 - f. **Forecasted allocated labor-related, vehicle-related, general and administrative, and other costs** shall be calculated for the coming Rate Period by:
 - (i) multiplying the allowed other-related costs for most-recently completed Rate Period by one (1) plus the Annual Percentage Change in CPI-U; and,
 - (ii) multiplying the result of step one (1) once more by one (1) plus the Annual Percentage Change in CPI-U (except in each case as provided in 3.a. above).
 - g. **Forecasted allocated depreciation and start-up expense** shall be the amount specified in Section 2.A.7 of Exhibit E1.
 - h. **Forecasted Total Annual Cost of Operations** for the coming Rate Period shall equal the sum of the following costs, which shall have been calculated in accordance with the procedures in this Exhibit E2:
 - i. Forecasted labor-related costs.
 - ii. Forecasted vehicle-related costs (excluding fuel and depreciation costs).
 - iii. Forecasted fuel costs.
 - iv. Forecasted other costs.
 - v. Forecasted direct depreciation expense.
 - vi. Forecasted allocated labor-related, vehicle-related, general and administrative, and other costs.
 - vii. Forecasted allocated costs for depreciation and start-up.
- B. Forecast Profit.** Contractor shall be entitled to Profit on Forecasted Total Annual Cost of Operations. Profit shall be calculated using an operating ratio as described in Exhibit E, Section 4. Profit shall be calculated using the following formula:

Profit = (Forecasted Total Annual Cost of Operations / Operating Ratio) – Forecasted Total Annual Cost of Operations

For example:

1. Assuming an operating ratio of 92%
2. Assuming a Forecasted Total Annual Cost of Operations of \$1,000,000
3. Profit = (\$1,000,000 / 0.92) – \$1,000,000 = \$86,956.52

- C. Forecast Costs Excluded from the Calculation of Profit.** Costs Excluded from the Calculation of Profit for the coming Rate Period shall be forecasted in the following manner:
1. **Forecasted Recyclable Materials Processing Costs** shall be calculated in the manner described in Section 2.C.1 of Exhibit E1.

EXHIBIT E2

COST-BASED RATE ADJUSTMENT METHODOLOGY

2. **Forecasted Recyclable Materials Processing Rebate** shall be calculated in the manner described in Section 2.C.2 of Exhibit E1.
 3. **Forecasted Residential Organic Materials Processing Costs** shall be calculated in the manner described in Section 2.C.3 of Exhibit E1.
 4. **Forecasted Commercial Organic Materials Processing Costs** shall be calculated in the manner described in Section 2.C.4 of Exhibit E1.
 5. **Forecasted Disposal Costs** shall be calculated in the manner described in Section 2.C.5 of Exhibit E1.
 6. **Forecasted Interest Expense** shall be calculated in the manner described in Section 2.C.6 of Exhibit E1.
 7. **Forecasted Direct Lease Costs** shall be calculated in the manner described in Section 2.C.7 of Exhibit E1.
 8. **Forecasted Allocated Lease Costs** shall be calculated in the manner described in Section 2.C.8 of Exhibit E1.
 9. **Total Costs Excluded from Calculation of Profit** shall be the sum of the amounts in subsections (1) through (8) above.
- D. Forecast Member Agency Reimbursements.** Member Agency Reimbursements shall be calculated in the manner described in Section 2.E of Exhibit E1.

3. Projected Gross Rate Revenue

Projected Gross Rate Revenue at then-current Rates shall reflect projected annual Gross Rate Revenues from all Customers based on then-current Rates and then-current Customer Service Levels, inclusive of all Rates and special charges authorized and exclusive of Gross Rate Revenue from Drop Box Collection under this Agreement. For the purposes of determining Customer Service Levels for on-call services (e.g., Drop-Box service provided less than weekly, Bin rentals) and special charges (e.g., Push/Pull Charges, lock/unlock charges), the prior twelve (12) months of billing activity for such services and special charges shall be used.

Projected Gross Rate Revenues Before Member Agency Reimbursements shall be calculated as the Projected Gross Rate Revenues for the then-current Rate Period minus the Member Agency Reimbursements for all Member Agencies for the current Rate Period as ratified by the Authority Contract Manager.

4. Rate Adjustment Factor

A Rate Adjustment Factor shall be calculated for each Member Agency. The Rate Adjustment Factor shall be a weighted average of a Total Calculated Costs Before Member Agency Reimbursements Adjustment Factor and a Member Agency Reimbursements Adjustment Factor and shall be calculated as follows:

The Total Costs before Member Agency Reimbursements Adjustment Factor shall equal the Forecasted Total Calculated Costs for the coming Rate Period divided by the Project Gross Rate Revenues Before Member Agency Reimbursements.

EXHIBIT E2

COST-BASED RATE ADJUSTMENT METHODOLOGY

The Member Agency Reimbursements Adjustment Factor shall be the Total Member Agency Reimbursements for a Member Agency for the coming Rate Period divided by the Member Agency Reimbursements for a Member Agency for the then-current Rate Period.

The Rate Adjustment Factor for each Member Agency shall be calculated in the manner described in Section 3 of Exhibit E1. The Rate Adjustment Factor shall be rounded to the nearest thousandth.

5. Adjustment of Rates

Each then-current Rate shall be multiplied by the Member Agencies' Rate Adjustment Factor to calculate the effective Rate for the coming Rate Period.

EXHIBIT F: PERFORMANCE STANDARDS AND LIQUIDATED DAMAGES

{Note to Proposers: The Authority is interested in exploring new approaches to performance management. The Authority will work with Proposers during the negotiations process to develop a successful approach to performance standards and Liquidated Damages that maintains accountability while focusing on performance management Exhibit F1 reflects a historical approach to performance management and Liquidated Damages, while Exhibit F2 reflects an alternative potential approach. The final Agreement will consist of Exhibit F rather than contain an Exhibit F1 and F2.}

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**EXHIBIT F1:
PERFORMANCE STANDARDS AND LIQUIDATED
DAMAGES APPROACH A**

EXHIBIT F1
PERFORMANCE STANDARDS AND LIQUIDATED DAMAGES
APPROACH A

- A. General.** The Authority finds, and Contractor agrees, that as of the time of the execution of this Agreement, it is impractical, if not impossible, to reasonably ascertain the extent of damages which shall be incurred by Authority as a result of a breach by Contractor of its obligations under this Agreement. The factors relating to the impracticability of ascertaining damages include, but are not limited to, the fact that: (i) substantial damage results to members of the public who are denied services or denied quality or reliable service; (ii) such breaches cause inconvenience, anxiety, frustration, and deprivation of the benefits of the Agreement to individual members of the general public for whose benefit this Agreement exists, in subjective ways and in varying degrees of intensity which are incapable of measurement in precise monetary terms; (iii) that franchised services might be available at substantially lower costs than alternative services and the monetary loss resulting from denial of services or denial of quality or reliable services is impossible to calculate in precise monetary terms; and, (iv) the termination of this Agreement for such breaches, and other remedies are, at best, a means of future correction and not remedies which make the public whole for past breaches.
- B. Service Performance Standards; Liquidated Damages for Failure to Meet Standards** The parties further acknowledge that consistent, reliable Solid Waste, Recyclable Material, and Organic Materials Collection service is of utmost importance to Authority and that Authority has considered and relied on Contractor's representations as to its quality of service commitment in awarding the franchise to it. The parties further recognize that some quantified standards of performance are necessary and appropriate to ensure consistent and reliable service and performance. The parties further recognize that if Contractor fails to achieve the performance standards, or fails to submit required documents in a timely manner, Authority and its Member Agencies will suffer damages and that it is and will be impractical and extremely difficult to ascertain and determine the exact amount of damages which Authority will suffer. Therefore, without prejudice to Authority's right to treat such non-performance as an event of default under Article 10 and this Exhibit, the parties agree that the following Liquidated Damage amounts represent a reasonable estimate of the amount of such damages considering all of the circumstances existing on the date of this Agreement, including the relationship of the sums to the range of harm to Authority that reasonably could be anticipated and the anticipation that proof of actual damages would be costly or impractical. In placing their 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 the Liquidated Damage provisions at the time that the Agreement was made.

Contractor Initials _____ Date _____

Authority Initials _____ Date _____

The amount of Liquidated Damages specified below shall be adjusted annually on the first day of the Rate Year. The adjustment shall be rounded to the nearest cent. Liquidated Damage amounts shall be adjusted to reflect changes in the All Urban Consumers Index (CPI-U), all items, for the San Francisco-

EXHIBIT F1
PERFORMANCE STANDARDS AND LIQUIDATED DAMAGES
APPROACH A

Oakland-San Jose, Base Period 1982-1984 = 100, not seasonally adjusted, compiled and published by the U.S. Department of Labor, Bureau of Labor Statistics, or its successor agency.

EXHIBIT F1

PERFORMANCE STANDARDS AND LIQUIDATED DAMAGES APPROACH A

1. Performance Area: Provision of Universal Three-Container Service

Item	Specific Performance Measure	Definition	Acceptable Performance Level	Liquidated Damage Amount
1.	Failure to provide Discarded Materials Collection services to every Customer	For each occurrence of failing to provide Customers with the three-Container system, including Recyclable Material and Organic Materials, required by and compliant with Article 4 and Exhibit B.	No acceptable failure level	\$500/Customer

The Authority shall not assess Liquidated Damages item 1, above, under the following circumstances:

- A. Authority has granted the Customer a waiver pursuant to Section 4.13 of this Agreement;
- B. Contractor documents that Customer is compliant with Recycling and Organic Waste Self-Hauling requirements pursuant to Member Agency municipal code and 14 CCR Division 7, Article 12, Article 7; or,
- C. Contractor documents that Customer is sharing Recyclable Materials and/or Organic Materials Collection services with another Customer in a manner approved by the Authority.

2. Performance Area: Service Quality and Reliability

Item	Specific Performance Measure	Definition	Acceptable Performance Level	Liquidated Damage Amount
1.	Missed Collections	Each Service Opportunity where Contractor fails to Collect a Container from a Customer who properly placed said Container for Collection, unless Contractor leaves a Non-Collection Notice specifying the reasons for non-Collection and available remedies.	Less than ten (10) per one thousand (1,000) Service Opportunities	\$50/Event

EXHIBIT F1
PERFORMANCE STANDARDS AND LIQUIDATED DAMAGES
APPROACH A

Item	Specific Performance Measure	Definition	Acceptable Performance Level	Liquidated Damage Amount
2.	Failure to Correct Missed Collections	Each "Missed Collection" as defined above which is not Collected by the end of the Working Day following the receipt of the Customer Complaint about the Missed Collection if the Complaint is received by 3:00 p.m. on a Working Day and by the end of the following Working Day for such Complaints received after 3:00 p.m. on a Working Day.	Less than one (1) per one hundred (100) Missed Collections	\$50/Event
3.	Failure to Issue Customer Rebate	Each failure to provide a Customer the Missed Collection Rebate or Late Container Delivery Rebate in accordance with Section 5.12 of the Agreement.	No acceptable failure level	\$50/Event
4.	Failure to Return Empty Container	Failure to properly return empty Containers to the Collection location, or to place Carts upright.	Less than ten (10) per one thousand (1,000) Service Opportunities	\$20/Event
5.	Failure to Clean-Up Spillage	Each failure by Contractor to clean up: (1) any items or materials spilled during the Collection of a Container; or, (2) any fluids spilled or leaked from a Container or Collection vehicle prior to leaving the Collection location.	Less than five (5) per one thousand (1,000) Service Opportunities	\$100/Event

EXHIBIT F1
PERFORMANCE STANDARDS AND LIQUIDATED DAMAGES
APPROACH A

Item	Specific Performance Measure	Definition	Acceptable Performance Level	Liquidated Damage Amount
6.	Damage to Property	Each event of damage to either public or private property as a result of Collection activity, including without limitation Curbs, sidewalks, landscapes, Container enclosures and gates, signs, light fixtures, and overhead wires and cables.	Less than two (2) per one thousand (1,000) Service Opportunities	\$200/Event
7.	Damage to Public Streets	Each event of damage to public streets within the Authority caused by Contractor.	No acceptable failure level	Actual cost of repair to Authority's satisfaction.
8.	Failure to Maintain Equipment	Each event of failure to maintain equipment, vehicles, Carts, Bins and other Containers in a clean, safe, and sanitary manner.	No acceptable failure level	\$100/Item/Day
9.	Failure to Comply with Container Standards	Failure to comply with Container labeling and colors as specified in this Agreement.	No acceptable failure level	\$200/Container / Occurrence
10.	Failure to Provide/ Utilize Required Vehicles/Equipment	Failure to provide and utilize required vehicles, and communications equipment as specified in this Agreement.	No acceptable failure level	\$100/Item/Day
11.	Unlicensed Vehicle Operator	Failure to have a vehicle operator properly licensed.	No acceptable failure level	\$500/Operator/ Day
12.	Failure to Display Contractor's Name	Failure to display and maintain visibility of Contractor's name and Customer service phone number on Collection vehicles, and Containers.	No acceptable failure level	\$100/Instance/ Day

EXHIBIT F1
PERFORMANCE STANDARDS AND LIQUIDATED DAMAGES
APPROACH A

Item	Specific Performance Measure	Definition	Acceptable Performance Level	Liquidated Damage Amount
13.	Failure to Wear Uniform	Failure to have Contractor personnel in proper uniform.	No acceptable failure level	\$100/Person/Day
14.	Discourteous Behavior	For each occurrence of uncustomary discourteous behavior of Contractor's employees to a Customer.	Less than five (5) per one thousand (1,000) Service Opportunities	\$250/Event
15.	Failure to Complete Route	Failure or neglect to complete at least ninety percent (90%) of each route on the regular scheduled Collection service Working Day.	No acceptable failure level	\$1,000/Route
16.	Changing Routes	Changing routes without proper notification and approval by the Authority Contract Manager.	No acceptable failure level	\$500/Route/Day
17.	Overweight Vehicles	Loading Collection vehicles in excess of State or local weight restrictions.	No acceptable failure level	\$150/Event
18.	Uncovered Loads	Failure to properly cover materials in Collection vehicles.	No acceptable failure level	\$500/Event
19.	Failure to Cure in Timely manner	Failure to cure non-compliance with the provisions of this Agreement in the manner and time set forth in Section 10.2.	No acceptable failure level	\$150/Incident/Day
20.	Failure to Perform Other Requirement	Each failure to perform any obligation of the Agreement not specifically stated above.	No acceptable failure level	\$100/Event

3. Performance Area: Customer Service

Item	Specific Performance Measure	Definition	Acceptable Performance Level	Liquidated Damage Amount
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EXHIBIT F1
PERFORMANCE STANDARDS AND LIQUIDATED DAMAGES
APPROACH A

Item	Specific Performance Measure	Definition	Acceptable Performance Level	Liquidated Damage Amount
1.	Failure to commence Service and/or Provide Move-in Kits	Any failure by Contractor to deliver a Container and begin providing Collection to a Customer, at the level of service requested by said Customer, within three (3) calendar days of receiving such request. This may include a new Customer receiving new service or an existing Customer requesting a change in or addition to existing Service Levels. This may also include delivering Used Oil Recovery Kits, Move-in Kits, and other items required upon Customer's request.	Less than one (1) per one hundred (100) Service Requests	\$50/Event
2.	Failure to Exchange Container	Any failure by Contractor to exchange Container within ten (10) Working Days of notification that a change in the size or number of Carts or Bins is required.	No acceptable failure level	\$100/Container/Day
3.	Failure to Replace Container	Any failure by Contractor to replace a damaged or defaced Container within the timeline required in Section 5.7.	No acceptable failure level	\$100/Container/Day
4.	Failure to Resolve Complaint	Any failure or neglect by Contractor to resolve each Complaint within the time set forth in this Agreement.	Less than one (1) per one hundred (100) Complaints	\$100/Event

EXHIBIT F1
PERFORMANCE STANDARDS AND LIQUIDATED DAMAGES
APPROACH A

Item	Specific Performance Measure	Definition	Acceptable Performance Level	Liquidated Damage Amount
5.	Failure to Answer Phones	Any failure by Contractor to answer a telephone call from a Customer during normal business hours. A call is not deemed answered if the Customer does not speak with a live operator. (A call is deemed answered if the Customer hangs-up or abandons the call following a hold time of less than three (3) minutes.) Any failure to have a Customer service representative answer a phone call within a two (2) minute average for any month and/or for each single caller having to wait more than ten (10) minutes.	Less than five (5) per one thousand (1,000) Calls Received Under this Agreement	\$50/Event
6.	Failure to Maintain Office Hours	Failure to maintain office hours as required by this Agreement.	No acceptable failure level	\$100/Event
7.	Provision of Inaccurate Information	Each event of a Customer Service Representative providing inaccurate information in response to a Customer question or Complaint.	No acceptable failure level	\$50/Event
8.	Unauthorized Hours of Operation	Each occurrence of Contractor Collecting from Customers during unauthorized hours.	Less than two (2) per one thousand (1,000) Service Opportunities	\$50/Event
9.	Failure to conduct Route Audits and Contamination Monitoring	Failure to conduct route audits and contamination monitoring as required by this Agreement.	No acceptable failure level	\$150/Audit/Day

EXHIBIT F1
PERFORMANCE STANDARDS AND LIQUIDATED DAMAGES
APPROACH A

Item	Specific Performance Measure	Definition	Acceptable Performance Level	Liquidated Damage Amount
10	Failure to issue Customer Notices	Failure to issue Customer Notices as required by this Agreement.	No acceptable failure level	\$500/Route/Day
11.	Failure to maintain website	Failure for Contractor to maintain an updated website with Authority specific information	No acceptable failure	\$250/day
12.	Failure to provide multi-lingual Customer service	Failure for Contractor to provide multi-lingual Customer service as required by the Agreement	No acceptable failure	\$500/day or part thereof
13.	Failure to provide e-billing	Failure for Contractor to provide electronic ways for Customers to pay their bills (e.g., phone, website, phone app, etc.)	No acceptable failure	\$500/day

4. Performance Area: Diversion

Item	Specific Performance Measure	Definition	Acceptable Performance Level	Liquidated Damage Amount
1.	Failure to meet the minimum Diversion requirements	Failure to meet the minimum Diversion requirements of this Agreement as specified in Section 5.10.	Less than 0.001%	Shortfall of 0.001% - 2%: \$10,000.00 per calendar year. Shortfall of 2.001% or greater: \$25,000.00 per calendar year.
2.	Failure to perform public education and outreach activities	Each individual failure by Contractor to develop, produce, and distribute public education material or perform community outreach activities in the form and manner required under Exhibit C to this Agreement.	No acceptable failure level	\$500/Activity

EXHIBIT F1
PERFORMANCE STANDARDS AND LIQUIDATED DAMAGES
APPROACH A

Item	Specific Performance Measure	Definition	Acceptable Performance Level	Liquidated Damage Amount
3.	Failure to provide targeted technical assistance	Each individual failure to provide targeted technical assistance to a Commercial or Multi-Family Customer in the manner required under Exhibit C to this Agreement.	No acceptable failure level	\$2,000/Customer
4	Failure of Diversion coordinator to specifically perform	Every occurrence of a Diversion coordinator being used for purposes other than those specified in this Agreement.	No acceptable failure level	\$1,000/day

5. Performance Area: Facilities

Item	Specific Performance Measure	Definition	Acceptable Performance Level	Liquidated Damage Amount
1.	Delivery to Non-Approved Facility	Each individual occurrence of delivering materials to a facility other than the Approved Facility designated for each material type under Article 4 of this Agreement.	No acceptable failure level	\$5,000 first failure. \$25,000 each subsequent failure.
2.	Disposal of targeted Diversion materials	Each individual occurrence of delivering Recyclable Materials, Organic Materials, or Reusable Materials set out for Collection by the Customer for Disposal rather than Processing.	No acceptable failure level	\$1,000/Load

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Item	Specific Performance Measure	Definition	Acceptable Performance Level	Liquidated Damage Amount
3.	Mixing materials during collection	Each individual Container that is Collected by Contractor in a vehicle intended or designated for the purpose of Collecting a different material type (e.g., Recyclable Materials Collected in Solid Waste vehicle, Solid Waste Collected in Organic Materials vehicle, etc.).	No acceptable failure level	\$1,000/Container
4.	Commingling with non-authority materials	Commingling of materials Collected inside and outside the Authority during Collection.	No acceptable failure level	\$1,000/Event
5.	Delivery to Approved Disposal Facility of Non-Authority Materials commingled with Authority Materials	Delivery to the Approved Disposal Facility of any Solid Waste Collected outside of the Authority boundaries commingled with that Collected as part of this Agreement except for material delivered in Transfer trailers.	No acceptable failure level	\$5,000 first delivery. \$25,000 each subsequent delivery.
6.	Failure to provide adequate capacity	Failure to provide adequate primary and alternate capacity to accept and Process Recyclable Materials, or Organic Materials.	No acceptable failure level	\$1,000/Day
7.	Failure to conduct Route Audits and Contamination Monitoring	Failure to conduct route audits and contamination monitoring as required by this Agreement.	No acceptable failure level	\$150/Audit/Day
8.	Failure to issue Customer Notices	Failure to issue contamination notices as required by this Agreement.	No acceptable failure level	\$50/occurrence/Day

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PERFORMANCE STANDARDS AND LIQUIDATED DAMAGES
APPROACH A

6. Performance Area: Reporting & Records

Item	Specific Performance Measure	Definition	Acceptable Performance Level	Liquidated Damage Amount
1.	Late report	Each occurrence of a report, as required under Exhibit D to this Agreement, or as otherwise agreed to by the Parties, being submitted after the due date. Reports shall be considered late until they are submitted in a complete and accurate format.	No acceptable failure level	\$250/Report/Day
2.	Failure to maintain or provide access to records	Each occurrence of Authority Contract Manager requesting information required to be maintained by Contractor where Contractor fails to provide such information within the time window specified in this Agreement.	No acceptable failure level	\$500/Event
3.	Misleading/inaccurate reporting	Each occurrence of Contractor providing misleading or otherwise inaccurate information or reporting to Authority under or regarding this Agreement. Typographical, cell reference, mathematical, and/or logic errors shall not be considered legitimate excuses from this requirement, nor shall ignorance be excused.	No acceptable failure level	\$250/Event
4.	Failure to correct submittal of inaccurate data in a timely manner	Failure to correct submittal of inaccurate data within three (3) Business Days (or such other time period as may be agreed to in writing between Authority and Contractor) of notification by Authority.	No acceptable failure level	\$500/Day

EXHIBIT F1
PERFORMANCE STANDARDS AND LIQUIDATED DAMAGES
APPROACH A

Item	Specific Performance Measure	Definition	Acceptable Performance Level	Liquidated Damage Amount
5.	Failure to maintain and/or provide access to information systems	Each day that Contractor fails to provide access to Contractor's information systems as required in Section 4.12 to the Authority Contract Manager.	No acceptable failure level	\$500/Day

**EXHIBIT F2:
PERFORMANCE STANDARDS AND LIQUIDATED
DAMAGES APPROACH B**

EXHIBIT F2

PERFORMANCE STANDARDS AND LIQUIDATED DAMAGES APPROACH B

1. General

- A. **Defined Terms.** Exhibit F relies on the terms “Complaint,” “Corrective Action Plan”, “Service Opportunity,” and “Total Service Opportunities,” as defined in Exhibit A.
- B. **Total Service Opportunities - Example Calculation.** Figure 1 specifies how “Total Service Opportunities” will be calculated for use in Section 3 Compliance Assessment.

Figure 1 - Total Service Opportunities Example Calculation - Weekly, All Materials

	Container Size	Containers	Collection Frequency per Week	Service Opportunities Calculation	Service Opportunities
Single Family					
	20 Gallon	1997	1	1997 x 1	1997
	35 Gallon	22621	1	22621 x 1	22621
	65 Gallon	4486	1	4486 x 1	4486
	95 Gallon	59222	1	59222 x 1	59222
Multi-Family/Commercial					
	35 Gallon	487	1	487 x 1	487
	65 Gallon	429	1	429 x 1	429
	95 Gallon	1720	1	1720 x 1	1720
	1 Yard	6	1	6 x 1	6
	1 Yard	0	5	0 x 5	0
	2 Yard	398	1	398 x 1	398
	2 Yard	8	5	8 x 5	40
	3 Yard	458	1	458 x 1	458
	3 Yard	23	4	23 x 4	92
	4 Yard	77	1	77 x 1	77
	4 Yard	37	2	37 x 2	74
	6 Yard	4	4	4 x 4	16
	6 Yard	8	5	8 x 5	40
Total Service Opportunities					3837

2. Liquidated Damages

The Authority hereby establishes specific standards of performance under the Agreement that: 1) measure compliance with varied and important aspects of contractor performance; 2) can be easily verified with regularly collected data or observation; and, 3) have no threshold for noncompliance. The Authority Contract Manager shall review the following performance standards on a quarterly basis. In

EXHIBIT F2

PERFORMANCE STANDARDS AND LIQUIDATED DAMAGES APPROACH B

the event the Authority Contract Manager determines that Contractor has failed to meet a performance standard established for any of the following, the Authority Contract Manager may in its sole discretion assess Liquidated Damages as specified below, pursuant to Section 10.6 of the Agreement. To the extent the noncompliance continues in successive quarters, the Authority Contract Manager may continue to assess Liquidated Damages. The Authority may furthermore exercise its right to terminate this Agreement in accordance with Section 10.2 of this Agreement.

Performance Area	Specific Performance Measure	Definition	Acceptable Performance Level	Liquidated Damage Amount
1 Service Quality and Reliability	Double Missed Collection	Each occurrence where Contractor fails to Collect Discarded Materials, which have been properly set out for Collection, from the same Customer on two (2) consecutive scheduled pickups.	No acceptable failure level	\$200/Event
2 Customer Service	Resolve Missed Collection	Each occurrence where Contractor fails to resolve Customer complaint of a missed pickup within two business days of receipt of complaint.	No acceptable failure level	\$200/Event
2 Customer Service	Failure to Commence Service	Any failure by Contractor to deliver a Container and begin providing Collection to a Customer, at the Service Level requested by said Customer, within seven (7) calendar days of receiving such request. This may include a new Customer receiving new service or an existing Customer requesting a change in or addition to existing Service Levels. This may also include delivering kitchen pails and/or Used Oil Recovery Kits to Customers upon request.	No acceptable failure level	\$200/Container / Week
2 Customer Service	Failure to Replace Container	Any failure by Contractor to replace or repair a damaged Container within seven (7) calendar days of receiving such a request from a Customer.	No acceptable failure level	\$100/Event

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PERFORMANCE STANDARDS AND LIQUIDATED DAMAGES
APPROACH B

Performance Area	Specific Performance Measure	Definition	Acceptable Performance Level	Liquidated Damage Amount
2 Customer Service	Remove Graffiti	Any failure by Contractor to remove graffiti from Containers within two (2) Working Days following identification by Contractor or notice by the Authority or Customer if such graffiti includes any written or pictorial obscenities, or if such graffiti does not include any written or pictorial obscenities, within five (5) Business Days.		
2 Customer Service	Unauthorized Hours of Operation	Each occurrence of Contractor Collecting from Customers during unauthorized hours.	No acceptable failure level.	\$500/Event
5 Facilities	Non-approved facilities	Each occurrence of Delivering materials to a Facility other than the applicable Designated Facility or Approved Facility.	No acceptable failure level	\$250/Ton
6 Reporting	Late Report	Each occurrence of a report or other plan, as required under Exhibit C and Exhibit D to this Agreement, being submitted after the due date. Reports shall be considered late until they are submitted in a complete and accurate format, except that liquidated damages shall be waived if Contractor self-identifies the inaccuracy(ies) and submits a correction(s).	No acceptable failure level	\$250/Day
6 Reporting	Access to Records	Each occurrence of the Authority Contract Manager requesting information required to be maintained by Contractor where Contractor fails to provide such information within five (5) business days.	No acceptable failure level	\$1,000/Event

By 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

EXHIBIT F2

PERFORMANCE STANDARDS AND LIQUIDATED DAMAGES APPROACH B

counsel and obtain an explanation of Liquidated Damage provisions at the time that the Agreement was made.

Contractor
Initial Here: _____

Authority
Initial Here: _____

3. Compliance Monitoring and Assessment

The Authority has established standards of performance under the seven “Performance Areas” listed below. The Authority Contract Manager may at any time and with any frequency during the Term, monitor Contractor’s performance in each Performance Area based on the applicable “Performance Indicators” identified below for each Performance Area. In monitoring compliance with the performance standards specified in this subsection 3, the Authority Contract Manager may assess compliance through a range of activities which may include, but not be limited to, an information request(s) to Contractor, or conduct of performance review and/or auditing activities as provided in Section 6.3 of this Agreement.

In the event the Authority Contract Manager determines that Contractor has failed to meet any performance standard established in this subsection 3 and remains in noncompliance, or has otherwise exhibited a pattern of ongoing or intermittent noncompliance with provisions of the Agreement specified for each performance area, the Authority Contract Manager may initiate the corrective action process specified in subsection 4 of this Exhibit F. To the extent any aspect of the noncompliance constitutes or may constitute an event of default under Section 10.1, the Authority Contract Manager shall initiate the cure process defined in Section 10.2.

A. Performance Area No. 1: Service Quality and Reliability

Overall Performance Indicator: Contractor’s service quality and reliability shall be considered acceptable if the total number of calls and emails related to the performance measures in the following table received by Contractor or the Authority from Customers served under this Agreement does not exceed one (1) per one thousand (1,000) Total Service Opportunities in any calendar quarter.

Specific Performance Measure	Definition
Missed Collections	Each Service Opportunity where Contractor fails to Collect a Container from a Customer who properly placed said Container for Collection.
Failure to Correct Missed Collections	Each “Missed Collection” as defined above that is not Collected pursuant to Section 4.10.3.B.
Failure to Return Container to Location of Setout	Failure to properly return empty Carts or Bins to the Collection location, or to place Carts upright.

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PERFORMANCE STANDARDS AND LIQUIDATED DAMAGES APPROACH B

Specific Performance Measure	Definition
Failure to Clean-Up Spillage	Pursuant to Section 5.3.C, each failure by Contractor to clean up: (1) any items or materials spilled during the Collection of a Container; (2) any fluids spilled or leaked from a Container or Collection vehicle prior to leaving the Collection location; or, failure by Contractor to notify the Authority within two (2) hours of an observed spill.
Damage to Property	Each event of damage to either public or private property as a result of Collection activity, including without limitation Curbs, sidewalks, landscapes, Container enclosures and gates, signs, light fixtures, and overhead wires and cables.
Discourteous Behavior	Each Complaint received that is related to the discourteous behavior of Contractor's employees.
Inaccurate Billing	Each Complaint received where Contractor billed a Customer in error. Inaccurate billing may include, but is not limited to: (i) either over- or under-charging of the Customer relative to the approved maximum Rates for services; (ii) charging the Customer a Rate that is not the same as other Customers with the same Service Level; (iii) charging a Customer for an increased Service Level prior to providing the service; and, (iv) not charging a Customer for reduced Service Level within seven (7) days of the date Customer requested the change, regardless of whether or not Contractor delivers the appropriate Containers or modifies the Service Level within that timeframe.
Unauthorized Hours of Operation	Each occurrence of Contractor Collecting from Customers during unauthorized hours.

B. Performance Area No. 2: Customer Service

Performance Indicator: The level of Customer service provided by Contractor shall be considered acceptable if the total number of Complaints regarding the performance measures specified in the following table received by the Contractor or the Authority does not exceed one (1) per one thousand (1,000) Total Service Opportunities in any calendar quarter.

Specific Performance Measure	Definition
Failure to Resolve Complaint	Any failure by Contractor to resolve or remedy a Complaint to Customer's satisfaction within seven (7) calendar days of receiving such Complaint.
Failure to Answer Phones; Respond to Emails	Any failure by Contractor during normal business hours to answer a Customer telephone call within three (3) minutes, or to respond to a Customer email in the timeframe specified in Section 4.11.1.C. A call is not considered to be answered if the Customer does not speak with a live operator. A call is considered to be answered if the Customer hangs-up or abandons the call following a hold time of less than three (3) minutes.

EXHIBIT F2

PERFORMANCE STANDARDS AND LIQUIDATED DAMAGES APPROACH B

C. Performance Area No. 3: Outreach

Performance Indicator: Contractor’s outreach performance shall be considered acceptable if service meets the requirements of Section 4.7 and Exhibit C. The following table specifies performance measures indicating unacceptable performance.

Specific Performance Measure	Definition
Failure to Perform Public Outreach Activities	Each failure by Contractor to develop, produce, and distribute a public outreach document or perform a community outreach activity in the form and manner required under Exhibit C to this Agreement.
Failure to Provide Targeted Technical Assistance	Each individual failure to provide targeted technical assistance to a Commercial or Multi-Family Customer, or to a Member Agency facility in the manner required under Exhibit C to this Agreement.
Delay in Annual Outreach Plan	Failure to submit the initial annual outreach plan by the Commencement Date or November 1, or to submit a revised plan within 15 Business Days after receiving the Authority Contract Manager’s comments, as required by Exhibit C, Section 1.A.

D. Performance Area No. 4: Diversion

Performance Indicator: Contractor’s Diversion performance, as provided in Section 5.10, shall be considered unacceptable if Contractor does not meet minimum Diversion Rates as described below.

Specific Performance Measure	Definition
Failure to Maintain Contractor’s Minimum Required Diversion Rates by Weight	Failure to meet minimum Diversion Rates specified in Section 5.10.B in any calendar year after 2024.

E. Performance Area No. 5: Facilities

Performance Indicator: Contractor’s performance relative to facility use shall be considered acceptable when one hundred percent (100%) of all tons for all material types Collected by Contractor are Delivered to the appropriate Approved Facility (including Designated Facility(ies) consistent with Sections 4.1, 4.2 and 4.3 of this Agreement. The following table specifies performance measures indicating unacceptable performance.

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PERFORMANCE STANDARDS AND LIQUIDATED DAMAGES APPROACH B

Specific Performance Measure	Definition
Delivery to Non-Approved Facility	Each individual occurrence of delivering materials to a facility other than the Approved Facility designated for each material type under Sections 4.1, 4.2, and 4.3 of this Agreement.
Disposal of Material Targeted for Diversion	Each individual occurrence of Disposal rather than Processing of Recyclable Materials, Organic Materials, or C&D set out for Collection by the Customer, unless the contamination level in the Container exceeds the acceptable contamination level specified in this Agreement.
Mixing Material Types During Collection	Each individual Container that is Collected by Contractor in a vehicle intended or designated for the purpose of Collecting a different material type (e.g., Recyclable Materials Collected in Solid Waste vehicle, Solid Waste Collected in Organic Materials vehicle, etc.). This item does not apply to collection in a Solid Waste vehicle of Containers with a contamination level that exceeds the acceptable contamination level specified in this Agreement.

F. Performance Area No. 6: Reporting

Performance Indicator: Contractor's reporting shall be considered acceptable if Contractor meets the performance measures specified in the following table.

Specific Performance Measure	Definition
Late Report	Submittal of a report or other information: <ol style="list-style-type: none"> 1. Required under Exhibit D to this Agreement after the specified due date. 2. Requested by the Authority Contract Manager more than seven (7) calendar days after the date requested.
Failure to Maintain or Provide Access to Records	Each occurrence of the Authority Contract Manager requesting information required to be maintained by Contractor where Contractor fails to provide such information.
Misleading/ Inaccurate Reporting	Each occurrence of Contractor providing materially or intentionally misleading or inaccurate information or reporting to the Authority under or in regard to this Agreement. Typographical, cell reference, mathematical, and/or logic errors shall not be considered legitimate excuses from this requirement, nor shall ignorance.

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PERFORMANCE STANDARDS AND LIQUIDATED DAMAGES APPROACH B

G. Performance Area No. 7: SB 1383

Performance Indicator: Contractor’s compliance with the SB 1383 requirements of the Agreement shall be acceptable if Contractor meets the performance measures specified in the following table and with the other SB 1383-related requirements of Article 4 of this Agreement.

Specific Performance Measure	Definition
Failure to Provide Recyclable Material and Organic Material Collection Services to every Customer	For each occurrence of failing to provide Customers with the three-Container system, including Recyclable Material and Organic Materials. This item shall not apply to missed pickups, which is covered under Performance Area No. 1.
Failure to Conduct Route reviews	Failure to conduct Route reviews as required by Section 4.13.1 of this Agreement.
Failure to Conduct contamination monitoring	Failure to conduct contamination monitoring as required by Section 4.13.1 of this Agreement.
Failure to Issue contamination notices, if permitted by Authority	Failure to issue contamination notices as required by Section 4.13.1 of this Agreement.
Commingling with Non-Authority Materials	Commingling of materials Collected inside and outside the Authority Service Area during Collection.
Failure to Comply with Container Labeling and Colors	For each occurrence of Contractor’s failure to comply with Container labeling and color requirements pursuant to Section 5.6 of this Agreement, and not corrected within two (2) Business Days of notice by Authority.
Failure to Conduct Compliance Tasks	For each failure to conduct any compliance review, or cooperate in conducting waste evaluations pursuant to Sections 4.13 and 4.14, and/or failure to conduct any other SB 1383-related inspection required by this Agreement.
Failure to Conduct Follow-Up Inspections	For each failure to conduct an SB 1383 noncompliance complaint investigation as required by Section 4.14.C of this Agreement.

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PERFORMANCE STANDARDS AND LIQUIDATED DAMAGES APPROACH B

4. Corrective Action Process

Should the Authority Contract Manager determine that Contractor is noncompliant with or has a pattern of noncompliance with provision(s) of this Agreement as provided in subsection 3 of this Exhibit F, the Authority Contract Manager may initiate the corrective action process specified in this subsection 4. The Authority Contract Manager shall provide notice to the Contractor in writing of the specific area(s) or pattern(s) of ongoing or intermittent noncompliance and may suggest corrective actions required to achieve, and to remain in compliance. Within fifteen (15) calendar days of provision of the notice, Contractor will submit a payment of twenty-five hundred dollars (\$2,500.00) to the Authority Contract Manager to reimburse the Authority for costs incurred during the corrective action process.

The Authority Contract Manager may develop a Corrective Action Plan, or may require Contractor development of a Corrective Action Plan for Authority Contract Manager approval. The Corrective Action Plan shall fully identify the specific performance area(s) requiring correction, and shall specify at a minimum the specific tasks, schedule, milestone steps, budget, and Contractor and Subcontractor responsibilities by function and position in such detail as is necessary to provide for clear and unambiguous resolution of the issue(s). If the Authority Contract Manager develops a Corrective Action Plan, the Contractor shall provide any comments to a draft Corrective Action Plan developed by the Authority Contract Manager within fifteen (15) calendar days of receipt. Should the Authority Contract Manager require Contractor develop a Corrective Action Plan, Contractor shall submit the draft Plan within thirty (30) calendar days of such notice and shall submit a final Plan within fifteen (15) calendar days of receipt of Authority comments to the draft Plan.

The Authority Contract Manager shall inform the Board upon notifying Contractor of its intention to initiate a corrective action process and shall keep the Board apprised of progress in resolving the issue(s) identified in the Corrective Action Plan. Failure to meet the Plan development or review timelines specified in the previous paragraph, to meet the Corrective Action Plan schedule or to demonstrate good faith effort to do so, or failure to demonstrate achievement of compliance within the specified schedule will result in an Authority Contract Manager recommendation to the Board to assess a penalty of up to one thousand (\$1,000) per day until compliance is achieved. Continued failure to fully mitigate the area(s) of noncompliance as provided in the Corrective Action Plan shall constitute an event of default as provided in Section 10.1, subject to the cure provisions of Section 10.2.

Contractor is solely responsible for all costs it incurs during the corrective action process described in this subsection 4, and such costs are not allowable or recoverable in any way from the Authority, the Member Agencies, or Customers.

5. Failure to Fund Required Services, Personnel, or Equipment

Should Contractor fail to meet the following specific requirements contained in this Agreement, the Authority Contract Manager shall provide notice to the Contractor of such failure, and Contractor shall within fifteen (15) calendar days submit payment equal to the direct compensation costs identified below for unfilled positions or capital or other costs not incurred by Contractor, or to reimburse the Authority's direct and indirect costs for conducting Contractor's activities or for causing them to be conducted, at the Authority Contract Manager's sole discretion.

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PERFORMANCE STANDARDS AND LIQUIDATED DAMAGES

APPROACH B

{Note to Proposers: This Section will be updated to reflect specific costs provided in the selected Contractor's cost proposal.}

1. Fill or keep specified positions filled in accordance with Section 5.8.F.
2. Make capital purchases required for compliance with Collection vehicle requirements of Section 5.6 and/or container requirements of Section 5.7.
3. Develop required facilities and/or specific facility capabilities to meet the requirements of Section 5.5.

**EXHIBIT G:
CONTRACTOR'S PROPOSAL**

**EXHIBIT G1:
COST BASIS FOR PROPOSAL**

**EXHIBIT G2:
INITIAL RATES FOR COLLECTION SERVICES**

**EXHIBIT G3:
IMPLEMENTATION PLAN AND SCHEDULE**

**EXHIBIT G4:
APPROVED SUBCONTRACTORS**

EXHIBIT G4 APPROVED SUBCONTRACTORS

In accordance with Section 3.3 of the Agreement, the Authority has approved the following Subcontractors to manage the specified services and otherwise assist the Contractor in the performance of the requirements of this Agreement.

Approved Facility or Subcontractor Definition	Approved Facility or Subcontractor	Services
Approved Recyclable Materials Processing Site	<i>{Note to Proposers: Hauler to propose facility.}</i>	Recyclable Materials Processing
Approved Organic Materials Processing Site	<i>{Note to Proposers: Hauler to propose facility.}</i>	Organic Materials Processing
Approved E-Waste Drop-Off Facility	<i>{Note to Proposers: Hauler to propose facility.}</i>	E-Waste, Universal Waste, Used Motor Oil, and Used Oil Filters drop off
Approved Construction and Demolition Debris Processing Facility	<i>{Note to Proposers: Hauler to propose facility.}</i>	C&D Processing
Approved Construction and Demolition Debris Processing Facility	<i>{Note to Proposers: Hauler to propose facility.}</i>	C&D Processing
Approved Construction and Demolition Debris Processing Facility	<i>{Note to Proposers: Hauler to propose facility.}</i>	C&D Processing

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**EXHIBIT H:
PERFORMANCE BOND**

EXHIBIT I:
WAIVER APPROVAL PROCESS FLOWCHART

WEST VALLEY SOLID WASTE MANAGEMENT AUTHORITY AGENDA REPORT

Agenda Item No.2
Meeting Date: May 5, 2022

Date: May 5, 2022
To: West Valley Solid Waste Management Authority Board
From: Executive Director
Subject: Fiscal Year 22-23 Budget

Recommended Action

Approve Resolution 2022-05 adopting the fiscal year (FY) 22-23 budget.

Discussion

Background

Article 5 of the Joint Exercise of Powers Agreement (Agreement) defines how the West Valley Solid Waste Management Authority's (Authority) activities are to be funded. Paragraph B states that the Authority must adopt a budget for each FY beginning on July 1 and ending on June 30 of the following calendar year. Paragraph A specifies that the requisite funds are to be allocated among to the City of Campbell, Town of Los Gatos, City of Monte Sereno, and City of Saratoga (Member Agencies) in amounts equal to each Member Agency's percentage share of the total population of all Member Agencies. Through 2011, each Member Agency's assessment amount was included in its respective annual budget. However, in 2012 and each year thereafter, the Member Agencies have elected to recover their respective assessed costs in the collection rates.

The Board's Fund Balance policy is to maintain an operating reserve of \$100,000 and a rate stabilization reserve of \$100,000.

FY 22-23 Expenses and Revenues

The attached budget includes the following:

1. The actual results for the previous five years by major expenditure category.
2. The approved FY 21-22 budget.
3. The proposed FY 22-23 budget.
4. The four additional years of forecasted budgets. In total, the proposed FY 22-23 budgeted expense are \$741,918 net of the West Valley Collection and Recycling (WVC&R) Annual Payment expenditure of \$450,000.

Figure 1 is a summary of the FY 22-23 proposed budget.

Figure 1. Proposed FY 22-23 Budget

Personnel (Contract Services)		
Executive Director		
General Services	\$	202,319
Grant Administration		2,250
SB 1383 Regulatory Compliance		62,717
Collection Contract Negotiations		200,000
Refuse Vehicle Analysis		50,000
		<u>517,286</u>
Legal Services		
General Services		26,928
Contract Negotiations		33,660
		<u>60,588</u>
Other Professional Services		
Accounting & Audit		13,344
Other		5,000
		<u>18,344</u>
Other Expenses		<u>145,777</u>
Total Authority Projected Expenditures before WVC&R Contract Payment		741,995
WVC&R Contract Payment		<u>450,000</u>
Total Authority Budgeted FY 22-23 Expenditures		<u>\$ 1,191,995</u>
Revenue from Member Agencies		\$ 191,787
Payment of Annual Fee from WVC&R		450,000
Payment of Collections Agreements Negotiation		333,690
Revenue from SB 1383 Local Assistance		158,045
Excess Fund Balance from FY 21-22		<u>58,473</u>
Total Authority FY 22-23 Budgeted Revenues		<u>\$ 1,191,995</u>

Executive Director. Executive Director expenses are for services provided by HF&H Consultants, LLC (HF&H) including: 1) management of the Authority's refuse, recycling, and organics disposal, processing, and collection contracts; 2) management of the Authority's effort to achieve AB 939 targets; 3) management of AB 1826 and SB 1383 compliance; 4) preparation for and facilitation of the Board meetings; and, 5) other administrative asks assigned by the Board. The attached HF&H Scope of Work describes each task in more detail. In addition, the attached HF&H Hourly Rates provides rates for FY 22-

23, adjusted by the Consumer Price Index (CPI) from prior year rates as prescribed in the contract between the Authority and HF&H. The FY 22-23 budgeted amount of \$517,286 includes the following:

- General Services: This expenditure of \$202,319 includes additional services provided by HF&H from the prior FY 21-22 budget. These additional services include, but are not limited to, increased support for and communication with Member Agency staff and Board Members, Board Meeting preparation, responding to collection and disposal contract inquiries, and collection and disposal contract monitoring. In FY 22-23, education and outreach efforts will be funded by SB 1383 Local Assistance Grant funds.
- Grant Administration: This expenditure of \$2,250 is for the Authority to manage SB 1383 Local Assistance Grant funds and complete Itemization Expenditure Reports. In FY 22-23, it will be funded by SB 1383 Local Assistance Grant funds.
- SB 1383 Regulatory Compliance: This expenditure of \$62,717 is for the continued monitoring and reporting of SB 1383 compliance.
- Collection Agreement Negotiations: This expenditure of \$200,000 is for negotiating a new collection contract to be effective March 1, 2024. In FY 22-23, it will be funded by the collection contractor selected during the negotiations process.
- Refuse Vehicle Impact Analysis: This expenditure of \$50,000 is to perform a vehicle impact fee analysis to update each Member Agency's current vehicle impact fees for street maintenance costs charged to customers through the solid waste rates.

Legal Services. This expenditure is for the services of Logan and Powell, LLP (L&P) to provide advice on Authority legal matters, including the conduct of meetings in accordance with the provisions of the Brown Act; to perform legal research as needed; to prepare legal notices as needed; and, to assist with other legal matters, as directed by the Board. The FY 22-23 budgeted amount of \$60,588 includes the following:

- General Services: This expenditure of \$26,928 is for the ongoing legal services provided by L&P. The expense includes a contractual 2.00% annual rate increase, approved by the Board in an amendment to the Authority's agreement with L&P at the May 6, 2021 Board Meeting. The Authority's attorney current hourly rate for FY 21-22 is \$275.00 and will increase in FY 22-23 to \$280.50.
- Collection Agreement Negotiations: This expenditure of \$33,660 is for legal advice provided during the collection agreement negotiation process to secure collection services beginning in 2024. In FY 22-23, it is funded by the collection contractor selected during the negotiations process.

SB 1383 Education and Outreach. This expenditure is for outreach related to SB 1383. It is funded from liquidated damages received from West Valley Collection & Recycling, LLC (WVC&R) in prior years and SB 1383 Local Assistance Grant funds.

SB 1383 Member Agency Organics Procurement. This expenditure is for organic waste product procurement expenses. In FY 22-23, it is funded through 1383 Local Assistance Grant funds. The \$40,000 of funds for organic procurements will be disbursed to each Member Agency proportionally based on population.

Record Keeping and Reporting. This expenditure is for the Authority's use of a database to store and track all Authority data related to SB 1383. The budgeted amount has been increased by 3.00% for FY 22-23 compared to FY 21-22.

WVC&R Annual Payment. As part of the franchise agreement with WVC&R that began March 1, 2014, the Authority receives a payment of \$450,000 annually (\$4,500,000 over the term of the agreement). The payment will be disbursed to each Member Agency proportionally based on population.

Accounting and Bookkeeping. This expenditure is for the services of the City of Campbell’s Finance Department staff for accounting and bookkeeping support. The budgeted amount has been increased by 3.00% for FY 22-23 compared to FY 21-22.

Liability Insurance. This expenditure is for general liability and public officials’ errors and omissions insurance. This amount reflects an increase by 3.00% in the premium for FY 22-23 compared to FY 21-22.

Mileage and Meeting Expenses. This expenditure is for Board Member attendance at relevant industry conferences during the year. The budgeted amount is to provide for increased attendance by Board Members to allow them to become more familiar with solid waste issues, as the end of the WVC&R contract term approaches. The budgeted amount is the same as prior years’ budgets.

Website Administration. This expenditure is for maintaining the Authority’s website (www.wvswma.org). The budget includes registration fees as well as other services required to maintain the website. The budgeted amount was increased by 3.00% for FY 22-23 compared to FY 21-22.

Professional Services. This expenditure is for other professional services or studies (e.g., engineering consulting services, litigation services) authorized by the Board. The budgeted amount is the same as prior years’ budgets.

Audit Services. This expenditure is for audit services required by Article 5.B of the Agreement. The budgeted amount is the same as prior years’ budgets.

Member Agency Assessments

Figure 2 shows the Member Agencies’ assessments approved for FY 21-22, proposed FY 22-23, and projected for the following four fiscal years through FY 26-27. Due to one-time expense offsets, such as the SB 1383 Local Assistance Grant funds, Member Agency Assessments and the impact on ratepayers is proposed to reduce in FY 22-23.

Figure 2. Member Agency Assessments

Agency	Approved Fiscal Year 2021-22	Proposed Fiscal Year 2022-23	Proposed Fiscal Year 2023-24	Proposed Fiscal Year 2024-25	Proposed Fiscal Year 2025-26	Proposed Fiscal Year 2026-27
Campbell	\$ 141,518	\$ 74,780	\$ 215,271	\$ 184,117	\$ 189,395	\$ 194,829
Los Gatos	\$ 105,211	\$ 55,520	\$ 159,827	\$ 136,697	\$ 140,615	\$ 144,650
Monte Sereno	\$ 12,027	\$ 6,489	\$ 18,680	\$ 15,977	\$ 16,435	\$ 16,906
Saratoga	\$ 103,843	\$ 54,998	\$ 158,324	\$ 135,411	\$ 139,293	\$ 143,290

Documents Attached

HF&H Scope of Work

HF&H Hourly Rates

Resolution No. 2022-05 Resolution of the Board of Directors of the West Valley Solid Waste Management Authority Approving the Budget For Fiscal Year 2022-23

Fiscal Impact

The attached FY 22-23 proposed budget shows the expected assessment for each Member Agency resulting from the proposed budget.

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SCOPE OF SERVICES

The tasks that HF&H Consultants, LLC (HF&H) will perform include, but are not limited to, the following:

Task 1: Authority Administration

- 1a Manage the procurement of legal services, liability insurance, and other services and supplies required for the conduct of the West Valley Solid Waste Management Authority's (Authority) business.
- 1b Prepare the annual Authority budget for approval by the Board.
- 1c Prepare and provide orientation materials (including copies of the collection and disposal agreements, Rules of Conduct, and Joint Powers Authority agreement) to new Board members, as needed.
- 1d Work with the City of Campbell auditors to complete the annual financial audit of the Authority's financial statements. This includes preparing the financial statements, reviewing the footnotes, preparing the management letter, and responding to inquiries from the auditors.
- 1e Manage the submission of Fair Political Practices Commission forms (Form 700) by the Executive Director, Legal Counsel, and Board Members.

Task 2: Facilitate Board Meetings

- 2a Prepare for and conduct quarterly Board Meetings. This task includes preparing the public notices, agendas, agenda reports, resolutions, Board Member agenda packets, public meeting binders, and meeting minutes. In addition, prepare for and conduct "Agency review" meetings with the City of Campbell's, the City of Monte Sereno's, the City of Saratoga's, and the Town of Los Gatos' (Member Agencies) staff prior to regularly scheduled Board Meetings or special Board Meetings.
- 2b Prepare a financial report of the Authority's activities for each quarter, showing actual expenditures against the approved budget. These reports are presented at the next regularly scheduled Board Meeting following the close of each quarter.
- 2c Present status reports on each of the Authority projects or activities at regularly scheduled Board Meetings, as needed.
- 2d Follow-up on action items from the Board Meeting, including maintaining a record of all Authority actions.

Task 3: Member Agency Support

- 3a Conduct conference calls with Member Agencies' staff on an as needed basis to report on issues and receive direction from staff between Board Meetings, including special Board Meetings. This task includes preparing the agenda and agenda materials. HF&H will discuss the options with the Member Agencies' staff and will schedule the appropriate time and place for the meeting(s).
- 3b Respond to inquiries from Member Agencies' residents and businesses regarding the Authority's solid waste and recycling services in a timely manner.

- 3c Work with West Valley Collection and Recycling, LLC (WVC&R) and Waste Management (WM) (collectively referred to as Companies) to respond to complaints and inquiries from Member Agencies' residents and businesses regarding services provided under the agreements.
- 3d Respond to inquiries from Member Agencies' staff on issues including but not limited to SB 1383 compliance and WVC&R service.

Task 4: Collection and Disposal Contract Management

- 4a Ensure that the Companies comply with requirements to furnish certificates of insurance and performance bonds in accordance with the agreements.
- 4b Review the Companies' operational performance and calculate the amount of liquidated damages, if any, under the agreements.
- 4c Manage the revision of these contracts for implementation of new programs, changes to recyclable materials, or other changes as directed by the Board.
- 4d Enforce the collection franchise agreement provisions and respond to violations (e.g., rogue dumpsters).
- 4e Verify WVC&R rate adjustment calculations for collection service and WM rate adjustment calculations for disposal and processing.

Task 5: SB 1383 Implementation and Monitoring

- 5a Maintain an Implementation Record on behalf of each Member Agency and coordinate recordkeeping with Recyclist.
- 5b Respond to any questions from CalRecycle regarding SB 1383 compliance.
- 5c Provide assistance to Member Agencies with the development of individual procurement plans and use plans for organic materials.
- 5d Implement the Authority's generator waiver verification procedures in cooperation with WVC&R.
- 5e Conduct the annual compliance review of multi-family and commercial generators.
- 5f Conduct inspections of non-subscribed generators.
- 5g Monitor WVC&R's contamination monitoring route review program.
- 5h Assist Santa Clara County (County) with capacity planning.
- 5i Coordinate with the County's edible food recovery program.
- 5j Investigate SB 1383 related complaints reported to the Authority or its Member Agencies.

Task 6: Other Regulatory Compliance Monitoring

- 6a Prepare for and attend monthly meetings with Member Agency staff.

- 6b Provide periodic reports on the status of federal and state legislation impacting the Member Agencies' refuse and recycling programs at regularly scheduled Board Meetings. Provide information on industry trends.
- 6c Represent the Authority at County Technical Advisory Committee (TAC) meetings and other relevant regional and statewide meetings as needed and as directed by the Member Agencies' staff and/or the Board, and communicate relevant information to Member Agencies.
- 6d Prepare and submit miscellaneous reports requested by local agencies related to the Authority's solid waste and recycling collection and disposal programs. These include, for example, the County's recycling hotline and household hazardous waste (HHW) program and collection rate surveys.
- 6e Prepare and submit the Member Agencies' Annual Reports to CalRecycle on behalf of each Member Agency. This includes accompanying the CalRecycle representative on site visits in the Authority jurisdictions. Additionally, HF&H will respond to CalRecycle questions related to the annual reports and site visits.

Task 7: Education and Outreach

- 7a Create and implement Authority education and outreach plan, including designing content and coordinating the production of such education and outreach materials.
- 7b Lead in the maintenance and updating of the Authority's website to ensure information is accurate and effective.
- 7c Review public education material provided by WVC&R for proper content prior to final publication.

Task 8: Collection Procurement

- 8a Evaluate proposals and present proposal results to the Board.
- 8b Negotiate final agreement with short listed proposers.
- 8c Prepare, assemble, and present the final agreement to the Board.

Task 9: Refuse Vehicle Impact Analysis

- 9a Prepare a request for information to Member Agencies.
- 9b Prepare a model calculating the impacts of WVC&R's collection vehicles to each Member Agency's roads.
- 9c Document the results of refuse vehicle impact analysis in a report for each Member Agency.

Task 10: SB 1383 Grant Administration

- 10a Monitor and manage the SB 1383 Local Assistance Grant Funds.
- 10b Prepare and submit an Expenditure Itemization Summary.

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HF&H CONSULTANTS, LLC

STANDARD HOURLY RATES AND BILLING ARRANGEMENTS

(Effective July 1, 2022)¹

Professional Fees

Hourly rates for professional and administrative personnel are as follows:

<u>Position</u>	<u>Rate</u>
President	\$317.94
Senior Vice President & Vice President	\$291.88 – \$312.73
Senior Project Manager	\$271.03 – \$297.10
Project Manager/Senior Associate	\$207.45 – \$244.97
Associate Analyst	\$165.75 – \$172.00
Assistant Analyst	\$125.09 – \$166.79
Administrative Staff	\$104.24 – \$125.09

Direct Expenses

Standard charges for common direct expenses are as follows:

Automobile Travel	Prevailing IRS mileage rate
Airfare and Public Transit	Actual Cost

Billing Policies

Our policy is to bill for our services based on the standard hourly rates of the staff member assigned, multiplied by the time required to perform the client-related tasks, plus the direct expenses as described above. In implementing this policy we adhere to the following practices:

- It is our standard practice to e-mail invoices to our clients, although hard copies of invoices can be sent to clients on request.
- We round to the nearest one-quarter hour (e.g., if two hours and 55 minutes are spent on a task, it is recorded as three hours, if two hours and 5 minutes are spent on a task, it is recorded as two hours). A minimum charge of one-quarter hour is charged for any client work performed in a day.
- We do not markup out-of-pocket expenses, however, we may charge administrative or professional time related to the provision of the goods and services associated with these charges.
- If subcontractors are used, HF&H reserves the right to charge a 5% markup should the subcontractor's services require cumbersome administrative oversight (e.g., multiple subcontractors; engagement turns out to solely require services of subcontractor, but HF&H as the prime must prepare billings).
- Mileage fees are based on the round-trip distance from the point of origin.

¹ Litigation Support and Expert Witness Services are not covered by this schedule of fees and expenses.

HF&H CONSULTANTS, LLC

STANDARD HOURLY RATES AND BILLING ARRANGEMENTS

- If a client's change to a previously scheduled meeting results in penalties being assessed by a third party (e.g., airline cancellation fee), then the client will bear the cost of these penalties.

While no minimum fee for a consulting engagement has been established, it is unlikely (given the nature of our services) that we can gain an understanding of a client's particular requirement, identify alternatives, and recommend a solution in less than twenty-four consulting hours.

Insurance

We maintain the following policies of insurance with carriers doing business in California:

- Comprehensive General Liability Insurance (\$2,000,000 Occurrence/\$4,000,000 Aggregate)
- Workers' Compensation (\$1,000,000)
- Professional Liability Insurance (\$2,000,000 Occurrence/\$2,000,000 Aggregate)
- Hired and Non-Owned Auto Liability² (\$2,000,000)
- Umbrella Liability (\$3,000,000 Occurrence/\$3,000,000 Aggregate)

All costs incurred in complying with additional coverages or limits (excluding additional insured and waiver of subrogation endorsements) become the responsibility of the client and are not included in the fees for services or direct charges but are billed in addition to the contract at cost, plus any professional or administrative fees.

Invoices and Payment for Services

Our time reporting and billing system has certain standard formats that are designed to provide our clients with a detailed invoice of the time and charges associated with their engagement. (We typically discuss these with our clients at our kick-off meeting). We are also pleased to provide our clients with a custom invoice format but we will have to bill the client for time spent conforming our invoices to their unique requirements.

Billings for professional services and charges are submitted every month, in order that our clients can more closely monitor our services.

² HF&H Consultants does not own any company automobiles.

RESOLUTION NO. 2022-05

RESOLUTION OF THE BOARD OF DIRECTORS OF THE WEST VALLEY SOLID WASTE MANAGEMENT AUTHORITY APPROVING THE BUDGET FOR FISCAL YEAR 2022-23

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE WEST VALLEY SOLID WASTE MANAGEMENT AUTHORITY that the document entitled "Fiscal Year 2022-23 Budget" a copy of which is attached hereto and incorporated herein by reference is hereby approved.

This resolution was passed and adopted by the Board of Directors of the West Valley Solid Waste Management Authority at a meeting on the 5th day of May 2022, by the following vote:

AYES:
NOES:
ABSENT:

Approved: _____
Bryan Mekechuk, Chairperson

Attest: _____
Rob Hilton, Executive Director

WVSWMA

FISCAL YEAR 2022-23 BUDGET

Expenditures	Actual Fiscal Year 2016-17	Actual Fiscal Year 2017-18	Actual Fiscal Year 2018-19	Actual Fiscal Year 2019-20	Actual Fiscal Year 2020-21	Budgeted Fiscal Year 2021-22	Proposed Fiscal Year 2022-23	Proposed Fiscal Year 2023-24	Proposed Fiscal Year 2024-25	Proposed Fiscal Year 2025-26	Proposed Fiscal Year 2026-27
Expenditures											
Executive Director General Services	\$ 84,332	\$ 87,258	\$ 98,625	\$ 109,430	\$ 112,997	\$ 127,200	\$ 202,319	\$ 208,389	\$ 214,640	\$ 221,080	\$ 227,712
Grant Administration	-	-	-	-	-	-	2,250	2,250	-	-	-
SB 1383 Regulatory Compliance	-	-	-	-	99,430	60,890	62,717	64,598	66,536	68,532	70,588
Detailed Rate Review	-	-	-	-	-	75,485	-	-	-	-	-
Contract Negotiations (Disposal Agreement)	-	-	32,360	49,200	42,237	-	-	-	-	-	-
Contract Negotiations (Collections Agreement)	-	-	-	-	-	50,030	200,000	-	-	-	-
Contract Implementation (Collections Agreement)	-	-	-	-	-	-	-	50,000	-	-	-
Refuse Vehicle Impact Analysis	-	-	-	-	-	-	50,000	-	-	-	-
Legal Services - General	820	5,593	6,940	8,900	28,920	27,775	26,928	27,736	28,568	29,425	30,308
Legal Services - Collections Agreement	-	-	-	-	-	-	33,660	-	-	-	-
SB 1383 Education and Outreach	-	-	-	-	-	50,000	37,869	39,005	40,176	41,381	42,622
SB 1383 Edible Food Recovery County-Wide Program	-	-	-	-	-	-	-	30,800	31,416	32,045	32,685
SB 1383 Member Agency Organics Procurement	-	-	-	-	-	-	40,000	40,800	-	-	-
Record Keeping and Reporting	-	-	-	-	-	60,000	61,800	63,654	65,564	67,531	69,556
WVC&R Annual Payment to Authority	450,000	450,000	450,000	450,000	450,000	450,000	450,000	300,000	-	-	-
Accounting & Bookkeeping	9,411	8,501	-	-	27,265	9,557	9,844	10,139	10,443	10,756	11,079
Liability Insurance	2,787	2,944	1,377	3,605	3,882	2,787	2,871	2,957	3,045	3,137	3,231
Mileage & Meeting Expense	-	-	-	-	-	2,000	2,000	2,000	2,000	2,000	2,000
Website Administration	-	-	-	-	-	1,201	1,237	1,274	1,312	1,352	1,392
Professional Services	-	-	-	-	-	5,000	5,000	5,000	5,000	5,000	5,000
Audit Services	2,630	2,695	2,830	2,970	3,000	3,500	3,500	3,500	3,500	3,500	3,500
Total Expenditures	\$ 549,980	\$ 556,991	\$ 592,132	\$ 624,105	\$ 767,731	\$ 925,425	\$ 1,191,995	\$ 852,102	\$ 472,201	\$ 485,738	\$ 499,674
Revenues											
Campbell	\$ 46,613	\$ 49,336	\$ 69,653	\$ 42,680	\$ 117,487	\$ 141,518	\$ 74,780	\$ 215,271	\$ 184,117	\$ 189,395	\$ 194,829
Los Gatos	34,895	36,351	51,049	30,590	84,178	105,211	55,520	159,827	136,697	140,615	144,650
Monte Sereno	3,946	4,026	5,707	3,629	10,287	12,027	6,489	18,680	15,977	16,435	16,906
Saratoga	35,425	35,011	49,835	31,424	85,316	103,843	54,998	158,324	135,411	139,293	143,290
Other - Reimb. of Collections Agreement Negotiations	-	-	-	-	-	-	333,690	-	-	-	-
Other - Reimb of Detailed Rate Review	-	-	-	-	-	75,485	-	-	-	-	-
SB 1383 Local Assistance Grant	-	-	-	-	-	-	158,045	-	-	-	-
Other Revenue from WVC&R	-	-	5,000	10,975	21,376	21,139	-	-	-	-	-
Annual Payment to Authority	450,000	450,000	450,000	450,000	450,000	450,000	450,000	300,000	-	-	-
Receivable from WVC&R	1,200	-	-	-	-	-	-	-	-	-	-
Investment Income	2,311	3,458	7,205	7,936	(842)	-	-	-	-	-	-
Total Revenues	\$ 574,390	\$ 578,182	\$ 638,450	\$ 577,234	\$ 767,802	\$ 909,223	\$ 1,133,522	\$ 852,102	\$ 472,201	\$ 485,738	\$ 499,674
Excess (deficiency) of revenues over (under) expenditures	\$ 24,410	\$ 21,191	\$ 46,318	\$ (46,871)	\$ 71	\$ (16,202)	\$ (58,473)	\$ -	\$ -	\$ -	\$ -
Beginning Fund Balance	\$ 229,556	\$ 253,966	\$ 275,157	\$ 321,475	\$ 274,604	\$ 274,675	\$ 258,473	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Ending Fund Balance	\$ 253,966	\$ 275,157	\$ 321,475	\$ 274,604	\$ 274,675	\$ 258,473	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000

WEST VALLEY SOLID WASTE MANAGEMENT AUTHORITY AGENDA REPORT

Agenda Item No. 3
Meeting Date: May 5, 2022

Date: May 5, 2022
To: West Valley Solid Waste Management Authority Board
From: Executive Director
Subject: Proposed Rates Effective July 1, 2022

Recommended Action

Approve Resolution 2022-06 ratifying the West Valley Collection & Recycling, LLC (WVC&R) contractual collection rate increase effective July 1, 2022.

Discussion

Current Rates

At a meeting on May 6, 2021, the West Valley Solid Waste Management Authority (Authority) Board ratified rates for solid waste collection services under its contract with WVC&R effective July 1, 2021.

The ratified residential rates are shown in Figure 1.

Figure 1. Residential Collection Rates Effective July 1, 2021

	Campbell	Los Gatos	Monte Sereno	Saratoga
20-Gallon	\$30.25	\$32.23	\$33.76	\$32.48
35-Gallon	\$37.41	\$40.11	\$41.92	\$40.26
65-Gallon	\$67.72	\$73.07	\$76.48	\$73.20
95-Gallon	\$98.04	\$106.03	\$111.03	\$106.14

Contractual Rate Adjustment

In accordance with Section 8.4 of the franchise agreement between the Authority and WVC&R, WVC&R's compensation is determined annually using one of two methodologies: 1) an index-based adjustment, or 2) a cost-based adjustment. The following table summarizes the methodologies to be used during each rate year.

Figure 2. Rate Setting Methodology Schedule

Rate Year	Commencement Date	Adjustment Method
1	March 1, 2007	Not Applicable
2	July 1, 2008	Index-Based
3	July 1, 2009	Index-Based
4	July 1, 2010	Index-Based
5	July 1, 2011	Index-Based
6	July 1, 2012	Cost-Based
7	July 1, 2013	Index-Based
8	July 1, 2014	Index-Based
9	July 1, 2015	Index-Based
10	July 1, 2016	Index-Based
11	July 1, 2017	Index-Based
12	July 1, 2018	Index-Based
13	July 1, 2019	Index-Based
14	July 1, 2020	Index-Based
15	July 1, 2021	Index-Based
16	July 1, 2022	Cost-Based
17	July 1, 2023	Index-Based

The rates for FY 22-23 are to be set based on a cost-based review of WVC&R’s rate adjustment application.

As part of its 2021-2022 budget, the Board approved funds for HF&H Consultants, LLC (HF&H) to perform the cost-based review of WVC&R’s application. HF&H has prepared a report that summarizes the results of their review. As described in the attached report, WVC&R requested a 17.50% increase to their compensation. After HF&H’s review of WVC&R’s application and supporting documentation, a net \$2,736,323 of reductions to WVC&R’s requested compensation were identified. The adjustments reduced the compensation increase to a net increase of 8.99%.

Proposed Rates

The proposed residential rates are shown in Figure 3. The actual percentage increases differ slightly from an 8.99% increase due to requested changes in Member Agency Recovered costs as discussed below the table and shown in Figure 4.

Figure 3. Proposed Residential Collection Rates Effective July 1, 2022

	Campbell	Los Gatos	Monte Sereno	Saratoga
20-Gallon	\$32.92	\$35.17	\$36.71	\$35.47
35-Gallon	\$40.71	\$43.76	\$45.58	\$43.97
65-Gallon	\$73.67	\$79.71	\$83.09	\$79.96
95-Gallon	\$106.63	\$115.66	\$120.61	\$115.94

The proposed rates include the impact of the requested changes in the Member Agency Recovered costs, as summarized in Figure 4. Member Agency Recovered costs include street sweeping and sanitation costs, household hazardous waste (HHW) costs, refuse vehicle road impact costs, and Authority administrative costs. Additionally, WVC&R pays each Member Agency a 19% franchise fee on gross revenue collected

within each Member Agency. However, the collection rates have many components but not all components are included in the franchise fee. Rate components included in the franchise are collection costs, disposal and processing costs, and refuse vehicle impact costs.

Figure 4. Member Agency Recovered Costs

		Campbell	Los Gatos	Monte Sereno	Saratoga
Street Maintenance	Current	\$ 278,905	\$ 439,395	\$ -	\$ 100,000
	Proposed	\$ 278,905	\$ 459,395	\$ -	\$ 100,000
	Proposed Change	\$ -	\$ 20,000	\$ -	\$ -
HHW	Current	\$ 45,525	\$ 66,018	\$ 11,138	\$ 45,244
	Proposed	\$ 52,489	\$ 64,552	\$ 12,245	\$ 50,411
	Proposed Change	\$ 6,964	\$ (1,466)	\$ 1,107	\$ 5,167
Authority Administrative	Current	\$ 214,718	\$ 236,180	\$ 12,027	\$ 103,842
	Proposed	\$ 151,087	\$ 192,047	\$ 6,489	\$ 54,998
	Proposed Change	\$ (63,631)	\$ (44,133)	\$ (5,538)	\$ (48,845)
Refuse Vehicle Road Impact	Current	\$ 477,600	\$ 871,800	\$ -	\$ 420,951
	Proposed	\$ 477,600	\$ 878,381	\$ -	\$ 454,818
	Proposed Change	\$ -	\$ 6,581	\$ -	\$ 33,867

Documents Attached

HF&H Consultants Review of Rate Adjustment Application for Rate Year Sixteen (July 1, 2022 - June 30, 2023) from West Valley Collection & Recycling, LLC

Resolution 2022-06 Resolution of the Board of Directors of the West Valley Solid Waste Management Authority Ratifying FY 2022-23 Rates for the Collection of Solid Waste, Recyclable Materials, Green Waste, Food Waste, and Construction and Demolition Debris

Santa Clara County Monthly Solid Waste Rates

Fiscal Impact

None

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West Valley Solid Waste Management Authority Review of West Valley Collection & Recycling, LLC's Rate Application for Rate Year 16



April 28, 2022



HF&H Consultants, LLC

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 Marva M. Sheehan, CPA
 Robert C. Hilton

April 28, 2022

Mr. Rob Hilton
 Executive Director
 West Valley Solid Waste Management Authority
 590 Ygnacio Valley Road, Suite 105
 Walnut Creek, CA 94596

**Subject: Review of Rate Adjustment Application for Rate Year Sixteen (July 1, 2022 – June 30, 2023)
 from West Valley Collection & Recycling, LLC**

Reference Number: S3486

Dear Mr. Hilton:

This report documents HF&H Consultants, LLC's (HF&H) findings and recommendations to the West Valley Solid Waste Management Authority (Authority) for our review of West Valley Collection & Recycling, LLC's (WVC&R) Rate Year Sixteen, 2022-2023 (RY16) Rate Adjustment Application (Application).

Review of WVC&R's Rate Application

Based on our review of WVC&R's Application for a 17.50% increase in compensation, we recommend an 8.99% increase for RY16 (July 1, 2022 through June 30, 2023). The recommended increase is based on several adjustments to WVC&R's Application (agreed to by WVC&R management), as described in Section V of the report.

As shown in the table below, the 8.99% increase results primarily from increases in: 1) WVC&R's operating costs; 2) contractual disposal and processing rates at Guadalupe Landfill; partially offset by an increase in projected revenues at current rates, due to the rebound in commercial service levels are returning to pre-COVID levels.

Compensation Increase Components

Operating Costs, Pass-through Costs & City Fees	9.09%
Contractual Disposal/Processing Rate Increase	1.79%
Increase in Revenue from Customer Billings	-1.90%
Proposed Rate Increase	8.99%

Mr. Rob Hilton
April 28, 2022
Page 2 of 2

* * * *

We would like to express our appreciation to WVC&R management and staff for their assistance. In addition, we express our appreciation to you for assistance and guidance during the course of the review. Should you have any questions, please contact me at 925-977-6957 or rsimonson@hfh-consultants.com.

Sincerely,
HF&H CONSULTANTS, LLC



Rick Simonson
Senior Vice President

cc: Mr. Paul Nelson, WVC&R
Mr. Scott Rauch, WVC&R
Mr. Joe Wonderlick, WVC&R

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SECTION I. EXECUTIVE SUMMARY

On December 31, 2021 West Valley Collections & Recycling (WVC&R) submitted its initial Solid Waste, Recyclable Materials, Green Waste, Food Scraps, and Construction and Demolition (C&D) Debris Rate Year (RY) 16 Rate Application (Application) to the West Valley Solid Waste Management Authority (Authority). The Authority contracted with HF&H Consultants (HF&H) to review the Application. The scope of our review is described in Section III. This report presents the Authority with our specific findings and recommendations.

WVC&R's Application

WVC&R projected a \$5,740,420 revenue shortfall and requested a **17.50% compensation increase** to compensate WVC&R for providing current services. The revenue shortfall was based on a calculated compensation of \$38,535,477 for RY16 (2022-2023) and projected RY16 (2022-2023) revenue of \$32,795,057. A description of the Application is included in Section IV.

HF&H Adjustments

Based on our review, we have calculated WVC&R's compensation to be \$36,433,013 and projected revenue at current rates of \$33,428,917, resulting in a revenue shortfall of \$3,004,096 requiring an **8.99% increase**. Our net \$2,736,323 reduction to WVC&R's projected revenue shortfall is the result of the following recommended adjustments, which are described in more detail in Section V:

- A \$243,763 decrease in Labor expense due to the usage of an incorrect CPI adjustment factor;
- A \$80,988 decrease in Vehicle Related expenses due to the usage of an incorrect CPI adjustment factor;
- A \$164,364 decrease in Recyclable Material Processing Costs resulting from a miscalculation of forecasted recyclable material tonnage in accordance with the Agreement;
- A net \$579,372 decrease in "Other Costs", amortized start-up, lease and rent and administrative overhead expenses in excess of amounts allowed in accordance with the Agreement;
- A \$193,009 decrease in Operating Profit due to the proposed adjustments described above;
- A \$328,710 decrease in interest expense, which is based on to the fixed and allowed interest expense stated in Exhibit 4 of the Agreement;
- A net \$512,258 decrease in Other Pass-Through expenses resulting primarily from miscalculation of tonnage, the omission of C&D processing costs, the usage of incorrect CPI factors and adjustment to Franchise Fees related to the proposed adjustments; and,
- A \$633,859 increase to Revenues, resulting from HF&H's review and projection of recent revenue based on current levels of service.

SECTION II. BACKGROUND

General

In September 2005, the Authority issued a request for proposals for solid waste collection services, and recyclables and organic materials collection and processing services that were scheduled to commence in March 2007. In March 2014, WVC&R and the Authority extended the term of the original Agreement for an additional ten years expiring February 2024. The extended Agreement also enhanced current services and diversion of materials through creative programs for organic material and rerouting collection operations. In April 2021, WVC&R and the Authority amended the Agreement, as necessary, to support compliance with SB 1383 requirements.

Rate-Setting Process

In accordance with Article 8.4 of the Agreement, WVC&R's compensation was fixed for RY1. For the remaining term of the Agreement, WVC&R's compensation is determined using one of two methodologies: 1) an index adjustment based on 80% of the change in CPI; or 2) a cost-based adjustment (detailed rate review). The following table presents the methodology that is to be used during each rate year:

Table 1
Rate Setting Methodology Schedule

Rate Year	Commencement Date	Adjustment Method
1	March 1, 2007	Not Applicable
2	July 1, 2008	Index-Based
3	July 1, 2009	Index-Based
4	July 1, 2010	Index-Based
5	July 1, 2011	Index-Based
6	July 1, 2012	Cost-Based
7	July 1, 2013	Index-Based
8	July 1, 2014	Index-Based
9	July 1, 2015	Index-Based
10	July 1, 2016	Index-Based
11	July 1, 2017	Index-Based
12	July 1, 2018	Index-Based
13	July 1, 2019	Index-Based
14	July 1, 2020	Index-Based
15	July 1, 2021	Index-Based
16	July 1, 2022	Cost-Based
17	July 1, 2023	Index-Based

While the rates were initially set to generate revenue equal to the agreed upon RY1 compensation to WVC&R, the actual revenue received by WVC&R is based on actual customer subscription levels. Therefore, WVC&R bears the risk for the shortfall in revenue due to declines in subscription levels, as well

as the benefit from increases in customer subscription levels. The following table lists the annual increases to WVC&R's compensation net of disposal since the inception of the Agreement. Actual rate increases were different than 80% of the change in CPI due to: 1) the disposal rate increase in accordance with the Authority's agreement with Guadalupe Landfill; 2) the Member Agencies of the Authority including the City of Campbell, Town of Los Gatos, City of Monte Sereno, and City of Saratoga (Member Agencies) increasing their franchise fee percentages; and, 3) three Member Agencies imposing individual program fees on WVC&R.

Table 2
Results of Rate Setting Methodology to WVC&R's Compensation
(Excluding Disposal)

Rate Year	Commencement Date	% Increase	% Change in CPI
1	March 1, 2007	Not Applicable	Not Applicable
2	July 1, 2008	3.10%	3.88%
3	July 1, 2009	0.02%	0.03%
4	July 1, 2010	2.09%	2.61%
4+	January 1, 2011	2.68%*	N/A
5	July 1, 2011	1.22%	1.53%
6	July 1, 2012	3.40%	2.93%
7	July 1, 2013	1.78%	2.22%
8	July 1, 2014	2.06%	2.58%
9	July 1, 2015	2.14%	2.67%
10	July 1, 2016	2.54%	3.18%
11	July 1, 2017	2.83%	3.53%
12	July 1, 2018	2.35%	2.94%
13	July 1, 2019	3.11%	4.50%
14	July 1, 2020	1.96%	2.45%
15	July 1, 2021	1.60%	2.00%
16	July 1, 2022	7.02%	4.24%
Average (excluding rate adjustment for new program)		2.48%	2.75%

* Increase to commercial customers for commercial food scraps program.

SECTION III. RATE REVIEW

Scope of Work

Rate Review

Our approach to this engagement was to objectively follow the compensation adjustment terms of the Agreement between WVC&R and the Authority. When performing the procedures described in Article 8.4 of the Franchise Agreement, we relied on WVC&R's audited financial statements, current year-to-date financial results of operations, copies of transactions, reports of operations and other information provided by WVC&R, WVC&R's initial proposal to the Authority, and industry standards.

The results of our review and our findings have been documented by the staff performing the engagement and objectively reviewed by the Engagement Manager and Engagement Director. While taking direction from the Authority, we worked cooperatively with WVC&R to ensure that they: 1) understood the procedures we performed; 2) understood our findings; 3) had an opportunity to correct any misunderstandings we may have acquired; and, 4) understood the reasons for any adjustments to their application that we recommended to the Authority.

HF&H staff performed this review based upon procedures agreed to between the Authority and HF&H, and upon the agreement between the Authority and WVC&R. These procedures included the following activities:

- Reviewing WVC&R's application to determine completeness, mathematical accuracy, and compliance with the Franchise Agreement;
- Reconciling the RY14 revenues and expenses reported in the applications to WVC&R's audited financial statements and its general ledger, as well as reviewing the reasonableness of any adjusted costs in accordance with Section 8.4.2 of the Franchise Agreement;
- Reviewing the calculation of, and support for, any adjusted RY14 labor, vehicle-related costs, and other costs, in accordance with Section 8.4.2.B of the Franchise Agreement;
- Reviewing the calculation and support for WVC&R's forecast of RY16 labor, vehicle-related costs, recyclable and organic material processing costs, other costs, and forecasted pass-through costs, including disposal, and lease costs and depreciation in accordance with the Franchise Agreement;
- Calculating an allowed profit, based on the adjusted forecasted RY16 operating costs eligible for profit;
- Reviewing forecasted regulatory, franchise fees, and compensation review fee using RY16 values; and,
- Preparing a written report that documents our findings and recommendations.

Limitations

Our review was substantially different in scope than an examination in accordance with Generally Accepted Auditing Standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion. Such a review was conducted and an opinion expressed by WVC&R's independent accountants Aldrich CPA's + Advisors LLP.

Our conclusions are based on the review of WVC&R's projections of its financial results of operations. Actual results of operations will usually differ from projections, because events and circumstances frequently do not occur as expected, and the difference may be significant.

SECTION IV. WEST VALLEY COLLECTION & RECYCLING'S PROJECTION METHODOLOGY

WVC&R's RY16 Rate Application

On December 31, 2021, WVC&R submitted a rate application requesting a 17.5% increase in compensation. WVC&R's calculation is summarized in the table below.

Table 3
WVC&R's RY16 Rate Application

Rate Year 16	
Operating Expense	
Labor-Related Costs	\$ 11,846,442
Vehicle-Related Costs	1,991,988
Net Recycling Processing Costs	909,048
Other Costs	2,228,684
Depreciation	2,019,888
General And Administrative	1,217,959
Total Annual Cost of Operations (Eligible for Profit)	\$ 20,214,009
Profit (84.7% Operating Ratio)	\$ 3,651,409
Pass-Through Costs	
MSW Disposal	\$ 2,891,187
Green Waste Disposal	2,292,528
Food Scrap Disposal	168,027
Interest Expense	411,076
Third Party Contract Review Costs	54,000
Franchise & Other Fees	8,853,241
Total Pass-Through Costs	\$ 14,670,059
Total Compensation	\$ 38,535,477
Projected Revenue	\$ 32,795,057
Increase/(Decrease)	\$ 5,740,420
Rate Increase/(Decrease)	17.50%

WVC&R's Projection Methodology

WVC&R projected the RY16 compensation using the following procedures:

Operating Expenses Eligible for Profit

- **Labor-Related Costs.** The actual RY14 labor-related costs were adjusted to exclude non-allowable costs and multiplied by one plus the percentage change in the Bay Area Consumer Price Index – Urban Wage Earners – All Items – San Francisco – Oakland – Hayward from June 2020 to June 2021 for RY15 and an estimated CPI increase for RY16.
- **Vehicle-Related Costs.** The actual RY 14 vehicle-related costs (e.g., fuel, tires, parts, supplies, taxes and licenses) were adjusted to exclude non-allowable costs, and multiplied twice (once for RY15 and again for RY16) by one plus the percentage change in the Bay Area Consumer Price Index – All Urban Consumers – Motor Vehicle Repair from June 2020 to June 2021 for RY15 and an estimated CPI increase for RY16. As of the date of this report, the alternative fuel tax credit has not been renewed by Congress for January 1, 2022 through December 31, 2022. We anticipate that it will eventually be renewed; however, if it is not, WVC&R will be allowed to recoup the resulting higher fuel cost in a future rate year.
- **Net Recycling Processing Costs.** WVC&R included its net processing costs for RY14 net of California Redemption Value (CRV) payments from the State and did not make any further adjustments to the revenue for RY16.
- **Other Costs.** The actual RY14 “other” costs (e.g., liability insurance, property damage insurance, damage claims, continuing public education, rent, corporate overhead, utilities) from the general ledger were adjusted to exclude non-allowable costs and multiplied by one plus 75% of the percentage change in the Bay Area Consumer Price Index – All Urban Consumers – All Items from June 2020 to June 2021 for RY15 and an estimated CPI for RY16.
- **Direct Depreciation.** WVC&R included the depreciation from its fixed asset ledger and general ledger for the equipment it purchased for use in the Authority service area.
- **General and Administrative Costs.** The actual RY14 labor-related, vehicle-related, and other costs related to general and administrative activities were increased by the percentage change in the applicable indices described above.

Profit

WVC&R calculated its RY16 profit of \$3,651,409 by applying an 84.7% pre-tax operating ratio, in accordance with the Agreement, to its RY16 projected operating expenses eligible for profit.

Pass-Through Expenses

- **MSW Disposal.** WVC&R calculated RY16 disposal expense by multiplying estimated RY16 tons, including estimated SB 1383 diverted tons, by the current rate at Guadalupe Landfill and multiplied twice by the estimated tip fee increase.
- **Green Waste Processing.** WVC&R calculated RY16 green waste processing fees by multiplying estimated RY16 tons, including estimated SB 1383 diverted tons, by an estimated RY16 processing rate.
- **Food Scrap Processing.** WVC&R calculated RY16 food scrap processing fees by multiplying estimated RY16 tons, including estimated SB 1383 diverted tons, by an estimated RY16 processing rate.
- **Interest Expense.** WVC&R used bond financing to purchase the trucks and containers used in the Authority area. Interest and other related financing costs in accordance with the general ledger for RY14 were used for RY16.
- **Franchise and Other Fees.** WVC&R used actual Franchise Fees and City Fees paid, as reflected in its RY14 general ledger (\$8,199,319), to project RY16.

SB 1383 Amendment Expenses

WVC&R included the SB 1383 Amendment expenses in the RY 16 rate application in alignment with the implementation timeline of the amendment.

Projected Revenues

WVC&R projected RY15 revenues by taking the average revenue from January 2021 to May 2021 and multiplying by the average rate increase for each container since RY15 was not complete at the time of the submission of the rate application.

SECTION V. PROPOSED ADJUSTMENTS

The following table summarizes HF&H's proposed adjustments to WVC&R's projected RY16 revenues, expenses, and profit. The proposed adjustments result in a recommended compensation adjustment of 8.99%, as summarized below. A description of the recommended adjustments follows this table.

Table 4
HF&H Adjusted Rate Application

	<u>RY16 Rev. Req.</u>	<u>HF&H</u>	<u>HF&H Adj.</u>
	<u>Per Rate App.</u>	<u>Adjustments</u>	<u>Rate App.</u>
Rate Year 16			
Operating Expense			
Labor-Related Costs	\$ 11,846,442	\$ (243,763)	\$ 11,602,679
Vehicle-Related Costs	1,991,988	(80,988)	1,911,000
Net Recycling Processing Costs	909,048	(164,364)	744,684
Other Costs	2,228,684	(654,755)	1,573,928
Depreciation	2,019,888	-	2,019,888
General And Administrative	1,217,959	75,383	1,293,342
Total Annual Cost of Operations (Eligible for Profit)	\$ 20,214,009	\$ (1,068,488)	\$ 19,145,521
Profit (84.7% Operating Ratio)	\$ 3,651,409	\$ (193,009)	\$ 3,458,400
Pass-Through Costs			
MSW Disposal	\$ 2,891,187	26,193	\$ 2,917,380
Organic Processing	2,460,555	(212,504)	2,248,051
Construction and Demolition Debris	-	82,134	82,134
Interest Expense	411,076	(328,710)	82,367
Lease Expense	-	-	-
Third Party Contract Review Costs	54,000	-	54,000
Franchise & Other Fees	8,853,241	(408,080)	8,445,160
Total Pass-Through Costs	\$ 14,670,059	\$ (840,967)	\$ 13,829,092
Total Compensation	\$ 38,535,477	\$ (2,102,464)	\$ 36,433,013
Projected Revenue	\$ 32,795,057	\$ 633,859	\$ 33,428,917
Increase/(Decrease)	\$ 5,740,420	\$ (2,736,323)	\$ 3,004,096
Rate Increase/(Decrease)	17.50%		8.99%

Review of WVC&R's RY16 Revenue Requirement

HF&H recommends reducing WVC&R's requested RY16 total compensation by \$2,102,464 (from \$38,535,477 to \$36,433,013). A \$633,859 increase to projected revenues from \$32,795,057 to \$33,428,917 is also recommended. The following provides an explanation for our recommended adjustments to

WVC&R's projected: 1) Operating Costs Eligible for Profit; 2) Profit; 3) Pass-Through Costs (i.e., disposal, lease costs, franchise fees, other City fees, and interest); and 4) Projected Revenue Adjustments.

Adjustments to Operating Costs Eligible for Profit

HF&H recommends reducing WVC&R's RY16 Operating Costs Eligible for Profit by \$1,068,488.

Labor-Related Costs

HF&H recommends a \$243,763 decrease to labor due to the use of incorrect indices. In accordance with the Agreement, allowed RY14 costs should have been adjusted by the percent change in CPI from the most-recently published month at the time the rate application was submitted and the corresponding index published 12 months earlier. The rate application was submitted in December, 2021, making October 2021 the most-recently published month. However, HF&H is recommending using the December over December index to be consistent with the Index Year methodology and other compensation methodology time periods.

Vehicle-Related Costs

HF&H recommends a decrease in vehicle-related costs of \$80,988 due to the use of incorrect indices. In accordance with the Agreement, allowed RY14 costs should have been adjusted by the percent change in CPI from the most-recently published month at the time the rate application was submitted, and the corresponding index published 12 months earlier. The rate application was submitted in December, 2021, making October 2021 the most-recently published month. However, HF&H is recommending using the December over December index to be consistent with the Index Year methodology and other compensation methodology time periods.

Net Recycling Processing Costs

HF&H recommends a \$164,364 decrease to recycling processing costs due to WVC&R using RY14 tons instead of the most recent twelve months' tons (which were 1,354 lower) and the RY14 per ton rate instead of the most recently reported 12 month average rate (which was \$5.24 lower), as stated in the amended Agreement.

Other Costs

HF&H recommends a decrease in "other costs" (e.g., rent, uniforms, equipment and liability insurance, outside repairs) of \$654,755 due to the following:

- A \$594,236 decrease to Administrative Overhead for the amount in excess of the proposed overhead cost adjusted for the change in CPI. Administrative Overhead represents charges from regional and corporate offices.

- A \$60,519 decrease to “other costs” due to the use of incorrect indices. In accordance with the Agreement, allowed RY14 costs should have been adjusted by the percent change in CPI from the most-recently published month at the time the rate application was submitted and the corresponding index published 12 months earlier. The rate application was submitted in December, 2021, making October 2021 the most-recently published month. However, HF&H is recommending using the December over December index to be consistent with the Index Year methodology and other compensation methodology time periods.

General and Administrative (G&A) Costs

WVC&R proposed \$1,217,959 for RY16 G&A costs which were well within the \$1,576,774 cap in accordance with the Agreement. However, the indices to adjusted G&A costs were incorrect. In accordance with the Agreement, allowed RY14 costs should have been adjusted by the percent change in CPI from the most-recently published month at the time the rate application was submitted and the corresponding index published 12 months earlier. The rate application was submitted in December, 2021, making October 2021 the most-recently published month. However, HF&H is recommending using the December over December index to be consistent with the Index Year methodology and other compensation methodology time periods, which increases WVC&R's allowable G&A costs by \$75,383. Even after this correction, the G&A costs of \$1,293,342 were well within the cap; therefore, no further adjustment was necessary.

Adjustments to Operating Profit

HF&H recommends decreasing operating profit by \$193,009 as a result of the net recommended reduction to WVC&R's Operating Costs Eligible for Profit (\$1,068,488) described above (\$1,068,488 divided by 84.7% minus \$1,068,488 equals \$193,009).

Adjustments to Pass-Through Expenses

HF&H recommends decreasing pass-through expenses by \$840,967 for the following:

Disposal Costs

HF&H recommends increasing projected disposal costs by \$26,193 due to the following:

- An increase of \$114,739 as a result of not using tons for the most recent 12 months to project for RY16 disposal costs; and,
- A decrease of \$88,546 due to the use of incorrect disposal per ton rate. In accordance with the Agreement, the most recent 12 months tonnage should have been adjusted by the disposal fee at the disposal site, which is \$54.50.

Green Waste and Food Scraps (Mixed Organics) Processing Costs

HF&H recommends combining Green Waste and Food Scrap processing line items as both materials will be comingled and processed as mixed organics at the same rate. HF&H recommends decreasing projected mixed organics processing costs by \$212,504 due to the following:

- A decrease of \$177,547 as a result of not using tons for the most recent 12 months to project for RY16 processing costs;
- A decrease of \$34,957 due to use of incorrect processing per ton rate. In accordance with the amended Agreement, the most recent 12 months tonnage should have been adjusted by the processing rate at the designated processing site, which is \$79.84.

C&D Processing Costs

HF&H recommends increasing projected C&D costs by \$82,134 to account for the breakout of C&D processing costs that were combined with disposal.

Interest

WVC&R included \$411,076 in its RY16 projected costs. In accordance with the Agreement, interest expense shall be the amount specified in Exhibit 4 of \$82,367. Therefore, HF&H recommends a decrease of \$328,710 to interest expense.

Franchise & Other Fees

HF&H recommends decreasing projected franchise and other fees by \$408,080 due to the following:

- An increase of \$11,772 due to the Household Hazardous Waste fee augmentation for RY16.
- A decrease of \$162,147 due to the revised Authority Costs based on the 2022 budget.
- An increase of \$33,867 due to the City of Saratoga increasing their Vehicle Impact Fee.
- An increase of \$6,581 due to the Town of Los Gatos for increasing their Vehicle Impact Fee.
- A decrease of \$298,153 as a result of the recommended reductions in Operating Expenses Eligible for Profit, Operating Profit, and the Pass-Through Costs, described above.

Adjustments to RY 16 Projected Revenues

WVC&R assumes the risk of negative and benefit of positive fluctuations in the revenue projections. The economy and diversion programs have caused commercial and residential ratepayers to either downsize their subscription levels or cancel service (in the cases of closed businesses). As part of the detailed rate review process, revenues are projected to meet WVC&R's adjusted compensation.

HF&H reviewed WVC&R's projected RY16 revenues of \$32,795,057 and we recommend increasing the RY16 projected revenues (at current rates) by a net \$633,859. Our projection of RY16 revenues at current rates is based on a revenue build-up using actual revenue from January 2021 through December 2021 for a total of \$33,428,917.

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RESOLUTION NO. 2022-06

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE WEST VALLEY SOLID WASTE MANAGEMENT AUTHORITY
RATIFYING FY 2022-23 RATES FOR THE COLLECTION OF SOLID WASTE,
RECYCLABLE MATERIALS, GREEN WASTE, FOOD WASTE, AND
CONSTRUCTION AND DEMOLITION DEBRIS**

WHEREAS, the West Valley Solid Waste Management Authority ("Authority") is an agency created pursuant to Government Code section 6500 et seq. to manage and oversee the collection, disposal and recycling of solid waste originating in the cities of Campbell, Monte Sereno, Saratoga, and the Town of Los Gatos ("Member Agencies"); and

WHEREAS, the Authority entered into the Agreement between West Valley Solid Waste Management Authority and West Valley Collection & Recycling, LLC (the "Company") for the Collection of Solid Waste, Recyclable Materials, Green Waste, Food Scraps, and Construction and Demolition Debris, the Transportation of Such Materials to Appropriate Places of Processing, Recycling, Composting, and/or Disposal and the Processing of Recyclable Materials (the "Agreement"), which established rates for the collection and disposal of solid waste, green waste, recyclable materials and construction and demolition debris; and

WHEREAS, the Agreement provides for the rates to be increased by the Consumer Price Index on July 1 of each year; and

WHEREAS, the Company submitted the rate adjustment calculations in accordance with the agreements for Fiscal Year 2022-23; and

WHEREAS, the Executive Director has reviewed the calculations and determined that they are consistent with the terms of the Agreement; and

WHEREAS, pursuant to the Agreement, the Company is entitled to include in the rate calculations various costs associated or created by the collection of solid waste, recyclable materials, green waste, and construction and demolition debris; and

WHEREAS, California law requires jurisdictions to provide household hazardous waste collection and disposal services to their residents and the County of Santa Clara fulfills this requirement for the Member Agencies by operating a household hazardous waste program and facility to provide waste generators the opportunity to divert household hazardous waste materials from the solid waste stream in accordance with State law. This program has been funded by a landfill tipping fee but, due to the decline in tonnage delivered to the landfills, revenues have declined and, with increasing volumes of household hazardous waste delivered to the County facilities, expenses have increased; and

WHEREAS, a Municipal Regional Stormwater NPDES Permit (“MRP”) was adopted by the San Francisco Bay Regional Water Quality Board (“Water Board”) on October 14, 2009, and covers stormwater discharges from municipalities and local agencies in Alameda, Contra Costa, San Mateo, and Santa Clara counties, and the cities of Fairfield, Suisun City, and Vallejo. Under the MRP, the Member Agencies must eliminate all solid waste from their stormwater system by 2022 with an interim milestone target of reducing the current level to 70% or more before 2017. In order to meet this standard, the amount of litter on the streets must be reduced before it enters the storm drain system and is discharged into the Bay. A significant amount of litter in the streets is a direct result of solid waste generator behavior (i.e., improper and/or illegal discard of waste materials, leaving solid waste and recycling container lids open, failing to utilize public litter containers, spilling materials during collection from containers without immediately cleaning the area, and failing to properly place materials and/or containers for collection). The cumulative impact of these behaviors results in “trash load” (i.e., litter and debris) in the city’s stormwater system which must be reduced, and ultimately eliminated, in order to fulfill the MRP requirements. This can be reduced by street sweeping programs that collect material from streets and gutters, thereby preventing such debris and litter from entering the stormwater collection system; and

WHEREAS, the Public Resources Code requires cities to make adequate provisions for Solid Waste, Recyclable Materials, Green Waste, and Construction and Demolition Debris handling. The Member Agencies through their Joint Exercise of Powers Agreement delegated to the JPA this obligation. The JPA has the authority and obligation to adopt annually, by July 1 of each fiscal year, a budget setting forth all administrative, operational and capital expense for the Authority, together with the apportionment of such expenses by levy against each Member Agency to the extent necessary. The expenses of the JPA for regulatory monitoring and compliance and contract management are directly related to the collection of solid waste, recyclable materials, green waste and construction and demolition debris.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE WEST VALLEY SOLID WASTE MANAGEMENT AUTHORITY THAT:

1. The Authority finds that the rates contained in the attached rate schedules have been calculated in accordance with the Agreement.
2. The attached rates (Exhibit 1) are hereby ratified and effective July 1, 2022.

This resolution was passed and adopted by the Board of Directors of the West Valley Solid Waste Management Authority at a meeting on the 5th day of May, 2022, by the following vote:

AYES:
NOES:
ABSENT:

Approved: _____
Bryan Mekechuk, Chairperson

Attest: _____
Rob Hilton, Executive Director

Exhibit 1

West Valley Collection & Recycling

West Valley Cities Rates

Rates Effective July 1, 2022

	Campbell	Los Gatos	Monte Sereno	Saratoga
Residential				
Regular:				
20-gallon	\$ 32.92	\$ 35.17	\$ 36.71	\$ 35.47
35-gallon	\$ 40.71	\$ 43.76	\$ 45.58	\$ 43.97
65-gallon	\$ 73.67	\$ 79.71	\$ 83.09	\$ 79.96
95-gallon	\$ 106.63	\$ 115.66	\$ 120.61	\$ 115.94
Sr. Citizen:				
20-gallon	\$ 31.29	\$ -	\$ -	\$ -
35-gallon	\$ 38.56	\$ -	\$ -	\$ -
Low Income:				
20-gallon	\$ -	\$ 34.90	\$ -	\$ -
35-gallon	\$ -	\$ 41.90	\$ -	\$ -
Commercial				
Commercial-1.5 Yards				
1 p/u per week	\$ 187.83	\$ 233.44	\$ 249.46	\$ 268.00
2 p/u per week	\$ 378.33	\$ 470.31	\$ 502.53	\$ 540.05
3 p/u per week	\$ 568.86	\$ 707.19	\$ 755.60	\$ 812.13
4 p/u per week	\$ 759.38	\$ 944.06	\$ 1,008.71	\$ 1,084.18
5 p/u per week	\$ 949.89	\$ 1,180.92	\$ 1,261.79	\$ 1,356.27
6 p/u per week	\$ 1,140.40	\$ 1,417.79	\$ 1,514.87	\$ 1,628.34
Extra Dump	\$ 43.35	\$ 54.64	\$ 57.57	\$ 61.85
Saturday Dump	\$ 43.96	\$ 55.44	\$ 58.40	\$ 62.79
Commercial-2 Yards				
1 p/u per week	\$ 250.43	\$ 311.26	\$ 332.61	\$ 357.34
2 p/u per week	\$ 504.44	\$ 627.09	\$ 670.04	\$ 720.07
3 p/u per week	\$ 758.49	\$ 942.92	\$ 1,007.47	\$ 1,082.83
4 p/u per week	\$ 1,012.50	\$ 1,258.74	\$ 1,344.94	\$ 1,445.57
5 p/u per week	\$ 1,266.52	\$ 1,574.56	\$ 1,682.38	\$ 1,808.36
6 p/u per week	\$ 1,520.53	\$ 1,890.38	\$ 2,019.83	\$ 2,171.11
Extra Dump	\$ 57.79	\$ 72.85	\$ 76.76	\$ 82.46
Saturday Dump	\$ 58.62	\$ 73.91	\$ 77.87	\$ 83.71
Commercial-3 Yards				
1 p/u per week	\$ 375.65	\$ 466.89	\$ 498.92	\$ 536.00
2 p/u per week	\$ 756.66	\$ 940.63	\$ 1,005.06	\$ 1,080.11
3 p/u per week	\$ 1,137.73	\$ 1,414.38	\$ 1,511.21	\$ 1,624.25
4 p/u per week	\$ 1,518.75	\$ 1,888.11	\$ 2,017.42	\$ 2,168.36
5 p/u per week	\$ 1,899.78	\$ 2,361.85	\$ 2,523.58	\$ 2,712.55
6 p/u per week	\$ 2,280.80	\$ 2,835.58	\$ 3,029.74	\$ 3,256.67
Extra Dump	\$ 86.69	\$ 109.28	\$ 115.14	\$ 123.69
Saturday Dump	\$ 87.93	\$ 110.87	\$ 116.81	\$ 125.57
Commercial-4 Yards				
1 p/u per week	\$ 500.87	\$ 622.51	\$ 665.22	\$ 714.67
2 p/u per week	\$ 1,008.88	\$ 1,254.24	\$ 1,340.12	\$ 1,440.30
3 p/u per week	\$ 1,516.97	\$ 1,885.97	\$ 2,015.01	\$ 2,165.91
4 p/u per week	\$ 2,025.01	\$ 2,517.64	\$ 2,689.99	\$ 2,891.46
5 p/u per week	\$ 2,533.06	\$ 3,149.33	\$ 3,364.89	\$ 3,617.13
6 p/u per week	\$ 3,041.08	\$ 3,781.00	\$ 4,039.78	\$ 4,342.73
Extra Dump	\$ 115.58	\$ 145.71	\$ 153.53	\$ 164.94
Saturday Dump	\$ 117.25	\$ 147.83	\$ 155.76	\$ 167.44

West Valley Collection & Recycling

West Valley Cities Rates

Rates Effective July 1, 2022

	Campbell	Los Gatos	Monte Sereno	Saratoga
Commercial-6 Yards				
1 p/u per week	\$ 751.30	\$ 933.77	\$ 997.83	\$ 1,072.01
2 p/u per week	\$ 1,513.32	\$ 1,881.26	\$ 2,010.13	\$ 2,160.22
3 p/u per week	\$ 2,275.46	\$ 2,828.77	\$ 3,022.42	\$ 3,248.50
4 p/u per week	\$ 3,037.50	\$ 3,776.23	\$ 4,034.83	\$ 4,336.72
5 p/u per week	\$ 3,799.55	\$ 4,723.69	\$ 5,047.15	\$ 5,425.09
6 p/u per week	\$ 4,561.60	\$ 5,671.15	\$ 6,059.48	\$ 6,513.34
Extra Dump	\$ 173.38	\$ 218.56	\$ 230.28	\$ 247.39
Saturday Dump	\$ 175.86	\$ 221.74	\$ 233.61	\$ 251.14
Commercial-Cans				
1	\$ 18.78	\$ 23.34	\$ 24.95	\$ 26.80
2	\$ 37.56	\$ 46.68	\$ 49.89	\$ 53.60
3	\$ 56.35	\$ 70.02	\$ 74.84	\$ 80.40
4	\$ 75.13	\$ 93.36	\$ 99.79	\$ 107.20
5	\$ 93.91	\$ 116.70	\$ 124.73	\$ 134.00
6	\$ 112.69	\$ 140.04	\$ 149.68	\$ 160.81
7	\$ 131.48	\$ 163.37	\$ 174.62	\$ 187.61
8	\$ 150.26	\$ 186.71	\$ 199.57	\$ 214.41
9	\$ 169.04	\$ 210.05	\$ 224.52	\$ 241.21
12	\$ 225.39	\$ 280.07	\$ 299.36	\$ 321.61
13	\$ 244.17	\$ 303.41	\$ 324.30	\$ 348.41
15	\$ 281.74	\$ 350.09	\$ 374.19	\$ 402.01
18	\$ 338.08	\$ 420.11	\$ 449.03	\$ 482.42
22	\$ 413.21	\$ 513.46	\$ 548.82	\$ 589.62
27	\$ 507.12	\$ 630.16	\$ 673.55	\$ 723.63
30	\$ 563.47	\$ 700.18	\$ 748.39	\$ 804.03
34	\$ 638.60	\$ 793.53	\$ 848.17	\$ 911.23
43	\$ 807.64	\$ 1,003.59	\$ 1,072.69	\$ 1,152.44
50	\$ 939.12	\$ 1,166.96	\$ 1,247.31	\$ 1,340.05
54	\$ 1,014.25	\$ 1,260.32	\$ 1,347.10	\$ 1,447.25
95 gal - 1 p/u week	\$ -	\$ 70.02	\$ -	\$ -
95 gal - 2 p/u week	\$ -	\$ 140.04	\$ -	\$ -
Debris Box (cu. yds.)				
8*	\$ 607.54	\$ 663.44	\$ 595.81	\$ 625.77
20	\$ 810.09	\$ 908.76	\$ 799.35	\$ 840.33
30	\$ 978.50	\$ 1,099.34	\$ 976.50	\$ 1,013.74
40	\$ 1,146.89	\$ 1,289.89	\$ 1,153.73	\$ 1,187.13
) - Special - Woodwas	\$ 697.44	\$ 754.39	\$ 696.91	\$ 714.28
*plus actual disposal charge				
Debris Box to LEED Facility (Rate + Disposal Charge at Facility)				
8	\$ 704.12	\$ 758.51	\$ 676.70	\$ 724.22
20	\$ 744.49	\$ 838.32	\$ 697.88	\$ 779.08
30	\$ 768.82	\$ 882.44	\$ 713.10	\$ 810.61
40	\$ 793.14	\$ 926.60	\$ 728.34	\$ 842.14
Compactor (cu. yds.)				
10	\$ 805.42	\$ 900.41	\$ 756.48	\$ 840.36
12	\$ 871.88	\$ 974.96	\$ 818.79	\$ 909.72
15	\$ 971.54	\$ 1,086.80	\$ 912.26	\$ 1,013.75
16	\$ 1,004.77	\$ 1,124.09	\$ 943.44	\$ 1,048.43
18	\$ -	\$ 1,190.58		
20	\$ 1,137.56	\$ 1,273.17	\$ 1,068.06	\$ 1,187.13
25	\$ 1,303.67	\$ 1,459.56	\$ 1,223.90	\$ 1,360.50
26	\$ 1,336.88	\$ 1,496.89	\$ 1,255.03	\$ 1,395.20
28	\$ 1,403.31	\$ 1,571.40	\$ 1,317.35	\$ 1,464.57
30	\$ 1,469.74	\$ 1,646.01	\$ 1,379.66	\$ 1,533.97
36	\$ 1,669.02	\$ 1,869.71	\$ 1,566.63	\$ 1,742.00
40	\$ 1,801.88	\$ 2,018.80	\$ 1,691.28	\$ 1,880.74

West Valley Collection & Recycling

West Valley Cities Rates

Rates Effective July 1, 2022

	Campbell	Los Gatos	Monte Sereno	Saratoga
FEL 2CY Compactor				
1 p/u per week	\$ 336.56	\$ 403.10	\$ -	\$ -
2 p/u per week	\$ 675.87	\$ 810.72	\$ -	\$ -
3 p/u per week	\$ 1,015.74	\$ 1,218.37	\$ -	\$ -
4 p/u per week	\$ -	\$ 1,622.63	\$ -	\$ -
5 p/u per week	\$ 1,695.47	\$ 2,026.91	\$ -	\$ -
6 p/u per week	\$ 2,033.03	\$ 2,430.66	\$ -	\$ -
FEL 3CY Compactor				
1 p/u per week	\$ 498.58	\$ 604.71	\$ -	\$ 683.65
2 p/u per week	\$ 1,002.82	\$ 1,216.08	\$ -	\$ 1,375.03
3 p/u per week	\$ 1,507.02	\$ 1,822.63	\$ -	\$ 2,066.41
4 p/u per week	\$ -	\$ 2,431.87	\$ -	\$ -
5 p/u per week	\$ 2,243.75	\$ -	\$ -	\$ -
6 p/u per week	\$ 2,752.82	\$ -	\$ -	\$ -
FEL 4CY Compactor				
1 p/u per week	\$ 657.82	\$ 806.18	\$ -	\$ 911.55
2 p/u per week	\$ 1,309.95	\$ 1,621.50	\$ -	\$ 1,833.37
3 p/u per week	\$ 1,964.08	\$ 2,434.51	\$ -	\$ 2,755.32
4 p/u per week		\$ 3,247.69		
Yard Waste Box				
20	\$ 642.71	\$ 694.21	\$ -	\$ 699.49
30	\$ -	\$ -	\$ -	\$ 802.50
40	\$ 841.46	\$ -	\$ -	\$ -

Exhibit 1
West Valley Collection & Recycling
 Rates Effective July 1, 2022

MISCELLANEOUS RESIDENTIAL CHARGES

CHARGE	AMOUNT
EXTRA Y/W CART (PER MONTH, UP TO 95-GALLONS, IN EXCESS OF THREE 95-GALLON CARTS)	\$15.20
START/STOP CHARGE (1 MONTH MINIMUM)	\$14.81
FIRST TIME SPECIAL PICK-UP (up to 3 items, limited to approved items) (RESIDENTIAL Customers Only)	\$22.47
EXTRA PICKUP - RESI ONLY	\$22.47
SPECIAL PICK-UP (UP TO 3 ITEMS; LIMITED TO APPROVED ITEMS)	\$116.91
Extra Stickers	\$8.12
AUTOMATIC BILL PAY	NO CHARGE
3-YARD "RENT-ME" SERVICE	\$296.18
4-YARD "RENT-ME" SERVICE	\$327.36

MISCELLANEOUS COMMERCIAL CHARGES

KEY/PUSH-OUT**	FREQUENCY PER WEEK					extra P/U
	1	2	3	4	5	
DIST IN FT						
0-25 (LOCKS)	\$27.75	\$55.49	\$83.23	\$110.97	\$138.72	\$17.21
25-50	\$55.49	\$110.97	\$166.47	\$221.95	\$277.44	\$34.40
50-75	\$83.23	\$166.47	\$249.70	\$332.92	\$416.15	\$51.61
75-100	\$110.97	\$221.95	\$332.92	\$443.90	\$554.87	\$68.81
100-125	\$138.72	\$277.44	\$416.15	\$554.87	\$693.59	\$86.02
125-150	\$166.47	\$332.92	\$499.39	\$665.85	\$832.32	\$103.21
150-175	\$194.20	\$388.42	\$582.62	\$776.82	\$971.02	\$120.42
175-200	\$221.95	\$443.90	\$665.85	\$887.80	\$1,109.74	\$137.62
200-250	\$249.70	\$499.39	\$749.07	\$998.77	\$1,248.47	\$154.82

** ALL ARE MONTHLY CHARGES EXCEPT THE EXTRA P/U CHARGES

CHARGE	AMOUNT
SMALL COMPACTOR CHARGE (COMMERCIAL COMPACTED BINS SERVICED BY A FRONT-LOAD VEHICLE)	REGULAR BIN RATE + DISPOSAL CHARGE X (1+0.165)
LOCK INSTALLATION/REMOVAL	\$265.00
RELOCATE CHARGE (MOVE A DEBRIS BOX WITHOUT A DUMP)	\$155.88
"DRY RUN" CHARGE (REGULAR SERVICE – BOX EMPTY)	\$155.88
R/O Over Limit Tonnage	\$90.87
DEBRIS BOX RENTAL (PER DAY; IN EXCESS OF 7 DAYS)	\$15.59

**Santa Clara County Monthly Solid Waste Rates
FY 22-23**

Jurisdiction	Res. Single-Family				Commercial		Effective Date
	20 Gallons	30-35 Gallons ⁵	60-65 Gallons	90-96 Gallons	3YD Bin 1x/week	3YD Bin 3x/week	
City of Cupertino	\$ 34.47	\$ 36.66	\$ 70.56	\$ 104.45	\$ 301.94	\$ 905.81	2/1/2022
County of Santa Clara South	\$ 31.72	\$ 36.70	\$ 82.06	N/A	\$ 500.47	\$ 1,422.50	7/1/2021
City of Milpitas ¹	\$ 34.08	\$ 37.04	\$ 43.56	\$ 50.05	\$ 279.14	\$ 790.21	1/1/2021
City of Mountain View	\$ 25.45	\$ 37.10	\$ 74.20	\$ 111.30	\$ 385.30	\$ 1,110.40	7/1/2021
City of Sunnyvale ²	N/A	\$ 38.85	\$ 43.13	\$ 48.54	\$ 446.54	\$ 1,301.56	7/1/2021
City of Campbell - Proposed	\$ 32.92	\$ 40.71	\$ 73.67	\$ 106.63	\$ 375.65	\$ 1,137.73	7/1/2022
County of Santa Clara East	\$ 40.10	\$ 41.48	\$ 76.73	N/A	\$ 512.37	\$ 1,454.95	7/1/2021
City of Los Altos	\$ 39.13	\$ 42.15	\$ 84.28	\$ 126.45	\$ 496.07	\$ 1,488.27	7/1/2021
City of Santa Clara ³	\$ 35.99	\$ 42.77	\$ 63.53	\$ 84.21	\$ 389.02	\$ 1,137.97	7/1/2021
Town of Los Gatos - Proposed	\$ 35.17	\$ 43.76	\$ 79.71	\$ 115.66	\$ 466.89	\$ 1,414.38	7/1/2022
City of Saratoga - Proposed	\$ 35.47	\$ 43.97	\$ 79.96	\$ 115.94	\$ 536.00	\$ 1,624.25	7/1/2022
City of Monte Sereno - Proposed	\$ 36.71	\$ 45.58	\$ 83.09	\$ 120.61	\$ 498.92	\$ 1,511.21	7/1/2022
City of San Jose ⁴	N/A	\$ 45.77	\$ 91.54	\$ 137.31	\$ 290.69	\$ 831.49	7/1/2021
County of Santa Clara West	\$ 27.98	\$ 46.85	\$ 97.34	N/A	\$ 446.88	\$ 1,340.63	7/1/2021
City of Palo Alto	\$ 27.81	\$ 50.07	\$ 100.15	\$ 150.22	\$ 504.40	\$ 1,455.48	7/1/2019
Town of Los Altos Hills	\$ 37.42	\$ 52.16	\$ 104.36	\$ 156.49	\$ 205.53	\$ 480.61	7/1/2021

50th Percentile	\$ 34.82	\$ 42.46	\$ 79.83	\$ 115.66	\$ 446.71	\$ 1,321.10
75th Percentile	\$ 36.53	\$ 45.62	\$ 86.10	\$ 126.45	\$ 499.31	\$ 1,455.08
All City Average	\$ 33.89	\$ 42.60	\$ 77.99	\$ 109.84	\$ 414.74	\$ 1,212.97
WVSWMA Average	\$ 35.07	\$ 43.50	\$ 79.11	\$ 114.71	\$ 469.36	\$ 1,421.89
WVSWMA Average over/under All City Average	\$ 1.18	\$ 0.90	\$ 1.12	\$ 4.88	\$ 54.63	\$ 208.93

¹Split 19/19-gal, 26/19-gal, 45/19-gal, & 67/19-gal solid waste/food scraps cart

²Split solid waste/food scraps cart

³Rate for 2 and 3 30-32 gallon carts in lieu of 64 and 96 gallon carts

⁴San Jose residential rate includes loose in the street yard trimmings; commercial rate is for wet service

⁵Rates sorted by lowest to highest for 30-35 Gallon cart service

WEST VALLEY SOLID WASTE MANAGEMENT AUTHORITY

AGENDA REPORT

Agenda Item No. 4
Meeting Date: May 5, 2022

Date: May 5, 2022
To: West Valley Solid Waste Management Authority Board
From: Executive Director
Subject: Recent Regulatory Changes and Program Updates

Recommended Action

Receive a report on recent regulatory changes and program updates.

Discussion

Recently Introduced Bills

More than 40 bills related to solid waste and recycling were introduced or re-introduced in the California State Legislature this year. The bills highlighted below are of particular interest to the West Valley Solid Waste Management Authority (Authority).

AB 1690 – This bill would prohibit a person or entity from selling single-use plastic devices meant to facilitate manual manipulation or filtration of a cigar, single-use electronic cigarettes, or single-use integrated cannabis vaporizers in the State, regardless of the purchaser's age. This bill would authorize a city attorney, county counsel, or district attorney to assess a \$500 civil fine against each person determined to have violated those prohibitions.

Current Status: Amended and re-referred to Committee on Judiciary. (04/18/22)

AB 1857 – This bill would require CalRecycle to certify that a local agency is maximizing use of all feasible source reduction, recycling, and composting options to reduce the amount of solid waste that must be disposed of by incineration and landfill before approving a permit for a new incinerator or landfill serving the local agency. This bill would also enact the Zero Waste Transition Act of 2022, requiring CalRecycle to support communities in transitioning from a reliance on transformation facilities to building infrastructure to meet the State's recycling goals and the State's 2025 organic waste reduction target.

Current Status: Re-referred to Committee on Appropriations. (03/22/22)

SB 45 – This bill would require CalRecycle, in consultation with the State Air Resources Board, to provide assistance to local jurisdictions with SB 1383 compliance, including any funding appropriated by the Legislature in the annual Budget Act.

Current Status: In Assembly. Read first time. (01/24/22)

Ongoing

AB 341 – AB 341 became effective on July 1, 2012 and mandates all businesses generating four cubic yards or more of solid waste per week to have recycling service. Businesses include commercial customers producing four or more cubic yards of solid waste per week and all multi-family residential dwellings with five or more units, regardless of the amount of solid waste generated. Although the bill does not mandate diversion standards for each jurisdiction, it sets a statewide goal of 75% disposal reduction by 2020. WVC&R has indicated commercial customers located in the Authority area have met the requirements of AB 341.

AB 827 – AB 827 became effective on July 1, 2020 and applies to AB 1826 and AB 341 covered businesses. It requires that these businesses provide organics and recycling containers at “front-of-house” to collect waste generated from products purchased and consumed on the premises. These containers must be placed adjacent to trash and be visible, accessible, and clearly marked.

AB 1201 – AB 1201 was signed into law by Governor Newsom on October 5, 2021. This bill prohibits a person from selling a product that is labeled with the term “compostable,” “home compostable,” “biodegradable,” “degradable,” or “decomposable,” unless the product meets certain compostability requirements and other requirements for making environmental marketing claims. The bill additionally authorizes a person to offer for sale commercial and agricultural mulch film labeled with the term “soil biodegradable” only if CalRecycle adopts such a specification and the film meets the requirements. The bill exempts fiber products that do not incorporate plastics or polymers from the requirement to comply with the ASTM standard.

The bill requires CalRecycle to determine the compostability requirements that must be met in order to use the aforementioned labels by January 1, 2024. The bill requires CalRecycle to adopt regulations, determining whether products are labeled in a manner that distinguishes the products from non-compostable products upon reasonable inspection by consumers and to help enable efficient processing by solid waste processing facilities on or before January 1, 2026.

AB 1276 – AB 1276 was signed into law by Governor Newsom on October 5, 2021. This bill prohibits a food facility or a third-party food delivery platform from providing any single-use food accessories (utensils, condiment cups/packets, straws, stirrers, splash sticks, etc.) to consumers unless requested by the consumer. Correctional institutions, health care facilities, residential care facilities, and public and private school cafeterias are not subject to these requirements. This bill requires jurisdictions to authorize an enforcement agency to enforce these requirements on or before June 1, 2022, and issue specified penalties based on the number of violations incurred.

AB 1826 – AB 1826 had a phased in approach for implementation. Commercial generators of solid waste materials (four cubic yards or greater of weekly volumes) were required to subscribe to organic material collection effective January 1, 2019. In 2020, CalRecycle conducted a review to determine if the statewide disposal of organic waste in 2020 had been reduced by 50% of the level of disposal during 2014 and determined the State did not reach the required level. As a result, effective January 1, 2021, AB 1826 requirements are expanded to cover businesses that generate two cubic yards or more of commercial solid waste per week.

All customers with four cubic yards or more of solid waste are in compliance with AB 1826 regulations. West Valley Collection and Recycling, LLC (WVC&R) determined there are 1,692 customers that produce

two cubic yards or more of commercial solid waste per week. WVC&R has made it a priority to provide organic materials collection service to all customers under SB 1383.

SB 343 — SB 343 was signed into law by Governor Newsom on October 5, 2021. This bill prohibits a person from selling, distributing, or importing into the State any product or packaging for which a deceptive or misleading claim about the recyclability of the product is being made. A product or packaging that displays a chasing arrows symbol, among other symbols, is deemed to be a deceptive or misleading claim unless the product or packing is considered recyclable pursuant to statewide recyclability criteria.

This bill prevents the resin identification code, required under existing law for all rigid plastic bottles and rigid plastic containers sold in the State, from being placed inside a chasing arrows symbol unless CalRecycle has determined the rigid plastic bottle or rigid plastic container is recyclable in the State. The bill expands the scope of an existing crime, and violations of these provisions would be considered a misdemeanor.

The bill requires CalRecycle to update statewide regulations to include information on how to appropriately evaluate the recyclability of products and packaging on or before January 1, 2024.

SB 1335 – SB 1335, the Sustainable Packaging for the State of California Act of 2018, requires all state-owned facilities or operations on state-owned properties providing food service to serve food using food service packaging that is reusable, recyclable, or compostable. The final regulations were approved by the Office of Administrative Law (OAL) on December 6, 2021. CalRecycle published a list of approved packaging on its website on March 4, 2022 to be updated every five years. Food service packaging manufacturers seeking to add an item to the approval list can submit items through CalRecycle's Sustainable Packaging Act Reporting System (SPARS) for approval.

Local

The Technical Advisory Committee (TAC) of the Santa Clara County Recycling and Waste Reduction Commission meets monthly, and SB 1383 is the primary topic. Representatives from the various agencies are meeting off-line to discuss various approaches to SB 1383 implementation. The SB 1383 topic has become a formal subcommittee within the TAC that discusses topics like SB 1383 waiver administration, organic waste product procurement requirements, and self-hauling, among others. Representatives from the City of Campbell, City of Monte Sereno, City of Saratoga, Town of Los Gatos and the Authority are attending the meetings. The TAC also funded a county-wide Santa Clara County Food Recovery Program to establish outreach for food recovery organizations, food recovery services, and tier one and tier two commercial edible food generators.

Documents Attached

None

Fiscal Impact

None

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WEST VALLEY SOLID WASTE MANAGEMENT AUTHORITY AGENDA REPORT

Agenda Item No. 5
Meeting Date: May 5, 2022

Date: May 5, 2022
To: West Valley Solid Waste Management Authority Board
From: Executive Director
Subject: SB 1383 Implementation

Recommended Action

Receive a report on SB 1383 implementation.

Discussion

Legislation

The infographic is titled "SB 1383 Key Jurisdiction Dates" and is divided into two main sections: 2022 and 2024. The 2022 section, on a dark blue background, lists five key actions: "Provide Organics Collection Service to All Residents and Businesses" (with a truck icon), "Establish Edible Food Recovery Program" (with an apple icon), "Conduct Education and Outreach" (with a megaphone icon), "Procurement" (with a recycling symbol icon), and "Capacity Planning" (with a checklist icon). The 2024 section, on a green background, states: "Starting January 1, 2024 Jurisdictions must take action against non-compliant entities" (with a person and magnifying glass icon). The CalRecycle logo is in the bottom right corner.

SB 1383 was signed by Governor Brown on September 19, 2016. The primary goals of SB 1383 are to reduce organic waste disposed in landfills by 50% by 2020 and 75% by 2025 (2014 baseline), and to reach recovery of 20% of edible food that would otherwise be disposed of in landfills by 2025. To achieve these goals, SB 1383 requires action in the following areas: Organics, Ordinances, Education and Outreach, Contamination Monitoring, Procurement of Organic Materials, Edible Food Recovery, and Compliance Reporting. Enforcement and penalties for non-compliance began on January 1, 2022 for jurisdictions and will begin on January 1, 2024 for generators, haulers, and processors.

Exemption waivers exist for both generators and jurisdictions if they have low-volume, low-population, or physical space constraints (§18984.11).

SB 1383 Regulations

The Office of Administrative Law (OAL) approved the final SB 1383 regulations on November 3, 2020. CalRecycle published a model ordinance and franchise agreement, as well as a procurement calculator tool, to assist agencies throughout the State with the implementation of SB 1383.

On October 5, 2021, Governor Newsom signed SB 619 into law. SB 619 allows jurisdictions to submit “notifications of intent to comply” on or before March 1, 2022 if a jurisdiction is facing or will face continuing SB 1383 violations in 2022.

Update on Implementation

Organics Collection – The amended West Valley Collection and Recycling, LLC (WVC&R) Collection Agreement went into effect on April 30, 2021. The Agreement provides organics collection to all generators. WVC&R continues to deliver organics containers to customers who do not yet have the service, focusing primarily on townhomes. WVC&R distributed a letter to townhomes that do not yet have organics collection service that informed them of the program and how to sign up. WVC&R is currently establishing a process and timeline for rolling out organics containers to all non-responsive customers. In addition, WVC&R continues to distribute SB 1383-compliant containers to customers as existing containers are replaced. WVC&R delivered kitchen pails to most single family and multi-family residents by the end of 2021. WVC&R continues to deliver kitchen pails to the remaining customers on a case-by-case basis.

Waivers – WVC&R is responsible for processing SB 1383 waiver applications that are submitted by generators. Upon submission by a generator, WVC&R will conduct a review and provide the waiver to the West Valley Solid Waste Management Authority (Authority) for final approval. After the Authority reviews the waiver application and determines that a waiver is appropriate, WVC&R is authorized to modify service to the waiver applicant. Historically, commercial businesses that were eligible for a service waiver under AB 341 or AB 1826, self-certified waiver eligibility due to different requirements under this legislation. SB 1383 waivers require in-person documentation of waiver eligibility, which includes, but is not limited to, photographic evidence. The Authority and WVC&R have determined that a substantial number of prior self-certifications for waivers under AB 341 and AB 1826 are inappropriate. WVC&R plans to do site assessments for these businesses and will provide organics service to businesses where waivers are not appropriate. Additionally, some commercial businesses have lower occupancy levels than normal due to COVID-19. In these instances, the Authority and WVC&R are considering granting short-term waivers in de minimis situations where occupancy may return and surpass the de minimis threshold. WVC&R and the Authority are working collaboratively to streamline the SB 1383 waiver approval process as generators continue to submit SB 1383 waivers.

Inspections and Enforcement – WVC&R is submitting a revised route review plan in the upcoming weeks for approval by the Authority. The revised route review plan will be updated to include commercial businesses that have submitted SB 1383 waiver requests pending evaluation from WVC&R. During the residential and commercial route reviews, WVC&R will visually examine the inside of generator containers to assess proper source separation.

The Recycling and Waste Reduction Commission of Santa Clara County (RWRC) approved funding for a third-party, Joint Ventures Silicon Valley (JVSV), to conduct the edible food recovery inspections for FY 22-23. The specific inspection and enforcement methodology is being discussed at Technical Advisory Committee (TAC) subcommittee meetings of the RWRC.

The Authority continues to respond to any SB 1383-related complaints that are received by the Authority or communicated to the Authority through the Member Agencies and WVC&R.

Ordinances and Policies – The City of Campbell, the City of Monte Sereno, the City of Saratoga, and the Town of Los Gatos (Member Agencies) adopted ordinances in compliance with SB 1383 prior to the January 1, 2022 deadline. Each Member Agency is in the process of adopting its paper procurement policies.

Edible Food Recovery – Representatives from various agencies in Santa Clara County (County) are meeting monthly to discuss the edible food recovery components of SB 1383. The County approved funding for JVSV to participate in this effort through June 2023. JVSV has identified tier one and tier two commercial edible food generators and will develop and maintain a list of food recovery organizations and food recovery services. They will also provide tier one and tier two commercial edible food generators with educational information annually. In addition, JVSV recently completed a food recovery capacity planning assessment for 2022-20224 on behalf of the County and presented this analysis at a TAC meeting on April 14, 2022. The assessment will be submitted to CalRecycle in August of 2022 as required by SB 1383.

Recovered Organic Waste Procurement – Representatives from various agencies in the County are meeting monthly to discuss the recovered organic waste procurement requirements of SB 1383. The discussion has been focused on the potential for a regional effort for meeting the recovered organic waste procurement targets of each jurisdiction in the County. Alternatively, each Member Agency also has the option to individually purchase compost and/or mulch to satisfy its procurement target. The Authority is eligible for CalRecycle's SB 1383 Local Assistance Grant and can use a portion of the grant funding to put towards a regional procurement effort and/or distributed amongst the Member Agencies to purchase compost and/or mulch for municipal applications. The Authority's SB 1383 Local Assistance Grant application was approved by CalRecycle. The Authority can expect to receive the funding in May of 2022.

Education and Outreach – The Authority continues to update its website with SB 1383 related Frequently Asked Questions (FAQs), and answers questions and comments that are submitted by customers through the website. The Authority has begun working on the second phase of the FY 21-22 Public Education and Outreach Plan, which will include distribution of postcards to single-family and multi-family customers. The Authority discussed the approach and style of future outreach materials with Member Agency staff. Through this discussion, Member Agency staff expressed an interest in providing outreach materials that are both informative and visual. The Authority has continued to focus on single-family and multi-family customers because the food scraps recycling program is new for these customers. As a result of prior efforts related to AB 1826, many commercial customers already have food scraps recycling in place. WVC&R also provides education and outreach through quarterly newsletters, updates to its website, and "how-to" guides. The Authority reviews and provides commentary on WVC&R education and outreach materials before they are distributed. Most recently, the Authority reviewed and provided comments on WVC&R's single family quarterly newsletter.

Recordkeeping and Reporting – With approval from the Board, the Authority entered into a contract with Recyclist to use their SB 1383 Program Tracker software in order to comply with SB 1383 recordkeeping requirements. Recyclist staff hosted a project tracker training on April 12, 2022 with Authority and Member Agency staff. Recyclist has uploaded the base layer of customer data into the Customer Relationship Management (CRM) portion of the system; however, there are many other SB 1383 modules that will be implemented throughout the remainder of the year. The Authority will work with Recyclist to train WVC&R on the use of Recyclist, if necessary.

The Authority submitted an Initial Jurisdiction Compliance Report to CalRecycle for each Member Agency on March 30, 2022. The reports included compliance data provided by WVC&R, as seen in Figure 1.

Figure 1. Initial Jurisdiction Compliance Report Data

	Campbell	Los Gatos	Monte Sereno	Saratoga
Residential				
Generators with Solid Waste and Recyclable Materials Containers	700	500	-	300
Generators with Solid Waste, Recyclable Materials, and Organic Materials Containers	8,539	8,765	1,107	9,498
Commercial				
Generators with Solid Waste and Recyclable Materials Containers	964	465	1	101
Generators with Solid Waste, Recyclable Materials, and Organic Materials Containers	367	235	4	82

Action Plan

The Authority’s next steps are to:

- Continue coordinating waiver approval process with WVC&R.
- Continue coordinating Edible Food Recovery with the County.
- Continue to Implement FY 21-22 Public Education and Outreach Plan.
 - Implement phase two of the FY 21-22 Education and Outreach Plan.
 - Maintain consistent SB 1383 messaging on WVC&R and Member Agency Outreach.
- Finalize setup and maintain reporting software.

Documents Attached

None

Fiscal Impact

None

WEST VALLEY CLEAN WATER AUTHORITY

WEST VALLEY SOLID WASTE MANAGEMENT AUTHORITY

Member Agencies
City of Campbell
Town of Los Gatos
City of Monte Sereno
City of Saratoga

JOINT SPECIAL MEETING MINUTES

January 27, 2022
1:30 p.m.

Call to Order

Meeting was called to order at 1:30 p.m.

Pledge of Allegiance

Roll Call for the West Valley Clean Water Authority and the West Valley Solid Waste Management Authority

Attendee Name	Title	Member Agency	Status
Paul Resnikoff	Board Member	City of Campbell	Present
Mary Badame	Vice Chair	Town of Los Gatos	Present
Bryan Mekechuk	Chair	City of Monte Sereno	Present
Rishi Kumar	Board Member	City of Saratoga	Present

Oral Communications from the Public

None.

Special Items

1. Consider Resolution No. 2022-016 of the Board of Directors of the West Valley Clean Water Authority authorizing virtual meetings pursuant to AB 361.

Authority Counsel provided background information regarding AB 361 which amends the Brown Act to allow a local agency to use teleconferencing during a state of emergency. Upon a motion by Board Member Kumar seconded by Vice-Chair Mekechuk, the Board unanimously approved Resolution No. 2022-016 authorizing virtual meetings pursuant to AB 361.

2. Consider Resolution No. 2022-01 of the Board of Directors of the West Valley Solid Waste Management Authority authorizing virtual meetings pursuant to AB 361.

Upon a motion by Vice-Chair Mekechuk seconded by Board Member Badame, the Board unanimously approved Resolution No. 2022-01 of the West Valley Solid Waste Management Authority authorizing virtual meetings pursuant to AB 361.

Adjournment

The meeting was adjourned at 1:37 pm.

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WEST VALLEY SOLID WASTE MANAGEMENT AUTHORITY

Executive Director

Rob Hilton
HF&H Consultants, LLC
590 Ygnacio Valley Road, Suite 105
Walnut Creek, CA 94596

Member Agencies

City of Campbell
Town of Los Gatos
City of Monte Sereno
City of Saratoga

Telephone: (925) 977-6959

Facsimile: (925) 977-6955

E-mail: wvswma@hfh-consultants.com

MEETING MINUTES

February 3, 2022

Meeting held virtually in accordance with California Governor Executive Order N-29-20.

Call to Order

At 5:02 pm, Chair Resnikoff called the meeting to order.

Pledge of Allegiance

Roll Call

Chair Bryan Mekechuk, representing Monte Sereno, Vice Chair Mary Badame, representing Los Gatos, and Member Paul Resnikoff, representing Campbell were present. Also present was Executive Director Rob Hilton and Authority Counsel Kirsten Powell. Member Rishi Kumar, representing Saratoga, was not present.

Oral Communications from the Public

None

Written Communications

None

Old Business

None

Convene to Closed Session

The Board convened to closed session at 5:02 pm for the purpose of discussing the Amendment to the West Valley Solid Waste Management Authority Agreement for Executive Director Services with HF&H Consultants, LLC pursuant to Government Code section 54957(b)(1).

Reconvene to Open Session

The Board reconvened to open session at 5:12 pm.

Report on Action Taken During Closed Session

None

New Business

1. Upon a motion by Member Badame and a second by Member Mekechuk, the Board voted unanimously to elect Member Mekechuk to service as Chair for 2022. Upon a motion by Chair Mekechuk and a second by Member Resnikoff, the Board unanimously elected Member Badame to serve as Vice Chair for 2022.
2. The Board received and filed a report summarizing the key points and dates from the collection agreement with West Valley Collection & Recycling, LLC (WVC&R) and disposal agreement with Waste Management (WM) of South Bay and the collection procurement process.
3. The Board received and filed a report on recent regulatory changes and program updates.
4. The Board received and filed a report on SB 1383 implementation.
5. The Board considered Resolution No. 2022-02 authorizing the West Valley Solid Waste Management Authority submittal of a SB 1383 Local Assistance Grant Program application. Upon a motion by Vice Chair Badame and a second by Member Resnikoff, the Board voted unanimously to approve Resolution No. 2022-02.
6. The Board received, discussed, and provided direction on a report on West Valley Solid Waste Management Authority budget priorities for FY 22-23.

Public Hearings

None

Consent Calendar

Upon a motion by Chair Mekechuk and a second by Member Resnikoff, the Board voted unanimously to adopt Resolution No. 2022-03 establishing a Record Retention Policy and authorizing destruction of documents, approve the minutes of the November 4, 2021 Board Meeting, and year-to-date financial report for FY 21-22.

Executive Director Report

None

Future Agenda Items

None

Board Member Reports

None

Adjournment

Chair Mekechuk adjourned the meeting at 7:04 pm until the next regular meeting, which will be held on May 5, 2022.

WEST VALLEY CLEAN WATER AUTHORITY

WEST VALLEY SOLID WASTE MANAGEMENT AUTHORITY

Member Agencies
City of Campbell
Town of Los Gatos
City of Monte Sereno
City of Saratoga

JOINT SPECIAL MEETING MINUTES

April 7, 2022
4:00 p.m.

Call to Order

Meeting was called to order at 3:59 p.m.

Pledge of Allegiance

Roll Call for the West Valley Clean Water Authority and the West Valley Solid Waste Management Authority

Attendee Name	Title	Member Agency	Status
Paul Resnikoff	Board Member	City of Campbell	Present
Mary Badame	Vice Chair	Town of Los Gatos	Present
Bryan Mekechuk	Chair	City of Monte Sereno	Present
Rishi Kumar	Board Member	City of Saratoga	Present

Oral Communications from the Public

None

Special Items

1. Consider Resolution No. 2022-017 of the Board of Directors of the West Valley Clean Water Authority authorizing virtual meetings pursuant to AB 361.

Authority Counsel provided background information regarding AB 361, which amends the Brown Act, to allow a local agency to use teleconferencing during a state of emergency. Upon a motion by Vice Chair Badame seconded by Chair Mekechuk, the Board unanimously approved Resolution No. 2022-017 authorizing virtual meetings pursuant to AB 361.

2. Consider Resolution No. 2022-04 of the Board of Directors of the West Valley Solid Waste Management Authority authorizing virtual meetings pursuant to AB 361.

Upon a motion by Board Member Kumar seconded by Board Member Resnikoff, the Board unanimously approved Resolution No. 2022-04 of the West Valley Solid Waste Management Authority authorizing virtual meetings pursuant to AB 361.

Adjournment

The meeting was adjourned at 4:05 pm.

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WEST VALLEY SOLID WASTE MANAGEMENT AUTHORITY AGENDA REPORT

Agenda Item No. 8
Meeting Date: May 5, 2022

Date: May 5, 2022
To: West Valley Solid Waste Management Authority Board
From: Executive Director
Subject: Year-To-Date Financial Report

Recommended Action

Accept report on the West Valley Solid Waste Management Authority's (Authority) fiscal year (FY) 21-22 financial status.

Discussion

The report titled "Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual" shows the approved budget, the year-to-date actual amounts, and the preliminary fund balance through March 31, 2022 for FY 21-22. With 75% of the fiscal year passed, the report shows that the Authority received \$631,049 or 71% of revenues and expended \$595,815 or 64% of expenses for the approved FY 21-22 budget.

In February 2011, the Board adopted a policy that requires it to maintain an operating reserve of \$100,000 and a rate stabilization reserve of \$100,000. The preliminary fund balance of \$309,909 is more than the \$200,000 and an increase of \$35,234 from the July 1, 2021 starting balance of \$274,675.

Documents Attached

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

Fiscal Impact

None

West Valley Solid Waste Management Authority
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
March 31, 2022

Acct #	Description	Authority Budget FY 2021-22	Year to Date Actual	Balance	YTD %
Revenues					
4410	Interest	\$ -	\$ 461	\$ (461)	N/A
4431	Unrealized Gains/Losses	-	-	-	N/A
4968	Expense Abatement	-	-	-	N/A
4970	City of Campbell	141,518	106,139	35,379	75%
4970	Town of Los Gatos	105,211	78,908	26,303	75%
4970	City of Monte Sereno	12,027	9,020	3,007	75%
4970	City of Saratoga	103,843	77,882	25,961	75%
4975	Franchise Agreement WVC&R	450,000	337,500	112,500	75%
4965	Other	75,485	21,139	54,346	N/A
	Total Revenues	<u>\$ 888,084</u>	<u>\$ 631,049</u>	<u>\$ 257,035</u>	<u>71%</u>
Expenditures:					
Services and Supplies:					
7424	Office Expense	\$ -	\$ -	\$ -	N/A
7427	Special Departmental Exp. (Legal Services)	27,775	21,131	6,644	76%
7430	Prof. & Special Services (Executive Director)	313,605	185,129	128,476	59%
7430	Prof. & Special Services (Other)	5,000	-	5,000	0%
7432	Other Contractual Services (Countywide Support)	-	-	-	N/A
7432	Other Contractual Services (Website Administration)	1,201	-	1,201	0%
7432	Other Contractual Services (Audit Services)	3,500	-	3,500	0%
7433	Insurance (Liability)	2,787	4,129	(1,342)	148%
7435	Travel/Conf. & Meetings	2,000	-	2,000	0%
7438	Other Charges (Accounting & Bookkeeping)	9,557	-	9,557	0%
7438	Record Keeping and Reporting	60,000	47,926	12,074	80%
7443	SB 1383 Outreach	50,000	-	50,000	0%
7675	Authority Solid Waste Distribution	450,000	337,500	112,500	75%
	Total Expenditures	<u>\$ 925,425</u>	<u>\$ 595,815</u>	<u>\$ 329,610</u>	<u>64%</u>
	Excess (deficiency) of revenues over (under) expenditures	(37,341)	35,234	(72,575)	
	Beginning Fund Balance 7/1/21 (Audited)	\$ 237,341	\$ 274,675		
	Ending Fund Balance	<u>\$ 200,000</u>	<u>\$ 309,909</u>		

WEST VALLEY SOLID WASTE MANAGEMENT AUTHORITY AGENDA REPORT

Agenda Item No. 9
Meeting Date: May 5, 2022

Date: May 5, 2022
To: West Valley Solid Waste Management Authority Board
From: Executive Director
Subject: Fiscal Year 20-21 Audited Financial Statements

Recommended Action

Receive and file a report on the West Valley Solid Waste Management Authority's (Authority) FY 20-21 Audited Financial Statements.

Discussion

The City of Campbell (City) provides financial services (general ledger, bookkeeping, etc.) to the Authority. The City, on behalf of the Authority, hired Eide Bailly, LLP to perform the annual audit of the Authority's financial statements.

The Authority's FY 20-21 Financial Audit is presented to the board to receive and file. In the Auditor's opinion, the financial statements present fairly, in all material respects, the financial position of the Authority as of June 30, 2021, and the changes in financial position and cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America.

Documents Attached

West Valley Solid Waste Management Authority FY 20-21 Audited Financial Statements

Fiscal Impact

None

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Annual Financial Report
June 30, 2021

West Valley Solid Waste Management Authority

West Valley Solid Waste Management Authority

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June 30, 2021

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Board Members

Paul Resnikoff, City of Campbell, Chair

Bryan Mekechuk, City of Monte Sereno, Vice Chair

Rishi Kumar, City of Saratoga, Member

Mary Badame, Town of Los Gatos, Member

Staff

Marva Sheehan, Executive Director



Independent Auditor's Report

Board of Directors
of the West Valley Solid Waste Management Authority
Campbell, California

Report on the Financial Statements

We have audited the accompanying financial statements of West Valley Solid Waste Management Authority (Authority), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2021, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Summarized Comparative Information

We have previously audited the Authority's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 22, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2022, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Eide Sully LLP

Menlo Park, California
March 14, 2022

This section of the Authority's financial statements, referred to as management's discussion and analysis, provides a narrative introduction, overview, and analysis of the Authority's financial statements that follow.

Fiscal Year 2020-21 Financial Highlights

The primary revenue source for the Authority comes from each member agency based upon the estimated expenses for the upcoming year and a franchise agreement with West Valley Collection and Recycling that provides revenues of \$450,000 annually for the Authority. Operating revenues increased in the current year by \$199,346 from 2020. Total revenues for the fiscal year ended June 30, 2021, were \$767,802 compared to expenses of \$767,731, resulting in an increase in net position of \$71 for the fiscal year. Ending net position was \$274,675, consisting of cash and investments in the amount of \$289,722 and accounts payable and other liabilities of \$15,186.

Overview of the Financial Statements

This discussion and analysis serve as an introduction to the Authority's basic financial statements.

These basic financial statements are designed to provide readers with a broad overview of the Authority's finances in a manner similar to a private sector business. They consist of the statement of net position, the statement of revenues, expenses, and changes in net position, the statement of cash flows, and the related notes.

The statement of net position includes all of the Authority's investments in resources (assets and deferred outflows of resources) and the obligations to creditors (liabilities and deferred inflows of resources). It also provides the basis for computing rate of return, evaluating the capital structure of the Authority, and assessing the liquidity and financial flexibility of the Authority. All of the current year's revenues and expenses are accounted for in the statement of revenues, expenses, and changes in net position. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all of its costs through its assessments, fees and other charges, profitability, and creditworthiness. The final required financial statement is the statement of cash flows. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period. The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. They can be found immediately following the financial statements.

Financial Analysis of the Authority

This analysis focuses on the net position and changes in net position at the Authority-wide level as presented in the statement of net position and the statement of revenues, expenses, and changes in net position.

Net position for the Authority is summarized below and analysis follows:

Statement of Net Position

	Fiscal Year 2021	Fiscal Year 2020
Cash and investments	\$ 289,722	\$ 302,182
Accounts receivable	139	969
Accounts payable and other liabilities	<u>15,186</u>	<u>28,547</u>
Net position, unrestricted	<u>\$ 274,675</u>	<u>\$ 274,604</u>

Total assets and liabilities decreased by approximately the same amount (\$13,290 (4.4%) and \$13,361 (46.8%), respectively) as a result from the payment of prior year's outstanding invoices. Below is a summary of components that resulted in the changes in net position.

Statement of Revenues, Expenses, and Changes in Net Position

	Fiscal Year 2021	Fiscal Year 2020
Operating Revenues		
Member assessments	\$ 297,268	\$ 108,323
Annual fee payment	450,000	450,000
Other	<u>21,376</u>	<u>10,975</u>
Total operating revenues	<u>768,644</u>	<u>569,298</u>
Operating Expenses		
Solid waste	317,731	174,105
Distributions to member agencies	<u>450,000</u>	<u>450,000</u>
Total Operating Expenses	<u>767,731</u>	<u>624,105</u>
Operating income (loss)	913	(54,807)
Nonoperating Revenue		
Investment income	<u>(842)</u>	<u>7,936</u>
Change in net position	<u>\$ 71</u>	<u>\$ (46,871)</u>

Revenues and expenses increased from prior year as a result of additional funds needed to finalize one of the Authority's major contract and preparation of the implementation of California Senate Bill 1383.

Budgetary Highlights

There were no material variances between the total current-year budget and actual results. The final negotiation costs for one of the Authority's major contracts were less than budget by approximately \$20,000 which was offset by additional charges from the City of Campbell for accounting and bookkeeping services.

Economic Factors and Next Year's Budget

Next year's budget is based on current-year actual results with a modest inflation factor of less than 4%. It also includes additional funds to perform a cost-based rate adjustment review and the initial negotiation process for the Authority's collection contract. Additionally, final implementation costs and on-going costs of Senate Bill 1383 (compliance effective date is January 1, 2022) are also included in next year's budget.

Requests for Information

This financial report is designed to provide a general overview of the West Valley Solid Waste Management Authority's finances for residents, taxpayers, creditors and any other interested parties. Questions about this report can be directed to the City of Campbell's Finance Department at 70 North First Street, Campbell, CA 95008.

West Valley Solid Waste Management Authority

Statement of Net Position

June 30, 2021 (with Comparative totals at June 30, 2020)

	2021	2020
Current Assets		
Cash and investments	\$ 289,722	\$ 302,182
Accounts receivable	139	969
Total assets	289,861	303,151
Current Liabilities		
Accounts payable and other liabilities	15,186	28,547
Total liabilities	15,186	28,547
Net Position		
Unrestricted	274,675	274,604
Total net position	\$ 274,675	\$ 274,604

West Valley Solid Waste Management Authority
Statement of Revenues, Expenditures, and Changes in Net Position
Year Ended June 30, 2021 (with Comparative totals for the Year Ended June 30, 2020)

	2021	2020
Operating Revenues		
Member assessments		
City of Campbell	\$ 117,487	\$ 42,680
Town of Los Gatos	84,178	30,590
City of Monte Sereno	10,287	3,629
City of Saratoga	85,316	31,424
Total member assessments	297,268	108,323
Reimbursement from collection service provider	21,376	10,975
Annual fee payment	450,000	450,000
Total operating revenues	768,644	569,298
Operating Expenses		
Distribution to member agencies	450,000	450,000
Professional and special services	254,664	158,630
Legal	28,920	8,900
Insurance	3,882	3,605
Audit	3,000	2,970
Other expenses	27,265	-
Total operating expenses	767,731	624,105
Operating Income (loss)	913	(54,807)
Nonoperating Income (Expenses)		
Investment income	(842)	7,936
Change In Net Position	71	(46,871)
Net Position at Beginning of Year	274,604	321,475
Net Position at End of Year	\$ 274,675	\$ 274,604

West Valley Solid Waste Management Authority

Statement of Cash Flows

Year Ended June 30, 2021 (with Comparative totals for the Year Ended June 30, 2020)

	2021	2020
Cash Flows from Operating Activities		
Cash received from member agencies	\$ 298,098	\$ 108,914
Cash received from service providers	471,376	460,975
Cash payments to member agencies	(450,000)	(450,000)
Cash payments to suppliers for goods and services	(331,092)	(190,794)
Net Cash Used in Operating Activities	(11,618)	(70,905)
Cash Flows From Investing Activities		
Interest received	\$ (842)	\$ 7,936
Net Decrease In Cash And Cash Equivalents	(12,460)	(62,969)
Cash and Cash Equivalents at Beginning of Year	302,182	365,151
Cash and Cash Equivalents at End of Year	\$ 289,722	\$ 302,182
Reconciliation of Operating Income to		
Net Cash Used for Operating Activities		
Operating Income (Loss)	\$ 913	\$ (54,807)
Adjustments to reconcile operating income (loss) to net cash used for operating activities		
Change in accounts receivable	830	591
Change in accounts payable and other liabilities	(13,361)	(16,689)
Net Cash Used for Operating Activities	\$ (11,618)	\$ (70,905)

Note 1 - Summary of Significant Accounting Policies**Reporting Entity**

The West Valley Solid Waste Management Authority (the Authority) was formed on October 1, 1997, to implement and administer the West Valley Solid Waste Management Plan, manage rate studies, and negotiate the related contracts for member entities. The Authority is the only entity included in these financial statements.

The Authority includes the Cities of Campbell, Monte Sereno, and Saratoga and the Town of Los Gatos. The City of Campbell (the City) maintains the financial records and provides accounting services for the Authority.

Measurement Focus and Basis of Accounting

The Authority is accounted for as an enterprise fund (proprietary fund type). A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity. The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges.

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The Authority's financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates and have an original maturity date of three months or less.

Fair Value Measurements

The Authority categorizes its fair value measurement within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the relative inputs used to measure the fair value of the investments. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices for similar assets in active markets, and Level 3 inputs are significant unobservable inputs.

The Authority's investment in the City of Campbell investment pool is not subject to the fair value hierarchy.

Classification of Revenues

Operating revenues consist of charges to member agencies, franchise fees, and reimbursements charged to West Valley Collection and Recycling. *Nonoperating revenues* consist of investment income.

Net Position Flow Assumption

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use unrestricted resources first and then use restricted resources as they are needed.

Prior-Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Authority's prior-year financial statements from which this selected financial data was derived.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from the estimates.

Cash and Investments

The Authority does not have a separate bank account, however, pools its cash with the City's portfolio of investments. Investments are stated at fair value. The Authority is a voluntary participant in that pool. This pool is governed by and under the regulatory oversight of the Investment Policy adopted by the City Council of the City. The fair value of the Authority's investment in this pool is reported in the accompanying financial statements at amounts based upon the Authority's pro rata share of the fair value calculated by the City for the entire City portfolio. The balance available for withdrawal is based on the accounting records maintained by the City, which are recorded on an original cost basis. At June 30, 2021, the Authority had a cash balance of \$289,722.

Franchise Agreement

On March 1, 2014, the Authority entered into a franchise agreement with West Valley Collection and Recycling. Under this agreement, the Authority will receive a payment of \$450,000 annually for the right to continue to hold the franchise for the collection of solid waste, recyclable materials, green waste, food scraps, and construction and demolition debris within the Authority; the transportation of such material to appropriate places of processing, recycling, composting, and/or disposal; and the processing of recyclable materials and food scraps for a period of 10 years ending February 28, 2024. The Authority has recorded the fee revenues of \$450,000 from this agreement in the accompanying statement of revenues, expenses, and changes in net position.

On May 1, 2014, the Authority agreed that the proceeds from the franchise agreements would be distributed to each member agency based on the population. Accordingly, the Authority has recorded distributions to member agencies of \$450,000 in operating expenses in the accompanying statement of revenues, expenses, and changes in net position. The distributions were as follows:

	Amount
City of Campbell	\$ 177,850
Town of Los Gatos	127,427
City of Monte Sereno	15,573
City of Saratoga	129,150
	<hr/>
Total distributions	\$ 450,000

At June 30, 2021, there was no balance due to these member agencies.

Related Party Transactions

At June 30, 2021 the Authority paid the City of Campbell \$27,265 for bookkeeping services.



Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
of the West Valley Solid Waste Management Authority
Campbell, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the West Valley Solid Waste Management Authority (Authority), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 14, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Menlo Park, California
March 14, 2022

WEST VALLEY SOLID WASTE MANAGEMENT AUTHORITY

Calendar of Future Agenda Items

September 1, 2022 Meeting

- Regular meeting agenda items

November 3, 2022 Meeting

- Receive and file annual CalRecycle Annual Reports
- Closed session – conduct annual evaluations of the West Valley Solid Waste Management Authority (Authority) Attorney and Executive Director
- Consider a report on West Valley Collection & Recycling, LLC's (WVC&R) prior fiscal year complaints/liquidated damages

February 2, 2023 Meeting

- Elect new officers
- Review of collection and disposal contracts
- Award collection contract

May 4, 2023 Meeting

- Ratify WVC&R contractual collection rate adjustment
- Ratify Waste Management (WM) disposal contractual rate adjustment
- Approve Authority budget
- Accept audited financial statements

Recurring Meeting Agenda Items

- Approval of prior meeting minutes
- Receive and file the Executive Director financial report
- Receive a report on SB 1383
- Receive a report on regulatory and program updates