
**AMENDED AND RESTATED
SOLID WASTE COLLECTION SERVICES AGREEMENT**

between

THE CITY OF SAN BRUNO

and

RECOLOGY SAN BRUNO

Effective Date: January 1, 2023

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AMENDED AND RESTATED SOLID WASTE COLLECTION SERVICES AGREEMENT

This Amended and Restated Solid Waste Collection Services Agreement ("Agreement") is made and entered into this ____ day of _____, 2022 ("Agreement Date") by and between the City of San Bruno, a municipal corporation, hereinafter referred to as "City" and Recology San Bruno, a California corporation, hereinafter referred to as "Contractor."

RECITALS

WHEREAS; the Legislature of the State of California, by enactment of the California Integrated Waste Management Act of 1989 ("Act") and subsequent additions and amendments (codified at California Public Resources Code sections 40000 et seq.), has declared that it is in the public interest to authorize and require local agencies to make adequate provisions for Solid Waste Collection within their jurisdictions; and,

WHEREAS; the State of California has found and declared that the amount of Solid Waste generated in California, coupled with diminishing landfill space and potential adverse environmental impacts from landfilling and the need to conserve natural resources, have created an urgent need for State and local agencies to enact and implement an aggressive integrated waste management program. The State has, through enactment of the Act, directed the responsible State agency, and all local agencies, to promote Disposal site diversion and to maximize the use of feasible Solid Waste reduction, re-use, recycling, and composting options to reduce the amount of Solid Waste that must be disposed of in Disposal sites; and,

WHEREAS; pursuant to California Public Resources Code section 40059(a) as may be amended from time to time, the City has determined that the public health, safety, and well-being require that an exclusive right be awarded to a qualified Contractor to provide for the collection of Garbage, Recyclable Material, and Organic Waste, except for collection of materials excluded in the City's Municipal Code, and other services related to meeting the California Integrated Waste Management Act ("Act") of 50% diversion requirement, the State's ("CalRecycle") 50% diversion requirement and 75% diversion goal by 2020, and other requirements of the Act, AB 341, AB 1826, SB 1383 and other local, State and federal requirements; and,

WHEREAS; Contractor currently provides services within the City pursuant to the Franchise Agreement for Integrated Waste Management Services dated November 1, 1997, as amended from time to time (collectively the "Current Agreement");

WHEREAS; the parties desire that Contractor and City continue to provide services within the City under the terms of an amended and restated agreement regarding the maximum rates Contractor will charge Service Recipients for the collection, transportation, processing, recycling, composting, and/or Disposal of Garbage, Recyclable Material, and Organic Waste; and

WHEREAS; the City Council has determined that Contractor, by demonstrated experience, reputation, and capacity, is qualified to provide for the collection of Solid Waste, Recyclable Material, and Organic Waste within the corporate limits of the City, the transportation of such material to permitted places for processing, recycling, composting and/or Disposal; and City Council desires that Contractor be engaged to perform such services on the basis set forth in this Agreement; and

WHEREAS, Contractor, through its past performance to the City, has demonstrated that it has the ability and capacity to provide for the collection of Garbage, Recyclable Material, and Organic Waste within the corporate limits of the City; the transportation of such material to permitted places for processing, recycling, composting and/or Disposal; and the processing of materials; and

WHEREAS, this Agreement has been developed by and is satisfactory to City and Contractor.

NOW, THEREFORE, in consideration of the mutual covenants, conditions and consideration contained herein, City and Contractor hereby agree as hereinafter set forth:

ARTICLE 1 DEFINITIONS

For the purpose of this Agreement, the definitions contained in this Article shall apply unless otherwise specifically stated. If a word or phrase is not defined in this Article, the definition of such word or phrase as contained in the City Municipal Code shall control. When not inconsistent with the context, words used in the present tense include the future, words in the plural include the singular, and words in the singular include the plural. Use of the masculine gender shall include the feminine gender.

1.1 AB 341. Chapter 476 of the California Public Resources Code that requires businesses generating more than four (4) cubic yards of Solid Waste and all multifamily residential properties to subscribe to a recycling program.

1.2 AB 939. The California Integrated Waste Management Act (California Public Resources Code sections 40000 et al.) that redefined solid waste management to reduce the volume and toxicity of solid waste that is landfilled and incinerated by requiring local governments to prepare and implement plans to improve the management of waste resources.

1.3 AB 1826. Chapter 727 of the California Public Resources Code that requires businesses and multifamily residential properties generating a certain amount of Organic Waste, dependent on varying implementation dates, to subscribe to an organics program.

1.4 Agreement. The written document and all amendments thereto, between City and Contractor, governing the provision of Collection Services as provided herein.

1.5 Allowable Cost. Any cost that may be included in the detailed rate year methodology for calculating the adjustment to the Service Recipient Rate, as provided in EXHIBIT 2.

1.6 Applicable Laws. For purposes of this Agreement, Applicable Laws includes without limitation, AB 341, AB 939, AB 1594, AB 1826, SB 1016, SB 1383, and all amendments and related subsequent legislation, as well as all laws, statutes, ordinances, municipal, state, and federal authorities and all judgments, decrees, injunctions, writs and orders of any court, arbitrator or state or local government, any political subdivision thereof, any department, agency, authority or bureau of any of the foregoing, or any other entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and all rules, regulations, orders, written interpretations, directives, licenses and permits of any state or local government, any political subdivision thereof, any department, agency, authority or bureau of any of the foregoing, or any other entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government applicable to Contractor or its property or in respect of its operations.

1.7 Bin. May be used to refer to a Garbage Bin, Organics Bin or Recycling Bin which is a metal or plastic waste container that: (i) has a rated capacity from one and one-half (1.5) to six (6) cubic yards; and (ii) is mechanically serviced by a commercial front-end or rear-end loader vehicle.

1.8 Biohazardous or Biomedical Waste. Any waste which may cause disease or reasonably be suspected of harboring pathogenic organisms; including waste resulting from the operation of medical clinics, hospitals, and other facilities processing wastes which may consist of, but not limited to, human and animal parts, contaminated bandages, pathological specimens, hypodermic needles, sharps, contaminated clothing and surgical gloves.

1.9 Brown Goods. Electronic equipment such as stereos, televisions, VCR's, Personal Data Assistants (PDAs), telephones, and other similar items not containing cathode ray tubes (CRTs).

1.10 CalRecycle. California's Department of Resources Recycling and Recovery (CalRecycle) that administers and provides oversight for all of California's state-managed waste handling and recycling programs.

1.11 Cart. May be used to refer to a Garbage Cart, Organics Cart or Recycling Cart that: (i) has a rated capacity from 16 to 100 gallons; (ii) has a hinged tight-fitting lid and wheels; and (iii) is intended to be used for collection, accumulation, and removal of Solid Waste.

1.12 Change in Law. the occurrence after the Commencement Date of any of the following events: (i) enactment, adoption, amendment, repeal, judicial interpretation, or administrative interpretation of any Applicable Law; (ii) issuance of any judicial or administrative ruling in a proceeding involving City or Contractor, unless such ruling finds the party asserting a Change in Law to have been negligent or otherwise at fault; or (iii) denial, suspension, or termination of any government permit or other entitlement, unless such denial, suspension, or termination is the result of a negligent act or omission of the party asserting a Change in Law.

1.13 City. The City of San Bruno, California.

1.14 City Collection Service. City Garbage Collection Service, City Recycling Collection Service, City Organics Collection Service.

1.15 City Garbage Collection Service. The collection of Garbage, by Contractor, from City Service Units in the Service Area and the delivery of that Garbage to a Disposal Facility.

1.16 City Organics Collection Service. The collection of Organic Waste by Contractor from City Service Units in the Service Area, the delivery of that Organic Waste to an Organics Processing Facility and the processing and marketing of those Organic Wastes by the Organics Processing Facility.

1.17 City Recycling Collection Service. The collection of Recyclable Material, by Contractor, from City Service Units in the Service Area and the delivery of those Recyclable Material to a Materials Recovery Facility.

1.18 City Representative. That person, or his or her designee, designated by the City to administer and monitor the provisions of this Agreement.

1.19 City Service Unit. Those City properties or locations as set forth in EXHIBIT 3, which is attached to and included in this Agreement.

1.20 City Street. Public streets within the City, as designated by the City Representative. City Streets include large arterials, major collectors, and residential streets throughout the City.

1.21 City Waste. Garbage, Recyclable Material, Organic Waste and Large Items resulting from the normal activities of a City Service Unit. City Waste must be generated by and at the City Service Unit wherein the City Waste is collected and does not include items defined herein as Exempt Waste.

1.22 City Garbage Collection Service. The collection of Garbage by Contractor, from City Service Units in the Service Area, and the delivery of that Garbage to a Disposal Facility.

1.23 Collection Overflow. Garbage, Recyclable Material or Organic Waste that is in excess of the capacity of the Service Recipient's Cart or Bin (including materials in excess of the Container's weight capacity, materials that prevent the lid of the Container from being closed, and materials placed outside the Container).

1.24 Collection Services. The process whereby Garbage, Recyclable Materials, Organic Waste, and Large Items from a Service Recipient are collected, delivered, and/or transported to a Permitted Facility by Contractor.

1.25 Commercial Collection Service. Commercial Garbage Collection Service, Commercial Recycling Collection Service and Commercial Organics Collection Service.

1.26 Commercial Garbage Collection Service. The collection of Garbage, by Contractor, from Commercial Service Units in the Service Area, and the delivery of that Garbage to a Disposal Facility.

1.27 Commercial Organics Collection Service. The collection of Organic Waste, by Contractor, from Commercial Service Units in the Service Area, the delivery of that Organic Waste to an Organics Processing Facility and the processing and marketing of that Organic Waste by the Organics Processing Facility.

1.28 Commercial Recycling Collection Service. The collection of Recyclable Material, by Contractor, from Commercial Service Units in the Service Area, the delivery of that Recyclable Material to a Materials Recovery Facility and the processing and marketing of that Recyclable Material by the Materials Recovery Facility.

1.29 Commercial Service Unit. Any combination of retail, professional, wholesale and industrial facilities, places of business, other commercial enterprises, and schools in the Service Area utilizing a common Garbage, Recycling or Organics Cart or Bin for the accumulation and set out of Solid Waste.

1.30 Commercial Waste. Garbage, Organic Waste and Recyclable Material generated by and at a Commercial Service Unit.

1.31 Community Clean-up Events. Services to be provided by Contractor pursuant to Section 10.3 for the scheduled collection, transportation and processing or Disposal of SFD and MFD Large Items.

1.32 Compactor. Any Roll-off Container or Bin which has a compaction mechanism, whether stationary or mobile.

1.33 Composting. The controlled biological decomposition of Organic Waste into a specific mixture of decayed organic matter meeting the definition of “compost” in Public Resources Code section 40116.

1.34 Consumer Price Index (CPI). The Consumer Price Index published by the U.S. Department of Labor Bureau of Labor Statistics for All Urban Consumers (CPI-U) San Francisco-Oakland-Hayward, CA (1982-84=100).

1.35 Construction and Demolition (C&D) Debris. Commonly used or discarded materials removed from construction, remodeling, repair, demolition, or renovation operations on any pavement, house, commercial building, or other structure, or from landscaping. Such materials include, but are not limited to, dirt, sand, rock, gravel, bricks, plaster, gypsum wallboard, aluminum, glass, asphalt material, plastic pipe, roofing material, carpeting, concrete, wood, masonry, rocks, trees, remnants of new materials, including paper, plastic, carpet scraps, wood scraps, scrap metal, building materials, packaging and rubble resulting from construction, remodeling, renovation, repair and demolition operations on pavements, houses, commercial buildings and other structures. With the exception of soil, dirt, concrete and asphalt, Construction and Demolition Debris does not include Exempt Waste.

1.36 Container. A Cart, Bin, Roll-off Container, or Indoor Food Waste Pail provided by Contractor to Service Recipients for collection of Garbage, Recyclable Material, Organic Waste, Large Items, or Used Oil and Oil Filters.

1.37 Contractor. Recology San Bruno, a California corporation.

1.38 Contractor Payments to City. Payments made by Contractor to City as listed in Article 4.

1.39 County. San Mateo County, California

1.40 Customer. A person receiving Collection Service. The term may be used interchangeably with “Service Recipient.”

1.41 Disposal. The management of solid waste through landfilling or transformation at permitted solid waste facilities.

1.42 Disposal Facility. Any facility selected by Contractor and approved by City that is designed, operated and legally permitted for the purpose of disposing of solid waste. Unless mutually agreed otherwise between City and Contractor, the Disposal Facility shall be the Ox Mountain Sanitary Landfill located at 12310 San Mateo Road, Half Moon Bay, California.

1.43 Diversion. Diversion shall be calculated as the tons of materials collected by Contractor from the provision of Collection Services in the City that are delivered to the Materials Recovery Facility, Organic Waste Processing Facility, or any other processing facility approved by the City, or that are otherwise handled in a manner that counts as diversion under applicable CalRecycle regulations (in each case, net of all Processing Residue), divided by the total tons of materials collected in the Service Area by Contractor from the provision of Collection Services in each agreement year.

1.44 Dwelling Unit. Any individual living unit in a single-family dwelling (“SFD”) or multi-family dwelling (“MFD”) structure or building intended for, or capable of being utilized for, residential living other than a hotel or motel.

1.45 Education and Outreach Program. The services to be provided by Contractor for the public education and outreach of Solid Waste services, Diversion and sustainability related programs, and other information, as appropriate, as outlined in EXHIBIT 5.

1.46 Edible Food. Food intended for human consumption. “Edible Food” is not Solid Waste if it is recovered and not discarded.

1.47 Edible Food Recovery. Collection of Edible Food from restaurants, grocery stores, produce markets, school cafeterias, dining facilities, and similar sources, and distribution of that Edible Food to a local food recovery organization. Nothing in this Agreement requires or authorizes the recovery of food that does not meet the food safety requirements of the California Retail Food Code (Health & Safety Code § 113700 et seq.).

1.48 Effective Date. January 1, 2023, which is the date on which the Initial Term begins pursuant to Section 2.2.1.

1.49 Electronic Waste (E-Waste). Discarded electronics equipment such as cell phones, computers, monitors, televisions, and other items containing cathode ray tubes (CRTs).

1.50 Exempt Waste. Biohazardous or Biomedical Waste, Hazardous Waste, Sludge, soil and dirt, concrete, asphalt, automobiles, automobile parts, boats, boat parts, boat trailers, internal combustion engines, lead-acid batteries, any matter or materials which are not acceptable for Disposal at a solid waste landfill as defined in the Act and those wastes under the control of the Nuclear Regulatory Commission.

1.51 Food Waste. Food scraps and trimmings and other putrescible waste that result from food production, preparation, cooking, storage, consumption or handling. Food Waste includes but is not limited to: meat, fish and dairy waste, fruit and vegetable waste and grain waste. Food Waste does not include Exempt Waste.

1.52 Franchise Fee. The payment made by Contractor to City for the privilege of providing exclusive Collection Services.

1.53 Garbage. All putrescible and non-putrescible solid, semi-solid and associated liquid waste, as defined in California Public Resources Code section 40191. Garbage does not include Recyclable Material, Organic Waste, or Exempt Waste.

1.54 Garbage Bin. A metal or plastic container, with a capacity of one (1) cubic yard up to six (6) cubic yards, designed or intended to be mechanically dumped into a loader packer type garbage truck that is approved for such purpose by the City. Garbage Bins may also include Compactors that are owned by the SFD, MFD, or Commercial Service Unit wherein the SFD, MFD, or Commercial Collection Service occurs.

1.55 Garbage Cart. A heavy plastic receptacle with a rated capacity of at least twenty (20) gallons and not more than ninety-six (96) gallons, having a hinged tight-fitting lid and wheels, that is approved by the City Representative for use by Service Recipients for Collection Services under this Agreement.

1.56 Gift. Shall be defined as a reportable gift as set forth in California Government Code section 82028 and the regulations of the Fair Political Practices Commission at California Code of Regulations, title 2, sections 18940 et seq. as may be amended from time to time.

1.57 Gross Revenue. All revenue collected by Contractor or City for the provision of Collection Services by Contractor pursuant to this Agreement, calculated in accordance with Generally Accepted Accounting Procedures (GAAP). The term Gross Revenue, for purposes of this Agreement, does not include any revenues generated from the sale of Recyclable Material or Organic Waste, or other receipts from state and local government accounts (e.g., grants, cash awards and rebates) received by Contractor for performance of this Agreement.

1.58 Hazardous Waste. Any material which is defined, regulated or listed as “hazardous,” “toxic,” a “pollutant,” or words of similar import waste under California or United States law or any regulations promulgated pursuant to such law, as such state or federal law or regulations may be amended from time to time; and “designated waste” as defined in California Water Code section 13173.

1.59 Hauler Route. The designated weekly itinerary or sequence of stops scheduled to be performed by one collection vehicle providing regularly scheduled Garbage, Recyclable Material or Organic Waste collection services (not on-call or Large Item/Abandoned Waste), excluding compactor collection services, within the Service Area.

1.60 Holiday. January 1st and December 25th, as dates of non-collection.

1.61 Indoor Food Waste Pail. A 1-2-gallon receptacle for Source Separated Food Waste for use by Single Family Dwelling (“SFD”) and Multi-Family Dwelling (“MFD”) Service Recipients for Organics Collection Services under this Agreement.

1.62 Large Items. Those materials including furniture; area and floor rugs; mattresses; White Goods; Brown Goods; E-Waste; U-Waste; clothing; tires without rims; Organic Waste that does not properly fit in the Service Recipients Organics Cart or Bin; or some combination of such items in a container the dimensions of which container does not exceed four feet by four feet by two feet (4’x4’x2’) and weighing no more than sixty (60) pounds, which are attributed to the normal activities of a Single Family Dwelling (“SFD”), Multi-Family Dwelling (“MFD”), or City Service Unit. Large Items must be generated by and at the SFD, Multi-Family Dwelling (“MFD”) or City Service Unit wherein the Large Items are collected. Large Items do not include items herein defined as Exempt Waste.

1.63 Local Enforcement Agency (“LEA”). The agency designated by the governing body of a county or city that is, upon certification by CalRecycle, empowered to implement delegated CalRecycle programs and locally designated activities. LEAs have the primary responsibility for ensuring the correct operation and closure of solid waste facilities in the State. They also have the responsibility for guaranteeing the proper storage and transportation of Solid Waste.

1.64 Materials Recovery Facility (“MRF”). Any facility, selected by Contractor and approved by the City, designed, operated, and legally permitted for the purpose of receiving, sorting, processing, storing, or preparing Recyclable Material for sale.

1.65 Mixed Use Dwelling (“MXD”). A building or structure that blends Single Family Dwelling (“SFD”), Multi-Family Dwelling (“MFD”), commercial, cultural, institutional, or industrial uses and utilizes a common Garbage Bin or Garbage Cart for the accumulation and collection of Solid Waste.

1.66 Multi-Family Dwelling ("MFD") Collection Service. MFD Garbage Collection Service, MFD Recycling Collection Service, MFD Organics Collection Service, and MFD Large Item Collection Service.

1.67 Multi-Family Dwelling ("MFD ") Garbage Collection Service. The collection of Garbage by Contractor from MFD Service Units in the Service Area and the delivery by Contractor of that Garbage to a Disposal Facility.

1.68 Multi-Family Dwelling ("MFD") Large Item Collection Service. The periodic on-call collection of Large Items by Contractor from MFD Service Units in the Service Area and the delivery by Contractor of those Large Items to a Disposal Facility, Materials Recovery Facility, Organics Processing Facility or such other facility as may be appropriate under the terms of this Agreement.

1.69 Multi-Family Dwelling ("MFD") Organics Collection Service. The collection of Organic Waste by Contractor from MFD Service Units in the Service Area, the delivery by Contractor of that Organic Waste to an Organics Processing Facility, and the subsequent processing and marketing of that Organic Waste by the Organics Processing Facility.

1.70 Multi-Family Dwelling ("MFD") Recycling Collection Service. The collection of Recyclable Material by Contractor from MFD Service Units in the Service Area, the delivery of that Recyclable Material to a Materials Recovery Facility by Contractor, and the subsequent processing and marketing of that Recyclable Material by the Materials Recovery Facility.

1.71 Multi-Family Dwelling ("MFD") Service Unit. Any combination of four (4) or more Dwelling Units on the same parcel in the Service Area utilizing a common Garbage, Recycling or Organics Bin or Cart for the accumulation and set-out of Solid Waste.

1.72 Non-Collection Notice. A form developed and used by Contractor as approved by the City to notify Service Recipients of the reason for non-collection of materials set out by the Service Recipient for collection by Contractor pursuant to this Agreement.

1.73 Organics Bin. A metal or plastic container, with a capacity of one (1) cubic yard up to and including six (6) cubic yards (or four (4) cubic yards for Food Waste), designed or intended to be mechanically dumped into a loader packer type truck, that is approved for such purpose by the City.

1.74 Organics Cart. A heavy plastic receptacle with a rated capacity of at least twenty (20) gallons and not more than ninety-six (96) gallons, having a hinged tight-fitting lid, and wheels, that is approved by the City Representative for use by Service Recipients for Collection Services under this Agreement.

1.75 Organic Waste. Those materials which are capable of being composted and which would otherwise be processed as Recyclable Material or disposed of as Garbage. Organic Waste includes any vegetative matter resulting from normal yard and landscaping maintenance that is not more than three (3) feet in its longest dimension or six (6) inches in diameter and fits in the Organics Cart utilized by the Service Recipient. Organic Waste includes plant debris, such as palm, yucca and cactus, grass clippings, leaves, pruning, weeds, branches, brush, Holiday Trees, and other forms of vegetative waste. Organic Waste also includes Food Waste, and acceptable food packaging items such as pizza boxes, paper towels, waxed cardboard and food contaminated paper products. Organic Waste does not include items defined herein as Exempt Waste.

1.76 Organics Processing Facility. Any facility selected by Contractor that is designed, operated and legally permitted for the purpose of receiving and processing Organic Waste.

1.77 Permitted Facility. A facility which is properly permitted under the regulatory scheme of the State of California or another state for the purposes for which it is used under this Agreement.

1.78 Processing Residue. Those materials that are a result of Recyclable Material or Organic Waste processing, such as from the operations at a Materials Recovery Facility ("MRF") or Organics Processing Facility, that cannot be diverted from landfill disposal, known as residual.

1.79 Prohibited Container Contaminants. (i) Non-Organic Waste placed in the Organic Waste Container, including but not limited to textiles and carpets, manure, biosolids, digestate, sludges, non-compostable paper, Construction & Demolition Debris, and Hazardous Waste; (ii) Organic Waste placed in the Garbage Container that is specifically identified under the Agreement for collection in the Organic Waste Container or Recyclable Material Container; or (iii) Organic Waste placed in the Recyclable Material Container that is specifically identified under the Agreement or by ordinance for collection in the Organic Waste Container; and (v) Exempt Waste placed in any Container. Paper products and printing and writing paper may be considered acceptable and not considered Prohibited Container Contaminants if they are placed in the Recyclable Material Container. Untreated wood and dry lumber may be considered acceptable and not considered Prohibited Container Contaminants if they are placed in Collection Container designated for Organic Waste.

1.80 Recyclable Material. Those materials that are capable of being recycled and which would otherwise be processed as Organic Waste or disposed of as Garbage. Recyclable Material includes newsprint (including inserts); mixed paper (including magazines, catalogs, envelopes, junk mail, corrugated cardboard, brown bags and paper, paperboard, paper egg cartons, office ledger paper, and telephone books); glass containers; aluminum beverage containers; scrap and cast aluminum (not exceeding forty (40) pounds in weight nor two (2) feet in any dimension for any single item); steel including "tin" cans, aerosol cans (empty, non-toxic products) and small scrap (not exceeding forty (40) pounds in weight nor two (2) feet in any dimension for any single item); bimetal containers; plastic bottles (#1-7); aluminum foil and pans; dry cell household batteries when contained in a sealed heavy-duty plastic bag and placed on top of a Service Receipt Recycling Cart; and those materials added by Contractor from time to time.

1.81 Recycling Bin. A plastic or metal container, with a capacity of one (1) cubic yard up to and including six (6) cubic yards, designed or intended to be mechanically dumped into a loader packer type recycling truck that is approved for such purpose by the City and is appropriately labeled as a Recycling Bin.

1.82 Recycling Cart. A heavy plastic receptacle with a rated capacity of at least twenty (20) gallons and not more than ninety-six (96) gallons, having a hinged tight-fitting lid, and wheels, that is approved by the City Representative for use by Service Recipients for Collection Services under this Agreement.

1.83 Residential Waste. Garbage, Recyclable Material, Organic Waste and Large Items resulting from the normal activities of a Single-Family Dwelling ("SFD") Service Unit or Multi-Family Dwelling ("MFD"). Residential Waste must be generated by and at the Single-Family Dwelling ("SFD") or Multi-Family Dwelling ("MFD") Service Unit wherein the Residential Waste is collected and does not include items defined herein as Exempt Waste.

1.84 Roll-off Container. A metal container that is normally loaded onto a motor vehicle and transported to an appropriate facility.

1.85 Route Review. A visual inspection of Containers along a Hauler Route for the purposes of identifying Prohibited Container Contaminants, which may include mechanical inspection methods.

1.86 SB 1016. The State of California Solid Waste Per Capita Disposal Measurement Act.

1.87 SB 1383. The 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 to add Chapter 13.1 [commencing with Section 42652] to Part 3 of Division 30 of the Public Resources Code, relating to methane emissions), also commonly referred to as "SB 1383," as amended, supplemented, superseded, and replaced from time to time. For the purposes of this Agreement, SB 1383 specifically refers to the Short-Lived Climate Pollutants (SLCP): Organic Waste Reductions regulations, rather than the statute as a whole, developed by CalRecycle and adopted on November 3, 2020 that created Chapter 12 of 14 CCR, Division 7 and amended portions of regulations of 14 CCR and 27 CCR.

1.88 Service Area. That area within the corporate limits of the City of San Bruno, California.

1.89 Service Recipient. SFD, MFD, Commercial or City Service Unit receiving Collection Services.

1.90 Service Recipient Rate. The dollar amount charged by Contractor to Service Recipients to receive Collection Services.

1.91 Service Unit. Single Family Dwelling ("SFD") Service Units, Multi-Family Dwelling ("MFD") Service Units, City Service Units, and Commercial Service Units.

1.92 Single Family Dwelling ("SFD") Collection Service. SFD Garbage Collection Service, SFD Recycling Collection Service, SFD Organics Collection Service, and SFD Large Item Collection Service.

1.93 Single Family Dwelling ("SFD") Garbage Collection Service. The collection of Garbage by Contractor from SFD Service Units in the Service Area and the delivery of that Garbage to a Disposal Facility.

1.94 Single Family Dwelling ("SFD") Large Item Collection Service. The periodic on-call collection of Large Items by Contractor from SFD Service Units in the Service Area and the delivery by Contractor of those Large Items to a Disposal Facility, Materials Recovery Facility, Organics Processing Facility or such other facility as may be appropriate under the terms of this Agreement. SFD Large Item Collection Service does not include the collection of Large Items using Roll-off Containers.

1.95 Single Family Dwelling ("SFD") Organics Collection Service. The collection of Organic Waste by Contractor from SFD Service Units in the Service Area, the delivery by Contractor of that Organic Waste to an Organics Processing Facility, and the subsequent processing and marketing of that Organic Waste by the Organics Processing Facility.

1.96 Single Family Dwelling ("SFD") Recycling Collection Service. The collection of Recyclable Material by Contractor from SFD Service Units in the Service Area, the delivery by Contractor of that Recyclable Material to a Materials Recovery Facility, and the subsequent processing and marketing of that Recyclable Material by the Materials Recovery Facility.

1.97 Single Family Dwelling ("SFD") Service Unit. Any single Dwelling Unit in the Service Area utilizing a Garbage, Recycling or Organics Cart, or any combination of two (2) or three (3) Dwelling Units on the same parcel sharing Garbage, Recycling or Organics Carts, for the accumulation and set out of Solid Waste.

1.98 Sharps. Sharps include needles, scalpels, blades, broken medical glass, broken capillary tubes, and ends of dental wires.

1.99 Sludge. The accumulated solids, residues, and precipitates generated as a result of waste treatment or processing, including wastewater treatment, water supply treatment, or operation of an air pollution control facility, and mixed liquids and solids pumped from septic tanks, grease traps, privies, or similar disposal appurtenances or any other such waste having similar characteristics or effects.

1.100 Solid Waste. putrescible and non-putrescible solid, semisolid, and liquid Waste. "Solid Waste" includes Garbage, trash, refuse, paper, rubbish, ashes, manure, vegetable or animal solid and semisolid wastes, and other discarded solid and semisolid wastes, as set forth in Public Resources Code Section 40191. "Solid Waste" includes Organic Waste, and Recyclable Materials. "Solid Waste" does not include Exempt Waste.

1.101 Source Separated. The segregation of Recyclable Material from Garbage and Organic Waste, or the segregation of Organic Waste from Garbage and Recyclable Material, by the Service Recipient for the purpose of diversion from Disposal.

1.102 Street Sweeping Service. The sweeping of streets in the City, whether by the City, Contractor, or a Subcontractor, and the transportation of Sweep Waste by Contractor to the San Bruno Transfer Station.

1.103 Subcontractor. Any person or company other than Contractor that has been retained to perform services under this Agreement. All Subcontractors are subject to approval by City prior to performing such services.

1.104 Support Facilities. Facilities used by Contractor for management, Customer service, vehicle parking, and equipment maintenance required under this Agreement.

1.105 Sweep Waste. The accumulated waste materials generated as a result of performing Street Sweeping Services. Sweep Waste includes, but is not limited to, deposits of loose dirt, rocks, glass, cans, leaves, sticks, papers, Organic Waste residue or any like materials that can be removed by Street Sweeping operations.

1.106 Sweeper Route. A daily path or itinerary followed by a sweeper that has been clearly divided into a.m. and p.m. sections.

1.107 Transfer Station. The Contractor owned San Bruno Transfer Station located at 101 Tanforan Avenue, San Bruno, California.

1.108 Travel Mile. A one-mile distance traveled along a street when no actual sweeping occurs, (e.g., distance between Contractor's service yard and the individual routes, and the distance to and from the dumpsite).

1.109 Universal Waste (U-Waste). Televisions, computer monitors, consumer electronics with circuit boards, fluorescent lamps, cathode ray tubes, non-empty aerosol cans, instruments and switches that contain mercury, and dry cell batteries containing cadmium copper or mercury.

1.110 White Goods. Discarded refrigerators, ranges, water heaters, freezers, and other similar household appliances.

1.111 Workday. Any day, Monday through Friday that is not a Holiday, unless otherwise specified.

ARTICLE 2

GRANT, TERM & SCOPE OF AGREEMENT

2.1. Grant of Exclusive Right. Except as otherwise provided in this Agreement, Contractor is hereby granted the exclusive right to collect, transport, recycle, process and dispose of Garbage, Recyclable Material, Organic Waste, Construction and Demolition Debris, and Large Items within the Service Area, including without limitation all such material generated or accumulated at all SFD Service Units, MFD Service Units, Commercial Service Units and City Service Units in the Service Area. No other Garbage, Organics, or Recycling Collection Services shall be exclusive to Contractor.

2.2. Term.

2.2.1. Initial Term. The term of this Agreement shall begin on the Effective Date and continue until June 30, 2034 (“Initial Term”), unless sooner terminated as provided herein.

2.2.2. Extension of Initial Term. Contractor may request up to two five (5) year extensions to the Initial Term (the Initial Term plus any extensions being the “Term”), and at City’s sole discretion, City may grant Contractor’s request to extend the Term, with a new termination date of June 30, 2039, for the first extension and June 30, 2044, for the second extension. Under no circumstance will City be obligated to extend the Term. Contractor must request each extension no later than 180 days prior to the expiration of the Term to be eligible for the Term extension. The City shall accept or deny each extension request in writing to Contractor no later than 90 days prior to the expiration of the Term.

2.2.3. Other Provisions. The City may, at the end of the Term or optional extended Term, as appropriate, either renegotiate the terms and conditions of the Agreement with Contractor or request proposals from qualified contractors to provide Collection Services.

2.3. Scope of Agreement.

2.3.1. Contractor shall perform all Collection Services under this Agreement in a thorough and professional manner. Collection Services described in this Agreement shall be performed regardless of weather conditions or difficulty of collection.

2.3.2. Contractor shall provide all labor, equipment, tools, facilities, and personnel supervision required for the performance of Contractor’s obligations under this Agreement. Contractor shall always have sufficient backup equipment and labor to fulfill Contractor’s obligations under this Agreement. No compensation for Contractor’s services or for Contractor’s supply of labor, equipment, tools, facilities or supervision shall be provided or paid to Contractor by City or by any Service Recipient except as expressly provided by this Agreement.

2.3.3. Contractor acknowledges and agrees that City may permit other persons besides Contractor to collect any and all types of materials excluded from the scope of this Agreement, as set forth in Section 2.3.5, without seeking or obtaining approval of Contractor. If Contractor can produce evidence (e.g., photos) that other persons are servicing collection containers or are collecting Garbage, Recyclable Material and/or Organic Waste in a manner that is not consistent with City's Code or this Agreement, it shall first reach out to the property owner or resident utilizing the containers to inform them of the franchise and to ask for the immediate removal of the containers. Second, if the initial request fails, Contractor may report the location, the name and telephone number of the person or company to City along with Contractor's evidence of the violation of the exclusiveness of this Agreement, and Contractor shall assist City to enforce City's Code and this Agreement. Contractor may remove illegally placed containers in the public right-of-way, alleys, or streets.

2.3.4. The scope of this Agreement shall be interpreted to be consistent with applicable law, now and during the Term. If future judicial interpretations of current law or new laws, regulations, or judicial interpretations limit the ability of City to lawfully provide for the scope of services as specifically set forth herein, Contractor agrees that the scope of the Agreement will be limited to those services and materials which may be lawfully provided, and that City shall not be responsible for any lost profits or losses claimed by Contractor to arise out of limitations of the scope of the Agreement set forth herein.

2.3.5. Exceptions to Agreement. The exclusive rights granted to Contractor in Section 2.1 shall not apply to the following types of materials:

2.3.5.1. Recyclable Materials donated or sold to persons or entities other than Contractor. if: (i) the Recyclable Materials are Source Separated and not mixed with other Solid Waste; and (ii) the seller/donor does not pay the buyer/donee any consideration for collecting, processing, or transporting such Recyclable Materials, where such consideration may include but not be limited to a discount or reduction in the price for collection, Disposal, or recycling services for any form of un-segregated or segregated Solid Waste.

2.3.5.2. Garbage, Recyclable Material, Organic Waste or Large Items that are: (i) removed from any SFD Service Unit, MFD Service Unit, Commercial Service Unit, or City Service Unit; and (ii) transported personally by the Service Recipient and delivered directly to a MRF, Organics Processing or Disposal Facility; provided, for the avoidance of doubt, this exception shall not be interpreted to modify or affect the requirement set forth in Section 10.20.050.C of the San Bruno Municipal Code which requires occupants or those in charge of premises to engage the City contracted collector for collection service;

2.3.5.3. Beverage containers delivered by the Service Recipient for Recycling under the California Beverage Container Recycling Litter Reduction Act, California Public Resources Code sections 14500, et seq.;

2.3.5.4. Materials removed from a Service Unit by a contractor as an incidental part of gardening, landscaping, tree trimming, cleaning, maintenance, construction or similar service offered by that contractor rather than as a hauling service, provided that the hauling is performed by the contractor itself and not a subcontracted hauling company;

2.3.5.5. Large Items removed from a Service Unit by a property management or maintenance company as an incidental part of the total clean-up or maintenance service offered by the

company rather than as a hauling service, where no Roll-off Containers are used for the collection and transportation of such Large Items;

2.3.5.6. Hazardous Waste and other Exempt Waste regardless of its source; and

2.3.5.7. Secure document shredding.

ARTICLE 3

COLLECTION SERVICE REQUIREMENTS.

3.1. Collection Container Service. Contractor shall provide all Service Recipients with a combination of Collection Container sizes to select from and, for Commercial, MFD, and MXD Service Recipients, collection frequency that matches Service Recipients' unique service needs to enable clean, efficient, and cost-effective collection of Garbage, Recyclable Materials, and Organic Waste.

3.2. Service Accessibility. Contractor shall provide Collection Service for all Garbage Carts and Bins, Recycling Carts and Bins, and Organics Carts and Bins that are accessible by Contractor's collection vehicles. "Accessible" for SFDs means placed within three feet (3') of the curb, swale, paved surface of the public roadway, or other such location agreed to by Contractor and the Service Recipient that provides safe and unobstructed access to the Carts and Bins. "Accessible" for non-SFDs means placed at a location agreed to by Contractor and the Service Recipient that provides safe and unobstructed access to the Carts and Bins.

3.3. Push Service. Contractor shall provide "push services" as necessary during the provision of MFD and Commercial Collection Services. Push services involve the driver exiting from the collection vehicle, retrieving Garbage Carts or Bins, Recycling Carts or Bins or Organics Carts or Bins from storage locations, pushing or pulling them to collection locations accessible to the collection vehicle, and returning them to storage locations following collection. Push services are only available for Carts of any volume and Bins with a volume of three (3) cubic yards or less, and only where the slope is less than seven percent (7%). If the distance from the Container storage location to the nearest collection location exceeds ten feet (10'), then Contractor shall be entitled to charge a Push Rate in the amount set forth on EXHIBIT 1.

3.4. Overflow. City and Contractor agree that overflow of Solid Waste that is not properly in the Service Recipient's Collection Containers may negatively impact public health and safety and Contractor therefore agree as follows:

3.4.1. Recyclables. Contractor is required in all cases to collect Recyclable Material in excess of the capacity of SFD, MFD or Commercial Service Recipient's Cart or Bin, provided that it is properly bound, boxed or bagged and can easily be loaded into the collection vehicle by Contractor's driver. This provision shall not require Contractor to collect litter scattered around Containers. Contractor may charge the applicable overflow rate listed on EXHIBIT 1 for recyclable materials set out in excess of subscribed for capacity.

3.4.2. Garbage and Organic Waste. Contractor may, but is not required to, collect Garbage or Organic Waste in excess of the capacity of SFD, MFD or Commercial Service Recipient's Cart or Bin. Notwithstanding the foregoing, Contractor shall collect Garbage and Organic Waste in excess of the capacity of SFD, MFD or Commercial Service Recipient's Cart or Bin, including materials that are outside Service Recipient's Cart or Bin, if the Service Recipient and Contractor have made prior

arrangements to do so. Contractor may assess the applicable overflow fee set forth in EXHIBIT 1 upon collection of any Garbage or Organic Waste that is in excess of the Cart or Bin capacity or if such materials are outside of the Cart or Bin.

3.4.3. Prior Arrangements For Collection Overflow. If the Service Recipient has made prior arrangements with Contractor for Collection Overflow, then Contractor shall collect such Collection Overflow as arranged, and may charge the Service Recipient the Solid Waste Collection Overflow fee (prior arrangement) rate set forth in EXHIBIT 1.

3.4.4. Non-collection and Correction. Customers receiving Residential, Commercial or Multi-Family services shall be notified of Contractor's Collection Overflow policy. If a Service Recipient is found to repeatedly set out Collection Overflow without prior arrangement with Contractor, then Contractor may do any of the following: (i) collect such Collection Overflow at no additional charge as a courtesy; (ii) leave a Non-Collection Notice and decline to Collect the Collection Overflow; (iii) Collect the Collection Overflow (up to two lifts) and charge the Service Recipient the Solid Waste Collection Overflow fee (no prior arrangement) rate set forth in EXHIBIT 1 as provided below; (iv) increase the capacity or frequency of Collection of the existing Collection Container(s) to match documented service needs; (5) or require a locking mechanism (e.g., strap, clip, or lock) approved by Contractor to reduce spillage.

3.4.5. . In the event of non-collection, Contractor shall affix to the Bin or Cart a Non-Collection Notice explaining why collection was not made and that includes instructions for the Service Recipient to cure the overflow and arrange for Contractor to return to Collect the Garbage, Organic Waste, or Recyclable Material as applicable. Contractor may assess the return trip fee identified in EXHIBIT 1 in the event a Service Recipient arranges for Contractor to return to collect material after Service Recipient has cured the overflow. Contractor shall record in its software program the date, and Customer information for all Non-Collection Notices issued and maintain such information in conformance with Contractor's data retention policies. At least 10 Business Days prior to non-collection, Contractor shall also contact the Service Recipient by phone, U.S. mail, e-mail, or other electronic means or in person (which may be by Non-Collection Notice) to ensure that the Service Recipient has the appropriate level of service. Contractor shall document the Collection Overflow issue in Contractor's records and notify City within 10 Business Days of any changes in the Service Recipient's Collection Container size or collection frequency.

3.4.6. SFD Service Unit Collection Overflow. For each Collection Overflow occurrence at an SFD Service Unit, Contractor shall not collect the Collection Overflow if the Collection Container could not be serviced safely by normal operating procedures or if spillage would occur upon servicing, and Contractor shall provide the following written notice via e-mail or other electronic means, U.S. mail, or in person (which may be by Non-Collection Notice) to the Service Recipient: the date and description of the Collection Overflow and document in Contractor's records. Contractor's Non-Collection Notice for SFD Service Recipients shall also contain instructions on: (i) how to schedule a Bulky Item Collection; or (ii) request an additional Collection Container to eliminate future Collection Overflow.

3.4.7. Commercial and MFD/MXD Service Unit Collection Overflow. For each Collection Overflow occurrence, other than those where the Service Recipient made a prior arrangement for the collection of the Collection Overflow, at a Commercial Service Unit, MFD Service Unit, or MXD Service Unit, Contractor shall provide a written notice via e-mail or other electronic means, U.S. mail, or in person (which may be by Non-Collection Notice) to the Service Recipient with the date and description of the Collection Overflow. Contractor may collect the Collection Overflow and may charge the Service Recipient a Solid Waste Collection Overflow fee as set forth in EXHIBIT 1, and increase the capacity, or collection frequency of the Collection Container to match documented service needs. At least 10 Business Days prior

to increasing the Collection Container size, or frequency of Collection, Contractor shall also contact the Service Recipient by phone, U.S. mail, e-mail, or other electronic means or in person (which may be by Non-Collection Notice) to ensure that the Service Recipient has the appropriate level of service. Contractor shall document the Collection Overflow issue in Contractor's records and notify City within 10 Business Days of any changes in the Service Recipient's Collection Container size or collection frequency. The increased capacity or collection frequency will remain in effect until Contractor determines that it is no longer needed to prevent Collection Overflow. Such determination will be in Contractor's sole but reasonable discretion and will be subject to the dispute resolution procedure set forth below. City will consider, and pursue as applicable, appropriate legal remedies against offending Service Recipients to secure discontinuance of the Collection Overflow.

3.4.8. Disputes Over Collection Overflow Charges. If a Service Recipient disputes a Solid Waste Collection Overflow charge or Collection Container size or collection frequency change within 30 days of the disputed action, then Contractor shall monitor the Service Recipient for a period of thirty (30) days and shall take photographs of any Collection Overflow during such monitoring period.

3.5. Commingling of Garbage, Recyclable Material or Organic Waste. Except contaminated loads, Contractor shall not at any time commingle Garbage with Source Separated Organic Waste or with Source Separated Recyclable Material, or commingle Source Separated Organic Waste with Source Separated Recyclable Material collected pursuant to this Agreement without the express prior written authorization of the City Representative. Such approval by the City will not be unreasonably withheld.

3.6. Contamination. To support City's Diversion goals and Contractor's Diversion requirements, Contractor is only required to collect and process Recyclable Materials that have been Source Separated from Garbage and Organic Waste and is only required to collect and process Organic Waste that has been Source Separated from Garbage and Recyclable Materials. If, by visual inspection, Recyclable Material is commingled with ten percent (10%) or more by volume of Garbage or Organic Waste, or if, by visual inspection, Organic Waste is commingled with three percent (3%) or more by volume of Garbage or Recyclable Material, then Contractor may take the following steps:

3.6.1. First and Second Occurrences. For the first and second occurrence within any one Calendar Year of contamination for a particular Collection Container (i.e., Recyclable Materials or Organic Waste), Contractor shall collect the contaminated Collection Container on either the Service Recipient's regularly scheduled collection day or the following collection day and may dispose of its contents as Garbage. Contractor shall provide a contamination violation notice that contains instructions on the proper procedures for sorting Recyclable Materials or Organic Waste. Contractor may provide the contamination violation notice to the Service Recipient by phone, U.S. mail, e-mail or other electronic means, or in person (which may be a container tag) and the contamination violation notice shall notify the Service Recipient that for the third and subsequent incidents of excess contamination the Service Recipient may be charged a contamination fee for the contaminated Collection Container, and Contractor may increase the Collection Container size, or require an additional Collection Container. Contractor shall document the contamination issue in its records and shall provide documentation to the Service Recipient that clearly shows the Service Recipient's on-going contamination problems.

3.6.2. Subsequent Occurrences. For the third or subsequent occurrence within any one Calendar Year of contamination for a particular Collection Container (i.e., Recyclable Materials or Organic Waste), Contractor shall collect the contaminated Container and may dispose of its contents as Garbage and shall charge the Service Recipient the contamination fee set forth in EXHIBIT 1. Contractor shall continue providing the Recyclable Materials or Organic Waste Collection Services notwithstanding any

ongoing contamination issues. Contractor shall provide (or have provided) documentation to the Service Recipient that clearly shows the Service Recipient's on-going contamination problems and written notices of contamination as described above. Contractor may increase the Collection Container size or collection frequency. In the event Contractor increases the Collection Container size or requires an additional Collection Container pursuant to this Section, Contractor shall charge the Service Recipient the applicable Service Recipient Rate for such increased service as set forth on EXHIBIT 1. Upon request from the Service Recipient, Contractor shall reduce the volume or number of Collection Containers provided to such Service Recipient provided that the Service Recipient has demonstrated no contamination for a period of three consecutive months immediately preceding the request. Contractor shall document the contamination issue in its records and notify City within five Business Days if Contractor increases the Collection Container size or collection frequency for excessive contamination or imposes the contamination surcharge to the account. City shall consult with Contractor and consider pursuing appropriate legal remedies against offending Service Recipients to secure discontinuance of the contamination.

3.7. Collection Schedules.

3.7.1. Frequency of Service. Each service (other than Large Item Collection Service and on-call Construction and Demolition Debris service) shall be provided at least once every week on a scheduled route basis. However, in those instances where the scheduled collection day falls on a Holiday, the collection day may be adjusted in a manner agreed to between the Service Recipient and Contractor as long as service is received a minimum of one (1) time per week. The size of the Bin or Cart and the frequency (above the minimum) of collection shall be determined by the Service Recipient and Contractor. However, size and frequency shall be sufficient to provide that no Garbage, Recyclable Material or Organic Waste need be placed outside the Bin or Cart on a regular basis.

3.7.2. Hours of Collection.

3.7.2.1 SFD Collection Services shall be provided, commencing no earlier than 6:00 a.m. and terminating no later than 6:00 p.m., Monday through Friday with no service on Saturday (except for Holiday service in which case normal collection hours may be utilized) or Sunday. The hours and days of collection may be extended due to extraordinary circumstances or conditions with the prior written consent of the City Representative.

3.7.2.2 MFD Collection Services shall be provided, commencing no earlier than 6:00 a.m. and terminating no later than 6:00 p.m. Monday through Saturday with no service on Sunday. The hours and days of collection may be extended due to extraordinary circumstances or conditions with the prior written consent of the City Representative.

3.7.2.3 Commercial and City Collection Service shall be provided, commencing no earlier than 4:00 a.m., and terminating no later than 6:00 p.m., Monday through Saturday and commencing no earlier than 6:00 a.m., and terminating no later than 9:00 p.m., on Sunday. The hours and days of collection may be extended due to extraordinary circumstances or conditions with the prior written consent of the City Representative. If Commercial Service Units are within 100 feet of SFD Service Units, and City or Contractor receive more than five (5) noise complaints from different such SFD Service Recipients about Collection Services at such Commercial Service Units, then upon written notice by City to Contractor, the hours of collection for Commercial Collection Services at such Commercial Service Units shall be the same as SFD Collection Services.

3.7.2.4 The City may require Contractor to shorten collection hours in areas around schools to no later than 3:00 p.m., and refrain from Collection in high traffic areas during peak commute hours. When the City is conducting road overlay or slurry projects, the City reserves the right to temporarily redirect or restrict Contractor from collection in the affected areas or temporarily change the collection hours if needed. Collection hours may be extended due to extraordinary circumstances or conditions with the prior written consent of the City Representative.

3.7.3. Holiday Service. In any week in which a Holiday falls on a Workday, SFD Collection Services for the Holiday and each Workday thereafter will be delayed one Workday for the remainder of the week with normally scheduled Friday Collection Services being performed on Saturday. MFD, Commercial and City Collection Services shall be adjusted as agreed between Contractor and the Service Recipient but must meet the minimum frequency requirement of one (1) time per week.

3.8. Manner of Collection. Contractor shall provide Collection Services with as little disturbance as possible and shall return all Carts and Bins in an upright position to the original collection location, and without obstruction of alleys, roadways, driveways, sidewalks or mailboxes.

3.9. Containers – Carts, Bins and Indoor Food Waste Pails.

3.9.1. All Carts and Bins shall be color coded in the following ways: black or grey for Garbage, blue for Recyclable Material and green for Organic Waste. Hardware such as hinges and wheels may be any color. Carts and Bins shall have instructions for proper usage and the material types to be accepted in each collection Cart and Bin (i.e., Garbage, Organic Waste, and Recyclable Material). All Carts and Bins must be constructed and maintained to prevent leaks and litter from escaping. All Carts and Bins shall be clean prior to delivery to a Service Unit.

3.9.2. Carts. Cart labels shall be on the lids and include Contractor's telephone number. Permanent adhesive stickers may be used as a decal for such labeling, however if the decal fails at any point during the Term, Contractor shall replace the labeling or replace the Cart with a Cart having acceptable labeling.

3.9.3. Bins. Bins used by Contractor during the Term are to be painted or embossed (or labeled/decaled) and labeled with the type of materials to be collected (i.e., Garbage, Organic Waste, Recyclable Material) and instructions provided for proper usage at the time of delivery to a new account or upon request of the Service Recipient. Contractor's telephone number shall be included as part of such Bin labeling. Permanent adhesive stickers may be used as a decal for such labeling, however if the decal fails at any point during the Term, Contractor shall replace the labeling or replace the Bin with a Bin having acceptable labeling.

3.9.4. Indoor Food Waste Pails. All new customers shall be made aware of the availability of Indoor Food Waste Pails and all other residential customers shall be made aware of their availability annually. Newly purchased Indoor Food Waste Pails provided during the Term are to be labeled with the type of materials to be collected, and instructions provided for proper usage at the time of delivery to a new account or upon request of the Service Recipient.

3.9.5. Roll-off Containers. Roll-off Containers must be properly marked with Contractor's name and telephone number as part of Roll-off Container labeling and in good working order. City retains the right to inspect any such used Roll-off Container and direct Contractor to replace or repair such a pre-owned Roll-off Container if it is not properly marked or is not in good working order.

3.9.6. Purchase and Distribution of Carts and Bins. Contractor shall be responsible for the purchase and distribution of fully assembled and functional Carts and Bins to Service Units in the Service Area that are required in the performance of Contractor's obligations under this Agreement. Contractor shall also distribute Carts and Bins to new Service Units that are added to Contractor's Service Area during the Term. In all cases of Bin or Cart delivery or replacement as described in Sections 3.9.7 and 3.9.9: (i) the distribution shall be completed within three (3) Work Days of receipt of notification from the City or Service Unit or prior to the Service Recipient's first scheduled day of collection of Solid Waste, so long as the Service Recipient has made the request to Contractor no fewer than 24-hours in advance of their first scheduled day of collection, whichever is sooner; (ii) Carts and Bins are to be cleaned prior to distribution to a Service Unit; (iii) delivery shall be at Contractor's sole cost and expense (except as provided in Section 3.9.7); and (vi) Contractor shall maintain records documenting all Cart and Bin replacements and the reasons therefor by month. Ownership of Carts, Bins, and Roll-Off Containers shall rest with Contractor at all times during and after this Agreement.

3.9.7. Replacement of Carts and Bins. Contractor's employees shall take care to prevent damage to Carts or Bins. At its sole cost and expense, Contractor shall replace Carts and Bins damaged or lost by its employees or equipment without inconvenience to the Service Recipient. Additionally, Service Recipients may request one (1) free replacement of Carts or Bins during the Term. Upon notice to Contractor by City or a Service Recipient that the Service Recipient's Cart or Bin has been lost, stolen or substantially damaged, Contractor shall deliver a replacement Cart or Bin to such Service Recipient. If, at the time of notice, the Service Recipient has already received one (1) free replacement of Carts or Bins during the Term, Contractor shall be entitled to charge the Service Recipient the fee for Additional Cart Exchange or Replacement or Additional Bin Exchange or Replacement set forth in EXHIBIT 1.

3.9.8. Repair of Carts and Bins. Contractor shall be responsible for Cart and Bin repairs, including, but not limited to, hinged lids, wheels and axles. Contractor shall repair Carts and Bins or if necessary, remove Carts and Bins for repairs and deliver replacement Carts and Bins to Service Recipients.

3.9.9. Cart or Bin Exchange. Upon notice to Contractor by the City or a Service Recipient that a change in the size or number of Carts or Bins is required, Contractor shall deliver such Carts or Bins to the Service Recipient under the provisions stated in Section 3.9.6.

3.9.10. Indoor Food Waste Pail. If requested by an SFD Service Recipient or the owner/manager of an MFD Service Unit, Contractor shall provide SFD and MFD Service Units receiving SFD or MFD Organics Collection Service with a pail for indoor storage of Food Waste prior to placing the waste in the outdoor Organics Cart or Bin. Indoor Food Waste Pails shall be distributed at the Service Recipient's request.

3.10. Disposal and Processing.

3.10.1. Compliance with Permits. Contractor shall not knowingly deliver materials collected under this Agreement to facilities that do not comply in all material aspects with the Department of Resources Recycling and Recovery regulations under California Code of Regulations Title 14, Division 7, Chapter 3, Minimum Standards for Solid Waste Handling and Disposal. Contractor must use reasonable efforts to assure that all Disposal, Transfer, and Processing Facilities to which Contractor delivers material under this Agreement are legally permitted to receive material collected under this Agreement. Failure to comply with this provision is an event of default under this Agreement.

3.10.2. Permits and Approvals. Contractor shall, upon written request from City, arrange for the facilities owned by Contractor or an affiliate of Contractor to which Contractor delivers material under this Agreement to provide copies of facility permits, notices of violations, inspection areas or concerns, or administrative action to correct deficiencies related to the operation, but only to the extent the foregoing are material and reasonably related to the services provided under this Agreement. For other facilities selected by Contractor to which Contractor delivers material under this Agreement, if Contractor becomes aware of any material permit violations by such facilities that are reasonably related to the services provided under this Agreement, Contractor shall notify the City of the same. Failure to provide facility information is an event of default under this Agreement.

3.10.3. Disposal Facility. Except as set forth below, all Garbage Collected as a result of performing Collection Services shall be transported to the Transfer Station and disposed of at the Disposal Facility by Contractor. In the event the Disposal Facility is closed on a Workday, or is not able to accept Garbage, Contractor shall transport and dispose of the Garbage at such other legally permitted Disposal Facility as is approved by City.

3.10.4. Material Recovery Facility. All Source Separated Recyclable Material collected because of performing Recycling Collection Services shall be delivered by Contractor to a legally permitted Material Recovery Facility (MRF). Contractor shall ensure that all Source Separated Recyclable Material collected pursuant to this Agreement, except Processing Residue, is diverted from the Disposal Facility in accordance with AB 939, AB 341 and subsequent legislation and regulations. Contractor may also deliver Recyclable Material to the Transfer Station prior to delivery to a legally permitted MRF.

3.10.5. Organics Processing Facility. Contractor shall deliver all collected Source Separated Organic Waste to a legally permitted Organics Processing Facility. In the event the facility is closed on a Workday, or is not able to accept Organic Waste, Contractor shall transport and deliver the Organic Waste to such other legally Permitted Facility as is approved by City. Contractor shall ensure that all Source Separated Organic Waste collected pursuant to this Agreement, except Processing Residue, is diverted from the Disposal Facility in accordance with AB 939, AB 1826 SB 1383 and subsequent legislation and regulations. Contractor may also deliver Organic Waste to the Transfer Station prior to delivery to a legally permitted Organics Processing Facility.

3.11. Spillage and Litter. Contractor shall not litter while providing Collection Services or while its collection vehicle(s) are on the road. Contractor shall transport all materials collected under this Agreement in such a manner as to prevent the spilling or blowing of such materials from Contractor's collection vehicle(s). Contractor shall exercise all reasonable care and diligence in providing Collection Services to prevent spilling or dropping Solid Waste and shall immediately, at the time of occurrence, clean up such spilled or dropped materials.

3.11.1. Contractor shall clean up any material or residue that was spilled or scattered by Contractor or its employees. Contractor shall not be responsible for cleaning up unsanitary conditions not caused by Contractor or its employees, such as litter caused by the carelessness of the Service Recipient, provided that Contractor shall promptly report such conditions to City. If requested by Customer or required by Contractor, Contractor shall provide a locking mechanism (e.g., strap, clip, or lock) approved by Contractor to reduce spillage. The costs of these mechanisms and any impact on Collection Services shall be an Allowable Cost.

3.11.2. Equipment oil, hydraulic fluids, spilled paint, or any other liquid or debris resulting from Contractor's operations, collection vehicles or equipment repair shall be covered immediately with

an absorptive material and removed from the street surface. When necessary, Contractor shall apply a suitable cleaning agent to the street surface to provide adequate cleaning. To facilitate such clean-up, Contractor's collection vehicles shall at all times carry sufficient quantities of petroleum absorbent materials along with a broom and shovel.

3.11.3. The above paragraphs notwithstanding, Contractor shall initiate cleanup of any spillage, litter, equipment oil, hydraulic fluids, spilled paint, and any other liquid or debris caused by Contractor within two (2) hours upon notice from the City.

3.11.4. In the event physical damage to City streets (excluding stains) is caused by a hydraulic oil spill, Contractor shall be responsible for all repairs to return the street to the same condition prior to the spill. Contractor shall also be responsible for all clean-up activities related to the spill. Repairs and clean-up shall be performed in a manner satisfactory to the City Representative and at no cost to the City or Service Recipient.

3.12. Ownership of Materials. Ownership of Garbage, Recyclable Material, and Organic Waste shall pass to Contractor at such time as the Service Recipient has deposited such materials and set out such material for collection by Contractor and provided to Contractor, in a Bin, Cart, Roll-off Container, or container approved by the City used for City-Supported Event or Neighborhood Clean-up Event. Contractor shall have the exclusive right to the collection, ownership, and possession thereof.

3.13. Hazardous Waste.

3.13.1. Under no circumstances shall Contractor knowingly collect Hazardous Waste, or remove unsafe or poorly containerized Hazardous Waste, from a collection Container. If Contractor determines that material placed in any Container for collection is Hazardous Waste, or other material that may not legally be accepted at the Disposal Facility or one of the processing facilities, or presents a hazard to Contractor's employees, Contractor shall have the right to refuse to accept such material. The Service Recipient shall be contacted by Contractor and requested to arrange for proper Disposal Service. If the Service Recipient cannot be reached immediately, Contractor shall, before leaving the Service Unit, leave a Non-Collection Notice, which indicates the reason for refusing to collect the material.

3.13.2. If Hazardous Waste is found in a collection Container that poses an imminent danger to people or property, Contractor shall immediately notify the San Bruno Police Department. Contractor shall immediately notify the City Representative of any Hazardous Waste that has been identified.

3.13.3. If Hazardous Waste is identified at the time of delivery to the Disposal Facility, or one of the processing facilities and the Service Recipient cannot be identified, Contractor shall be solely responsible for handling and arranging transport and disposition of the Hazardous Waste.

3.14. Regulations and Record Keeping. Contractor shall comply with emergency notification procedures required by applicable laws and regulatory requirements. All records required by regulations shall be maintained at Contractor's facility. These records shall include waste manifests, waste inventories, waste characterization records, inspection records, incident reports, and training records.

3.15. Edible Food Recovery Support. At no cost to the City, Contractor shall provide the following support to the City's Edible Food Recovery program upon City's request: (i) inclusion of City developed educational materials on Contractor's website regarding commercial edible food generators;

(ii) providing City with records of site visits to edible food generators; (iii) and providing lists of food recovery organizations on Contractor's website.

ARTICLE 4

BILLING, RATES & CONTRACTOR PAYMENTS TO CITY

4.1 City Billing Services.

4.1.1 Transitional Billing Services. City shall be responsible for the billing and collection of payments for all Collection Services, under the same terms and conditions that it has under the Current Agreement, until June 30, 2023. Accordingly, City shall remit to Contractor the Gross Revenues collected by City from Service Recipients on a monthly basis. For the avoidance of doubt, City shall not deduct any fees owed by Contractor pursuant to Section 4.7 of this Agreement from the Gross Revenues collected by City and remitted to Contractor pursuant to this paragraph, and Contractor shall remit the fees it owes under Section 4.7 of this Agreement to City in accordance with that Section at all times during this Agreement.

4.1.2 Billing Fee. For so long as the City undertakes billing obligations pursuant to Section 4.1.1, Contractor shall pay to the City, on a quarterly basis, a service fee of \$60,000 per quarter as compensation for the City's billing services. For the avoidance of doubt, the Billing Fee is an Allowable Cost and any adjustment to the Billing Fee shall be reflected in the rates charged to and collected from Customers in accordance with EXHIBIT 2, such that Contractor may receive the calculated Contractor compensation including the amount of Billing Fees payable to City. If payment from Contractor under this Agreement is late, City may assess Contractor a two percent (2%) penalty on the total due. Late payment penalties shall not be included in any revenue requirement.

4.2 Contractor Billing Services. Beginning July 1, 2023, Contractor shall be responsible for the billing and collection of payments for all Collection Services with the exception of City Collection Services, for which City will not be billed. Contractor's billing services shall comply with the following:

4.2.1 Rates. Contractor shall charge Service Recipients an amount not to exceed the Service Recipient Rates in EXHIBIT 1, as may be adjusted under the terms of this Agreement (Service Recipient Rates in EXHIBIT 1 also include adjustments under the terms of this Agreement).

4.2.2 SFD Service Units. Contractor shall invoice SFD Service Recipients for services to be received under this Agreement in advance on a regular basis no less often than four (4) times per year and no more often than one (1) time per month, and no later than the tenth (10th) day proceeding the period for which service is being billed. The specific frequency of SFD Service Unit invoices, and their form and format, must be approved in advance by the City Representative.

4.2.3 MFD, MXD, and Commercial Service Units. Contractor shall invoice MFD, MXD, and Commercial Service Recipients on a monthly basis for services to be received under this Agreement during the prior month no later than the tenth (10th) day of the month following the month for which the Service Recipient is being billed. The form and format must be approved in advance by the City Representative.

4.2.4 Partial Month Service. If, during a month, a Service Unit is added to or deleted from Contractor's Service Area, billing shall be pro-rated based on the weekly service rate (the weekly

service rate shall be the service rate established in EXHIBIT 1 divided by four (4), and the pro-rated amount shall be such rate multiplied by the number of actual weeks in the month that collection service was provided to the Service Unit).

4.2.5 Delinquent Service Accounts. All invoices shall be due thirty (30) days from the invoice date. Late payments shall accrue interest at one and one-half percent (1.5%) per month, or less if required based on the maximum rate allowable by law. Contractor shall report to the City Representative, on a monthly basis, all SFD Service Recipients who have received Collection Services and whose accounts are over ninety (90) days past due, and all MFD and Commercial Service Recipients whose accounts are over forty-five (45) days past due. Contractor and City may take such actions as are legally available to collect or cause collection of such past due amounts, including ceasing the provision of Collection Services to any Service Unit due to non-payment.

4.2.6 Invoice and Payment Methods. Service Recipients shall be given an option and means to receive invoices by mail (hardcopy invoices) or email (electronic invoices). Contractor shall provide the means for Service Recipients to pay bills with the following payment methods: checks, e-check, credit cards, online payment systems and automatic withdrawal from Service Recipient bank accounts. Online payment methods shall be PCI Compliant, and comply with state and federal law protecting the privacy of Service Recipients' credit information.

4.2.7 Billing Inserts. Contractor acknowledges and agrees City may provide written educational or other materials to Contractor for inclusion with hard copy invoices sent by to Service Recipients regarding Collection Services, City partnerships, and City programs not more than twice per agreement year. Contractor shall not charge City for the inclusion of the educational or other materials with the invoices as long as the materials do not increase Contractor's postage or handling costs.

4.2.8 Billings Review. City and Contractor shall review Billings to all Customers. The purpose of the review is to determine that the amount billed to each Customer is correct with regard to the level of service (i.e., frequency of collection, size of container, location of container) at the rates approved by City Council resolution. Beginning July 1, 2023, Contractor shall review Customer accounts not less than annually and provide a written certification to City that all such billing is correct. The documentation of the review, as well as verification that any errors have been corrected shall be provided to City annually.

4.2.9 Selection and Cost. City may conduct a billing audit, financial audit and performance reviews (together, "reviews") of Contractor's performance as set forth in this Article 4.

4.3 City Reviews.

4.3.1 Full Reviews During Initial Term. City may conduct up to two reviews with costs of the review treated as an Allowable Cost and paid for by Contractor during the base term of this Agreement. The reviews will be performed by City or a qualified firm under contract to City subject to the entry of a reasonable non-disclosure agreement between the qualified firm and Contractor. City will have the final responsibility for the selection of the firm.

4.3.2 Review During Extension Period. In the event that Contractor is granted a contract extension as described in Section 2.2.2, City may conduct one additional review during each of the five-year extension periods.

4.3.3 Purpose. The reviews will be designed to verify that Customer billing rates have been properly calculated and they correspond to the level of service received by the Customer, verify that Contractor is correctly billing for all services provided, Franchise Fees and other fees required under this Agreement have been properly calculated and paid to City, verify Contractor's compliance with the reporting requirements and performance standards of this Agreement, verify the diversion percentages reported by Contractor, and verify any other provisions of this Agreement. City (or its designated consultant) may utilize a variety of methods in the execution of this review, including analysis of relevant documents, on-site and field observations, and interviews. City (or its designated consultant) will review and document the items in the Agreement that require Contractor to meet specific performance standards, submit information or reports, perform additional services, or document operating procedures, that can be objectively evaluated. This information will be documented and be formatted in a "compliance checklist" with supporting documentation and findings tracked for each of the identified items. The review will specifically include a determination of Contractor's compliance with the diversion requirements set forth in Article 5, and the public outreach and education requirements set forth in Article 14. City (or its designated consultant) may review the Customer service functions and structure utilized by Contractor. This may include Contractor's protocol for addressing Customer complaints and service interruption procedures. Complaint logs may be reviewed, along with procedures and systems for tracking and addressing complaints. On-site and field observations by City (or its designated consultant) may include the following under management supervision:

- Interviews and discussions with Contractor's administration and management personnel;
- Review and observation of Contractor's Customer service functions and structure;
- Review of public education and outreach materials;
- Interviews and discussions with Contractor's financial and accounting personnel;
- Interviews with route dispatchers, field supervisors and managers;
- Interviews with route drivers;
- Interviews with vehicle maintenance staff and observation of maintenance practices; and
- Review of on-route Collection Services, including observation of driver performance and collection productivity and visual inspection of residential routes before and after collection to evaluate cart placement and cleanliness of streets

4.3.4 Contractor's Cooperation. Contractor shall, subject to applicable law, including data security and privacy laws, and subject to Contractor's right to protect its confidential information, proprietary information, and trade secrets, including the entry of a reasonable non-disclosure agreement between Contractor and City's qualified firm, cooperate fully with the review and provide all reasonably requested data, including operational data, financial data of the type described in this agreement, and other data reasonably requested by City within 15 Work Days of the request to verify Contractor's compliance with its obligations under this Agreement.

4.3.5 City Requested Program Review. City reserves the right to require Contractor to periodically conduct reviews of the Garbage, Recycling, and Organic Waste Collection Service programs, provided that such reviews are reasonable and can be accomplished at no additional cost to Contractor and without interfering with Contractor's operations. Such reviews may assess one or more of the following performance indicators: average volume of Recyclable Materials per set-out per Customer, average volume of Organic Waste per setout per Customer, participation level, contamination levels, etc. Prior to the program evaluation review, the parties shall meet and discuss the purpose of the review and agree on the method, scope, and data to be provided by Contractor.

4.4 Collection of City Provided Containers. Contractor shall provide collection, transportation, and Disposal and processing services for the public Garbage and Recycling Containers placed by the City in the public spaces specified in EXHIBIT 3, at the volumes and frequencies set forth in such exhibit. Contractor shall provide this service at no cost to City. City may change the locations, volumes and collection frequency of such Containers, so long as the total annual cost of providing the services required by this Section does not exceed the total annual cost of providing the services listed in EXHIBIT 3.

4.5 Contractor's Compensation and Rates. Contractor shall be compensated for services provided by Contractor under this Agreement in an amount equal to the sum of Gross Revenue collected from Service Recipient Rates in connection Contractor's services, and such compensation shall be the full, entire and complete compensation due to Contractor pursuant to this Agreement for all labor, equipment, materials and supplies, taxes, insurance, bonds, overhead, Disposal, profit and other things necessary to perform all the services required by this Agreement in the manner and at the times prescribed. Contractor must not charge any Service Recipient any amount in excess of the rates set forth in, or approved by City in accordance with, this Agreement. If Contractor's actual costs, including fees due to City, are more than Gross Revenue, Contractor shall not be compensated for the difference between actual costs and actual Gross Revenue. If Contractor's actual costs are less than the actual Gross Revenue, Contractor shall retain the difference, provided that Contractor has paid all costs necessary to fulfill Contractor's obligations under this Agreement. While not part of Gross Revenue, Contractor shall be entitled to retain any monies it receives, if any, from the sale of Recyclable Material or Organic Waste, or other receipts from state and local government accounts (e.g. grants, cash awards and rebates).

4.5.1 Annual Adjustments to Service Recipient Rates. Initial Service Recipient rates are set forth in EXHIBIT 1. Beginning July 1, 2025, the maximum Service Recipient Rates may be adjusted annually upon prior approval of the City Council, in accordance with Applicable Law, this Article and EXHIBIT 2 using either (i) a cost-based adjustment method set forth EXHIBIT 2 for years four, seven, ten; and if the Term is extended, years thirteen, sixteen, and nineteen (the "Detailed Rate Years"); or (ii) an index-based adjustment as set forth in Section EXHIBIT 2 for years three, five, six, eight, nine; and if the Term is extended, years eleven, twelve, fourteen, fifteen, seventeen, eighteen, twenty, and twenty-one (the "Interim Rate Years"). Table 1 below shows which method will be used for each Rate Year:

TABLE 1			
Rate Year	Commencement Date Rate Year (which shall be the effective date of the Service Recipient Rate adjustment unless otherwise noted)	Service Recipient Rate Adjustment Method (Interim Rate Year or Detailed Rate Year)	Rate Application Submittal Date
1	July 1, 2023	Negotiated	January 30, 2023
2	July 1, 2024	Negotiated	January 30, 2024
3	July 1, 2025	Interim Rate Year	January 30, 2025

TABLE 1			
Rate Year	Commencement Date Rate Year (which shall be the effective date of the Service Recipient Rate adjustment unless otherwise noted)	Service Recipient Rate Adjustment Method (Interim Rate Year or Detailed Rate Year)	Rate Application Submittal Date
4	July 1, 2026	Detailed Rate Year	January 30, 2026
5	July 1, 2027	Interim Rate Year	January 30, 2027
6	July 1, 2028	Interim Rate Year	January 30, 2028
7	July 1, 2029	Detailed Rate Year	January 30, 2029
8	July 1, 2030	Interim Rate Year	January 30, 2030
9	July 1, 2031	Interim Rate Year	January 30, 2031
10	July 1, 2032	Detailed Rate Year	January 30, 2032
11	July 1, 2033	Interim Rate Year	January 30, 2033
12*	July 1, 2034	Interim Rate Year	January 30, 2034
13*	July 1, 2035	Detailed Rate Year	January 30, 2035
14*	July 1, 2036	Interim Rate Year	January 30, 2036
15*	July 1, 2037	Interim Rate Year	January 30, 2037
16*	July 1, 2038	Detailed Rate Year	January 30, 2038
17*	July 1, 2039	Interim Rate Year	January 30, 2039
18*	July 1, 2040	Interim Rate Year	January 30, 2040
19*	July 1, 2041	Detailed Rate Year	January 30, 2041
20*	July 1, 2042	Interim Rate Year	January 30, 2042

TABLE 1			
Rate Year	Commencement Date Rate Year (which shall be the effective date of the Service Recipient Rate adjustment unless otherwise noted)	Service Recipient Rate Adjustment Method (Interim Rate Year or Detailed Rate Year)	Rate Application Submittal Date
21*	July 1, 2043	Interim Rate Year	January 30, 2043

* Applicable only if the Initial Term is extended pursuant to Section 2.2.

4.5.2 Agreement Modifications and Changes in Law. In the event of a Change in Law, Service Recipient Rates may be adjusted to cover Contractor's reasonable increased costs (or decreased revenues) resulting from the Change in Law. Contractor shall bear the burden of justifying any such adjustment, and shall be deemed to have satisfied its burden upon providing substantial evidence (a) that a Change in Law has occurred or will occur, (b) that such Change in Law has caused or will cause Contractor to incur increased costs (or decreased revenues), and (c) that the amount of such increased costs (or decreased revenues) is reasonable. Contractor shall provide City with documentation supporting the nature and amount of the increased costs (or decreased revenues), and shall provide such additional information as City may reasonably request in order to evaluate Contractor's application. Rate adjustments under this Section and under Section 4.5.3 (City-Directed Changes) shall be established in such a manner as to generate sufficient additional revenue to Contractor to cover Contractor's reasonable increased costs (or decreased revenues) resulting from the Change in Law or City-directed change, regardless of when incurred. Contractor's reasonable increased costs shall include a profit margin calculated by applying a 90% operating ratio on all non-pass-through costs. If City engages a consultant to assist in the review of Contractor's application, Contractor shall reimburse City for that cost, provided that that cost is also included in the rate adjustment as a pass-through. City shall use its best efforts to review and process rate adjustment requests within 90 days of Contractor's initial submittal. Unless otherwise agreed by the parties, rate adjustments under this Section shall occur on the January 1 following such 90-day period. Contractor shall not apply for a Change in Law adjustment unless the application seeks total additional revenue of at least \$50,000. Contractor may aggregate multiple Changes in Law to meet this threshold.

4.5.3 City-Directed Changes. The City may request Contractor provide a proposal to perform additional services (including new diversion programs, additional public education activities, etc.), to eliminate programs, or modify the manner in which it performs existing services. Direction of SFD, MFD, Commercial or City Waste to a Disposal Facility other than that originally selected by the City, direction of Recyclable Material or Organics to a processing facility other than that selected by Contractor, pilot programs and innovative services, which may entail new Collection methods, targeted routing, different kinds of services, different types of collection vehicles, and/or new requirements for Service Recipients are included among the kinds of changes which City may request. Contractor shall be entitled to an adjustment in its rates for providing such additional or modified services, but not for the preparation of its proposal to perform such services. Such adjustment shall be sufficient to cover Contractor's reasonable increased costs of providing such additional or modified services, with such costs being passed

through or subject to an operating ratio in accordance with the Detailed Rate Review methodology set forth in EXHIBIT 2.

4.5.4 Change of Disposal or Processing Facility. In the event the City directs Contractor to change the facilities to which material is being delivered, the matter shall be treated as a City-Directed Change under Section 4.5.3. If a facility to which material is being delivered becomes unavailable for any reason beyond the reasonable control of Contractor, then Contractor may designate a replacement facility (subject to approval by City, not to be unreasonably withheld) and shall be entitled to an adjustment to Service Recipient Rates in an amount sufficient to cover Contractor's reasonable increased costs of utilizing the replacement facility (e.g. increased transport costs and tip fee costs). Contractor may voluntarily change the facilities to which material is being delivered (subject to approval by City, not to be unreasonably withheld), provided that Contractor shall not be entitled to an adjustment of Service Recipient Rates in connection with such change, except as provided in the preceding sentence.

4.5.5 Contractor's Proposal. Within thirty (30) days of receipt of a request for a service change from the City, Contractor shall submit a proposal to provide such service. At a minimum, the proposal shall contain a complete description of the following:

- Methodology to be employed (equipment, manpower, etc.);
- Equipment to be utilized (vehicle number, types, capacity, age, etc.);
- Labor requirements (number of employees by classification);
- Type of Carts or Bins to be utilized;
- Provision for program publicity, education, and marketing; and
- A three (3) year projection of the financial results of the program's operations in an operating statement format, including documentation of the key assumptions underlying the projections and the support for those assumptions, giving full effect to the savings or costs to existing services.

Contractor acknowledges and agrees that City shall have no obligation to approve or agree to Contractor's service change proposal and that City may enter into agreements with other contractors to provide additional services not included in this Agreement if Contractor and the City cannot agree on terms and conditions, including rate adjustments, of such services in one hundred twenty (120) days from the date when City first requests a proposal from Contractor to perform such services.

4.5.6 Failure to Adjust Rates. In the event that the City Council does not approve an adjustment requested by Contractor, Contractor shall have the right, within thirty (30) days after notice of any such occurrence to request in writing that the City negotiate in good faith regarding reductions in programs, services, or fees under this Agreement to accommodate any materially adverse financial impact on Contractor's ability to provide any Collection Services under the Agreement that has been caused by the failure to approve the adjustment. If the City fails to commence negotiations in good faith or good faith negotiations are not completed within forty-five (45) days of Contractor's request, Contractor may terminate this Agreement upon six (6) months written notice to the City.

4.5.7 Monitoring and Evaluation. If City and Contractor agree to a service change, Contractor shall document the results of the new programs on a monthly basis, including at a minimum the tonnage diverted by material type, the end use or processor of the diverted materials and the cost per ton for transporting and processing each type of material and other such information requested by Contractor and/or City necessary to evaluate the performance of each program. If the City requests, Contractor shall meet with the City to describe the progress of each new program and other service issues. At each meeting, City and Contractor shall have the opportunity to discuss revisions to the program. City

shall have the right to terminate the new program if, in its sole discretion, Contractor is not cost effectively achieving the program's goals and objectives. Prior to such termination, City shall meet and confer with Contractor for a period of up to ninety (90) days to resolve City's concerns. Thereafter, the City may utilize a third party to perform these services if the City reasonably believes the third party can improve on Contractor's performance and/or cost. Notwithstanding these changes, Contractor shall continue the program during the ninety (90) day period and, thereafter, until the third party takes over the program.

4.6 Liquidated Damages. Contractor shall pay City assessed liquidated damages as specified in ARTICLE 19.

4.7 Franchise Fee.

4.7.1 Consideration. Contractor agrees that any payments owed by Contractor to City under this Agreement are reasonable, the product of extensive negotiations, and constitute valid consideration for the sum total of the rights and privileges granted to Contractor and promises and services provided by City under this Agreement.

4.7.2 Amount. Contractor shall pay to the City a Franchise fee equal to ten percent (10%) of the Gross Revenue less the AB 939 Fee (e.g. Franchise Fee = .10 x [Gross Revenue – AB 939 Fee]).

4.7.3 Time and Method of Payment. Each monthly remittance to City shall be accompanied by a statement detailing Gross Revenue for the period covered from all operations billed by Contractor pursuant to this Agreement. Contractor shall maintain copies of all Billing and Collection records for five (5) years, following the date of billing, for inspection and verification by City at any reasonable time upon request.

4.7.4 AB 939 Fees. Contractor shall pay to the City an AB 939 fee equal to one percent (1.00%) of Gross Revenue Collected in connection with services provided under this Agreement. The AB 939 fee shall be paid in the same manner as the Franchise fee.

4.8 No Accord. No acceptance by City of any payment shall be construed as an accord that the amount is in-fact the correct amount, nor shall such acceptance of payment be construed as a release of any claim City may have against Contractor for any additional sums payable under the provisions of this Agreement. All amounts paid shall be subject to independent financial audit and recompilation by City. If, after the financial audit, such recompilation indicates an underpayment, Contractor shall pay to City the amount of the underpayment and, if the underpayment exceeds two percent (2%), shall reimburse City for all reasonable costs and expenses incurred in connection with the audit and recompilation within ten (10) Workdays of receipt of written notice from City that such is the case. If, after audit, such recompilation indicates an overpayment, City shall notify Contractor in writing of the amount of the overpayment. Contractor may offset the amounts next due following receipt of such notice by the amount specified therein.

ARTICLE 5

SB 1383 COMPLIANCE

5.1 General Requirement. Contractor shall develop and maintain its Commercial Organic Waste Collection Service in a manner designed to assist City and Service Recipients to achieve and maintain compliance with AB 1826 and SB 1383. At least once annually, Contractor shall conduct a Route

Review for each Hauler Route. For each Route Review of a Hauler Route, Contractor shall inspect a number of Containers equal to 2% of the number of Customers on the Hauler Route (rounded down to the nearest whole number), or 25 Containers, whichever is less. Only one (1) Container per Customer shall be counted towards the above threshold. For example, if an Organic Waste Hauler Route has 2,000 Customers, Contractor would inspect one (1) Organic Waste Container each for 25 Organic Waste Customers on that Hauler Route. Contractor may, but shall not be required to, inspect more than the above number of Containers. Each inspection shall involve observing the contents of the Container (whether by lifting the lid, using a camera, or other method deemed appropriate by Contractor), but shall not require Contractor to disturb the contents or open any bags. Contractor may select the Containers to be inspected at random, or (if mutually agreed with City) by any other method not prohibited under the SB 1383 Regulations. For the avoidance of doubt, Contractor shall not be required to annually inspect every Container on a Hauler Route. Contractor shall include the results of each Route Review in its reports to City.

5.2 Notice of Contamination. If Contractor finds Prohibited Container Contaminants in a Container during a Route Review, Contractor shall notify the Customer of the violation in writing. The written notice shall include information regarding the Customer's requirement to properly separate materials into the appropriate Containers. The notice may be left on the Customer's Container, gate, or door at the time the violation is discovered, and/or be mailed, e-mailed, electronically messaged or delivered personally to the Customer. Contractor may dispose of the contents of any Container found to contain Prohibited Container Contaminants. The notice shall be provided in English and Spanish.

5.3 Compliance Reviews. At least once annually, Contractor shall review the records of its Commercial and MFD Customers in the City that are subscribed for at least two (2) cubic yards per week of combined Garbage, Organic Waste and Recyclable Materials service, to determine whether such Customers are subscribed for Organic Waste collection service or have an applicable waiver. Contractor shall include the results of each compliance review in its reports to City.

5.4 SB 1383 Education & Outreach. On an annual basis, Contractor shall provide information to all Organic Waste Service Recipients regarding the following: (i) the Organic Waste Service Recipient's requirements to properly separate materials in appropriate containers; (ii) the methods for the prevention of Organic Waste generation, recycling Organic Waste on-site, sending Organic Waste to community composting, and any other local requirements regarding Organic Waste; (iii) the methane reduction benefits of reducing the landfill disposal of Organic Waste, and the methods of Organic Waste recovery contemplated by the Agreement; (iv) how to recover Organic Waste; and (v) the public health and safety and environmental impacts associated with the landfill disposal of Organic Waste. The foregoing information will be provided, at a minimum, through print and/or electronic media, and may also be provided through workshops, meetings and/or on-site visits. Educational materials provided pursuant to the foregoing shall be translated into Spanish.

5.5 SB 1383 Reporting. Contractor shall provide the following information to City as part of Contractor's regularly scheduled quarterly reports under the Agreement:

5.5.1 For information provided pursuant to Section 5.3 above, (i) Copies of all such information (including flyers, brochures, newsletters, invoice messaging, website and social media postings, mass emails, and other mass electronic messages); (ii) the date the information was disseminated or the direct contact made (for social media postings, this shall be the date posted); (iii) to whom the information was disseminated or the direct contact made (for mass distributions such as mailings or bill inserts, Contractor may provide the type and number of accounts receiving the information rather than listing each recipient individually). Notwithstanding any other provision, Contractor shall not

be required to track or provide copies of emails, texts, or other electronic communications with individual Customers (e.g. if a CSR answers a Customer question).

5.5.2 For Route Reviews and Compliance Reviews, Contractor shall provide the date the review was conducted and the name and title of each person conducting the review, and copies of any educational materials issued pursuant to such reviews (other than notices of Prohibited Container Contaminants which are covered in Section 5.5.5).

5.5.3 For Route Reviews, Contractor shall provide (i) a description of each Hauler Route reviewed, including Contractor's route number and a description of the Hauler Route area; (ii) a list of the account names and addresses where Container inspections were performed; and (iii) the results of such review (i.e. the addresses where any Prohibited Container Contaminants were found), and any photographs taken.

5.5.4 For Compliance Reviews, Contractor shall provide the results of such review (i.e. Contractor's findings as to whether the Customers reviewed are subscribed for Organic Waste collection service, have an applicable waiver, or neither), and any relevant evidence supporting such findings (e.g. a spreadsheet based on Contractor's account records summarizing the reviewed Customers' service levels and waiver status).

5.5.5 For documentation relating to observed Prohibited Container Contaminants, whether observed during Route Reviews or otherwise, (i) Copies of the form of each notice issued by Contractor to Customers for Prohibited Container Contaminants, as well as, for each such form, a list of the Customers to which such notice was issued, the date of issuance, the Customer's name and service address, and the reason for issuance (if the form is used for multiple reasons); (ii) The number of times notices were issued to Customers for Prohibited Container Contaminants; and (iii) The number of Containers where the contents were disposed due to observation of Prohibited Container Contaminants. For the avoidance of doubt, the notices of Prohibited Container Contaminants referred to in this subsection include both the notices issued during Route Reviews under Section 5.1.2 above, as well as the notices issued by drivers for excessive contamination issued under Section 3.6.1 of the Agreement.

5.5.6 A description of Contractor's process for determining the level of Container contamination under the Agreement.

5.6 Waivers.

5.6.1 General. City may grant de minimis and/or physical space waivers to Commercial or Multi-Family Customers (not Single-Family Customers) that exempt the Customer from the requirement to subscribe for Recyclable Materials or Organic Waste Collection service at one or more of the Customer's service addresses ("waivers"). If a Customer has more than one service address, City shall require the Customer to submit a separate waiver application for each service address.

5.6.2 Contractor Review of Customer Waiver Requests. Upon City request, Contractor shall review the Commercial or Multi-Family Customer's waiver application, verify the accuracy of factual matters stated in the application that are readily verifiable from Contractor's computer systems (e.g. service levels), inspect the applicable service address to assess the matters specified below, and provide City with documentation of the inspection. In lieu of visiting the service address, inspections may be conducted via video or using photographs.

5.6.3 Scope of Inspection. In its inspections, Contractor shall only be required to assess the following matters, unless otherwise mutually agreed by Contractor and City:

5.6.3.1 For physical space waiver applications, whether the Container storage area(s) at the service address are in Contractor's opinion sufficient to add a Recyclable Materials and/or Organic Waste container (whichever one(s) the Customer is seeking a physical space waiver for). "Container storage area" means a contiguous area designated by the Customer for storage of Refuse, Recyclable Materials, and/or Organic Waste Containers.

5.6.3.2 For de minimis waiver applications, the estimated weekly volume of Organic Waste and/or Recyclable Materials generated by the Customer and discarded in the Solid Waste Containers at the service address. The estimate shall be based on a single visual inspection of the contents of Container(s) at the service address. Each inspection shall involve observing the contents of the Container(s) (whether by lifting the lid, using a camera, or other method deemed appropriate by Contractor), but shall not require Contractor to disturb the contents or open any bags.

5.6.4 Service Level Updates. City will be responsible for approving or denying the waiver applications following receipt of Contractor's documentation. When City grants, denies, extends or terminates a waiver, City shall within ten (10) Business Days provide the following information to the Customer and Contractor in writing: (i) the specific Customer and service address to which the waiver applies, (ii) whether the waiver was granted/denied or extended/terminated, and (iii) any changes to service level or Collection service requirements required or permitted to be made by the Customer. At Contractor's request, City shall provide Contractor an updated listing of waivers approved by City, including each Customer's names, mailing address, service address, date waiver was granted/denied/extended, and type of waiver.

5.6.5 Limitations. Contractor shall not be required to conduct waiver reviews for more than three (3) service addresses per week on average for the Service Area. Physical space and de minimis waivers will be counted separately for purposes of the preceding sentence. If a service address has multiple container storage areas, every 3 container storage areas (or fraction thereof) shall be counted as 1 waiver review (e.g. a service address with 4-6 container storage areas would count as 2 waiver reviews, a service address with 7-9 container storage areas would count as 3 waiver reviews, etc.). Contractor's obligation to conduct waiver reviews is subject to the Customer timely permitting Contractor's personnel to inspect the Customer's premises during normal business hours and provide information reasonably requested by Contractor. Except for account and service level information in Contractor's database and the factual matters required to be assessed by Contractor as provided in subsection 5.5.2 above, Contractor shall be entitled to rely on information provided by the Customer, and shall not be responsible for any false or inaccurate information provided by the Customer.

5.7 Warranties and Representations. Contractor warrants and represents that it is aware of and familiar with City's waste stream, and that it has the ability to and will provide the programs and services required to be provided by it hereunder. Contractor further warrants that it understands the diversion requirements of Applicable Laws, (including, without limitation, amount of Solid Waste to be diverted, time frames for diversion, and any other requirements governing this Agreement in accordance with Applicable Laws), and that it shall provide such programs and services without imposing any costs or fees other than those set forth in EXHIBIT 1 (as adjusted), unless new programs are required by the State or City which are not called out herein, in which case Service Recipient Rates may be adjusted in accordance with this Agreement. The programs identified herein are minimum requirements that must

be met, and Contractor may (but is not required to) implement other programs that may be necessary to achieve the foregoing.

5.8 Waste Reduction and Program Implementation. Contractor shall be responsible for providing data and information as reasonably requested by City regarding its programs and services hereunder for purposes including but not limited to City's preparation of reports and other information as may be required by any agency, including specifically, the State of California, in order to comply with AB 939, SB 1383 and other such Applicable Laws.

5.9 Compliance with Law. Contractor agrees that it will carry out its obligations under this Agreement in a manner consistent with Applicable Laws including specifically AB 939, AB 341, AB 1594, AB 1826, and SB 1383 and all amendments thereto.

5.10 Solid Waste Generation/Characterization Studies. Contractor acknowledges that City must perform Solid Waste generation and Disposal characterization studies periodically to comply with the requirements of the Applicable Laws, including AB 939. Contractor agrees to participate and cooperate with CITY and its agents to accomplish such studies, as reasonably requested by CITY, provided that such participation and cooperation can be accomplished at no additional cost to CONTRACTOR and without substantially interfering with Contractor's operations.

5.11 Applicable Laws, including AB 939. Contractor agrees to participate and cooperate with City and its agents to accomplish such studies, as reasonably requested by City, provided that such participation and cooperation can be accomplished at no additional cost to Contractor and without substantially interfering with Contractor's operations.

ARTICLE 6

SERVICE UNITS

6.1 Service Units. Service Units shall include all the following categories of which are in the Service Area, and all such Service Area which may be added to the Service Area by means of annexation, new construction, or as otherwise set forth in this Agreement:

- SFD Service Units
- MFD Service Units
- MXD Service Units
- Commercial Service Units
- City Service Units

6.2 Service Unit Changes. The City and Contractor acknowledge that it may be necessary or desirable to add or delete Service Units for which Contractor will provide Collection Services. Contractor shall provide Collection Services to new Service Units within five (5) Workdays of receipt of notice from the City or new Service Unit to begin such service.

ARTICLE 7

SFD COLLECTION SERVICES

7.1 Conditions of Service. Contractor shall provide SFD Collection Services to all SFD Service Units in the Service Area who subscribe for service and whose Garbage is properly containerized in

Garbage Carts, Recyclable Material is properly containerized in Recycling Carts, except as set forth in Section 7.5; and Organic Waste is properly containerized in Organics Carts, except as set forth in Sections 7.4 and 7.5; provided that the Garbage, Recycling and Organics Carts have been placed within three (3) feet of the curb, swale, paved surface of the public roadway, or other such location agreed to by Contractor and Service Recipient, which provides safe and unobstructed access to the Carts. Contractor shall be compensated for the cost of SFD Collection Services in accordance with the Service Recipient Rates set forth in EXHIBIT 1.

7.2 Walk-up Service.

7.2.1 Required Due to Disabilities. Notwithstanding any term or definition set forth in this Agreement, Contractor shall provide Walk-up Service collection of Garbage, Recyclable Material, and Organic Waste to a SFD Service Unit if all adult Service Recipients residing therein have disabilities that prevent them from setting their Garbage, Recycling or Organics Cart at the curb for collection and if a request for Walk-up Service has been made to Contractor in writing of any SFD Service Units requiring Walk-up Service, along with the date such service is to begin. Contractor shall provide Walk-up Service on the next scheduled collection day, provided that Service Recipient has requested Walk-up Service in writing from Contractor at least two (2) Workdays in advance of the collection day. Otherwise, Walk-up Service shall be provided on the following scheduled collection day. Contractor is prohibited from charging an increased rate due to provision of Walk-up service.

7.2.2 On Request as Additional Service. Notwithstanding any term or definition set forth in this Agreement, Contractor shall provide Walk-up Service collection of Garbage, Recyclable Material, and Organic Waste to SFD Service Units on request of the SFD Service Recipient. Contractor shall be entitled to additional compensation for these Walk-up Services in accordance with the Service Recipient Rates set forth in EXHIBIT 1.

7.3 Collection Day. Contractor shall provide Walk-up Service Collection Service on the same Workday that curbside collection would otherwise be provided to the SFD Service Unit.

7.4 Holiday Tree Collection.

7.4.1 Holiday Tree Curbside. Contractor shall collect Holiday Trees from all SFD Service Units as part of Organics Collection Services over a two (2) week period, once per agreement year. Holiday Trees shall be diverted from Disposal, except as described in Section 7.4.2.

7.4.2 Contaminated Holiday Trees. Holiday Trees that are flocked or contain tinsel or other decorations are considered contaminated and may be delivered to the Disposal Facility at the discretion of Contractor and Contractor may either charge the applicable fee identified on EXHIBIT 1 or provide the Service Recipient with the option to use one of their Large Item Collection Service pick-ups. If Contractor does not collect a contaminated Holiday Tree, Contractor is to notify the Service Recipient of the non-collection.

7.5 Large Item Collection Services. Large Item Collection Services will be governed by the following terms and conditions. At no charge, Contractor shall provide two (2) Large Item Collection Service pick-ups of up to three (3) cubic yards of Large Item material per collection, per calendar year to all SFD Service Units in the Service Area whose Large Items have been placed within three (3) feet of the curb, swale, paved surface of the public roadway, or other such location agreed to by Contractor and Service Recipient, which will provide safe and unobstructed access to the Large Items. Contractor shall be

compensated for the cost of collecting Large Items in excess of three (3) cubic yards, or for conducting additional Large Items Collections in excess of two (2) per calendar year, in accordance with the Large Item Collection Service Recipient Rates set forth in EXHIBIT 1.

ARTICLE 8

MFD COLLECTION SERVICES

8.1 Conditions of Service. Contractor shall provide Garbage, Recyclable Material, and Organic Waste Collection Services to all MFD Service Units in the Service Area who subscribe for service and whose Garbage, Recyclable Material and Organic Waste are properly containerized in Bins or Carts where the Bins and Carts are not blocked and are accessible to collection vehicles. Contractor shall be compensated for the cost of MFD Collection Services in accordance with the Service Recipient Rates set forth in EXHIBIT 1.

8.2 Large Item Collection Service. Large Item Collection Services shall be governed by the following terms and conditions:

8.2.1 For MFD Service Units with twenty-five (25) or more Dwelling Units, Contractor shall provide Large Item Collection Service pick-ups with an equivalent of up to half (0.5) cubic yards per Dwelling Unit per calendar year at no additional charge. This service will be arranged by the property manager of the MFD Service Unit and such service shall be provided utilizing Roll-Off Container service. Contractor shall charge and be compensated to collect Large Items in excess of half (0.5) cubic yards per Dwelling Unit per calendar year in accordance with the Large Item Collection Service Recipient Rates set forth in EXHIBIT 1.

8.2.2 For MFD Service Units with less than twenty-five (25) Dwelling Units, Contractor shall provide each Dwelling Unit with Large Item Collection Service at the same terms and conditions set forth in Section 7.5 that are applicable to SFD Service Units.

8.3 Holiday Tree Collection. Contractor shall provide Holiday Tree Collection to MFD Service Recipients in a manner to be arranged by the property manager and Contractor.

ARTICLE 9

COMMERCIAL COLLECTION SERVICES

9.1 Conditions of Service. Contractor must provide Commercial Collection Services to all Commercial Service Units in the Service Area, including MXD Service Units and those City Service Units in accordance with the terms and conditions of this Article. Contractor shall provide Garbage, Recyclable Materials and Organic Waste Collection Services to all Commercial Service Units in the Service Area who subscribe for service and whose Garbage and Recyclable Material and Organic Waste are properly containerized in Bins or Carts as appropriate, where the Bins and Carts are not blocked and are accessible by Contractor's collection vehicles. Contractor shall be compensated for the cost of Commercial Collection Services in accordance with the Service Recipient Rates as set forth in EXHIBIT 1.

9.2 Other Conditions. During collection operations, Contractor shall be required to keep all areas where Bins and Carts are kept free of litter, debris, and other materials spilled by Contractor. Contractor shall notify the City Representative of any Bin and Cart storage locations that are chronically littered. Bins and Carts shall be returned to their original locations by Contractor after servicing.

ARTICLE 10

CITY COLLECTION SERVICES

10.1 Conditions of Services.

10.1.1 City Collection Services shall be governed by the terms and conditions in this Article. Contractor shall provide Garbage, Recyclable Material, and Organic Waste Collection to all City Service Units set forth in EXHIBIT 3. Contractor shall provide the services described in this Section at no cost to City. City may change the City Service Units receiving service, and the container volume and collection frequency provided to any City Service Unit, by written notice to Contractor, provided, if the total annual cost of servicing City Service Units exceeds the total annual cost of providing the services listed in EXHIBIT 3. City shall compensate Contractor for such additional costs in accordance with Section 4.5.3 (City-Directed Change).

10.1.2 Contractor shall receive written permission from the City before placing any Containers on City owned property for service, except that no such permission shall be needed to place the Containers described in EXHIBIT 3 at the locations specified for such Containers in EXHIBIT 3.

10.1.3 Contractor shall limit the number of trips and the path of travel for collection vehicles in City parking lots.

10.2 Abandoned Waste & Illegal Dumping Program. Contractor shall provide collection of abandoned waste and illegal dumping within City as provided in this Section.

10.2.1 City shall maintain and provide Contractor with access to the San Bruno Responds web platform or any such similar platform, and Contractor shall monitor the San Bruno Responds platform on a daily basis and respond to abandoned item “tickets” submitted through the platform. City may also identify “hotspots” at which abandoned items are regularly or frequently deposited. The locations subject to this Section will include City property and City rights of way.

10.2.2 Contractor shall operate one (1) dedicated route that is staffed by two (2) employees between the hours of 5:00 AM and 1:00 PM Monday through Friday to respond to San Bruno Responds tickets and collect abandoned waste that is visible on public rights of way. It is understood that the volume of requests for illegal dumping pickup, compared to available resources, will affect the time it takes to respond to City’s requests.

10.2.3 Contractor shall only be required to collect material that is on the public right of way or City property in a location easily accessible by Contractor’s personnel and vehicles; that fits into Contractor’s vehicle; that that can be readily loaded without sweeping or gathering; that can be safely loaded into the vehicle by two (2) people without being carried more than twenty-five feet (25’), and falls within one of the following categories and is accepted for Disposal at the Transfer Station:

- Large Items such as mattresses, furniture, and appliances;
- Small-Medium-and Large items such as wood, small scale loose debris, and bags of trash all at a single dumping location
- Household hazardous waste accepted for Disposal at the Transfer Station, which includes water-based paint, oil-based-paint, motor-oil and filters, anti-freeze, car batteries, household batteries,

and fluorescent tubes. Notwithstanding the foregoing, Contractor shall not be required to collect paint, motor oil, or anti-freeze in excess of five gallons.

Notwithstanding the foregoing or anything else in this Agreement, Contractor shall not be required to collect any material that, in Contractor's reasonable opinion, may pose a danger to employees of Contractor or that appears to be personal property and not abandoned waste.

10.2.4 Contractor shall not be required to collect any of the following: Hazardous Waste, Sharps, Biohazardous or Biomedical Waste, or other Exempt Waste; shopping carts; litter or small-scale items such as loose plastic or paper bags or windblown debris; liquid or semi-solid waste; dirt, or other materials; any materials not accepted for Disposal at the Transfer Station; material from homeless encampments or from any homeless person (other than in the manner set forth in Section 10.2.5).

10.2.5 Upon written direction from City, Contractor will also collect refuse generated at City-identified homeless encampments and provide any carts, bins, and debris boxes necessary for that purpose. The material must be loaded into Contractor-provided containers either by City personnel or other City contractors.

10.3 Community Clean-up Events. Contractor shall provide up to two drop-off collection events each year for City residents (proof of residency required) located within the City at a location to be mutually agreed upon between City and Contractor.

10.3.1 Contractor shall prepare and distribute to SFD and MFD Service Recipients within the City, Community Clean-up Event notices prior to each event. At a minimum, the dates and hours of operation, locations of the collection sites, and acceptable materials for collection shall be included in the notices. Contractor may separately mail the notices or provide the notices as billing inserts to each SFD and MFD Service Recipient. Contractor shall provide Spanish-translated notices upon request by the City. The costs of production, printing, mailing and all associated costs for the notices shall be borne by Contractor.

10.3.2 On the first (1) Workday following each Community Clean-up Event, Contractor shall remove and clean up any remaining materials left for collection, and if necessary provide street sweeping services at the collection locations.

10.4 Compost Giveaway Events. Contractor will provide at least two compost giveaway events per year for City residents. Contractor shall make available at least sixty-four (64) cubic yards of compost on an annual basis at no additional cost to City. The location, date, and time of such events shall be mutually agreed upon by Contractor and City.

10.5 Street Sweeping Services. Upon City's request and subject to mutual agreement between City and Contractor regarding the amount and timing of an adjustment to Service Recipient Rates, Contractor shall provide street sweeping services and/or catch basin cleaning to City in accordance with the terms and conditions set forth on EXHIBIT 4. City and Contractor shall mutually agree on the date in which to begin performance of such services.

ARTICLE 11

COLLECTION ROUTES

11.1 Collection Routes. Contractor shall provide the City with maps precisely detailing collection routes, and the days and the times at which collection will commence and regularly occur. Contractor will provide the map data in a GIS format that is compatible with the format used by the City.

11.2 Subsequent Collection Route Changes.

11.2.1 Contractor shall submit to the City, in writing, any proposed route change affecting Collection for SFD Service Recipients (including maps thereof) not less than sixty (60) days prior to the proposed date of implementation. Contractor will provide the map data in a GIS format that is compatible with the format used by the City.

11.2.2 Contractor shall not implement any SFD Service Recipient route changes without the prior review and written approval of the City Representative. If the route change will change the collection day for a Service Recipient, Contractor shall notify those Service Recipients in writing of route changes not less than thirty (30) days prior to the proposed date of implementation.

11.3 Collection Route Audits. The City reserves the right to conduct audits of Contractor's collection routes. Contractor shall cooperate with the City in connection therewith, including permitting City employees or agents designated by the City Representative to ride in the collection vehicles in order to conduct the audits.

ARTICLE 12

COLLECTION EQUIPMENT

12.1 General Requirements. All equipment used by Contractor in the performance of services under this Agreement shall be of a high quality, meeting the City's expectations as set forth in this Article.

12.2 Collection Vehicles.

12.2.1 All collection vehicles shall be designed and operated so as to prevent collected materials from escaping from the collection vehicles. Hoppers shall be closed on top and on all sides with screening material to prevent collected materials from leaking, blowing or falling from the collection vehicles.

12.2.2 All collection vehicles and Containers shall be watertight and shall be operated so that liquids do not spill during collection or while in transit.

12.2.3 Lubricants. Contractor shall utilize re-refined motor oil and re-refined hydraulic oil in all vehicles used in Contractor's performance of this Agreement except as approved in writing by the City Representative on an individual vehicle basis, or where the use of such re-refined motor oil or hydraulic fluid would void the original manufacturer's warranty on such vehicle.

12.2.4 Clean Air Collection Vehicles. Contractor's collection vehicles shall be in full compliance with all Applicable Laws as in effect from time to time, including State and federal clean air requirements (including, but not limited to, the California Air Resources Board Diesel Particulate Matter

Control Measures contained in California Code of Regulations, title 13, sections 2020 et seq.), the Federal EPA's Highway Diesel Fuel Sulfur regulations and all other applicable air pollution control laws.

12.2.5 Collection Vehicle Classification. At the start of this Collection Service Agreement, all collection vehicles used for collection of Carts or Bins, and all Street Sweeping vehicles utilized by Contractor pursuant to this Agreement may be pre-owned or new.

12.2.5.1 Collection vehicles used for Cart collection shall be semi-automated except where such service is not feasible because of topographic or other physical factors.

12.2.5.2 Where semi-automated Collection Service is not feasible, Contractor shall consult with the City Representative regarding the Collection Service equipment to be utilized. Contractor shall use front- and rear-end loader or Roll-off Container loaders for Bin and Roll-off Containers.

12.2.6 Safety Markings. All collection vehicles and equipment used by Contractor shall have appropriate safety markings including, but not limited to, highway lighting, flashing and warning lights, clearance lights, and warning flags. All such safety markings shall be subject to the approval of the City and shall be in accordance with the requirements of the California Vehicle Code, as may be amended from time to time.

12.2.7 Collection Vehicle Signage and Painting. Collection vehicles, except reserve equipment used on a temporary basis, shall be painted and numbered consecutively without repetition and shall have Contractor's name, Contractor's Customer service telephone number, and the number of the collection vehicle on each side of the vehicle.

12.2.7.1 Other than as mutually agreed upon between Contractor and City, no advertising shall be permitted other than the name of Contractor except promotional advertisement of the Recyclable Material, Organics programs, and/or other programs approved by the City.

12.2.7.2 Contractor shall repaint all collection vehicles (including collection vehicles striping) during the Term on a frequency necessary to maintain a public image, cleanliness, and visibility of required markings as reasonably determined by the City Representative.

12.2.8 Collection Vehicle Noise Level.

12.2.8.1 All Collection Service and Street Sweeping operations shall be conducted as quietly as possible and must comply with federal EPA noise emission regulations, currently codified at Code of Federal Regulations, title 40, Part 205, and other applicable State, County and City noise control regulations.

12.2.8.2 The noise level generated by collection vehicles using compaction mechanisms during the compaction process shall not exceed eighty-five (85) decibels at twenty-five (25) feet from the collection vehicle measured at an elevation of five (5) feet above ground level using the "A" scale of the standard sound level meter at slow response. Contractor shall cause the collection vehicles to be tested annually and shall submit a certificate of testing showing that the vehicles met the requirements of this Article at a time to be determined by the City. Contractor shall not use any vehicle for collection services that fails to meet the requirements of this Article unless and until the vehicle has been retested and met the standards. Contractor shall submit to the City certificates showing the

retesting and that the vehicles were repaired and met the requirements within fifteen (15) days after the initial failure to meet the requirements. This Article shall only apply to vehicles that are older than five (5) years.

12.2.9 Vehicle Certification.

12.2.9.1 For each collection vehicle used in the performance of services under this Agreement, Contractor shall obtain a certificate of compliance (smog check) issued pursuant to Part 5 of Division 26 of the California Health and Safety Code (Sections 43000 et seq.) and regulations promulgated thereunder and/or a safety compliance report issued pursuant to Division 14.8 of the California Vehicle Code (Sections 34500 et seq.) and the regulations promulgated thereunder, as applicable to the vehicle. Contractor shall maintain copies of such certificates and reports and shall make such certificates and reports available for inspection upon request by the City Representative.

12.2.9.2 No later than ninety (90) days after the regularly scheduled inspection, Contractor shall submit to the City Representative verification that each of Contractor's collection vehicles have passed the California Highway Patrol Biannual Terminal Inspection (CHP/BIT). Thereafter, Contractor shall cause each vehicle in Contractor's collection fleet to be tested in accordance with the requirements of this Inspection Program and shall submit written verification to City within ten (10) Workdays of the completion of such test. Contractor shall not use any vehicle that does not pass such inspection.

12.2.10 Backup Vehicles. In the event of an on-route breakdown, Contractor may utilize a temporary backup vehicle without the prior written consent of the City Representative but must verbally inform the City Representative of any such on-route breakdown and timeframe for the use of a temporary collection vehicle.

12.2.11 Registration, Licensing and Inspection. Annually during the Term, Contractor shall submit documentation to the City Representative to verify that each of Contractor's Collection Service and Street Sweeping collection vehicles is in compliance with all registration, licensing and inspection requirements of the California Highway Patrol, the California Department of Motor Vehicles, and any other Applicable Laws. Contractor shall not use any vehicle to perform Collection Services that is not in compliance with applicable registration, licensing and inspection requirements.

12.3 Equipment Maintenance.

12.3.1 Contractor shall maintain collection equipment in a clean condition and in good repair at all times.

12.3.2 All parts and systems of the collection equipment shall operate properly and be maintained in a condition satisfactory to City.

12.3.3 Contractor shall wash all collection vehicles as necessary to maintain equipment in clean condition and good repair.

12.4 Maintenance Log. Contractor shall maintain a maintenance log for all Collection Service vehicles and Street Sweeping collection vehicles. The log shall at all times be accessible to the City by physical inspection upon request of the City Representative, and shall show, at a minimum, each collection vehicle's Contractor assigned identification number, date purchased or initial lease, dates of performance

of routine maintenance, dates of performance of any additional maintenance, and description of additional maintenance performed.

12.5 Equipment Inventory.

12.5.1 Annually during the Term, Contractor shall provide to the City an inventory of Collection Services and Street Sweeping collection vehicles and major equipment used by Contractor for collection or transportation and performance of services under this Agreement.

12.5.2 Each inventory shall also include the tare weight of each vehicle as determined by weighing at a public scale and not at a Disposal or other facility scale used by Contractor. Each vehicle inventory shall be accompanied by a certification signed by Contractor that all collection vehicles meet the requirements of this Agreement.

12.5.3 The inventory shall indicate each collection vehicle by Contractor assigned identification number, DMV license number, the age of the chassis and body, type of fuel used, the type and capacity of each vehicle, the number of collection vehicles by type, the date of acquisition, the decibel rating and the maintenance status.

12.5.4 Contractor shall submit to the City Representative, either by e-mail, an updated inventory annually or more often at the request of the City Representative.

12.6 Reserve Equipment. Contractor shall have available to it, at all times, reserve Collection Service and Street Sweeping equipment which can be put into service and operation within one (1) hour of any breakdown. Such reserve equipment shall correspond in size and capacity to the replaced equipment.

ARTICLE 13

CUSTOMER SERVICE PROGRAM

13.1 Customer Service Program. Contractor shall maintain a Customer Service Program to ensure that all services provided under this Agreement are provided at high quality.

13.2 Contractor's Office.

13.2.1 Contractor shall maintain an office in San Mateo County that provides walk-in and telephone access using a local telephone number to Service Recipients, residents and businesses of the City and that is staffed by trained and experienced Customer Service Representatives ("CSRs").

13.2.2 Such office shall be equipped with sufficient telephones and number of incoming telephone lines that guarantee all Collection Service related calls received during normal business hours will be answered within five (5) rings.

13.2.3 Such office shall have responsible persons in charge during collection hours and shall be open during normal business hours, 8:00 a.m. to 4:30 p.m. on regularly scheduled Work Days (Monday through Friday).

13.2.4 Contractor shall provide either a telephone answering service, mechanical voicemail device, or email to receive Service Recipient inquiries during those times when the office is

closed. Inquiries, calls and voicemails received after normal business hours shall be addressed the next Work Day morning.

13.2.5 Contractor shall also provide a physical location within San Mateo County where Service Recipients may pay bills, obtain service information, and/or change, start, or stop Collection Services. Such location shall be open to Service Recipients during normal Work Days.

13.3 Emergency Contact. Contractor shall provide the City Representative with an emergency telephone number where Contractor can be reached outside of the required office hours within a two (2) hour response time.

13.4 Multilingual/TDD Service. Contractor shall at all times maintain the capability of responding to telephone calls in English and Spanish. Add hearing impaired / TDD / Web chat language.

13.5 Service Recipient Call Log. Contractor shall record all calls including any inquiries, service requests and complaints on a Customer service log.

13.6 Response to Calls.

13.6.1 All incoming calls will be answered within five (5) rings. Any call “on-hold” in excess of one and one half (1.5) minutes shall have the option to remain “on-hold” or to be automatically called back by the next available CSR.

13.6.2 Contractor’s CSR’s shall return all Service Recipient calls left before 3:00 p.m., and all such “call backs” shall be attempted a minimum of one time prior to 6:00 p.m. on the day of the call, with a minimum of three (3) call attempts within twenty-four (24) hours of the receipt of the call between the hours of 8:00 a.m. and 5:00 p.m.

13.6.3 For messages left after 3:00 p.m. or on a Holiday or non-Work Day, all “call backs” shall be attempted a minimum of one (1) time prior to noon the next Work Day, with a minimum of three (3) call attempts should be made between the hours of 8:00 a.m. and 5:00 p.m. on that day.

13.6.4 Notwithstanding the foregoing, if during a “call back” the CSR is able to leave a message on the Service Recipient’s answering machine or voicemail service, no further “call backs” shall be required.

13.7 Website.

13.7.1 Contractor shall develop and maintain a website dedicated to services provided in the City that is accessible by the public. All telecommunication services, websites and web-based applications and services shall be accessible to, and usable by, persons with disabilities. Contractor shall provide all electronic, telecommunication, and information technology products and services to be provided under this Agreement in conformance with title 28, Part 35 of the Code of Federal Regulations, 28 C.F.R. §§ 35.130, et seq., and the accessibility standards set forth in Section 508 of the Rehabilitation Act of 1973, as amended. Section 508 standards are viewable at: <https://www.fcc.gov/general/section-508-rehabilitation-act>

13.7.2 The website shall explain Contractor’s services and rates, the diversion options available, and allows Service Recipients to submit service changes, inquiries, complaints or queries and Contractor shall reply to such submissions within one Work Day. The website must describe and promote

the use of the available Recyclable Materials and Organics services. Contractor's local website must provide information specific to City's programs. Contractor will ensure that information provided on the website is maintained and up-to-date. Content will include proper container set out, educational materials, newsletters and program descriptions.

13.7.3 Contractor shall arrange for City's website to include an e-mail link to Contractor and a link to Contractor's website.

13.7.4 Contractor's website shall provide the public the ability to e-mail complaints to Contractor and request services or service changes.

13.7.5 Contractor's website shall also promote reuse and recycling, and shall present graphics and statistics illustrating the City's progress toward becoming a more sustainable community, other City environmental programs, and other materials as requested by City.

ARTICLE 14

EDUCATION & OUTREACH SERVICES

14.1 Education and Outreach Program Services. COMPANY shall develop and implement an outreach and education program as set forth on EXHIBIT 5 and shall also provide supplemental education and outreach related to Organic Material collection as set forth in Article 5.

14.2 Waste Zero Specialists. Contractor shall, at its own expense, provide for two full-time Waste Zero Specialists dedicated to providing support for solid waste diversion programs, including performing commercial waste audits and outreach and support to commercial and multi-family accounts.

14.2.1 The positions shall be a minimum of forty (40) hours per week for the duration of the Term.

14.2.2 Contractor may use Subcontractors to perform some or all the duties normally assigned to the Waste Zero Specialists. City shall approve any Subcontractors prior to beginning service.

14.2.3 The Waste Zero Specialists shall be responsible for all of the following:

- AB 341 and AB 1826 implementation, including conducting on-site waste audits and providing written summary reports for a minimum of five (5) commercial and MFD Service Recipients per month, with the primary focus on those Service Recipients with the lowest program participation or diversion.
- Educating City staff and Service Recipients, as appropriate, regarding AB 341, AB 1826, AB 1594, SB 1383, and other State legislation.
- Overseeing the SB 1383 related services set forth in Article 5.
- Right-sizing Containers for maximizing diversion at SFD, MFD and Commercial Service Units.
- Developing and distributing public education and outreach material.

- Advising appropriate personnel (management, employees, janitors, etc.) at Commercial Service Units on methods and recommendations to increase recycling and decrease landfilling (i.e. how to maximize diversion; and provide educational materials, posters, and labels).
- Informing and educating Service Recipients on the full range of all services being offered, including Cart exchange and cleaning, E-Waste, U-Waste, and Large Item or Neighborhood Clean-up Collection Service, and availability of Indoor Food Waste Pails.
- Educating Service Recipients, with an emphasis on MFD and Commercial Service Units, on how to participate in recycling and organics diversion programs and decrease or eliminate contamination.
- Educating and training staff and custodians on best practices for recycling, waste reduction and availability and use of in-house recycling Containers.
- Providing recommendations on Container sizes to maximize diversion, and the potential cost savings if a business takes recommended actions to increase diversion.
- Educating personnel on how to maximize diversion, and providing educational materials, posters, labels, and memos to Contractor staff and City.

14.2.4 The City Representative may provide feedback to Contractor regarding the effectiveness of the Waste Zero Specialists.

14.3 MOR Compliance Notices. Contractor shall send Mandatory Organics Recycling (MOR) compliance notices once annually to all Commercial Service Units, MFD Service Units, and MXD Service Units that are subscribed for at least two (2) cubic yards per week of combined Garbage, Organic Waste and Recyclable Materials service and do not subscribe to Organic Waste Collection Service with Contractor.

14.4 Waste Audits. Contractor shall complete Recycling and Solid Waste audits for 5 Commercial or MXD Service Units per month and provide recommendations to Customers on how to improve overall resource efficiency.

14.5 Spanish Language Outreach. Diversion outreach shall be arranged for in the Spanish language upon City's request.

14.6 Additional Programs and Services. Contractor shall provide additional education and outreach services and programs as requested by City at a price to be mutually agreed upon with written approval between Contractor and the City Representative. In the event Contractor and the City Representative cannot reach a mutually agreed upon price for the requested service or program, City shall have the right to procure the service of other vendors or contractors to provide the requested service.

ARTICLE 15

EMERGENCY SERVICES

15.1 Emergency Services. In the event of an emergency such as a tornado, major storm, earthquake, fire, natural disaster, work stoppage, or other such event, the City Representative may grant Contractor a variance from regular routes and schedules. As soon as practicable after such event, Contractor shall advise the City Representative when it is anticipated that normal routes and schedules

can be resumed. The City Representative shall make an effort through the local news media to inform the public when regular services will be resumed.

15.2 Cost Recovery. Contractor shall maintain adequate reserve equipment to respond to unusual events, but the parties recognize that the clean-up from some emergencies may require that Contractor hire additional equipment, employ additional personnel, or work existing personnel during overtime hours to clean debris resulting from the event. Contractor may recover the costs of rental equipment, additional personnel, overtime hours and other documented expenses necessary to clean-up from an emergency based on the rates set forth in EXHIBIT 1 to this Agreement, provided Contractor has first secured written authorization and approval from the City Representative. Contractor will be required to keep records relating to the provision of emergency services for seven (7) years following the conclusion of an emergency requiring such services.

ARTICLE 16

RECORD KEEPING & REPORTING

16.1 Accounting Records.

16.1.1 Contractor shall maintain full, complete and separate financial, statistical and accounting records pertaining to cash, billing, and provisions of all Collection Services, prepared on an accrual basis in accordance with generally accepted accounting principles. Contractor shall make such records shall be subject to audit, copy, and inspection by the City or its designated representative upon forty-eight (48) hours prior written notice.

16.1.2 Gross Revenues derived from provision of the Collection Services shall be recorded in the accounts of Contractor. These records shall be separate from other records maintained by Contractor for the provision of other services outside the scope of this Agreement as may be provided by Contractor.

16.1.3 Contractor shall maintain and preserve all cash, billing and Disposal records for a period of not less than five (5) years following the close of each of Contractor's fiscal years.

16.1.4 City reserves the right to request audited, reviewed, or compiled financial statements prepared by an independent Certified Public Accountant, or as may be provided by Contractor or its parent company. In the event that Contractor does not maintain separate financial, or accounting records prepared specifically for services provided under this Agreement, Contractor may use industry standard allocation methods to provide financial information as applicable to the service provided under this Agreement.

16.2 Contractor Payments to City. Contractor shall maintain records of all payments made to City pursuant to this Agreement.

16.3 Tonnage Records. Contractor shall maintain records of the quantities of:

- Garbage, Recyclable Material, and Organic Waste collected, processed, composted, and disposed under this Agreement, and
- Recyclable Material by material type, purchased, sold, donated or given for no compensation; and

- Processing Residue disposed.

16.4 Records. Contractor shall maintain all other records reasonably related to provision of Collection Services, whether or not specified in this Article or elsewhere in this Agreement.

16.5 Reporting Requirements. Contractor SHALL submit quarterly reports to the City Representative no later than fifteen (15) days after the end of the reporting quarter and annual reports to the City Representative no later than thirty (30) days after the end of each preceding agreement year (January through December). Quarterly and annual reports shall be submitted electronically by email with telephone or voicemail confirmation. Reports shall be submitted in a format mutually agreed upon between the City and Contractor.

16.6 Quarterly Reports. Quarterly reports to the City shall include:

16.6.1 Garbage Data.

16.6.1.1 The number of SFD, MFD, Commercial and City Service Units with the number of Garbage Bins, Carts, Roll-off Containers and Compactors by size and Service Unit type corresponding to each category.

16.6.1.2 A listing of the tonnage from all Collection Services, including Large Item Collection Service, collected, diverted and disposed by Contractor at the Disposal Facility for the preceding quarter sorted between SFD, MFD, Commercial and City Service Units.

16.6.2 Recycling Data. The number of gross tons collected by material type for SFD, MFD, Commercial and City Recycling Collection Services, including Recyclable Material collected as part of Large Item Collection Service, for the preceding quarter. Tonnage allocated from Collection Services provided to schools within City limits under separate contract, if any, shall be listed separately. All tonnage data shall be compared to the corresponding tonnage data from the prior year comparable period.

16.6.3 Organic Waste Data. The number of gross tons collected for SFD, MFD, Commercial and City Organics Collection Services, for the preceding quarter. Tonnage allocated from Collection Services provided to schools within City limits under separate contract, if any, shall be listed separately.

16.6.4 Year-over-Year. All tonnage data shall be compared to the corresponding tonnage data from the prior year comparable period.

16.6.5 Diversion Rate. Contractor shall provide documentation acceptable to City in its sole but reasonable discretion stating and supporting the quarter's diversion rate.

16.6.6 Education and Outreach Program Activities. Contractor shall report on all public education and information activities undertaken during the period, including distribution of bill inserts, collection notification tags, community information and events, school visits, tours and other activities related to the provision of Collection Services. Contractor shall provide copies of all print outreach conducted during the reporting period. This report shall discuss the impact of these activities on Recycling and Organic Waste program participation and provide details of events and activities planned for the next period.

16.6.7 AB 341 and 1826 Compliance Data. AB 341, AB 1826, and SB 1383 Compliance Data. Contractor shall report the total number of Commercial and MFD/MXD Service Units serviced and the number of containers, container sizes and frequency of collection for Garbage, Recyclable Materials and Organic Waste for each non-exempt Commercial and MFD/MXD Service Unit. Contractor must also provide the following information separately for both AB 341 and SB 1383 as set forth below:

16.6.7.1 For the purposes of assisting the City with its obligations under SB 1383, the total number of MFD, Commercial, and MXD Service Units subscribed for at least two (2) cubic yards per week of combined Garbage, Organic Waste and Recyclable Materials that subscribe for Organic Waste Collection Service, and the total number of those Commercial, MFD, and MXD Service Units that are not subscribed to Organic Waste Collection Service.

16.6.7.2 A report listing the MCR (Mandatory Commercial Recycling) and MOR Compliance Notices sent to Service Recipients pursuant to Section 14.3 summary of any follow-up outreach that was provided to those Service Recipients.

16.6.8 Service Data. A copy of the Customer service log, including a summary of the type and number of complaints and their resolution, and copies of a written record of all calls related to missed pickups and responses to such calls. Upon request, Contractor shall provide a summary narrative of praises, compliments, and problems encountered with collection and processing activities and actions taken.

16.6.9 Operational Problems and Actions Taken. Contractor shall indicate instances of property damage and personal injury (other than property damage or injury to Contractor's property and personnel), significant changes and/or challenges in operations, and market factors.

16.6.10 Service Recipient Base Data. Contractor shall provide Service Recipient base data consisting of the number of SFD, MFD, and Commercial Service Units billed, and City Collection Services sorted by service type, Container size, number of Containers, and frequency of collection.

16.6.11 Summary of Contractor Payments to City. Contractor shall report all payments made to City as specified in Article 4.06 for the reporting period.

16.6.12 Street Sweeping Summary. A summary of the curb miles swept, total Curb Miles missed, and total tonnage disposed, recycled or composted.

16.6.13 Vehicle Inventory. Provide the current inventory of all Collection Services and Street Sweeping Service vehicles providing services to the City pursuant to Article 12.05.01 of this Agreement.

16.7 Annual Reports. The annual report submitted to City shall include all quarterly reports in Article 16.04 summarized by quarter and averaged for the Agreement year. For all annual reports beginning with the report for Agreement Year 202_, Contractor shall also include a historical comparison of the last year and the average of all years.

16.7.1 Account Data. Contractor shall provide account data for SFD, MFD, Commercial Service Units and City Service Units including the total number of accounts serviced, and the number of accounts, account names and addresses of collection locations per each service category.

16.7.2 Equipment Inventory. Contractor shall provide an updated complete inventory of collection and major processing equipment including stationary, rolling stock and collection Containers by type and size.

16.7.3 Container Cleanings, Replacements and Exchanges. Contractor shall provide an accounting of the number of Carts, Bins and Roll-off Containers that were cleaned, replaced or exchanged during the Agreement Year, and an accounting of the number of Kitchen Food Waste Pails that were delivered to SFD and MFD Service Recipients during the Agreement Year.

16.7.4 City-Supported Events. Contractor shall provide a summary of each City-Supported event activity including the name and date of the event, the tonnage collected, diverted and disposed of by material type, and other services provided. Contractor shall also provide information regarding the logistics of the event and suggestions for improving future events.

16.7.5 Education and Outreach Program Activities. Contractor shall report on public education and outreach program activities undertaken during the Agreement Year, including distribution of newsletters, billing inserts, other notices, collection notification tags, community information and events, tours and other activities related to the provision of services.

16.7.6 Donated Services. Contractor shall provide a listing of any services beyond the scope of this Agreement that were donated to the City or Service Recipients.

16.7.7 Street Sweeping Summary. Contractor shall provide a summary of the Curb Miles swept, total tonnage disposed, recycled or composted, and the estimated amount of water used in the street sweeping vehicles.

16.7.8 Summary of Historical and Proposed Activities. Contractor shall provide a narrative of activities undertaken during the Agreement Year and those planned or proposed for the upcoming Agreement Year. Contractor shall provide information describing if the activity was undertaken in the previous Agreement Year or not and if not why it was added. For those activities that are not being continued, Contractor shall describe the reason the activity has been discontinued and the activity that is replacing it.

16.7.9 CalRecycle Reports. Contractor shall provide reasonable assistance to City in preparing annual reports to CalRecycle (the "Electronic Annual Report" or EAR), including supplying data for preparation of the reports. In the event that CalRecycle requires City to report an Implementation Schedule to comply with AB 341, AB 1826, SB 1383, SB 1594 and other applicable laws, Contractor will provide assistance to City in preparing a report, including Contractor's policies and procedures related to compliance with AB 341, AB 1826, SB 1383, and other applicable laws and how Recyclable Materials or Organic Waste are collected, a description of the geographic area, routes, list of addresses served and a method for tracking contamination, copies of route audits, copies of notice of contamination, copies of notices, violations, education and enforcement actions issued, and copies of educational materials, flyers, brochures, newsletters, website, and social media.

16.5 Additional Reporting. Contractor shall furnish City with any additional reports as may reasonably be required, such reports to be prepared within a reasonable time following the reporting period. In addition, Contractor shall furnish to City any information regarding Contractor's activities under this Agreement that is needed for City to prepare its reports to CalRecycle.

16.6 Appearance Before City Council. At request of the City Representative, Contractor shall appear at City Council meetings requested for the purpose of explaining and presenting periodic service reports, annual reports and/or support of Service Recipient Rate adjustment requests.

ARTICLE 17

NONDISCRIMINATION

17.1 Nondiscrimination. With respect to the provision of Collection Services under this Agreement, Contractor agrees not to discriminate against any person because of the race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status of that person. Contractor shall comply with all Applicable Laws regarding nondiscrimination, including those prohibiting discrimination in employment.

ARTICLE 18

SERVICE INQUIRIES & COMPLAINTS

18.1 All service inquiries and complaints shall be directed to Contractor. A representative of Contractor shall be available to receive the complaints during normal business hours.

18.2 All service complaints will be handled by Contractor in a prompt and efficient manner. In the case of a dispute between Contractor and a Service Recipient, the matter will be reviewed, and a decision made by the City Representative.

18.2.1 For those complaints related to missed collections that are received by 12:00 p.m. on a Workday, Contractor will return to the Service Unit address and Collect the missed materials before leaving the Service Area for the day.

18.2.2 For those complaints related to missed collections that are received after 12:00 p.m. on a Workday, Contractor shall have until the end of the following Work Day to resolve the complaint.

18.2.3 For those complaints related to repair or replacement of Carts or Bins, the appropriate Articles of this Agreement shall apply.

18.3 Contractor will utilize the Customer Service Log to maintain a record of all inquiries and complaints in a manner prescribed by the City.

18.4 Notwithstanding the above, Contractor shall not be required to return and collect missed materials if the driver coded the service address as a “no- setout”, or if setout was improper and a non-collection notice was left. If a complaint of missed collection is received and the driver coded the address as a “no-setout”, Contractor shall provide return service to that address once per calendar year. For the second and subsequent incidents during the calendar year, Contractor may charge the Customer the rate for ‘return service’ set forth in EXHIBIT 1.

ARTICLE 19

QUALITY OF PERFORMANCE

19.1 Intent. Contractor acknowledges and agrees that one of City's primary goals in entering into this Agreement is to ensure that the Collection Services are of the highest caliber, that Service Recipient satisfaction remains at the highest level, that maximum diversion levels are achieved, and that materials collected are put to the highest and best use to the extent feasible.

19.2 Service Supervisor. Contractor shall assign a qualified supervisor to be in charge of the Collection Services within the Service Area and shall provide the City with the name and contact information of the supervisor.

19.2.1 The supervisor shall be physically located in the Service Area and available to the City Representative and Contract Manager through the use of telecommunication equipment at all times that Contractor is providing Collection Services. In the event the supervisor is unavailable due to illness or vacation, Contractor shall designate an acceptable substitute who shall be available and who has the authority to act in the same capacity as the supervisor.

19.2.2 In the event the supervisor is unavailable due to illness or vacation, Contractor shall designate an acceptable substitute who shall be available and who has the authority to act in the same capacity as the supervisor.

19.2.3 The service supervisor shall provide the City with an emergency telephone number where the supervisor can be reached outside of normal business hours.

19.3 Liquidated Damages. City and Contractor acknowledge that consistent and reliable Collection Service is of utmost importance to the City and that the City has considered and relied on Contractor's representations as to its quality-of-service commitment in awarding the Agreement to Contractor.

19.3.4 City and Contractor recognize that some quantified standards of performance are necessary and appropriate to ensure consistent and reliable service and performance and if Contractor fails to achieve the performance standards or fails to submit required documents in a timely manner, City, and City's residents and businesses will suffer damages and that it is and will be impractical and extremely difficult to ascertain and determine the exact amount of damages.

19.3.5 Without prejudice to City's right to treat such non-performance as an event of default under Article 24, City and Contractor agree that the liquidated damages defined in this Article represent a reasonable estimate of the amount of such damages considering all of the circumstances existing on the Effective Date, including the relationship of the sums to the range of harm to City, Service Recipients and the community as a whole that reasonably could be anticipated and the anticipation that proof of actual damages would be costly or impractical.

19.3.6 In placing their initials at the places provided, hereto the City and Contractor specifically confirm the accuracy of the statements made above and the fact that City and Contractor 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.

City Initial Here _____

Contractor Initial Here _____

19.3.7 Contractor agrees to pay (as liquidated damages and not as penalty) the following amounts:

LIQUIDATED DAMAGES		AMOUNT	
Item		If Not Cured	If Cured Within 5 Work Days
1. OPERATIONS:			
a.	Failure to clean up spillage or litter caused from collection vehicles.	\$300 per incident per location.	Cannot be cured.
b.	Failure to clean up spillage around Containers where spillage or litter is caused by Contractor.	\$300 per incident per location.	Cannot be cured.
c.	Failure to collect a missed collection by close of the next Work Day.	\$100 per incident per day.	\$0
d.	Failure to maintain equipment (Cart, Bin, Roll-off Container, and other designated Containers, collection vehicle, street sweeper vehicle) in a clean, safe, and sanitary manner.	\$500 per incident per day.	\$0
e.	Failure to complete at least ninety percent (90%) of each route on the regular scheduled collection Work Day, or failure to complete at least ninety percent (90%) of each route on the regular scheduled Street Sweeping Service Work Day notwithstanding acts of God.	\$1,000 for each route not completed.	Cannot be cured.
f.	Failure to properly sweep a street (or Facility, if specified in EXHIBIT 4) within the City.	\$50 per Curb Mile (or per Facility that is not swept as specified in EXHIBIT 4.	Cannot be cured.
g.	Commingling in collection vehicles Recyclable Material with Garbage or Organic Waste; or Commingling in collection vehicles Organic Waste with Garbage or Recyclable Material.	\$1,000 per incident.	Cannot be cured.
h.	Failure to comply with State and Federal vehicle weight limitations.	\$500 per incident after ten (10) occurrences per Agreement Year.	Cannot be cured.
i.	Failure to meet vehicle noise requirements.	\$250 per incident per day.	\$0

LIQUIDATED DAMAGES		AMOUNT	
Item		If Not Cured	If Cured Within 5 Work Days
j.	Failure to repair damage to Service Recipient property caused by Contractor or its personnel.	\$500 per incident per location.	\$0
l.	Failure to repair damage to City property or City Streets directly caused by Contractor or its personnel.	\$500 per incident and the actual reasonable cost of repair to City's satisfaction – no cost to City.	\$0
m.	Failure to meet any vehicle requirements specified in this Agreement.	\$500 per incident per day.	\$0
2. CUSTOMER SERVICE:			
a.	Failure to respond to each complaint within the time set forth in this Agreement.	\$100 per incident per Service Recipient.	\$0
b.	Failure to comply with the collection hours of operation as required by this Agreement.	\$1,000 per incident per day.	\$0
c.	Failure to comply with the office hours of operation as required by this Agreement.	\$500 per incident per day.	\$0
d.	Failure to have Contractor drivers in proper uniform while operating within the City.	\$250 per incident per day.	\$0
e.	Failure to obtain prior approval from the City Representative of changes to route collection days.	\$500 per incident per day.	\$0
f.	Failure to repair or replace damaged Containers within the time required by this Agreement.	\$100 per incident per day.	\$0
g.	Failure to deliver or exchange Containers within the time required by this Agreement.	\$100 per incident per day.	\$0
h.	Failure to maintain or submit to City all payments, documents and reports required under the provisions of this Agreement.	\$250 per incident per day.	\$0
i.	Failure to display Contractor's name and Customer service telephone number on collection vehicles and/or street sweeping vehicles.	\$500 per incident per day.	\$0
k.	Failure to have a vehicle operator properly licensed that operates within the City.	\$500 per incident per day.	\$0

19.4 Procedure for Review of Liquidated Damages. City Representative may assess liquidated damages pursuant to this Article on a monthly basis. At the end of each month during the Term, the City

Representative shall issue a written notice to Contractor ("Notice of Assessment") of the liquidated damages assessed and the basis for each assessment.

19.4.8 The assessment shall become final unless, within ten (10) days of the date of the notice of assessment, Contractor provides a written request for a meeting with the City Manager and the City Representative to present evidence that the assessment should not be made.

19.4.9 The City Representative shall schedule a meeting between Contractor and the City Manager or the City Manager's designee as soon as reasonably possible after receipt of Contractor's request for same.

19.4.10 The City Manager or the City Manager's designee shall review Contractor's evidence and render a decision sustaining or reversing the liquidated damages as soon as reasonably possible after the meeting. Written notice of the decision shall be provided to Contractor.

19.4.11 In the event Contractor does not submit a written request for a meeting within ten (10) days of the date of the Notice of Assessment, the City Representative's determination shall be final and Contractor shall submit payment to City no later than that tenth (10th) day.

19.4.12 If liquidated damages are owed by Contractor, City may, with notification to Contractor, deduct the liquidated damages from amounts otherwise due to Contractor.

19.4.13 City's assessment or collection of liquidated damages shall not prevent City from exercising any other right or remedy, including the right to terminate this Agreement, for Contractor's failure to perform the work and services in the manner set forth in this Agreement.

ARTICLE 20

[INTENTIONALLY OMITTED]

ARTICLE 21

PERFORMANCE BOND

21.1 Performance Bond. The Agreement must be executed and a performance bond furnished by Contractor within fifteen (15) days of City Council approval of the Agreement; otherwise, the bid bond shall be forfeited to the City.

21.1.1 Contractor shall furnish to the City, and keep current, a performance bond in a form acceptable to the City, for the faithful performance of this Agreement and all obligations arising hereunder in an amount of **Five Hundred Thousand Dollars (\$500,000)** during the Term.

21.1.2 The performance bond shall be executed by a surety company that is acceptable to the City; an admitted surety company licensed to do business in the State of California; that has an "A:VII" or better rating by A. M. Best or Standard and Poors; and is included on the list of surety companies approved by the Treasurer of the United States.

21.2 Letter of Credit. As an alternative to the performance bond required by this Article, Contractor may, at City's option, deposit an irrevocable letter of credit with City in the same amount as the performance bond that would otherwise be required. If allowed, the letter of credit must be issued

by an FDIC insured banking institution chartered to do business in the state of California, in the City's name, and be callable at the discretion of the City. Nothing in this Article shall, in any way, obligate the City to accept a letter of credit in lieu of the performance bond.

ARTICLE 22

INSURANCE

22.1 Insurance Policies. Contractor shall secure and maintain throughout the Term, insurance against claims for injuries to persons or damages to property that may arise from or in connection with Contractor's performance of work or services under this Agreement. Contractor's performance of work or services shall include performance by Contractor's employees, agents, representatives and Subcontractors.

22.2 Minimum Scope of Insurance. Insurance coverage shall be at least this broad:

22.2.1 Insurance Services Office Form No. G0 0002 or, if approved by City, its equivalent, covering Comprehensive General Liability and Insurance Services Office Form No. GL 0404 covering Broad Form Comprehensive General Liability; or Insurance Services Office Commercial General Liability coverage ("occurrence" form CG 0001) or its equivalent.

22.2.2 Insurance Services Office Form No. CA 0001, or its equivalent, covering Automobile Liability, code 1 "any auto," or code 2 "owned autos" and endorsement CA 0025. Coverage shall also include code 8, "hired autos" and code 9 "non-owned autos". The Automobile Liability policy shall include the MCS-90 endorsement, or its equivalent.

22.2.3 Workers' Compensation Insurance as required by the California Labor Code and Employers Liability Insurance and/or Errors and Omissions.

22.2.4 Hazardous Waste and Environmental Impairment Liability Insurance.

22.2.5 Employee Blanket Fidelity Bond.

22.3 Minimum Limits of Insurance. Contractor shall maintain insurance limits no less than:

22.3.1 Comprehensive General Liability: Ten Million Dollars (\$10,000,000) combined single limit per occurrence for bodily injury, personal injury and property damage.

22.3.2 Automobile Liability: Ten Million Dollars (\$10,000,000) combined single limit per accident for bodily injury and property damage.

22.3.3 Workers' Compensation and Employers Liability: Workers' Compensation limits as required by the California Labor Code and Employers Liability limits of Three Million Dollars (\$3,000,000) per accident.

22.3.4 Employee Blanket Fidelity Bond in the amount of Five Hundred Thousand Dollars (\$500,000) per employee, covering dishonesty, forgery, alteration, theft, disappearance, destruction (inside or outside).

22.3.5 Cyber Liability Insurance. Applicable to the work being performed covering cyber liability that names City as an additional insured, with a limit no less than \$5,000,000 per claim or occurrence and \$5,000,000 aggregate per policy period of one year.

22.3.6 Hazardous Waste and Environmental Impairment Liability in the amount of Three Million Dollars (\$3,000,000) each occurrence/Ten Million Dollars (\$10,000,000), policy aggregate covering liability arising from the release of waste materials and/or irritants, contaminants or pollutants.

22.3.6.1 Such coverage shall, if commercially available without involvement of City, automatically broaden in its form of coverage to include legislated changes in the definition of waste material and/or irritants, contaminants or pollutants.

22.3.6.2 This policy shall stipulate this insurance is primary and no other insurance carried by City will be called upon to contribute to the loss suffered by Contractor hereunder and waive subrogation against the City and other additional insureds.

22.4 Deductibles and Self-Insured Retention. Any deductibles or self-insured retention shall be declared to, and approved by, City, such approval not to be unreasonably withheld.

22.5 Endorsements. The policies are to contain, or be endorsed to contain, the following provisions:

22.5.1 The City, its officers, employees, agents and volunteers are to be covered as additional insureds with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of Contractor; products and completed operations of Contractor; and

22.5.2 with respect to liability arising out of work or operations performed by or on behalf of Contractor including material parts or equipment furnished in connection with such work or operations; Pollution and/or Asbestos Pollution.

22.5.3 Except for Workers' Compensation/Employer's Liability, Contractor's insurance coverage shall be primary insurance as respects City, its officers, officials, employees, agents and volunteers, and any insurance or self-insurance maintained by the City, its officers, officials, employees, agents or volunteers shall be excess of Contractor's insurance and shall not contribute with it.

22.5.4 Each insurance policy required by this clause shall be occurrence-based, or an alternative form as approved by the City and shall be endorsed to state that coverage shall not be cancelled by the Insurer except after thirty (30) days prior written notice has been given to the City.

22.5.5 Contractor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

22.5.6 Automobile Liability policy. The policy shall be endorsed to delete the Pollution and/or the Asbestos exclusion and add the Motor Carrier act endorsement (MCS-90) TL 1005, TL 1007 (or their equivalents) and/or other endorsements required by federal or state authorities.

22.5.7 Workers' Compensation and Employers Liability Coverage. The insurer shall agree to waive all rights of subrogation against the City, its officers, officials, employees and volunteers for losses arising from work performed by Contractor for the City.

22.5.8 All Coverages. Each insurance policy required by this clause shall be occurrence-based or an alternate form as approved by the City and endorsed to state that coverage shall not be suspended, voided, cancelled by either party, reduced in coverage or limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the City.

22.5.8.1 Any failure to comply with reporting provisions of the policies shall not affect Contractor's obligations to City, its officers, officials, employees, agents or volunteers.

22.5.8.2 The City, its officers, officials, agents, employees and volunteers shall be named as additional insureds on all policies, except for Workers' Compensation/Employer's Liability.

22.6 Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII if admitted. If pollution and or Environmental Impairment and/or errors and omission coverage are not available from an "Admitted" insurer, the coverage may be written with the City's permission, by a NON-admitted insurance company. A Non-admitted company should have an A.M. Best's rating of A:X or higher.

22.7 Verification of Coverage. Contractor shall furnish City with original certificates and with amendatory endorsements effecting coverage required by this clause.

22.7.1 The endorsements are to be signed by a person authorized by the Insurer to bind coverage on its behalf. The endorsements are to be on forms provided by the City, unless the insurer will not use the City's forms.

22.7.2 All endorsements are to be received and approved by the City before work commences. As an alternative to the City's forms, Contractor's insurer may provide complete copies of all required insurance policies, including endorsements effecting coverage required by these specifications.

22.8 Subcontractors. Contractor shall include all Subcontractors as insured under its policies or shall obtain separate certificates and endorsements for each Subcontractor.

22.9 Proof of insurance. Contractor shall mail proof of insurance to the following address or any subsequent address as may be directed in writing by the City.

City Manager
City of San Bruno
567 El Camino Real
San Bruno, CA 94066

22.10 Modification of Insurance Requirements. The insurance requirements provided in this Agreement may be modified or waived by the City, in writing, upon the request of Contractor, if the City determines such modification or waiver is in the best interest of City considering all relevant factors, including exposure to City.

22.11 Rights of Subrogation. All required insurance policies shall preclude any underwriter's rights of recovery or subrogation against City with the express intention of the parties being that the required insurance coverage protects both parties as the primary coverage for any and all losses covered by the above-described insurance.

22.12 No Recourse Against City. Contractor shall ensure that any companies issuing insurance to cover the requirements contained in this Agreement agree that they shall have no recourse against City for payment or assessments in any form on any policy of insurance. The clauses 'Other Insurance Provisions' and 'Insured Duties in the Event of an Occurrence, Claim or Suit' as they appear in any policy of insurance in which City is named as an additional insured shall not apply to City.

ARTICLE 23. INDEMNIFICATION

23.1. Indemnification. Contractor shall defend, with counsel reasonably acceptable to City, indemnify and hold harmless, to the fullest extent allowed by law, City, its officers, officials, employees, volunteers, agents and assignees (collectively, "Indemnitees"), from and against any and all loss, liability, penalties, forfeitures, claims, demands, actions, proceedings or suits, in law or in equity, of every kind and description, (including, but not limited to, injury to and death of any person and damage to property, or for contribution or indemnity claimed by third parties) (collectively, "Loss") arising or resulting from: (i) the operation of Contractor, its agents, employees, and/or Subcontractors, in exercising the privileges granted to it by this Agreement; (ii) the failure of Contractor, its agents, employees, and/or Subcontractors to comply in all respects with the provisions and requirements of this Agreement, applicable laws, ordinances and regulations, and/or applicable permits and licenses; and (iii) the acts of Contractor, its agents, employees, and/or Subcontractors in performing services under this Agreement for which strict liability is imposed by law. Contractor's obligation to defend, hold harmless, and indemnify shall not be excused because of Contractor's inability to evaluate liability or because Contractor evaluates liability and determines that Contractor is not liable to the claimant.

23.2. Scope. The Loss indemnifiable under the foregoing indemnity may include, but is not limited to, Loss arising out of or resulting from the following:

23.2.1. Personal injury (including, but not limited to, bodily injury, emotional injury or distress, sickness, or disease) or death to persons, including, but not limited to, any employees or agents of Contractor, City, or any Subcontractor, or damage to property of anyone, caused or alleged to be caused in whole or in part by any negligent act or omission of Contractor, or anyone directly or indirectly employed by Contractor, or anyone for whose acts Contractor may be liable;

23.2.2. Penalties threatened, sought, or imposed on or against City by reason of the violation by Contractor of any law, order, citation, rule, regulation, standard, ordinance, or statute;

23.2.3. Alleged infringement of any intellectual property rights which may be brought arising out of Contractor's work;

23.2.4. Claims and liens for labor performed or materials used or furnished to be used on the job by Contractor, including all incidental or consequential damages from such claims or liens;

23.2.5. Contractor's failure to fulfill any of the covenants set forth in the Agreement;

23.2.6. Failure of Contractor to comply with the provisions of the Agreement relating to insurance; and,

23.2.7. Any violation or infraction by Contractor of any law, order, citation, rule, regulation, standard, ordinance, or statute in any way relating to the occupational, health, or safety of employees.

23.3. Not Limited by Insurance. The indemnities set forth in this Article shall not be limited by the insurance requirements set forth in the Agreement.

23.4. Exclusions. Contractor's indemnification of Indemnitees will not include indemnification for Loss which arises as the result of the active negligence of Indemnitees, or the sole negligence or willful misconduct of Indemnitees, but shall include Losses caused by the joint negligence of Contractor and other persons, including Indemnitees.

23.5. Claims. Contractor shall respond within thirty (30) days to the tender of a claim for defense and indemnity by City, unless this time has been extended by City.

23.4.1. If Contractor fails to accept or reject a tender of defense and indemnity within thirty (30) days, in addition to any other remedy authorized by law, City may retain so much of the money due Contractor by virtue of this Agreement as shall reasonably be considered necessary by City, to cover all anticipated costs of the claim until final disposition has been made on the claim or suit for damages, or until Contractor accepts or rejects the tender of defense, whichever occurs first.

23.4.2. With respect to third party claims against Contractor indemnifiable under Article 23.01, Contractor waives any and all rights of any type to express or implied indemnity against the Indemnitees.

23.6. Hazardous Substances Indemnification. Contractor shall indemnify, defend with counsel reasonably acceptable to the City, and hold harmless the Indemnitees from and against all claims, damages (including but not limited to special, consequential, natural resources and punitive damages), injuries, hazardous materials response, remediation and removal costs, losses, demands, liens, liabilities, causes of action, suits, legal or administrative proceedings, interest, fines, charges, penalties, attorneys' fees for the adverse party and expenses (including but not limited to attorneys' and expert witness fees and costs incurred in connection with defending against any of the foregoing or enforcing this indemnity) of any kind whatsoever paid, incurred or suffered by, or asserted against City or its officers, officials, employees, agents, assigns, or successors (collectively, "Claims") arising from or attributable to any repair, clean-up or detoxification, or preparation and implementation of any removal, remedial, response, closure or other plan (regardless of whether undertaken due to governmental action) concerning any Hazardous Waste released, threatened to be released, or spilled by Contractor under this Agreement, or disposed of by Contractor under this Agreement at any facility owned by Contractor or any of its affiliates. The foregoing indemnity is intended to operate as an agreement pursuant to Section 107(e) of CERCLA, 42 U.S.C. Section 9607(c) and California Health and Safety Code section 25364, to defend, hold harmless and indemnify the City from liability.

23.7. Diversion Indemnification. Subject to the requirements of Public Resources Code section 40059.1, which will control in the event of any conflict with the provisions of this Section, Contractor agrees to protect and defend Indemnitees with counsel selected by Contractor and reasonably approved by City, to pay all attorneys' fees, and to indemnify and hold Indemnitees harmless from and against all fines or penalties imposed by the California Integrated Waste Management Board if the diversion goals specified in California Public Resources Code Section 41780, as it may be amended, are not met by City with respect to the materials Collected by Contractor and if the lack in meeting such goals are attributable

to the failure of Contractor to undertake diversion related activities required by this Agreement and approved by City and if City has agreed to authorize Contractor to undertake such activities and City has acted in good faith to enforce its Municipal Code requirements regarding such activities. In the event CalRecycle provides an administrative process to challenge the imposition of a compliance order or a fine or fines, Contractor will be responsible for retention of and payment to any consultants or attorneys necessary to represent City in any challenge. All consultants and attorneys engaged hereunder are subject to the reasonable agreement of City and Contractor. Contractor's obligation to defend and indemnify the City under this Section is limited to the extent allowed under Public Resources Code § 40059.1, which statutory protection Contractor does not waive.

23.8. Propositions 218 and 26 Hold Harmless. Contractor shall hold harmless Indemnitees from and against all Losses (including reasonable attorneys' and expert witness fees, expenditures for investigation and administration) and costs of any kind whatsoever paid, imposed upon, endured or suffered by or assessed against Contractor resulting in any manner from City's approval of any Service Recipient Rates under this Agreement or in connection with the application of Article XIII C or Article XIII D of the California Constitution or any applicable statute) to the imposition, payment, or collection of Service Recipient Rates or related fees for services provided by Contractor under this Agreement. Notwithstanding the foregoing or any other provision of this ARTICLE 23, nothing in this Agreement shall obligate Contractor to indemnify City against liability for claims by a third party for failure to obtain voter or property owner approval of a fee, levy, charge, assessment, or other exaction in violation of Article XIII C or Article XIII D of the California Constitution, to the extent such obligation is prohibited by Section 40059.2(d) of the Public Resources Code.

23.9. Consideration. It is specifically understood and agreed that the consideration inuring to Contractor for the execution of this Agreement consists of the promises, payments, covenants, rights and responsibilities contained in this Agreement.

23.10. Obligation. The execution of this Agreement by Contractor shall obligate Contractor to comply with the foregoing indemnification provisions; however, the collateral obligation of providing insurance shall also be fully complied with as set forth in Article 22 above.

23.11. Damage by Contractor.

23.4.1. If Contractor's employees or Subcontractors cause any damage or loss to City property, including but not limited to City Streets, curbs, and public right-of-way other than as a result of ordinary wear and tear, then Contractor shall repair such property to the reasonable satisfaction of City, at Contractor's sole cost and expense.

23.4.2. If Contractor fails to do so within a reasonable period after City notifies Contractor of the damage or loss, then City may affect the repair, and Contractor shall reimburse the City for the cost of repairing such damage or loss. Such reimbursement is not in derogation of any right of City to be indemnified by Contractor for any such damage or loss.

ARTICLE 24

DEFAULT

24.1 Termination. City may terminate this Agreement by giving Contractor thirty (30) days advance written notice upon the happening of any one of the following events. The termination right in this Article is in addition to the termination rights provided for elsewhere in this Agreement.

24.1.1 Contractor takes the benefit of any present or future insolvency statute, or makes a general assignment for the benefit of creditors, or files a voluntary petition in bankruptcy (court) or a petition or answer seeking an arrangement for its reorganization or the readjustment of its indebtedness under the Federal bankruptcy laws or under any other law or statute of the United States or any state thereof, or consents to the appointment of a receiver, trustee or liquidator of all or substantially all of its property; or

24.1.2 By order or decree of a Court, Contractor is adjudged bankrupt or an order has been made approving a petition filed by any of its creditors or by any of the stockholders of Contractor, seeking its reorganization or the readjustment of its indebtedness under the Federal bankruptcy laws or under any law or statute of the United States or of any state thereof, and such judgment or order is not stayed or vacated within sixty (60) days after the entry thereof; or

24.1.3 By, or pursuant to, or under the authority of any legislative act, resolution or rule or any order or decree of any Court or governmental board, agency or officer having jurisdiction, a receiver, trustee or liquidator takes possession or control of all or substantially all of the property of Contractor, and such possession or control continues in effect for a period of sixty (60) days; or

24.1.4 Contractor defaults, by failing or refusing to pay in a timely manner the liquidated damages or other monies due City and said default is not cured within thirty (30) days of receipt of written notice by City to do so; or

24.1.5 Contractor defaults, by failing or refusing to perform or observe its obligations under this Agreement, and said default is not remedied within thirty (30) days of receipt of written notice by City to do so.

24.1.5.1 If by reason of the nature of such default, the same cannot be remedied within thirty (30) days following receipt by Contractor of written demand from City to do so, then the cure period shall be extended for such additional period as is reasonably required to cure the default, provided that Contractor commences the remedy of such default within said thirty (30) days following such written notice, and having so commenced thereafter continues with diligence the curing thereof.

24.1.5.2 In any dispute concerning failure to commence remedying a default or diligence in pursuing a cure, Contractor shall have the burden of proof to demonstrate: (i) that the default cannot be cured within thirty (30) days, and (ii) that it is proceeding with diligence to cure said default, and such default will be cured within a reasonable period of time.

24.2 Temporary Possession of Contractor's Equipment. Notwithstanding anything contained herein to the contrary, if Contractor fails to provide Collection Services for a period of three (3) consecutive Work Days, on the fourth (4th) Work Day City may take possession of Contractor's equipment,

Service Recipient accounts and service records, and other property used in providing Collection Services under this Agreement in order to provide interim Collection Services until such time as Contractor is again able to perform Collection Services pursuant to this Agreement.

24.2.1 If Contractor is unable for any reason or cause to resume performance of Collection Services at the end of thirty (30) consecutive days of nonperformance of Collection Services, then this Agreement may be terminated by City upon written notice to Contractor, and City may retain possession of such equipment, records and other property used in providing Collection Services on an interim basis until City has made other suitable arrangements for the provision of Collection Services, which may include award of an agreement to another contractor.

24.2.2 Notwithstanding any other provision in this Agreement to the contrary, City's right to take interim possession of, or make use of, any of Contractor's equipment, including, without limitation, vehicles, Carts, Bins and containers, shall not allow City to assign ownership of such vehicles, Carts, Bins and containers to another contractor, and City acknowledges that Contractor's lender has a security interest in such equipment. In addition, notwithstanding any other provision of this Agreement to the contrary, City's right to take possession of such equipment, records and other property shall be limited to one hundred eighty (180) days after the effective date of termination of this Agreement. After such time, such assets shall be returned to Contractor or, if City and Contractor mutually agree, City shall pay a reasonable monthly rent to Contractor for City's use of the equipment.

24.2.3 In the event that this Agreement is terminated, Contractor shall furnish City with immediate access to all of its business records related to its Service Recipient and billing accounts for Collection Services.

24.3 Violations. Notwithstanding the foregoing and as supplemental and additional basis for termination of this Agreement under this Article, in the event that Contractor's record of performance shows that Contractor has frequently, regularly or repetitively defaulted in providing Collection Services, and, after written default notices from the City, has not timely cured such defaults within the applicable cure periods set forth in Article 24.01.5, City in its sole discretion may determine that Contractor is a "habitual violator", in which case Contractor shall be deemed to have waived the right to any further notice or grace period to correct any subsequent default.

24.3.1 City shall thereupon issue Contractor a final warning citing the circumstances for such determination, and any single default by Contractor of whatever nature, subsequent to Contractor's receipt of such warning, shall be grounds for immediate termination of the Agreement.

24.3.2 In the event of any such subsequent default, City may terminate this Agreement upon giving of final written notice to Contractor, such termination to be effective upon the date specified in City written notice to Contractor, and all contractual fees due hereunder plus any and all charges and interest shall be payable to said date, and Contractor shall have no further rights hereunder.

24.3.3 Immediately upon the specified date in such final notice Contractor shall proceed to cease any further performance under this Agreement.

24.4 Termination Date. In the event of the aforesaid events specified above, and except as otherwise provided in said subsections, termination shall be effective upon the date specified in City's written notice to Contractor and upon said date this Agreement shall be deemed immediately terminated,

and City shall have the right to call the performance bond and shall be free to negotiate with other contractors for the operation of the herein specified services.

24.5 Immediate Termination. City may terminate this Agreement immediately upon written notice to Contractor in the event Contractor fails to provide and maintain the performance bond as required by this Agreement, or if Contractor fails to obtain or maintain insurance policies endorsements as required by this Agreement, or if Contractor offers or gives any gift to any elected official, appointed officer or employee of City, or any relative or spouse of such elected official, appointed officer or employee. For purposes of this Article, “gift” shall be defined as a reportable gift as set forth in California Government Code Section 82028 and the regulations of the Fair Political Practices Commission at California Code of Regulations, title 2, sections 18940 et seq. as may be amended from time to time.

24.6 Termination Cumulative. City’s right to terminate this Agreement is cumulative to any other rights and remedies provided by law or by this Agreement.

24.7 Force Majeure. Notwithstanding any other provision of this Agreement to the contrary, City and Contractor shall be excused from performing their obligations hereunder in the event they are prevented from so performing by reason of any acts of God, such as landslides, lightning, fires, storms, floods, pestilence, freezing, and earthquakes; explosions, power outages, sabotage, civil disturbances, acts of a public enemy, wars, blockades, riots, or other industrial disturbances, eminent domain, condemnation or other taking, or other events of a similar nature, not caused or maintained by such party, which event is not reasonably within the control of the party claiming the excuse from its obligations due to such event, to the extent such event has a significant and material adverse effect on the ability of the party to perform its obligations thereunder.

24.7.1 Force Majeure shall include fuel shortages, strikes, work stoppage or slowdown, sickout, lockout, picketing or other concerted job action conducted by Contractor’s employees or directed at Contractor or any of its Subcontractors, but only for a maximum of seven (7) consecutive calendar days. The eighth (8th) and subsequent days of any such event shall not be deemed Force Majeure.

24.7.2 Force Majeure shall include any change in federal, state or local law (“Change in Law”) to the extent such Change in Law prohibits a party’s performance hereunder.

24.7.3 Notwithstanding the foregoing: (i) no failure of performance by any Subcontractor of Contractor shall be a Force Majeure unless such failure was itself caused by a Force Majeure; (ii) except as provided herein, no event which merely increases Contractor’s cost of performance shall be a Force Majeure; and (iii) no event, the effects of which could have been prevented by reasonable precautions, including compliance with agreements and Applicable Laws, shall be a Force Majeure.

ARTICLE 25.

LEGAL REPRESENTATION

25.1 Acknowledgement. Each party acknowledges that it was represented by counsel in the preparation of this Agreement and contributed equally to the terms and conditions of this Agreement and, accordingly, the rule that a contract or agreement shall be interpreted strictly against the party preparing the same shall not apply herein due to the joint contributions of both parties.

ARTICLE 26

FINANCIAL INTEREST

26.1 Representation. Contractor warrants and represents that no elected official, officer, agent or employee of City has a financial interest, directly or indirectly, in this Agreement the compensation to be paid under it and, further, that no City employee who acts in the City as a “purchasing agent” nor any elected or appointed officer of the City, nor any spouse or child of such purchasing agent, employee or elected or appointed officer, is a partner, officer, director or proprietor of Contractor and, further, that no such City employee, purchasing agent, City elected or appointed officer, or the spouse or child of any of them, alone or in combination, has a material interest in Contractor. Material interest means direct or indirect ownership of more than five percent (5%) of the total assets or capital stock of Contractor.

ARTICLE 27

CONTRACTOR'S PERSONNEL

27.1 Personnel Requirements. Contractor shall employ and assign qualified personnel to perform all services set forth herein. Contractor shall be responsible for ensuring that its employees comply with all Applicable Laws and meet all federal, state and local requirements related

27.1.1 City may request the transfer of any employee of Contractor who materially violates any provision hereof, or who is wanton, negligent, or discourteous in the performance of his or her duties.

27.1.2 Contractor’s field operations personnel shall be required to wear clean uniforms bearing Contractor’s name or work clothing suitable for public contact as determined by the City.

27.1.3 Contractor’s employees, who normally come into direct contact with the public, including drivers, shall bear some means of individual photographic identification such as a name tag or identification card.

27.1.4 All drivers shall be licensed, certified and endorsed as required by the State of California to operate the equipment required herein, and shall abide by all Applicable Laws while operating vehicles within the City.

27.1.5 All drivers, including drivers of a collection vehicle and street sweeper operators, shall at all times carry a valid California driver's license and all other required licenses for the type of vehicle that is being operated.

27.1.6 Each driver of a collection vehicle shall at all times comply with all Applicable Laws and requirements.

27.1.7 Sweeper operators shall receive appropriate training in safety, equipment operation and in recognizing illicit discharges and stormwater pollution prevention regulations.

27.1.8 Contractor’s employees, officers, and agents shall at no time be allowed to identify themselves or in any way represent themselves as being employees of the City.

27.1.9 Contractor's name and the Customer Service telephone number shall be properly displayed on all collection vehicles.

27.1.10 Contractor shall maintain a reserve of staffing to meet all existing requirements of this Agreement.

ARTICLE 28 EXEMPT WASTE

28.1 Contractor shall not be required to collect or dispose of Exempt Waste but may offer such services. All such collection and Disposal of Exempt Waste is not regulated under this Agreement, but if provided by Contractor shall be in strict compliance with all Applicable Laws.

ARTICLE 29 INDEPENDENT CONTRACTOR

29.1 In the performance of services pursuant to this Agreement, Contractor shall be an independent contractor and not an officer, agent, servant or employee of City. Contractor shall have exclusive control of the details of the services and work performed and over all persons performing such services and work. Contractor shall be solely responsible for the acts and omissions of its officers, agents, employees, contractors and Subcontractors, if any.

29.2 Neither Contractor nor its officers, employees, agents, contractors or Subcontractors shall obtain any right to retirement benefits, workers' compensation benefits, or any other benefits which accrue to City employees and Contractor expressly waives any claim it may have or acquire to such benefits.

ARTICLE 30 LAWS TO GOVERN

30.1 The law of the State of California shall govern the rights, obligations, duties and liabilities of City and Contractor under this Agreement and shall govern the interpretation of this Agreement.

ARTICLE 31 CONSENT TO JURISDICTION

31.1 The parties agree that any litigation between City and Contractor concerning or arising out of this Agreement shall be filed and maintained exclusively in the Superior Court of San Mateo County, State of California, or in the United States District Court for the Northern District of California to the fullest extent permissible by law. Each party consents to service of process in any manner authorized by California law.

ARTICLE 32

ASSIGNMENT

32.1 City Consent Required. No assignment of this Agreement or any right occurring under this Agreement shall be made in whole or in part by Contractor without the express written consent of the City.

32.1.1 The City shall have full discretion to approve or deny, with or without cause, any proposed or actual assignment by Contractor.

32.1.2 Any assignment of this Agreement made by Contractor without the express written consent of the City shall be null and void and shall be grounds for the City to declare a default of this Agreement and immediately terminate this Agreement by giving written notice to Contractor, and upon the date of such notice this Agreement shall be deemed immediately terminated, and upon such termination all liability of the City under this Agreement to Contractor shall cease, and the City shall have the right to call the performance bond and shall be free to negotiate with other contractors, Contractor, or any other person or company for the services which are the subject of this Agreement. In the event of any assignment, the assignee shall fully assume all the liabilities of Contractor.

32.1.3 Contractor shall submit any request for the City's consent to assignment in writing and accompanied by a payment in an amount of Two Hundred Thousand Dollars (\$200,000) to reimburse the City's costs of reviewing the assignment. City shall not be obligated to consider any request submitted without such payment.

32.2 Assignment Defined. For purposes of this Article when used in reference to Contractor, "assignment" includes, but is not limited to, any of the following:

- Any sale, exchange or other transfer of at least fifty-one percent (51%) of Contractor's assets dedicated to service under this Agreement to a third party;
- Any sale, exchange or other transfer of outstanding common stock of Contractor to a third party, provided the sale, exchange or transfer results in a change of control of Contractor (with control being defined as ownership of more than forty-five percent (45%) of Contractor's voting securities);
- Any dissolution, reorganization, consolidation, merger, re-capitalization, stock issuance or re-issuance, voting trust, pooling agreement, escrow arrangement, liquidation, subcontracting or lease-back payments, or other transaction which results in a change of control of Contractor;
- Any assignment by operation of law, including insolvency or bankruptcy, making assignment for the benefit of creditors, writ of attachment for an execution being levied against this Agreement, appointment of a receiver taking possession of Contractor's property, or transfer occurring in the event of a probate proceeding; and
- Any combination of the foregoing (whether or not in related or contemporaneous transactions) which has the effect of any such transfer or change of control of Contractor.

32.3 Subcontracting. The use of a Subcontractor to perform services under this Agreement shall not constitute delegation of Contractor's duties, provided that Contractor has received prior written authorization from the City Representative to subcontract such services and the City Representative has approved the Subcontractor who will perform such services.

32.3.1 Contractor shall be responsible for directing the work of Contractor's Subcontractors and any compensation due or payable to Contractor's Subcontractor shall be the sole responsibility of Contractor.

32.3.2 The City Representative shall have the right to require the removal of any approved Subcontractor for reasonable cause.

32.4 Acknowledgment. Contractor acknowledges that this Agreement involves rendering a vital service to City's residents and businesses, and that City has selected Contractor to perform the services specified herein based on: (i) Contractor's experience, skill and reputation for conducting its Solid Waste management operations in a safe, effective and responsible fashion, at all times in keeping with applicable environmental laws, regulations and best Solid Waste management practices, and (ii) Contractor's financial resources to maintain the required equipment and to support its indemnity obligations to City under this Agreement. City has relied on all of these factors, among others, in choosing Contractor to perform the services to be rendered by Contractor under this Agreement.

ARTICLE 33

COMPLIANCE WITH LAWS

33.1 In the performance of this Agreement, Contractor shall comply with all Applicable Laws, including without limitation the Municipal Code of the City of San Bruno.

33.2 City shall provide written notice to Contractor of any planned amendment to the City Code that would substantially affect the performance of Contractor's services pursuant to this Agreement. Such notice shall be provided at least thirty (30) days prior to the City Council's adoption of such an amendment.

ARTICLE 34

PERMITS & LICENSES

34.1 Contractor shall obtain, at its own expense, all permits and licenses required by Applicable Law and maintain the same in full force and effect throughout the Term. Contractor shall provide proof of such permits, licenses or approvals and shall demonstrate compliance with the terms and conditions of such permits, licenses and approvals upon the request of the City Representative.

ARTICLE 35

OWNERSHIP OF WRITTEN MATERIALS

35.1 All reports, documents, brochures, public education materials, and other written, printed, electronic and photographic materials developed by City or Contractor in connection with the services to be performed under this Agreement, whether developed directly or indirectly by City or Contractor shall

be and shall remain the property of City without limitation or restrictions on the use of such materials by City.

35.2 Contractor shall not use such materials in connection with any project not connected with this Agreement without the prior written consent of the City Representative. This Article does not apply to ideas or concepts described in such materials and does not apply to the format of such materials.

ARTICLE 36 WAIVER

36.1 Waiver by City or Contractor of any breach for violation of any term covenant or condition of this Agreement shall not be deemed to be a waiver of any other term, covenant or condition or any subsequent breach or violation of the same or of any other term, covenant or condition.

36.2 The subsequent acceptance by City of any fee, tax, or any other monies which may become due from Contractor to City shall not be deemed to be a waiver by City of any breach for violation of any term, covenant or condition of this Agreement.

ARTICLE 37 GIFT PROHIBITION

37.1 Contractor represents that Contractor is familiar with City's prohibition against the acceptance of any gift by a City officer or designated employee. Contractor shall not offer any City officer or designated employee any gifts prohibited by City.

ARTICLE 38 POINT OF CONTACT

38.1 The day-to-day dealings between Contractor and the City shall be between Contractor and the City Representative.

ARTICLE 39 CONFLICT OF INTERESTS

39.1 Contractor shall comply with City requirements for disclosure of potential Conflicts of Interest as required by the California Fair Political Practices Commission and such other applicable State or local laws or regulations, and will file all required disclosure statements in a timely manner and as required by law or regulation.

ARTICLE 40 NOTICES

40.1 Except as provided herein, whenever either Contractor or City desires to give notice to the other, it shall be given by written notice addressed to Contractor or City, for whom it is intended, at the place last specified and to the place for giving of notice in compliance with the provisions of this

paragraph. For the present, the parties designate the following as the respective persons and places for giving of notice:

As to the City:	City of San Bruno 567 El Camino Real San Bruno, CA 94066 Attn: City Manager
As to Contractor:	Recology San Bruno c/o Recology Inc. 50 California Street, 24th Floor San Francisco, CA 94111 Attn: Legal Department

40.2 Notices shall be effective when received at the mailing address or by email as specified above. Changes in the respective addresses to which such notice is to be directed may be made by written notice. Correspondence received after 4:30 p.m. or on weekends or holidays, will be deemed received on the next day that the City is open for business. The original of items that are transmitted by facsimile equipment shall also be mailed as required herein.

40.3 Notice by City to Contractor of a collection or other Service Recipient problem or complaint may be given to Contractor orally by telephone at Contractor's local office with confirmation sent as required above by the end of the Work Day.

ARTICLE 42

CONTRACTOR'S RECORDS

42.1 Contractor shall maintain any and all letters, books of account, invoices, vouchers, canceled checks, and other records and documents evidencing or relating to charges for services or expenditures and disbursements charged to Service Recipients for a minimum period of five (5) years, or for any longer period required by law, from the date of final payment of Service Recipients to Contractor pursuant to this Agreement.

42.2 Contractor shall maintain all documents and records which demonstrate performance under this Agreement for a minimum period of five (5) years, or for any longer period required by law, from the date of termination or expiration of this Agreement.

42.3 Any records or documents required to be maintained pursuant to this Agreement shall be made available for inspection or audit, at any time during regular business hours, upon written request by the City Representative, the City Attorney, City Auditor, City Manager, or a designated representative of any of these officers.

42.4 Copies of such documents shall be provided to City for inspection at the City offices when it is practical to do so. Otherwise, unless an alternative site is mutually agreed upon, the records shall be available at Contractor's address indicated for receipt of notices in this Agreement.

42.5 Where City has reason to believe that such records or documents may be lost or discarded due to the dissolution, disbandment or termination of Contractor's business, City may, by written request or demand of any of the above-named officers, require that custody of the records be given to City and

that the records and documents be maintained by City. Access to such records and documents shall be granted to any party authorized by Contractor, Contractor's representatives, or Contractor's successor-in-interest.

ARTICLE 43

ENTIRE AGREEMENT

43.1 This Agreement and the Exhibits attached hereto constitute the entire Agreement and understanding between the parties hereto, and it shall not be considered modified, altered, changed or amended in any respect unless in writing and signed by the parties hereto.

ARTICLE 44

SEVERABILITY

44.1 If any provision of this Agreement or the application of it to any person or situation shall to any extent be held invalid or unenforceable, the remainder of this Agreement and the application of such provisions to persons or situations other than those as to which it shall have been held invalid or unenforceable, shall not be affected, shall continue in full force and effect, and shall be enforced to the fullest extent permitted by law.

ARTICLE 45

RIGHT TO REQUIRE PERFORMANCE

45.1 The failure of the City at any time to require performance by Contractor of any provision hereof shall in no way affect the right of the City thereafter to enforce the same. Nor shall waiver by the City of any breach of any provision hereof be taken or held to be a waiver of any succeeding breach of such provision or as a waiver of any provision itself.

ARTICLE 46

PRIOR AGREEMENTS SUPERSEDED

46.1 This document incorporates and includes all prior negotiations, correspondence, conversations, Agreements, contracts and understandings applicable to the matters contained in this Agreement and the parties hereto agree that there are no commitments, Agreements, contracts or understandings concerning the subject matter of this Agreement that are not contained in this document. Accordingly, it is agreed that no deviation from the terms of this Agreement shall be predicated upon any prior representations, Agreements or contracts, whether oral or written.

ARTICLE 47

HEADINGS

47.1 Headings in this document are for convenience of reference only and are not to be considered in any interpretation of this Agreement.

ARTICLE 48

EXHIBITS

48.1 Each Exhibit referred to in this Agreement forms an essential part of this Agreement. Each such Exhibit is a part of this Agreement and each is incorporated by this reference.

ARTICLE 49

CONTRACTOR'S REPRESENTATIONS & WARRANTIES

Contractor, by acceptance of this Agreement, represents and warrants the conditions presented in this Article.

49.1 Corporate Status. Contractor is a corporation duly organized, validly existing and in good standing under the laws of the State of California ("State"). It is qualified to transact business in the State and has the power to own its properties and to carry on its business as now owned and operated and as required by this Agreement.

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

49.2.1 The person signing this Agreement on behalf of Contractor represents and warrants that they have the authority to do so and the Corporate Secretary's Certificate confirms this (from RFP Cost Form L-1).

49.2.2 This Agreement constitutes the legal, valid, and binding obligation of Contractor.

49.3 Agreement Will Not Cause Breach. To the best of Contractor's knowledge after responsible investigation, the execution or delivery of this Agreement or the performance by Contractor of its obligations hereunder does not conflict with, violate, or result in a breach:

49.3.1 of any law or governmental regulation applicable to Contractor; or

49.3.2 any term or condition of any judgment, order, decree, of any court, administrative agency or other governmental authority, or any Agreement or instrument to which Contractor is a party or by which Contractor or any of its properties or assets are bound, or constitutes a default thereunder.

49.4 No Litigation. To the best of Contractor's knowledge after responsible investigation, there is no action, suit, proceeding or investigation, at law or in equity, before or by any court or governmental authority, commission, board, agency or instrumentality decided, pending or threatened against Contractor wherein an unfavorable decision, ruling or finding, in any single case or in the aggregate would: (i) materially adversely affect the performance by Contractor of its obligations hereunder; (ii) Adversely affect the validity or enforceability of this Agreement; or (iii) have a material adverse effect on the

financial conditions of Contractor, or any surety or entity guaranteeing Contractor's performance under this Agreement.

49.5 No Adverse Judicial Decisions. To the best of Contractor's knowledge after responsible investigation, there is no judicial decision that would prohibit this Agreement or subject this Agreement to legal challenge.

49.6 No Legal Prohibition. To the best of Contractor's knowledge after reasonable investigation, there is no Applicable Law in effect on the date Contractor signed this Agreement that would prohibit Contractor's performance of its obligations under this Agreement and the transactions contemplated hereby.

49.7 Contractor's Investigation. Contractor has made an independent investigation (satisfactory to it) of the conditions and circumstances surrounding the Agreement and the work to be performed hereunder. Contractor has taken such matters into consideration in entering this Agreement to provide services in exchange for the compensation provided for under the terms of this Agreement.

49.8 Ability to Perform. Contractor possesses the business, professional, and technical expertise to collect, transport, and process the Garbage, Recyclable Material, Organic Waste, Construction and Demolition Debris, and Large Items generated in the City, and to provide Street Sweeping Services.

ARTICLE 50 TRANSITION

50.1 Upon expiration or termination of this Agreement, Contractor shall cooperate fully with City and any subsequent waste hauler to assure a smooth transition of Collection Services. Such cooperation shall include transfer of computer data, files and tapes, excluding confidential information, proprietary information, and trade secrets, prepared or maintained by Contractor in accordance with this Agreement; providing routing information, route maps, vehicle fleet information, and list of Service Recipients; providing a complete inventory of all Collection Containers; providing adequate labor and equipment for Contractor to complete performance of all Collection Services during the term of this Agreement; taking reasonable actions necessary to transfer ownership of Carts and Bins, as appropriate, to City including transporting such Collection Containers to a location designated by the Contract Administrator; coordinating Collection of Garbage, Organic Waste, and Recyclable Materials set out in new Collection Containers; and providing other reports and data required by this Agreement.

ARTICLE 51 CONTRACTOR'S RECORDS

51.1 Contractor shall keep and preserve complete and accurate financial and accounting records pertaining to cash, billing, and Disposal transactions for the Service Area, prepared on an accrual basis in accordance with generally accepted accounting principles. Such records shall be retained for the period required by law or for four years following expiration or other termination of this Agreement, whichever is greater.

51.2 Any records or documents required to be maintained pursuant to this Agreement, excluding confidential information, proprietary information, and trade secrets, shall be made available for inspection or audit, at any time during regular business hours, upon written request by the Contract

Administrator, City Attorney, City Auditor, City Manager, or a designated representative of any of these officers. Copies of such documents will be provided to City electronically, available to City for inspection at the local Contractor office, or an alternate site if mutually agreed upon.

51.3 Contractor acknowledges that City is legally obligated to comply with the California Public Records Act ("CPRA"). City acknowledges that Contractor may consider certain records, reports, or information contained therein, which Contractor is required to provide to City under this Agreement, to be of a proprietary or confidential nature. In such instances, Contractor will inform City in writing of which records are considered propriety or confidential and shall identify the statutory exceptions to disclosure provided under the CPRA that legally permit non-disclosure of the Records. At such time as City receives a request for records under the CPRA or Federal Freedom of Information Act or a subpoena or other court order requesting disclosure of the records, City shall notify Contractor of the request, subpoena or order and of City's obligation and intent to provide a response within 10 days. Contractor shall within five days either: (i) consent in writing to the disclosure of the records; or (ii) seek and obtain, at Contractor's sole cost and expense, the order of a court of competent jurisdiction staying or enjoining the disclosure of the records. If Contractor fails to timely respond, then City may proceed to disclosure the records in which event Contractor agrees waives and releases City of any liability for the disclosure of the records.

51.4 Where City has reason to believe that such records may be lost or discarded in the event of the dissolution, disbandment or termination of Contractor's business, City may, by written request or demand of any of the above-named officers, require that custody of the records be given to City and that the records be maintained in City Hall. Access to such records will be granted to any party authorized by Contractor, Contractor's representatives, or Contractor's successor-in-interest.

ARTICLE 52

EFFECTIVE DATE

52.1 This Agreement shall become effective on the date it is made. Contractor shall begin Collection Services and all other services under this Agreement on January 1, 2023.

[Signature block appears on the following page.]

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

CITY OF SAN BRUNO

RECOLOGY SAN BRUNO

By:

Rico E. Medina
Mayor

By:

Salvatore M. Coniglio
Chief Executive Officer

Resolution No. _____ - Approved by City Council

Attest:

By:

Vicky Hasha
Deputy City Clerk

Approved as to Form:

By:

Trisha Ortiz
City Attorney

EXHIBIT 1 – COLLECTION SERVICE RATES

**EXHIBIT 1
COLLECTION SERVICE RATES**

	Current Monthly Rate	1/1/2023 Proposed Monthly Rate	7/01/2023 Proposed Monthly Rate	7/1/2024 Proposed Monthly Rate
Residential (1-3 Units)				
Weekly Refuse and Recycling Services includes				
Toter - 16 gallon		\$ 21.81	\$ 22.51	\$ 24.23
Toter - 20 gallon	\$ 25.22	\$ 26.74	\$ 27.60	\$ 29.71
Toter - 32 gallon	\$ 32.53	\$ 34.49	\$ 35.60	\$ 38.32
Toter - 64 gallon	\$ 65.06	\$ 68.98	\$ 71.21	\$ 76.66
Toter - 96 gallon	\$ 97.59	\$ 103.47	\$ 106.81	\$ 114.98
Low Income 32 gallon	\$ 24.40	\$ 25.87	\$ 26.71	\$ 28.75
Each additional 32 gallon	\$ 32.53	\$ 34.49	\$ 35.60	\$ 38.32
Additional 96 gallon green waste	\$ 9.84	\$ 10.43	\$ 10.77	\$ 11.59
Extra bag service	\$ 15.29	\$ 16.21	\$ 16.73	\$ 18.01
Contaminated recycling penalty	\$ 30.58	\$ 32.42	\$ 33.47	\$ 36.03
Locking Mechanism Replacement				\$ 10.99
Multi-Unit Residential (4+ units)				
Weekly refuse and Specialized Recycling Services				
Bins, Cans & Carts (4-99 units)	\$ 32.53	\$ 34.49	\$ 35.60	\$ 38.32
Bins (100+ units)	\$ 30.90	\$ 32.76	\$ 33.82	\$ 36.41
Bin Rental - 1 yard	\$ 40.92	\$ 43.39	\$ 44.79	\$ 48.22
Bin Rental - 2 yard	\$ 47.48	\$ 50.34	\$ 51.97	\$ 55.95
Inside Pull-Out Service				
0-25 feet	\$ 10.28	\$ 10.90	\$ 11.25	\$ 12.11
Excess Disposal/Overflowing Container Penalty				
Service charge/penalty for excess disposal/overflowing container per occurrence	\$ 16.71	\$ 17.72	\$ 18.29	\$ 19.69
Key/Lock Service				
Additional monthly charges of the following will be applied on each use of a key (including key, keypad, combination lock, automatic door opener, or any other entry mechanism) that is required to open a lock or to enter or leave the premises:				
1 per week	\$ 11.76	\$ 12.47	\$ 12.87	\$ 13.85
2 per week	\$ 23.52	\$ 24.94	\$ 25.75	\$ 27.72
3 per week	\$ 35.28	\$ 37.41	\$ 38.62	\$ 41.57
4 per week	\$ 47.04	\$ 49.88	\$ 51.49	\$ 55.43
5 per week	\$ 58.80	\$ 62.35	\$ 64.36	\$ 69.28
Saturday	\$ 17.64	\$ 18.70	\$ 19.30	\$ 20.78

EXHIBIT 1 – COLLECTION SERVICE RATES

	Current Monthly Rate	1/1/2023 Proposed Monthly Rate	7/01/2023 Proposed Monthly Rate	7/1/2024 Proposed Monthly Rate
Debris Boxes				
Delivery and pick up included				
4 yard mini (per day)	\$ 213.97	\$ 249.94	\$ 291.95	\$ 341.03
6 yard mini (per day)	\$ 270.29	\$ 315.73	\$ 368.80	\$ 430.80
7 yard debris (1-5 business days)	\$ 518.04	\$ 605.12	\$ 706.84	\$ 825.66
16 yard debris (1-5 business days)	\$ 574.30	\$ 670.84	\$ 783.61	\$ 915.33
20 yard debris (1-5 business days)	\$ 630.65	\$ 736.66	\$ 860.49	\$ 1,005.14
25 yard debris (1-5 business days)	\$ 788.26	\$ 920.77	\$ 1,075.55	\$ 1,256.35
30 yard debris (1-5 business days)	\$ 914.39	\$ 1,068.10	\$ 1,247.65	\$ 1,457.38
Debris Box Hold-overs (after 5th day)	10% of rate/day	Saturday P/U		
Compacted Garbage (per Yard)	\$ 64.16	\$ 74.95	\$ 87.55	\$ 102.27
Saturday Pick-ups at 150% of rate				
Commercial - Regular Toters				
Weekly Refuse and Specialized Recycling Services				
32 gallon	\$ 41.34	\$ 48.29	\$ 56.41	\$ 65.89
64 gallon	\$ 82.65	\$ 96.54	\$ 112.77	\$ 131.73
96 gallon	\$ 124.00	\$ 144.84	\$ 169.19	\$ 197.63
Saturday Pick-ups at 150% of rate				
Commercial - Organics Toters				
Weekly Refuse and Specialized Recycling Services				
32 gallon	\$ 31.01	\$ 36.22	\$ 42.31	\$ 49.42
64 gallon	\$ 62.03	\$ 72.46	\$ 84.64	\$ 98.87
96 gallon	\$ 93.04	\$ 108.68	\$ 126.95	\$ 148.29
Saturday Pick-ups at 150% of rate				
Contaminated Commercial Organics and/or Recycling				
32 gallon	\$ 9.54	\$ 11.14	\$ 13.01	\$ 15.20
64 gallon	\$ 19.07	\$ 22.28	\$ 26.03	\$ 30.41
96 gallon	\$ 28.62	\$ 33.43	\$ 39.05	\$ 45.61
1 Yard	\$ 40.05	\$ 46.78	\$ 54.64	\$ 63.82
2 Yard	\$ 80.03	\$ 93.48	\$ 109.19	\$ 127.54
3 Yard	\$ 111.51	\$ 130.25	\$ 152.15	\$ 177.73
4 yard	\$ 137.36	\$ 160.45	\$ 187.42	\$ 218.93
6 yard	\$ 188.95	\$ 220.71	\$ 257.81	\$ 301.15
Overflow for commercial gargage	\$ 40.05	\$ 46.78	\$ 54.64	\$ 63.82
Overflow for commercial organics	\$ 30.03	\$ 35.08	\$ 40.98	\$ 47.87
Contaminated Residential Organics and/or Recycling				
32 gallon	\$ 15.29	\$ 17.86	\$ 20.86	\$ 24.37
64 gallon	\$ 30.58	\$ 35.72	\$ 41.72	\$ 48.73
96 gallon	\$ 45.87	\$ 53.58	\$ 62.59	\$ 73.11

EXHIBIT 1 – COLLECTION SERVICE RATES

FY2022-23 Rate Adjustment		16.81% Effective 1/1/23									
Commercial Container Monthly Rates											
P/U per Week		1 yd		2 yd		3 yd		4 yd		6 yd	
1 x per	\$	202.67	\$	405.18	\$	564.61	\$	695.22	\$	956.53	
2 x per	\$	405.33	\$	810.33	\$	1,129.21	\$	1,390.45	\$	1,913.07	
3 x per	\$	608.01	\$	1,215.52	\$	1,693.82	\$	2,085.64	\$	2,869.58	
4 x per	\$	810.68	\$	1,620.70	\$	2,258.43	\$	2,780.87	\$	3,826.12	
5 x per	\$	1,013.33	\$	2,025.88	\$	2,823.03	\$	3,476.09	\$	4,782.65	
Sat. p/u	\$	304.01	\$	607.75	\$	846.90	\$	1,042.82	\$	1,434.79	
Extra p/u	\$	46.78	\$	93.48	\$	130.25	\$	160.45	\$	220.71	
Bin Rental	\$	-	\$	-	\$	-	\$	-	\$	-	
Commercial Container Organics Monthly Rates											
P/U per Week		1 yd		2 yd		3 yd		4 yd		6 yd	
1 x per	\$	151.98	\$	303.86	\$	423.47	\$	521.43	\$	717.40	
2 x per	\$	304.02	\$	607.73	\$	846.93	\$	1,042.86	\$	1,434.79	
3 x per	\$	456.03	\$	911.57	\$	1,270.39	\$	1,564.28	\$	2,152.17	
4 x per	\$	608.02	\$	1,215.43	\$	1,693.85	\$	2,085.72	\$	2,869.55	
5 x per	\$	760.01	\$	1,519.31	\$	2,117.31	\$	2,607.19	\$	3,586.95	
Sat. p/u	\$	228.00	\$	455.82	\$	635.19	\$	782.15	\$	1,076.09	
Extra p/u	\$	35.08	\$	70.11	\$	97.70	\$	120.33	\$	165.55	

FY2023-24 Rate Adjustment		3.23% Effective 7/1/23									
Commercial Container Monthly Rates											
P/U per Week		1 yd		2 yd		3 yd		4 yd		6 yd	
1 x per	\$	209.22	\$	418.27	\$	582.85	\$	717.68	\$	987.43	
2 x per	\$	418.42	\$	836.50	\$	1,165.68	\$	1,435.36	\$	1,974.86	
3 x per	\$	627.65	\$	1,254.78	\$	1,748.53	\$	2,153.01	\$	2,962.27	
4 x per	\$	836.86	\$	1,673.05	\$	2,331.38	\$	2,870.69	\$	3,949.70	
5 x per	\$	1,046.06	\$	2,091.32	\$	2,914.21	\$	3,588.37	\$	4,937.13	
Sat. p/u	\$	313.83	\$	627.38	\$	874.25	\$	1,076.50	\$	1,481.13	
Extra p/u	\$	-	\$	-	\$	-	\$	-	\$	-	
Bin Rental	\$	-	\$	-	\$	-	\$	-	\$	-	
Commercial Container Organics Monthly Rates											
P/U per Week		1 yd		2 yd		3 yd		4 yd		6 yd	
1 x per	\$	156.89	\$	313.67	\$	437.15	\$	538.27	\$	740.57	
2 x per	\$	464.54	\$	928.59	\$	1,294.11	\$	1,593.49	\$	2,192.35	
3 x per	\$	619.37	\$	1,238.12	\$	1,725.47	\$	2,124.66	\$	2,923.12	
4 x per	\$	774.20	\$	1,547.68	\$	2,156.84	\$	2,655.87	\$	3,653.92	
5 x per	\$	232.26	\$	464.33	\$	647.05	\$	796.75	\$	1,096.18	
Sat. p/u	\$	35.73	\$	71.42	\$	99.52	\$	122.58	\$	168.64	
FY2024-25 Rate Adjustment		7.65% Effective 7/1/24									
Commercial Container Monthly Rates											
P/U per Week		1 yd		2 yd		3 yd		4 yd		6 yd	
1 x per	\$	225.23	\$	450.27	\$	627.44	\$	772.58	\$	1,062.97	
2 x per	\$	450.43	\$	900.49	\$	1,254.85	\$	1,545.17	\$	2,125.94	
3 x per	\$	675.67	\$	1,350.77	\$	1,882.29	\$	2,317.72	\$	3,188.88	
4 x per	\$	900.88	\$	1,801.04	\$	2,509.73	\$	3,090.30	\$	4,251.85	
5 x per	\$	1,126.08	\$	2,251.31	\$	3,137.15	\$	3,862.88	\$	5,314.82	
Sat. p/u	\$	-	\$	-	\$	-	\$	-	\$	-	
Extra p/u	\$	-	\$	-	\$	-	\$	-	\$	-	
Bin Rental	\$	-	\$	-	\$	-	\$	-	\$	-	
Commercial Container Organics Monthly Rates											
P/U per Week		1 yd		2 yd		3 yd		4 yd		6 yd	
1 x per	\$	168.89	\$	337.67	\$	470.59	\$	579.45	\$	797.22	
2 x per	\$	500.08	\$	999.63	\$	1,393.11	\$	1,715.39	\$	2,360.06	
3 x per	\$	666.75	\$	1,332.84	\$	1,857.47	\$	2,287.20	\$	3,146.74	
4 x per	\$	833.43	\$	1,666.08	\$	2,321.84	\$	2,859.04	\$	3,933.44	
5 x per	\$	250.03	\$	499.85	\$	696.55	\$	857.70	\$	1,180.04	
Sat. p/u	\$	36.40	\$	72.75	\$	101.38	\$	124.87	\$	171.79	

EXHIBIT 2

RATE YEAR METHODOLOGIES

DETAILED RATE YEAR METHODOLOGY

1. **Application.** Before January 30 of each Rate Year that immediately precedes a Detailed Rate Year, Contractor shall submit a Request for Adjustment to Service Recipient Rates. This request shall be based on audited financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP) for Contractor's immediately preceding two (2) fiscal years and shall contain Contractor's forecasted Gross Revenue requirements for the current rate year and forecasted Gross Revenue requirements for the Detailed Rate Year. The request shall be submitted in the same format, and shall calculate Contractor's required Gross Revenue in the same manner, as that described below. At City's request, Contractor shall promptly assemble, provide, and submit such information that is reasonably necessary to support the assumptions made by Contractor with regard to the assumptions underlying the forecast.
2. **Determination of Adjustments to Service Recipient Rates.** The City, or its representative, will review Contractor's application for compliance with this Agreement, accuracy, and reasonableness. Service Recipient Rates shall be adjusted as part of the Detailed Rate Review so as to generate sufficient Gross Revenues to Contractor to cover the sum of the Forecasted Annual Cost of Operations, Forecasted Profit, and Forecasted Pass-Through Expenses, less Forecasted Recyclable Materials Sales Revenue (if any), each as reviewed or calculated as set forth below. Unless otherwise mutually agreed, adjustments to Service Recipient Rates shall be made in a manner that does not change the relationship of individual Service Recipient Rates in comparison with other Service Recipient Rates.
3. **Forecasted Annual Cost of Operations.**
 - 3.1. **Definition.** The Forecasted Annual Cost of Operations for Detailed Rate Years consists of the sum of the following cost categories:
 - Forecasted Labor-Related Costs
 - Forecasted Vehicle-Related Costs
 - Forecasted Fuel Costs
 - Forecasted Organics Processing Costs (if organics processing done at South Valley Organics, an affiliate of Contractor)
 - Forecasted Other Costs (i.e. any cost reasonably and necessarily incurred in the performance of this Agreement that does not fall under one of the above categories and is not excluded below. Other Costs include, without limitation, the costs of operating Contractor's transfer station that are allocable to the performance of this Agreement, Recyclable Material and Organics Processing Costs other than those incurred at South Valley Organics, and corporate and regional allocations allocable to the performance of this Agreement.)

Forecasted Annual Cost of Operations excludes Forecasted Pass-Through Expenses (i.e. Disposal Expense, Interest Expense, and City Fees), Forecasted Profit, and Forecasted Recyclable Materials Sales Revenue.

EXHIBIT 2 – DETAILED RATE YEAR METHODOLOGY

3.2. Determination of Prior Year Amounts.

3.2.1. Determination of Actual Costs. Contractor's audited financial statement and supporting schedules will be reviewed to determine Contractor's costs for each of the foregoing categories during the most recently completed Rate Year immediately preceding any Detailed Rate Year. Contractor's costs shown in its audited financial statement for Contractor's fiscal year (September-October) shall be deemed to be Contractor's costs for the most recently completed Rate Year (July-June), unless good reason exists for the variance. The City will confirm that costs have actually been incurred and have been assigned to the appropriate category.

3.2.2. Adjustment of Actual Costs. The City may adjust the actual costs to exclude any non-allowable costs set out below or other costs which were not reasonably incurred or necessary to perform the services required under the Agreement.

3.2.3. Disallowed Costs. None of the following costs are allowed:

- Payments to individuals who are directors and/or owners of Contractor unless paid as reasonable compensation for services actually rendered.
- Promotional, entertainment and travel expenses not directly related to the performance of services required by this Agreement.
- Fines for penalties of any nature.
- Liquidated damages assessed under Article 19 of this Agreement.
- Federal or state income taxes.
- Charitable or political donations.
- The amount (if any) of rental or lease charges for Collection vehicles which is greater than the cost of acquisition, plus interest costs of the vehicles depreciated over ten (10) years.
- Attorneys' fees and other expenses incurred by Contractor in any court proceeding in which the City and Contractor are adverse parties, unless Contractor is the prevailing party in such a proceeding.
- Attorneys' fees and other expenses incurred by Contractor in any court proceedings in which Contractor's own negligence, violation of law or regulation, or wrongdoing 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 statutes providing a basis of liability against Contractor also provides for the separate potential liability for the City arising from the action of its citizens or rate payers, unless in each case Contractor is the prevailing party in such proceeding.
- Payments to Contractor's affiliates for products or services, in excess of the fair market value for those products or services, other than the following costs, which are provided for in this Agreement: [interest expense,] leasing of equipment from Recology Leasing Inc., corporate and regional allocations, and organics processing at South Valley Organics.
- Goodwill.

EXHIBIT 2 – DETAILED RATE YEAR METHODOLOGY

- Any additional costs related to Contractor's voluntary decision to utilize an alternative facility, if under Section 4.5.4 Contractor is not entitled to a Service Recipient Rate Adjustment with respect to such decision.

3.2.4. Forecast of Costs. Assuming no change in operations between the most-recently completed Rate Year and the Detailed Rate Year, allowable Annual Cost of Operations will be forecasted for the Detailed Rate Year by (1) multiplying each cost category of allowable Annual Cost of Operations for the most recently completed Rate Year by one plus the percentage change in the CPI between the CPI value for the month of December prior to submission of the Request for Adjustment to Service Recipient Rates, and the corresponding index value for the month of December of the previous year, (2) multiplying the result of step one by one plus the same percentage change used in step one, and (3) summing the results for all cost categories. The result is the allowable Forecasted Annual Cost of Operations for the Detailed Rate Year. If there is or is reasonably expected to be a change in operations between the most-recently completed Rate Year and the Detailed Rate Year, then notwithstanding any other provision, appropriate adjustments shall be made to forecasted cost and revenue line items, so that they reflect reasonable good faith estimates of the cost and revenue impacts of the change. As an exception to the CPI adjustment stated above, the following cost categories shall be forecasted as set forth below, and the forecasted values shall be included as part of allowable Forecasted Annual Cost of Operations:

3.2.4.1. Depreciation. For assets purchased by Contractor, annual depreciation costs shall be calculated by dividing the actual purchase price of the asset by the useful life of the asset. Useful lives are five years for computers, software, office equipment, and used or refurbished vehicles; eight years for new vehicles; ten years for Containers; and twenty-five years for buildings and improvements.

3.2.4.2. Lease Costs. For assets leased to Contractor by Recology Leasing Inc., an affiliate of Contractor, annual lease costs shall be calculated using the actual purchase price of the asset, the useful life of the asset (as provided above), and the then-applicable Recology internal company-wide leasing rate (not to exceed the prime interest rate plus two percentage points in effect on the date of the asset's acquisition), assuming full amortization over the asset's useful life.

Useful lives to be used to calculate lease costs and depreciation are as follows: five years for computers, software, office equipment, and used or refurbished vehicles; eight years for new vehicles; ten years for Containers; and twenty-five years for buildings and improvements

3.2.4.3. Organic Materials Processing Costs. The Forecasted Organics Materials Processing Costs, if processing is done at South Valley Organics, shall result from multiplying the tonnage of Organic Materials Collected in the most recently completed 12-month period by the per-ton cost for Organic Materials processing. The per-ton cost processing only shall equal \$85.00 per ton for Rate Year 1 (July 1, 2023 – June 30, 2024) and

EXHIBIT 2 – DETAILED RATE YEAR METHODOLOGY

shall be adjusted annually by multiplying the prior Rate Year's per-ton cost by the percentage change in the CPI.

- 3.3. Profit.** Profit for Detailed Rate Years shall be calculated by dividing the Forecasted Annual Cost of Operations, as calculated in Section 3.2.4, by 0.90, and subtracting from the result the Forecasted Annual Cost of Operations, as calculated in Section 3.2.4. No profit shall be calculated on Pass-Through Expenses as calculated in Section 3.4.
- 3.4. Forecasted Pass-Through Expenses.** The Forecasted Pass-Through Expenses for Detailed Rate Years shall be determined by calculating the sum of the following:
- 3.4.1. Forecasted Disposal Expense.** The Forecasted Disposal Expense for Detailed Rate Years shall be calculated by multiplying the tonnage of Solid Waste forecasted to be disposed of by the weighted average Disposal Rate that will be effective in the Detailed Rate Year (including known future adjustments in the Disposal Rate). If the Disposal Rate(s) that will be effective in the Detailed Rate Year are not yet known, then the Disposal Rate in effect at the time Contractor's Request for Adjustment to Compensation is submitted shall be used.
- 3.4.2. Forecasted Interest Expense.** The Forecasted Interest Expense for Detailed Rate Years shall be calculated by subtracting actual interest earnings (if any) from actual interest expense (if any) for the most recently completed Rate Year. The interest rate used to determine interest expense shall not exceed the one-year prime rate plus two percentage points in effect at the end of the most recently completed Rate Year.
- 3.4.3. Forecasted City Fees.** The forecasted payments to City for fees set forth in Article 4 for Detailed Rate Years shall be reasonably forecasted by using the applicable methods in this Agreement for the relevant fees using forecasted Detailed Rate Year values.
- 3.5. Forecasted Recyclable Materials Sales Revenue.** Contractor's financial statements shall be reviewed to determine the actual Recyclable Materials sales revenue, net of processing and marketing costs, paid to Contractor during the most recently completed Rate Year. Such sales revenue shall be deemed to be the forecasted Recyclable Materials sales revenue for the Detailed Rate Year. For the avoidance of doubt, Contractor shall only be deemed to have received Recyclable Materials sales revenue if commodity values increase such that Contractor receives an overall net payment from the Recyclable Materials processor. Recyclable Materials sales revenue does not include curbside supplemental payments or other amounts paid to Contractor through governmental programs.
- 4. Calculation of Total Required Gross Revenue.** Total Required Gross Revenue for Detailed Rate Years shall be calculated by subtracting the Forecasted Recyclable Materials Sales Revenue (if any) from the sum of the following:
- Forecasted Annual Cost of Operations; and
 - Forecasted Profit; and
 - Forecasted Pass-Through Expenses;

EXHIBIT 2 – DETAILED RATE YEAR METHODOLOGY

5. **Calculation of Projected Gross Revenues.** Projected Gross Revenue at then-current Service Recipient Rates shall reflect projected annual Gross Revenues based on then-current Service Recipient Rates and then-current Customer subscription level. Total Projected Gross Revenue for Detailed Rate Years shall be calculated by summing projected revenues from the following: (i) Regularly-scheduled service, (ii) Roll-off/Temporary service, and (iii) Other Ancillary services.
 - 5.1. **Regularly-scheduled service.** Projected Gross Revenue from regularly-serviced Customers shall be calculated by multiplying the number of regularly-scheduled Customers as of January 1 of the then-current Rate Year in each Service Recipient Rate category by the applicable then-current Service Recipient Rate and multiplying that by 12 to calculate an annual Projected Gross Revenue for regularly-serviced Customers. Projected revenues shall reflect regularly-provided Collection service and revenues from extra charges for special services.
 - 5.2. **Roll-off/Temporary service.** Projected Gross Revenue from Roll-Off service Customers shall be calculated by multiplying the number of pulls in the most-recent 12-months ending September 30 of the then-current Rate Year by the Roll-Off Rate, where such calculation is performed separately for each Container size. The Projected Gross Rate Revenues for Roll-off Service shall be inclusive of revenues from temporary and permanent Customers and from compactor Roll-Offs.
 - 5.3. **Other Ancillary services.** Projected Gross Revenue from other ancillary services shall be estimated based on historical Gross Revenue for the most-recent 12-months ending September 30 of the then-current rate year from other ancillary service charges.
6. **Calculation of Adjustment to Service Recipient Rates.** The percentage adjustment to Service Recipient Rates shall be calculated by dividing the calculated Total Required Compensation by the calculated Total Projected Gross Rate Revenues, and then subtracting one (1) and multiplying by 100%.
7. **Schedule.** Contractor shall submit its annual Request for Adjustment of Service Recipient Rates on or before January 30 of each year prior to the commencement of each Detailed Rate Year. The City shall use its best efforts to make the adjustments to Service Recipient Rates effective by July 1 of that Year. However, the City shall not make any retroactive adjustments to compensate for any delay in calculating Contractor's Compensation which results in whole or in part from: 1) the failure of Contractor to submit its request by January 30; and/or 2) the failure of Contractor to respond promptly and completely to reasonable requests of the City for information related to any of the calculations required by this Exhibit or from appeals of the determination to the City which extends the process of determination. Disallowed and invalidated rate adjustments shall be governed by Section 4.5.6 of the Agreement.

INTERIM RATE YEAR METHODOLOGY

1. **Calculation.** Service Recipient Rates may be adjusted July 1 of each Interim Rate Year based on calculating and applying a CPI adjustment factor and a Disposal adjustment factor, weighted according to Contractor's relative non-Disposal and Disposal costs, as follows:
 - **Step 1: Calculate Cost Weightings.** Using the values contained in Contractor's most recently approved rate application prior to the date of Contractor's interim rate year

EXHIBIT 2 – DETAILED RATE YEAR METHODOLOGY

application, Contractor shall calculate the weighting to be assigned to the Disposal adjustment factor (the “Disposal Weighting”) for each Interim Rate Year by dividing the total Disposal fees paid by Contractor by Contractor’s total costs of operation, each as shown in such audited financial statements. The weighting to be assigned to the CPI adjustment factor (the “CPI Weighting”) shall be calculated as one (1) minus the Disposal Weighting.

- **Step 2: Calculate CPI Adjustment Factor.** For each Interim Rate Year, the CPI Adjustment Factor shall equal the percentage change in the CPI index, calculated as the average CPI index value for the 12-month period ending December 31 of the then-current Rate Year, minus the average CPI index value for the 12-month period ending December 31 of the prior Rate Year, and dividing the result by the average CPI index value for the 12-month period ending December 31 of such prior Rate Year.
 - **Step 3: Calculate Disposal Adjustment Factor.** For each Interim Rate Year, the Disposal Adjustment Factor shall equal 100% of the percentage change in the weighted average Disposal fee, calculated as the weighted average per ton Disposal fee for the twelve month period beginning July 1 of the Interim Rate Year (based on the actual Disposal fee charged to Contractor by the Designated Disposal Facility), minus the weighted average per ton Disposal fee for the twelve month period ending June 30 of the then-current Rate Year, and dividing the result by the weighted average per ton Disposal fee for the twelve month period ending June 30 of the then-current Rate Year. The weighted average for each such twelve month period shall be calculated by taking the per-ton tip fee payable in each month, summing the 12 monthly values, and dividing the result by 12.
 - **Step 4: Apply Weightings to Adjustment Factors.** Contractor shall multiply the CPI Weighting calculated pursuant to Step 1 by the CPI Adjustment Factor calculated pursuant to Step 2, and shall multiply the Disposal Weighting calculated pursuant to Step 1 by the Disposal Adjustment Factor calculated pursuant to Step 3. Each of the then applicable Service Recipient Rates on EXHIBIT 1 shall be adjusted by the sum of the percentages calculated in the preceding sentence.
2. **Contractor’s Submittal.** Contractor shall calculate and submit to City no later than January 30 prior to each Interim Rate Year Contractor’s calculation of the adjustment to Service Recipient Rates, excluding the effect of changes to the City’s fees, to be effective July 1 of such year. City shall conduct an administrative review of the aforementioned information submitted by Contractor to confirm whether Contractor’s calculations are accurate. If City determines that there is an inaccuracy, they shall notify Contractor of the same within fifteen (15) days after City’s submission, and the parties shall thereafter cooperate in good faith to resolve and if necessary correct the inaccuracy. Notwithstanding the foregoing, any calculated annual adjustment exceeding five percent (5%) shall result in a review performed in the same manner applicable to a Detailed Rate Year. Service Recipient Rate adjustments shall be subject to City Council approval. Disallowed and invalidated rate adjustments shall be governed by Section 4.5.6 of the Agreement.

EXHIBIT 3 CITY COLLECTION SERVICES

1. City Collection Locations

	CANS	
San Mateo Avenue	El Camino (Southbound)	El Camino (Northbound)
404	333 (Walgreens/ECR)	100 (Camino Corner)
424 (BB)	197 (SB Flower Fashions)	398 (50 ft South of 398) SB Cable
425		800 (Vallero Gas)
434	Total Cans Serviced = 2	
435		Total Cans Serviced = 3
448		
453	Misc	
462	Camino/Kains - Spiral Rest	
466 (BB)	Jenevein (Ramada)	
475 (BB)		
486		
489	Total Cans Serviced = 2	
497		
498		
499		
500 (BB)	(BB) = Big Belly	
501 (BB)		
512		
519		
532		
535		
568		
575		
598		
599		
600 (BB)		
601		
602		
616		
621		
649		
Across from 649		
677		
684		
695 (BB)		
699		
Artichoke Joes (in front of EAT Sign)		
Across from 701		
757		
899		
Total Cans Serviced = 40		

EXHIBIT 3 – City COLLECTION SERVICES

2. Facilities

		Garbage	Recycling	Organics
City Hall	567 El Camino Real	1yd 1 x week	6 carts 3 x week	96G 1 x week
Public Library	567 El Camino Real	(2)96G 3 x week	1 Bin + 3 carts 3 x week	96G 1 x week
San Bruno Fire	555 El Camino Real	2yd 2 x week	1 bin 1 x week	96G 1 x week
San Bruno Fire	2000 Earl Ave	1yd 1 x week	1 cart 1 x week	64G 1 x week
Police Plaza	1177 Huntington	2yd 2 x week	1 cart 1 x week	(2) 96G 2 x week
City Corp Yard	225 Huntington		2 bin 1 x week	96G 2 x week
City Park Corp Yard	City Park		On Call	
San Bruno Rec/Aquatic	City Park	TBD	TBD	TBD
City Park Debris Box	City Park	50yd Debris 1x week		
City Park Corp Yard	225 Huntington	20yd Debris 2 x week		

City of San Bruno Big Belly

424 San Mateo Avenue

466 San Mateo Avenue

475 San Mateo Avenue

500 San Mateo Avenue

501 San Mateo Avenue

600 San Mateo Avenue

695 San Mateo Avenue

EXHIBIT 4

STREET SWEEPING SERVICES

Should Contractor provide street sweeping services to City during the Term, those services shall be provided in accordance with the terms and conditions of the Agreement and this Exhibit.

3. **Manner of Service.** Contractor shall provide a Complete Sweep of all Curb Miles on all publicly maintained City Streets. Within any curb mile, Contractor shall be responsible for sweeping all curbs including median islands and the corners from any cross street intersecting the subject street. Contractor shall obey all laws governing the operation of the sweepers on a public street and shall perform its operations so that sweepers are traversing their routes in the normal direction of traffic.
4. **Labor and Materials.** Contractor shall furnish all materials, labor, supervision and equipment necessary to perform all work required for regularly scheduled sweeping of all public streets in the City. Within 180 days of the Effective Date, Contractor shall adopt a City approved street sweeping schedule that follows the City approved refuse collection schedule, including adjustments for Holidays. Exceptions resulting from equipment breakdowns shall be immediately reported to the City with a catch-up schedule.
5. **Unscheduled and Emergency Services.** Contractor shall also provide an annual 200-hour time bank for unscheduled sweeping and related services or as otherwise assigned by the City upon one (1) Work Days' notice. Contractor shall use commercially reasonable efforts to respond to emergency incidents including vehicle accidents, illicit discharges, and other emergencies within two hours or less depending on the severity of the incident. Contractor shall bill City directly for unscheduled sweeping and related services provided under this paragraph at an amount to be mutually agreed on between City and Contractor prior to the provision of such services.
6. **Maps.** Contractor shall provide the street sweeping service route maps to the City Representative upon request, within ninety (90) days from receipt of written notice. The maps shall be provided in a format that can be posted to the City website.
7. **Sweeping Method.** Unsweepable items that impede sweeping, such as palm fronds, rocks, trash and debris shall be removed from the sweeping path and properly disposed of by the operator rather than driving around them. Items that impede sweeping and are immovable such as construction debris and impaired vertical or horizontal clearance by tree limbs shall be reported to the City immediately for correction. Contractor is not responsible for areas missed due to parked cars or other personal property. Sweeper operators shall immediately report to Contractor and the City all Illicit discharges observed during routes. Contractor shall train all operators to recognize Illicit discharges and stormwater pollution sources prior to work as street operators and annually thereafter, using City-approved training materials. Such training shall be documented and made available for review by the City.
8. **Standing Water/Drainage Problems.** In areas where drainage is a problem, Contractor shall make as many passes as necessary to remove debris from standing water. In addition, all sand, dirt, rocks, gravel, vegetation, and other sweepable debris shall be removed from the street during the sweeping operation. If standing water is over the top of curb, then Contractor shall not be

EXHIBIT 4 – STREET SWEEPING SERVICES

required to sweep that specific area. Sweeper operators shall report all areas with drainage problems to Contractor and City monthly, or as deemed appropriate by Contractor.

9. **Standards of Service.** All areas swept under this Agreement shall be thoroughly cleaned. All debris shall be picked up by the sweeper unit and disposed of at Contractor's expense. Sweeping shall include the removal of all sand, gravel, dirt, litter, vegetation, and any and all other debris that accumulates between sweeps. Curb lines shall be swept along both sides of the roadway, or to the edge of pavement where no curb exists, along all curbs on raised medians, over all portions of painted medians, painted left and right turn pockets, and all intersection cross gutters. Sweeping shall normally require one pass over an area. Contractor shall make additional passes or make such extra effort required to adequately clean the street to the satisfaction of the City. Extra effort shall be required when sweeping equipment leaves a dirt/silt smear in its swept path. The service standards in this Article may be reviewed and modified as conditions warrant to maintain cleanliness by the City or as necessary to comply with any regulatory permits issued to City.
10. **Water.** Contractor shall obtain water services from the appropriate water utility or City for the water necessary in the street sweeping operation and use sufficient water to prevent dust arising during sweeping operations. City will provide map of preferred hydrant locations to Contractor to be used whenever feasible. The cost of the water shall be borne by Contractor.
 - 10.1. When possible, Contractor shall use reclaimed or tertiary recycled water.
 - 10.2. Contractor shall not discharge liquid waste from the sweeper units onto City streets or into the storm drain system.
 - 10.3. Washing of sweepers on City property is prohibited. Contractor shall implement best management practices when loading water into the street sweepers to prevent any overflow/potable water discharges into the storm drain system.
11. **Sweeper Speed.** Contractor shall operate the sweepers at a speed of not more than five (5) miles per hour in residential areas and eight (8) miles per hour in commercial areas when sweeping or when the sweeper brooms are down, unless Contractor can demonstrate that the sweeper can operate efficiently and safely at a higher speed. City will use industry standards, Environmental Protection Agency information, and the sweeper manufacturer's recommendations on the speed of sweepers when considering greater speeds.
12. **Width of Sweeper Path.** Contractor shall sweep all curb miles and all bike lanes with all brooms down, unless parked vehicles, structures, or other objects prohibit the safe sweeping of this path width. The path shall begin at the face of the curb and include the flow line of the gutter. Unless blocked by parked cars, Garbage Carts, Recycling Carts, or Organics Carts the face of the curb and gutter shall always be included within the sweeper path. On those residential streets with no curb, the width of the sweeper path shall be not less than eight (8) feet measured from the edge of the pavement toward the center of the street.
13. **Street Sweeping Frequency.**
 - 13.1. **Residential Streets.** Contractor shall provide street sweeping service for each curb mile of residential streets in the City once every other week on a scheduled route basis. However,

EXHIBIT 4 – STREET SWEEPING SERVICES

in those instances where the scheduled street sweeping service day falls on a Holiday, Contractor may adjust the route schedule as necessary, consistent with other collection services. This specifically includes:

- All public residential streets within the City limits.
- All private residential streets within the City limits, provided that Contractor obtains access from the homeowners' association on mutually agreeable terms and conditions. Individual homeowner's associations may negotiate directly with Contractor for more frequent street sweeping at the home owners association's expense.

13.2. Commercial Streets. Contractor shall provide street sweeping service for each curb mile of commercial streets in the City once per week on a scheduled route basis. However, in those instances where the scheduled street sweeping service day falls on a Holiday, Contractor may adjust the route schedule as necessary, consistent with other collection services.

13.3. Parking Lots. Contractor shall provide street sweeping service for each curb mile of designated parking areas in the City once per week on a scheduled route basis. However, in those instances where the scheduled street sweeping service day falls on a Holiday, Contractor may adjust the route schedule as necessary, consistent with other collection services.

13.4. Change in Frequency. The City may direct Contractor to change the frequency of street sweeping for any City street. Contractor shall implement City-directed changes in frequency within fifteen (15) Work Days of receipt of written notice from the City Representative to adjust sweeping frequency. Any changes under this Article shall be treated as an Allowable Cost.

14. Street Sweeping Hours of Service.

14.1. Residential Streets. Contractor shall provide street sweeping service on residential streets commencing no earlier than 7:00 a.m. and terminating no later than 7:00 p.m. Monday-Friday. street sweeping services shall take place five days per week. The hours, days, or both of service may be extended due to extraordinary circumstances or conditions with the prior written consent of the City Representative. Sweeping in residential areas shall be coordinated with Collection Services to ensure that sweeping occurs after collection of all Carts has been completed on a specific street.

14.2. Commercial Streets. Contractor shall provide street sweeping service on commercial streets commencing no earlier than 7:00 a.m. and terminating no later than 7:00 p.m. Monday-Friday. street sweeping service shall take place five days per week. The hours, days, or both of service may be extended due to extraordinary circumstances or conditions with the prior written consent of the City Representative.

15. Street Changes. City and Contractor acknowledge that it may be necessary or desirable to add or delete City streets for which Contractor will provide street sweeping services or to temporarily

EXHIBIT 4 – STREET SWEEPING SERVICES

modify sweeping schedules. City will provide notice of any such changes to Contractor which may be caused by the following:

- Construction or development on or along a street.
- Pavement maintenance activities, including the chip seal program or the slurry seal program.
- Inclement weather when running water renders sweeping ineffective.
- Special sweeping on alternative schedule.
- Other legitimate reasons that make sweeping impractical as determined by the City Representative.

16. **Street Additions.** As new streets are constructed and accepted by City, City may, at City's sole option, designate such streets as part of the Service Area for the purposes of street sweeping services. If the City Representative designates such streets as part of the Service Area, Contractor shall provide street sweeping service on such streets under the terms and conditions of this Agreement within fifteen (15) workdays of receipt of written notice from the City Representative to begin service. Any changes under this section shall be treated as City-directed changes under Section 24.01.
17. **Street Deletions.** City may require some City streets to be temporarily or permanently removed from the list of scheduled streets for which Contractor provides street sweeping service under this Agreement. Contractor shall immediately cease providing street sweeping service to any City Street upon receipt of written notice from the City Representative to stop such service. When a City Street has been temporarily removed from the list of scheduled streets, Contractor shall resume street sweeping service on such street in the next regularly scheduled cycle following the receipt of written notice from the City Representative to resume service.
18. **Revised Maps.** Contractor shall revise the street sweeping service route maps to show the addition or deletion of City Streets as provided above and shall provide such revised maps to the City Representative upon request, within ninety (90) days from receipt of written notice. The maps shall be provided in a format that can be posted to the City website.
19. **Parking Restrictions.** The City will provide written notice to Contractor of any streets where permit parking may impact scheduled street sweeping service. Contractor may be required to adjust sweeping schedules to sweep prior to the permit parking restrictions.
20. **Adverse Weather Conditions.** Because of varying rain conditions throughout the City, Contractor may verbally request permission from the City Representative to cancel sweeping during heavy and persistent rainstorms within the Service Area. Contractor may cancel sweeping only with the prior consent of the City Representative.
21. **Hazardous Waste.** Contractor shall not be required to remove any Hazardous Waste from the street surface. If, while performing street sweeping services, any suspected Hazardous Waste is encountered, Contractor shall immediately report the location to the City Representative, and any other responsible agency.

EXHIBIT 4 – STREET SWEEPING SERVICES

22. **Disposal of Sweep Waste.** Contractor shall transport and deliver all sweep waste to designated bins. Contractor will collect all bins containing sweep waste and deliver to a facility in a manner that meets AB 939 requirements. In the event the facility is closed on a workday or is otherwise unable to accept the sweep waste, Contractor shall transport and deliver the sweep waste to another legally permitted facility. Sweep waste Disposal shall not be calculated as part of the annual diversion rate.
23. **Spillage.** During hauling, all sweep waste shall be contained, covered and enclosed so that leaking, spilling and blowing of the sweep waste is prevented. Contractor shall be responsible for the immediate clean-up of any spillage caused by Contractor.
- 23.1. Equipment oil, hydraulic fluids, or any other liquid or debris resulting from Contractor's operations or equipment must be covered immediately with an absorptive material and removed from the street surface. Contractor must notify City within two (2) hours of any spills resulting from Contractor's operations or equipment. When necessary, Contractor must apply a suitable cleaning agent to the street surface to provide adequate cleaning.
- 23.2. The above paragraphs notwithstanding, Contractor must clean up any spillage caused by Contractor within two (2) hours upon notice from the City. If City deems necessary, Contractor must engage third-party environmental clean-up specialist to remove any equipment oil, hydraulic fluids, or any other liquid or debris that remains on street after Contractor's own clean-up efforts. If clean-up is not conducted to satisfaction of City, City has right to engage environmental clean-up specialist to perform additional clean-up work at the expense of Contractor.
- 23.3. To facilitate such cleanup, Contractor's vehicles must at all times carry sufficient quantities of petroleum absorbent materials along with a broom and shovel.
24. **Street Sweeping Service Routes.** Not less than forty-five (45) days prior to commencement of street sweeping services, Contractor shall submit to the City Representative, Service Area maps precisely defining the Sweeper Routes for review and approval by the City Representative. The route maps shall include the days of the month sweeping shall occur, the sweeping schedules in adjacent areas, the areas of the City to be swept, the start and finish of each route, the location of each dumpsite, and any special needs such as early starts, and late finishes.
- 24.1. The City Representative may provide written comments on the preliminary maps to Contractor no later than twenty (20) Work Days after receipt of the maps from Contractor. Contractor shall revise the maps to reflect such comments and return them to the City Representative within twenty (20) workdays after receipt of the City Representative's comments.
- 24.2. Upon approval by the City Representative of the final Sweeper Route maps, Contractor shall develop and maintain the Sweeping Routes on a computerized mapping system that is compatible with City's mapping system to the extent possible. Street Sweeping maps provided to the City shall be in a format that is suitable for posting to the City website.
- 24.3. Changes in maps shall be provided by the City, and Contractor shall update the maps in Contractor's system every month. Such changes shall also be reflected in Contractor's printed route maps. Contractor shall submit to the City Representative, in writing, any

EXHIBIT 4 – STREET SWEEPING SERVICES

proposed route change (including maps thereof) not less than forty-five (45) days prior to the proposed date of implementation.

- 24.4. The City Representative may provide written comments to Contractor on such proposed change no later than ten (10) workdays after receipt of the proposal from Contractor, and Contractor shall revise the routes to reflect such comments and return them to the City Representative within ten (10) workdays of receipt of such comments.
- 24.5. Contractor shall not implement any route changes without the prior written approval of the City Representative. If the approved route change will change the day on which street sweeping service will occur, Contractor shall notify the affected Service Recipients of route changes not less than thirty (30) workdays before the proposed date of implementation in a manner approved by the City Representative.
- 25. **Other City Sweep Service.** If during the Term, circumstances exist that require work associated with the street sweeping service program that is not specifically provided for in this Agreement, the City Representative may require Contractor to perform such other associated work ("OAW"). Any changes under this section shall be treated as City-directed changes under Section 24.01 to the extent that the requested services are not included in the time bank provided in Section 9.06.4.
 - 25.1. When Contractor performs OAW, the labor, materials, and equipment used in the performance of such work shall be subject to the prior written approval of the City Representative.
 - 25.2. Examples of OAW that Contractor may be required to perform include: performance of special sweeps, flood clean-up, street sanitation for parades and celebrations, City requested clean-up services, and any contingency where sweeper and supporting sweeper equipment could assist in a particular instance.
- 26. **Street Sweeping Quality of Work.** The standards of performance which Contractor is obligated to meet are those good street sweeping practices which leave the service area in a debris and dirt-free condition and using sufficient water to avoid airborne dust arising from equipment operation.
- 27. **Street Sweeping Equipment.**
 - 27.1. **General Provisions.** All street sweeping service equipment used by Contractor in the performance of services under this Agreement shall be of a high quality and of the vacuum type in conformance with the City's MS4 Permit. The collection vehicles shall be designed and operated to prevent collected materials from escaping from the collection vehicles. Hoppers shall be closed on top and on all sides with screening material to prevent collected materials from leaking, blowing, or falling from the collection vehicles. All sweepers shall have an operational strobe and back-up alarm and shall conform to all Federal, State and local government safety requirements.
 - 27.2. **Clean Air Collection Vehicles.** During the Term, to the extent required by law, Contractor shall provide its Street Sweeping vehicles to be in full compliance with all Applicable Laws, including State and federal clean air requirements that are adopted or proposed to be adopted, including, but not limited to, the California Air Resources Board Heavy Duty

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Engine Standards as currently proposed to be contained in California Code of Regulations, title 13, sections 2020 et seq., the Federal EPA's Highway Diesel Fuel Sulfur regulations and all other applicable air pollution control laws.

- 27.3. Vehicle Noise Level. All Street Sweeping operations shall be conducted as quietly as possible and must comply with Applicable Laws, including federal EPA noise emission regulations, currently codified at Code of Federal Regulations, Title 40, Part 205.
- 27.4. Reserve Equipment. Contractor shall have available to it, at all times, reserve collection and street sweeping service equipment that can be put into service and operation within one (1) hour of any breakdown. Such reserve equipment shall correspond in size and capacity to the equipment used by Contractor to perform Contractor's duties under this Agreement.
- 27.5. Condition of Equipment. All equipment shall be maintained in good mechanical condition, including brushes and brooms that shall be replaced at regular intervals. Contractor shall immediately clean any vehicle fluids (hydraulic fluids, lubricating oils, etc.) that leak or spill from equipment into the street or public right of way.
- 27.6. Storage. Sweeping equipment shall not be stored in the public right of way unless mechanical failure prevents immediate removal. In the event of mechanical failure, all efforts must be made to remove the equipment from the public right of way as soon as possible. The City must approve any overnight storage in public right of way. Contractor may enter into optional Storage Agreement with City to store Sweeper equipment at City facility. In the absence of such Storage Agreement with City, sweeping equipment shall not be stored on City Property.
- 27.7. City inspection. All equipment is subject to inspection by the City at any time.
- 28. Staffing. All Street Sweeper operators shall abide by the requirements set forth in this Agreement.
- 29. Communication. Contractor shall have direct communication with all sweeping operators in the field utilizing radios or cellular telephones. Each sweeper operator shall have the ability to communicate verbal information immediately to City staff, Police and Fire Department personnel, residents, and to report illicit stormwater discharges and hazardous street or drainage conditions to the City. Contractor shall also report missed routes and citizen complaints and resolution to the City on a weekly basis, when applicable.
 - 29.1. Contractor shall supply a 24-hour message telephone number to the City Traffic Engineer so that the City can notify Contractor of traffic counter installations.
 - 29.2. Drivers shall be aware of their locations to raise their brooms and avoid destruction of traffic counter cables. Contractor shall use due diligence to avoid traffic counter cables.
 - 29.3. All Sweepers shall have a GPS tracker located in the trucks, with all data accessible to City staff.
- 30. Deficiencies and Corrections. The City may also make regular unannounced inspections of Street Sweeping locations if a swept area is deemed to be below acceptable performance standards, the

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substandard section shall be re-swept within one (1) workday of notification. Contractor shall re-sweep at their own expense. The City shall be notified of the completed re-sweep.

31. **City MS4 Permit.** Contractor shall meet street sweeping requirements included in the City's current Stormwater Discharge Permit as it may be amended, revised, or reissued from time to time ("MS4 Permit").
32. **Storm Drain Waste Removal Services.**
 - 32.1. **General.** Contractor shall provide waste removal services from the City's storm drain inlets and catch basins (all together, "storm drain inlets") to the specifications of this Section.
 - 32.2. **Number of Storm Drain Inlet Solid Waste Removal Locations.** Contractor shall remove all solid waste, including trash, green waste, street debris, from the City's storm drain inlets including from Full Capture Devices placed inside storm drain inlets annually. The City will provide details including location, description and specific identification numbers to Contractor via access to an online Geographic Information System (GIS) portal. Contractor shall include such services in the service rates set by this Agreement. The specific storm drain inlets subject to solid waste removal services may change annually or more frequently at the direction of the City. Contractor shall follow and comply with all Standard Operating Procedures ("SOPs") for inspecting and cleaning City's Full Capture devices promulgated by or for the San Mateo Countywide Water Pollution Prevention Program to ensure they are operated at a level necessary to maintain their designation as Full Capture as required by the MS4 Permit. Contractor shall consult with City's Public Works Director regarding which SOPs applicable to City storm drain inlets.
 - 32.3. **Frequency of Service.** Contractor will perform regular inspections of storm drain inlets and catch basins and will document which storm drain inlets and catch basins require solid waste removal services via the online GIS portal described above. Contractor shall remove all solid waste from all storm drain inlets within 30 (thirty) days. Contractor may limit service to a maximum of 250 inlet cleanings in any given month. If Contractor reaches monthly maximum, resulting in marked storm drain inlets remaining for more than 30 (thirty) days then Contractor must notify City when maximum limit is reached. City has option to clean overage, or request Contractor to roll over overage to next month.
 - 32.4. **Solid Waste Disposal and Reporting.** Contractor shall Recycle or Compost the maximum amount of solid waste collected from storm drain inlets possible, and shall provide for such recycling, composting or landfill disposal at the designated post-collection facilities described in the Agreement. Fees for recycling, composting, and/or landfill disposal of solid waste collected from storm drain inlets shall be included in the base compensation provided to Contractor. Contractor and City shall mutually agree on the reporting requirements related to street sweeping prior to the commencement of street sweeping by Contractor. Such reporting obligations may include recording the weight in pounds of each load of solid waste removed from storm drain inlets in a log that will include the following information: date of removal, equipment identification number, net weight in pounds of solid waste and net weight disposed. Contractor shall maintain the log electronically, and shall provide an accurate copy of the log to the City with quarterly

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reports and at any time upon request. Contractor shall maintain the log of all weights collected for the duration of the Agreement.

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EXHIBIT 5

EDUCATION & OUTREACH PROGRAM

Recology's outreach in the City of San Bruno will be comprised of the items listed below. All printed materials, web and other content will have cohesive appearance. The Recology corporate branding will serve as the default, except in cases where the City and Recology have agreed on a different visual theme. All materials will be provided in English and Spanish and/or using universal imagery or symbols. The organics stream will be included and at times emphasized to assist the City with SB 1383 compliance.

1. **Website.** Contractor will update the existing website upon initiation of the new Agreement. Subsequent updates will be made over the duration of the Agreement.
2. **Annual Brochure.** A guide will be distributed to all MFD and Residential in July of each calendar year. The brochure will provide "how-to" information for all three streams (MSW, Recycling, and Organics), using text and helpful images. In addition, the brochure will contain helpful information about the bulky item pick-up program and safe Disposal of household hazardous waste, sharps, prescription drugs, and other hard-to-dispose items.
3. **New Start Packets.** New Start Packets will be designed for each Customer segment, and will contain the following collateral:
 - 3.1. **Residential.**
 - Welcome letter with Customer service, billing and other basic information.
 - Residential Recycling Guide
 - Calendar indicating on and off weeks for collection, street sweeping information, etc.
 - 3.2. **MFD.**
 - Welcome letter
 - Multi-family Recycling Guide
 - In-unit "buddy bags" to assist residents with transport of recyclables to the common recycling area(s) or chutes. Buddy bags will depict program information and Recology's contact information.
 - 3.3. **Commercial.**
 - Welcome letter
 - Commercial Recycling Guide
 - Supply sheet with information on how to request sorting posters, internal containers, etc.

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4. **Quarterly Communications.** Quarterly communications to Customers may include the following methods, as determined jointly by the City(ies) and Recology:

- Print newsletter
- Electronic newsletter
- Bill insert/flyer, printed
- Bill insert/flyer, electronic
- Direct-mail, such as letters or postcards
- Social Media
- Other collateral, as agreed upon by the City(ies) and Recology

5. **Technical Assistance.** Recology will provide technical assistance to the following Customer types:

5.1. **Commercial.**

- Recology staff will work to enroll all eligible businesses, institutions, and other commercial Customers for all three streams.
- Recology will provide trainings to staff to help them engage in their programs and properly sort material.
- Recology will offer tailored outreach to specific commercial sectors and accounts, focusing on contamination reduction and increased diversion.

5.2. **MFD.**

- Recology staff will work to enroll all multi-family complexes in all three streams.
- Recology staff will provide trainings to building managers, custodial staff, and other stakeholders.
- Recology will offer tailored outreach to specific multi-family complexes, focusing on contamination reduction and increased diversion.