

ORIGINAL

**RESIDENTIAL RECYCLING
COLLECTION SERVICE
CONTRACT**

Executed between

City of Oakland

and

California Waste Solutions, Inc.

July 1, 2015

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Residential Recycling Collection Services Contract

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6.19 Property Damage. CONTRACTOR shall be responsible for the repair or replacement, if repair is not adequate, of any damages to public or private property caused by CONTRACTOR during the provision of Recycling Services.

6.20 Safety. In no event shall CONTRACTOR be obligated to Collect any Cart, Bin or other Container that presents a risk of injury to CONTRACTOR's employees or damage to CONTRACTOR's equipment and CONTRACTOR's staff is unable to mitigate these risks by using commercially reasonable alternative Collection methods or safe-handling procedures.

Article 7. CHARGES AND RATES

7.01 General. CONTRACTOR shall perform all services required by this Contract in consideration of the right to bill and collect, to the extent set forth herein, from CITY's MM&O Contractor, the Maximum Recycling Service Rates and Contamination Surcharge as set forth in Exhibit 1, and as may be adjusted under the terms of this Contract. CITY does not guarantee collection of such Maximum Recycling Service Rates and Contamination Surcharge. CONTRACTOR shall not look to CITY for payment of any sums under this Contract and CITY has no obligation to pay CONTRACTOR any public funds under this Contract, except as set forth in Article 18. Nothing in this paragraph is intended to alter the parties' obligations under Articles 26 and 28.

7.01.1 Rates are Comprehensive Compensation. The Maximum Recycling Service Rates and Contamination Surcharge, as set forth in Exhibit 1 and as may be adjusted under the terms of this Contract, shall be the full, entire and complete compensation due to CONTRACTOR for furnishing all labor, materials, equipment, supplies and other things necessary to perform all the services required by this Contract in the manner and at the times prescribed. The Maximum Recycling Service Rates include, without limitation, all costs for the items mentioned in the preceding sentence and also for all taxes, franchise fees, insurance, bonds, overhead, profit and all other costs necessary to perform all the services required by this Contract in the manner and at the times prescribed. The Maximum Recycling Service Rates and Contamination Surcharge include all costs associated with complying with all current federal and State statutes, and CITY and County ordinances concerning public health, safety and environmental issues and all laws, regulations, rules, orders, judgments, degrees, permits, approvals, or other requirement of any governmental agency having jurisdiction over the services provided by CONTRACTOR under the terms of this Contract, including any current provisions that become effective on or which require compliance by a date after the effective date of this Contract. CONTRACTOR shall not be entitled to other or further compensation for or in connection with its performance of services under this Contract except as may be specifically allowed under the terms of this Contract.

7.01.2 Annual Rate Adjustment. On July 1, 2016, and each July 1 thereafter during the term of the Contract (each an "Adjustment Date"), the Maximum Recycling Service Rates shall be adjusted by an "Annual Rate Adjustment." The Annual Rate Adjustment will include the Refuse Rate Index adjustment (Section 7.07.3 and Exhibit 2), adjustments due to changes in Franchise Fees (Section 7.01.3) and Changes in Government Fees (Section 7.01.4) and the special adjustment set forth in Section 7.08.1. In addition the maximum SFD per Dwelling Unit and MFD per Dwelling Unit service rates shall also be adjusted due to special adjustments as set forth in Sections 7.08.2 and 7.08.3 and may be adjusted for the special adjustment set forth in Section 7.08.4 if such special adjustment is approved as set forth in Section 7.08.4.

7.01.3 Changes in Franchise Fees. The Maximum Recycling Service Rates shall be adjusted as of July 1, 2016, and annually thereafter (the "Adjustment Date"), to fully capture CONTRACTOR's increased costs based on new or increased Franchise Fees implemented or to be implemented since the previous Adjustment Date (or July 1, 2015 regarding the July 1, 2016 adjustment).

7.01.3.1 This Franchise Fee adjustment will be calculated prior to the upcoming July 1 Adjustment Date as follows:

7.01.3.1.1. Determine item weight of Franchise Fees:

Total Franchise Fees for the previous calendar year ended December 31 / (Total Allowable Expenses for all Cost Categories under RR Contract for previous calendar year ending December 31).

7.01.3.1.2. Multiply the result of 7.01.3.1.1 by the percentage change in the annual average of the Franchise Fee cost indicator (Series ID: cuura422sa0 Consumer Price Index, All Urban Consumers, All Items, San Francisco-San Jose-Oakland, CA) as set forth in Section 2 of Exhibit 2 to this Contract to determine the Franchise Fee percentage adjustment.

7.01.3.1.3. Add 7.01.3.1.2 to the RR RRI adjustment (along with Government Fee adjustments, if any) to arrive at the Annual Rate Adjustment. For purposes of clarity, the Franchise Fee adjustment and the Government Fee adjustments are not included in the RR RRI adjustment, but are added to the RR RRI adjustment to arrive at the Annual Rate Adjustment. As such, these adjustments are not subject to the floor and ceiling restrictions as provided in Section 7.07.6 of this Contract.

7.01.4 Changes in Government Fees. Prior to July 1, 2015, Maximum Recycling Service Rates will be adjusted to capture new and increased Government Fees, as set forth in Table 2 of Exhibit 2, which have been implemented or adopted since July 1, 2014 and will become effective no later than July 1, 2015.

7.01.4.1 The Maximum Recycling Service Rates shall be adjusted on each Adjustment Date to fully capture CONTRACTOR's increased costs based on new or increased Government Fees implemented or to be implemented since the previous Adjustment Date (or July 1, 2015 regarding the July 1, 2016 adjustment). For purposes of this Section, "Government Fees" are surcharges, fees, assessments, taxes (non-income), licenses and other amounts payable to federal, state or local authorities in relation to CONTRACTOR's performance hereunder. Specifically, Government Fees include, but are not limited to, those fees listed in Table 2 of Exhibit 2 to this Contract.

7.01.4.2 The Government Fees adjustment will be calculated prior to the upcoming July 1 Adjustment Date as follows:

7.01.4.2.1. Determine item weight of each Government Fees
Cost Category:

(Total Government Fees for previous calendar year ending December 31) / (Total Allowable Expenses for all Cost Categories, including Government Fees under RR Contract for previous calendar year ending December 31))

1039 7.01.4.2.2. Determine percent change of each Government
1040 Fees Cost Category for upcoming July 1 – June 30 period:

1041 ((Total Government Fees (on per Ton basis) for upcoming July 1 – June 30) - (Total
1042 Government Fees (on a per Ton basis) for the just completed July 1 – June 30)) / (Total
1043 Government Fees (on a per Ton basis) for the just completed July 1 – June 30).

1044 7.01.4.2.3. Multiply the result of 7.01.4.2.1 by the result of
1045 7.01.4.2.2 to determine the weighted percentage change of each Government Fees Cost
1046 Category.

1047 7.01.4.2.4. Add the result of 7.01.4.2.3 to the RR RRI
1048 adjustment (along with Franchise Fee adjustments, if any) to arrive at the Annual Rate
1049 Adjustment.

1050 7.01.5 Retroactive Adjustment. In the event of a new Government Fee, or a
1051 change in an existing Government Fee, which becomes effective at some time other than July 1
1052 of any year, CONTRACTOR shall be compensated for such change through the inclusion of a
1053 "Retroactive Adjustment" in the next Annual Rate Adjustment. However, in the event that the
1054 Government Fee is imposed by CITY, a rate adjustment shall occur at the time such fee
1055 becomes effective. CITY and CONTRACTOR agree that the "Retroactive Adjustment" shall be
1056 an amount needed to compensate CONTRACTOR for increases in Government Fees paid
1057 during the period from the inception of the fee increase through the subsequent June 30 and
1058 shall not include interest, overhead or any other costs of any type. The "Retroactive
1059 Adjustment" shall only be included in the rate structure for twelve (12) months or that period
1060 necessary to allow CONTRACTOR to recover all retroactive amounts, if less than twelve (12)
1061 months, and shall be removed prior to calculating the rates to be set as of the subsequent
1062 July 1. However, no governmental fees or charges to which CONTRACTOR agrees
1063 contractually or negotiates shall be passed through to Customers unless agreed to in writing by
1064 CITY. For purposes of clarity, the Retroactive Adjustment shall not be subject to the adjustment
1065 caps set forth in Section 7.07.6.

1066 7.01.6 Payment of Governmental Fees. CONTRACTOR shall pay, when and as
1067 due, any and all governmental fees to the appropriate federal, State, regional, or local
1068 governmental entities that levied the fees, and shall provide CITY with proof of such payments
1069 promptly upon request.

1070 7.02 CONTRACTOR Billing. The MM&O Contractor shall act as the billing agent for
1071 services provided by CONTRACTOR, as further set forth below and in accordance with the
1072 terms and conditions of the Memorandum of Understanding between CONTRACTOR, CITY and
1073 the MM&O Contractor as set forth in Exhibit 12. CONTRACTOR shall exchange Customer
1074 information with the MM&O Contractor in advance of each quarterly billing cycle for SFD
1075 Customers and in advance of each monthly billing cycle for MFD Customers. The timing for
1076 exchange of this Customer information will be further set forth in Exhibit 12. Nothing herein
1077 prevents CONTRACTOR and the MM&O Contractor from making alternative invoice and
1078 payment arrangements for SFD and MFD Residential Recycling Collection Services in Exhibit
1079 12.

1080 7.02.1 SFD Recurring Ancillary Services. No less than fifteen (15) calendar
1081 days before the first day of each quarterly billing period beginning on July 1, 2015,
1082 CONTRACTOR may submit to the MM&O Contractor information regarding SFD Recurring

Ancillary Services charges that CONTRACTOR will incur in the upcoming quarter in accordance with Exhibit 12. Such information shall be in the form and format required by Exhibit 12 and include, at a minimum, the Customer name, Service Address and billing address along with a specific description of each Recurring Ancillary Services charge. To the extent such information is received in a timely manner and contains the necessary information, the MM&O Contractor shall include those Recurring Ancillary Services charges in the SFD invoices prepared for the upcoming billing cycle. In the event such information is not submitted in the required format or received in a timely manner, CONTRACTOR shall be notified of such discrepancies by the MM&O Contractor, and the MM&O Contractor will not be required to include such Recurring Ancillary Services charges in the invoices prepared for that billing cycle. However, if CONTRACTOR provides the required information in the correct format for invoicing at least fifteen (15) days before the first day of the immediately subsequent billing cycle (relative to the billing cycle for which the charges were incurred), then the MM&O Contractor shall be required to include such Recurring Ancillary Services charges in the invoices prepared for that immediately subsequent billing cycle.

7.02.2 MFD Recurring Ancillary Services. No less than fifteen (15) calendar days before the first day of each monthly billing period beginning on July 1, 2015, CONTRACTOR may submit to the MM&O Contractor information regarding MFD Recurring Ancillary Services charges that CONTRACTOR will incur in the upcoming month in accordance with Exhibit 12. Such information shall be in the form and format required by Exhibit 12 and include, at a minimum, the Customer name, Service Address and billing address along with a specific description of each Recurring Ancillary Services charge. To the extent such information is received in a timely manner and contains the necessary information, the MM&O Contractor shall include those Recurring Ancillary Services charges in the MFD invoices prepared for the upcoming billing cycle. In the event such information is not submitted in the required format or received in a timely manner, CONTRACTOR shall be notified of such discrepancies by the MM&O Contractor, and the MM&O Contractor will not be required to include such Recurring Ancillary Services charges in the invoices prepared for that upcoming billing cycle. However, if CONTRACTOR provides the required information in the correct format for invoicing at least fifteen (15) days before the first day of the immediately subsequent billing cycle (relative to the billing cycle for which the charges were incurred), then the MM&O Contractor shall be required to include such Recurring Ancillary Services charges in the invoices prepared for that immediately subsequent billing cycle.

7.02.3 SFD and MFD Contamination Surcharges and Non-Recurring Ancillary Services Charge Invoices. CONTRACTOR shall prepare and provide information to the MM&O Contractor regarding SFD and MFD Contamination Surcharges and non-recurring Ancillary Service charges incurred during the prior billing period, not less than fifteen (15) calendar days before the first day of each quarter for SFD Customers, or the first day of each month for MFD Customers. Such Contamination Surcharges shall have been assessed in accordance with the Contamination Reduction Program as set forth in Exhibit 11, and based on the Contamination Surcharges as set forth in Exhibit 1. CONTRACTOR shall provide this information in accordance with the terms and conditions set forth in Exhibit 12. In the event CONTRACTOR does not provide the information in a timely manner or in the required form and format, CONTRACTOR shall not be entitled to have those Contamination Surcharges or non-recurring Ancillary Service charges included in the invoices prepared for that upcoming billing cycle by the MM&O Contractor. CONTRACTOR understands and agrees that 1) SFD and MFD Customers will be billed for Contamination Surcharges and non-recurring Ancillary Service charges in arrears on a separate invoice during the regular billing cycle, 2) the separate invoice will indicate

that the charge(s) are assessed by CONTRACTOR and will provide CONTRACTOR's telephone number, 3) the MM&O Contractor will maintain a separate Customer account from that used for regular Residential Recycling Collection Service for the purpose of receiving payment from Customers, and 4) CONTRACTOR shall be paid for Contamination Surcharges and non-recurring Ancillary Service charges after the MM&O Contractor receives payment of those charges from Customers.

7.02.4 Accounts Receivable. No later than the fifteenth (15th) day of September 2015 and monthly thereafter, CONTRACTOR shall be entitled to receive from the MM&O Contractor a statement of the accounts receivable balance for Contamination Surcharges and non-recurring Ancillary Service charges and payments received from Customers for those charges in the preceding calendar month. CONTRACTOR understands and agrees that 1) the MM&O Contractor shall not be responsible for any collection activities with regard to Contamination Surcharges and charges for non-recurring Ancillary Service charges other than to promptly notify CONTRACTOR of nonpayment of those charges, and 2) the MM&O Contractor's communication with SFD and MFD Customers regarding these billings shall be limited to informing the Customer of the contact information for CONTRACTOR.

7.02.5 Reimbursement of Billing Costs. CONTRACTOR shall reimburse MM&O Contractor for performing all billing and payment processing services on behalf of CONTRACTOR for Contamination Surcharges and/or non-recurring Ancillary Service charges. Reimbursement shall be for all reasonable billing, accounting, and administrative costs incurred by the MM&O Contractor that are associated with preparing and mailing SFD and MFD Customer Contamination Surcharge and non-recurring Ancillary Service invoices and receiving payment from such Customers for such invoices, on behalf of CONTRACTOR. Such costs may include, but not be limited to, recordkeeping, invoicing, credit card fees, printing, and postage. CONTRACTOR and the MM&O Contractor shall agree to a process for reimbursement in Exhibit 12. If CONTRACTOR fails to timely reimburse the MM&O Contractor, then the MM&O Contractor will reconcile such reimbursable costs pursuant to the true-up process set forth in Section 7.04. CONTRACTOR may, at any time, provide written notice to the MM&O Contractor and CITY directing the MM&O Contractor to cease performance of Customer billing and payment processing services for Contamination Surcharges and/or non-recurring Ancillary Service charges. Such notice shall specify a date upon which the MM&O Contractor's obligation shall terminate.

7.02.6 Authorization of Payment by CITY. In accordance with the terms and conditions of the Memorandum of Understanding between CONTRACTOR, CITY and the MM&O Contractor as set forth in Exhibit 12 to this Contract, CITY may provide payment authorization to the MM&O Contractor prior to the payment of each Recycling invoice to CONTRACTOR.

7.03 Timing of Recycling Invoice Payment. On or before the tenth (10th) day of each calendar month, CONTRACTOR shall be entitled to receive payment from the MM&O Contractor for Residential Recycling Collection Services, by CONTRACTOR in the preceding calendar month based upon the number of SFD and MFD Dwelling Units for which the MM&O Contractor has invoiced SFD and MFD Customers for that month, as adjusted pursuant to Section 7.04. At that time CONTRACTOR shall also be entitled to receive payment from the MM&O Contractor for Recurring Ancillary Services based upon the information regarding those Recurring Ancillary Services that shall have been timely provided to the MM&O Contractor by CONTRACTOR as adjusted pursuant to Section 7.04. Such services and payment shall be based on the Customer information exchanged and agreed to herein, in the form and format set forth in Exhibit 12, with such payments commencing on August 10, 2015. Nothing herein

prevents CONTRACTOR and the MM&O Contractor from making alternative payment arrangements for SFD and MFD Residential Recycling Collection Services in Exhibit 12.

7.04 True-Up. Exhibit 12 shall provide for regular true-ups of Customer information provided by CONTRACTOR and the payments by the MM&O Contractor to CONTRACTOR within a reasonable period of time following the end of each monthly billing period for MFD Customers and the end of each quarterly billing period for SFD Customers to reflect new starts, cancellations, refunds, credits, adjustments and pro-rated billings not fully captured in the current or any previous billing cycle.

7.04.1 Timing of Payment of Non-Recurring Ancillary Service Charges and Contamination Surcharges. CONTRACTOR shall receive payment for non-recurring Ancillary Service invoices and Contamination Surcharge invoices in accordance with the terms and conditions of the Memorandum of Understanding between CONTRACTOR, CITY and the MM&O Contractor as set forth in Exhibit 12 to this Contract.

7.04.2 Non-Payment of CONTRACTOR Residential Recycling Invoices. In the event CONTRACTOR does not receive payment from the MM&O Contractor of Residential Recycling invoices in the time and manner set forth in Exhibit 12, CONTRACTOR shall notify CITY in writing of such lack of payment and CITY shall proceed as set forth in Section 7.20.

7.04.3 Non-Payment of Non-Recurring Ancillary Service Charges and Contamination Surcharges. In the event CONTRACTOR does not receive payment from the MM&O Contractor of non-recurring Ancillary Service charges or Contamination Surcharges that have been collected by the MM&O Contractor in the time and manner set forth in Exhibit 12, CONTRACTOR shall notify CITY in writing of such lack of payment. Within ten (10) Work Days of receiving written notification of such non-payment from CONTRACTOR, CITY shall meet with the MM&O Contractor to attempt resolve the issues. In the event the issues cannot be resolved CITY may proceed as set forth in Section 7.20.

7.05 Production of Commercial Customer Invoices. CONTRACTOR shall invoice Commercial Customers for Commercial Non-Exclusive Recycling Service, in arrears but no less than twelve (12) times per year. Invoices shall be remitted no earlier than the first day of the month following the month for which the service is being billed. The invoice shall be produced in a form and format that is approved by CITY. The Commercial Recycling invoice shall be based on Container size and frequency of Collection and not exceed the Maximum Recycling Service Rates for the provision of Commercial Non-Exclusive Recycling Services and any Contamination Surcharges, if applicable as set forth in Exhibit 1 to this Contract.

7.06 Maximum Recycling Service Rates. Maximum Recycling Service Rates shall consist of the per Dwelling Unit rate and Ancillary Service rates, which include all costs of providing Residential Recycling Collection Services including but not limited to Collection, Processing, Disposal, and franchise fee costs, and such other charges as may be added by CITY during the term of this Contract. CONTRACTOR shall not be entitled to any compensation that is not listed in Exhibit 1. On or after July 1, 2015, and each subsequent July 1, CONTRACTOR's Maximum Recycling Service Rates shall be adjusted as follows:

7.07 Adjustments to Maximum Recycling Service Rates.

7.07.1 Annual Adjustment to Maximum Recycling Service Rates Prior to Start of Recycling Services. The Maximum Recycling Service Rates as set forth in Exhibit 1 to this

Contract shall be adjusted on July 1, 2015 to account for the change in the Government Fees, if any as set forth in Section 7.01.4

7.07.2 Annual Adjustment to Maximum Recycling Service Rates after Start of Recycling Services. Beginning on July 1, 2016, and annually thereafter during the term of this Contract, and subject to compliance with all provisions of this Article, CONTRACTOR shall receive an annual adjustment to the Maximum Recycling Service Rates that are set forth in Exhibit 1 to this Contract, in accordance with the provisions of Section 7.07 and Exhibit 2 to this Contract, and to the extent applicable, the special adjustments provided for in Section 7.08.

7.07.3 Annual Rate Adjustment. On the Adjustment Date during the term of this Contract, the Maximum Recycling Service Rates set forth in Exhibit 1 shall be adjusted by a RRI adjustment pursuant to this Section 7.07 and Exhibit 2 to this Contract.

7.07.4 Cost Category Weight. CONTRACTOR shall calculate the total of all Allowable Expenses (as defined in Exhibit 2) for each Cost Category (also defined in Exhibit 2) for the period of July 1, 2015 through December 31, 2015. Each Cost Category will then be assigned an "item weight" based on the proportionate share of its Allowable Expenses total to the total of all Allowable Expenses for all Cost Categories. For example, if the Allowable Expenses of the Diesel Fuel Cost Category total One Hundred Dollars (\$100), and the Allowable Expenses within all Cost Categories is Two Thousand Dollars (\$2,000), then the Diesel Fuel Cost Category's item weight will be five (5) percent. The Cost Categories shall be reweighed every year based on allowable expenses thereafter from January 1 through December 31.

7.07.5 Annual Rate Adjustment Calculation. The RRI adjustment (a component of the Annual Rate Adjustment) shall be the lower of: (i) six (6) percent, or (ii) the sum of the weighted percentage change (based on the total of all Cost Categories) in the Cost Indicators of Cost Categories 1 - 7 (each described in Exhibit 2) from the previous review date to the current review date. For Cost Category Items 2 (Diesel Fuel), 3 (CNG Fuel), 4 (Vehicle Replacement), 5 (Vehicle Maintenance), 6 (Processing), and 7 (All Other), the current review year is the most recent calendar year ended December 31. For Cost Category Item 1 (RR Union Labor), and the Union Labor Cost Category of Item 6 (Processing), the current review date is July 1 of the current year. For purposes of clarification the parties agree and understand that Categories 8 (Government Fees – Processing), and 9 (Franchise Fees) will be used for purposes of weighting the RRI Cost Categories, but they will not be included in the RRI calculation. Instead, they will be added to the RRI calculation.

7.07.6 RRI Caps and Carry-Forwards. The weighted percentage change in the Cost Indicator of a Cost Category may be either positive or negative. There shall be no limit on Annual Rate Adjustments, but an RRI adjustment shall not be greater than six (6) percent in any individual year (except the final year of the Contract term when it may not be greater than eight (8) percent) or lower than negative 5 (-5) percent. In any year that the RRI adjustment calculation is more than six (6) percent, the amount above six (6) percent and up to eight (8) percent shall be carried-forward to successive RRI adjustments under this Contract until applied or the Contract terminates. RRI adjustments in any year in excess of eight (8) percent shall not be carried forward to any future year. With regard to the July 1, 2034, RRI adjustment, carried-forward RRI adjustment amounts that had not been recouped in previous RRI adjustments due to the six (6) percent cap shall be recouped to the extent they do not exceed eight (8) percent.

7.07.7 Differential Adjustment. Should CONTRACTOR agree to labor increases

with Local 70 that exceed the labor increase allowable under the 2007 CBA ("differential"), those differential amounts shall not be included in the RRI adjustment (i.e., as a CONTRACTOR cost for purposes of calculating a percent change of the RR Union Labor Cost Category). However, such differential amounts shall be recovered by CONTRACTOR in Annual Rate Adjustments by applying them to the Maximum Recycling Service Rates in equal installments ("Differential Adjustments") over a three (3) year period, including the year in which the differential is first incurred. For example, if the weighted differential between the 2007 CBA and a subsequent CBA is three tenths (0.3) percent, then the current Annual Rate Adjustment would be increased by one tenth (0.1) percent and the two (2) subsequent Annual Rate Adjustments by one tenth (0.1) percent. For purposes of clarity, recovery of the differential amounts shall not be subject to any cap under this Section.

7.07.8 Diversion Adjustment. Beginning with the July 1, 2017 rate adjustment, the Diversion adjustment shall be applied to the RRI adjustment as set forth below and shown in Table 4 of Exhibit 2 to this Contract. Except for those instances as set forth in Section 7.07.8.5 when the reciprocal of the Diversion adjustment is required to be used, the Diversion adjustment shall be the lesser of one hundred (100) percent or the percentage calculated by dividing the Diversion rate achieved by CONTRACTOR, in accordance with Section 8.01, in the calendar year immediately preceding the effective date of the rate adjustment, by the minimum annual Diversion requirement for that calendar year, pursuant to Section 8.01 of this Contract.

7.07.8.1 In the event the Diversion adjustment is applied in accordance with Section 8.02, the adjustment shall only be effective for one (1) year and shall be removed prior to calculating the subsequent year's rate adjustment as set forth in Section 7.07.5.

7.07.8.2 In the event the Diversion adjustment is applied in accordance with Section 8.03, the adjustment shall be effective for the remaining term of the Contract and shall not removed prior to calculating the subsequent year's rate adjustment as set forth in Section 7.07.5.

7.07.8.3 In any year that the RRI adjustment results in a positive number, the RRI adjustment shall be adjusted by multiplying the RRI adjustment by the Diversion adjustment.

7.07.8.4 In any year that the RRI adjustment results in a negative number, RRI Adjustment shall be adjusted by multiplying the RRI adjustment by the reciprocal of the Diversion adjustment. For example if the Diversion adjustment was ninety-five (95) percent, the reciprocal of the Diversion adjustment would be calculated by dividing one hundred (100) percent by ninety-five (95) percent. ($100.00\% / 95\% = 105.26\%$).

7.07.8.5 In any year that the Annual Rate Adjustment is a negative number, CITY may, at its sole discretion, chose to postpone the implementation of the adjustment for one (1) year. In that event the current year rate would remain the same and the subsequent year rate would be calculated by first, applying the negative Maximum Recycling Service Rate adjustment to the current rate and then applying the subsequent years Maximum Recycling Service Rate adjustment to that rate. For example if the Year X rate was \$100.00 and the Year X+1 Maximum Recycling Service Rate adjustment was -2.2% and the Year X+2 Maximum Recycling Service Rate adjustment was +2.2% and CITY chose to not apply the negative Maximum Recycling Service Rate adjustment in Year X+1 then the rate in Year X+1 would be \$100.00 and the rate in Year X+2 would be \$99.95 ($\$100.00 \times -2.2\% = \$97.80 \times 2.2\%$

EXHIBIT 1 :
MAXIMUM RECYCLING SERVICE RATES

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Exhibit 1A Maximum Monthly Recycling Service Rates SFD Residential Recycling Collection						
A	Residential Recycling Collection Services					
1	SFD Cost Per Dwelling Unit Per Month	\$	9.17	per dwelling unit per month		
B	Ancillary Services					
1	Additional SFD Recyclable Materials Cart	\$	11.94	each additional cart/month		
2	Additional Cart Exchange	\$	59.69	each additional cart/occurrence		
3	Additional Cart Replacement	\$	89.53	each additional cart/occurrence		
4	Additional Bin Exchange	\$	64.66	each additional bin/occurrence		
5	Additional Bin Replacement	\$	397.90	each additional bin/occurrence		
6	Premium Backyard SFD Recycling Services	\$	27.85	monthly		
C	Push Rates	0-25 feet	26-50 feet	51-75 feet	76-100 feet	100+ feet
1	Push Rate	\$ 152.20	\$ 308.62	\$ 465.05	\$ 617.24	\$ 773.67
D	Bin Cleaning	1-4 CY Bin	5+ CY Bin			
1	Cleaning Rate	\$ 84.55	\$ 105.69			
E	Additional Services	Rates				
1	Key Service	\$ 41.78	each month/customer			
2	Difficult to Service Rate	\$ 84.55	each month/customer			
F	Special Adjustments	Rates				
The following Special Adjustments shall only be applied to the rates on this Exhibit 1A as set forth below.						
1	RR Special CPI Deferral Adjustment (Year 2 Only)	% TBD	All Rates in Sections A through E for Year 2.			
2	RR Special CPI Deferral Adjustment (Year 3 Only)	% TBD	All Rates in Sections A through E for Year 3.			
3	RR Special \$0.97 Adjustment (Years 2-4 Only)	\$ 0.97	All Rates in Section A for Years 2 through 4.			
4	RR Local 6 Adjustment (Years 2-5 Only)	\$ 0.32	All Rates in Sections A for Years 2 through 5.			
G	Recyclable Materials Contamination Surcharge	Rates				
1	Contamination Rate - First Incident	\$ 25.00	Per Occurrence			
2	Contamination Rate - Subsequent Incidents	\$ 50.00	Per Occurrence			

Exhibit 1B						
Maximum Monthly Recycling Service Rates						
MFD Residential Recycling Collection						
A	Residential Recycling Collection Services					
1	MFD Cost Per Dwelling Unit Per Month	\$	9.20	per dwelling unit per month		
B	Ancillary Services					
1	MFD Cart Excess Frequency Collection	\$	44.04	each additional cart/occurrence		
2	MFD Bin Excess Frequency Collection	\$	75.64	each additional bin/occurrence		
3	Additional Cart Exchange	\$	59.88	each additional cart/occurrence		
4	Additional Cart Replacement	\$	89.81	each additional cart/occurrence		
5	Additional Bin Exchange	\$	64.86	each additional bin/occurrence		
6	Additional Bin Replacement	\$	399.17	each additional bin/occurrence		
C	Push Rates	0-25 feet	26-50 feet	51-75 feet	76-100 feet	100+ feet
1	Push Rate	\$ 152.68	\$ 309.60	\$ 466.53	\$ 619.21	\$ 776.13
D	Bin Cleaning	1-4 CY Bin	5+ CY Bin			
1	Cleaning Rate	\$ 84.82	\$ 106.03			
E	Additional Services	Rates				
1	Key Service	\$ 41.91	each month/customer			
2	Difficult to Service Rate	\$ 84.82	each month/customer			
F	Special Adjustments	Rates				
	The following Special Adjustments shall only be applied to the rates on this Exhibit 1B as set forth below.					
1	RR Special CPI Deferral Adjustment (Year 2 Only)	% TBD	All Rates in Section A through E for Year 2.			
2	RR Special CPI Deferral Adjustment (Year 3 Only)	% TBD	All Rates in Section A through E for Year 3.			
3	RR Special \$0.97 Adjustment (Years 2-4 Only)	\$ 0.97	All Rates in Section A for Years 2 through 4.			
4	RR Local 6 Adjustment (Years 2-5 Only)	\$ 0.35	All Rates in Section A for Years 2 through 5.			
G	Recyclable Materials Contamination Surcharge	Rates				
1	Contamination Rate - First Incident	\$ 25.00	Per Occurance			
2	Contamination Rate - Subsequent Incidents	\$ 50.00	Per Occurance			

Exhibit 1C									
Maximum Monthly Collection Service Rates									
Non-Exclusive Commercial Recyclable Materials Collection									
A	Commercial Recyclable Materials - Cart Collection	Total Monthly Rate							
1	Recyclable Materials Cart Sizes (gallons)	20	32	64	96				
2	1 collection / week	\$ 30.86	\$ 41.39	\$ 90.26	\$ 139.08				
3	2 collections / week	\$ 61.72	\$ 82.78	\$ 180.52	\$ 278.16				
4	3 collections / week	\$ 92.58	\$ 124.17	\$ 270.78	\$ 417.24				
5	4 collections / week	\$ 123.44	\$ 165.56	\$ 361.04	\$ 556.32				
6	5 collections / week	\$ 154.30	\$ 206.95	\$ 451.30	\$ 695.40				
B	Commercial Recyclable Materials - Bin Collection	Total Monthly Rate							
1	Recyclable Materials Bin Sizes (Cubic Yard)	1	1.5	2	3	4	6	7	
2	1 collection / week	\$ 153.42	\$ 214.70	\$ 280.69	\$ 337.88	\$ 435.43	\$ 603.90	\$ 706.35	
3	2 collections / week	\$ 306.84	\$ 429.40	\$ 561.38	\$ 675.76	\$ 870.86	\$ 1,207.80	\$ 1,412.70	
4	3 collections / week	\$ 460.26	\$ 644.10	\$ 842.07	\$ 1,013.64	\$ 1,306.29	\$ 1,811.70	\$ 2,119.05	
5	4 collections / week	\$ 613.68	\$ 858.80	\$ 1,122.76	\$ 1,351.52	\$ 1,741.72	\$ 2,415.60	\$ 2,825.40	
6	5 collections / week	\$ 767.10	\$ 1,073.50	\$ 1,403.45	\$ 1,689.40	\$ 2,177.15	\$ 3,019.50	\$ 3,531.75	
C	Commercial Recyclable Materials - Roll-off Box Collection Service	Total Pull Rate					Per CY (For Other Sizes)		
1	Recyclable Materials Roll-Off Box Sizes (cubic yards)	6 CY	10 CY	20 CY	30 CY	40 CY			
2	Roll-Off Box Pull Rate	\$797.11	\$860.87	\$929.73	\$1,255.14	\$1,568.92			\$46.49
3	Compactor Pull Rate (Customer owned Compactor)	\$ 1,358.77	\$ 1,417.89	\$ 1,477.02	\$ 1,920.54	\$ 2,541.33			\$ 73.85
4	Compactor Pull Rate (Contractor owned Compactor)	\$ 1,358.77	\$ 1,417.89	\$ 1,477.02	\$ 1,920.54	\$ 2,541.33			\$ 73.85
D	Push Rates	0-25 ft	26-50 ft	51-75 ft	76-100 ft	100+ ft			
1	Push Rate	\$ 182.35	\$ 369.77	\$ 557.19	\$ 739.54	\$ 926.95			
E	Bin Cleaning	1-4 CY Bin	5+ CY Bin						
1	Cleaning Rate	\$ 101.31	\$ 126.63						
F	Additional Services	Rates							
1	Key Service	\$ 50.65	each month/customer						
2	Difficult to Service Rate	\$ 101.31	each month/customer						
G	Special Adjustments	Rates							
The following Special Adjustments shall only be applied to the rates on this Exhibit 1C as set forth below.									
1	RR Special CPI Deferral Adjustment (Year 2 Only)	% TBD	All Rates in Section A through F for Year 2.						
2	RR Special CPI Deferral Adjustment (Year 3 Only)	% TBD	All Rates in Section A through F for Year 3.						
H	Recyclable Materials Contamination Surcharge	Rates							
1	Contamination Rate - First Incident	\$ 25.00	Per Occurance						
2	Contamination Rate - Subsequent Incidents	\$ 50.00	Per Occurance						