

**COMMERCIAL SOLID WASTE AND RECYCLABLE MATERIALS COLLECTION  
FRANCHISES AGREEMENT BETWEEN THE CITY OF SAN JOSE AND ALLIED  
WASTE SERVICES OF NORTH AMERICA, LLC, DBA ALLIED WASTE SERVICES  
OF SANTA CLARA COUNTY**

**THIS AGREEMENT** is made and entered into by and between the CITY of San José, a municipal corporation of the State of California, (the “CITY”) and Allied Waste Services of North America, LLC, dba Allied Waste Services of Santa Clara County (the “FRANCHISEE”).

**WHEREAS**, pursuant to Part 11 of Chapter 9.10 of the San Jose Municipal Code, FRANCHISEE has applied to CITY for Commercial Solid Waste and Recyclable Materials Collection Franchises; and

**WHEREAS**, on April 16, 2010, CITY issued a Request for Proposals (“RFP”) to select franchisees to provide Commercial Solid Waste and Recyclable Material Collection Service for Commercial Premises in San José; and

**WHEREAS**, on September 22, 2010, FRANCHISEE submitted a response to the RFP and the various addenda to the RFP; and

**WHEREAS**, after consideration of FRANCHISEE’s response and the responses of other proposers for the same franchises, CITY’s staff and the evaluation panel have recommended FRANCHISEE be granted the franchises to perform the services permitted and more fully described by this Agreement; and

**WHEREAS**, on June 21, 2011 the City Council held a public hearing for the purpose of hearing persons in favor of or in opposition to the granting of such franchises; and

**WHEREAS**, the City Council has determined that the grant of such franchises to FRANCHISEE is in the public interest; and

**WHEREAS**, CITY and FRANCHISEE desire to enter into a Commercial Solid Waste and Recyclable Materials Collection Franchises Agreement in order that FRANCHISEE may perform Commercial Solid Waste and Recyclable Material collection, transportation and disposal services in the City of San José; and

**WHEREAS**, the Negative Declaration prepared for this project under File No. PP10-157 was adopted on June 21, 2011 in accordance with the requirements of the California Environmental Quality Act has been completed;

**NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS, AGREEMENTS AND CONSIDERATIONS CONTAINED HEREIN, CITY AND FRANCHISEE HEREBY AGREE AS FOLLOWS:**

## 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 Chapter 9.10 of the San José 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 Affiliate.

Parent company, subsidiary, partner, or joint venture of the FRANCHISEE.

### 1.2 Billing.

Statement of charges for Commercial Solid Waste and Recyclable Material Collection Service.

### 1.3 Bin.

A detachable metal or heavy plastic collection Container with hinged lid.

### 1.4 Cart.

A heavy plastic receptacle with a hinged tight-fitting lid and wheels.

### 1.5 City Representative.

The Director of Environmental Services, and his or her designee.

### 1.6 Commercial Premises.

All premises except residential premises, multi-family dwellings, Mixed Use Developments currently collected by the multi-family solid waste hauler consistent with the San Jose Municipal Code, and City facilities. Commercial Premises include but are not limited to commercial, industrial, manufacturing, institutional, and warehouse premises.

### 1.7 Commercial Solid Waste and Recyclable Material Collection Service ("Commercial Service").

The collection, processing, transfer, and Disposal of Solid Waste, Mixed Waste, Source Separated Recyclables and Recyclable Material from Commercial Premises; and the collection, Pre-processing and transfer of Organic Material to the Organic Processing Contractor.

### 1.8 Compactor.

Container that mechanically compresses material.

### 1.9 Compost.

Material which results from Composting which complies with the Seal of Testing Assurance Program ("STA") or other programs with comparable requirements.

### 1.10 Composting.

Any controlled aerobic decomposition process for a period of not less than eight (8) weeks, such that the resulting material meets the maximum acceptable metal

concentration limits specified in section 17868.2, and pathogen reduction requirements specified in section 17868.3 of Title 14, California Code of Regulations, Chapter 3.1.

**1.11 Construction and Demolition Debris (“C&D”).**

Recyclable and non-recyclable waste building materials, packaging, and rubble resulting solely from construction, remodeling, and demolition operations on pavements, houses, commercial buildings, and other structures.

**1.12 Container.**

Cart, Bin, Compactor or Roll-Off container.

**1.13 Contaminated Recyclables.**

Materials that combine Recyclable materials and non-Recyclable materials.

**1.14 Customer.**

Person receiving Commercial Service or Billing for Commercial Service.

**1.15 Delivery.**

The point at which FRANCHISEE leaves the Solid Waste, Organic Material, or Recyclable Material at the Transfer, Processing or Disposal Facility.

**1.16 Disposal.**

The final disposition of Residue by the FRANCHISEE at the Disposal Facility.

**1.17 Disposal Facility.**

The Newby Island Landfill located at 1601 Dixon Landing Road, San José, CA or other permitted facility selected by the FRANCHISEE and approved by the City Representative.

**1.18 Dry Material.**

Rubbish, Recyclable Material, and other dry discards with less than ten percent (10%) by volume of Wet Material.

**1.19 Exempt Waste.**

Sludge, stable matter, used oil or used oil filters, automobiles, automobile parts except those which fall within the definition of Recyclable Material, boats, boat parts, boat trailers, internal combustion engines, waste under the control of the Nuclear Regulatory Commission, biohazardous or biomedical waste that may cause disease or reasonably be suspected of harboring pathogenic organisms including human and animal parts, contaminated bandages, pathological specimens, hypodermic needles, sharps, contaminated clothing and surgical gloves from the operation of medical clinics, hospitals, and other facilities that process this waste; Hazardous Waste as identified in California Code of Regulations, Title 22, Division 4.5, Chapter 23, as may be amended; and electronic waste (E-Waste) such as discarded electronics equipment containing cathode ray tubes (CRTs) computers monitors, televisions, stereo equipment, peripherals, and other electronic equipment.

**1.20 Food Discard.**

Material that will decompose or putrefy including pre and post consumer kitchen and table food scraps; animal or vegetable waste that is generated during or results from the storage, preparation, cooking or handling of food stuffs; fruit waste; grain waste; dairy

waste; meat and fish waste; paper or waxed cardboard contaminated with various foodwaste.

**1.21 Hazardous Waste.**

Any material which is defined as a hazardous waste or universal waste under State or federal law or regulations including, but not limited to cathode ray tubes, batteries (except automotive lead-acid), items containing mercury (such as switches, thermometers, and thermostats), and fluorescent lamps.

**1.22 Landscaper Greenwaste.**

Material composed of Plant Trimmings that is 95% Plant Trimmings with no glass and is placed in a Container by a landscape contractor or service provider.

**1.23 Market Specifications.**

Market standards established through input from commodity brokers, peer facilities, ISRI Scrap Specifications, Circular 2009 or the most current version of this document, or other similar standards designated by the City Representative.

**1.24 Mixed Use Development.**

Any development that contains multiple uses as defined in Section 9 of the San Jose Municipal Code.

**1.25 Mixed Waste.**

Materials placed in Containers for collection that combine Recyclable materials and non-Recyclable materials.

**1.26 Organic Material.**

Food Discard and Plant Trimmings.

**1.27 Organic Processing Contractor.**

The Contractor designated by the City to Process Organic Material from Commercial Premises.

**1.28 Organic Processing Facility.**

Any legally permitted facility specified by CITY to Process Organic Material.

**1.29 Organics Streams.**

Organic Material, that contains no more than thirty percent (30%) paper, Delivered by the FRANCHISEE distinguished by four levels of contamination at the point of delivery:

Organics Stream One: Organic Material with no more than five percent (5%) contamination by weight, and containing no more than the types and amounts of Prohibited Material;

Organics Stream Two: Organic Material with five percent (5%) to ten percent (10%) contamination by weight, and containing no more than the types and amounts of Prohibited Material; and

Organics Stream Three: Organic Material with ten percent (10%) to twenty percent (20%) contamination by weight, and containing no more than the types and amounts of Prohibited Material.

Organics Stream Four: Organic Material with twenty percent (20%) to thirty percent (30%) contamination by weight, and containing no more than the types and amounts of Prohibited Material.

**1.30 Person.**

Any real person, firm, company, association, organization, partnership, corporation, trust, public agency, school district, the State of California, its political subdivisions and/or instrumentalities thereof.

**1.31 Plant Trimmings.**

Any vegetative matter resulting from normal yard and landscaping maintenance that is not more than five (5) feet long, 6 inches in diameter and no more than 60 pounds. Plant Trimmings includes sod, plant debris such as palm, yucca and cactus, grass clippings, leaves, prunings, weeds, branches, brush, Christmas trees, and other forms of horticultural waste generated at the Commercial Premise from which the Plant Trimmings are Collected. Plant Trimmings do not include items defined as Exempt Waste.

**1.32 Pre-process.**

The separation and removal of Recyclable Material, Contamination, and/or Prohibited Material from the Organic Material having greater than 20% contamination prior to the Delivery to the Organic Processing Facility.

**1.33 Process.**

The act of handling and separating material collected by type in accordance with the procedures set forth in Exhibit C ("Processing Plan").

**1.34 Prohibited Material.**

Prohibited Material shall mean any glass in amounts greater than .25% per load or Exempt Waste contained in the Organics Streams.

**1.35 Recyclable Material.**

Glass, paper, cardboard, wood, concrete, plastic, used motor oil and filters, ferrous and non-ferrous metal, aluminum and any other materials that are capable of being Recycled. Recyclable Material also includes any materials defined in Chapter 9.10 of the Municipal Code or City regulation.

**1.36 Recyclable Material Processing Facility.**

Newby Island Recyclery located at 1601 Dixon Landing Road, San Jose, CA or another permitted facility selected by the FRANCHISEE and approved by the City Representative to receive, sort, Process, Pre-Process, bale, store, and otherwise recover material for reuse, or prepare commingled and Source-Separated Recyclable Material for sale to other processors or manufacturers.

**1.37 Recycle.**

The process of collecting, sorting, cleansing, treating, and reconstituting material that would otherwise be disposed in a landfill and returning them to the economic mainstream in the form of raw material for new, reused, or reconstituted products which meet the quality standards necessary to be used in the marketplace. Recycling shall also include any Processing, energy conversion, or other activity deemed to be

Recycling under the statutes or regulations enforced by the Department of Resources Recycling and Recovery ("CalRecycle") with the exception that Recycle shall not include use as landfill alternative daily cover.

**1.38 Residue.**

Material remaining after Processing that does not meet Market Specifications and cannot be Recycled.

**1.39 Roll-Off Container.**

A metal container that must be loaded on a collection vehicle.

**1.40 Rubbish.**

All waste wood, wood products, tree trimmings, grass cuttings, dead plants, weeds, leaves, dead trees or branches thereof, chips, shavings, sawdust, printed matter, paper, pasteboard, rags, straw, used and discarded mattresses, used and discarded clothing, used and discarded shoes and boots, combustible waste pulp and other products such as are used for packaging or wrapping crockery and glass, ashes, cinders, floor sweepings, glass, mineral or metallic substances, earth, rock, used, demolished or discarded building material, and other waste material not included in the definitions of Food Discard or Recyclable Material. Rubbish must be generated at the Commercial Premise from which the Rubbish is Collected. Rubbish does not include Exempt Waste.

**1.41 Service District.**

Those areas designated as North Service District and South Service District on the map entitled Service District Map in Exhibit I.

**1.42 Sold.**

A market-based transaction involving a change in ownership of the material Collected and/or Processed by FRANCHISEE that is documented through a bill of sale, sales agreement, cancelled checks, invoice, or other appropriate written documentation.

**1.43 Solid Waste.**

Solid Waste mean all putrescible and non putrescible solid, semi-solid, and liquid wastes, including garbage, trash, refuse, paper, Rubbish, ashes, commercial and industrial wastes, green waste, Construction and Demolition Debris, Landscaper Greenwaste, abandoned vehicles and parts thereof, discarded home and industrial appliances, vegetable or animal solid and semi-solid wastes, and other discarded solid and semi-solid wastes. Solid waste includes Recyclable Materials that are discarded by the generators of such materials and Mixed Waste. Solid Waste does not include Exempt Waste.

**1.44 Source Separated Recyclable Material.**

Recyclable Material that has been separated by the generator from Solid Waste and includes no more than five percent (5%) by weight or volume of other material that cannot be Recycled. Source Separated Recyclable Material shall not include commingled Recyclables.

**1.45 Transfer Facility.**

A facility with the primary purpose or loading or unloading material for the purpose of transfer.

**1.46 Wet Material.**

Putrescibles and mixed Organic Material with no more than ten percent (10%) Dry Material by volume.

**1.47 Work Day.**

Any day of the week except Sunday and a holiday designated by this Agreement.

**ARTICLE 2 TERM OF AGREEMENT**

**2.1 Term.**

Subject to Article 7 of this Agreement, the term of the Commercial Solid Waste and Recyclable Materials Collection Franchise for the North Service District and the Commercial Solid Waste and Recyclable Materials Collection Franchise for the South Service District granted to FRANCHISEE shall be from the effective date of Ordinance No. \_\_\_\_\_, and Ordinance No. \_\_\_\_\_ through June 30, 2027.

### **ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF FRANCHISEE**

#### **3.1 Organizational Status.**

FRANCHISEE is a Delaware limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware. It is qualified to transact businesses in the State of California 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.

#### **3.2 Authorization.**

FRANCHISEE has the authority to enter into and perform its obligations under this Agreement. The limited liability company has taken all actions required by law, to authorize the execution of this Agreement. The real person(s) signing this Agreement on behalf of FRANCHISEE has/have authority to do so.

#### **3.3 No Conflict With Applicable Law Or Other Documents.**

FRANCHISEE's performance of its obligations under this Agreement does not conflict with, violate, or result in breach of any existing applicable law or any term or condition of any judgment, order or decree of any court, administrative agency or other governmental authority, or any agreement or instrument to which FRANCHISEE is a party or by which FRANCHISEE or any of its properties or assets are bound.

#### **3.4 No Litigation.**

There is no action, suit, proceeding or investigation at law or in equity, before or by any court or governmental entity, pending or threatened against FRANCHISEE or its partners, or otherwise affecting FRANCHISEE or its partners, wherein an unfavorable decision, ruling, or finding, in any single case or in the aggregate, would materially adversely affect FRANCHISEE's performance hereunder, or which, in any way, would adversely affect the validity or enforceability of this Agreement, or which would have a material adverse effect on the financial condition of FRANCHISEE or its partners.

#### **3.5 Expertise.**

FRANCHISEE has the expertise and professional and technical capability to perform all of its obligations under this Agreement and is ready, willing and able to so perform.

#### **3.6 Financial Condition.**

FRANCHISEE has made available to CITY information on its financial condition. FRANCHISEE recognizes that CITY has relied on this information in evaluating the sufficiency of FRANCHISEE's financial resources to perform this Agreement to guarantee such performance. To the best of FRANCHISEE's knowledge, this information is complete and accurate, does not contain any material misstatement of fact and does not omit any fact necessary to prevent the information provided from being materially misleading.

**ARTICLE 4 SERVICES PROVIDED BY FRANCHISEE****4.1 Grant of Franchises.**

By Ordinance No. \_\_\_\_\_, CITY has granted FRANCHISEE a Commercial Solid Waste and Recyclable Materials Collection Franchise for the North District, and by Ordinance No. \_\_\_\_\_, a Commercial Solid Waste and Recyclable Materials Collection Franchise for the South District, as set forth in Exhibit I, authorizing FRANCHISEE to engage in the business of collection, processing, transfer, and Disposal of Solid Waste, Mixed Waste, Source Separated Recyclables and Recyclable Material from Commercial Premises; and the collection, Pre-processing and transfer of Organic Material to the Organic Processing Contractor, with services to begin July 1, 2012 and for transition services and activities from the effective date of the franchises through July 1, 2012.

FRANCHISEE acknowledges that said Franchises are subject to the terms and conditions specified in Article XIII of the City Charter, the terms and conditions specified in Ordinance No. \_\_\_\_\_, and Ordinance No. \_\_\_\_\_, the provisions of Chapter 9.10 of the San Jose Municipal Code, and the terms and conditions of this Agreement.

CITY warrants that it had full authority to grant FRANCHISEE the scope of Franchise described in this Agreement.

#### **4.2 Limitations to Franchises.**

Nothing in this Agreement shall be construed to limit any of the following:

##### **4.2.1 Redirection of Processing Residue.**

CITY reserves the discretion to request that the FRANCHISEE participate in pilot programs that may redirect up to ten percent (10%) of the Residue from Processing the Recyclable Material Collected from Commercial Premises to an alternative facility. CITY shall provide written notice to FRANCHISEE no less than sixty (60) calendar days prior to implementation of the CITY request.

##### **4.2.2 Exceptions to Franchises.**

In addition to the limitations to the franchises referenced in the Agreement, the collection, Processing, and Disposal of the following material is not exclusive to the franchises:

- a. Material collected from residential properties in temporary residential clean-outs with Roll-Off or front-load containers rented for a period of one week or less.
- b. Source Separated Recyclable Material sold or donated by the generator where the generator does not incur any cost for collection, transportation, Processing or any other service.
- c. Material that is generated at a Commercial Premise that is transported by the generator, in a vehicle owned by the company and operated by an employee of the company, for which there is no compensation to the hauler. (self-hauled waste).
- d. Organic Material Composted on the real property where it is generated.
- e. Biosolids created from a process used by the Water Pollution Control Plant whereby primary, secondary and nitrification biosolids is anaerobically digested, thickened in lagoons, and solar dried to at least 50% solids.
- f. Exempt Waste.
- g. Liquids and/or semisolid material commonly generated from commercial kitchens collected with a grease receptor (tallow, fats, oils, and grease).
- h. Secure document shredding
- i. Rock, concrete, asphalt and dirt
- j. Construction and Demolition Debris resulting solely from construction, remodeling, and demolition authorized by a City permit, transported by Persons or entities possessing a valid permit, franchise, or license from the City to haul C&D, and collected pursuant to a temporary service agreement of no longer than one year.

#### **4.3 Service Standards.**

FRANCHISEE shall perform all services permitted by this Agreement in a thorough and professional manner.

**4.4 Labor and Equipment.**

FRANCHISEE shall provide and maintain all labor, equipment, tools, facilities, and personnel supervision required for the performance of this Agreement. The enumeration of, and specification of requirements for, particular items of labor or equipment shall not relieve FRANCHISEE of the duty to furnish all others that may be required, whether enumerated or not. Commercial Service equipment used by FRANCHISEE shall be of the appropriate quality to perform the services. FRANCHISEE shall at all times have sufficient backup vehicles, Containers, other equipment, and labor as required by Article 6, and as is sufficient to fulfill FRANCHISEE's obligations.

**4.5 Holiday Service.**

The following days of the calendar year are legal holidays ("Holidays"): Thanksgiving Day, December 25th, and January 1st. FRANCHISEE is required to provide Commercial Solid Waste and Recyclable Material Collection Service nor to maintain office hours on these days.

## ARTICLE 5 COMMERCIAL SERVICE

Beginning July 1, 2012, and continuing until the expiration or termination of this Agreement, FRANCHISEE shall provide Commercial Service in the North Service District and the South Service District in accordance with the terms and conditions of this Agreement.

### 5.1 Transition.

FRANCHISEE understands and agrees that the time between the Effective Date of the franchises and July 1, 2012 is intended to provide FRANCHISEE with sufficient time to complete all other requirements necessary to fully implement Commercial Service ("Transition Period").

- 5.1.1 FRANCHISEE shall engage in the activities specified in Exhibit C ("Transition and Implementation Plan"), from the Effective Date of the franchises through December 31, 2014.
- 5.1.2 The Transition and Implementation Plan may be modified from time to time by mutual written agreement of FRANCHISEE and the City Representative in order to provide a smooth transition of services, provided that no such modification shall extend any time for performance beyond the dates set forth in this Agreement.
- 5.1.3 FRANCHISEE shall diligently adhere to the plan, and pursuant to CITY request, shall meet periodically to review progress.

### 5.2 Commercial Service Systems.

- 5.2.1 One Bin Plus Container System.  
FRANCHISEE shall provide a One Bin Plus Container System for Commingled Recyclable Material and Solid Waste. This system will also allow for provision of separate Containers for Customers generating Organic Material in amounts that could fill a separate Container
- 5.2.2 Two-Container System.  
FRANCHISEE shall offer a Two-Container System for Collecting Dry Material, and Wet Material to those Customers that cannot be serviced through the One Bin Plus System
- 5.2.3 Three-Container System.  
FRANCHISEE shall offer a Three-Container System for Collecting Commingled Recyclable Material, Organic Material, and Solid Waste to those Customers that cannot be serviced through the One Bin Plus Container System.

### 5.3 General Collection Standards.

### 5.3.1 Frequency of Collection.

- a. Carts and Bins. For Solid Waste and Wet Material, FRANCHISEE shall provide regular service for a minimum of once per week and a maximum of six (6) days per week. FRANCHISEE shall offer collection up to a maximum of six (6) days per week for Dry Material. With the exception of weeks containing Holidays, regularly scheduled service shall occur on the same day(s) of each week.
- b. Roll-Off Containers and Compactors. For Solid Waste and Wet Material, FRANCHISEE shall provide regular service and on-call service for a minimum of once per week up to a maximum of six (6) days per week. FRANCHISEE shall offer the Customer regular service and on-call service for Recyclable Material and Dry Material once per week up to a maximum of six (6) days per week. With the exception of weeks containing Holidays, regularly scheduled service shall occur on the same day(s).
- c. No Commingling of Material. FRANCHISEE shall not commingle material collected from Commercial Premises pursuant to this Agreement with material collected from any other source prior to weighing the material at the Recyclable Processing Facility, Disposal Facility, Organic Processing Facility, or Transfer Facility, without the express written permission of the City.

### 5.4 Collection of Materials.

FRANCHISEE shall provide collection services pursuant to Exhibit C ("Collection Plan").

### 5.5 Transport and Delivery of Material.

FRANCHISEE shall Deliver all material to the designated facilities.

### 5.6 Processing of Recyclable Material.

FRANCHISEE shall Process the Recyclable Material in accordance with Exhibit C ("Processing Plan"). All materials shall be directly hauled to the Organic Processing Facility or Processed at the Recyclable Material Processing Facility.

### 5.7 Pre-Processing.

FRANCHISEE shall Pre-Process Organic Material or Wet Material to recover Recyclable Material or to remove contaminants and Prohibited Material to meet the requirements of the Organic Streams, prior to Delivery to the Organics Processing Contractor, provided such Organic Material contains more than 20% contamination.

FRANCHISEE may Deliver Organic Materials containing 20% or less contamination directly to the Organic Processing Contractor and without having any obligation to Pre-Process such materials.

Following organic waste characterization studies that show the FRANCHISEE is not Delivering Organic Material that meets one of the Organic Stream specifications below 20% contamination or to minimize impact on Customer Maximum Rates, the City

Representative may require that FRANCHISEE either modify its Collection or Pre-processing practices.

#### **5.8 E-Waste Processing.**

FRANCHISEE shall cause any E-Waste that is collected from Commercial Premises to be processed in compliance with the BASEL Action Network e-Stewardship Standard or another comparable standard approved by the CITY; provided, however, that FRANCHISEE has no obligation to collect such material.

#### **5.9 Contingency Organic Processing.**

In the event Organic Processing Contractor is unable to process Organic Material collected under this Agreement, FRANCHISEE shall offer to CITY capacity at the NIRRP at the rate set forth in Exhibit C ("Contingency Plan"). FRANCHISEE shall not be obligated to hold capacity but will be given the first right of refusal on the opportunity to provide contingency Organic Processing services.

#### **5.10 Market Specification.**

The CITY may initiate, or pursuant to a request from the FRANCHISEE initiate modifications to the Market Specification if a material category is not listed by ISRI or other similar standard; provided, however, that such Market Specification shall not be more stringent than CalRecycle regulations defining what is required to Recycle the material in question.

- 5.10.1 CITY shall consider modifications based on the following criteria:  
Recyclable Material that can be Sold for their highest and best use;  
commodity specifications from national commodity brokers identified by the CITY in consultation with FRANCHISEE; commodity specifications from comparable facilities to FRANCHISEE's facilities ("Peer Facilities") identified by the CITY in consultation with FRANCHISEE; and Market analyses prepared by CITY staff, consultants, and FRANCHISEE.
- 5.10.2 On or before July 1, 2014, and at least annually thereafter but no more than once each calendar quarter, CITY shall review and/or update the Market Specification. The CITY shall obtain information from Peer Facilities as to their standards for Processing Recyclable Material. If the majority of Peer Facilities are processing a material to a specification that is lower than the equivalent ISRI specification, the specifications from the Peer Facilities would be ranked and the median specification may be used in place of the ISRI specification for a period to be determined by the City Representative in consultation with the FRANCHISEE.

#### **5.11 Storage Capacity.**

Notwithstanding severe market and pricing fluctuations, FRANCHISEE shall provide sufficient capacity at the Recyclable Material Processing Facility to Process and store the Recyclable Material until FRANCHISEE can market the Recyclable Material consistent with Exhibit C ("Recyclable Material Marketing Plan").

#### **5.12 Significant Events.**

FRANCHISEE shall notify the City Representative within two hours, electronically or in writing, of any significant event that negatively impacts its ability to perform Commercial Service.

**5.13 Disposal Prohibited.**

FRANCHISEE may not Dispose Recyclable Material or Organic Streams at the Disposal Facility.

**5.14 Marketing of Recyclable Material.**

FRANCHISEE shall seek to develop and utilize stable markets so that recovered material may be used for its highest and best use, and ensure that Recyclable Material marketing services are conducted in accordance with Exhibit C ("Recyclable Material Marketing Plan").

**5.15 Diversion Service.**

FRANCHISEE shall comply with the diversion requirements of this Article and Exhibit C ("Diversion Plan" and "Processing Plan").

Beginning January 1, 2013, FRANCHISEE shall divert from the Disposal Facility a minimum of seventy-five (75%) by weight of the total weight of material Collected from Commercial Premises.

Beginning January 1, 2014, FRANCHISEE shall divert from the Disposal Facility a minimum of eighty percent (80%) by weight of the total combined weight of material Collected from Commercial Premises.

**5.16 Outreach and Technical Assistance.**

FRANCHISEE shall perform outreach and technical assistance in accordance with Exhibit C ("Outreach and Technical Assistance Plan").

- 5.16.1 FRANCHISEE shall work diligently with the Customer to minimize the contamination in the Containers.
- 5.16.2 On or before the last day of February of each year, FRANCHISEE shall meet with the City Representative to discuss FRANCHISEE's annual public education plan for the following fiscal year (July-June). The written plan must address specific diversion services to small, medium, and large businesses; strategies to resolve "problem" areas identified in the past year of service and the budget for outreach efforts and education and monitoring of California AB32 compliance. FRANCHISEE shall meet with the City Representative up to four times per fiscal year to coordinate of outreach and technical assistance efforts.
- 5.16.3 Distribution of City Material.
  1. FRANCHISEE shall distribute upon City request up to twice per year, outreach material to all Customers. "Outreach Material" includes written material such as fliers, brochures, and newsletters, on topics such as waste reduction, reuse, recycling, the City's Green Vision goals, or solid waste rules and regulations of the CITY.

2. The CITY is responsible for the cost to design and produce the outreach material and shall deliver the material to FRANCHISEE's local office at an agreed upon date but no later than one week prior to the distribution deadline.
3. FRANCHISEE may deliver the outreach material by personal delivery, U.S. mail postage prepaid, or any other method agreed upon by the City Representative. Distribution of the material by U.S. mail shall be at the FRANCHISEE's sole cost and expense. If the material is to be delivered by U.S. mail, the design of the outreach material shall not cause the FRANCHISEE to incur cost in excess of the cost of first class postage.
4. In order for the CITY to adequately respond to public inquiries, FRANCHISEE shall provide the City Representative with a copy of all press releases, reports, advertisements, letters or other documents intended for public release prior to the public release. CITY reserves the right to require that FRANCHISEE correct any inaccurate information or add clarifying information if its omission could be misleading to the Customer.
5. FRANCHISEE shall maintain a website, or a portion of its existing website for the franchise services. The website shall provide readily understandable material for Customers regarding services, options for waste prevention and diversion, and a diversion and rate calculator tool. The website must also provide educational material for download, highlight program successes, and diversion statistics. FRANCHISEE is required to resolve any CITY concerns regarding the accessibility, format, and content of material on the website within two (2) weeks of receiving notice from the CITY.

#### 5.16.4 Staffing.

FRANCHISEE shall dedicate a minimum of four full time staff equivalents to meet the outreach and technical assistance requirements of this Agreement. Primary outreach and technical assistance tasks include waste stream audits and analysis, assistance to Customers in setting-up diversion programs, education, and resolution of contamination issues.

#### 5.16.5 Recycling and Waste Prevention Guides.

FRANCHISEE is required to produce a recycling and waste prevention guide, and a laminated recycling poster for distribution to all Customers prior to the start of Commercial Service, and upon request from Customers. Recycling posters should inform Customers on how to use the One Bin Plus system. The guides should have information regarding: Collection methodologies, service level options, and contact information; specifics of the

service; simple waste prevention options (i.e. the use of two-sided copying, paper reuse, and electronic paperless options to reduce paper use and discard); and proper handling and disposal of Hazardous Waste, and contacts for appropriate public agencies.

#### **5.17 Adjusting the Level of Service.**

FRANCHISEE shall proactively and continually work with Customers to adjust the level of Solid Waste Service, Recyclable Material and Organic Material Collection to achieve the most efficient system and highest diversion rate. FRANCHISEE shall offer Customers the opportunity to share Container(s), as outlined in Exhibit C (“Customer Service and Reporting Plan”), to the extent permitted by law.

#### **5.18 Customer Service.**

FRANCHISEE shall ensure that customer service and call center activities are conducted in accordance with Exhibit C (“Customer Service and Reporting Plan”). FRANCHISEE shall also:

- a. Provide skilled and trained staff to respond to service start-up, rate increases, changes in service affecting many Customers, and other contingencies;
- b. Require customer service representatives (CSR) to attend CITY trainings to be scheduled in coordination with the FRANCHISEE;
- c. Meet all of the following call center and telephone system performance requirements:
  1. The total average, peak hourly, and daily call volumes per CSR identified in Exhibit C (“Customer Service and Reporting Plan”).
  2. During normal business hours, maintain a telephone answering system capable of accepting at least fifteen (15) incoming calls at one time.
  3. Provide the option for any caller left “on-hold” in excess of one and one-half (1.5) minutes to remain “on-hold” or to be switched to a message center where the caller can leave a message.
  4. For all messages left before 3:00 p.m., FRANCHISEE shall attempt all “call backs” at least one time prior to 5:00 p.m. on the day of the call. For messages left after 3:00 p.m., FRANCHISEE shall attempt all “call backs” at least one time prior to noon the next Work Day.
  5. FRANCHISEE shall make a minimum of three (3) attempts to call back within twenty-four (24) hours of the receipt of the call.
  6. Provide the ability to respond to telephone calls in languages other than English that meet the needs of the business community.
  7. Provide the ability to respond to telephone calls through Telecommunications Device for the Deaf (TDD) Services.
  8. Provide a telephone answering service or mechanical device to receive Customer inquiries during those times when FRANCHISEE’s office is closed.

- d. Track all calls and call backs using the categories identified in Exhibit C (“Customer Service and Reporting Plan”); and
- e. FRANCHISEE shall resolve complaints of the following within the specified times:

Spills and Litter resulting from Collection	2 hours
Container in service free from graffiti	5 Work Day
Missing Container replacement	1 Work Day
Broken Container repair/replacement	5 Work Day

- f. In the event the CITY receives a complaint from a Customer, FRANCHISEE must cooperate with the City Representative to investigate and attempt to reasonably resolve the dispute within ten (10) Work Days.

## **5.19 Collection Standards for Customers.**

### **5.19.1 Access to Route Information.**

FRANCHISEE shall make Customer data available to the CITY through real-time, read-only access to the FRANCHISEE’s customer information system. The system capabilities and scope of access are specified in Exhibit C (“Customer Service and Reporting Plan”).

### **5.19.2 Changes in Routes.**

FRANCHISEE shall develop and maintain routes that would ensure timely and consistent Collection service. The City reserves the right to request information regarding significant proposed route changes or changes in the time of Collection in the Central Business District, the Transit Mall Zone, and mixed use areas as defined in Section 9 of the San Jose Municipal Code.

### **5.19.3 Space Constraints.**

FRANCHISEE may be required to provide reasonable alternative Collection methods and Containers for Customers with space constraints, noise restrictions, and limited accessibility; or in the Central Business District and Transit Mall Zone. Unless a separate fee is approved for new services, FRANCHISEE shall provide these services without an additional charge.

### **5.19.4 Mixed-Use Development.**

Contractor shall provide Collection service to Commercial Premises and Mixed-Use Development consistent with the limitations under the San José Municipal Code.

### **5.19.5 Care of Private Property.**

FRANCHISEE shall use due care when Collecting all material. Containers shall not be thrown from trucks, roughly handled, damaged or broken. Containers shall be returned to the Collection point upright with lids properly closed. FRANCHISEE shall ensure that its employees close all gates opened by them during Collection unless otherwise directed by Customer. FRANCHISEE shall take care when working within trash enclosures to ensure that enclosure walls/fencing is not damaged and left

in clean condition. FRANCHISEE shall avoid crossing landscaping during Collection operation.

## **5.20 Hazardous Waste and Other Exempt Waste.**

### **5.20.1 General.**

FRANCHISEE shall comply with all laws and regulations relating to the handling and transportation of Hazardous Waste, hazardous material and other Exempt Waste; provided, however, that FRANCHISEE shall not, and is not obligated to, assume title of ownership to any such waste or material,

### **5.20.2 Written Operating Procedure.**

FRANCHISEE shall establish, implement and maintain written operating procedures including, but not limited to, handling and removing Hazardous Wastes and other Exempt Waste in accordance with local, state, and federal regulations and applicable guidelines.

### **5.20.3 Notice to Customers.**

FRANCHISEE shall notify all Customers at least once a year of the: (i) prohibition against the disposal of Hazardous Waste in Collection Containers, (ii) Customer requirement to properly handle and dispose of Hazardous Waste, and (iii) options available to Customers for the legal collection and disposition of Hazardous Waste. FRANCHISEE shall not collect any Container if FRANCHISEE has actual knowledge of the existence of Hazardous Waste in the Collection Container. FRANCHISEE shall inform the Customer on the same Work Day as the scheduled Collection of why the Collection was not made before leaving the Commercial Premise.

### **5.20.4 Segregation and Disposal.**

In the event FRANCHISEE inadvertently collects any Hazardous Waste, FRANCHISEE may return such Hazardous Waste to the generator if feasible or, if this is not feasible, shall segregate the Hazardous Waste and arrange for its transport to a properly permitted recycling, treatment or Disposal Facility, As between CIT Y and FRANCHISEE, FRANCHISEE shall be solely responsible for the transport and appropriate disposition of all Hazardous Waste that is collected, but FRANCHISEE shall retain all rights to seek compensation, damages and other appropriate remedies from the generators of such Hazardous Waste. CITY will cooperate with FRANCHISEE's efforts to recover the cost of handling the Hazardous Waste from the responsible Customer or generator.

### **5.20.5 Operating Procedures and Employee Training.**

FRANCHISEE shall maintain an employee training program to ensure that employees can properly identify, handle, and remove Hazardous Waste and other Exempt Waste. Records that describe the training and the employees who received the training shall be maintained by FRANCHISEE. These records shall be available for review upon request by the City Representative.

### **5.20.6 Coordination with Organic Processing Contractor.**

FRANCHISEE shall coordinate with the Organic Processing Contractor to verify and resolve any issues, including additional costs incurred, regarding Hazardous Waste contamination of the material Delivered to the Organic Processing Facility.

**5.20.7 Notice to Authorities.**

FRANCHISEE must notify the appropriate authorities and the CITY of reportable quantities of Hazardous Waste.

**5.21 Spillage and Litter.**

FRANCHISEE shall conduct Collection and transportation of Solid Waste and Recyclable Material so that no material spills out of the Container or Collection vehicle. FRANCHISEE shall cover with petroleum-absorbent material all oil, hydraulic fluids, spilled paint, or any other liquid or debris resulting from FRANCHISEE's operations or equipment repair and shall remove the debris and the petroleum-absorbent material from the street surface, or any other area where FRANCHISEE's operations have occurred. FRANCHISEE shall clean up any spillage or litter caused by FRANCHISEE within two (2) hours after the occurrence, but no later than two (2) hours of notice from the CITY. When necessary, FRANCHISEE shall apply a suitable cleaning agent to the spill area to provide adequate cleaning. To facilitate cleanup, FRANCHISEE's Collection vehicles shall at all times carry sufficient quantities of petroleum-absorbent material, brooms and shovels, and other appropriate cleanup material or equipment.

**5.22 Hours of Collection.**

Collection may occur only within hours permitted under the Municipal Code. The Director of Environmental Services may grant an exception to these limitations if FRANCHISEE demonstrates to the satisfaction of the Director that such an exception will not create noise, impede traffic flow or otherwise interfere with the quiet enjoyment of the residential premises. In the event FRANCHISEE violates this provision, in addition to any other remedies the CITY may have, CITY's Director of Environmental Services may charge FRANCHISEE for CITY's costs of enforcement of this provision. FRANCHISEE shall reimburse CITY for such costs within ten (10) days of the date of CITY's invoice for such costs.

**5.23 Collection Vehicle Noise Level.**

The noise level generated by Collection vehicles shall not exceed seventy-five (75) decibels at a distance of 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. FRANCHISEE shall test noise levels for each vehicle prior to placing it in service and shall re-test each vehicle no less than once every three (3) years from the time it is first placed in service. FRANCHISEE shall maintain copies of certificates of testing showing the results of the vehicle testing and shall make such certificates available for inspection upon request by the City Representative.

**5.24 Ownership of Material.**

Title to material collected under these franchises, except for Hazardous Waste and other Exempt Waste, shall pass to FRANCHISEE at the time the material is placed in the Collection Container.

**5.25 Disposal of Residue.**

FRANCHISEE shall properly dispose of Residue from the Processing of Recyclable Material and Solid Waste in accordance with Article 8.

**5.26 Contingency.**

FRANCHISEE shall comply with Exhibit C (“Contingency Plan”), when operations at the Recyclable Material Processing Facility are diminished or unavailable for any reason; or for short-term access to processing capacity at a recyclable material processing facility due to a temporary interruption of service.

**5.27 Coordination with Organic Processing Contractor.**

FRANCHISEE shall coordinate with the Organic Processing Contractor for delivery of Organic Streams, vehicle turn-around time (e.g., on-site time including queuing, scale house and vehicle weighing, unloading, and exiting), identifying and solving any problems related to contamination of delivered material, and tonnage reporting.

## ARTICLE 6 EQUIPMENT, PERSONNEL AND FACILITIES

### 6.1 Equipment Specifications.

All equipment used by FRANCHISEE shall be of the necessary quality to perform the Commercial Services.

### 6.2 Equipment Maintenance.

FRANCHISEE shall maintain all equipment in clean condition and good repair at all times. All parts and systems of the equipment shall operate properly and be maintained in good working order. Additional maintenance requirements are specified in Exhibit C ("Collection Plan" and "Processing Plan").

### 6.3 Maintenance Log.

FRANCHISEE shall maintain a maintenance log for all Collection vehicles. The log shall be available for review during the Work Day upon the request of the City Representative. FRANCHISEE shall record in the log, at a minimum, for each vehicle the FRANCHISEE-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.

### 6.4 Vehicle Inventory.

On or before June 15, 2012, FRANCHISEE shall submit an inventory of vehicles to be used for Commercial Service. The inventory shall indicate each vehicle using an identification number assigned by FRANCHISEE, Vehicle Identification Number, DMV license number, type of fuel used, and the type and capacity of each vehicle. The inventory shall include the tare weight of each vehicle as determined by weighing at a public scale. Each vehicle inventory shall be accompanied by a certification by FRANCHISEE that all vehicles meet the requirements of this Agreement. CITY may request that FRANCHISEE submit an updated inventory within twenty-four hours of the request.

### 6.5 General Vehicle Requirements.

All Collection equipment used by FRANCHISEE shall be of high quality. The vehicles shall be designed to prevent material from escaping the vehicles. All hoppers shall be closed on top and on all sides with screening material to prevent material from leaking, blowing or falling from the vehicles.

- 6.5.1 Clean Air Vehicles. FRANCHISEE must maintain its Collection vehicles in full compliance with local, State, and federal clean air quality requirements.
- 6.5.2 Vehicle Age and Retrofitting. FRANCHISEE shall not use any collection vehicle, made prior to 2012, unless it was manufactured to meet the requirements of this Article, or has been retrofitted to be in full compliance with the California Air Resources Board Heavy Duty Engine Standards.
- 6.5.3 Global Positioning System. FRANCHISEE shall equip Collection vehicles with Global Positioning System (“GPS”) or similar technology that meets the systems specifications of Exhibit C (“Customer Service and Reporting Plan”).
- 6.5.4 Lubricants. FRANCHISEE shall utilize re-refined motor oil and re-refined hydraulic oil in all vehicles where use of such lubricants does not invalidate the warranty for service and repairs of vehicles.
- 6.5.5 Safety Markings and Devices. FRANCHISEE shall provide that Collection vehicles have the following safety markings and devices: highway lighting, flashing and warning lights, reverse gear alarm, and clearance lights in accordance with the California Vehicle Code.
- 6.5.6 Idling of Vehicles. FRANCHISEE may not idle vehicles in parking lots or other locations adjacent to residential premises. FRANCHISEE may stage vehicle in parking lots or other locations adjacent to residential premise only if the engine is turned off.
- 6.5.7 Equipment Washing. All washing of vehicles shall be conducted in a manner that conforms to the BMP Guidelines for Non-Point Source Pollutants in the publication entitled Storm Water Best Management Practices Handbook for Industrial Commercial.
- 6.5.8 Alternative Fuel Vehicles. FRANCHISEE shall use a 100% Compressed Natural Gas (CNG) collection vehicle fleet and utilize alternative fuel light duty auxiliary vehicles as they become commercially available and removed from service in the performance of services under this Agreement in accordance with FRANCHISEE’s Transportation Summary and Conversion Plan and subject to the Reporting Requirements provided in Exhibit C and Article 12.
- 6.5.9 CNG Fueling Station. FRANCHISEE shall construct and have operational a CNG fueling station at its corporation yard at NIRRP in accordance with FRANCHISEE’s CNG Fueling Station Timeline provided in Exhibit C to this Agreement. The CNG fueling station shall be made available for the refueling of CITY vehicles when CITY CNG fueling stations are unavailable, provided such use does not interfere with FRANCHISEE’s performance of services under this Agreement. CITY shall pay market rate as established by FRANCHISEE for fuel received from FRANCHISEE’s CNG fueling station.

**6.6 Reserve Equipment.**

FRANCHISEE must have access to replacement Collection equipment for Commercial Service within twenty-four (24) hours of any breakdown.

**6.7 Vehicle Signage and Painting.**

- 6.7.1 Vehicle Identifying Signage. Collection vehicles shall be painted with FRANCHISEE's name and customer service telephone number. The information shall be painted in contrasting color, at least four (4) inches high, on each side and the rear of each vehicle.
- 6.7.2 Unique Numbering. A unique vehicle identification number shall also be painted in contrasting color at least four (4) inches high on both the front driver and passenger side doors of each Collection vehicle so as to be clearly visible to Facility scale house personnel upon Delivery of material. This number shall also be painted on the rear of Collection vehicles with sufficient space to accommodate labeling.
- 6.7.3 Repainting. FRANCHISEE shall repaint all Commercial Services vehicles consistent with Exhibit C ("Collection Plan").
- 6.7.4 CITY Directed Signage. Upon request of CITY, but not more than once every other year, FRANCHISEE shall display CITY logos or program information on trucks provided it does not interfere with the required vehicle identification signage, unique numbering or safety markings. CITY will provide art and design to FRANCHISEE.

**6.8 Vehicle Registration, Licensing and Inspection.**

FRANCHISEE shall ensure that all vehicles are in compliance with registration, licensing and inspection requirements of the California Highway Patrol, the California Department of Motor Vehicles, and any other applicable laws or regulations.

FRANCHISEE shall maintain copies of all certificates and reports evidencing compliance, and shall make such certificates and reports available for inspection upon request by the City Representative. FRANCHISEE may not use any vehicle that is not in compliance with applicable registration, licensing and inspection requirements.

**6.9 Container Specifications.**

FRANCHISEE may confirm with CITY prior to ordering the Containers as to whether the order complies with this Section.

**6.9.1 Carts.**

Cart sizes shall be 32, 64 and 96-gallon (or similar sizes) and shall remain consistent throughout the term of this franchise. All Carts shall be manufactured by injection or rotational molding methods and contain a minimum of 20% post-consumer content. Carts provided to Customers shall have a useful life of ten (10) years as evidenced by a manufacturer's warranty or other documentation acceptable to CITY. Carts will have a minimum wall thickness of .150 inches for rotationally molded containers and .165 inches for injection molded containers. Colors of the Carts shall be as provided in Exhibit C ("Collection Plan"). Colors shall be non-fading

throughout the ten-year useful life. The color and shade of Carts shall be consistent and without noticeable variation from one to another. All markings on Carts should be done with a white hot stamp and must have at a minimum a unique serial number and FRANCHISEE's name.

**6.9.2 Bins.**

Bin sizes shall be 1,2,3,4,6, and 8 cubic yards. Bin colors, signs and specifications must meet the requirements of Exhibit C ("Collection Plan"). All Bins purchased and used by FRANCHISEE shall be watertight and fixed with a permanent lid which closes tightly and prevents water from intruding into the Container. Each Bin must include text which reads "Clean Up All Leaks/Spills Promptly" in English and Spanish. Customers may subscribe to additional capacity with varying sizes and/or multiple quantities of Bins.

**6.9.3 Roll-Off Containers.**

Roll-Off Container sizes shall have capacities of 10, 20, 30, and 40 cubic yards. Colors, signs and specifications of new Roll-Off Containers must meet the requirements of Exhibit C- ("Collection Plan"). All Roll-Off Containers must have a visible and legible serial number, have reflectors at each outside corner, and be watertight. FRANCHISEE shall provide the Customer with a tarp for all Roll-Off Containers to prevent storm water intrusion into the Container.

**6.9.4 Compactors.**

FRANCHISEE shall coordinate with Customers leasing and purchasing Compactors to determine the appropriate size and type of Compactor that is serviceable by FRANCHISEE, and to ensure that such Compactors are watertight. Compactors purchased from FRANCHISEE shall be leak proof and sealed to prevent intrusion of storm water.

**6.10 Container Exchange.**

Each Customer shall be entitled to one free replacement of a destroyed or stolen Container each calendar year. FRANCHISEE shall deliver a replacement Container and remove the damaged Container within five (5) Work Days of receiving notice from the Customer. This limitation on exchange would not apply to a Container damaged by FRANCHISEE during the course of Collection. In addition, each Customer is entitled to one free Container exchange each calendar year. FRANCHISEE shall deliver a replacement Container and remove the original Container within five (5) Work Days of receiving notice from the Customer or the City.

**6.11 Container Ownership.**

FRANCHISEE shall provide all Carts, Bins, and Roll-Off Containers, and permit Customers to purchase or lease Compactors from a third-party provided these Containers are compatible with the FRANCHISEE's Collection equipment.

**6.12 Container Inventory.**

FRANCHISEE shall be responsible for ensuring that an adequate supply of each Container type is maintained to ensure delivery within the timeframe specified under this Article.

**6.13 Container Maintenance.**

FRANCHISEE shall ensure that all Containers are watertight, designed and constructed to eliminate spillage and leakage during normal use and collection. FRANCHISEE shall repair or replace all leaky or non-serviceable Containers within five (5) Work Days of being notified by Customer or observing the damaged Container, whichever is earlier in time. If the repair or replacement cannot be completed within five (5) Work Days, FRANCHISEE shall provide the Customer a Container of the same size or larger until the damaged Container can be repaired or replaced. FRANCHISEE shall be responsible for the general repair and upkeep of all Containers. FRANCHISEE is only responsible for the cost of repairing or replacing a Container that is damaged during the course of Collection.

FRANCHISEE shall regularly maintain Compactors leased from FRANCHISEE in good working order and functioning at high compaction levels.

**6.14 Container Appearance.**

FRANCHISEE shall ensure that all Containers in use or in reserve have a uniform physical appearance before July 1, 2013.

**6.15 Container Locks.**

FRANCHISEE shall maintain an adequate supply of locks and provide locks to Customers requesting locks for their Containers.

**6.16 Roll-Off Container Delivery and Placement.**

FRANCHISEE shall deliver and remove all Roll-Off Containers within two (2) Work Days of the Customer's order. Roll-Off Containers must be placed in locations permitted under the Municipal Code.

**6.17 Personnel Requirements.****6.17.1 General.**

FRANCHISEE shall employ qualified personnel to perform all services. FRANCHISEE shall be responsible for its employees' compliance with all laws and regulations.

- 6.17.2 FRANCHISEE shall require its field operation personnel to wear a clean uniform shirt bearing FRANCHISEE's name.
- 6.17.3 FRANCHISEE shall require employees who have direct contact with the public to wear on their person a photographic identification such as a name tag or identification card.
- 6.17.4 Each driver shall carry a valid California driver's license and all other required licenses for the type of vehicle that is being operated.
- 6.17.5 FRANCHISEE shall require its field employees to be accessible consistent with the Exhibit C ("Collection Plan").
- 6.17.6 General Manager Qualification.  
FRANCHISEE shall have a general manager or other person with comparable five (5) or more years of experience in performing the same or similar functions. The general manager or comparable person's primary responsibility shall be to fulfill the requirements of this Agreement. Prior to the start of service, FRANCHISEE shall provide the CITY a written description of its general manager's duties, responsibilities, and obligations to Customers other than Customers of Commercial Premises, including duties and responsibilities related to FRANCHISEE management activities, and other collection, Processing or disposal operations.
- 6.17.7 Access to General Manager.  
FRANCHISEE shall provide the City Representative with access to the general manager by telephone or in person during FRANCHISEE's office hours.
- 6.17.8 Emergency Contact.  
FRANCHISEE shall provide the City Representative with emergency phone number(s) at which the general manager, and any other FRANCHISEE representative authorized to act on FRANCHISEE's behalf can be reached outside of normal FRANCHISEE's office hours. The emergency representative shall respond to any call from the City Representative within one hour.
- 6.17.9 Training.  
FRANCHISEE shall provide the initial and ongoing personnel training required and necessary to provide Commercial Services. Training may include, but is not limited to, operational training, safety training programs, compliance with Equal Employment Opportunities (EEO), the Americans with Disabilities Act (ADA), and other training as more specifically described in Exhibit C.

## **6.18 Facilities.**

FRANCHISEE shall maintain the Recyclable Material Processing Facility consistent with Exhibit C ("Processing Plan"). FRANCHISEE shall at all times provide sufficient

administrative, equipment and personnel staging, and maintenance facilities sufficient to perform the services permitted by this Agreement. FRANCHISEE shall maintain, and upon City request, provide copies of all leasing arrangements for related to administrative, staging, and maintenance facilities. FRANCHISEE shall provide the City with prior notice and information of significant modifications and/or expansions to existing administrative, staging, and maintenance facilities that could affect delivery of services on a temporary or ongoing basis.

**6.19 Recyclable Material Processing Facility Capacity.**

FRANCHISEE shall provide the Recyclable Material Processing Facility, or alternate capacity as described below, to Process material Collected through the Three-Container System, Two-Container System, or the One Bin Plus System for the term of the Franchise.

**6.20 Facility Permits and Licenses.**

FRANCHISEE shall be solely responsible for obtaining, at its own expense, any and all permits, licenses, and approvals necessary for the transportation, Processing and Transfer of material Collected from Commercial Premises, and maintain same in full force and effect throughout the term of the franchise.

FRANCHISEE 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.

FRANCHISEE shall at all times ensure that it is in full compliance with all other local, regional, State and federal regulatory requirements. FRANCHISEE shall at all times anticipate, and be proactive in identifying and actively participating in the timely resolution of issues related to regulatory compliance in order to ensure that there is no lapse in FRANCHISEE's ability to provide Commercial Service.

**6.21 Facility Access.**

FRANCHISEE shall provide the City Representative with access to any facilities engaged in Commercial Services upon request.

**6.22 Hours of Operation.**

The Recyclable Material Processing Facility shall be open for Delivery on the following schedule: Monday through Friday from 4:00am to 5:00pm.

**6.23 Office Hours.**

Franchisee and staff shall be available to the City Representative Monday through Friday from 8:30 am to 5:00 pm, or as otherwise mutually agreed upon by the FRANCHISEE and the City Representative.

## ARTICLE 7 PERFORMANCE STANDARDS

### 7.1 Diversion Responsibility.

FRANCHISEE is responsible for meeting Minimum Diversion Standards for the total tonnage of material Collected from Commercial Premises.

### 7.2 Minimum Diversion Standards.

Beginning January 1, 2013, FRANCHISEE shall divert from landfill Disposal a minimum of seventy-five percent (75%) by weight of all the material collected from Commercial Premises.

Beginning January 1, 2014, FRANCHISEE shall divert from landfill Disposal a minimum of eighty percent (80%) by weight of all material collected from Commercial Premises.

The Minimum Diversion Standard for Collection will be calculated on a calendar year basis beginning January 1, 2013. The Diversion Rate for all material for the collection system shall be calculated in the following manner:

Material Diversion Rate = (Tons of all materials collected – Tons of Residue)/ Tons of material collected. For purposes of this calculation, Residue from Organic Material shall be assumed to be 10% of the total tons of Organic Material collected and shall be added to the above calculation in terms of the Tons material Residue; provided, however that this percentage shall be reduced to a lower percentage if results of facility audits of the Organics Processing Facility demonstrate a greater level of actual diversion.

The protocol for determining the Tons of material collected and Tons of material Residue, will be determined consistent with the methodology specified below.

#### 7.2.1 Material Collected.

The Tons of material collected shall be calculated as the sum of the tonnage of material collected for the most recently completed month. The sum shall be based on daily tonnage reports from the FRANCHISEE's scale house data management system that summarize weight tickets for vehicles collecting material.

#### 7.2.2 Material Residue.

The Residue shall be wholly attributable to the Processing required by this Agreement, and shall be calculated as the monthly sum of the tonnage disposed as reported by the Disposal Facility.

FRANCHISEE shall comply with CITY's request to inspect supporting documentation regarding the tonnage reported by the Disposal Facility within seven (7) calendar days of the CITY's written request.

#### 7.2.3 Commingled Material.

If the material collected as part of this Agreement is commingled with material from other sources during Transfer or Processing, the percentage of Residue attributed to Commercial Premises will be calculated based on the methodology outlined in Exhibit C ("Collection

Plans”) or another CITY-approved methodology. Beginning January 1, 2013, and each year thereafter, CITY shall calculate the Residue allocation.

#### 7.2.4 Annual Residue Allocation and Methodology.

Step One: Determine the CITY fraction of all material Delivered to the Processing Facility from Commercial Premise, relative to the total tonnage for all incoming material from other sources during the applicable period of time. The CITY’s fraction shall be determined by the following calculation:

City Processing Fraction = Tons of all material from this Agreement Delivered Processing Facilities / Total tons of all incoming materials from all sources Delivered to Processing Facilities.

Step Two: Determine the total tonnage of Residue resulting from the Processing of materials from all sources at the Recyclable material Processing Facility.

Step Three: Determine the Residue attributable to the City by multiplying the City’s percent fraction of the Residue to the Total Residues generated at the Processing Facility

#### 7.3 Additional Provisions.

FRANCHISEE shall provide the City Representative with access to all supporting documentation relevant to verifying diversion standard calculations, diversion incentive, and change to diversion standards.

#### 7.4 Change Diversion Standard.

CITY reserves the right to change diversion standards and shall consider input from the FRANCHISEE in proposing any change.

#### 7.5 Excessive Glass Surcharge.

In the event that FRANCHISEE determines through waste and material characterizations and route audits that excessive glass is found, after Customer education is performed, over the .25% per load and can not be removed by Pre-Processing is contained in Organic Material generated by Customer, FRANCHISEE will be allowed to apply a graduated glass contamination surcharge beginning at 10% of the monthly service charge that can be increased by 10%, but no more than a total of 50%, for each successive quarter that it continues. CITY shall have the right to audit records to ensure excessive glass surcharge is being applied appropriately.

**ARTICLE 8 DISPOSAL****8.1 CITY Responsibility.**

CITY shall arrange for sufficient landfill disposal capacity for the Disposal of Solid Waste and Residue at Newby Island Sanitary Landfill as the Disposal Facility. FRANCHISEE shall pay the Disposal Facility directly for the Disposal of the Solid Waste and Residue.

**8.2 FRANCHISEE Responsibility.****8.2.1 Delivery of Residue.**

FRANCHISEE shall transport all Recyclable Material Processing Residue and Solid Waste to the Disposal Facility, or to such other facilities as the FRANCHISEE and the City Representative may mutually agree to in writing.

**8.2.2 Limitation on Use of CITY-Arranged Landfill Capacity.**

FRANCHISEE shall not, under any circumstances, utilize the CITY-arranged disposal capacity at Newby Island Sanitary Landfill for the disposal of any material that was collected from customers other than the Commercial Premises in San José.

**8.2.3 Compliance with Regulations.**

FRANCHISEE shall observe and comply with all regulations in effect at the Disposal Facility or any other agreed upon disposal facility at the time FRANCHISEE transports and disposes of material at the site. FRANCHISEE shall at all times while at the Disposal Facility or any other agreed upon disposal facility, operate according to safe industry practices.

**ARTICLE 9 CUSTOMER BILLING****9.1 Billing and Payment.**

FRANCHISEE shall make sure billed rates don't exceed maximum rates set forth per Article 10 and Exhibit A and A-1.

- 9.1.1 Bills for Customers receiving Cart and Bin service shall be issued at minimum quarterly per year and be mailed 30 days before the provision of service. For Customers that begin service in between billing periods, FRANCHISEE shall prorate that service on the next month's invoice. FRANCHISEE shall Bill Roll-Off Container Customers within one month of providing the service.
- 9.1.2 FRANCHISEE shall review its Billing to Customers to determine if the amount the FRANCHISEE is Billing each Customer accurately reflects the actual level of service provided to the Customer.

**9.2 Bad Debt Collection.**

If there is no payment of a Bill after sixty (60) calendar days or more from the invoice date, the FRANCHISEE may undertake collection of the amount owed (including penalties and expenses of collection). FRANCHISEE shall make reasonable efforts to obtain payment through issuance of late payment notices, by telephone, and from collection agencies (who shall make at least two attempts to collect). If a Customer does not pay the Bill after ninety (90) days or more from the invoice date, FRANCHISEE may discontinue Commercial Service. Each quarter, FRANCHISEE shall provide a list of Customers to the CITY that are sixty (60) days past due and ninety (90) days past due.

## **ARTICLE 10 RATE METHODOLOGY AND MAXIMUM SERVICE RATE**

The maximum rate that the FRANCHISEE may charge Customers shall be determined in accordance with this Article and Exhibit A, ("Maximum Service Rates").

### **10.1 Definition.**

#### **10.1.1 Revenue Requirement.**

Revenue requirement means the total monies required to fund the cost of operations, profit, pass-through fees, Disposal fees, Government Fees, Recyclable Material Processing Costs, Organic Pre-processing costs, Organic Material Processing fees, taxes, insurance, bonds, overhead, operations, profit and any other cost incurred in the performance of the services and other costs allowed under this Agreement, as specified in Exhibit A-1 as Franchisee's proposed Revenue Requirement for Rate Year One (in 2010 dollars).

#### **10.1.2 Maximum Service Rate.**

The maximum service rate means the maximum amount FRANCHISEE may charge the Customer for services provided under these franchises.

#### **10.1.3 Gross Rate Revenue.**

Gross rate revenue means the monies FRANCHISEE collects from the Customer for services rendered. The gross rate revenue shall be the full, entire and complete compensation due to FRANCHISEE for all labor, equipment, material and supplies, Recyclable Material Processing costs, Organic Pre-processing costs, Organic Processing fees, Disposal fees, Government Fees, taxes, insurance, bonds, overhead, operations, profit and any other cost incurred in the performance of the services and other costs allowed under this Agreement

### **10.2 Maximum Service Rate Adjustment Application.**

FRANCHISEE may apply for an adjustment to the Maximum Service Rate once a year. All forms to be with the application must be approved by the CITY. The application shall include the following content:

#### **10.2.1 Operational Information.**

FRANCHISEE shall provide a spreadsheet identifying the number of accounts by account type (i.e., Container size, Collection frequency, and material type) by Line of Business. Operational information shall be prepared for each Line of Business and shall be submitted on forms similar in format to the Forms 1 through 4 of Exhibit A-1. Operational information includes, but is not limited to:

- Tonnage Collected by Line of Business;
- Number of Containers in service by Line of Business;

- Set-out rates by Line of Business;
- Number of routes and annual route hours by Line of Business;
- Number and type of vehicles by Line of Business; and
- Number of personnel and annual route hour labor by Line of Business.

#### 10.2.2 Financial Statement.

The application shall include financial statement for the most recently completed year with a letter from an Area Controller confirming accounting practices and certifying the accuracy of the financial statement.

#### 10.2.3 Certification of Application.

The application shall include a certification that the signator has the authority to bind FRANCHISEE, the proposed adjustment was prepared in accordance with this Article and Exhibit A, and all significant information and documents required to independently review the proposed adjustment will be made available to the CITY.

#### 10.2.4 Documentation of Calculation.

Worksheets used to calculate FRANCHISEE's Revenue Requirement and Maximum Service Rate for the coming year must be prepared in a format consistent with Exhibit A. A cost-based adjustment may require additional worksheets.

#### 10.2.5 Report of Gross Rate Revenue.

The statement of Gross Rate Revenue for the most recently completed year shall provide the information by Line of Business including, but not limited to: rate revenue and revenue received for regular Collection service, on-call Collection service, and extra services.

#### 10.2.6 Report of Disposal and Processing Cost Information.

FRANCHISEE shall report the actual Disposal and Processing costs for the most recently completed year beginning with the application to adjust the Maximum Service Rate for Year Three. The report shall include a summary of tons Disposed or Processed each month.

#### 10.2.7 Preparation of Supporting Documentation.

Any supporting documentation for all calculations, assumptions, and data used to determine the proposed adjustment including, but not limited to, labor agreements, general ledger, revenue and accounts receivable ledgers, Solid Waste transfer and Disposal tickets (transfer, Disposal, and Processing)/ Quarterly Disposal Reports; Recyclable Material, plant material, and Organic Material Transfer, Pre-Processing, and Processing cost/invoices; and copies of index data.

### **10.3 Review of Application.**

The CITY must determine if the application for an adjustment to the Maximum Service Rate is complete within 30 days of receiving the application. If the application is not

complete, the CITY will request, in writing, additional information. The CITY shall notify the FRANCHISEE when the application is complete. The CITY's review of the application may include, but is not be limited to:

10.3.1 Review of Calculations.

Verify that the calculations to determine the FRANCHISEE's Revenue Requirement, Rate Adjustment Factor, and Maximum Service Rate were prepared consistent with this Article and Exhibit A. The CITY will identify any discrepancies in the calculation and recommend adjustments as appropriate.

10.3.2 Review of Gross Rate Revenue.

Historical, actual and estimated Gross Rate Revenue based on then-current Customer accounts.

10.3.3 Review of Disposal, Transfer, Pre-Processing, and Processing Costs.

Historical Disposal, Transfer, Pre-Processing, and Processing expenses and tonnages. The CITY may select a sample of transactions for testing each year to ensure that the data can be supported by invoices; Disposal, Transfer, Pre-Processing, and Processing Facility gate house tickets and invoices; or other appropriate source documents. If the CITY observes variances in Disposal, Transfer, Pre-Processing, and Processing costs from year to year, the CITY may seek additional information to confirm that costs correlate with the revenues and operating statistics (e.g. correlate changes in Customer service levels and/or Gross Rate Revenues to Disposal volumes).

10.3.4 Review of Depreciation, Interest Expenses, and Lease Costs.

Depreciation, interest expenses, and lease costs (e.g. route vehicles and Containers).

10.3.5 Review of Allowable Operating Costs.

Actual costs for the most recently completed year to verify the reported costs are accurate and allowable in accordance with this Article and Exhibit A for cost-based adjustment years.

**10.4 Adjustment Method.**

The FRANCHISEE may request that the Maximum Service Rate be adjusted annually commencing July 1, 2012. For all years except Years One and Two, the adjustments to Maximum Service Rates shall be determined using either an index-based adjustment or cost-based adjustment.

10.4.1 Index-based Adjustment.

The index-based adjustment involves various cost adjustment factors such as the percentage change in the consumer price index and percentage change in the Organic Processing Fee(s) to calculate the new Revenue Requirement and new Maximum Service Rates. During the index-based adjustment process, changes are made to calculated costs of the then-current year. Adjustments are not made to reflect actual costs, actual changes in wages and benefits, actual changes in Customer

account data and service levels, or other actual changes. The index-based adjustment process shall be used to determine Maximum Service Rates for Years Four, Five, Six, Eight, Nine, Ten, Eleven, Thirteen, Fourteen, and Fifteen. The index-based adjustment may also be used for Years Seven and Twelve if the parties do not exercise their right to request a cost-based review for determination of Maximum Service Rates for those years. The index-based adjustment method may result in an increase or decrease to Maximum Service Rates. The total increase to Maximum Service Rates in any given year may not exceed six percent (6%).

#### 10.4.2 Cost-based Adjustment.

The cost-based adjustment involves a detailed review of the FRANCHISEE's actual costs of service, projection of the Revenue Requirement for the coming year, and determination of the new Maximum Service Rates to reflect the Revenue Requirement. The intent of performing the cost-based adjustment is to minimize risks to FRANCHISEE for changes in costs, the number of Customers, the service level of Customers, and tonnage levels. The cost-based rate adjustment uses the FRANCHISEE's actual cost of operations and operational statistics (staffing levels, routes, route hours, Customers and their service levels, etc.) to calculate the Revenue Requirement for the coming year. Actual costs are reviewed to identify allowable costs and deduct non-allowable costs. Allowable costs that will be used in the calculation of the Revenue Requirement for the coming year will be determined based on cost categories and operating assumptions presented in the Final Proposed Costs. The actual allowable costs will be adjusted using cost indices to calculate the Revenue Requirement for the coming year.

The cost-based adjustment process shall be used to determine Maximum Service Rates for Year Three and may, at either parties' option, be used to determine Maximum Service Rates for Year Seven and Twelve. The cost-based adjustment method may result in an increase or decrease to Maximum Service Rates. If the cost-based adjustment method results in an increase greater than six percent (6%), FRANCHISEE would be required to defer the increase in excess of six percent (6%) to the following year and the year thereafter. FRANCHISEE would assume that portion of the deferred cost which cannot be realized in the rate adjustments for the two years following the deferral. The total increase for any given year cannot exceed six percent (6%).

#### 10.5 Rate Structure.

FRANCHISEE may request a change in the rate structure during a year in which the Maximum Service Rates are being set using the cost-based adjustment methodology. Any change in the rate structure shall be based on the same amount of Gross Rate Revenue that would have been generated had the previous rate structure remained in place.

#### 10.6 New Rate Categories.

FRANCHISEE may request to add new service categories during the annual rate adjustment process.

### **10.7 Maximum Service Rate Adjustment Application Process Timeline.**

The table below summarizes the adjustment method used to determine Maximum Service Rates for each year and the dates the FRANCHISEE must submit its application. If the FRANCHISEE does not submit the application on or before the required application date, no retroactive adjustment will be allowed for the FRANCHISEE to recover any lost revenue that would have been collected had the Maximum Service Rate adjustments been implemented in accordance with the prescribed schedule.

<b>-Year</b>	<b>Commencement Date of Year</b> (Rate Effective Date)	<b>Maximum Service Rate Adjustment Method</b>	<b>Application Submittal Date</b>
1	July 1, 2012	Index-Based Adjustment plus adjustments for changes in route personnel wage and benefit costs and Disposal and Processing Fees	January 1, 2012
2	July 1, 2013	Index-Based Adjustment plus adjustments for changes in route personnel wage and benefit costs and Disposal and Processing Fees	January 1, 2013
<b>3</b>	<b>July 1, 2014</b>	<b>Cost-Based Adjustment</b>	<b>December 1, 2013</b>
4	July 1, 2015	Index-Based Adjustment	January 1, 2015
5	July 1, 2016	Index-Based Adjustment	January 1, 2016
6	July 1, 2017	Index-Based Adjustment	January 1, 2017
<b>7</b>	<b>July 1, 2018</b>	<b>Index-Based Adjustment unless one Party requests a Cost-Based Adjustment</b>	<b>For Cost-Based: Notice by September 1, 2017; Application by December 1, 2017; For Index-Based: Application by January 1, 2018</b>
8	July 1, 2019	Index-Based Adjustment	January 1, 2019
9	July 1, 2020	Index-Based Adjustment	January 1, 2020
10	July 1, 2021	Index-Based Adjustment	January 1, 2021
11*	July 1, 2022	Index-Based Adjustment	January 1, 2022
<b>12*</b>	<b>July 1, 2023</b>	<b>Index-Based Adjustment unless one Party requests a Cost-Based Adjustment</b>	<b>For Cost-Based: Notice by September 1, 2022; Application by December 1, 2022; For Index-Based: Application by January 1, 2023</b>
13*	July 1, 2024	Index-Based Adjustment	January 1, 2024
14*	July 1, 2025	Index-Based Adjustment	January 1, 2025
15*	July 1, 2026	Index-Based Adjustment	January 1, 2026

### **10.8 Notice of Rate Adjustments.**

Once the CITY has approved a change to the Maximum Service Rate, in writing, the FRANCHISEE shall provide all Customers with advance written notice of changes to the

Maximum Service Rates in the form of a bill insert at least thirty (30) calendar days prior to the effective date of the change.

**10.9 Audit.**

The CITY reserves the right to audit at any time during the term of the franchise and within five (5) years of the expiration date or early termination date of the franchise. The purpose of the City's audit may include, but is not limited to, verifying that the CITY has received all Government Fees, Organic Processing fees, and any other fees due to the CITY; and that the Customers are not charged more than the Maximum Service Rate for services rendered. FRANCHISEE shall cooperate with the audit and provide reports and documentation in the form requested by the CITY within five (5) business days of any request. FRANCHISEE shall also provide staff who can explain the FRANCHISEE's Billing and accounting procedures, calculations, and other relevant matters.

**10.10 Rate Balancing.**

Within six months following the commencement of service, the City and FRANCHISEE will determine the Customers at risk for large rate increases at the start of the service agreement that are greater than 9%. FRANCHISEE will propose a balancing of the rates to reduce the rate for the service level(s) that are experiencing the greatest increase(s) and ensure that Customers are paying for cost of service. FRANCHISEE will use its knowledge of Customer accounts and Billings at each service level to develop a new reduced rate for the affected service level(s), and a rate increase to other rates commensurate with the projected lost revenue related to reducing the rate for the affected service level(s). Any adjustments to rates that occur as part of this procedure shall not cause FRANCHISEE to receive less than the Annual Revenue Requirement proposed for this agreement.

**10.11 Revenue Requirement RFP Assumption True-Up.**

FRANCHISEE has relied on information provided by the CITY during the RFP process to determine the appropriate level of investment required to perform services under this Agreement. Acknowledging the exposure of risk to the CITY and the FRANCHISEE due to unknown variables, such as the number of customer accounts, and recognizing that the RFP included provisions for cost based adjustments with the intent to minimize risks to FRANCHISEE for changes in costs, the number of Customers, the service level of Customers, and tonnage levels, the Franchisee has the opportunity to suggest alternative language related to addressing risks in Years One related to generating adequate rate revenues. Any such alternative language addressing mitigation of risk would also be required to address capture of benefits to the City and ratepayers should actual rate revenues during Years One be higher than projected. The CITY will consider alternative language provided it addresses risk solely related to the number of accounts and quantity of Solid Waste, Recyclable Material, and Organic Streams collected and is limited to meeting the annual revenue requirement this Agreement.

## ARTICLE 11 ADDITIONAL SERVICES

### 11.1 Special Services.

#### 11.1.1 New Regulation.

FRANCHISEE agrees to collaborate with the CITY in developing and implementing regulations and/or programs such as a State mandatory commercial recycling requirement.

#### 11.1.2 Waste Characterization.

FRANCHISEE agrees to perform a minimum of one informal waste characterization study for each year of the franchise with the scope to be determined by the CITY. The studies will be conducted at such times as are mutually agreed upon by FRANCHISEE and the City Representative.

#### 11.1.3 Organic Material Waste Characterization.

Upon CITY request FRANCHISEE agrees to participate in one waste characterization study per year, and up to two waste characterization studies during the first year of this Agreement. The scope shall be agreed upon by CITY, FRANCHISEE and the Organic Processing Contractor, for the purpose of determining appropriate Pre-Processing by FRANCHISEE and appropriate designation of Organic Streams by the Organic Processing Contractor. Results of the Organic Material waste characterization may require the CITY to require FRANCHISEE to modify Pre-Processing or require Organic Processing Contractor to modify Organic Stream designation or require all parties to mutually agree to change the definition of Organic Stream or require additional waste characterization studies.

### 11.2 Pilot Programs.

The CITY and FRANCHISEE may mutually agree to conduct pilot programs that temporarily change the Collection method, equipment, or the type of service to Commercial Premises for up to ten percent (10%) of total collected material or redirect up to ten percent (10%) of the Residue. FRANCHISEE shall have the first right to refuse the opportunity to participate in the pilot. A pilot program shall be limited to a term of not more than eighteen (18) months unless otherwise specifically agreed in writing by FRANCHISEE and the City Representative.

FRANCHISEE shall perform any additional record keeping required by a pilot program.

FRANCHISEE and CITY Representative shall execute a letter of agreement setting forth the terms of the pilot test program including program costs, program operating parameters, and program duration.

If a pilot program affects the cost of providing Commercial Services, the program costs set forth in the letter of agreement shall include an adjustment to the Maximum Service Rate the FRANCHISEE is permitted to charge as provided in Exhibit A. An amendment to maximum service rate will reflect the benefits and/or burdens of the pilot program. The adjustment shall be set so as to capture any increase or decrease in FRANCHISEE's direct operating costs resulting from the pilot test program. "Direct operating costs" include planning costs; labor expense, including supervision (wages, employment taxes,

and fringe benefits); material, supplies and fuel; and amortized costs of new equipment purchased or equipment modified for the pilot test program. Any increases in direct operating costs must be established by FRANCHISEE and must be capable of verification by an independent auditor.

The PARTIES agree to cooperate in seeking grant opportunities for alternative fuel vehicle conversion, facility installations, or deployment of new vehicle technologies. Cooperation may extend to assistance in the preparation and submission of grant requests. CITY may also request that FRANCHISEE participate in testing the use of alternative fuel vehicles and other new vehicle technologies as part of FRANCHISEE's Collection Services. Where vehicle testing involves the use of existing vehicles providing Collection Services under this Agreement, the existing vehicles must be in good working order. Testing of alternative fuels in existing vehicles shall not be required if such testing voids a manufacturer's warranty. FRANCHISEE shall report the results of the testing in FRANCHISEE's Quarterly Report to the CITY.

**11.3 Disaster Debris Plan.**

FRANCHISEE shall work cooperatively with City Representative to develop a Disaster Debris Plan by July 31, 2013. Both parties shall review and update plan on an annual basis thereafter.

**ARTICLE 12 RECORD KEEPING, REPORTING AND INSPECTIONS****12.1 Collection, Processing, Marketing, and Disposal Records.**

FRANCHISEE shall maintain records of Collection, Processing, marketing, and Disposal of all material for five (5) years after the expiration or termination of the franchise. Records shall be organized by chronology. FRANCHISEE and CITY will mutually agree on the type of data and reporting requirements prior to the beginning of service.

**12.2 Financial Records.**

FRANCHISEE shall maintain accurate and complete accounting records containing the underlying financial and operating data relating to and showing the basis for computation of all costs associated with providing services permitted by this Agreement. The accounting records shall be prepared in accordance with Generally Accepted Accounting Principles ("GAAP"), consistently applied. These records shall be maintained for a minimum period of five (5) years, and may include, but not be limited to, any and all ledgers, books of account, invoices, vouchers, cancelled checks, and other documents evidencing or relating to charges for services, or expenditures and disbursements charged to Customers.

**12.3 Records of Affiliate(s).**

If FRANCHISEE enters into any financial transactions with an Affiliate for the provision of labor, equipment, supplies, services, or capital in order to provide the services permitted by this Agreement, FRANCHISEE shall disclose the transaction in the financial reports submitted to the CITY. FRANCHISEE shall require any Affiliate to provide the CITY access to inspect these records and related financial information.

**12.4 Inspection.**

Any documents required to be maintained by this Agreement must be made available for inspection or audit, at any time during regular business hours, upon written request by the City Attorney, City Auditor, Director, or a designated representative of any of these officers. FRANCHISEE shall provide copies of such documents to CITY for inspection at City Hall when it is practical to do so. Otherwise, unless an alternative is mutually agreed upon, the records shall be available at FRANCHISEE's address indicated for receipt of notices. The CITY's right to inspect records survives the termination of this franchise for five (5) years. FRANCHISEE shall make records available for inspection within two (2) weeks of receiving a written request to inspect records from the CITY.

**12.5 Security of Records.**

FRANCHISEE shall maintain security measures to protect the records from events such as fire or theft. Electronically-maintained data/records shall be protected and a second copy of data/records shall be saved to a protected source such as an external hard-drive.

**12.6 Custody of Records.**

FRANCHISEE shall deliver to CITY, upon a written request, records relating to this Agreement for maintenance at City Hall if there is evidence that would lead a reasonable Person to believe the records could be lost or discarded due to dissolution, disbandment, or termination of FRANCHISEE'S business.

## **12.7 Data Management.**

Detailed records shall be maintained and retained in forms and by methods that facilitate flexible use of data contained in records to structure reports, as needed. Records shall be maintained in such a manner that FRANCHISEE can generate reports to compile recorded data into useful forms of information. Reports could include, but are not limited to, customer service, Billing, financial information, tonnage information, scale house records, Processing, marketing, and Disposal.

## **12.8 Reporting Requirements.**

### **12.8.1 Transition and Implementation Reports.**

#### **12.8.1.1 General.**

FRANCHISEE acknowledges it is critical that the CITY be informed of the status of the transition and implementation of Commercial Service. FRANCHISEE shall provide, at a minimum, a monthly report following the first month of the transition period; a biweekly report from January 2012 through April 2012; and weekly reports through June 2012. The contents of these reports shall be mutually agreed by FRANCHISEE and the City Representative.

#### **12.8.1.2 Transition Schedule.**

FRANCHISEE acknowledges that the deadlines specified in Exhibit C ("Transition and Implementation Plan"), for facility development, modification, expansions, or other activities are critical to ensuring Processing capacity by July 1, 2012. FRANCHISEE may request changes to this schedule provided FRANCHISEE makes the request at least 48 hours before the due date, the FRANCHISEE submits a plan to mitigate the delay, and the change would not result in extending the start-up date beyond July 1, 2012. Liquidated damages may apply for any delays if the delay is due to FRANCHISEE's failure, partially or fully, to complete one or more tasks on or before the dates specified in Exhibit C ("Transition and Implementation Plan").

### **12.8.2 Quarterly Reports.**

#### **12.8.2.1 Tons Collected, Delivered, Rejected, Accepted, and Sold.**

FRANCHISEE shall report the tons Collected, Delivered, Accepted, and Sold for each Container type. FRANCHISEE shall use daily tonnage reports from the scale house data management system to arrive at the monthly totals reported to the CITY.

#### **12.8.2.2 Tons Residue Disposed.**

FRANCHISEE shall report the tons of Residue Disposed.

- 12.8.2.3 Diversion Rate.  
FRANCHISEE shall report the Diversion Rate.
- 12.8.2.4 Customer Service.  
FRANCHISEE shall report the number of Customer calls received for the following categories: new starts; stops; missed pickups; Container exchanges, repairs, and replacements; Container sizes; and calls that require CITY consultation. FRANCHISEE shall also report the total number of calls received and the average on-hold time; and number of completed graffiti clean-ups.
- 12.8.2.5 Delinquent Accounts.  
FRANCHISEE shall report the number of accounts that became delinquent and provide a list to the CITY in accordance with Article 9.
- 12.8.2.6 Special Events.  
FRANCHISEE shall report the information required in accordance with State and local regulations.
- 12.8.2.7 General Account Information.  
FRANCHISEE shall report the total number of accounts and number of accounts listed by Container type.
- 12.8.2.8 Comments.  
FRANCHISEE shall report, if applicable, any trends, spill information, specific Customer situations, ownership changes, key management staff changes, or other information FRANCHISEE desires to inform the City Representative.
- 12.8.2.9 Significant Events.  
FRANCHISEE shall discuss any significant events that have impacted or will impact the organization and/or the Recyclable Material Processing Facility including, but not limited to, operational changes related to receipt, Acceptance, Processing, marketing, Solid Waste Disposal, Residue Disposal, hazardous material, and notices of violations. FRANCHISEE shall describe the potential consequences of such events and mitigation plans.
- 12.8.2.10 Technical Assistance.  
FRANCHISEE shall report technical assistance milestones outlined in the Annual Plan.
- 12.8.2.11 Market Information.  
FRANCHISEE shall report on key markets that were used to sell Recyclable Material. The report should also include company names, locations, and contact information.

- 12.8.2.12 Environmental Information.  
FRANCHISEE shall cooperate with CITY in providing information to demonstrate the CITY's compliance with environmental goals and policies regarding fuel economy and emissions.
- 12.8.2.13 Monthly Reports.  
CITY shall have the right to request with fourteen (14) days notice that any or all of the Quarterly Report information be provided on a monthly basis.
- 12.8.2.14 Annual Reports.  
Annual reports shall include a summary report that presents all monthly data required by the monthly reporting requirements and an annual total for each item reported.
- 12.8.2.15 Vehicle Inventory.  
FRANCHISEE shall report vehicle inventory information regarding service history, types of vehicles, number of vehicles, and vehicle tare weights.
- 12.8.2.16 Financial Statements.  
Within one hundred twenty (120) calendar days after the close of FRANCHISEE's fiscal year, FRANCHISEE shall deliver to the CITY four (4) copies of the certified consolidated financial statements and profit and loss statements of FRANCHISEE for the preceding fiscal year. Financial statements shall include a supplemental combining schedule showing FRANCHISEE's results of operations, including the specific revenues and expenses in connection with the operations permitted by this Agreement from others included in such financial statements. The financial statements and footnotes shall be prepared in accordance with Generally Accepted Accounting Principles ("GAAP") consistently applied and fairly reflecting the results of operation and FRANCHISEE's financial condition. Annual financial statements shall be certified by the Area Controller, in accordance with Generally Accepted Auditing Standards ("GAAS"). ]
- 12.8.2.17 As Needed, Per Occurrence, and On-Request Reports.  
FRANCHISEE shall provide information to the CITY as needed, per occurrence, or on-request. Types of information could include general accounts records; sales records; revenue major re-routes; non-facility accidents; facility accidents; major media interest; major labor actions; and all applicable local, state or federal permits.

**12.9 Report Format.**

FRANCHISEE shall provide records to the CITY using an electronic format approved by the City Representative. The reports may be sent electronic mail ("e-mail"), or if e-mail is not feasible, through an alternate electronic medium that is compatible with the CITY's software and computer systems.

**12.10 Report Submittal.**

FRANCHISEE shall submit the following reports in accordance with the deadlines set forth below.

**12.10.1 Quarterly Report.**

FRANCHISEE shall submit quarterly reports on or before the last day of the calendar month immediately following the last month of the quarter.

**12.10.2 Annual Report.**

FRANCHISEE shall submit annual reports on or before the last day February for the services provided in the previous calendar year. The final annual report covering the last six months of service shall be submitted by August 15th following termination of the franchise.

**12.10.3 Submittal Day Exceptions.**

If the last day of the month falls on a Saturday, Sunday or a designated holiday under this Agreement, the report is due on the next calendar day.

**12.10.4 Submittal to CITY.**

All reports shall be submitted to the City Representative.

**ARTICLE 13 NONDISCRIMINATION AND WAGE POLICY****13.1 Nondiscrimination.**

In the performance of all work and services permitted by this Agreement, FRANCHISEE shall not discriminate against any person on the basis of such person's race, sex, color, national origin, religion, marital status, sexual orientation, actual or perceived gender, or disability. FRANCHISEE shall comply with all applicable local, state and federal laws and regulations regarding nondiscrimination, including those prohibiting discrimination in employment.

**13.2 Wage Policy.**

Except where wages and benefits are established in accordance with a collective bargaining agreement covering the employees in question, FRANCHISEE and its approved subcontractors, as set forth in Exhibit D, Approved Subcontractors and Affiliates, shall pay those employees who are employed in the job classifications listed in Exhibit E, Wage and Labor Policy, and are performing work permitted by this Agreement those minimum wage rates as set forth in Exhibit E. FRANCHISEE shall also comply with worker retention provisions, job fair provisions and labor peace provisions of Exhibit E and shall meet the documentation and reporting requirements set forth therein.

**ARTICLE 14 QUALITY OF PERFORMANCE OF FRANCHISEE****14.1 Intent.**

FRANCHISEE acknowledges and agrees that among CITY's primary goals in issuing the franchise are to ensure that the services are of the highest caliber, that maximum diversion levels are achieved, and that all materials are Processed are put to the highest and best use.

**14.2 Liquidated Damages.**

In the event FRANCHISEE fails to comply with the term of this Agreement, FRANCHISEE shall pay liquidated damages in the amounts specified in Exhibit B. The payment of liquidated damages shall be remitted to the CITY on or before the date specified in the notice of breach provided by CITY. Prior to imposing liquidated damages, CITY shall give FRANCHISEE written notice of any acts or omissions of FRANCHISEE that CITY contends may give rise to the imposition of liquidated damages by CITY and allow FRANCHISEE to respond per any cure provisions allowed under this Agreement or to present additional information for consideration by CITY.

**14.3 Exercise of Rights.**

CITY's right to collect liquidated damages shall not prevent CITY from exercising any other right or remedy, as set forth in this Agreement, including the right to terminate this franchise, for FRANCHISEE's failure to comply with this Agreement.

**14.4 Diversion Incentive.**

For rate years 3, 7, and 12, in which rates are set using the operating ratio described in this Agreement, the operating ratio used to determine FRANCHISEE's compensation shall be adjusted downwards in the FRANCHISEE's favor by a specified percentage if annual diversion requirement is exceeded.

## **ARTICLE 15 FINANCIAL ASSURANCE OF PERFORMANCE**

### **15.1 Performance Bond.**

Within ten (10) calendar days from the Effective Date, FRANCHISEE shall furnish to the City Clerk, and keep current, a Performance Bond in a form as set forth in Exhibit G, Form of Performance Bond, for the faithful performance of this Agreement and all of FRANCHISEE's obligations arising hereunder in an amount as follows:

From ten (10) calendar days from the Effective Date through sixty (60) days after the term of this Agreement or until CITY issues a written release, whichever is later, for a minimum amount Six Million Two Hundred and Fifty Thousand Dollars (\$6,250,000).

### **15.2 Licensed Surety.**

The performance bond shall be executed by a surety company licensed to do business in the State of California; having an "A-" or better rating by A. M. Best or Standard and Poor's and included on the list of surety companies approved by the Treasurer of the United States. If the performance bond is shorter than the term of this Agreement, FRANCHISEE shall submit proof of renewal or extension at least ninety (90) calendar days prior to the performance bond expiration date.

### **15.3 Alternative Security.**

FRANCHISEE may provide the following alternative security for the performance of this Agreement in the same amount specified for the Performance Bond in the form of: (a) a prepaid irrevocable standby letter of credit from a financial institution satisfactory to the Director and approved as to form by the City Attorney; or (b) a certificate of deposit in the name of the CITY with a financial institution satisfactory to the Director.

In the event alternative security is approved by the CITY, FRANCHISEE shall notify the City Representative within three (3) calendar days of any change in status. CITY may periodically request verification from the financial institution that issued the letter of credit regarding the status of the letter of credit. If the letter of credit is no longer in full effect, FRANCHISEE must cure the defect within five (5) calendar days.

### **15.4 Corporate Guaranty.**

Prior to execution of this Agreement, FRANCHISEE shall provide CITY a corporate guaranty from Republic Services, Inc. to irrevocably and unconditionally guarantee to CITY the complete and timely performance, satisfaction and observation by FRANCHISEE of each and every term and condition of this Agreement which FRANCHISEE is required to perform, satisfy or observe. The form of the corporate guaranty shall be in substantial conformance with Exhibit H.

## ARTICLE 16 INSURANCE

### **16.1 Insurance Policies.**

FRANCHISEE shall secure and maintain throughout the term of this Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with FRANCHISEE's performance of work or services under this Agreement. FRANCHISEE's performance of work or services shall include performance by FRANCHISEE's employees, agents, representatives and subcontractors.

### **16.2 Terms of Insurance Coverage.**

FRANCHISEE shall maintain a minimum scope of insurance, minimum limits of insurance, deductibles and self-insured retention, and endorsements as specified in Exhibit F, ("Insurance Requirements").

### **16.3 Acceptability of Insurers.**

Insurance is to be placed with insurers reasonably acceptable to CITY's Risk Manager.

### **16.4 Verification of Coverage.**

FRANCHISEE shall furnish CITY with certificates of insurance and with original endorsements affecting coverage required by this Agreement. The certificates and endorsements for each insurance policy are to be signed by a Person authorized by that insurer to bind coverage on its behalf. FRANCHISEE shall furnish CITY with new certificate of insurance and endorsements on each renewal of coverage or change of insurers.

Proof of insurance shall be mailed to the following address or any subsequent address as may be directed in writing by the CITY's Risk Manager:

Risk Management  
Finance  
City of San José  
200 East Santa Clara Street, 4<sup>th</sup> Floor Tower  
San José, CA 95113-1905

### **16.5 Subcontractors.**

FRANCHISEE shall include all subcontractors as insured under its policies or shall obtain separate certificates and endorsements for each subcontractor.

### **16.6 Modification of Insurance Requirements.**

The insurance requirements provided in this Agreement may be modified or waived by CITY's Risk Manager, in writing, upon the request of FRANCHISEE if the CITY's Risk Manager determines such modification or waiver is in the best interest of CITY considering all relevant factors, including exposure to CITY.

### **16.7 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 by the above-described insurance. FRANCHISEE 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 assessment 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 it appears in any policy of insurance in which CITY is named an additional insured shall not apply to CITY.

## ARTICLE 17 INDEMNIFICATION

### 17.1 General Indemnification.

FRANCHISEE shall indemnify and hold harmless CITY, CITY's contractors, public officials, officers, directors, employees, agents and other contractors of each of them, from and against any and all claims, costs, losses and damages (including but not limited to all fees and charges of engineers, architects, attorneys and other professionals as well as all Court or other dispute resolution costs), liabilities, expenditures, or causes of action of any kind (including negligent, reckless, willful or intentional acts or omissions of the FRANCHISEE, any subcontractor, any supplier, any Person or organization directly or indirectly employed by any of them to perform or furnish any services or anyone for whose acts any of them may be liable), arising from, relative to, or caused by the performance of the services permitted by this Agreement. This indemnity includes, but is not limited to, claims attributable to bodily injury, sickness, disease or death, and to injury or destruction of tangible property. FRANCHISEE agrees, at FRANCHISEE's expense, after written notice from CITY, to defend any action against CITY that falls within the scope of this indemnity, or CITY, at CITY's option, may elect not to tender such defense and may elect instead to secure its own attorneys to defend any such action and the reasonable costs and expenses of such attorneys incurred in defending such action shall be payable by FRANCHISEE. Additionally, if FRANCHISEE, after receipt of written notice from CITY, fails to make any payment due under this Agreement to CITY, FRANCHISEE shall pay any reasonable attorneys' fees or costs incurred by CITY in securing any such payment from FRANCHISEE. Payment of any amount due pursuant to the foregoing indemnity shall, after receipt of written notice by FRANCHISEE from CITY that such amount is due, be made by FRANCHISEE prior to CITY being required to pay same, or in the alternative, CITY, at CITY's option, may make payment of an amount so due and FRANCHISEE shall promptly reimburse CITY for same.

### 17.2 Consideration.

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

### 17.3 Obligation.

The execution of this Agreement by FRANCHISEE shall obligate FRANCHISEE to comply with the foregoing indemnification provision; however, the collateral obligation of providing insurance must also be complied with as set forth in Article 16.

### 17.4 Subcontractors.

FRANCHISEE shall require all subcontractors to enter into a contract containing the provisions set forth in Section 17.1 in which contract the subcontractor fully indemnifies CITY in accordance with this Agreement.

### 17.5 Exception.

Notwithstanding Sections 17.1 above, FRANCHISEE's obligation to indemnify, hold harmless and defend CITY, its officers and employees shall not extend to any loss, liability, penalty, claim, damage, action or suit arising or resulting from acts or omissions constituting willful misconduct or gross negligence on the part of CITY, its officers or employees.

**17.6 Damage by FRANCHISEE.**

If FRANCHISEE's employees or subcontractors cause any injury, damage or loss to CITY property, including but not limited to CITY streets or curbs (excepting normal wear and tear), FRANCHISEE shall reimburse CITY for CITY's cost of repairing such injury, damage or loss. Such reimbursement is not in derogation of any right of CITY to be indemnified by FRANCHISEE for any such injury, damage or loss. With the prior written approval of CITY's Director, FRANCHISEE may repair the damage at FRANCHISEE's sole cost and expense.

## **ARTICLE 18 TERMINATION**

### **18.1 Termination**

The Commercial Solid Waste and Recyclable Materials Collection Franchises granted to FRANCHISEE may be terminated by the CITY pursuant to Chapter 9.10 of the San Jose Municipal Code, as may be amended. In the event FRANCHISEE defaults in the performance of any of the duties to be performed by it under the terms of this Agreement, CITY shall give FRANCHISEE written notice, either by mail or by personal service, setting forth the default. FRANCHISEE shall correct such default within thirty (30) days after receipt of such notice unless the default cannot, by its nature, reasonably be cured within said period, in which case the cure period shall be extended for such additional time as is reasonably necessary to effect a cure, provided that FRANCHISEE shall commence efforts to effect a cure as soon as practicable and shall diligently pursue the cure. If FRANCHISEE fails, neglects or refuses for the applicable cure period to correct any default which constitutes a material breach of this Agreement, then CITY, without further notice and without suit or other proceedings, may cancel and annul the rights and privileges of this Agreement. Nothing in this section shall prohibit the parties from meeting to discuss ways to resolve the issue.

In the event the Commercial Solid Waste and Recyclable Material Collection franchises are terminated or expires, FRANCHISEE shall have no right or authority to engage in commercial Solid Waste or commingled Recyclable Material collection, transportation or Disposal operations in the City of San José. FRANCHISEE shall have a continuing obligation to submit to CITY all reports, any and all fees, penalties late payment charges and interest required by this Agreement which relate to commercial solid waste or recycling activities performed by FRANCHISEE up to and including the date of termination or expiration.

**ARTICLE 19 GOVERNMENT AND OTHER FEES****19.1 Franchise Fees.**

19.1.1 During the term of the Commercial Solid Waste and Recyclable Materials Collection Franchises, FRANCHISEE shall pay to CITY franchise fees for the privilege of engaging in the business of collecting, transporting and disposing of commercial Solid Waste and Recyclable Material kept, accumulated or generated in the City of San José.

19.1.2 FRANCHISEE shall pay commercial solid waste franchise fees on all Commercial Services performed by FRANCHISEE pursuant to this Franchises Agreement. Such fees shall be in the amount set forth in a resolution adopted by City Council. In addition, for the right to conduct Commercial Services in both the North District and South District, FRANCHISEE shall pay a supplemental commercial solid waste franchise fees in the amount of one million dollars annually and remitted as specified in Section 19.1.3.

The supplemental commercial solid waste franchise fee may be increased on each anniversary of this Agreement and shall be included in FRANCHISEE's rates for each subsequent Fiscal Year to reflect an amount not to exceed the percentage increase in the annual Consumer Price Index, All Urban Consumers, U.S. City Average, Series ID CUUR0000SA0 (CPI) for the preceding calendar year.

If an index is discontinued, the successor index with which it is replaced will be used for subsequent calculations. If no successor index is identified by the Bureau of Labor Statistics, the index published by the Bureau which is most comparable (as determined by mutual agreement of both parties) will be used.

19.1.3 Franchise fees shall be due and payable at the time and in such manner as set forth in Chapter 9.10 of the San José Municipal Code, as may be amended. The first franchise fee payment for July 2012 is due August 31, 2012, and for each month thereafter, on the last day of the following month. Franchise fees shall be paid by wire transfer. The wire transfer containing the payment must show that the payment was sent on or before the due date.

19.1.4 If franchise fees are not paid by FRANCHISEE at the times required by the San José Municipal Code, such franchise fees shall be delinquent and in addition to the franchise fees, FRANCHISEE shall pay a late payment charge in an amount equal to ten percent (10%) of the franchise fee that was not timely paid by FRANCHISEE. If FRANCHISEE fails to pay delinquent franchise fees within thirty (30) days of the date required by the San José Municipal Code, FRANCHISEE shall pay a second late payment charge in an amount equal to ten percent (10%) of the franchise fee outstanding after such thirty day period. Such second late payment charge shall be in addition to the first late payment charge. In addition, FRANCHISEE shall pay interest on all unpaid franchise fees at the rate of ten percent (10%) per annum or the legal rate allowed, whichever is less,

from the date said franchise fees were due and payable to the date actually paid.

- 19.1.5 In the event FRANCHISEE believes that FRANCHISEE has paid franchise fees in excess of the fees due to CITY, FRANCHISEE may submit documentation supporting the request to the CITY. If proof of overpayment is satisfactory to the CITY, FRANCHISEE may request that the CITY either refund to FRANCHISEE any overpayment or credit the overpayment to the franchise fees due for the subsequent month. FRANCHISEE shall not apply any overpayment as a credit against any Source Reduction and Recycling Fee due or other amounts payable to CITY unless specifically so authorized by the CITY in writing.
- 19.1.6 FRANCHISEE acknowledges that CITY reserves the right to increase franchise fees payable by FRANCHISEE at any time consistent with subsection 19.1.2 and provided such fees are immediately passed through in FRANCHISEE's rates
- 19.1.7 FRANCHISEE acknowledges that CITY and the County of Santa Clara have an agreement that if FRANCHISEE passes through the franchise fee charges to the County of Santa Clara, CITY is required to reimburse the County for that same amount. FRANCHISEE agrees to remit any payment from the County of Santa Clara to pay for the FRANCHISEE's franchise fee obligation to the CITY so that the CITY may reimburse the County.

## **19.2 Source Reduction and Recycling Fee.**

- 19.2.1 FRANCHISEE shall remit to CITY a Source Reduction and Recycling Fee ("SRR Fee") in an amount set forth by resolution of the City Council and any amendment thereto that may be adopted by the City Council. FRANCHISEE's rates shall be promptly adjusted to compensate FRANCHISEE for any increase in the SRR Fee.
- 19.2.2 FRANCHISEE shall remit the SRR Fees to CITY at the time and place FRANCHISEE remits franchise fees to CITY. SRR Fees shall be paid by wire transfer. The wire transfer containing the payment must show that the payment was sent on or before the due date.
- 19.2.3 If FRANCHISEE fails to remit to CITY the SRR Fees at the required time and place, then FRANCHISEE shall pay a late payment charge in an amount equal to ten percent (10%) of the SRR Fees which FRANCHISEE failed to remit. If FRANCHISEE fails to remit the SRR Fees within thirty (30) days of the due date provided in this AGREEMENT, FRANCHISEE shall pay a second late payment charge in an amount equal to ten percent (10%) of the SRR Fees outstanding at the end of such thirty day period. Such second late payment charge shall be in addition to the first late payment charge. In addition, FRANCHISEE shall pay interest on all unremitted SRR Fees at the rate of ten percent (10%) per annum or the legal rate allowed, whichever is less, from the date said SRR Fees were due to be remitted to the date actually remitted.

- 19.2.4 In the event FRANCHISEE believes that FRANCHISEE has paid SRR Fees in excess of the fees due to CITY, FRANCHISEE may submit documentation supporting the request to the CITY. If proof of overpayment is satisfactory to the CITY, FRANCHISEE may request that the CITY either refund to FRANCHISEE any overpayment or credit the overpayment to the SRR Fees due for the subsequent month. FRANCHISEE shall not apply any overpayment as a credit against any franchise fees due or other amounts payable to CITY unless specifically so authorized by the CITY in writing.
- 19.2.5 FRANCHISEE shall report all SRR Fees separately from franchise fees and other charges paid by FRANCHISEE to CITY.
- 19.2.6 CITY shall notify FRANCHISEE in writing of any changes in the amount of the SRR Fee and of the date any such changes are to be effective.

**19.3 Payment of Organic Processing Fees.**

FRANCHISEE shall remit the Organic Processing fee portion of the customer rates as specified in Exhibit A at the same time as the franchise fees. Any increases in the Organic Processing Fee shall be immediately reflected in a corresponding increase in FRANCHISEE's rates. FRANCHISEE shall include a detailed listing of each delivery to the Organic Processing Facility, which shall include, at a minimum, the truck number, date of delivery, and tons delivered (sorted by date), and weight tags generated at the Organics Processing Facility for each delivered load.

FRANCHISEE shall pay a late payment charge in an amount equal to ten percent (10%) of the monthly remittance amount that was not timely paid by FRANCHISEE. If FRANCHISEE fails to pay delinquent remittance amount within thirty (30) days of the date required, FRANCHISEE shall pay a second late payment charge in an amount equal to ten percent (10%) of the monthly remittance outstanding after such thirty (30) day period. Such second late payment charge shall be in addition to the first late payment charge. In addition, FRANCHISEE shall pay interest on all unpaid monthly remittance amounts at the rate of ten percent (10%) per annum or the legal rate allowed, whichever is less, from the date said monthly remittance amounts were due and payable to the date actually paid.

**19.4 Other Fees, Taxes, Assessments.**

Nothing in this Agreement shall limit the CITY's authority to adopt any other fees, taxes, or assessments, provided that FRANCHISEE's rates are immediately adjusted to reflect the costs associated with such fees, taxes or assessments.

## ARTICLE 20 MISCELLANEOUS PROVISIONS

### **20.1 Modifications.**

CITY shall have the power to make changes in this Agreement as the result of changes in law, changes in the City of San José Municipal Code, or both, to impose new rules and regulations on FRANCHISEE under this Agreement relative to the scope and methods of providing Commercial Services as shall from time-to-time be necessary and desirable for the public welfare. CITY shall give FRANCHISEE notice of any proposed change and an opportunity to be heard concerning those matters. The scope and method of providing Commercial Services as referenced herein shall also be liberally construed to include, but is not limited to the manner, procedures, operations and obligations, financial or otherwise of the FRANCHISEE.

### **20.2 Change in Law.**

CITY and FRANCHISEE understand and agree that the California Legislature has the authority to make comprehensive changes in Solid Waste Management legislation and that these and other changes in law in the future which mandate certain actions or programs for counties or municipalities require changes or modifications in some of the terms, conditions or obligations under this Agreement. FRANCHISEE agrees that the terms and provisions of the City of San José Municipal Code, as it now exists or as it may be amended in the future, shall apply to all of the provisions of this Agreement. In the event any future change in the San José Municipal Code materially alters the right or obligations of either party, then the affected service rates, as established in Exhibit A, Maximum Service Rates, of this Agreement may be adjusted. Nothing contained in this Agreement shall require any party to perform any act or function contrary to law.

### **20.3 Uncontrollable Circumstances.**

Notwithstanding any other provision herein, no default, delay or failure to perform on the part of either party shall be considered a breach hereunder if such default, delay or failure to perform is due to causes beyond such party's reasonable control, including, but not limited to, riots, civil disturbances, epidemic, war, embargoes, severe weather, fire, earthquake, acts of God, or defaults by the other party. In the event of any such default, delay or failure to perform, any dates or times by which the affected party otherwise is scheduled to perform shall be extended for a period of time equal in duration to the additional time required because of the excused default, delay or failure to perform.

### **20.4 Amendments to Municipal Code.**

CITY shall provide written notice to FRANCHISEE of any planned amendment to Chapter 9.10, or to other applicable chapters of the San José Municipal Code that would substantially affect the performance of FRANCHISEE's services permitted by the Agreement. Except in the case of an amendment determined by the City Council to be an urgency measure, such notice shall be provided at least thirty (30) calendar days prior to the City Council's approval of such an amendment.

### **20.5 Rights Reserved to City.**

In addition to all other rights reserved to the CITY, the following shall apply:

- a. There is hereby reserved to the CITY every right and power, and the exercise thereof, which is reserved or authorized by any provision of any

lawful ordinance or resolution of the CITY, whether enacted before or after the effective date of this part.

- b. Neither the granting of any franchise nor any provision of any franchise shall constitute a waiver of or a bar to the exercise of any governmental right or power of the CITY.
- c. Except as provided in this Agreement, FRANCHISEE shall have no recourse whatsoever against the CITY, its officers, employees or agents for any loss, cost, expense or damage arising out of any provision or requirement of this part or of any franchise issued under this part or because of the enforcement of this part.
- d. There is hereby expressly reserved to the CITY the power and authority to amend any section of this part so as to require additional or greater standards on the part of the FRANCHISEE and the power and authority to increase the franchise fees to be paid by the grantee pursuant to the Municipal Code.

**20.6 Independent Entity.**

In the performance of services permitted by this Agreement, FRANCHISEE is regulated by CITY and not an officer, agent, servant or employee of CITY. FRANCHISEE shall have exclusive control of the details of the services and work performed and over all persons performing such services and work. FRANCHISEE shall be solely responsible for the acts and omissions of its officers, agents, employees, contractors and subcontractors, if any. Neither FRANCHISEE 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 FRANCHISEE expressly waives any claim it may have or acquire to such benefits.

**20.7 Violation of Franchise.**

If FRANCHISEE encounters Containers from other private companies collecting any material defined as exclusive in these franchises, FRANCHISEE may report violations to the City Representative within 24 hours of observing the violation with any supporting documentation. Notwithstanding the CITY'S authority to enforce under Chapter 9.10 of the Municipal Code, FRANCHISEE may pursue any other right or remedy available in law or equity.

**20.8 Franchise Transfer or Assignment.**

These franchises are a privilege to be held in trust by the FRANCHISEE. These franchises may not be sold, leased, transferred, assigned or otherwise disposed of, either in whole or in part, whether by forced sale, merger, consolidation, bankruptcy, reorganization under bankruptcy laws or otherwise, without the prior consent of the CITY expressed by ordinance. Any such consent of the CITY shall be subject to such terms and conditions as may be prescribed by the CITY.

**20.9 Subcontractors.**

The use of Subcontractors to perform services permitted by this Agreement shall not constitute delegation of FRANCHISEE'S duties. FRANCHISEE shall be responsible for directing the work of FRANCHISEE'S Subcontractors and any compensation due or payable to FRANCHISEE'S Subcontractors shall be the sole responsibility of FRANCHISEE.

**20.10 Notices.**

Except as otherwise provided in this Agreement, whenever either party desires to give notice to the other, the notice must be in writing and given as provided in this Section. For the present, the parties designate the following as the respective persons and places for giving notice:

To CITY: Director of Environmental Services  
City of San José  
200 East Santa Clara Street, 10<sup>th</sup> Floor  
San José, CA 95113

To FRANCHISEE: General Manager  
Allied Waste Services of Santa Clara  
1601 Dixon Landing Road  
San Jose, CA

Notices shall be effective when deposited in the U.S. mail, postage prepaid, or when personally delivered to the address specified above or to such other address as designated by a party by providing written notice of a change in address. Notice may also be sent by electronic mail ("e-mail") transmission and shall be effective when received, provided that e-mail transmissions received after 4:30 p.m. or on weekends or Holidays will be deemed received on the next business day. The original of items that are transmitted by e-mail must also be mailed or personally delivered as provided above within three (3) business days of the e-mail transmission.

**20.11 Governing Law.**

The law of the State of California shall govern the rights, obligations, duties and liabilities of CITY and FRANCHISEE under this Agreement and shall govern the interpretation of this Agreement.

**20.12 Venue.**

Any litigation between CITY and FRANCHISEE concerning or arising out of this Agreement shall be filed and maintained exclusively in the Superior Courts of Santa Clara 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.

**20.13 Compliance With Law.**

In the performance of this Agreement, FRANCHISEE shall comply with all applicable laws, regulations, ordinances and codes of the federal, state and local governments, including without limitation the Charter of the City of San José and the San José Municipal Code.

**20.14 Prohibition Against Gifts.**

FRANCHISEE acknowledges that Chapter 12.08 of the San José Municipal Code prohibits CITY's officers and designated employees from accepting gifts as defined in Chapter 12.08. FRANCHISEE agrees not to offer any CITY officer or designated employee any gift prohibited by Chapter 12.08. FRANCHISEE's offer or giving of any gift prohibited by Chapter 12.08 will constitute a material breach of this Agreement. In addition to any other remedies CITY may have in law or equity, CITY may terminate this Agreement for such breach as provided in Article 17 of this Agreement.

**20.15 Disqualification of Former Employees.**

FRANCHISEE is familiar with Chapter 12.10 of the San José Municipal Code ("Revolving Door Ordinance") relating to the disqualification of CITY's former officers and

employees in matters which are connected with their former duties or official responsibilities. FRANCHISEE shall not utilize either directly or indirectly any officer, employee, or agent of FRANCHISEE to perform services under this Agreement, if in the performance of such services, the officer, employee, or agent would be in violation of the Revolving Door Ordinance.

**20.16 Transition of Next Franchisee.**

Upon expiration or early termination of the Franchises, FRANCHISEE shall cooperate fully with CITY, and any subsequent contractor(s) to ensure a smooth transition of services described in this Agreement. Such cooperation may include but not be limited to providing a list of workers who will be displaced by the transfer of services to a successor contractor no less than one hundred twenty (120) calendar days prior to the termination of the franchise; attend meetings as necessary with the CITY and successor franchisee commencing one hundred eighty (180) calendar days prior to the termination of the franchise; and providing other reports and data required by this Agreement.

All Carts, Bins, Compactors, and Roll Offs purchased and put into service at Customers' Premises after July 1, 2012 that have not been fully depreciated shall be available to the CITY, at the CITY's option, at net book value. Should the CITY elect not to exercise its rights with regards to this Section, the Containers shall remain the property of the FRANCHISEE upon the expiration or earlier termination of the Franchise and FRANCHISEE shall be responsible for removing all Containers in service from premises within ten (10) Work Days.

**20.17 Use of Recycled Products.**

FRANCHISEE shall use recycled paper for all printed material such as brochures, reports, studies, and promotional literature. For the purposes of the Agreement, "recycled paper" means a paper or wood pulp product with not less than one hundred percent (100%) of its total weight consisting of secondary and postconsumer waste and with not less than thirty percent (30%) of its total weight consisting of postconsumer waste. "Postconsumer waste" means a finished material that would normally be disposed of as a Solid Waste, having completed its life cycle as a consumer item. "Secondary waste" means fragments of products or finished products of a manufacturing process that has converted a virgin resource into a commodity of real economic value and includes postconsumer waste but does not include fibrous waste generated during the manufacturing process such as fibers recovered from waste water or trimmings of paper machine rolls (mill broke), wood slabs, chips, sawdust, or other wood residue from a manufacturing process.

**20.18 Franchise Terms and Conditions.**

FRANCHISEE shall be subject to the terms and conditions specified in the Charter of the City of San José, to the terms and conditions specified in the San José Municipal Code, and to the terms and conditions specified in this Agreement. CITY reserves the discretion to prescribe such other additional terms and conditions in the public interest, not in conflict with the City Charter or the San José Municipal Code.

**20.19 Severability.**

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.

**20.20 Right to Require Performance.**

The failure of CITY at any time to require performance by FRANCHISEE of any provision hereof shall in no way affect the right of CITY thereafter to enforce same. Nor shall waiver by 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.

**20.21 Headings.**

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

**20.22 Exhibits.**

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.

**WITNESS THE EXECUTION HEREOF** on the date written below each party's signature.

"CITY"

APPROVED AS TO FORM:

CITY OF SAN JOSE, a municipal corporation

By: \_\_\_\_\_

By: \_\_\_\_\_

ROSA TSONGTAATARII  
Deputy City Attorney

DEANNA J. SANTANA  
Deputy City Manager

Date: \_\_\_\_\_

Date: \_\_\_\_\_

"FRANCHISEE"

ALLIED WASTE SERVICES OF SANTA CLARA COUNTY, a Delaware limited liability company

By: \_\_\_\_\_

MICHAEL A. CAPRIO  
Area President

Date: \_\_\_\_\_

## EXHIBIT A

### MAXIMUM SERVICE RATES

The maximum rate that the FRANCHISEE may charge Customers for Commercial Services shall be determined in accordance with procedures of this Article and Exhibit A, Maximum Service Rate. The CITY shall have the sole and exclusive right to change the relationship of individual Maximum Service Rates in comparison with other Maximum Service Rates as CITY deems appropriate. Any such changes would occur in during the first Rate Year and/or in conjunction with the annual rate adjustment process described in this Exhibit A. Any such change to the rate structure shall result in the same revenue requirement had the rate structure remained the same.

#### 1.1 Definitions.

The following terms are defined for the purposes of Exhibit A only.

- “**Annual Percentage Change**” means the annual percentage change in any of the indices defined below, or six percent (0.06), whichever is less, with the exception that the Annual Percentage Change in the Natural Gas Index shall not be capped at six percent (0.06).

The Annual Percentage Change in an index is calculated by subtracting the Average Index Value for the 12-month period ending October 31 of the most recently completed Rate Year from the Average Index Value for the 12-month period ending October 31 of the then-current Rate Year and dividing the result by the Average Index Value for the 12-month period ending October 31 of the most recently completed Rate Year.

For example, if the FRANCHISEE is calculating FRANCHISEE’s Revenue Requirement for Rate Year Four to include in its January 1, 2015 Application, the Annual Percentage Change for the CPI-W would be calculated as follows:

[ (Average CPI-W for November 2013 through October 2014) minus (Average CPI-W for November 2012 through October 2013) ] divided by (Average CPI-W for November 2012 through October 2013)

The calculated Annual Percentage Change shall be carried to three places to the right of the decimal and rounded to the nearest thousandths.

- “**Average Index Value**” means the sum of the monthly index values during the 12-month period ending in October 31 divided by 12 (in the case of indices published monthly) or the sum of the bi-monthly index values divided by 6 (in the case of indices published bi-monthly).
- “**CPI-W**” means the Consumer Price Index, U.S. CITY Average, Garbage and Trash Collection, Not Seasonally Adjusted, compiled and published by the U.S. Department of Labor, Bureau of Labor Statistics (Series ID: CUUR0000SEHG02). The October 2008 CPI-W was 371.155.

“

- **“Direct Costs”** includes all costs directly attributable to Collection services including route labor, route vehicles and maintenance thereof, fuel for route vehicles, Processing, and vehicle and Container depreciation.
  - **“Final Proposed Costs”** include the costs, operating statistics, and Maximum Service Rates presented in Exhibit A-1 for one or more of the following: (i) modification to the scope of services; (ii) any unique conditions or contract terms; and (iii) any other changes agreed upon by the Parties.
- “Government Fees”** means the fees established under Articles 19.1, 19.2, and 19.4 of this Agreement.
- **“Line of Business”** refers to the type of service provided to Customers as described on the Final Proposed Cost forms contained in Exhibit A-1.
  - **CITY“Natural Gas Index”** means the PG&E Compressed Natural Gas Schedule G—NGV2.
  - **“Net Recyclable Material Processing Cost (or Revenue)”** means the Recyclable Material Processing costs less revenue earned from the sale of Recyclable Material.

**1.2 Indices.**

Table 1 provides additional information about the indices described above.

**TABLE 1 – INDICES**

<b>Expense Category</b>	Labor, Vehicle-Related Costs, and Other Costs	Fuel
<b>Description</b>	Specified Percentage of CPI-W Garbage and Trash Collection, U.S. CITY Average	PG&E Compressed Natural Gas Schedule G—NGV2.
<b>Series ID</b>	CUUR0000SEHG02	Schedule G NGV2
<b>Adjusted</b>	Not seasonally adjusted	Not seasonally adjusted
<b>Group</b>	U.S. CITY Average	NA
<b>Item</b>	Garbage and Trash Collection	Commercial natural gas
<b>Base Period</b>	Dec 1983=100	199012
<b>Periodicity</b>	Monthly	Monthly

If an index is discontinued, the successor index with which it is replaced will be used for subsequent calculations. If no successor index is identified by the Bureau of Labor Statistics, the index published by the Bureau which is most comparable will be used.

### **1.3 Recyclable Material Sale Revenue.**

FRANCHISEE shall retain all revenues, including California Redemption/Refund Value (“CRV”) and beverage container processing fees from the sale of material recovered through the Processing of material Collected under this Agreement. FRANCHISEE may not seek to recover from the Customer or the CITY additional revenue to offset any shortage in the revenue from the sale of Recyclable Material.

### **2.1 Maximum Service Rates for Rate Year One.**

FRANCHISEE shall calculate adjustments to its Final Proposed Costs to determine FRANCHISEE’s Revenue Requirement and Maximum Service Rates for Rate Year One.

#### **2.1.1 Calculation of Changes in Cost Indices.**

The first step in determining Maximum Service Rates for Rate Year One is to calculate the changes in the cost indices to be used to adjust various cost categories of the FRANCHISEE’s Final Proposed Costs. For the purposes of this Section, the following cost adjustment factors shall be calculated as follows:

##### **2.1.1.1 Specified Percentage of the Consumer Price Index, (CPI-W) Adjustment Factor**

The CPI-W Rate Year One adjustment factor shall equal the results of the following calculation to yield a two-Rate Year Percentage Change to bring costs from 2010 dollars to 2012 dollars:

**$[(1.00 + ((A - B) / B)) \times (1.00 + ((A - B) / B))]$** , whereas:

A = The Average Index Value for the 12-month period ending October 2011

B = The Average Index Value for the 12-month period ending 2010

For example, if the result of Step 1 is 1.03, the Percentage Change would equal 1.061, which is 1.03 multiplied by 1.03. The CPI-W adjustment factor shall be rounded to the nearest thousandth.

##### **2.1.1.2 PG&E Compressed Natural Gas Schedule G—NGV2. (Natural Gas Index) Adjustment Factor**

The Natural Gas Index adjustment factor shall equal the results of the following calculation to yield a two-Rate Year Percentage Change to bring costs from 2010 dollars to 2012 dollars:

**$[(1.00 + ((A - B) / B)) \times (1.00 + ((A - B) / B))]$** , whereas:

- A =** The Average Index Value for the 12-month period ending October 2011
- B =** The Average Index Value for the 12-month period ending 2010. For example, if the result of Step 1 is 1.03, the Percentage Change would equal 1.061, which is 1.03 multiplied by 1.03. The Natural Gas Index adjustment factor shall be rounded to the nearest thousandth.

**2.1.2 Calculation of Organic Processing Adjustment Factor.**

The second step in determining the Maximum Service Rates for Rate Year Two is to calculate the Organic Processing adjustment factor(s). The factor(s) will be used to adjust Rate Year One Organic Processing expenses. The Organic Processing adjustment factor(s) shall be calculated, as follows:

**$[(A - B) / B] + 1.00$ , whereas:**

- A =** The projected Rate Year Two Organic Processing Fees (by Organic Stream and processing method)
- B =** The Rate Year One Organic Processing Fees (by Organic Stream and processing method)

The projected Rate Year One Organic Processing rate shall be determined by the CITY in accordance with its Organic Processing agreement(s).

**2.1.3 Calculation of Revenue Requirement for Rate Year One.**

The third step in determining the Maximum Service Rates for Rate Year One is to calculate the FRANCHISEE's Revenue Requirement for Rate Year One by summing: 1) FRANCHISEE's proposed costs for each Line of Business shown on Forms 6A, 6B, and 6C of the FRANCHISEE's Final Proposed Costs adjusted to reflect general inflation or deflation, contracted changes in labor wages and benefits for route personnel, Organic Processing costs; and Government Fees.

The FRANCHISEE's Revenue Requirement for Rate Year One shall be calculated as follows:

**2.1.3.1 Total Annual Cost of Operations.**

- a) **Regular, Overtime, Holiday, Vacation, and Sick Leave Wages (Wages).** Rate Year One Wages shall be calculated by multiplying the proposed Wages on Forms 6A, 6B, and 6C by a pre-determined percentage of the CPI-W Adjustment Factor.
- b) **Workers Compensation Insurance Premiums and Claims.** Rate Year One Workers Compensation Insurance Premiums and Claims shall be calculated by multiplying the proposed Workers Compensation Insurance Premiums and Claims on Forms 6A, 6B, and 6C by a pre-determined percentage of the CPI-W Adjustment Factor.
- c) **Health & Welfare.** Rate Year One Health & Welfare costs shall be calculated by multiplying the proposed Health & Welfare costs on Forms

6A, 6B, and 6C by a pre-determined percentage of the CPI-W Adjustment Factor.

- d) **Payroll Taxes.** Rate Year One Payroll Taxes shall be calculated by multiplying the proposed Payroll Taxes on Forms 6A, 6B, and 6C by a pre-determined percentage of the applicable CPI-W Adjustment Factor.
- e) **Other Labor-Related Costs.** Rate Year One Other Labor-Related Costs shall be calculated by multiplying the proposed Other Labor-Related Costs on Forms 6A, 6B, and 6C by a pre-determined percentage of the CPI-W Adjustment Factor.
- f) **Vehicle-Related Costs (excluding Diesel Fuel and Natural Gas).** Rate Year One Vehicle-Related Costs shall be calculated by multiplying the proposed Vehicle-Related Costs on Forms 6A, 6B, and 6C by a pre-determined percentage of the CPI-W Adjustment Factor r.
- g) **Natural Gas Costs.** Rate Year One Natural Gas costs shall be calculated by multiplying the proposed Natural Gas costs on Forms 6A, 6B, and 6C by the Natural Gas Adjustment Factor.
- h) **Transport Costs.** Rate Year One Transport Costs shall be calculated by multiplying the proposed Transport Costs on Forms 6A, 6B, and 6C by a pre-determined percentage of the CPI-W Adjustment Factor.
- i) **Other Costs.** Rate Year One Other Costs shall be calculated by multiplying the proposed Other Costs on Forms 6A, 6B, and 6C by a pre-determined percentage of the CPI-W Adjustment Factor.
- j) **Direct Depreciation.** Rate Year One Direct Depreciation shall equal the proposed Direct Depreciation on Forms 6A, 6B, and 6C.
- k) **Allocated General and Administrative Costs.** Rate Year One Allocated General and Administrative Costs shall be calculated by multiplying the proposed Allocated General and Administrative Costs on Forms 6A, 6B, and 6C by a pre-determined percentage of the CPI-W Adjustment Factor.
- l) **Allocated Vehicle Maintenance Costs.** Rate Year One Allocated Vehicle Maintenance Costs shall be calculated by multiplying the proposed Allocated Vehicle Maintenance Costs on Forms 6A, 6B, and 6C by a pre-determined percentage of the CPI-W Adjustment Factor.
- m) **Allocated Container Maintenance Costs.** Rate Year One Allocated Container Maintenance Costs shall be calculated by multiplying the proposed Allocated Container Maintenance Costs on Forms 6A, 6B, and 6C by a pre-determined percentage of the CPI-W Adjustment Factor.
- n) **Allocated Depreciation and Start-Up Costs.** Rate Year One Allocated Depreciation and Start-Up Costs shall be calculated by multiplying the proposed Allocated Depreciation and Start-Up Costs by a pre-determined percentage of the CPI-W Adjustment Factor.
- o) **Total Annual Cost of Operations.** Rate Year One Total Annual Cost of Operations shall equal the sum of the calculated Rate Year One costs.

#### 2.1.3.2 Profit.

Profit shall be calculated by dividing the Rate Year One Total Annual Cost of Operations by the operating ratio of 0.8529 and subtracting from the result the Rate Year One Total Annual Cost of Operations.

2.1.3.3 Pass-Through Costs.

Rate Year One Pass-Through Costs (which includes interest) shall equal the proposed Past-Through Costs on Forms 6A, 6B, and 6C.

2.1.3.4 NIRRP Pre-Processing Costs.

Rate Year One NIRRP Processing Costs shall be calculated by multiplying the proposed Organic Pre-Processing Costs on Forms 6A, 6B, and 6C by a specified percentage of the CPI-W Adjustment Factor.

2.1.3.5 Organic Processing Costs.

Rate Year One Organic Processing costs shall be calculated by multiplying the proposed Organic Processing costs on Forms 6A, 6B, and 6C by the Organic Processing Adjustment Factor.

2.1.3.6 Government Fees.

Rate Year One Government Fees as defined in Section 1.1 of this Exhibit A.

2.1.3.7 Revenue Requirement

Rate Year One Total FRANCHISEE Revenue Requirement shall equal the sum of:

- Total Cost of Operations;
- Profit;
- Pass-Through Costs;
- NIRRP Processing Costs
- Organic Processing Costs; and
- Government Fees.

2.1.4 Calculation of Maximum Service Rates for Rate Year One.

The Rate Adjustment Factor shall equal the Revenue Requirement for Rate Year One divided by the Revenue Requirement presented on Form 5 of the FRANCHISEE's Final Proposed Costs for Rate Year One as presented in Exhibit A-1. The Maximum Service Rates for Rate Year One shall be calculated by multiplying the Final Proposed Maximum Service Rates for Rate Year One as presented in Exhibit A-1 by the Rate Adjustment Factor. The adjustment to each fee shall be rounded to the nearest cent.

**2.2 Maximum Service Rates for Rate Year Two.**

The Maximum Service Rates for Rate Year Two are based on the Revenue Requirement for Rate Year One with the adjustments set forth below:

### 2.2.1 Calculation of Changes in Cost Indices.

The first step in determining Maximum Service Rates for Rate Year Two is to calculate the changes in the cost indices to be used to adjust various cost categories of the Rate Year One Costs. For the purposes of this Section, the following cost indices adjustment factors shall be calculated as follows:

#### 2.2.1.1 Consumer Price Index, (CPI-W).

The CPI-W Index adjustment factor shall equal one **plus** the Annual Percentage Change in the CPI-W , CUUR0000SEHG02 and shall be rounded to the nearest thousandth.

#### 2.2.1.2 Specified percentage of the Consumer Price Index, CPI-W, CUUR0000SEHG02 (Motor Vehicle Maintenance and Repair Index).

The Motor Vehicle Maintenance and Repair Index adjustment factor shall equal one **plus** the Annual Percentage Change in the Motor Vehicle Maintenance and Repair Index and shall be rounded to the nearest thousandth.

#### 2.2.1.3 PG&E Compressed Natural Gas Schedule G—NGV2. (Natural Gas Index) Adjustment Factor

The Natural Gas Index adjustment factor shall equal one **plus** the Annual Percentage Change in the Natural Gas Index and shall be rounded to the nearest thousandth.

### 2.2.2 Calculation of the Organic Processing Adjustment Factor(s).

The second step in determining the Maximum Service Rates for Rate Year Two is to calculate the Organic Processing adjustment factor(s). The factor(s) will be used to adjust Rate Year One Organic Processing expenses. The Organic Processing adjustment factor(s) shall be calculated, as follows:

**[(A – B) / B ]+ 1.00**, whereas:

- A =** The projected Rate Year Two Organic Processing Fees (by Organic Stream and processing method)
- B =** The Rate Year One Organic Processing Fees (by Organic Stream and processing method)

The projected Rate Year Two Organic Processing rate shall be determined by the CITY in accordance with its Organic Processing agreement(s).

### 2.2.3 Calculation of FRANCHISEE's Revenue Requirement for Rate Year Two.

The third step in determining the Maximum Service Rates for Rate Year Two is to calculate the FRANCHISEE's Revenue Requirement for Rate Year Two by summing: 1) FRANCHISEE's Rate Year One costs for each Line of Business shown on Forms 6A, 6B, and 6C adjusted to reflect general inflation or deflation, contracted changes in labor

wages and benefits for route personnel, per-ton Organic Processing costs; and Government Fees.

The FRANCHISEE's Revenue Requirement for Rate Year Two shall be calculated as follows:

2.2.3.1 Total Annual Cost of Operations.

- a) **Regular, Overtime, Holiday, Vacation, and Sick Leave Wages (Wages).** Rate Year Two Wages shall be calculated by multiplying the Rate Year One Wages on Forms 6A, 6B, and 6C by a pre-determined percentage of the CPI-W Adjustment Factor.
- b) **Workers Compensation Insurance Premiums and Claims.** Rate Year Two Workers Compensation Insurance Premiums and Claims shall be calculated by multiplying the Rate Year One Workers Compensation Insurance Premiums and Claims on Forms 6A, 6B, and 6C by a pre-determined percentage of the CPI-W Adjustment Factor.
- c) **Health & Welfare.** Rate Year Two Health & Welfare costs shall be calculated by multiplying the Rate Year One Health & Welfare costs on Forms 6A, 6B, and 6C by a pre-determined percentage of the CPI-W Adjustment Factor.
- d) **Payroll Taxes.** Rate Year Two Payroll Taxes shall be calculated by multiplying the Rate Year One Payroll Taxes on Forms 6A, 6B, and 6C by a pre-determined percentage of the CPI-W Adjustment Factor.
- e) **Other Labor-Related Costs.** Rate Year Two Other Labor-Related Costs shall be calculated by multiplying the Rate Year One Other Labor-Related Costs on Forms 6A, 6B, and 6C by a pre-determined percentage of the CPI-W Adjustment Factor.
- f) **Vehicle-Related Costs (excluding Fuel).** Rate Year Two Vehicle-Related Costs shall be calculated by multiplying the Rate Year One Vehicle-Related Costs on Forms 6A, 6B, and 6C by 80% of the CPI-W Adjustment Factor.
- g) **Fuel Costs.** Rate Year Two Fuel costs shall be calculated by multiplying the Rate Year One Fuel costs on Forms 6A, 6B, and 6C by the Natural Gas Adjustment Factor.
- h) **Transport Costs.** Rate Year Two Transport Costs shall be calculated by multiplying the Rate Year One Transfer and Transport Costs on Forms 6A, 6B, and 6C by a pre-determined percentage of the CPI-W Adjustment Factor.
- i) **Other Costs.** Rate Year Two Other Costs shall be calculated by multiplying the Rate Year One Other Costs on Forms 6A, 6B, and 6C by a pre-determined percentage of the CPI-W Adjustment Factor.
- j) **Direct Depreciation.** Rate Year Two Direct Depreciation shall equal Rate Year One Direct Depreciation.
- k) **Allocated General and Administrative Costs.** Rate Year Two Allocated General and Administrative Costs shall be calculated by multiplying the Rate Year One Allocated General and Administrative

Costs on Forms 6A, 6B, and 6C by a pre-determined percentage of the CPI-W Adjustment Factor.

- l) **Allocated Vehicle Maintenance Costs.** Rate Year Two Allocated Vehicle Maintenance Costs shall be calculated by multiplying the Rate Year One Allocated Vehicle Maintenance Costs on Forms 6A, 6B, and 6C by a pre-determined percentage of the CPI-W Adjustment Factor.
- m) **Allocated Container Maintenance Costs.** Rate Year Two Allocated Container Maintenance Costs shall be calculated by multiplying the Rate Year One Allocated Container Maintenance Costs on Forms 6A, 6B, and 6C by a pre-determined percentage of the CPI-W Adjustment Factor.
- q) **Allocated Depreciation and Start-Up Costs.** Rate Year Two Allocated Depreciation and Start-Up Costs shall equal Rate Year One Allocated Depreciation and Start-Up Costs.
- o) **Total Annual Cost of Operations.** Rate Year Two Total Annual Cost of Operations shall equal the sum of the calculated Rate Year Two costs.

#### 2.2.3.2 Profit.

Profit shall be calculated by dividing the Rate Year Two Total Annual Cost of Operations by the operating ratio of 0.8529 and subtracting from the result the Rate Year Two Total Annual Cost of Operations.

#### 2.2.3.3 Pass-Through Costs.

Rate Year Two Pass-Through Costs (which includes interest) shall equal Rate Year One Pass-Through Costs.

#### 2.2.3.4 NIRRP Processing Costs.

Rate Year Two NIRRP Processing Costs shall be calculated by multiplying the Rate Year One Organic Pre-Processing Costs on Forms 6A, 6B, and 6C by a specified percentage of the CPI-W Adjustment Factor.

#### 2.2.3.5 Organic Processing Costs.

The projected Organic Processing fee for Rate Year Two shall be determined in accordance with the CITY's Organic Processing agreement.

#### 2.2.3.6 Government Fees.

Rate Year Two Government Fees as defined in Section 1.1 of this Exhibit A.

#### 2.2.3.7 Total FRANCHISEE Revenue Requirement

Rate Year Two Total FRANCHISEE Revenue Requirement shall equal the sum of:

- Total Cost of Operations;
- Profit;
- Pass-Through Costs;

- Organic Pre-Processing Costs;
- Single-Stream Processing Costs;
- Roll-Off Dry Material Processing Costs;
- Organic Processing Costs; and
- Government Fees.

2.2.4 Calculation of Maximum Service Rates for Rate Year Two.

The Contactor shall calculate the Rate Adjustment Factor. It shall equal the Total FRANCHISEE Revenue Requirement for Rate Year Two divided by the Rate Year One Total FRANCHISEE Revenue Requirement. The Maximum Service Rates for Rate Year Two shall be calculated by multiplying the Rate Year One Maximum Service Rates by the Rate Adjustment Factor. The adjustment to each fee shall be rounded to the nearest cent.

2.3 Cost-Based Rate Adjustment Method (Rate Years 3, 7, and 12).

The CITY shall use the cost-based rate adjustment method to adjust Maximum Service Rates for Rate Year Three and, at either Party's option, for Rate Years Seven and Twelve (if Term of the Agreement is extended through Rate Year Twelve). The FRANCHISEE's Revenue Requirement for the coming Rate Year (i.e., Rate Years 3, 7, or 12) shall be calculated in the manner described in this Section.

2.3.1 Calculating Total Annual Cost of Operations.

**Total Annual Cost of Operations.** FRANCHISEE's financial statement(s) and books and records shall be reviewed to determine FRANCHISEE's cost for the most-recently completed Rate Year (i.e., Rate Years 1, 5, or 10) to perform all the services in the manner required by this Agreement for each of the following cost categories:

- i) Calculated labor-related costs
- ii) Calculated vehicle-related costs (excluding fuel)
- iii) Calculated fuel costs
- iv) Calculated Transport costs
- v) Calculated other costs (as defined on Cost Form 6 of Exhibit A-1)
- vi) Direct depreciation costs
- vii) Calculated allocated general and administrative costs (labor, vehicle, fuel and other costs)
- viii) Calculated allocated vehicle maintenance costs (labor, vehicle, fuel and other costs)
- x) Calculated allocated container maintenance costs (labor, vehicle, fuel and other costs)
- xi) Calculated allocated depreciation and start-up costs

Below are several examples of how operating statistics and ratios may be used to determine costs. This list is provided for example purposes only.

- Labor costs related to Drop Box Collection vehicle drivers will be labor costs related to the number of allowable Drop Box routes, which shall be determined by dividing the actual average number of pulls per day by the proposed number of Drop Box pulls per day per route as presented on Form 2 of the Final Proposed Costs.
- Labor costs for Customer Service Representatives (“CSR”) shall correlate to the number of allowable CSRs, which shall be determined by multiplying the actual number of customers by the ratio of proposed CSRs to the number of customers assumed for the proposal.
- Collection vehicle fuel costs for Bin Service will be related to the average annual gallons of fuel per route per Form 2 of the Final Cost Proposal and the number of Bin Collection routes, which shall be determined by dividing the actual average number of lifts per day by the proposed number of Bin lifts per day per route as presented on Form 2 of the Final Proposed Costs.

**Prohibited Costs.** FRANCHISEE shall adjust Total Annual Cost of Operations for most-recently completed Rate Year by deducting non-allowable costs. Non-allowable costs include, but are not limited to, the following:

- i) Costs that are not consistent with cost categories presented by FRANCHISEE in its Final Proposed Costs in Exhibit A-1.
- ii) Labor and equipment costs for personnel and vehicles that are not specified in Exhibit A-1 and/or are in excess of that determined to be allowable based on operating statistics, ratios, and other factors.
- iii) Payments to directors and/or owners of FRANCHISEE unless paid as reasonable compensation for services actually rendered.
- iv) Payments to repair damage to property of third parties or the CITY for which FRANCHISEE is legally liable.
- v) Fines for penalties of any nature.
- vi) Liquidated Damages assessed under this Agreement.
- vii) Federal or State income taxes.
- viii) Charitable or political donations.
- ix) Depreciation or interest expense for Collection vehicles, Containers, other equipment, offices and other facilities if such items are leased as specified in Exhibit A-1 and/or are in excess of that determined to be allowable based on operating statistics, ratios, and other factors.
- x) Payments to Related-Party Entities for products or services, in excess of the cost to the Related-Party Entities for those products or services. This prohibition however does not apply to the rate for the delivery of Waste under the CITY’s disposal agreement with the operator of the Newby Island Sanitary Landfill, which will be an allowable cost to FRANCHISEE for the disposal of residue at said landfill and which rate (as adjusted from time to time per the disposal agreement) shall apply to the delivery of the Organic Processing Contractor’s delivery of its residue to the landfill.

- xi) Goodwill.
- xii) Unreasonable profit sharing distributions.
- xiii) Depreciation and interest expenses in excess of that specified on Forms 6 and 10 in Exhibit A-1 including costs for replacement of Containers because the useful life of such containers was less than anticipated, and/or are in excess of that determined to be allowable based on operating statistics, ratios, and other factors.
- xiv) Bad debt write offs in excess of 1.5% of billed revenue.
- xv) Attorney fees and other expenses incurred by FRANCHISEE arising from any act or omission in violation of this Agreement.

**Allowable Cost Methodology.** Calculated Total Annual Cost of Operations for the coming Rate Year (i.e., Rate Year 3, 7, or 12) shall be calculated in the following manner:

- i) Labor-related costs shall be calculated for the coming Rate Year by multiplying (a) the Allowed labor-related costs for the most-recently completed Rate Year by: 1 plus a pre-determined percentage of the Annual Percentage Change in CPI-W, and (b) multiplying the result of step (a) by: 1 plus specified percentage of the Annual Percentage Change in CPI-W.
- ii) Vehicle-related costs (excluding fuel costs) shall be calculated for the coming Rate Year by (a) multiplying the Allowed vehicle-related costs for the most-recently completed Rate Year by: 1 plus a pre-determined percentage of the Annual Percentage Change in the CPI-W, CUUR0000SEHG02, and (b) multiplying the result of step (a) by: 1 plus specified percentage of the Annual Percentage Change in CPI-W.
- iii) Fuel costs shall be calculated for the coming Rate Year by (a) multiplying the Allowed fuel costs for the most-recently completed Rate Year by: 1 plus the Annual Percentage Change in the PG&E Compressed Natural Gas Schedule G—NGV2., and (b) multiplying the result of step (c) by the same percentage changed used in step one.
- iv) Transport Costs shall be calculated for the coming Rate Year by multiplying (a) the Allowed Transport costs for the most-recently completed Rate Year by: 1 plus specified percentage of the Annual Percentage Change in CPI-W, , and (b) multiplying the result of step (a) by: 1 plus a specified percentage of the Annual Percentage Change in CPI-W.
- v) Other costs shall be calculated for the coming Rate Year by (a) multiplying the allowed other-related costs for most-recently completed Rate Year by: 1 plus a pre-determined percentage of the Annual Percentage Change in CPI-W, CUUR0000SEHG02 and (b) multiplying the result of step (a) by: 1 plus specified percentage of the Annual Percentage Change in CPI-W.
- vi) Direct depreciation expense shall be the amount of the Rate Year One direct depreciation expenses.

- vii) Allocated general and administrative labor-related, vehicle-related and other costs shall be calculated for the coming Rate Year by (i) multiplying the allowed allocated general and administrative costs for most-recently completed Rate Year by: 1 plus specified percentage of the Annual Percentage Change in CPI-W, and (ii) multiplying the result of step (i) by: 1 plus the Annual Percentage Change in CPI-W
- viii) Allocated vehicle maintenance labor-related, vehicle-related and other costs shall be calculated for the coming Rate Year by (i) multiplying the allowed allocated vehicle maintenance labor-related, vehicle-related and other costs for most-recently completed Rate Year by: 1 plus specified percentage of the Annual Percentage Change in CPI-W, and (ii) multiplying the result of step (i) by: 1 plus the Annual Percentage Change in CPI-W
- ix) Allocated container maintenance labor-related, vehicle-related and other costs shall be calculated for the coming Rate Year by (i) multiplying the allowed allocated container maintenance labor-related, vehicle-related and other costs costs for most-recently completed Rate Year by: 1 plus a specified percentage of the Annual Percentage Change in CPI-W, and (ii) multiplying the result of step (i) by: 1 plus the Annual Percentage Change in CPI-W,.
- x) Allocated depreciation expense and start-up costs shall be the amount of the Rate Year One Allocated depreciation expense and start-up costs.
- xi) The Total Annual Cost of Operations for the coming Rate Year shall equal the sum of the following costs, which shall have been calculated in accordance with procedures in this Section:
  - (1) Labor-related costs
  - (2) Vehicle-related costs (excluding fuel costs)
  - (3) Fuel costs
  - (4) Transport costs
  - (5) Other costs
  - (6) Direct depreciation expense
  - (7) General and Administrative allocated labor, vehicle, fuel, and other costs
  - (8) Vehicle Maintenance allocated labor, vehicle, fuel, and other costs
  - (9) Container Maintenance allocated labor, vehicle, fuel, and other costs
  - (10) Allocated depreciation and start-up costs

### 2.3.2 Profit.

FRANCHISEE shall calculate its Profit for the coming Rate Year by dividing the Total Annual Cost of Operations for the coming Rate Year by an operating ratio of 0.8529 and subtracting from the result the Total Annual Cost of Operations for the coming Rate Year.

$$\text{Profit} = \frac{\text{Total Annual Cost of Operations for Coming Rate Year}}{0.8529} - \text{Total Annual Cost of Operations for Coming Rate Year}$$

**2.3.3 Pass-Through Costs.**

Pass-Through Costs (which includes interest) for Rate Years Three through Fifteen shall equal the amount of the Rate Year One Pass-Through Costs. .

**2.3.4 NIRRP Processing Costs.**

The NIRRP Processing Costs will be calculated by multiplying the per-ton NIRRP Processing Fee for the coming Rate Year by the total Tons of material Collected by FRANCHISEE (excluding those tons direct hauled to the CITY's Organics Processor) for the most-recently completed twelve-month period ending October 31. The projected per-ton NIRRP Processing Fee for the coming Rate Year shall be calculated by multiplying the NIRRP Processing Fee for the then-current Rate Year by one plus the Annual Percentage Change in the specified percentage of the CPI-W, CUUR0000SEHG02.

**2.3.5 Organic Processing Cost.**

The projected Organic Processing fee for the coming Rate Year shall be determined in accordance with the CITY's Organic Processing agreement.

**2.1.1 Government Fees.**

All Government Fees (as defined in Section 1.1 of this Exhibit A) imposed by the CITY.

**2.1.2 Other Adjustments.**

If the FRANCHISEE obtains grant funds or subsidies from the CITY or other agency that are used to offset costs associated with provision of service, the annual amount of funds FRANCHISEE received or is calculated to receive through these other sources will be reflected as an adjustment. In such case, the adjustment would be a reduction to the Maximum Service Rates since FRANCHISEE's has secured funds from other sources to cover a portion of the costs.

**2.1.3 FRANCHISEE's Revenue Requirement.**

The FRANCHISEE's Revenue Requirement for the coming Rate Year shall equal the sum of the Total Cost of Operations, Profit, Pass-Through Costs, Organic Pre-Processing Costs, Single-Stream Processing Costs, Roll-Off Dry Material Processing Costs, Organic Processing Costs, and Government Fees for the coming Rate Year.

**2.2 Maximum Service Rate Adjustment Factor.**

The Maximum Service Rate Adjustment Factor shall equal the FRANCHISEE's Revenue Requirement for the coming Rate Year divided by the Revenues from Maximum Service Rates for the most-recently completed 12-month period ending October 31. The Revenues from Maximum Service Rates for this 12-month period shall be adjusted to reflect the most recent Maximum Service Rate adjustment, by applying the most recent Maximum Service Rate Adjustment Factor to Revenues from Maximum Service Rates for November through June and adding the sum of those adjusted Revenues to the Revenues for July through October so that all Revenues reported are based on the same effective Maximum Service Rates. The Maximum Service Rate Adjustment Factor shall be rounded to the nearest ten thousandth (e.g., 0.0001).

### **2.3 Adjustment of Maximum Service Rates.**

Each then-current Maximum Service Rate shall be multiplied by the Rate Adjustment Factor to calculate the effective Maximum Service Rate for the coming Rate Year. The adjustment to each fee shall be rounded to the nearest cent.

### **2.4 Index-Based Rate Adjustment Method (Rate Years 4 through 15).**

FRANCHISEE shall calculate the index-based adjustments to Maximum Service Rates. The adjustments shall be calculated separately for Direct Costs related to each Line of Business and for each category of Indirect Costs; and then totaled for calculation of the FRANCHISEE's Revenue Requirement. The cost categories of the main components of FRANCHISEE's Revenue Requirement are presented in detail in Exhibit A-1. Adjustments to these components shall be calculated as follows:

#### **2.4.1 Total Annual Cost of Operations.**

- a) **Labor-Related Costs.** The Labor-Related Costs component for the Coming Rate Year shall be calculated by multiplying the Labor-Related Costs component of FRANCHISEE's Revenue Requirement for the then-current Rate Year by one plus a pre-determined percentage of the Annual Percentage Change in the CPI-W.
- b) **Vehicle-Related Costs (excluding Fuel).** The Vehicle-Related Costs component for the Coming Rate Year shall be calculated by multiplying the Vehicle-Related Costs component of FRANCHISEE's Revenue Requirement for the then-current Rate Year by one plus a pre-determined percentage of the Annual Percentage Change in the CPI-W, . . .
- c) **Fuel Costs.** The Fuel Cost component for the Coming Rate Year shall be calculated by multiplying the Fuel Cost component of FRANCHISEE's Revenue Requirement for the then-current Rate Year by one plus the Annual Percentage Change in the Natural Gas Index.
- d) **Transport Costs.** Transport costs for the coming Rate Year shall be calculated by multiplying the Transport Cost component of the Franchisee's Revenue Requirement for the then-current Rate Year by one plus a pre-determined percentage of the Annual Percentage Change in the CPI-W multiplied by the total Tons of Permitted Material Transported to the CITY's approved Organic Processing Facility for the most-recently completed twelve-month period ending October 31.
- e) **Other Costs.** The Other Costs component for the coming Rate Year shall be calculated by multiplying the Other Costs component of the FRANCHISEE's Revenue Requirement for the then-current Rate Year by one plus a pre-determined percentage of the Annual Percentage Change in the CPI-W.
- f) **Direct Depreciation.** Direct depreciation expense shall be the amount of the Rate Year One direct depreciation expenses.

- g) **Allocated General and Administrative Labor, Vehicle, Fuel, and Other Costs.** The Allocated General and Administrative Labor, Vehicle, Fuel, and Other Costs component for the coming Rate Year shall be calculated by multiplying the Allocated Costs (Labor, Vehicle, Fuel, and Other Costs) component for the then-current Rate Year by one plus a pre-determined percentage of the Annual Percentage Change in the CPI-W.
- h) **Allocated Vehicle Maintenance Labor, Vehicle, Fuel, and Other Costs.** The Allocated Vehicle Maintenance Labor, Vehicle, Fuel, and Other Costs component for the coming Rate Year shall be calculated by multiplying the Allocated Vehicle Maintenance Costs (Labor, Vehicle, Fuel, and Other Costs) component for the then-current Rate Year by one plus a pre-determined percentage of the Annual Percentage Change in the CPI-W.
- i) **Allocated Container Maintenance Labor, Vehicle, Fuel, and Other Costs.** The Allocated Container Maintenance Labor, Vehicle, Fuel, and Other Costs component for the coming Rate Year shall be calculated by multiplying the Allocated Container Maintenance Costs (Labor, Vehicle, Fuel, and Other Costs) component for the then-current Rate Year by one plus a pre-determined percentage of the Annual Percentage Change in the CPI-W.
- j) **Allocated Depreciation and Start-Up Costs.** Allocated depreciation expense and start-up costs shall be the amount of the Rate Year One Allocated depreciation expense and start-up costs.
- k) **Total Annual Cost of Operations.** The Total Annual Cost of Operations for the coming Rate Year equals the sum of the costs calculated in Sections (a) through (j) above.

2.4.2 Profit.

Profit for the coming Rate Year will be calculated by dividing the Total Annual Cost of Operations for the coming Rate Year by an operating ratio of 0.8529 and subtracting from the result the Total Annual Cost of Operations for the coming Rate Year.

$$\text{Profit} = \frac{\text{Total Annual Cost of Operations for Coming Rate Year}}{0.8529} - \text{Total Annual Cost of Operations for Coming Rate Year}$$

2.4.3 Pass-Through Costs.

Pass-Through Costs (which includes interest) for Rate Years Four through Fifteen shall equal the amount of the Rate Year One Pass-Through Costs. .

2.4.4 NIRRP Processing Costs.

The NIRRP Processing Costs will be calculated by multiplying the per-ton NIRRP Processing Fee for the coming Rate Year by the total Tons of material Collected by Franchisee (excluding those tons direct hauled to the CITY's Organics Processor) for the most-recently completed twelve-month period ending October 31. The projected Organic Pre-Processing Fee for the coming Rate Year shall be calculated by multiplying the Organic Pre-Processing Fee for the then-current Rate Year by one plus a specified percentage of the Annual Percentage Change in the CPI-W.

#### 2.4.5 Organic Processing Cost.

The projected Organic Processing Costs for the coming Rate Year shall be determined in accordance with the CITY's Organic Processing agreement.

#### 2.4.6 Government Fees.

All Government Fees (as defined in Section 1.1 of this Exhibit A) imposed by the CITY.

#### 2.4.7 Other Adjustments.

If the FRANCHISEE obtains grant funds or subsidies from the CITY or other agency that are used to offset costs associated with provision of service, the annual amount of funds FRANCHISEE received or is calculated to receive through these other sources will be reflected as an adjustment. In such case, the adjustment would be a reduction to the Maximum Service Rates since FRANCHISEE's has secured funds from other sources to cover a portion of the costs.

#### 2.4.8 FRANCHISEE's Revenue Requirement.

The FRANCHISEE's Revenue Requirement for the coming Rate Year shall be calculated equal the sum of the Total Annual Cost of Operations, Profit, Total Pass-Through Costs, NIRRP Processing, Organic Processing Costs, Total Government Fees, and Other Adjustments (if applicable) for the coming Rate Year.

### 2.5 Maximum Service Rate Adjustment Factor.

The Rate Adjustment Factor shall be calculated equal to the FRANCHISEE's Revenue Requirement for the coming Rate Year divided by the FRANCHISEE's Revenue Requirement for the then-current Rate Year. The Rate Adjustment Factor shall be rounded to the nearest ten thousandth (e.g., 0.0001) and capped at 1.0600, which is a 6% increase.

### 2.6 Adjustment of Maximum Service Rates.

Each then-current Maximum Service Rate shall be multiplied by the Rate Adjustment Factor to calculate the Maximum Service Rate for the coming Rate Year. The adjustment to each fee shall be rounded to the nearest cent.

### 2.7 Example.

The following example (Table 2) illustrates the index-based adjustment method for determining Maximum Service Rates for Rate Year Four. The dollar amounts shown are those fixed in the Agreement for Rate Year Three (July 1, 2014 through June 30, 2015) and the adjustment factors are based on assumed changes in the various indices between the average index values for the 12 months ending October 31, 2014 and for the 12 months ending October 31,

2013. Assumptions for Example Adjustment to FRANCHISEE's Revenue Requirement and Maximum Service Rates:

Most-Recently Completed Rate Year = Rate Year Two (July 1, 2013 through June 30, 2014)

Then-current Rate Year = Rate Year Three (July 1, 2014 through June 30, 2015)

Coming Rate Year = Rate Year Four (July 1, 2015 through June 30, 2016)

**TABLE 2**  
Example Calculation of Annual Percentage Change in Price Indices

Average index value for 12-month period ending October 31 of the then-current Rate Year (e.g., Rate Year Four; therefore, average index value for November 2013 to October 2014)	Nov 2013		255.8	239.2	
	Dec 2013	223.2	263.5	239.8	226.2
	Jan 2014		270.6	240.0	
	Feb 2014	223.9	275.7	240.7	228.3
	Mar 2014		269.1	241.2	
	Apr 2014	224.9	265.5	241.9	229.5
	May 2014		260.8	242.2	
	Jun 2014	225.5	264.3	242.8	230.9
	July 2014		275.8	243.1	
	Aug 2014	226.3	275.2	243.6	232.1
	Sep 2014		276.9	244.0	
	Oct 2014	227.1	266.4	244.5	234.2
	<i>Average</i>	<i>225.2</i>	<i>268.3</i>	<i>241.9</i>	<i>230.2</i>
Average index value for 12-month period ending October 31 of the most-recently completed Rate Year (e.g., Rate Year Three; therefore, average index value for November 2012 to October 2013)	Nov 2012		240.2	231.1	
	Dec 2012	219.1	245.8	231.5	218.3
	Jan 2013		255.2	232.0	
	Feb 2013	220.2	238.8	232.8	219.8
	Mar 2013		242.8	234.2	
	Apr 2013	221.6	250.2	234.7	220.8
	May 2013		249.3	235.4	
	Jun 2013	221.9	253.8	235.9	221.2
	July 2013		257.3	236.1	
	Aug 2013	222.1	245.1	236.9	223.5
	Sep 2013		243.7	237.8	
	Oct 2013	222.8	239.6	238.2	224.8
	<i>Average</i>	<i>221.3</i>	<i>246.8</i>	<i>234.7</i>	<i>221.4</i>
Annual Percentage Change		0.018	0.087	0.031	0.040

Note: All values presented in this table are hypothetical and used for illustrative purposes only.

TABLE 2 (cont.)

**Example Calculation of FRANCHISEE's Revenue Requirement for Rate Year Four**

Annual Cost of Operations			
Labor-related costs	\$12,000,000	1.035	<b>\$12,420,000</b>
Vehicle-related costs (excluding depreciation and fuel)	\$2,400,000	1.031	<b>\$2,474,400</b>
Fuel costs	\$1,200,000	1.087	<b>\$1,304,400</b>
Transport Costs	\$250,000	1.040	<b>\$260,000</b>
Other Costs	\$200,000	1.040	<b>\$208,000</b>
Direct Depreciation	\$200,000	1.000	<b>\$200,000</b>
Allocated Labor, Vehicle, Fuel, and Other Costs			
Allocated G&A	\$400,000	1.040	<b>\$416,000</b>
Allocated Vehicle Maintenance	\$800,000	1.031	<b>\$824,800</b>
Allocated Container Maintenance	\$800,000	1.031	<b>\$824,800</b>
Allocated Depreciation and Start-Up Costs	\$1,200,000	1.040	<b>\$1,248,000</b>
<b>Total Annual Cost of Operations</b>	<b>\$19,450,000</b>		<b>\$20,180,400</b>
<b>Profit (operating ratio = 0.8529)</b>	<b>\$3,355,000</b>		<b>\$3,481,000</b>
Pass-Through Costs			
Interest Expense on Capital	\$100,000	1.000	<b>\$100,000</b>
<b>Total Pass-Through Costs</b>	<b>\$100,000</b>		<b>\$100,000</b>
<b>FRANCHISEE's Revenue Requirement before Processing Costs and Government Fees</b>	<b>22,905,000</b>		<b>\$23,761,400</b>
Organic Pre-Processing Costs	\$5,500,000		<b>\$5,734,000</b>
Organic Processing Costs – OS 1 - AD	\$300,000		<b>\$340,000</b>
Organic Processing Costs – OS 2 - Compost	\$300,000		<b>\$360,000</b>
Organic Processing Costs – OS 2 - AD	\$2,800,000		<b>\$2,920,000</b>
Organic Processing Costs – OS 3 - AD	\$2,300,000		<b>\$2,736,000</b>
Government Fees	\$15,200,000		<b>\$15,200,000</b>
<b>Total FRANCHISEE's Revenue Requirement</b>	<b>\$49,305,000</b>		<b>\$51,051,400</b>

Note: All values presented in this table are hypothetical and used for illustrative purposes only.

\* Adjustment factors are calculated using assumed cost indices.

Rate Adjustment Factor = \$51,051,400 / \$49,305,000 = 1.035

The Maximum Service Rate for 32-gallon Solid Waste Cart Service for Rate Year Four = \$20.00  
x 1.035 = \$20.70, which shall be effective July 1, 2015.

**EXHIBIT A-1**

**TO BE INSERTED**

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## EXHIBIT B

### LIQUIDATED DAMAGES

It shall be the duty of FRANCHISEE to perform services under this Agreement in such a manner as to implement practices, policies, and procedures designed to achieve the goals set forth in Section 14.1. In the event FRANCHISEE fails to perform the services as set forth in this Agreement, CITY may assess liquidated damages against FRANCHISEE in the amounts specified below.

The Liquidated Damages provided herein are intended to make the City whole for damages resulting from the FRANCHISEE's failure to perform services required by this Agreement, where the cost of such damages cannot be determined ahead of time.

1.	Failure to comply with the provisions of the plans, unless failure is noted in a charge below, in Exhibit C.	\$1,000 first incident; \$2,500 each subsequent incident.
2.	Failure to meet transition timeline milestones set forth in Exhibit C ("Transition and Implementation Plan") except as defined in Section 20.3.	\$5,000 per milestone per Work Day, subject to a maximum of \$25,000 per milestone.
3.	Failure to keep Collected material separated prior to weighing.	\$5,000 per incident.
4.	Failure to Process Recyclable Material Delivered to the Recyclable Material Processing Facility.	\$5,000 per incident.
5.	Failure to Deliver any Collected material to the designated Disposal Facility, Transfer Facility, Recyclable Material Processing Facility or Organic Processing Facility.	\$5,000 first incident; \$25,000 each subsequent incident.
6.	Failure to provide adequate primary and alternate capacity to Process Recyclable Material.	\$1,000 per Work Day.
7.	Disposal of Recyclable Material or Organic Material at a disposal facility without complying with Exhibit C ("Processing Plan").	\$1,000 per occurrence per ton.
8.	Failure to provide CITY access to real-time, read-only customer information system.	\$500 per incident.
9.	Failure to maintain customer service during office hours.	\$300 per incident.
10.	Failure to maintain call center or telephone system performance requirements.	\$300 per incident.
11.	Failure or neglect to reasonably resolve any complaint within the requisite time.	\$100 per incident per Work Day.
12.	Failure to clean up spillage or litter during the course of FRANCHISEE's Collection operation.	\$500 per incident.
13..	Failure to remove graffiti from any Container.	\$100 per incident.
14.	Failure to equip Collection vehicles with Global Positioning Systems or similar technology that allows for confirmation of vehicles whereabouts by time and date.	\$500 per incident.
15.	Failure to properly cover material in Collection vehicles.	\$500 per incident.
16.	Failure to display FRANCHISEE's name and customer service phone number on Collection vehicles.	\$500 per incident.

17.	Failure of FRANCHISEE's field personnel to carry photographic identification or wear uniform shirts.	\$100 per incident.
18.	Failure to maintain or timely submit to CITY all documents and reports.	\$300 per incident.
19.	Failure to submit report corrections within CITY-approved timeframe.	\$300 per incident.
20.	Failure to deliver to the Organic Processing Facility material classified as Organics Streams One, Two or Three or deliverance of material in Organics Streams Four	\$25 per ton
21.	Failure to meet Annual Diversion Requirement	\$25,000 per each one (1) percent diversion not reached up to 75% and beginning January 1, 2014 \$25,000 for annual diversion of 75% or more but below 79.9%.

## **EXHIBIT C**

### **PLANS**

- C 1 Collection Plan
- C 2 Delivery Plan
- C 3 Processing Plan
- C 4 Recyclable Material Marketing Plan
- C 5 Contingency Plan
- C 6 Diversion Plan
- C7 Outreach and Technical Assistance Plan
- C8 Customer Service and Reporting Plan
- C9 Transition and Implementation Plan

## C-1 Collection Plan

FRANCHISEE will service all San José commercial Customers with front load collection trucks for Bin service, side load or similar collection trucks for Cart service and roll-off collection trucks for compacter and debris box collection. The collection vehicles will normally be staffed by one driver except in those areas where size, physical set-up and space constraints, (narrow streets, alleys, courts) may cause collection challenges and require a 2-person co-collection vehicle to be used.

All FRANCHISEE collection vehicles will be model year 2012 or later Clean Natural Gas vehicles and will be equipped with *Fleetmind*, Allied's state-of-the-art on board computer system, or equivalent computer system subject to approval by CITY. All collection vehicles will have back-up alarms and the front and side load collection vehicles will also have a rear view camera in place. All collection trucks will be fitted with two-way direct connect radios. Each vehicle will remain within radio or computer contact with the dispatch center or the local supervisor on the routes.

### 5.16 Shared Containers

FRANCHISEE shall give Customers the opportunity to share a Container, provided such activity is allowed by CITY of San José Municipal Code. If Customers elect to share Container(s) then FRANCHISEE shall have the ability to outline specifics of Customer responsibility for Billing and collection in a service level agreement with the Customer so that FRANCHISEE does not take on undue burden. If Customers cannot agree to terms of the service level agreement FRANCHISEE shall not offer shared Container service to the specific Customer.

### 5.18 Collection Standards for Customers

Through the use of routing software, such as Route Editor or equivalent, in tandem with Allied's customer database, InfoPro or equivalent, Allied will ensure that collection vehicle routes are optimized to enhance worker/public safety, create efficiency, and reduce carbon inventories and street wear and tear.

### 5.3.2 Commingling of Material

FRANCHISEE may commingle material from the Valley Transportation Authority (VTA), public schools, and Santa Clara County government facilities with material from Customers in San José, in order to maintain efficient routing and a lower carbon footprint. Contractor understands the need for the CITY to verify waste diversion of material that is exclusive to the Franchise. FRANCHISEE will conduct quarterly waste audits for the first two years of the agreement (July 1, 2012 – June 30, 2014) and annual waste audits for the length of the agreement.

FRANCHISEE will conduct audits with the use of on-board scales, a relatively new technology that will weigh the material as it is lifted and dumped in the truck. The scale captures the full weight on the way up and then stores the net weight on the way down. The information will be captured in Allied's *Fleetmind* on board computer system and then linked with *InfoPro*, Allied's tracking and billing system. The weight of the material will be tracked by generator category (i.e.

San José franchise Customers, VTA, public schools, or Santa Clara County government facilities) to ensure full compliance. The route audits will include the following information:

- The route number, date of the audit and start and end times of collection
- The names and addresses of the Customers
- The size of the Containers serviced
- The total weight collected in each generator category (i.e. San José franchise Customers, VTA, public schools, or Santa Clara County government facilities)

As a back-up plan for the audits, if on-board scales are not in service when an audit is scheduled, FRANCHISEE will perform a weight allocation audit. The weight allocation audit takes the total tons in the load and allocates them based on how many Container yards are in each jurisdiction. For example: Route A picks up 10 tons from Santa Clara County facilities and CITY of San Jose. Santa Clara County facilities have 60% and CITY of San Jose has 40% of the Container yards. Therefore, Santa Clara's allocation is 6 tons and San Jose's allocation is 4 tons.

#### 6.2 Equipment Maintenance

FRANCHISEE will meet or exceed all maintenance requirements as referenced in the Republic Services *Fleet Maintenance Standards and Procedures* dated January 2009. If the document is revised, FRANCHISEE will notify CITY Representative and provide a revised version. If the CITY determines that the revised standards or procedures represent a significant degradation in equipment maintenance requirements, the FRANCHISEE will conform with the maintenance requirements previously approved by the CITY.

#### 6.7 Vehicle Signage and Painting

All new vehicles will be painted before first use and repainted as needed to maintain a clean, professional appearance. Graphics will meet or exceed the provisions provided in this Agreement and the standards provided in Republic Services *Fleet Graphics Standards* dated February 2011. If there is a change to the document, FRANCHISEE will notify CITY Representative and provide a revised version. If the CITY determines that revised standards represent a significant degradation in signage and painting requirements, the FRANCHISEE will conform with the signage and painting requirements previously approved by the CITY.

#### 6.9 Container Specifications

To allow for improvements in collection and customer service, Container specifications may be modified from time to time by mutual written agreement of FRANCHISEE and CITY Representative. Container specifications are as follows:

#### **Bins**

Metal Bin specifications:

Description	Floor	Sides	L	W	H	Weight	Lids	48 ft		53 ft	
								Flat	Drop	Flat	Drop
2 yd SLT	10 ga	12 ga	34	72	44	504	37x41	42	52	48	60
3 yd SLT	10 ga	12 ga	42	72	49	608	37x48	24	33	26	36
4 yd SLT	10 ga	12 ga	50	72	58	709	37x58	20	28	22	31
6 yd SLT	10 ga	12 ga	68	72	70	900	37x58	8	14	9	16
8 yd SLT	10 ga	12 ga	82	72	75	1,103	37x58	7	7	8	8

Organics bins will be made out of plastic. Plastic Bin specifications:

Size	Height	Width	Depth	Load Rating
2 Yard	49"	80"	42"	1400 lbs.
3 Yard	64"	80"	49"	1500 lbs.
4 Yard	70"	80"	59"	2500 lbs.

#### BIN COLORS

Contents	Color
Dry recyclables	White Bin
One-Bin Plus	Blue Bin
Organics	Green Bin

#### Carts

Carts will have a one-piece mold-in handle and an attached lid that seals the Cart interior. The carts will contain at least 30% post consumer materials and have a manufacturers' warranty of at least 10 years. The FRANCHISEE will keep an adequate inventory of all carts on hand as replacement units. Each Cart will be labeled or hot-stamped with information regarding proper materials, use, and unacceptable materials.

#### CART COLORS

Contents	Color
Dry recyclables	Blue Cart, gray lid
One-Bin Plus	Blue Cart, blue lid
Organics	Blue Cart, green lid

#### Roll-Off

Roll-off Container Bin specifications are:

**Standard**

Fronts & Sides	14 gauge
Floor	12 gauge
Cross Members	3" channel on 24" centers
Posts	12 gauge formed steel on 24" centers
Angle headers	n/a

Product No.	Length "A" in ft.	Height "B" in ft.	Volume (cu. yd.)
RO12 x 3	12	3	10
RO18 x 3	18	3	15
RO16 x 4.5	16	4.5	20
RO18 x 6	18	6	30
RO18 x 8	18	8	40

ROLL-OFF COLORS

Contents	Color
All	Blue

6.17 Personnel Requirements

All FRANCHISEE field personnel will maintain constant radio contact with dispatch. Each driver will contact dispatch, from the field, after they've completed their assigned route. At this time, the dispatcher will relay any orders the driver needs to complete and will also advise the driver if their assistance is needed in the event of a breakdown on other routes.

## **C-2 Delivery Plan**

All material except Organic Material determined to meet the specifications of the Organics Streams which is directly hauled to the Organic Processing Facility will be delivered and Processed at the Newby Island Resource Recovery Park (NIRRP). NIRRP is fully permitted and has the capacity to accept all materials during the term of this Agreement. All equipment upgrades to the NIRRP will be made in accordance with the Transition and Implementation Plan.

Organic Materials that do not meet the specifications of the Organics Streams will be Pre-processed at NIRRP.

Any Residue relating from the Processing of materials collected under this Agreement will be disposed of at Newby Island Landfill. No materials shall be direct hauled for Disposal without written approval.

In the event that the Organic Processing Contractor is unable to provide an Organic Processing Facility, Allied will make available to the CITY capacity at NIRRP at the rate of \$55 per ton, subject to the same index adjustments outlined in this Agreement. This rate shall be made available to the CITY only if sufficient capacity is available at the time of the request.

## C-3 Processing Plan

All Processing will be done in accordance with Article 5 of this Agreement, specifics of the plan are outlined below:

### Overview

Browning-Ferris Industries of California, Inc., an affiliate of FRANCHISEE, operates the Newby Island Resource Recovery Park (NIRRP), recycling facility capable of Processing, renewing or re-using 100 percent of material onsite. The collection options require all materials (except Organic Material that has less than 20% contamination delivered directly to the Organic Processing Contractor) to be Processed through the NIRRP facilities, none of the collected materials will be hauled directly to landfill.

All the facilities at the Newby Island Resource Recovery Park (NIRRP), located at 1601 Dixon Landing Road, San Jose Source Separated Recyclable Material shall not include commingled Recyables.

, California are owned and operated Browning-Ferris Industries of California, Inc., an affiliate of FRANCHISEE, with the exception of the Newby Island Landfill owned and operated by International Disposal Corp. of California, an affiliate of FRANCHISEE and the Gas Recovery System owned and operated by Fortistar.

Newby Island Resource Recovery Park is a 340+ acre site that includes:

- The Recyclery at Newby Island: A large material recovery and recyclables processing facility (commercial and residential).
- The Newby Island Compost Facility: With a 980 peak-ton capacity per day.
- A Construction and Demolition recycling site.

The facility will allow the NIRRP to successfully Process all of the collection options – “One Bin Plus”, Two Bin or Three Bin.

The key elements are:

- Building to accommodate a new traffic flow and increased processing area inside the Recyclery building.
- Commercial processing line with a state-of-the-art “dry” processing line.
- “Wet/food processing” line.  
Single-stream processing line to allow for the Processing of commercial recyclables as a back-up to the dry line.
- State-of-the-art Container processing system capable of handling inputs from all other processing lines simultaneously.

### Operations

NIRRP's permit allows it to operate twenty-four hours per day, seven-days per week. Current operating hours are 4:00 AM to 5:00 PM Monday through Friday. The facility is closed on the following holidays: New Years Day, Independence Day, Thanksgiving Day, and Christmas Day. No changes to the operating hours or holiday schedule are currently being contemplated.

**Employees by Job Classification:**

**STAFFING**

Title	Number	Primary Job Responsibilities
General Manager	1	Oversee all plant activity and personnel
Administrative Personnel	4	Safety mgr., accounting and billing
Maintenance	17	Maintenance mgr., shop clerk, mechanics, pm techs
Supervisors	10	Supervise facility operations and includes division mgr., operations mgr., shift supervisors and shift leads
Scale House Operator	3	Conduct scale house operations
Truck Drivers	11	Deliver material both on and off site
Loader Operators	17	Operate the wheel operator in the materials unloading area
Lift Truck Operators	8	Operate forklift to load and unload material
Load checker/Spotters	13	Inspect loads and safely direct truck traffic to proper tipping area
Sorters	113	Sort materials on the processing conveyors
Quality Control Sorters	2	Conduct audits of specific loads

## Dry Recyclables Processing Line

Mixed dry recyclables derived out of the various streams will be deposited on the tipping floor. A Loader will conduct a basic floor sort to remove any noticeable prohibitive items which will be placed in the dry line bunkers (eg. paints, aerosol cans, batteries) will be removed and Processed. The remaining material will be top loaded onto a conveyor leading to a pre-sort station where recyclables will be removed and sent to the dry processing line.

Our dry recycling line Processing flow is:

1. **Infeed Conveyor:** Chainbelt conveyor to feed the pre-sort.
2. **Bag Breaker<sup>®</sup>:** Any recyclable rich bags pulled on the pre-sort are re-circulated to the Bulk Handling System (BHS) Bag Breaker<sup>®</sup> and the contents are dropped back on the incline belt to improve recovery of recyclables.
3. **Pre-Sort Line:** Six bunkers with (12) chutes with a combination of split bunkers to allow maximum flexibility for staffing, depending on which material stream is being Processed. The system design utilizes a Single Drum Separator (SDS) downstream to handle the smaller residue so that the pre-sorters can focus on larger residue, film and large wood, mixed metals and large rigid plastics.
4. **Residue Transfer System:** All residue is touched only once and is conveyed to the west side of the building and into trailers for transport.
5. **OCC Separator<sup>®</sup>:** OCC will be removed by a large OCC Separator<sup>®</sup> designed to handle larger OCC. This screen has been sized to ensure the mechanical removal of the majority of OCC, with minimal loss of other fiber such as ONP. Material falls through the OCC Separator<sup>®</sup> to the Debris Roll Screen<sup>®</sup>. The DRS<sup>®</sup> location ensures the most effective means of removing fines from the input mix which will result in higher quality finished materials, and lower wear costs on downstream equipment.

**Note on Screens:** The screens are the heart of any MRF system. Effective material separation is the most important step in achieving high recovery rates of clean end products with low labor by effectively separating the material fractions at the screens all downstream sorters and processing equipment works more efficiently.

BHS pioneered the use of disc screens in the recycling industry and with over 30 years experience and thousands of screens in operation they continue to improve the functionality and durability of these screens. All of the BHS screens in this system have several unique, patented features that result in excellent material separation and lower operating cost per ton.

- In-line Compound Design results in a consistent opening size or IFO compared to staggered discs.
- The Tri-Disc shape provides better material agitation and separation.
- Durable Two-Piece disc design: For unequaled wear life in harsh environments.

6. **QC Station on OCC:** To remove any contaminants from OCC.
7. **Debris Roll Screen®:** A large two-deck Debris Roll Screen® is positioned under the OCC Separator® to remove the majority of the glass and fines, one of the reasons Allied has one of the lowest system operating cost per ton. The patented DRS® is designed to remove glass and fines without losing valuable single serve containers. Fines from the DRS will be sent to the glass clean-up system for final Processing. The design also includes a reversible conveyor so that fines can selectively be diverted to compost “A” or compost “B” feedstock if the absence of prohibitive material is noted.
8. **Single Drum Separator (SDS):** The “unders” material from the OCC Separator® will have the recyclable containers and mixed fiber but still be contaminated with organics, and smaller residue. The SDS will effectively separate the “light” fraction from the “heavy” fraction. The recyclables will be concentrated in the “light” fraction.
9. **Heavies Post Sort:** A manual QC on the heavies post-sort is to allow for the recovery of recyclables in the heavies stream. The heavies post-sort will have (2) chutes; one for the recovery of liquid-filled recyclable- containers and one for heavy compost material (melons etc.).
10. **Perforator** – Material selected to go to the container line from the heavies post-sort will pass through a perforator prior to conveyance to the container recovery line.
11. **FE Magnet:** Positioned over outbound residue conveyor to recover ferrous metals and drop into bunker.
12. **Polishing Screen:** To separate the light fraction from the SDS into fiber and container streams. The 3rd sort material is sent to compost bunker on west side of building.

13. **Paper Fines Screen:** The fiber from the polishing screen is screened one more time to separate the larger and drier fiber from the smaller “compostable” fiber. The line has been equipped with a reversible take-away conveyor so that wet and or small dry fiber can selectively be directed to fiber recovery or compost furnish “A” or “B”.
14. **Fiber Post Sort:** A final manual post sort line to QC the fiber and remove residue.
15. **Container Line:** The containers from the polishing screen are sent to an automated container line for final separation. All containers are sent to individual container bins and than baled.
  - Container line pre-sort: to remove 3D fiber and residue.
  - Debris Roll Screen: to remove small fines and glass.
  - FE Magnet: to remove FE cans and other ferrous.
  - NRT Optical Sorter for HDPE: to recover HDPE. QC station after optical sorter.
  - ECS Magnet: to remove aluminum.
  - NRT Optical Sorter for PET: to recover PETE. QC station after optical sorter.
  - NRT Optical Sorter for mixed plastics: to recover #1 - #7 plastics. QC station after sorter.
16. **Controls Package:** BHS control systems provide the operator with an easy to use but very sophisticated package to operate and maintain a complex system. With menu driven choices the system can be dialed in as material composition and/or operating conditions change. The BHS control panel will provide both automatic mode and maintenance mode control of the equipment.

### **Wet Organic Processing**

The Wet Organic process consists of a front end system for cleaning/removal of contaminants from the Organics Streams in order to prepare the material to the Organic Processing Contractor’s specifications. The sole difference in management of the material streams will be the level of effort required on the front end to remove the varying levels of contaminants. However, with the investment in the front end processing system established, the incremental effort required to remove higher levels of contamination from the incoming stream will be minimal

The Wet Processing Line is a subset of the Dry Processing Line and is accessible from the dry line as well as a separate in-feed direct to the wet processing line.

1. **Infeed Conveyor:** Chainbelt conveyor to feed the pre-sort.

2. **Bag Breaker<sup>®</sup>:** All materials loaded on the wet processing line will pass through an in-line Bulk Handling System (BHS) Bag Breaker<sup>®</sup> and the contents are dropped back on the incline belt. Further, any wet recyclables-rich bags pulled on the dry processing lines pre-sort are identified by sorters and re-circulated to the Bulk Handling System (BHS) Bag Breaker<sup>®</sup> and the contents are dropped back on the incline belt to improve recovery of wet recyclables. By breaking bags on the wet line instead of the dry line devaluation of high value paper fiber to compost is minimized.
3. **Pre-Sort Line:** The line has (2) chutes. The first chute is for the dry recyclables transfer conveyor. Any dry recyclables, other than glass, are transferred to the dry line via the dedicated conveyor which deposits the material prior to the dry line presort. The second chute is for residuals as well as glass (a prohibitive in the ZWED recovery system).
4. **Residue Transfer System:** All residue is touched only once and is conveyed to the west side of the building and into trailers for transport.
5. **FE Magnet:** Positioned over outbound residue conveyor to recover ferrous metals and drop into bunker.
6. **Compost "A" feedstock Conveyor.** The Compost feedstock conveyor transports clean compost feedstock to the compost "A" trailer for transport to ZWED.
7. **FE Magnet:** Positioned over outbound compost "A" conveyor to recover ferrous metals and drop into bunker.

### **Compliance**

All material collected will be hauled directly to the appropriate recycling or organics facility and all staff including drivers, dispatchers, and scale operators will be fully trained to understand none of the material collected will be hauled to the landfill. In addition to thorough and ongoing training, all materials entering and leaving the NIRRP generate a certified weight ticket including date, time, vehicle identification, gross weight, net weight, tare weight, and material type. All material entering the site also receives an origin designation. This information will be used as source information to document the disposition for all materials in a Report of Materials Management, Inputs, and Destinations.

## C-4 RECYCLABLE MATERIAL MARKETING PLAN

All material marketing will done in accordance with Article 5 of this Agreement, specifics are outlined below:

FRANCHISEE will Process all materials received under this contract at the Newby Island Resource Recovery Park (NIRRP) as outlined in section C-3 of this Exhibit. FRANCHISEE will work with local and global partners to market the recovered materials for use in making new products. While we do this as an independent, local business, the NIRRP is a key member of FRANCHISEE's National Materials Marketing Group. NIRRP shall follow best practices for recycling, materials recovery, and transfer.

NIRRP will maintain rigorous quality control and monitoring of incoming and outgoing materials to ensure that the impact of market fluctuations is minimized.

Materials to be recovered and marketed may include:

Fiber	High-grade Mixed Waste Paper
Commercial Plastic Film	Dirty Plastic Film
Carpet and Carpet Padding	PETE
Mixed HDPE	Other Rigid Plastics
Mixed Container Glass	Glass
Ferrous Metals	Clean Expanded Polystyrene

The FRANCHISEE's National Materials Marketing Group, a regional staff positioned throughout the country, is a group of highly experienced professionals who provide individual processing facilities, landfills, and transfer stations with assistance in the identification of material recovery opportunities and the best markets and marketing opportunities for those materials.

The regional focus is invaluable in identifying local markets for as many materials as possible and takes advantage of preferable spot market opportunities. The result of this approach is that Allied markets materials to 150 domestic and international mills.

Some commodity customers for recyclables include:

America Chung Nam  
Potential Industries  
Yao Yang Enterprises  
Ralison International  
Pacific/West Recycling  
Belmont Fibers

Strategic Materials  
Longview Fiber  
Recycled Fibers  
Anheuser-Busch Recycling  
Sims Metals  
Schnitzer Steel  
Timbron

FRANCHISEE has established and maintained relationships with all of the major consumers of recyclable commodities. Volumes are offered monthly and prices are evaluated continually to assure maximum value and consistent demand for our products. The NIRRP will perform ongoing audits of incoming and outgoing materials to ensure the highest quality of outgoing commodities at all times.

FRANCHISEE will not engage in “stockpiling” for the purpose of seeking a potential price windfall. FRANCHISEE will Process the inbound material as efficiently and timely as possible. This has proven to be the best long-term method to ensure the management of material flow and revenue optimization. The tactics to achieve this strategy include:

- Evaluating changes in composition optimize “upgrading” of material and removing materials that cause the value to be “downgraded.”
- Choosing the optimum composition of outbound commodities to assure the highest net market value and by selling mixed materials (like “Other rigid plastics”).
- Continually re-evaluating markets to assure an optimal product fit as quantities and composition changes.
- Investing in upgraded equipment and changing processes to minimize waste (like the Densifier to process and Recycle expanded polystyrene).

FRANCHISEE will ensure Recyclable Material is effectively marketed by following these procedures:

- Process Management –conduct frequent sampling and characterizations of both inbound and outbound materials to ensure consistency of product and maintain a reputation of excellence in quality control.
- Long-Term Relationships - Maintain relationships with large consumers of recyclable commodities worldwide.

In the unlikely event that buyers or outlets for recovered materials are not found, storage space adequate to meet the needs of San José's commercial recycling will be available at NIRRP and FRANCHISEE's other seven major facilities in the Bay Area.

FRANCHISEE always seeks the highest and best use for all collected materials. Allied will provide to the CITY in the annual report that highlights our Marketing efforts for material sales.

With the assistance of our National Materials Marketing Group we will seek to optimize the following objectives:

Obtain Maximum Value for our Materials

Assure Reliable and Consistent Sales of Materials

Minimize Our Carbon Footprint Impact by:

- Seeking to replace lost domestic fiber markets by offering a price preference to local consumers
- Working with local market development representatives to encourage local consumption.

## **C-5 CONTINGENCY PLAN**

In the event that the NIRRP is unable to Process materials for a period no longer than 3 days and FRANCHISEE finds it necessary to Process at another facility, the CITY and FRANCHISEE agree that FRANCHISEE may redirect materials to Republic Services' Richmond and Vasco Road facilities. FRANCHISEE shall ensure that all the terms and conditions of this Agreement are met. FRANCHISEE is 100% responsible for any additional expense that is incurred.

In the event that the NIRRP is unable to dispose of Residue at the Newby Island Landfill for a period no longer than 3 days and FRANCHISEE finds it necessary to dispose at another facility. The CITY and FRANCHISEE agree that FRANCHISEE may redirect materials to Republic Services' Forward and Vasco Road Landfills. FRANCHISEE shall ensure that all the terms and conditions of this Agreement are met. FRANCHISEE is 100% responsible for any additional expense that is incurred. In addition, FRANCHISEE shall pay to CITY, the current amount of the Disposal Facility Tax for every ton disposed if not at Newby Island Landfill. This payment shall be remitted monthly with other Government Fees.

In the event the NIRRP is unable to Process materials or dispose of Residue for periods longer than 3 days, FRANCHISEE shall submit a written request to the CITY for use of an alternate facility. The request should thoroughly address how FRANCHISEE intends to mitigate any issues at the unavailable facility and how the alternate facility will meet the terms and conditions of this Agreement. Approval of the request is the sole decision of the CITY.

In the event that the FRANCHISEE's vehicle fleet is not sufficient to provide for the services outlined in the Agreement, at start-up date or at any point during the term, FRANCHISEE shall work with the neighboring thirteen (13) sister Bay Area local companies to provide sufficient vehicles. FRANCHISEE is 100% responsible for any additional expense that is incurred.

In the event that FRANCHISEE needs additional staffing as defined by not sufficient enough to provide for the services outlined in this Agreement during start-up, FRANCHISEE shall leverage personnel from the other neighboring thirteen (13) sister Bay Area companies. FRANCHISEE is 100% responsible for any additional expense that is incurred.

## **C-6 DIVERSION PLAN**

All diversion services will be done in accordance with Section 5.14 of this Agreement, specifics are outlined below:

FRANCHISEE will deliver materials to the facilities outlined in C-2 of this Exhibit to ensure that all collected materials are Processed to maximize the quality and quantity of the recovered materials.

FRANCHISEE will meet the diversion requirements set forth in this Agreement by providing outreach and technical assistance as outlined in C-8 of this Exhibit and by recovering materials outlined in C-3 of this Exhibit and marketing them as outlined in C-4 of this Exhibit.

## C-7 OUTREACH AND TECHNICAL ASSISTANCE PLAN

All outreach and technical assistance will be done in accordance with Article 5 of this Agreement, intended specifics for the first year of the Agreement are outlined below, subsequent years will be designed, implemented and monitored in accordance with section 5.15.

### July 1, 2012 – January 2013

#### 1) Conduct research

- Focus groups – 6 focus groups, two for each of 3 audiences (English, Spanish, Vietnamese); recruit 12 participants for each group; provide monetary incentive for participants; develop moderator guide; facilitate meetings; analyze data; prepare summary report
- Phone survey – automated phone survey to representative sample of business contacts; assess attitudes toward service and rate changes and clarity of communications about changes; develop questions for 10-12 minute survey; pre-test; use CITY or Allied Customer lists for contacts; assure anonymity; field surveys to random sample; make four attempts at contact; analyze data; provide top-line report and detailed results

### July 1, 2012-October 30, 2012

#### 1) Provide direct outreach services

- All materials will be offered in English, Spanish, and Vietnamese
- Three newsletters over 3 months (2 months before and 1 after service start date) to be included as waste bill inserts, include key messages and upcoming service and rate change information
- Reminder postcards with summary of changes (1 postcard-1 month before contract start date)
- Service calendar and recycling guidelines, with images of acceptable/unacceptable materials, new Containers and services (1-2 weeks before contract start date)
- Recycling toolkit with brochure, posters, indoor container decals, and important information and links to additional resources (1 toolkit-1 week before contract start date)

### July 2012

#### 1) Continue Advertising Campaign

- Television – Broadcast TV and some cable (San José only) (*Use 30 and 15-second commercials on cable and broadcast TV.*) Done as needed.
- Print – Business newspapers and magazines *One to five distinct advertisements in multiple publications. Ads range from ¼ to ½ page, depending on the publication.*
- Radio – Including ethnic/ESL stations (*30-second scripts read on-air by station talents on local stations.*) Done as needed
- Online – Local newspaper and local business association websites (*Banner ads and link to CITY/Allied's program website on the San José Mercury News website.*)
- Other – Transit ads, billboards, etc. Done as needed.

## July 2012-June 2013

### 1) Conduct Community Outreach

- CITY and Allied staff training for outreach and presentation delivery
  - 1) *Conduct up to 3 training sessions for Allied and any CITY staff who will be involved in delivering outreach at booths, tables, and presentations at business events. Provide events checklist, display materials, interactive educational activities, take-away sheets, volunteer list and schedule, supply box, and question pad to collect names and contact information for visitors with questions or who request additional information.*
- Business group speaking engagements
  - 1) *Use speaker toolkit including PowerPoint presentation template, display boards, speaking points, customizable materials for audience, supply box, schedule of presentations, articles for newsletters, websites, blogs, and posters. Schedule up to 30 speaking engagements in year 1 and up to 10 in subsequent years.*

## July 2012-August 2012

### 1) Launch Media Relations Strategy

- Mainstream media
  - i. Focused media pushes 2 months before, 1 month before, and the week of the new contract start date; phone calls and meetings to communicate key messages, benefits, and when Customers can expect changes.
- Community papers/outlets
  - i. Press releases at 2 months before and week of new contract start date.
- Non-English outlets
  - i. Press releases at 2 months before and week of new contract start date.
- San José-based environmental publications
  - i. Press releases at 2 months before and week of new contract start date.
- Business publications
  - i. Press releases at 2 months before and week of new contract start date.

## 2-4 weeks after service start date

### 1) Evaluate Effectiveness

- Post campaign telephone survey
- Other benchmarks:
  - Research: Focus group attendance and results
  - Direct outreach: Number of documents mailed
  - Advertising campaign: Reach and frequency of advertisements

- Community outreach: Speaker debriefs, attendance levels at events, number of outreach activities
- Media relations: Number of media hits, reach and frequency, value of placements.

July 1, 2012- through remainder of contract

- Quarterly Newsletters
- Distribution of posters, waste and recycling prevention guides and other educational materials as needed by recycling coordinators
- Ongoing waste audits to right-size service
- Ongoing account maintenance based on recycle coordinator and driver observations.
- Assistance to purchasing staff at individual businesses in order to reduce packaging and other wastes, reuse materials where possible, and ensure the remainder is recyclable under the CITY's program.
- To maximize reuse, FRANCHISEE will identify materials each business can donate to RAFT and other organizations offering refurbished goods for donation or sale.
- Technical assistance staff will be equipped with electronic tools to facilitate paperless and efficient outreach and customer service on a real time basis. These tools will be designed to interface with account management software systems.
- FRANCHISEE will invite public affairs representatives from businesses in its service area to tour the Recyclery and find out more about what happens to the materials they discard and Recycle.
- FRANCHISEE will continue to distribute reusable bags, compost, and other green prizes to employees at high participating businesses.
- FRANCHISEE will offer a video of Newby Recyclery and Organic Processing Facility to help the business community understand the importance of minimizing contamination and where their recycling goes.
- FRANCHISEE will provide a business recycling recognition program. This program will include a competition between individual and groups of businesses for reducing waste and increasing diversion.
- FRANCHISEE will produce and make available on website case studies that inspire other businesses to take action.
- FRANCHISEE will expand its Sustainability Star Excellence in Recycling Award & Scholarship program to encourage more businesses to Recycle.
- FRANCHISEE will keep website up to date with electronic versions of print materials, various resources, diversion calculators, on-line bill pay, and provide regular opportunities for live chat with recycling guru

## **C-8 CUSTOMER SERVICE AND REPORTING PLAN**

All Customer Service will be done in accordance with this Agreement, specifics of the plan are outlined below:

### **5.18 .1 Access to Information**

The CITY will receive read-only, real-time access to the Customer Information System (CIS) via a virtual private network (VPN) system which will be coordinated between Allied IT personnel and CITY personnel. Basic Customer account screens will be available for the purpose of execution of queries or reports or on-line viewing of current and historical data. CITY's access to the CIS using the VPN shall include the ability to:

- View all financial information on Customer bills and payments to CIS
- Use the CIS to view Customer address, contact information, service level, driver and customer service notes, and rates.
- Use the CIS to create customized queries and generate customized reports

FRANCHISEE shall provide:

- technical support to the CITY necessary to access the CIS and perform the functions listed above at no additional cost to the CITY
- support for the addition and maintenance of CITY users of the CIS
- new CITY user accounts within two (2) business days and reset passwords within one (1) Work Day of the CITY's request

Any data not available on a real-time basis will be provided to CITY staff within 24 business hours.

### **Customer Service Staffing Levels**

FRANCHISEE will employ at least four full-time permanent Customer Service Representatives (CSR) to handle normal phone call volumes. During implementation, FRANCHISEE will add a minimum of two CSRs and additional CSRs as needed. If customer service standards are not met, additional CSRs will be utilized.

All permanent and temporary staff will receive ongoing training that will enable them to resolve issues on the spot. Before a CSR handles the phones alone, the CSR undergoes an extensive training course that orients them to the general business, to the specific services FRANCHISEE provides, and to their roles and responsibilities.

FRANCHISEE will employ Operations Supervisors who will be responsible for checking and resolving field problems while maintaining contact with CSR's and responding to complaints by Customers in person or by telephone.

To ensure that the average speed of answer is maintained during peak call volume intervals:

- No CSR vacations will be scheduled during the five days of each month that represent the highest call volume.
- Two lead CSRs (normally assigned tasks off the phone) will take calls and complete other work after hours.
- Office staff will take calls during peak intervals.
- Allied's advanced phone system will have the capability to route overflow calls to any additional trained staff.
- Temporary associates will be trained at least two weeks in advance to cover for scheduled summer vacations and program implementation/enhancements.
- In case of power outages, calls will be routed to Allied's Alameda County division, located in Fremont. System compatibility will be maintained, to ensure calls can be routed to the contingency location.

### **Customer Service Approach**

FRANCHISEE's customer service department and response system is divided into two functional categories—administrative and operational. CSRs will handle both functional categories. CSR administrative responsibilities include handling Customer questions and inquiries and providing collection schedule information. CSRs handle service-related and complaint visits and calls. They are also trained to receive Customer payments.

FRANCHISEE representatives are trained in customer service techniques, know how to navigate the required phone systems, follow the required protocols for customer call-backs, understand FRANCHISEE's protocol and policies for responding to any service-related calls, use InfoPro to log all calls made and received as necessary, and process and close all work orders produced through InfoPro. The customer service manager or lead associate will be available at all times to handle unusual or difficult situations.

The CSR's operational responsibilities include communication with dispatch to facilitate the resolution of general operational issues including missed pick-ups, spillage, Container exchanges, or other operational issues requiring immediate action in the field by drivers and/or supervisors. CSRs also have the ability to make such decisions as granting payment credits for missed collection and courtesy Container exchanges without supervisor approval.

### **Customer Service Standards**

All new Customers have the option of receiving literature (including billing materials and informational releases) in hard copy or electronically (paperless), for garbage, Recyclable Materials, and Organic Materials collection.

CSRs will process and accurately enter in CIS, customer related documentation, route sheets, equipment work orders and other paperwork on a same-day basis to provide invoices.

All Customer complaints will be resolved to the Customer's satisfaction, (or a complaint resolution plan established to the Customer's satisfaction), within eight business hours of the receipt of the Customer complaint.

Commercial/roll-off on-call service will be provided on the date requested by the Customer. Roll-off on-call service will generally be provided within 24 hours and never more than 48 hours after the call is received.

Clean, decaled Containers will be delivered and/or placed on time and exactly to Customer requirements.

Customer site will be left in a clean, orderly fashion – litter picked up, lids and gates closed and locked, cans and carts left neatly on the curb/enclosure.

All dispatched services will be completed on the day assigned.

CSR's will answer each Customer phone call within 25 seconds of the system reaching Allied's operator or automated attendant.

Conformance to these Customer Service Standards will be evaluated on a regular basis. The Customer Service Manager will report every Monday on the previous week's misses, Container management progress, unscheduled requests and the speed of answer and abandon rate for the customer service department. The data will then be entered into a weekly summary so that trends can be evaluated. When a goal is not met, an explanation or a course of action to resolve the issue will be provided. Weekly summaries will be provided to the CITY within one week of request.

### **Customer Service Center**

FRANCHISEE's office hours will be from 8:00 a.m. to 5:00 p.m. Monday through Friday. Customers will be able to obtain customer service support by coming directly to the service counter at the center or by calling the customer service number. Customers will also have the option of using a website to contact customer service, view bills, make payments and find educational literature on all services.

FRANCHISEE will ensure that, during office hours, a live person will answer each phone call within five rings. CSRs will be trained to use Telecommunications Device for the Deaf (TDD) services to communicate with hearing-impaired Customers.

FRANCHISEE will integrate Language Line Services, a product that provides over-the-phone - Interpretation (OPI) service into the Customer Service System. With Language Line Services, FRANCHISEE is able to offer its multi-lingual Customers the highest quality, most reliable and fastest interpreter connect time available. Language Line provides written translation services if needed, covering a wide range of routine customer service materials, including forms, letters, brochures, announcements, surveys, emails, account information, etc. With Language Line Services, CSRs can handle multi-lingual calls even more quickly and efficiently.

FRANCHISEE's phone system will have the capacity to handle up to 15 calls at any given time. In the rare event a Customer is placed on hold for more than 1.5 minutes, s/he will be given an option at regular intervals to remain on hold or leave a service-related message.

During office hours, no Customer will be required to wait to speak to a customer service representative. Any Customer who leaves a message prior to the close of business will receive a return call the same day.

In all instances, a CSR will attempt to contact the Customer at any and all numbers in the Customer record within eight business hours of the Customer leaving the message.

After office hours, there will be an answering machine to receive service-related messages from Customers. Customer service/dispatch personnel will field all messages for immediate follow-up the next business day. FRANCHISEE will provide all CITY departments with its management team's cell phone numbers for emergency contact. At all times FRANCHISEE will have an on-call operations supervisor available to handle any emergency calls received.

### **Call Center Metrics**

At a minimum, customer service standards are as follows:

- Answer Customer calls within an average of 25 seconds.
- Have a call abandon rate below two percent.
- Receive monitoring scores of 90 percent or greater. Calls will be monitored for quality daily, and scored monthly.

### **Data Collection and Management**

The data collection and management system will be equal or superior to the InfoPro system described herein.

InfoPro is a fully integrated system that provides the information base in order to operate the hauling division on a day-to-day basis. This system is programmed entirely in house, with a platform of the IBM I-Series, and the programming language of RPG.

The system is divided into several modules. The majority of the modules within InfoPro are driven by the information within the Customer Maintenance module. There is a high level of data flow and interaction between the different modules thus eliminating duplicate keying in any area. At the end of the day the information that has been keyed into InfoPro by the various users of the system is processed. At that point history files are updated, charges are generated for Customers, production values are updated, Container inventory is updated, preventative vehicle maintenance values are calculated.

The primary modules are as follows:

- **Customer Maintenance**

This is the main Customer database. Billing information, service location, Container specification and rate information are the primary components of this module. Accounting controls as well as collection event information is displayed. A direct link to Account Receivable is available. Sales management information including territory, representative, contract information, SIC, and key contacts is stored in the service location section. The Container's routing, disposal and billing schedule is defined. The rate logic allows for multiple rate variations to be applied to the single Container group such as; monthly rates, lift rates, volume rates, excess weight disposal, minimum lifts, multiple additional rates and supplemental service rates. Historical rate information is also retained.

Each Customer account is specific to service type and each line of business is assigned a contract number.

This information is driven by the hardcopy service contract created by CSRs or recycling coordinators. A recycling coordinator or customer service representative keys this information into the system. This is the only area where the information is required to be keyed in. From the customer maintenance module, information is driven to the remaining main modules within the system such as routing, dispatch, sales management, Container inventory, customer service and accounts receivable. There is a separate maintenance program for commercial, industrial and portable service accounts. Audit reports are received by a second person to ensure accuracy of keyed information.

- **Customer Service**

This module is used by CSRs to allow easy access to the InfoPro system so that they can answer Customer inquiries without forwarding calls, detaining the Customer, or interrupting other staff members. Access to the Customer's service history, billing history, next service date, requested services already entered, charges to be invoices, the entire customer maintenance module and accounts receivable is available. Call-in service requests are entered here and automatically forwarded to the dispatching system. System issues are entered and permanently recorded against that Customer's record, which are the foundation of multiple different customer service reports.

- **Routing**

From the information keyed into customer maintenance, a routing record is created within the routing system for permanent routing. The routing system has been developed to maximize efficiency through automated grid routing. Major and minor days of service, depending on the Customers service address GPS, are highlighted for ease of routing. Route maintenance is also made easy by the search capabilities, which are included in order to locate a service location. Transferring stops from one route to another, moving and inserting stops are all done with a few keystrokes.

The route maintenance allows for standard service times, distances, weights, lifts, yards, trips, and operating hours to be entered, to produce a baseline in which the daily route may be measured against for productivity results.

Creation of route sheets is flexible enough to allow for route sheets to be created for today, tomorrow, or next week. Single routes, same lines of business routes, or all routes may be created independent of one another. Route sheets may be created and sent to a truck's onboard computer system.

Collection schedule changes are either communicated by postcard notification or direct phone contact by customer service team.

- **Dispatch**

The dispatch module allows for the real time daily dispatching of permanent routes and Container delivery routes to take place. After a route is created within routing, the dispatcher can access this route to proceed with that day's dispatching activities. The same capability of transferring, moving and inserting stops exists here as in the route maintenance. Within dispatch, stops can be flagged as no service or blocked, additional lifts added for a stop, call-ins added to a route, or supplemental services can be flagged as well. Once entered,

this information for regular lifts, additional lifts, supplemental services, blocks and no service is automatically sent to the billing system for accurate billing.

Multiple system edits are in place to ensure that correct service times and weights are keyed in by dispatchers, in order to produce accurate invoicing. These values are also the basis of several of the productivity reports.

All landfill weights and times keyed by driver and verified by dispatch then automatically moved to the Disposal production reports and to the disposal reconciliation area.

All vehicle times and mileages are entered into the onboard computer system and verified by dispatch.

Dispatch information is easily accessible by the customer service function to allow for real time information.

- **Route Model**

The route model allows for a re-route to be done on any scale within a model without affecting the production routes. Re-routing of one, several or all routes can be done using the model. Moving, transferring, splitting, inserting, and grid maintenance can all be accomplished within the model. Any route activity that occurs within the production system will be mirrored within the model. Once the routes within the model have been modified in order to meet the requirements, they can be moved back into the production area with no inconvenience to the route supervisors, dispatchers or operators.

### **Divisional Management Reports**

This section is made up of numerous reports that aid in the overall management of the division. They include:

Revenue Analysis by Service Period  
Revenue Analysis by General Ledger  
Customer Count Report  
Customer Profitability for accounts on routes with on board computers  
Manual Invoice Report  
Service History Report  
Revenue Forecast Report  
Municipal Contract Payments Report  
Franchise Commercial Billing Report  
Multiple Audit Reports  
Container Inventory

The inventory is broken down into Container type and size, number of Containers ready for use, required, in repair, unusable, at a remote site, Customer owned, on order, being transferred in or out to another facility, and the number currently at the Customers' sites. The Container inventory system is automatically updated by the dispatching system when Container delivery / removal routes are updated in that system. The system inventory can be reconciled to the on yard inventory at any point in time. All of the Divisional Management Reports will be made available to the CITY upon request.

### **Record Keeping**

FRANCHISEE will provide and maintain all required records and reports in accordance this Agreement . Daily logs of all complaints and inquiries will be retained for a minimum of 36 months. FRANCHISEE will maintain and retain customer service center records which, at a minimum, include the following customer service center statistics:

- Number of calls received and answered on a daily and monthly basis;
- Number of abandoned (dropped) calls on a daily and monthly basis as well as the
- Average abandoned time (i.e., hold time before abandoning call);
- Percentage of calls answered by a person within twenty five (25) seconds on a daily and monthly basis;
- Number of complaints and inquiries received on a daily and monthly basis;
- Number of responses sent from the customer service department to Customers on amonthly basis, including the number and percentage of complaint and inquiry emails or submissions through the website that received responses either: before close of business on the day received or by the close of business on the following day.

All of the above records will be made available to the CITY upon request.

### **Missed Pick-Ups, Late Setouts, Spills, and Litter Resulting from Collection**

After processing a work order for a missed pick-up, late setout, or spills and litter resulting from collection, the CSR will notify dispatch with specific information regarding the workorder. This information, also communicated to the route supervisor, is maintained as an open work order until the route supervisor and/or driver radios back to the CSR that the task has been completed.

FRANCHISEE will collect late set-outs upon notification by the Customer on the first instance of violation as a courtesy without any additional charge. After a second violation, the driver will radio the Customer Service Department and a CSR enters the information in the Customer file to maintain a record of late setouts and actions taken by drivers.

To provide an efficient and effective mechanism to monitor the work orders, the administrative assistant will print a summary report of all open work orders daily and distribute such to the entire management team. The report includes name and account number, service location, reason for call, time of call, and actions being taken. Operations information will be sorted by route supervisor area and distributed to the appropriate route supervisor for review. Customer service notes are reviewed by an assigned CSR and all notes are closed within two business days.

### **Containers in Need of Repair, Replacement, or Exchange**

Drivers are charged with reporting all Containers in need of repair. Once reported, either by Customer or driver, a work order is entered into InfoPro and forwarded online to the Container delivery department. Then either a supervisor vehicle or a Container delivery vehicle will be directed to the Customer address for Container delivery. Upon delivery of the Container, the supervisor and/or Container delivery driver will note that the Container has been delivered. The work order is then closed by the operations clerk, pending sign off by the driver and supervisor.

### **Improperly Prepared Setouts**

If the Customer sets out Containers that include non-conforming materials, FRANCHISEE will leave a non-collection notice. As an enhancement and to mitigate frustration on the part of the Customer, FRANCHISEE will collect non-conforming materials on the first instance of violation and leave a courtesy notice provided the non-conforming materials do not contain hazardous materials/substances, or pose physical risk to the driver. The courtesy notice will describe the type of violation and will warn the Customer that in the future the Container will not be collected if it contains non-conforming materials. In the event of subsequent violations, the material will not be collected and a notice will be left on the Container identifying the reason(s) for non-collection. After leaving the notice on the Container, the driver will make a note for the Customer service department and explain the action taken, which will be entered nightly by the operations clerk. The CSR fielding the call will enter this information in the Customer file to maintain a record of non-conforming setouts and the actions taken by the driver.

### **Noise complaints**

CSR will note any received noise complaint from Customers and informs Operations. Route Supervisors will immediately contact driver and take appropriate action to ensure drivers are operating within authorized collection times. Within one business day of receipt of noise complaint from the Customer, CSR will contact Customer and report action taken.

### **Traffic and Sidewalk Obstruction During Collection**

In the event that there is a traffic and sidewalk obstruction that prevents collection vehicles from serving the Customer, the following steps will be taken:

The driver will immediately report the situation to the route supervisor and the Customer Service Department, identifying the problem and the affected service addresses. The driver will then proceed safely around the obstruction on an alternative route to continue collection on the remainder of the route.

The driver will determine whether the obstruction is temporary and enter this information into the onboard computer system. The driver will also indicate whether s/he will return at the end of the route, whether collection will take place that day, or whether a double-collection should be scheduled for the following scheduled collection day at no additional charge. The dispatcher will communicate the driver's determination to the customer service department via InfoPro. This information will be recorded in the affected Customers' files on the onboard computer system.

- 1) Customer service will attempt to contact all Customers to advise them of any service change.
- 2) The CSR will attempt to contact every affected service address as well as the CITY to inform them of the situation, the method of resolution, and estimated time of collection.

### **Safety**

FRANCHISEE will conduct all facility and collection operations in a safe manner and in accordance with applicable law, requirements of insurance carried and standard industry practices in the collection, Composting, transfer, materials recovery and disposal industry.

The safety metric that FRANCHISEE will use is the Incident Rate as calculated by the North American Industry Classification System (NAICS), which was developed by the U.S. Bureau of Labor Statistics, Department of Labor. This metric is an effective means of measuring the

effectiveness as it provides a gauge of the number of incidents to occur for every 100 employees.

### **Graffiti**

Drivers are required to report instances of graffiti immediately via InfoPro. Dispatch notifies customer service and a work order is placed for maintenance staff to visit the Customer site to remove graffiti or remove and replace the marked Container. Reports of graffiti on enclosures or buildings are noted on the Customer account and the CITY will be notified the same day.

### **Collection outside of the times authorized in the Municipal Code**

CSR notes any received noise complaint from Customers and informs Operations. Route Supervisors immediately contact driver and take appropriate action to ensure drivers are operating within authorized collection times. CSR contacts customers and reports action taken.

### **Service tags – type and size of tag, date received, how issue was resolved and date of resolution**

Service tags are entered electronically through InfoPro and sent to the driver's onboard computer system (OBC). When service is completed, the driver indicates on OBC and a date and time stamp are created on the electronic tag. All service information is available in real time to all InfoPro users.

### **Miscellaneous service requests, including requests for extra pick-ups**

Extra service requests are generated through customer service for the date requested by Customer. Same day requests are available until noon, Monday through Friday and next day or future requests for miscellaneous service requests. The requests are submitted electronically through InfoPro and, once completed transfer to Dispatch. Dispatch sends same day requests to appropriate route. Future requests are keyed in InfoPro to the appropriate future route.

### **How data errors will be minimized**

Three staff members, at a minimum, will review all customer service data at the close of each day to correct any possible errors. Additionally, the accounting department receives and reviews all data as well. Quarterly audits are also performed on all Customer accounts to minimize data errors.

### **Locations of, and contact information for, each instance of shared services (e.g. billed to "X address", but service actually located at "Y address" and shares with "addresses A & B")**

Services shared by multiple customers are consolidated under one account and flagged as shared. InfoPro allows FRANCHISEE to show which customers share accounts.

## C-9 TRANSITION AND IMPLEMENTATION PLAN

FRANCHISEE will provide as needed and monthly progress reports during transition and implementation on the following activities to the CITY:

- Contract Execution
- CNG Fueling Station
- Customer Database Development and Management
- Routing / Mapping
- Incremental Personnel Hiring and Training
- Driver hiring and Training
- Public Education and Outreach
- Communication Plan
- Truck Procurement
- NIRRP Processing Upgrades
- Building and Site Modifications
- Rate Smoothing

### Transition Plan

The first step in the transition is to establish a full and accurate Customer Account and service Level inventory for the entire serviced area. Once the current services have been identified, collection routes will be designed. The route design will account for:

- the type of services needed by each Customer
- the geographic distribution of customers
- the cubic yards per load and the number of loads that can be collected in a day

FRANCHISEE will design and implement the commercial outreach and assistance program tailored to the services offered in San José. Well before the start of the new FRANCHISEE, all customers will be contacted to assess their regular and any special service needs. FRANCHISEE will continue to reach out to the business community about the new waste service. FRANCHISEE will schedule regular coordination meetings with CITY Staff to respond to any questions or concerns, provide progress updates on transition efforts, and discuss any other issues that are relevant to the process.

### Building Routes

FRANCHISEE will utilize *Route Editor* and *InfoPro* to ensure the best routing plans for the *One-Bin Plus* or the *Two-Container (Wet/Dry)* collection methods. FRANCHISEE will compile Customer information from the's current Customer base of more than 3,500 San José customers, SIC and business tax license listings, face-to-face meetings between FRANCHISEE staff and customers, outreach efforts and Customer lists from previous haulers to develop the complete Database of customers.

FRANCHISEE will implement the transition geographically by route using *Route Editor Plus*. FRANCHISEE will review the total Customer list, determine the level of service and the types of service required by each Customer and establish the most efficient routes possible. Once the service area is fully routed, FRANCHISEE will plan a schedule for the delivery of the appropriate

collection Containers. FRANCHISEE plans to start delivering bins to customers up to two months in advance to ensure Containers are properly located at the start of the contract.

FRANCHISEE will offer to buy Containers from current service providers so that the disruption in service will be minimized. These Containers will be relabeled, and repainted as needed.

### **Route Balancing and Finalization**

On an ongoing basis route supervisors will drive routes and document travel paths. Routes are timed based on productivity estimates provided by truck manufacturers. To increase safety and efficiency, managers will specify right hand turns in as many cases as possible. Special notice and treatment will be given to areas where children are frequently present: schools, playgrounds, parks, community centers, and libraries. Finally, routes will be balanced to ensure that tons collected and hours worked are equalized.

Commercial route balancing is more complex due to service frequencies beyond one collection per week and the preferences of business managers. Commercial routing also considers timing factors such as vehicular traffic, blocked or challenging Container access, and noise considerations relative to residential dwellings in close proximity. To achieve route balance for these customers, lifts per day are grouped by geographic area.

Route balancing and refining is a dynamic process. Routes undergo continuous evaluation to ensure public safety, carbon inventories reduction, and high efficiency. Each time Allied proposes a significant route change, the CITY will be notified and the new routes will be turned over to the CITY for review and approval.

### **Working with current non-exclusive Franchises**

FRANCHISEE will contact the other current nonexclusive franchises to seek their cooperation. Since Allied is planning to utilize new CNG powered vehicles, FRANCHISEE does not expect to buy any used vehicles from the current service providers, but we will offer to purchase the front load bins that they have in service up to the total number of additional bins that we will need..

### **Truck Ordering and Delivery**

FRANCHISEE will order vehicles within a month of a signed agreement to ensure that trucks arrive at least two months in advance of the contract start date. FRANCHISEE has thirteen sister companies in the immediate Bay Area to provide backup vehicles in case all of the trucks do not arrive on time.

### **Container Ordering, Delivery and Storage**

A comprehensive assessment of the condition of all commercial carts and Containers will be conducted to determine immediate and ongoing Cart and Container replacement needs, and proper inventory levels. This review will be based on the collection system selected by the CITY and coincide with the verification and determination of service levels for each Customer.

FRANCHISEE will minimize our carbon footprint impact by using existing equipment whenever practical and will work with current haulers to purchase equipment that is already on-site. Allied will provide plastic collection Containers to businesses with higher levels of food waste.

Once this assessment is completed, orders will be placed with one or more national vendors for carts and for front-end-load and roll off Containers to ensure orders will be met. The timing of the placement of orders will be made to assure appropriate levels of inventory at the start date of the contract, and to assure inventory levels to address ongoing Cart and Container needs. NIRRP has adequate space allocated for Container storage and inventory management. FRANCHISEE will have the advantage of working with current customers in advance of the contract start date to rehabilitate, re-label or paint Containers as necessary. The detailed timeline is located in Section 10.1.3 of the Transition and Implementation schedules.

### **Outreach and Technical Assistance**

#### Coordinating with collection and processing staff – Begin 1 year from implementation

Work collaboratively with businesses to place bins and establish service levels

Partner with collection and processing staff to troubleshoot contamination issues with specific businesses, sectors, or neighborhoods. Digital photos will be used to illustrate contamination issues with businesses. Training will be focused on businesses with repeated contamination issues.

Two and Three-Bin customers

- Address bagging issues with processor
- Less of a need to address contaminants

One-Bin Plus customers:

- Identify customers that need more than one Bin
- Minimal need to address contaminants with business customers

Adjust Bin sizes and service levels as programs become more established

#### Coordinating with Organic Processing Contractor – Begin 1 year from implementation

Meet to gain a clear understanding of acceptable and unacceptable feedstock materials to inform educational materials and trainings

Troubleshoot contamination issues from specific businesses, sectors, or neighborhoods. We propose the use of photos to illustrate contamination issues with businesses. Training will be focused on businesses with repeat contamination issues.

Two-Bin customers:

- Address bagging issues with processor
- Less of a need to address contaminants

One-Bin Plus customers:

- Address bagging issues with processor
- Minimal need to address contaminants with business customers

If energy is produced by organics processor, educate customers about energy value of the material they contribute to the program.

Coordinating with customer service and billing staff – Begin 6 months from implementation

Coordinate new or adjusted services

Provide updated contact info and relevant details from communications and/or site visits

Link customers with customer service staff to resolve other issues (e.g., illegal dumping, service issues)

Coordinating with CITY staff for technical assistance – Begin 6 months from implementation

FRANCHISEE will fully involve CITY staff in all aspects of technical assistance, including:

- Defining program goals
- Designing program services
- Developing educational materials, trainings, and other resources
- Developing web-based systems
- Participating in business site visits
- Observing and providing feedback on customer communications (phone, email, etc.)
- Joining meetings with business associations or neighborhood groups
- Other activities specified by the CITY

Detailed sales strategy for targeting specific industries – Begin 1 year from implementation

Sales strategy will be developed collaboratively with the CITY and will ensure that every business is touched prior to July 1, 2012. The strategy will include specifics of how many businesses will be communicated with during each month leading up to the start-up date and how each business will be reached. The sales strategy is to ensure proper participation for the new system not to transition customers prior to the start-up date, unless this outcome is mutually agreed upon. The details of this process are below:

Office-based businesses – We will work directly with property managers and janitorial companies to develop systems that maximize tenant participation (bagging, bins, signage, training).

Food Stores, Restaurants, Lodging, Banquet, Convention, & Entertainment – We will work through restaurant, hotel, grocer and other trade associations and business groups to reach out to these businesses. Big challenge here is finding the right time of day to meet with and train staff. Also we have to address lack of space for bins in kitchens. Transitioning to durable or compostable food service ware. Food courts and malls will be coordinated through through management. For lodging and convention: Focus on food and beverage and housekeeping departments in hotels to start, then tackle other departments. Work through hotel associations and tie into CA Green Hotel program. Maximize food donation before Composting. Increase donations to local charities (linens, mattresses, toiletries, etc.).

Separate restaurant outreach into sit-down versus take-out restaurants have different waste/recycling mixes. Customer areas versus basket-of-house areas generate different materials and have unique aesthetic and space constraints. Chain versus independent restaurants require different outreach strategies. FRANCHISEE will work directly with Bin manufacturers to meet specific needs, and will use neighborhood-based approaches to work with independent and ethnically owned restaurants.

Manufacturing & Wholesale – Our experience shows there are large quantities of dry recoverable materials (cardboard, film plastic/pallet wrap, wood, etc.) disposed in these sectors. We would suggest selective routing (with one Mixed Waste Container service) for these sectors to maximize recovery of the dry recoverable materials.

High Tech – Most of these firms have very developed sustainability and recycling programs, dedicated staff, and a high level of employee interest. We will ensure recycling programs are most convenient for busy employees, work with facilities staff and janitorial companies to ensure materials are collected properly and education is available for employees. Often food service areas are not yet participating in recycling and Composting programs, so we will start there. We can also start by conducting waste audits with the Customer to determine what materials are still being disposed, and work back from there. Waste streams are highly variable from business to business in this sector depending on the nature of the products or services provided.

Medical & Health – Focus on food service and employee office areas to maximize recovery of food scraps and paper, then tackle other areas. Work through medical associations to find good contacts. These facilities tend to be very packaging intensive, but most packaging is composite materials made of a mix of plastic, paper, and metal. We will leverage interest by nurses or other employees to help maximize participation. The businesses tend to have green teams that can help spread the word and motivate employees. Physicians often don't have the time or interest in recycling or reducing paper. In outreach, work closely with Environmental Health and Safety, Infection Control (or specific hospital equivalent) early on. This prevents roadblocks further down the line and ensures more institutional program support.

Provide key staff with detailed information about materials Processing to ease any concerns about the spread of pathogens. Some institutions are concerned that provided bins for organics and recyclable collection do not meet Title 22 requirements (for appropriate containment of all materials). We will review these requirements with these customers to address these concerns. Many items on patient food trays are not currently recyclable or compostable (e.g., polystyrene). Encourage hospitals to review purchasing options and make changes where possible to recyclable or compostable items (re-usable is ideal, but often impossible for items in contact with patients).

Retail – This sector is a mix of independent and big box. Multiple, ongoing, monthly visits are required to ensure maximum participation. These businesses have the most direct face-to-face contact with customers who are interested in their being green. It is important to help the business market their green practices to the customers. We could provide in-store materials for them to use to share about their recycling and environmental leadership.

Building Supplies – Much like the manufacturing and wholesale, these businesses have large quantities of dry recoverable materials as well as Plant Trimmings that could be composted or digested. There are also opportunities for reusable pallets and packaging; and in some instances reuse of damaged goods. Often basic recycling of paper, cans and bottles is still not in place. Cost savings opportunities in this sector can be significant. Selective routing may be beneficial for this sector.

Institutional & Mixed Use Development– These facilities present a high level of recycling potential and many challenges. Close coordination with property managers/owners is a must. Janitorial companies are also an important player, and should be trained separately, and monitored and provided incentives for effective sorting. Depending on the range of business types in the facility, trainings and education can be tailored for multiple tenant types and conducted in groups to increase efficiency. Property manager feedback to tenants is critical to the program success – both positive and negative. If possible, offer incentives for outstanding tenant performance.

Transportation – Depending on the type of transportation business, these facilities can generate large quantities of dry recoverable metals, wood, and plastic film. There are also a number of composite plastic/rubber/metal wastes from maintenance and manufacturing facilities. Selective routing may be beneficial for this sector.

Goals:

- Maximize the number of participating businesses
- Maximize diversion for targeted materials
- Provide exceptional customer service
- Encourage adoption of source reduction and other environmental practices
- Maximize outreach staff efficiency
- Provide clear communication and coordination with other Allied staff, CITY, and CITY contractors

Metrics:

- Tons reduced or diverted
- Customer satisfaction levels (via ongoing surveys)
- Business adoption of other programs
- Time spent for outcomes achieved (e.g., hours per ton diverted)
- Satisfaction from other FRANCHISEE staff, CITY, and CITY contractors

Outreach staff performance incentives could be based on businesses reached, diversion achieved, and Customer satisfaction, and could include:

- Recognition
- Cash prizes
- Gift certificates

Targeting small, medium, and large businesses – Begin 1 year from implementation

Targeting will be informed by analysis of 2008 waste characterization study and Allied's consultant's studies of California business sector-specific waste and recycling streams

We will touch all businesses through a combination of phone calls, emails, bill inserts, door-to-door canvassing, and presence at business and community events. All in addition to distributing a waste and recycling prevention guide and laminated posters detailing proper usage of the program.

*Small* – focus on phone, direct mail, bill inserts, and web-based services, meet with small business and neighborhood groups

*Medium* – depending on diversion potential, focus some on phone, mail, and web-based service, meet with civic groups, business and trade associations; provide higher level of service for those with higher diversion potential, including: recruiting, conducting audit, developing recommendations, and assisting in implementing new actions

*Large* – If diversion potential is high, recruit, conduct on-site audit, develop recommendations, assist in implementing new actions

### Collateral Materials

Determine communications goals - Initiate 1 year before implementation

#### 1) Determine Communications Goals

- Determine top 3-5 Customer messages, which could include: service changes, materials accepted, connection to other CITY goals and Green Vision, rates, and other new features
- Identify target audiences – messaging may be different depending on the type of business, size, location, tenant vs. property owner/manager, ethniCITY, etc.
- Develop benchmarks – such as positive media, Customer compliance with service requirements, increased diversion, reduced contamination
- 

#### 2) Develop Communications Plan

- Develop direct outreach service package – Bill inserts, mail notices, reminder postcards, calendar and guidelines, toolkit, container decals, web presence
- Identify effective advertising channels
- Develop community outreach plan for festivals, events, speaking engagements
- Media relations
- Evaluation

Conduct research - Start 9 months before implementation; End 6 months before implementation

Conduct research

- Focus groups – 6 focus groups, two for each of 3 audiences; recruit 12 participants for each group; provide monetary incentive for participants; develop moderator guide; facilitate meetings; analyze data; prepare summary report
- Phone survey – automated phone survey to representative sample of business contacts; assess attitudes toward service and rate changes and clarity of communications about changes; develop questions for 10-12 minute survey; pre-test; use CITY or Allied Customer lists for contacts; assure anonymity; field surveys to random sample; make four attempts at contact; analyze data; provide top-line report and detailed results

Provide direct outreach services - Develop materials 6 months before implementation; Begin outreach 3 months before implementation and continue until 3 months after implementation

#### Provide direct outreach services

- All materials will be offered in English, Spanish, and Vietnamese
- Three newsletters over 3 months (2 months before and 1 after service start date) to be included as waste bill inserts, include key messages and upcoming service and rate change information
- Reminder postcards with summary of changes (1-1 month before contract start date)
- Service calendar and recycling guidelines, with images of acceptable/unacceptable materials, new Containers and services (1-2 weeks before contract start date)
- Recycling toolkit with brochure, posters, indoor container decals, and important information and links to additional resources (1-1 week before contract start date)

#### Launch advertising campaign - 1-2 months before implementation

##### Launch Advertising Campaign

- Television – Broadcast TV and some cable (San José only) (Use 30 and 15-second commercials on cable and broadcast TV.)
- Print –Business newspapers and magazines (One to five distinct advertisements in multiple publications. Ads range from ¼ to ½ page, depending on the publication.)
- Radio – Including ethnic/ESL stations (30-second scripts read on-air by station talents on local stations.)
- Online – Local newspaper and local business association websites (Banner ads and link to CITY/Allied's program website on the San José Mercury News website.)
- Other – Transit ads, billboards, etc.

#### Conduct community outreach - 1 month before implementation

##### Conduct Community Outreach

- CITY and FRANCHISEE staff training for outreach and presentation delivery
  - 1) Conduct up to 3 training sessions for FRANCHISEE and CITY staff who will be involved in delivering outreach at booths, tables, and presentations at business events. Provide events checklist, display materials, interactive educational activities, take-away sheets, volunteer list and schedule, supply box, and question pad to collect names and contact information for visitors with questions or who request additional information.
- Business group speaking engagements
  - 1) Develop speaker toolkit including PowerPoint presentation template, display boards, speaking points, customizable materials for audience, supply box, schedule of presentations, articles for newsletters, websites, blogs, and posters. Schedule up to 30 speaking engagements in year 1 and up to 10 in subsequent years.

#### Launch Media Relations Strategy - 2 months before implementation

##### Mainstream media

- Focused media pushes 2 months before, 1 month before, and the week of the new contract start date; phone calls and meetings to communicate key messages, benefits, and when customers can expect changes.
- Community papers/outlets
- Press releases at 2 months before and week of new contract start date.
  - Non-English outlets
  - Press releases at 2 months before and week of new contract start date.  
San José-based environmental publications
  - Press releases at 2 months before and week of new contract start date.  
Business publications
  - Press releases at 2 months before and week of new contract start date.

Task	Assigned To	Start Date	End Date	Comments
<b>Contract Negotiations</b>	Lead General Manager	Apr-2011	Jun-2011	GM will negotiate in good faith to finalize the Agreement to the complete satisfaction of the City of San Jose.
Contractor Selection Approved	Lead City of San Jose	-	Mar-2011	
Attend Meetings Negotiate Contract	Lead City of San Jose Assist General Manager	Apr-2011	Jun-2011	Negotiations based on City of San Jose agenda, draft contract, and Allied proposal.
Develop Coordination Meeting Schedule	Lead City of San Jose Assist General Manager	Jun-2011	Jul-2011	Set coordination meeting schedule to ensure a dynamic implementation plan start date.
Contract Execution	Lead City of San Jose Assist General Manager	Jun-2011	Jul-2012	
<b>Total Elapsed Time</b>		<b>3 months</b>		

Task	Assigned To	Start Date	End Date	Comments
<b>CNG Fueling Station</b>	Lead Region Operations Mgr . Co-Lead Clean Energy Assist Maintenance Mgr.	Jan-2012	Oct-2012	
Equipment Design Phase	Lead Clean Energy Co-Lead Engineering Firm TBD	Jan-2012	Apr-2012	
Permitting Begins	Lead Clean Energy Assist Engineering Firm	Apr-2012	Sep-2012	
Equipment Production Phase	Lead Clean Energy Assist Engineering Firm	Sep-2011	1015/2012	
Site Improvements	Lead Region Operations Mgr . Co-Lead Clean Energy Assist Engineering Firm	Jul-2012	Oct-2011	

	Assist	Maintenance Mgr.			
Equipment Installation	Lead	Clean Energy	Sep-2012	Jan-2013	
	Co-Lead	Region Operations Mgr .			
	Assist	Maintenance Mgr.			
Equipment Testing/Training	Lead	Clean Energy	Oct-2012	Jan-2013	
<b>Total Elapsed Time</b>			<b>12 months</b>		

Task	Assigned To		Start Date	End Date	Comments
<b>Systems Development – Accounting and Customer Service/Database Management</b>	Lead	Operations Manager	Jan-2012	May-2012	<ul style="list-style-type: none"> <li>▶ Load, Sort Database</li> <li>▶ Test</li> <li>▶ Refine Database Based on Incoming New Information</li> </ul>
	Co-Lead	Customer Service Manager			
	Assist	Region Routing Mgr			
<b>Evaluate rate impact by Customer - develop smoothing process</b>	Lead	Division Controller	Jan-2012	Jun-2012	
<b>Total Elapsed Time</b>			<b>6 months</b>		

Task	Assigned To		Start Date	End Date	Comments
<b>Systems Development – Routing/ Mapping</b>	Lead	Operations Manager	Jan-2012	May-2012	<ul style="list-style-type: none"> <li>▶ Load database</li> <li>▶ Routing/Mapping</li> <li>▶ Create, Test, Refine Routes</li> <li>▶ Generate New Maps and Route Sheets</li> <li>▶ Submit Routes to City of San Jose for</li> </ul>
	Co-Lead	Customer Service Manager			
	Assist	Region Routing Mgr			

	Assist	Dispatch and Supervisors			Review/Approval/Refinement
<b>Total Elapsed Time</b>			<b>5 months</b>		

Task	Assigned To	Start Date	End Date	Comments	
<b>Customer Service Representatives Hiring and Training (Additional CSRs)</b>	Lead	Customer Service Manager	Mar-2012	Jul-2012	Allied will take every reasonable step in order to ease CSR anxiety re transition through thorough, consistent communication training. The objective is to bring new CSRs into the Company 90 days prior to start of service, during Allied's commercial customer Recycling Campaign. These CSRs will receive extra training in commercial operations.
	Assist	Human Resources			
Conduct Information Job Fair(s) for Displaced Workers: CSR's	Lead	Customer Service Manager	Mar-2012	-	
	Assist	Human Resources			
Extend/Finalize Job Offers to Displaced Workers – CSRs	Lead	Customer Service Manager	Apr-2012	-	
	Assist	Human Resources			
CSR Training Module 1 <i>Orientation</i>	Lead	Customer Service Manager	Week 1 of Training		Module 1 Content: ► Introduction to the Company by General Manager Gil Cheso; Welcome by Sonya Ferry ► Facility Tour ► Overview of training sessions ► Complete Forms

	Assist	Human Resources	Apr-2012	<ul style="list-style-type: none"> <li>▶ Distribution of Resource/Training Materials</li> <li>▶ Review of Company policy and procedure</li> <li>▶ Distribution of Employee Handbook</li> <li>▶ Acknowledgement of Receipt of Handbook</li> <li>▶ Review of InfoPro Manual Self Study</li> <li>▶ Operations Logistics: Various Generator and Service Types</li> </ul>
CSR Module 2 <i>Operations Orientation</i>	Lead	Customer Service Manager	Week 1 of Training	<ul style="list-style-type: none"> <li>▶ Inter-Department Relations</li> <li>Module 2 Content: ▶ Operations Logistics: Various Generator and Service Types ▶ Inter-Department Relations ▶ Review of InfoPro Resource Manual – Advanced Features ▶ Intensive Customer Service Training</li> </ul>
	Co-Lead	Supervisor		
	Assist	TBD	Apr-2012	
CSR Module 3 <i>InfoPro Intensive</i>	Lead	Customer Service Manager	Week 2 of Training	Module 3 Content: <ul style="list-style-type: none"> <li>▶ Contract Compliance Overview</li> <li>▶ Recap of Resource Manual Review</li> <li>▶ Hands-on Training</li> </ul>
	Assist	Controller	Apr-2012	
CSR Training Module 4 <i>Daily Procedures First Day Check-In Procedures</i>	Lead	Customer Service Manager	Week 2 of Training	Module 4 Content: <ul style="list-style-type: none"> <li>▶ Day One: step-by-step discussion</li> <li>▶ Review Key Policy and Procedures</li> <li>▶ Roll-Playing</li> <li>▶ Superior Customer Service</li> </ul>
	Assist	Customer Service Lead	Apr-2012	

				Recap
<b>Total Elapsed Time</b>		<b>5 Months</b>		
<b>Task</b>	<b>Assigned To</b>	<b>Start Date</b>	<b>End Date</b>	<b>Comments</b>
<b>Office and Billing Staff Hiring and Training (Accounts Payable Clerk)</b>	Lead            Controller	Apr-2012	Jul-2012	
	Assist          Human Resources			
Training Module 1 <i>Orientation</i>	Lead            Controller	Week 1 of Training		Module 1 Content: ▶ Introduction to the Company by General Manager ▶ Facility Tour ▶ Overview of training sessions ▶ Complete Forms ▶ Distribution of Resource/Training Materials ▶ Review of Company policy and procedure ▶ Distribution of Employee Handbook ▶ Acknowledgement of Receipt of Handbook ▶ Review of InfoPro Manual Self Study ▶ Operations Logistics: Various Generator and Service Types ▶ Inter-Department Relations
	Assist          Human Resources			

Module 2 <i>Operations Orientation</i>	Lead	Controller	Week 1 of Training	Module 2 Content: ▶ Operations Logistics: Various Generator and Service Types ▶ Inter-Department Relations ▶ Review of Epro Resource Manual – Advanced Features ▶ Intensive Accounts Payable Training
	Co-Lead	Supervisor		
	Assist	TBD	May-2012	
Module 3 <i>Epro Intensive</i>	Lead	Controller	Week 2 of Training	Module 3 Content: ▶ Contract Compliance Overview ▶ Recap of Resource Manual Review ▶ Hands-on Training
	Assist	Human Resources	May-2012	
Training Module 4 <i>Daily Procedures First Day Check-In Procedures</i>	Lead	Controller	Week 2 of Training	Module 4 Content: ▶ Day One: step-by-step discussion ▶ Review Key Policy and Procedures ▶ Roll-Playing ▶ Superior Accounts Payable Clerk Recap
	Assist	Human Resources	May-2012	
<b>Total Elapsed Time</b>			<b>3 Months</b>	

<b>Task</b>	<b>Assigned To</b>	<b>Start Date</b>	<b>End Date</b>	<b>Comments</b>
<b>Route Supervisors and Operations Staff Hiring and Training</b>	Lead Operations Manager	Feb-2012	Jul-2012	

	Assist	Human Resources		
Training Module 1 <i>Orientation</i>	Lead	Operations Manager	Week 1 of Training	Module 1 Content: ▶ Introduction to the Company by General Manager ▶ Facility Tour ▶ Overview of training sessions ▶ Complete Forms ▶ Distribution of Resource/Training Materials ▶ Review of Company policy and procedure ▶ Distribution of Employee Handbook ▶ Acknowledgement of Receipt of Handbook ▶ Review of InfoPro Manual Self Study ▶ Operations Logistics: Various Generator and Service Types ▶ Inter-Department Relations
	Assist	Human Resources	Feb-2012	
Module 2 <i>Operations Orientation</i>	Lead	Operations Manager	Week 1 of Training	Module 2 Content: ▶ Operations Logistics: Various Generator and Service Types ▶ Inter-Department Relations ▶ Review of InfoPro/OBC Resource Manual – Advanced Features ▶ Intensive Hands-On Training
	Co-Lead	Supervisor		
	Assist	Supervisor	Feb-2012	
Module 3 <i>InfoPro Intensive</i>	Lead	Operations Manager	Week 2 of Training	Module 3 Content: ▶ Contract Compliance Overview ▶ Review of Business Manual

	Assist	Customer Service Manager	Feb-2012		▶ Recap of Resource Manual Review ▶ Hands-on Training
Training Module 4 <i>Daily Procedures</i> <i>First Day Check-In Procedures</i>	Lead	Operations Manager	Week 2 of Training		Module 4 Content: ▶ Day One: step-by-step discussion ▶ Review Key Policy and Procedures
	Assist	Supervisor	Mar-2012		▶ Roll-Playing ▶ Superior Supervisor and Operations Clerk Recap
<b>Total Elapsed Time</b>			<b>2 Months</b>		

Task	Assigned To		Start Date	End Date	Comments
<b>Driver Hiring and Training</b>	Lead	Operations Manager	Mar-2012	Jul-2012	
	Assist	Human Resources			
Training Module 1 <i>Orientation</i>	Lead	Operations Manager	Week 1 of Training		Module 1 Content: ▶ Introduction to the Company by General Manager ▶ Facility Tour ▶ Overview of training sessions ▶ Complete Forms ▶ Distribution of Resource/Training Materials

	Assist	Human Resources	Apr-2012		<ul style="list-style-type: none"> <li>▶ Review of Company policy and procedure</li> <li>▶ Distribution of Employee Handbook</li> <li>▶ Acknowledgement of Receipt of Handbook</li> <li>▶ Operations Logistics: Various Generator and Service Types</li> <li>▶ Team-Based Field Training</li> </ul>
Module 2 <i>Operations Orientation</i>	Lead	Operations Manager	Week 1 of Training		Module 2 Content: <ul style="list-style-type: none"> <li>▶ Operations Logistics: Various Generators and Service Types</li> <li>▶ Inter-Department Relations</li> <li>▶ Review of OBC Resource Manual – Advanced Features</li> <li>▶ Intensive Hands-On Driver Training</li> </ul>
	Co-Lead	Supervisor			
	Assist	Supervisor	Apr-2012		
<b>Total Elapsed Time</b>			<b>2 Months</b>		
<b>Task</b>	<b>Assigned To</b>		<b>Start Date</b>	<b>End Date</b>	<b>Comments</b>
<b>Recycling Coordinators Hiring and Training</b>	Lead	General Manager	Apr-2012	Jul-2012	▶ See Commercial Training Information – described in Key Tasks
	Co-Lead	Cascadia Consulting			
<b>Total Elapsed Time</b>			<b>3 months</b>		
<b>Task</b>	<b>Assigned To</b>		<b>Start Date</b>	<b>End Date</b>	<b>Comments</b>

<b>Commercial Initial Site Visits: Recycling Campaign</b>	Lead	Recycling Coordinators, TBD	Apr-2012	Jul-2012	<ul style="list-style-type: none"> <li>▶ See Key Tasks for details about site visits and assessments.</li> <li>▶ Database Refinements as Assessment Results Come In.</li> <li>▶ Recycling Coordinators Continue Work Through Contract Term</li> </ul>
	Assist	Route Supervisors			
<b>Total Elapsed Time</b>			<b>3 months</b>		

Task	Assigned To	Start Date	End Date	Comments	
<b>Public Education and Outreach Initial Program/Pre-Planning</b>	Lead	Muni Services Mgr	Sep-2011	Jul-2012	<ul style="list-style-type: none"> <li>▶ See This Section – Public Information for Details ▶ See Sample Public Education Materials: Exhibit F.1</li> <li>▶ Preplanning includes development introductory information and Level of Service Confirmation Letters</li> </ul>
	Co-Lead	City of San Jose Staff			
Develop Initial Annual Public Education Plan – Refine/Finalize Develop/Produce Collateral Materials	Lead	Muni Services Mgr	Sep-2011	Jul-2012	<ul style="list-style-type: none"> <li>▶ All collateral materials to be developed per plan and approved by City of San Jose</li> </ul>
	Co-Lead	City of San Jose Staff			
Website Updates Including Community Networking site and Paperless Functions Includes Website Testing and Refinements	Lead	Muni Services Mgr	Mar-2012	Jul-2012	<ul style="list-style-type: none"> <li>▶ Website Updates to Go Live March 1, 2012.</li> <li>▶ Plenty of Information for Commercial Generators</li> <li>▶ Frequently Asked Questions re Implementation</li> </ul>
	Co-Lead	Corporate IT			
	Co-Lead	City of San Jose Staff			

Total Elapsed Time			9 months		
Task	Assigned To		Start Date	End Date	Comments
<b>Container Operations</b>	Lead	General Manager	Oct-2011	Jul-2012	<p>► Continual communication with existing contractor and container manufacturers based on initial inventory needs and as commercial site visits are conducted. ► See narrative, this section.</p>
	Assist	Operations Manager			
	Assist	Supervisor			
Confirm FEL bin sizes to database through site audits. Begin/complete container transition issues with existing contractor/City. Finalize FEL transition plan	Lead	Operations Manager	Oct-2011	Dec-2011	
	Assist	Maintenance Manager			
	Assist	Supervisor			
Initial Projections and Production Capacity Reservation – Cart, Bin, and Debris Box Vendors Updates/Negotiations with Vendors Place Initial Container Orders	Lead	Operations Manager	Jan-2012	Feb-2012	
	Assist	Maintenance Manager			
	Assist	Supervisor			
Container (Cart and Bin) Inventory Delivered to Allied	Lead	Operations Manager	Mar-2012	Jul-2012	<p>► Resupply of inventory throughout contract term requires continual communication with vendors.</p>
	Assist	Maintenance Manager			
	Assist	Supervisor			
Begin cart delivery to Allied Accounts	Lead	Operations Manager	May-2012	Jul-2012	<p>► Delivery to Existing Allied Customers.</p>
	Assist	Maintenance Manager			
	Assist	Supervisor			

Begin FEL bin/cart delivery to new Allied Commercial Accounts	Lead	Operations Manager	May-2012	Jul-2012	▶ Highly Collaborative Effort with City/Customers
	Assist	Maintenance Manager			
	Assist	Supervisor			
<b>Total Elapsed Time</b>			<b>9 months</b>		

Task	Assigned To		Start Date	End Date	Comments
<b>Vehicle Procurement</b>	Lead	Region Maintenance Manager	Jul-2011	May-2012	▶ Vehicle Procurement: Will occur upon contract signing to ensure enough units delivered for driver training. ▶ CNG fueling station will be on-line at in time for delivery of first units. ▶ A detailed collection vehicle procurement plan will be discussed with the City of San Jose and finalized in advance of contract signing. ▶ Updates will be provided to the City of San Jose regularly. ▶ All units will be on-site by May 30, 2011.
	Assist	Maintenance/Operations Mgrs.			
<b>Total Elapsed Time</b>			<b>9 months</b>		

Task	Assigned To		Start Date	End Date	Comments
<b>Processing Equipment Procurement</b>	Lead	General Manager	Jul-2011	Jul-2012	Equipment and configurations have been specified for a new commercial dry waste processing line and a wet waste processing line.

Order Equipment	Lead	General Manager	Aug-2012	Sep-2012	Place order.
Finalize Engineering	Lead	General Manager	Sep-2012	Sep-2012	Review and finalize engineering plans and specifications.
Equipment Staging	Lead	General Manager	Apr-2012	May-2012	Verify pre-installation equipment staging
Installation and Testing	Lead	General Manager	May-2012	Jun-2012	Installation and performance verification
Begin Receiving Material	Lead	General Manager	Jul-2012	Jul-2012	
<b>Total Elapsed Time</b>			<b>12 months</b>		

<b>Task</b>	<b>Assigned To</b>		<b>Start Date</b>	<b>End Date</b>	<b>Comments</b>
<b>Building and Site Modifications</b>	Lead	General Manager	Jan-2011	Jun-2012	Modifications to MRF Entrance, Exit, and Loading Docks.
Place order	Lead	General Manager	Jan-2012	Jan-2012	Place order.
Finalize Engineering	Lead	General Manager	Feb-2012	Feb-2012	Review and finalize engineering plans and specifications.
Construction	Lead	General Manager	Feb-2012	Jul-2012	Construction
<b>Total Elapsed Time</b>			<b>6 months</b>		

NIRRP Technology and Programs  
Timeline

Project Description	Current Status	Key Milestones and Dates
Solar Energy	Local AW Staff are in discussions with three Solar companies and obtaining updated information on current financial incentives. We will be meeting with our General Contractor and Architect to solicit further insight and then discussions with our corporate procurement team regarding concept approval and issuing an RFP.	December 2014
Kinetic Scales	AW is in the planning phase of a site entry for the NIRRP. The project will include new roadways approaching the scale houses. The addition of Kinetic Scales is being studied to understand the feasibility of incorporating them into this overall project.	December 2014
Wind Turbines	Local AW Staff are researching feasibility of wind turbines at the NIRRP in light of wildlife concerns and specific site selection. Meet with Audubon Society to discuss potential concerns.	December 2014
Hybrid Street Lamps	AW is in the planning phase of a site entry for the NIRRP. The project will include Hybrid Street Lamps along the new roadways and in employee parking areas.	March 2013
Polystyrene Densifier	An Expanded Polystyrene Densifier has been installed at the the NIRRP and the service is being marketed to customers. In addition, the NIRRP has established a drop off location for exp	Project is Complete
Carpet Recovery	AW has been in discussions with Carpet Collectors, a member of Carpet America Recovery Effort. This program will allow AW to recover commercial and residential carpet, along with carpet padding.	September 2012
Discounted Tip Fees for Bay Friendly Participants	Meet with City Staff to discuss implementation plan.	January, 2013

## EXHIBIT D

### APPROVED SUBCONTRACTORS AND AFFILIATES

The subcontractors and Affiliates listed below are hereby approved by CITY as to the scope of work specified for each listed subcontractor and Affiliate. FRANCHISEE may employ additional subcontractor and Affiliate only with the prior written approval of the CITY's Director of Environmental Services as to the subcontractor(s) and Affiliate(s) and the scope of work to be performed by the subcontractor(s) and Affiliate(s).

Name of Company/Firm	Address	Area of Responsibility
Cascadia Consulting Group	1109 First Avenue, Suite 400 Seattle, Washington 98101	Business Outreach & Technical Assistance

**EXHIBIT E**  
**WAGE AND LABOR POLICY**

Pursuant to City of San Jose Living Wage Policy, Franchisee and any subcontractor(s) shall be obligated to pay not less than the living wage in accordance with the requirements of this policy document, and the Wage Determination as indicated in Exhibit 1 to this attachment.

**I. CITY COUNCIL WAGE POLICY**

**A. Living Wage Policy**

Under City Council Resolution No. 68900, contractors who are awarded certain City service and labor contracts are required to pay a minimum level of compensation to covered employees who work on these projects.

Living wages shall mean the wages paid under a collective bargaining agreement between the Contractor and a recognized union representing employees who will perform services pursuant to the Agreement.

If the wage rates set forth in the collective bargaining agreement fall below the then current Living Wage Rate set by the City of San Jose, the required rate of pay shall be the City's Living Wage Rate unless the collective bargaining agreement expressly provides that the agreement shall supersede the requirements of the Living Wage Policy.

If there is no collective bargaining agreement as described above, not less than the following Living Wage Rate must be paid to covered employees performing work identified in the applicable wage determination issued by the City of San Jose's Office of Equality Assurance.

1. If health insurance benefits are provided, a wage of not less than **Twelve Dollars and Eighty-Three Cents (\$12.83)** per hour.
2. If health insurance benefits are not provided, a wage of not less than **Fourteen Dollars and Eight Cents (\$14.08)** per hour.

Please see Exhibit I for Living Wage Determination

**B. Reports**

The Office of Equality Assurance will monitor the payment of prevailing and living wages by requiring the awarded Franchisee and all Subcontractors to file a LABOR COMPLIANCE WORKFORCE STATEMENT and LABOR COMPLIANCE FRINGE BENEFIT STATEMENT with supporting documentation.

The awarded Franchisee and Subcontractors shall also report such other additional information, including certified payrolls, as requested by the Director of Equality Assurance to ensure adherence to the Policies.

Labor compliance statements must be filed in the Office of Equality Assurance within 10 days of execution of this Agreement at the address below.

City of San Jose  
Office of Equality Assurance  
200 East Santa Clara Street  
Fifth Floor  
San Jose, CA 95113  
Phone: 408-535-8430

**NOTE: THIS EXHIBIT INCLUDES THE LABOR COMPLIANCE WORKFORCE STATEMENT AND LABOR COMPLIANCE FRINGE BENEFIT STATEMENT TO BE SUBMITTED BY THE AWARDED CONTRACTOR ONLY. PLEASE DO NOT SUBMIT THESE FORMS WITH YOUR PROPOSAL.**

## **II. LIVING WAGE POLICY PROVISIONS**

On November 17, 1989, by Resolution No. 68554 and amended on June 8, 1999 by Resolution No. 68900, the San Jose City Council adopted its Living Wage Policy to meet the employment and economic development needs of low wage workers by mandating:

1. A minimum level of compensation for workers employed by contractors and subcontractors who are awarded certain City of San Jose service and labor contracts with an expenditure in excess of \$20,000 and recipients who receive direct monetary financial assistance from the City in the amount of \$100,000 or more in any twelve month period, excluding non-profit corporations;
2. The provision of health insurance benefits or the ability to afford health insurance;
3. Retention of employees when certain new contractors take over a continuing City service;
4. An environment of labor peace; and
5. Employee Work Environment Evaluation (Third Tier Review)

### **1. WAGE REQUIREMENTS**

1. Covered Employees Defined:

For the purpose of this provision, Covered Employees means any person employed by the Contractor or Subcontractor who meets the following conditions:

- a) The person does not provide volunteer services that are uncompensated except for reimbursement of expenses such as meals, parking or transportation;
- b) The person expends at least half of his/her time on work for the City;
- c) The person is at least eighteen (18) years of age; and
- d) The person is not in training for the period of training specified under training standards approved by the City of San Jose.

## **2. EMPLOYEE RETENTION REQUIREMENTS**

One of the provisions of the Living Wage Policy is a requirement that on certain agreements over \$50,000, the new Contractor must retain the workers who have been performing the services under the previous contractor. Employee retention is applicable to the Contractor and all Subcontractors under the Agreement in two respects: (1) the Contractor will be obligated to adhere to these requirements in hiring; and (2) the Contractor will also be obligated to cooperate with the City in transitioning to a new contractor at the end of the term of the Agreement.

The following provisions are applicable to this RFP and will become a part of the Agreement:

### **1. Qualified Retention Employee Defined**

Qualified Retention Employee means any person employed by the predecessor contractor or any subcontractor to the predecessor contractor who meets the following requirements:

- a) The person provides direct labor or service on the Agreement;
- b) The person is not an “exempt” employee under the Fair Labor Standards Act (FLSA); and
- c) The person has been employed on the City contract by the predecessor service contractor or subcontractor for at least six months prior to the date of the new Agreement.

### **2. Current Eligible Retention Employee Defined**

Current Eligible Retention Employee means a current employee of the new Contractor who meets the following requirements:

- a) The person has been employed by the Contractor for at least six months prior to the date of the new service or labor agreement;
- b) The person would otherwise need to be terminated as a result of the implementation of the City of San Jose Living Wage Policy; and

- c) The Contractor chooses to designate the person as a Current Eligible Retention Employee.

The Contractor must establish requirements i. and ii. above by submitting payroll records or other reliable evidence satisfactory to the Director of Equality Assurance. If the Contractor cannot submit such evidence, the employee cannot be designated a Current Eligible Retention Employee.

### **3. EMPLOYMENT OF QUALIFIED RETENTION EMPLOYEES**

The new Contractor shall offer continued employment to all Qualified Retention Employees who are interested in such continued employment.

The City's Office of Equality Assurance will provide the new Contractor with information regarding which employees of the predecessor contractor are Qualified Retention Employees to the extent such information is available to the City of San Jose.

Notwithstanding anything to the contrary in this provision, the new Contractor may deem an employee not to be a Qualified Retention Employee if, and only if:

1. The employee has been convicted of a crime that is related to the job or to his/her job performance; or
2. The Contractor can demonstrate to the City that the employee presents a significant danger to customers, co-workers or City staff.

In the event that the new Contractor does not have enough positions available to hire all Qualified Retention Employees desiring continued employment and to retain its Current Eligible Retention Employees, the new Contractor shall hire Qualified Retention Employees and retain Current Eligible Retention Employees by seniority within each employment classification. For any positions that become available during the initial ninety (90) day period of the contract, the new Contractor shall hire Qualified Retention Employees and rehire its Current Eligible Retention Employees by seniority within each employment classification.

1. Retention Requirements
  - a) Qualified Retention Employees hired by the new Contractor may not be discharged without cause during the initial ninety (90) day period of their employment.
  - b) The new Contractor shall offer continued employment to each Qualified Retention Employee who received a satisfactory performance evaluation at the end of the initial ninety (90) day period of employment. Such employment shall be offered under the same terms and conditions established by the new Contractor for all of its employees.
2. Third Part Beneficiary

Qualified Retention Employees are third party beneficiaries of this Agreement which means that the employee has the right to enforce the provisions of the Agreement independent of the City's right to enforce the provisions of the Agreement. The third party rights will become effective only when the Agreement becomes effective. No third party rights are intended to apply to any employee regarding the RFP process.

### 3. Obligations Upon Termination

Upon termination of this Agreement, Contractor shall fully cooperate with all City requests regarding contacts with Contractor's employees to enable a transition in the workforce to a new Contractor.

## 4. EMPLOYEE WORK ENVIRONMENT EVALUATION (Third Tier Review)

All service or labor agreements are required to undergo an Employee Work Environment Evaluation, commonly referred to as "Third Tier Review." This Review looks into a proposer's history as an employer and work condition commitments. East proposer is required to complete an Employee Work Environment Questionnaire and return it with the proposal.

If the Questionnaire is not returned, the proposal will be deemed to be non-responsive. All proposals are required to address: employee health benefits; compensated days off; employee complaint procedures; compliance with state and federal workplace standards; Employee Retention requirements, if applicable.

## 5. ENFORCEMENT

### 1. General

Franchisee acknowledges it has read and understands that, pursuant to the terms and conditions of this Contract, it is required to pay workers a living wage ("Wage Provision") and to submit certain documentation to the City establishing its compliance with such requirement. ("Documentation Provision.") Franchisee further acknowledges the City has determined that the Wage Provision promotes each of the following (collectively "Goals"):

- a) It protects City job opportunities and stimulates the City's economy by reducing the incentive to recruit and pay a substandard wage to labor from distant, cheap-labor areas.
- b) It benefits the public through the superior efficiency of well-paid employees, whereas the payment of inadequate compensation tends to negatively affect the quality of services to the City by fostering high turnover and instability in the workplace.
- c) Paying workers a wage that enables them not to live in poverty is beneficial to the health and welfare of all citizens of San Jose because it increases the ability of such workers to attain sustenance, decreases the amount of poverty and reduces the amount of taxpayer funded social services in San Jose.

- d) It increases competition by promoting a more level playing field among contractors with regard to the wages paid to workers.

2. Remedies for Franchisee's Breach of Living Wage Provisions

- a) **Restitution:** Franchisee agrees that in the event of a breach of its obligations it will pay any amounts underpaid in violation of the required payments and City's administrative costs and liquidated damages and, in the case of financial assistance, to refund any sums disbursed by the City.
- b) **Liquidated Damages For Breach Of Wage Provision:** Franchisee agrees its breach of the Wage Requirement would cause the City damage by undermining the Goals, and City's damage would not be remedied by Franchisee's payment of restitution to the workers who were paid a substandard wage. Franchisee further agrees that such damage would increase the greater the number of employees not paid the applicable prevailing/living wage and the longer the amount of time over which such wages were not paid. The City and Franchisee mutually agree that making a precise determination of the amount of City's damages as a result of Franchisee's breach of the Wage Requirement would be impractical and/or extremely difficult. Therefore, the parties agree that, in the event of such a breach, Franchisee shall pay to the City as liquidated damages the sum of three (3) times the difference between the actual amount of wages paid and the amount of wages that should have been paid.
- c) **Additional Remedies:** Franchisee agrees that in addition to the remedies set forth above City retains the right to suspend or terminate the Franchise Agreement for cause and to debar Franchisee or subcontractors from future City contracts and/or deem the recipient ineligible for future financial assistance.

6. **AUDIT RIGHTS**

All records or documents required to be kept pursuant to this Contract to verify compliance with the Wage Provision shall be made available for audit at no cost to City, at any time during regular business hours, upon written request by the City Attorney, City Auditor, City Manager, or a designated representative of any of these officers. Copies of such records or documents shall be provided to City for audit at City Hall when it is practical to do so. Otherwise, unless an alternative is mutually agreed upon, the records or documents shall be available at Franchisee's address indicated for receipt of notices in this Contract.

7. **COEXISTENCE WITH ANY OTHER EMPLOYEE RIGHTS**

These provisions shall not be construed to limit an employee's ability to bring any legal action for violation of any rights of the employee.



**CONTRACT SCOPE: COMMERCIAL SOLID WASTE FRANCHISE SERVICES**  
**DATE: April 2010**

Contracts governed by both the City of San Jose’s Living Wage Policy (Resolution No. 68900) and its Prevailing Wage Policy (Resolution No. 61144) are subject to the Policy with the higher wage requirements.

**LIVING WAGE RATES**

All employees of the Commercial Garbage Franchisee and any subcontractors are to be paid not less than the following.

LIVING WAGE WITH HEALTH BENEFITS	LIVING WAGE WITHOUT HEALTH BENEFITS
\$12.83	\$14.08

**Living wage rates will be adjusted on the anniversary date of the agreement.**

**Hours and Days of Work**

19.4 (Industrial Welfare Commission Order No. 16-2001)

*City of San Jose agreements subject to City prevailing wage or living wage policies will use the same guidelines for all covered classifications/employees.*

Employees shall not be employed more than eight (8) hours in any workday or more than 40 hours in any workweek unless the employee receives one and one-half (1 ½) times such employee’s regular rate of pay for all hours worked over 40 hours in the workweek. Employment beyond eight (8) hours in any workday or more than six (6) days in any workweek is permissible provided the employee is compensated for such overtime at not less than:

- (a) One and one-half (1 ½) times the employee’s regular rate of pay for all hours worked in excess of eight (8) hours up to and including 12 hours in any workday, and for the first eight (8) hours worked on the seventh (7<sup>th</sup>) consecutive day of work in a workweek; and
- (b) Double the employee’s regular rate of pay for all hours worked in excess of 12 hours in any workday and for all hours worked in excess of eight (8) on the seventh (7<sup>th</sup>) consecutive day of work in a workweek.





## LABOR COMPLIANCE FRINGE BENEFIT STATEMENT

**CONTRACTOR NAME:** \_\_\_\_\_

**CONTRACT:** \_\_\_\_\_

I certify under penalty of perjury that fringe benefits are paid to the approved plans, funds, or programs as listed below:

Classification	Fringe Benefit Hourly Amount	Name of the Plan or Fund (Attach Premium Transmittal)
1. <div style="border: 1px solid gray; background-color: #f0f0f0; padding: 5px; margin: 5px 0;"> <p><b>Documentation of Plan contribution <i>must be returned with this statement</i></b>              Please attach a copy of your most recent transmission into each medical, pension, or profit sharing plan account indicating worker name and amount of contribution.</p> </div>	Vacation \$ _____ Health & Welfare \$ _____ Pension \$ _____ Apprentice \$ _____ Other (specify) \$ _____	_____ _____ _____ _____ _____
2. _____	Vacation \$ _____ Health & Welfare \$ _____ Pension \$ _____ Apprentice \$ _____ Other (specify) \$ _____	_____ _____ _____ _____ _____
3. _____	Vacation \$ _____ Health & Welfare \$ _____ Pension \$ _____ Apprentice \$ _____ Other (specify) \$ _____	_____ _____ _____ _____ _____

All (or some) fringes are paid in cash by adding the amount to the employee's basic hourly rate.

\_\_\_\_\_  
 Company Name (Please Print)

\_\_\_\_\_  
 Name and Title (Please Print)

Date \_\_\_\_\_

Signatur \_\_\_\_\_

# EMPLOYEE WORK ENVIRONMENT

## SECTION I: CONTRACTOR INFORMATION

Franchisee Name: Allied Waste Services of Santa Clara County Date:

Address: 1601 Dixon Landing Rd. Bldg 1 Milpitas, Ca. 95035

Phone: 408-432-1234

FAX: 408-635-1487

Prepared by: Gil Chesó

Title: General Manager

## SECTION II: EMPLOYEE HEALTH BENEFITS

1. Does your company provide a health insurance plan or program for employees?

NO, we do not provide a health insurance plan or program for employees.

YES, we do provide a health insurance plan or program for employees.

If the answer is no, does your company provide benefits in lieu of a health insurance Plan? (Be specific. Describe on a separate sheet and attach.)

2. If the answer to Question 1 above is yes, please provide the following information:

2a. Please list the health insurance plans(s) or program(s) offered to your employees. (Use additional sheets if necessary.) Medical, Dental, Vision,

2b. What is the contribution by the employee per pay period to this plan?

\$ 0 for single coverage, no dependents

\$ 0 for family coverage, with dependents

Pay period is (check one):

Weekly  Bi-weekly  Semi-monthly  Monthly

2c. What is the contribution by the company, per employee, per pay period, to this Plan?

\$298 for single coverage, no dependents

\$792 for family coverage, with dependents

2d. How long must the employee be employed by your company before they are eligible for health insurance coverage?

\_\_\_\_90     Days     Month     Year

2e. What job classifications of your employees are covered by the insurance program outlined above? (Use additional sheets as necessary.)

All Classifications

2f. Does your health insurance coverage pertain to part-time and full-time employees?

YES

NO – If no, please explain. Employees must work over 30 hours to qualify which means they are full time

**SECTION III: EMPLOYEE BASIC BENEFITS**

1. Indicate the basic benefits your workers receive.

<b>Years of Service</b>	<b># of Vacation Days</b>	<b># of Sick Days</b>	<b># of Personal Days</b>
<b>After 1 year</b>	5	8	3
<b>After 5 years</b>	15	8	3
<b>After 10 years</b>	20	8	3x

Other: (Explain.)

2. Indicate the paid holidays your workers receive by placing check mark to the left of each.

<input checked="" type="checkbox"/>	<b>New Year's Day</b>	<input checked="" type="checkbox"/>	<b>Independence Day</b>	<input checked="" type="checkbox"/>	<b>Christmas</b>
	<b>Martin Luther King Jr. Day</b>	<input checked="" type="checkbox"/>	<b>Labor Day</b>	<input checked="" type="checkbox"/>	<b>Floating Holiday</b>
	<b>Washington's Birthday</b>		<b>Veteran's Day</b>		<b>Other: Presidents Day</b>
<input checked="" type="checkbox"/>	<b>Memorial Day</b>	<input checked="" type="checkbox"/>	<b>Thanksgiving Day</b>		<b>Other: Day after Thanksgiving</b>

3. Do you allow for unpaid leave?

YES, please explain policy. FMLA/Non-FMLA –Policy # HRS-104

NO

#### **SECTION IV: EMPLOYEE COMPLAINT PROCEDURE**

1. Does your company have an employee complaint resolution procedure?

YES (Attach a copy of our company's employee complaint resolution procedure.

NO, our company does not have an employee complaint resolution procedure.

#### **SECTION IV: COMPLIANCE WITH STATE AND FEDERAL WORKPLACE STANDARDS**

Have any of the following State or Federal Regulatory agencies obtained final orders or final judgments finding a violation by your company or State or Federal law relating to the treatment of your employees? If your answer is yes to any of the questions below, please provide the date of entry of the final judgment or order, the agency which obtained the order, and a brief description of the nature of the violation on a separate sheet of paper.

1. California Department of Fair Employment and Housing Department

NO, our company has not had any final judgment or administrative order(s).

YES, our company has had a final judgment(s) or administrative orders.

2. California Department of Industrial Relations (Cal OSHA).

NO, our company has not had any final judgment or administrative order(s).

YES, our company has had a final judgment(s) or administrative orders.

3. California Department of Industrial Relations (Minimum Wage, hours or working Condition) Labor Board.

NO, our company has not had any final judgment or administrative order(s).

- YES, our company has had a final judgment(s) or administrative orders.

**SECTION V: WARRANTY AND REPRESENTATION**

By signing below, proposer warrants and represents that if proposer is successful, the above listed benefits and complaint procedure will be maintained for the term of the agreement, and proposer declares that, to the best of its ability, it intends to ensure that essential services and labor for which it has been contracted will be provided efficiently and without interruption.

Company: Allied Waste Services of Santa Clara County

Signature: \_\_\_\_\_

Name: Gil Cheso

Title: General Manager

Date: \_\_\_\_\_  
EMPLOYEE WORK ENVIRONMENT

## EXHIBIT F

### INSURANCE

Franchisee shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from, or in connection with, the performance of the work hereunder by the Franchisee, his agents, representatives, employees or subcontractors. The cost of such insurance shall be included in the Franchisee's bid.

A. Minimum Scope of Insurance

Coverage shall be at least as broad as:

1. The coverage provided by Insurance Services Office Commercial General Liability coverage ("occurrence") Form Number CG 0001; and
2. The coverage provided by Insurance Services Office Form Number CA 0001 covering automobile Liability. Coverage shall be included for all owned, non-owned and hired automobiles; and
3. Workers' Compensation insurance as required by the California Labor Code and Employers Liability insurance, and any other applicable law, providing full coverage required by law for all employees engaged in work on the Project;
4. All other insurance required to be maintained under applicable laws, ordinances, rules, and regulations.

The CITY reserves the right to require that Franchisee obtain Pollution Liability Insurance, including coverage for all operations, completed operations and professional service (without exclusion for asbestos or lead).

There shall be no endorsement reducing the scope of coverage required above unless approved by the CITY's Risk Manager.

B. Minimum Limits of Insurance

Franchisee shall maintain limits be no less than:

1. Commercial General Liability: \$5,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit; and
2. Automobile Liability: \$1,000,000 combined single limit each accident; and
3. Workers' Compensation and Employers' Liability: Workers' Compensation limits as required by the California Labor Code and Employers Liability limits and any other applicable law, which shall be at least \$1,000,000 per accident; and

4. All other insurance: the amounts required to be maintained under applicable laws, ordinances, rules, and regulations.

The CITY reserves the right to require that the minimum limits of Franchisee's Pollution Liability be \$2,000,000 each occurrence/aggregate limit.

C. Deductibles and Self-Insured Retentions

Any deductibles must be declared to, and reasonably approved by CITY's Risk Managers. At the option of the CITY either the insurer shall reduce or eliminate such deductibles as respects the CITY, or its officials, employees, agents, and contractors; or CITY shall require the construction contractor to procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses in an amount specified by the CITY's Risk Manager.

D. Other Insurance Provisions

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

1. Commercial General Liability and Automobile Liability Coverages

- a. The CITY, its officials employees, agents, and contractors are to be covered as additional insureds as respects: liability arising out of activities performed by or on behalf of contractor; products and completed operations of contractor; premises owned, leased or used by contractor; and automobiles owned, leased, hired or borrowed by contractor. The coverage shall contain no special limitations on the scope of protection afforded to the Insures. The Additional Insured Endorsement included on all such insurance policies shall state that coverage is afforded the additional insured with respect to claims arising out of operations performed by or on behalf of the insured.
- b. The contractor's insurance coverage shall be primary insurance as respects the Insures. Any insurance or self-insurance maintained by the Insures shall be excess of contractor's insurance and shall not contribute with it.
- c. Any failure to comply with reporting provisions of the policies by contractor shall not affect coverage provided to the Insures.
- d. Coverage shall state that 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.
- e. Coverage shall contain a waiver of subrogation in favor of The CITY, its officials, employees, agents, and contractors

2. Workers' Compensation and Employers' Liability

Coverage shall contain waiver of subrogation in favor of the CITY of San José, its officers, employees, agents and contractors

3. All Coverages

Each insurance policy required by this Agreement shall be endorsed to state that coverage shall not be voided or canceled except after thirty (30) days' prior written notice has been given to the CITY, except that ten (10) days' prior written notice shall apply in the event of cancellation for non-payment of premium.

E. Duration

1. Commercial General Liability, Pollution Liability coverages shall be maintained continuously for a minimum of five (5) years after completion of work under this AGREEMENT.
2. If any of such coverages are written on a claims-made basis, the following requirements apply:
  - a. The policy retroactive date must precede the date work commenced under this AGREEMENT.
  - b. If the policy is cancelled or non-renewed and coverage cannot be procured with the original retroactive date, FRANCHISEE must purchase an extended reporting period equal to or greater than five (5) years after completion of work under this AGREEMENT.

F. Acceptability of Insurers

Insurance is to be placed with insurers reasonably acceptable to Parties' Risk Managers.

G. Verification of Coverage

The Franchisee shall furnish the CITY with certificates of insurance and with original endorsements affecting coverage required by this Agreement. The certificates and endorsements for each insurance policy are to be signed by a Person authorized by that insurer to bind coverage on its behalf.

Proof of insurance shall be either emailed in pdf format to: Riskmgmt@sanjoseca.gov, or mailed to the following postal address (or any subsequent email or postal address as may be directed in writing by the Risk Manager):

CITY OF SAN JOSE – Human Resources  
Risk Management  
200 East Santa Clara Street, 2<sup>nd</sup> Floor Wing  
San José, California 95113-1905

H. Franchisee's Insurance Requirements

Franchisee shall include all subcontractors as insureds under its policies or shall obtain separate certificates and endorsements for each subcontractor.

I. Proof of Coverage

Franchisee or consultant shall not commence work under this Agreement until all required insurance, certificates, and an Additional Insured Endorsement have been obtained and delivered to the CITY for approval subject the conditions listed above.

**EXHIBIT G**

**FORM OF PERFORMANCE BOND**

\_\_\_\_\_ **SERVICES**  
**FOR THE**  
CITY OF SAN JOSE, CALIFORNIA

**KNOW ALL MEN BY THESE PRESENTS:** that

(here insert full name and address or legal title of franchisee)

as Principal, hereinafter called Franchisee, and, \_\_\_\_\_  
(Name of Insurer)

as Surety, hereinafter called Surety, are held firmly bound unto the CITY OF SAN JOSE, CALIFORNIA as Oblige, hereinafter called the CITY, in the amount of not less than Six Million Two Hundred and Fifty Thousand Dollars (\$6,250,000) for the payment whereof Franchisee and Surety bind themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, Franchisee has been granted a franchise by the CITY which is memorialized in a written agreement dated \_\_\_\_\_, 20\_\_ to provide Commercial Solid Waste and Recyclable Material Collection Services in accordance with the San José Municipal Code, RFP specifications and Agreement of the CITY OF SAN JOSE, CALIFORNIA, which Agreement is by reference made a part hereof, and is hereinafter referred to as the Agreement.

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION is such that, if Franchisee shall promptly and faithfully perform said Agreement, then this obligation shall be null and void; otherwise it shall remain in full force and effect.

The Surety hereby waives notice of any alteration or extension of time made by the CITY.

Any suit under this bond must be instituted before the expiration date of the Agreement or if extended for an additional term by the CITY, the expiration of the extended term.

No right of action shall accrue on this bond to or for the use of any Person or corporation other than the CITY named herein or the executor, administrator or successors of the CITY of San José, California.

Signed and sealed this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

(Principal)      (Seal)

(Witness)

\_\_\_\_\_ (Title)

Surety      (Seal)

(Name of Insurer)

(Witness)

By:

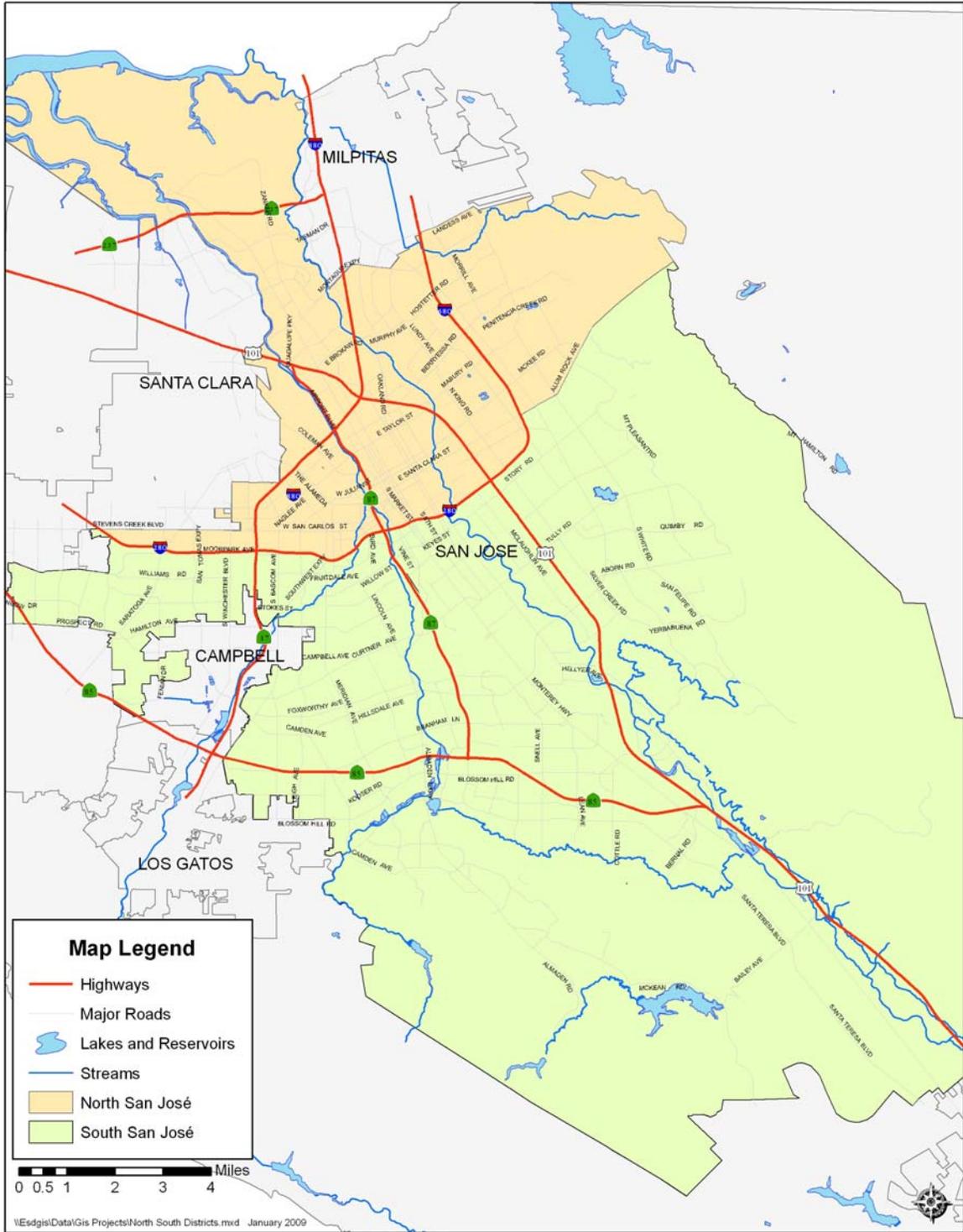
\_\_\_\_\_ (Attorney-in-Fact)

**EXHIBIT H**  
**CORPORATE GUARANTY**

The executed Corporate Guaranty will be attached as this Exhibit H.

# EXHIBIT I

## SERVICE DISTRICT MAP



## **Service District Map Description**

The City will be serviced in two districts, North and South. Unincorporated areas of the City will not be serviced under these Franchises.

In general, if a street runs North to South and is a Service District boundary line, the east side of the street shall be in the South District and the west side of the street shall be in the North District. If a street runs East to West and is a Service District boundary line, the south side of the street shall be in the South District and the north side of the street shall be in the North District.

The South Service District's northernmost boundary line is Highway 280 from the City of Santa Clara border running east to California State Road 130/Alum Rock Avenue. The border continues east along California State Road 130/Alum Rock Avenue where it terminates at Miguelita Road. The western boundary is the city limits with the City of Campbell and Town of Los Gatos while the southern boundary terminates at City of Morgan Hill city limits.

The North Service District's northern most boundary line is the City of San Jose city limits with the San Francisco Bay. The western boundary is bordered by the City of Santa Clara and the eastern boundary terminates at City of Milpitas city limits.

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**EXHIBIT A-1**

**PROPOSAL COST AND RATE FORMS**

**Equipment and Facility Information**

**Equipment and Facility Information**

Proposer Name: Allied Waste Services - Santa Clara County

**San Jose : Alternative System**

North District

South District

<b>A. Method of Collection (e.g. manual, semi-automatic, fully automated, split body, etc.)</b>		
1. Proposed Service #1		
2. Proposed Service #2		
3. Proposed Service #3		
4. Proposed Service #4		
5. Commercial One Bin Service		Proposed one cart service. All material types, solid waste, recycling, and organics will be disposed into one container. Container and all of its contents will be processed at the
6. Proposed Service #6		
7. Proposed Service #7		
8. Commercial Roll Off Wet Materials		Comprehensive assessment of the condition of all commercial Roll Off debris/compactor containers will be conducted to determine immediate and ongoing replacement
9. Commercial Roll Off Dry Materials		Comprehensive assessment of the condition of all commercial Roll Off debris/compactor containers will be conducted to determine immediate and ongoing replacement
<b>B. Collection Vehicle Manufacturer , Model #, and Year (for each vehicle to be used in the City)</b>		
1. Proposed Service #1		
2. Proposed Service #2		
3. Proposed Service #3		
4. Proposed Service #4		
5. Commercial One Bin Service		Purchasing 18 new Commercial Front Load CNG powered vehicles. Placing orders March 2011 for delivery March 2012 - providing enough time to train drivers and mechanics.
6. Proposed Service #6		
7. Proposed Service #7		
8. Commercial Roll Off Wet Materials		Purchasing 10 new Roll Off CNG powered vehicles. Placing orders March 2011 for delivery March 2012 - providing enough time to train drivers and mechanics. 10 new CNG
9. Commercial Roll Off Dry Materials		Purchasing 10 new Roll Off CNG powered vehicles. Placing orders March 2011 for delivery March 2012 - providing enough time to train drivers and mechanics. 10 new CNG

**Equipment and Facility Information**

**Equipment and Facility Information**  
**Proposer Name: Allied Waste Services - Santa Clara County**

**San Jose : Alternative System**

<b>North District</b>	<b>X</b>
<b>South District</b>	<b>X</b>

**C. Container Manufacturer and Specifications (volume, dimensions, material composition, etc.)**

1. Proposed Service #1		
2. Proposed Service #2		
3. Proposed Service #3		
4. Proposed Service #4		
5. Commercial One Bin Service		An assessment of the condition of all commercial bins will be conducted to determine immediate and ongoing replacement needs, based on verification and determination of service
6. Proposed Service #6		
7. Proposed Service #7		
8. Commercial Roll Off Wet Materials		Comprehensive assessment of the condition of all Roll Off debris boxes and compactors will be conducted to determine immediate and ongoing replacement needs, based on
9. Commercial Roll Off Dry Materials		Comprehensive assessment of the condition of all Roll Off debris boxes and compactors will be conducted to determine immediate and ongoing replacement needs, based on

**D. Solid Waste Disposal Site**

1. Name of processing site and California SWIS list identification number		International Disposal Corporation (aka Newby Island Landfill). SWIS No. 43-AN-0003
2. Owner's name		International Disposal Corporation (aka Newby Island Landfill).
3. Operator's name		International Disposal Corporation (aka Newby Island Landfill).
4. Address of processing site		1601 Dixon Landing Road, Bldg 2, Milpitas, CA 95035
5. Hauling method (e.g. direct haul, transfer haul)		Direct Haul
6. Address of transfer location (if applicable)		Not Applicable - assumption is solid waste material and residual being disposed at Newby Landfill.
7. Address of location for residual disposal (if applicable)		Allied Waste Services - Newby Island Landfill, 1601 Dixon Landing Road, Bldg 1, Milpitas, CA 95035

**E. Recyclable Material Processing Site**

1. Name of processing site and California SWIS list identification number		Browning Ferris Industris Inc. (aka Newby Island Recyclery). SWIS No. 43-AN-0014
2. Owner's name		Browning Ferris Industris Inc. (aka Newby Island Recyclery).
3. Operator's name		Browning Ferris Industris Inc. (aka Newby Island Recyclery).
4. Address of processing site		1601 Dixon Landing Road, Bldg 2, Milpitas, CA 95035
5. Hauling method (e.g. direct haul, transfer haul)		Direct Haul
6. Address of transfer location (if applicable)		Not Applicable - assumption is solid waste material and residual being disposed at Newby Landfill.
7. Address of location for residual disposal (if applicable)		Allied Waste Services - Newby Island Landfill, 1601 Dixon Landing Road, Bldg 1, Milpitas, CA 95035

**Equipment and Facility Information**

**Equipment and Facility Information**

Proposer Name: Allied Waste Services - Santa Clara County

**San Jose : Alternative System**

<b>North District</b>	<b>X</b>
<b>South District</b>	<b>X</b>

<b>F. Other Processing Site (please specify)</b>		
1. Name of processing site and California SWIS list identification number		Not Applicable - assumption is solid waste material and residuals from recyclery being disposed at Newby Landfill. Recyclables and Organics being disposed at Newby Island
2. Owner's name		Not Applicable - assumption is solid waste material and residuals from recyclery being disposed at Newby Landfill. Recyclables and Organics being disposed at Newby Island
3. Operator's name		Not Applicable - assumption is solid waste material and residuals from recyclery being disposed at Newby Landfill. Recyclables and Organics being disposed at Newby Island
4. Address of processing site		Not Applicable - assumption is solid waste material and residuals from recyclery being disposed at Newby Landfill. Recyclables and Organics being disposed at Newby Island
5. Hauling method (e.g. direct haul, transfer haul)		Not Applicable - assumption is solid waste material and residuals from recyclery being disposed at Newby Landfill. Recyclables and Organics being disposed at Newby Island
6. Address of transfer location (if applicable)		Not Applicable - assumption is solid waste material and residuals from recyclery being disposed at Newby Landfill. Recyclables and Organics being disposed at Newby Island
7. Address of location for residual disposal (if applicable)		Not Applicable - assumption is solid waste material and residuals from recyclery being disposed at Newby Landfill. Recyclables and Organics being disposed at Newby Island
<b>G. Transfer Station For Organics (if applicable)</b>		
1. Name of processing site and California SWIS list identification number		Not Applicable - assumption is solid waste material and residuals from recyclery being disposed at Newby Landfill. Recyclables and Organics being disposed at Newby Island
2. Owner's name		Not Applicable - assumption is solid waste material and residuals from recyclery being disposed at Newby Landfill. Recyclables and Organics being disposed at Newby Island
3. Operator's name		Not Applicable - assumption is solid waste material and residuals from recyclery being disposed at Newby Landfill. Recyclables and Organics being disposed at Newby Island
4. Address of processing site		Not Applicable - assumption is solid waste material and residuals from recyclery being disposed at Newby Landfill. Recyclables and Organics being disposed at Newby Island
5. Hauling method (e.g. direct haul, transfer haul)		Not Applicable - assumption is solid waste material and residuals from recyclery being disposed at Newby Landfill. Recyclables and Organics being disposed at Newby Island
<b>H. Support Facilities</b>		
1. Address of collection vehicle parking, maintenance, washing, and route staff parking facilities		Allied Waste Services - Santa Clara County, 1601 Dixon Landing Road, Bldg 1, Milpitas, CA 95035
2. Address of administrative office		Allied Waste Services - Santa Clara County, 1601 Dixon Landing Road, Bldg 1, Milpitas, CA 95035
3. Address of billing office		Allied Waste Services - Santa Clara County, 1601 Dixon Landing Road, Bldg 1, Milpitas, CA 95035
4. Address of customer service office		Allied Waste Services - Santa Clara County, 1601 Dixon Landing Road, Bldg 1, Milpitas, CA 95035

Operating Statistics

Operating Statistics

Proposer Name: Allied Waste Services - Santa Clara County

San Jose : Alternative System

North District	X
South District	X

REPORT FOR 12-MONTH PERIOD From July 1, 2012 to June 30, 2013	(Form 6A)			FEL			Roll-Off			TOTAL	
	Proposed Service #1	Proposed Service #2	Proposed Service #3	Single-Stream	Proposed Service #5	Proposed Service #6	Single-Stream	Proposed Service #9	Proposed Service #9		
<b>Account Information</b>											
1 # of weekly accounts/customers				10,179			702			10,881	
<b>Labor Information</b>											
2 # of regular route personnel				32			17.25			49	
3 Average labor hours/day/person				10.29			9.30			10	
4 Total labor hours/year				85,613			41,699			127,312	
<b>Route Information</b>											
# of routes per											
5 Weekday				32			17.22			48.82	
6 Saturday				4			0.50			4.50	
7 Sunday											
# of personnel/route per (e.g., drivers, helpers)											
8 Weekday				32			17.25			49.25	
9 Saturday				0.50			0.50			1.00	
10 Sunday											
Average # of route hours/day/route per											
11 Weekday				10.29			9.30			10	
12 Saturday				5.15			4.66			5	
13 Sunday											
# of route hours/year per											
14 Weekday				84,543			41,638			126,180	
15 Saturday				1,070			61			1,131	
16 Sunday											
17 Total				85,613			41,699			127,312	
18 # of FTE routes (based on 8 hours/day)				41.16			20.05			61.21	
19 # of lifts/week for all routes				17,496						17,496.00	
20 # of lifts/year for all routes				909,792						909,792.00	
21 # of lifts/route hour				10.63						2.66	
22 # of pulls/week for all routes							464			464.00	
23 # of pulls/year for all routes							24,128			24,128.00	
24 # of pulls/route hour							0.58			0.12	
<b>Vehicle Information</b>											
25 # of regular collection vehicles (from Form 4)				32.00			17.00			49.00	
26 # of spare collection vehicles (from Form 4)				1.00			3.00			4.00	
27 Total # of collection vehicles				33.00			20.00			53.00	
28 # of annual gallons used in all collection vehicles				281,008			131,945			412,952	
<b>Tonnage Information</b>											
29 Single Stream Collected to NIRRP				120,876			51,825			172,701	% of Total
30 NIRRP Processed Tons to ZWED - AD Tier 2 reserved				36,732			15,742			52,474	67.1%
31 reserved											20.4%
32 ZWED Direct-AD Tier #1 - 0%-5% Contamination				2,257			967			3,224	1.3%
33 ZWED Direct-AD Tier #2 - 6%-10% Contamination				2,257			967			3,224	1.3%
34 ZWED Direct-AD Tier #3 - 11%-20% Contamination reserved				18,055			7,738			25,793	10.0%
35 reserved											
36 Total Collected				180,177			77,239			257,416	100.0%
37 Recyclables Processing Residue				54,053			23,172			77,225	30%
38 Organic Stream Residue (reserved)											
39 Organic Stream Residue (reserved)											
40 Organic Stream Residue (reserved)											
41 Organic Stream Residue (reserved)											
42 Organic Stream Residue (reserved)											
43 Total Residue				54,053			23,172			77,225	
44 Net Diverted (Line 36-Line 43-Line 29)				5,248			2,242			180,191	
										Projected Diversion Rate	70.0%

DRAFT--Contact the Office of the City Clerk at (408) 535-1260 or CityClerk@sanjoseca.gov for final document.

Operating Statistics

Operating Statistics

Proposer Name: Allied Waste Services - Santa Clara County

San Jose : Alternative System

North District	X
South District	X

Notes for Form 2:

- Line 1 - Should equal the number of customer serviced on a weekly basis
- Line 2 - Data to be input by proposer. Data should reflect the assumptions used for the basis of the costs proposed in Forms 6A - 6C.
- Line 3 - Identify number of hours per day each regular route employee will work each day (including breaks, pre- and post-route checks, etc.; excludes casual/pool personnel).
- Line 4 - Should equal Line 2 \* Line 3 \* 260 days
- Lines 5, 6, and 7 - Information is to be reported for collection routes only and does not include any support (e.g., container delivery routes, cleanup routes, missed pickup routes etc.)
- Line 8, 9, and 10 - Data to be input by proposer. Data should reflect the assumptions used for the basis of the costs proposed in Forms 6A - 6C.
- Lines 11, 12, and 13 - Identify the average number of hours per day each route will take to complete (including collection time and hauling time to transfer station, landfill, or processing site).
- Line 14 - Should equal Line 5 \* Line 11 \* 260 days
- Line 15 - Should equal Line 6 \* Line 12 \* 52 weeks
- Line 16 - Should equal Line 7 \* Line 13 \* 52 weeks
- Line 17 - Should equal Line 14 + Line 15 + Line 16
- Line 18 - Should equal Line 17 / 2,080 hours
- Line 19 - Data to be input by proposer. Data should reflect the assumptions used for the basis of the costs proposed in Forms 6A - 6C.
- Line 20 - Data to be input by proposer and should equal Line 19 \* 52 weeks. Data should reflect the assumptions used for the basis of the costs proposed in Forms 6A - 6C.
- Line 21 - Should equal Line 20 / Line 17
- Line 22 - Data to be input by proposer. Data should reflect the assumptions used for the basis of the costs proposed in Forms 6A - 6C.
- Line 23 - Data should equal Line 22 \* 52 weeks. Data should reflect the assumptions used for the basis of the costs proposed in Forms 6A - 6C.
- Line 24 - Should equal Line 23 / Line 17
- Line 25 - No input needed by proposer, data linked to Form 4 - Capital. Data should reflect the assumptions used for the basis of the costs proposed in Forms 6A - 6C.
- Line 26 - No input needed by proposer, data linked to Form 4 - Capital. Data should reflect the assumptions used for the basis of the costs proposed in Forms 6A - 6C.
- Line 27 - Should equal Line 25 + Line 26
- Line 28 - Data to be input by proposer. Data should reflect the assumptions used for the basis of the costs proposed in Forms 6A - 6C.
- Line 29 - Data to be input by proposer. Data should reflect the assumptions used for the basis of the costs proposed in Forms 6A - 6C.
- Line 30 - Data to be input by proposer. Data should reflect the assumptions used for the basis of the costs proposed in Forms 6A - 6C.
- Line 31 - Data to be input by proposer. Data should reflect the assumptions used for the basis of the costs proposed in Forms 6A - 6C.
- Line 32 - Data to be input by proposer. Data should reflect the assumptions used for the basis of the costs proposed in Forms 6A - 6C.
- Line 33 - Data to be input by proposer. Data should reflect the assumptions used for the basis of the costs proposed in Forms 6A - 6C.
- Line 34 - Data to be input by proposer. Data should reflect the assumptions used for the basis of the costs proposed in Forms 6A - 6C.
- Line 35 - Data to be input by proposer. Data should reflect the assumptions used for the basis of the costs proposed in Forms 6A - 6C.
- Line 36 - Should equal the sum of Line 29 through 35
- Line 37 - Data to be input by proposer. Data should reflect the assumptions used for the basis of the costs proposed in Forms 6A - 6C.
- Line 38 - Data to be input by proposer. Data should reflect the assumptions used for the basis of the costs proposed in Forms 6A - 6C.
- Line 39 - Data to be input by proposer. Data should reflect the assumptions used for the basis of the costs proposed in Forms 6A - 6C.
- Line 40 - Data to be input by proposer. Data should reflect the assumptions used for the basis of the costs proposed in Forms 6A - 6C.
- Line 41 - Data to be input by proposer. Data should reflect the assumptions used for the basis of the costs proposed in Forms 6A - 6C.
- Line 42 - Data to be input by proposer. Data should reflect the assumptions used for the basis of the costs proposed in Forms 6A - 6C.
- Line 43 - Should equal the sum of Lines 37 through 42
- Line 44 - Should equal Lines 36 - Line 43 - Line 29

Pulls = pull and return etc.

Full Time Eq

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**Labor Requirements**

**Proposed Labor Requirements**  
**Proposer Name: Allied Waste Services - Santa Clara County**

**San Jose : Alternative System**

North District	X
South District	X

2010 Hrly rate

**\$34.60**

Route Personnel Headcount (include fraction of employee)	Drivers			Helpers			Weighted Avg. Hourly Wage Rate <sup>2</sup>	Weighted Avg. Hourly Benefit Rate <sup>2</sup>
	Proposed FTE	Hourly Wage Rate	Hourly Benefit Rate <sup>1</sup>	Proposed FTE	Hourly Wage Rate	Hourly Benefit Rate <sup>1</sup>		
Proposed Service #1								
Proposed Service #2								
Proposed Service #3								
FEL: Single Stream	32	\$34.60	\$17.65				\$34.60	\$17.65
Proposed Service #5								
Proposed Service #6								
Roll-Off: Single Stream	17.25	\$34.60	\$17.65				\$34.60	\$17.65
Proposed Service #8								
Proposed Service #9								
Casual/Pool Personnel								
<b>Subtotal Route Personnel</b>	<b>49.25</b>							
<b>Other Personnel Headcount</b> (include fraction of employee)	Indicate below the Form # and Category where employee wages and benefits are allocated (i.e. # 6D - Container Maintenance). Also indicate if part of Corporate Overhead charge.						<b># of Employees</b>	
Chief Executive Officer/Chief Financial Officer								
General Manager	6D- General & Adminstaration						0.6	
Operations Manager	6D- General & Adminstaration						1.2	
Route Supervisor	6D- General & Adminstaration						2	
Dispatcher	6D- General & Adminstaration						2	
Container Distribution								
Maintenance Supervisor	6D - Vehicle Maintenance						0.6	
Shop Foreman								
Maintenance Mechanic	6D - Vehicle Maintenance						7	
Yard Personnel / Container Maintenance / Welder	6D - Container Maintenance						3	
Controller	6D- General & Adminstaration						0.5	
Accounting Clerks/Staff Accountants	6D- General & Adminstaration						3.5	
Customer Service Supervisor	6G - Customer Service Billing Labor						0.5	
Customer Service Representatives	6G - Customer Service Billing Labor						4	
Recycling Facility Manager								
Recycling Facility Personnel								
Public Education Manager/Community Relations Manager	6D- General & Adminstaration						0.5	
Outreach & Technical Assistance Field Staff (minimum 2 FTE)	6D- General & Adminstaration						4	
Other (specify): ADC	6D- General & Adminstaration						1	
Other (specify): Ops Clerk	6D- General & Adminstaration						1	
Other (specify): _____								
Other (specify): _____								
Other (specify): _____								
Other (specify): _____								
Other (specify): _____								
Other (specify): _____								
Other (specify): _____								
Other (specify): _____								
<b>Subtotal Other Personnel</b>							<b>31.4</b>	
	<b>Total ALL Personnel</b>						<b>80.65</b>	

<sup>1</sup> Hourly benefit rate should include only those benefit expenses provided through the current collective bargaining agreement (i.e., health and welfare, pension, retirement security plan, etc.). Expenses quoted as monthly or annual basis shall be converted to an hourly rate assuming by dividing the annual cost by 2,080 hours.

<sup>2</sup> Weighted average hourly wage/benefit rates = [ (Proposed FTE Drivers x Hourly Rate) + (Proposed FTE Helpers x Hourly Rate) ] / (Proposed FTE Drivers + Proposed FTE Helpers)

No

**DRAFT--Contact the Office of the City Clerk at (408) 535-1260 or CityClerk@sanjoseca.gov for final document.**

**Capital Requirements**

**Capital Requirements**  
**Proposer Name: Allied Waste Services - Santa**

**San Jose : Alternative System**

North District	X
South District	X

Collection Vehicles	Quantity									Proposed Cost During Contract Term (in 2010 \$)
	New			Used			Total			
	Actual	Spare	Total	Actual	Spare	Total	Actual	Spare	Total	
Proposed Service #1										
Proposed Service #2										
Proposed Service #3										
Single Stream - Commercial Trucks	32	1	33				32	1	33	\$ 9,570,000
Proposed Service #5										
Proposed Service #6										
Single Stream - Rolloff Trucks	17	3	20				17	3	20	\$ 5,200,000
Proposed Service #8										
Proposed Service #9										
<b>Subtotal</b>	49	4	53				49	4	53	\$ 14,770,000
<b>Other Vehicles</b>										
Pickup Trucks	1	1	2	2	2	4	3	3	6	\$ 282,826
Container Distribution	1	1	2	1	1	2	2	2	4	\$ 308,350
Mobile Service Truck	1	1	2	1	1	2	2	2	4	\$ 317,888
Other (specify): _____										
Other (specify): _____										
<b>Subtotal</b>	3	3	6	4	4	8	7	7	14	\$ 909,064
<b>Total Vehicle Cost \$</b>										<b>15,679,064</b>
<b>Containers</b>										
Commercial cart service										
32-gallon (or similar size)										
64-gallon (or similar size)	400	100	500				400	100	500	\$ 37,500
96-gallon (or similar size)										
<b>Subtotal</b>	400	100	500				400	100	500	\$ 37,500
Commercial bin service										
1 cubic yard										
2 cubic yards	604	630	1234	298		298	902	630	1532	\$ 573,094
3 cubic yards	1384	1104	2488	682		682	2066	1104	3170	\$ 1,420,160
4 cubic yards	2534	1500	4034	1250		1250	3784	1500	5284	\$ 2,594,444
5 cubic yards										
6 cubic yards	1514	704	2218	746		746	2260	704	2964	\$ 2,000,700
8 cubic yard	522	468	990	512		512	1034	468	1502	\$ 1,486,022
<b>Subtotal</b>	6558	4406	10964	3488		3488	10046	4406	14452	\$ 8,074,420
Commercial roll off service										
10 cubic yards										
15 cubic yards	58	16	74	118		118	176	16	192	\$ 229,400
20 cubic yards	12	4	16	16		16	28	4	32	\$ 52,800
25 cubic yards	88	28	116	168		168	256	28	284	\$ 394,400
30 cubic yards	82	26	108	158		158	240	26	266	\$ 442,800
40 cubic yards	6	8	14	30		30	36	8	44	\$ 50,400
Replacement Containers	94		94				94		94	\$ 5,453,916
Other (specify): _____										
<b>Subtotal</b>	340	82	422	490		490	830	82	912	\$ 6,623,716
<b>Total Container Cost \$</b>										<b>14,735,636</b>
<b>Other</b>	<b>Description (i.e., location, rent/own, potential site, purchase in process, etc.; please provide as much information known at the time of proposal)</b>									<b>Proposed Cost During Contract Term (in 2010 \$)</b>
Offices										
Processing Site(s)										
Transfer Station										
Corporation Yard/Maintenance										
Container Storage Yard										
Shop Equipment										
Fueling Equipment	CNG Fueling Station									\$ 2,450,000
Computer and Office Equipment										
Other (specify): _____	Paving/infrastructure for additional trucks parking (from CNG Fuel)									\$ 550,000
Other (specify): _____										
<b>Total Other Cost \$</b>										<b>3,000,000</b>
<b>Total Cost</b>										<b>\$ 33,414,700</b>

Revenue Requirement

Summary of Franchisee Revenue Requirement

Proposer Name: Allied Waste Services - Santa Clara County

San Jose : Alternative System

North District	X
South District	X

Proposed Year One Cost (in 2010 \$)	(Form 6A)			FEL			Roll-Off			TOTAL (if applicable)
	Proposed Service #1	Proposed Service #2	Proposed Service #3	Single Stream	Proposed Service #5	Proposed Service #6	Single Stream	Proposed Service #8	Proposed Service #9	
<b>Annual Cost of Operations</b>										
Labor-Related Costs	\$0	\$0	\$0	\$5,048,487	\$0	\$0	\$2,471,000	\$0	\$0	\$7,519,487
Vehicle-Related Costs	\$0	\$0	\$0	\$1,349,597	\$0	\$0	\$664,050	\$0	\$0	\$2,013,647
Fuel Costs	\$0	\$0	\$0	\$702,519	\$0	\$0	\$329,862	\$0	\$0	\$1,032,381
Net Processing Costs (Recyclables)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transfer and Transport Costs (if applicable)	\$0	\$0	\$0	\$253,763	\$0	\$0	\$108,753	\$0	\$0	\$362,516
Organics Pre-Processing Costs (if applicable)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Costs	\$0	\$0	\$0	\$345,329	\$0	\$0	\$191,851	\$0	\$0	\$537,180
Direct Depreciation	\$0	\$0	\$0	\$1,496,950	\$0	\$0	\$406,380	\$0	\$0	\$1,903,330
G&A Costs - Labor, Vehicle, Fuel & Other	\$0	\$0	\$0	\$2,626,916	\$0	\$0	\$1,416,072	\$0	\$0	\$4,042,988
G&A Costs - Depreciation & Start-Up	\$0	\$0	\$0	\$106,715	\$0	\$0	\$7,419	\$0	\$0	\$114,133
Vehicle Maintenance Costs - Labor, Vehicle, Fuel & Other	\$0	\$0	\$0	\$532,558	\$0	\$0	\$287,082	\$0	\$0	\$819,639
Vehicle Maintenance Costs - Depreciation & Start-Up	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Container Maintenance Costs - Labor, Vehicle, Fuel & Other	\$0	\$0	\$0	\$726,215	\$0	\$0	\$391,476	\$0	\$0	\$1,117,691
Container Maintenance Costs - Depreciation & Start-Up	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Annual Cost of Operations</b>	\$0	\$0	\$0	\$13,189,049	\$0	\$0	\$6,273,945	\$0	\$0	\$19,462,993
<b>Profit</b>	\$0	\$0	\$0	\$2,274,720	\$0	\$0	\$1,082,070	\$0	\$0	\$3,356,790
<b>Pass-Through Costs</b>										
Interest Expense	\$0	\$0	\$0	\$1,150,915	\$0	\$0	\$799,423	\$0	\$0	\$1,950,338
Direct Lease Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
G&A Lease Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Vehicle Maintenance Lease Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Container Maintenance Lease Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Pass-Through Costs</b>	\$0	\$0	\$0	\$1,150,915	\$0	\$0	\$799,423	\$0	\$0	\$1,950,338
<b>Franchisee Revenue Requirement before Disposal Costs, Organics Processing Costs and City Fees</b>	\$0	\$0	\$0	\$16,614,684	\$0	\$0	\$8,155,437	\$0	\$0	\$24,770,122
<b>Disposal Costs</b>	\$0	\$0	\$0	\$4,616,291	\$0	\$0	\$1,979,017	\$0	\$0	\$6,595,308
<b>Organics Processing Costs</b>	\$0	\$0	\$0	\$4,198,271	\$0	\$0	\$1,799,210	\$0	\$0	\$5,997,481
<b>City Fees*</b>	\$0	\$0	\$0	\$11,979,880	\$0	\$0	\$3,220,120	0	0	\$15,200,000
<b>Total Franchisee Revenue Requirement</b>	\$0	\$0	\$0	\$37,409,127	\$0	\$0	\$15,153,784	\$0	\$0	\$52,562,911

Note: Detailed cost information is to be provided on Forms 6A through 6C; therefore, the amounts shown on this Form 5 must tie to amounts on Forms 6A through 6C.

(0)

Detailed Collection Cost Proposal Information

Proposer Name: Allied Waste Services - Santa Clara County

San Jose : Alternative System

North District	X
South District	X

	Proposed Year One Cost (in 2010 \$)			Total (if applicable)
	Proposed Service #1	Proposed Service #2	Proposed Service #3	
<b>Labor-Related Costs (include regular &amp; pool personnel)</b>				
Regular Wages				\$0
Overtime Wages				\$0
Holiday Wages				\$0
Vacation Wages				\$0
Sick Leave Wages				\$0
Workers Compensation Insurance Premiums				\$0
Workers Compensation Claims				\$0
Health & Welfare				\$0
Pension/ Retirement Benefits				\$0
Payroll Taxes				\$0
Other (Please List)				\$0
<b>Total Labor Related-Costs</b>	\$0	\$0	\$0	\$0
<b>Vehicle-Related Costs (do not include depreciation)</b>				
Tires & Tubes				\$0
Parts & Supplies (fluid, oil, etc.)				\$0
Taxes & Licenses				\$0
Other (Please List)				\$0
<b>Total Vehicle-Related Costs</b>	\$0	\$0	\$0	\$0
<b>Fuel Costs</b>	Assumed \$ per Gallon <input type="text"/>			
	\$0	\$0	\$0	\$0
<b>Net Processing (or net Revenues) Costs</b>				
Net Processing Costs (or net Revenues) for _____ (specify)				\$0
Net Processing Costs (or net Revenues) for _____ (specify)				\$0
<b>Total Net Processing Costs</b>	\$0	\$0	\$0	\$0
<b>Transfer and Transport Costs (if applicable)</b>	<input type="text"/>	<input type="text"/>	<input type="text"/>	\$0
<b>Organics Pre-Processing Costs (if applicable)</b>	<input type="text"/>	<input type="text"/>	<input type="text"/>	\$0
<b>Other Costs</b>				
Liability & Property Damage Insurance				\$0
Equipment Insurance				\$0
Training & Safety Programs				\$0
Uniforms				\$0
Other (Please List)				\$0
<b>Total Other Costs</b>	\$0	\$0	\$0	\$0
<b>Direct Depreciation</b>				
Container Depreciation				\$0
Route Vehicle Depreciation				\$0
Other Depreciation				\$0
<b>Total Direct Depreciation</b>	\$0	\$0	\$0	\$0
<b>Allocated Costs - Labor, Vehicle, Fuel &amp; Other Costs</b>				
From General and Administrative (6D)	\$0	\$0	\$0	\$0
From Vehicle Maintenance (6D)	\$0	\$0	\$0	\$0
From Container Maintenance (6D)	\$0	\$0	\$0	\$0
<b>Total Allocated Costs - Labor, Vehicle, Fuel &amp; Other Costs</b>	\$0	\$0	\$0	\$0

**Detailed Collection Cost Proposal Information**

**Proposer Name: Allied Waste Services - Santa Clara County**

**San Jose : Alternative System**

North District	X
South District	X

		Proposed Year One Cost (in 2010 \$)			
		Proposed Service #1	Proposed Service #2	Proposed Service #3	Total (if applicable)
<b>Allocated Costs - Depreciation and Start-Up Costs</b>					
From General and Administrative (6D)		\$0	\$0	\$0	\$0
From Vehicle Maintenance (6D)		\$0	\$0	\$0	\$0
From Container Maintenance (6D)		\$0	\$0	\$0	\$0
<b>Total Allocated Costs - Depreciation and Start-Up Costs</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Annual Cost of Operations</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Profit (Enter % Operating Ratio; i.e. 95%):	<input type="text" value=""/>	\$0	\$0	\$0	\$0
<b>Pass-Through Costs</b>					
Interest Expense					\$0
<b>Direct Lease Costs</b>					
Route Vehicles					\$0
Other (Please List)					\$0
<b>Total Direct Lease Costs</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Allocated Lease Costs</b>					
From General and Administrative (6D)		\$0	\$0	\$0	\$0
From Vehicle Maintenance (6D)		\$0	\$0	\$0	\$0
From Container Maintenance (6D)		\$0	\$0	\$0	\$0
<b>Total Allocated Lease Costs</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Pass-Through Costs</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Franchisee Revenue Requirement before Disposal Costs, Organics Processing Costs and City Fees</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Disposal Cost	/ton	\$0	\$0	\$0	\$0
<b>Organics Processing Costs</b>					
Organics Processing (Reserved)	/ton	\$0	\$0	\$0	\$0
Organics Processing (Reserved)	/ton	\$0	\$0	\$0	\$0
Organics Processing (Reserved)	/ton	\$0	\$0	\$0	\$0
Organics Processing (Reserved)	/ton	\$0	\$0	\$0	\$0
<b>Total Organics Processing Costs</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Franchisee Revenue Requirement</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Form 6B - Front-End Load (FEL) Service

Detailed Collection Cost Proposal Information

Proposer Name: Allied Waste Services - Santa Clara County

San Jose : Alternative System

North District	X
South District	X

(Includes compactor serviced by front-end loading vehicles)

	Proposed Year One Cost (in 2010 \$)			Total (if applicable)
	Single Stream	Proposed Service #4	Proposed Service #5	
<b>Labor-Related Costs (include regular &amp; pool personnel)</b>				
Regular Wages	\$2,963,284			\$2,963,284
Overtime Wages	\$330,025			\$330,025
Holiday Wages	\$119,577			\$119,577
Vacation Wages	\$199,296			\$199,296
Sick Leave Wages	\$119,577			\$119,577
Workers Compensation Insurance Premiums	\$125,146			\$125,146
Workers Compensation Claims	\$84,967			\$84,967
Health & Welfare	\$566,292			\$566,292
Pension/ Retirement Benefits	\$282,624			\$282,624
Payroll Taxes	\$257,698			\$257,698
Other (Please List)				\$0
<b>Total Labor Related-Costs</b>	<b>\$5,048,487</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,048,487</b>
<b>Vehicle-Related Costs (do not include depreciation)</b>				
Tires & Tubes				\$0
Parts & Supplies (fluid, oil, etc.)	\$1,113,251			\$1,113,251
Taxes & Licenses	\$236,346			\$236,346
Other (Please List)				\$0
<b>Total Vehicle-Related Costs</b>	<b>\$1,349,597</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,349,597</b>
<b>Fuel Costs</b>	<b>Assumed \$ per Gallon \$ 2.50</b>			
	\$702,519	\$0	\$0	\$702,519
<b>Net Processing (or net Revenues) Costs</b>				
Net Processing Costs (or net Revenues) for _____ (specify)				\$0
Net Processing Costs (or net Revenues) for _____ (specify)				\$0
<b>Total Net Processing Costs</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Transfer and Transport Costs (if applicable)</b>	<b>\$6.91</b>	<b>\$253,763</b>	<b>\$0</b>	<b>\$253,763</b>
<b>Organics Pre-Processing Costs (if applicable)</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Other Costs</b>				
Liability & Property Damage Insurance	\$79,039			\$79,039
Equipment Insurance	\$202,290			\$202,290
Training & Safety Programs	\$32,000			\$32,000
Uniforms	\$32,000			\$32,000
Other (Please List)	\$0			\$0
<b>Total Other Costs</b>	<b>\$345,329</b>	<b>\$0</b>	<b>\$0</b>	<b>\$345,329</b>
<b>Direct Depreciation</b>				
Container Depreciation	\$617,230			\$617,230
Route Vehicle Depreciation	\$638,000			\$638,000
Other Depreciation	\$241,720			\$241,720
<b>Total Direct Depreciation</b>	<b>\$1,496,950</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,496,950</b>
<b>Allocated Costs - Labor, Vehicle, Fuel &amp; Other Costs</b>				
From General and Administrative (6D)	\$2,626,916	\$0	\$0	\$2,626,916
From Vehicle Maintenance (6D)	\$532,558	\$0	\$0	\$532,558
From Container Maintenance (6D)	\$726,215	\$0	\$0	\$726,215
<b>Total Allocated Costs - Labor, Vehicle, Fuel &amp; Other Costs</b>	<b>\$3,885,689</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,885,689</b>

Form 6B - Front-End Load (FEL) Service

Detailed Collection Cost Proposal Information

Proposer Name: Allied Waste Services - Santa Clara County

San Jose : Alternative System

North District	X
South District	X

(Includes compactor serviced by front-end loading vehicles)

		Proposed Year One Cost (in 2010 \$)			
		Single Stream	Proposed Service #4	Proposed Service #5	Total (if applicable)
<b>Allocated Costs - Depreciation and Start-Up Costs</b>					
From General and Administrative (6D)		\$106,715	\$0	\$0	\$106,715
From Vehicle Maintenance (6D)		\$0	\$0	\$0	\$0
From Container Maintenance (6D)		\$0	\$0	\$0	\$0
Total Allocated Costs - Depreciation and Start-Up Costs		\$106,715	\$0	\$0	\$106,715
Total Annual Cost of Operations		\$13,189,049	\$0	\$0	\$13,189,049
Profit (Enter % Operating Ratio; i.e. 95%):	85.29 %	\$2,274,720	\$0	\$0	\$2,274,720
<b>Pass-Through Costs</b>					
Interest Expense		\$1,150,915			\$1,150,915
<b>Direct Lease Costs</b>					
Route Vehicles		\$0			\$0
Other (Please List)		\$0			\$0
Total Direct Lease Costs		\$0	\$0	\$0	\$0
<b>Allocated Lease Costs</b>					
From General and Administrative (6D)		\$0	\$0	\$0	\$0
From Vehicle Maintenance (6D)		\$0	\$0	\$0	\$0
From Container Maintenance (6D)		\$0	\$0	\$0	\$0
Total Allocated Lease Costs		\$0	\$0	\$0	\$0
Total Pass-Through Costs		\$1,150,915	\$0	\$0	\$1,150,915
Franchisee Revenue Requirement before Disposal Costs, Organics Processing Costs and City Fees		\$16,614,684	\$0	\$0	\$16,614,684
NIRRP Processing Costs		\$29.29 /ton	\$4,616,291	\$0	\$4,616,291
<b>ZWED Organics Processing Costs/Residue Disposal</b>					
AD Tier #1 - 0%-5% Contamination		\$ 66.65 /ton	\$150,429	\$0	\$150,429
AD Tier #2 - 6%-10% Contamination		\$ 70.96 /ton	\$2,766,659	\$0	\$2,766,659
AD Tier #3 - 11%-20% Contamination		\$ 70.96 /ton	\$1,281,183	\$0	\$1,281,183
ZWED Residue Disposal		\$ - /ton	\$0	\$0	\$0
Total Organics Processing Costs			\$4,198,271	\$0	\$4,198,271
<b>Total Franchisee Revenue Requirement</b>			\$25,429,247	\$0	\$25,429,247

Form 6C Roll-Off Service

Detailed Collection Cost Proposal Information

Proposer Name: Allied Waste Services - Santa Clara County

San Jose : Alternative System

North District	X
South District	X

(Includes compactors serviced by roll-off vehicles)

	Proposed Year One Cost (in 2010 \$)			Total (if applicable)
	Single Stream	Proposed Service #8	Proposed Service #9	
<b>Labor-Related Costs (include regular &amp; pool personnel)</b>				
Regular Wages	\$1,450,989			\$1,450,989
Overtime Wages	\$101,132			\$101,132
Holiday Wages	\$64,833			\$64,833
Vacation Wages	\$108,056			\$108,056
Sick Leave Wages	\$64,833			\$64,833
Workers Compensation Insurance Premiums	\$58,981			\$58,981
Workers Compensation Claims	\$40,045			\$40,045
Health & Welfare	\$307,037			\$307,037
Pension/ Retirement Benefits	\$153,235			\$153,235
Payroll Taxes	\$121,860			\$121,860
Other (Please List)				\$0
<b>Total Labor Related-Costs</b>	<b>\$2,471,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,471,000</b>
<b>Vehicle-Related Costs (do not include depreciation)</b>				
Tires & Tubes				\$0
Parts & Supplies (fluid, oil, etc.)	\$526,810			\$526,810
Taxes & Licenses	\$137,240			\$137,240
Other (Please List)				\$0
<b>Total Vehicle-Related Costs</b>	<b>\$664,050</b>	<b>\$0</b>	<b>\$0</b>	<b>\$664,050</b>
<b>Fuel Costs</b>	Assumed \$ per Gallon <b>\$ 2.50</b>			
	\$329,862	\$0	\$0	\$329,862
<b>Net Processing (or net Revenues) Costs</b>				
Net Processing Costs (or net Revenues) for _____ (specify)				\$0
Net Processing Costs (or net Revenues) for _____ (specify)				\$0
<b>Total Net Processing Costs</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Transfer and Transport Costs (if applicable)</b>	<b>\$6.91</b>	<b>\$108,753</b>		<b>\$108,753</b>
<b>Organics Pre-Processing Costs (if applicable)</b>		<b>\$0</b>		<b>\$0</b>
<b>Other Costs</b>				
Liability & Property Damage Insurance	\$37,251			\$37,251
Equipment Insurance	\$122,600			\$122,600
Training & Safety Programs	\$16,000			\$16,000
Uniforms	\$16,000			\$16,000
Other (Please List)				\$0
<b>Total Other Costs</b>	<b>\$191,851</b>	<b>\$0</b>	<b>\$0</b>	<b>\$191,851</b>
<b>Direct Depreciation</b>				
Container Depreciation	\$42,909			\$42,909
Route Vehicle Depreciation	\$346,667			\$346,667
Other Depreciation	\$16,804			\$16,804
<b>Total Direct Depreciation</b>	<b>\$406,380</b>	<b>\$0</b>	<b>\$0</b>	<b>\$406,380</b>
<b>Allocated Costs - Labor, Vehicle, Fuel &amp; Other Costs</b>				
From General and Administrative (6D)	\$1,416,072	\$0	\$0	\$1,416,072
From Vehicle Maintenance (6D)	\$287,082	\$0	\$0	\$287,082
From Container Maintenance (6D)	\$391,476	\$0	\$0	\$391,476
<b>Total Allocated Costs - Labor, Vehicle, Fuel &amp; Other Costs</b>	<b>\$2,094,629</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,094,629</b>

Form 6C Roll-Off Service

Detailed Collection Cost Proposal Information

Proposer Name: Allied Waste Services - Santa Clara County

San Jose : Alternative System

North District	X
South District	X

(Includes compactors serviced by roll-off vehicles)

		Proposed Year One Cost (in 2010 \$)			
		Single Stream	Proposed Service #8	Proposed Service #9	Total (if applicable)
<b>Allocated Costs - Depreciation and Start-Up Costs</b>					
From General and Administrative (6D)		\$7,419	\$0	\$0	\$7,419
From Vehicle Maintenance (6D)		\$0	\$0	\$0	\$0
From Container Maintenance (6D)		\$0	\$0	\$0	\$0
<b>Total Allocated Costs - Depreciation and Start-Up Costs</b>		<b>\$7,419</b>	<b>\$0</b>	<b>\$0</b>	<b>\$7,419</b>
<b>Total Annual Cost of Operations</b>		<b>\$6,273,945</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,273,945</b>
Profit (Enter % Operating Ratio; i.e. 95%):	85.29 %	\$1,082,070	\$0	\$0	\$1,082,070
<b>Pass-Through Costs</b>					
Interest Expense		\$799,423			\$799,423
<b>Direct Lease Costs</b>					
Route Vehicles					\$0
Other (Please List)					\$0
<b>Total Direct Lease Costs</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Allocated Lease Costs</b>					
From General and Administrative (6D)		\$0	\$0	\$0	\$0
From Vehicle Maintenance (6D)		\$0	\$0	\$0	\$0
From Container Maintenance (6D)		\$0	\$0	\$0	\$0
<b>Total Allocated Lease Costs</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Pass-Through Costs</b>		<b>\$799,423</b>	<b>\$0</b>	<b>\$0</b>	<b>\$799,423</b>
<b>Franchisee Revenue Requirement before Disposal Costs, Organics Processing Costs and City Fees</b>		<b>\$8,155,437</b>	<b>\$0</b>	<b>\$0</b>	<b>\$8,155,437</b>
NIRRP Processing Costs	\$29.29 /ton	\$1,979,017	\$0	\$0	\$1,979,017
<b>ZWED Organics Processing Costs</b>					
AD Tier #1 - 0%-5% Contamination	\$ 66.65 /ton	\$64,451	\$0	\$0	\$64,451
AD Tier #2 - 6%-10% Contamination	\$ 70.96 /ton	\$1,185,671	\$0	\$0	\$1,185,671
AD Tier #3 - 11%-20% Contamination	\$ 70.96 /ton	\$549,088	\$0	\$0	\$549,088
Organics Processing (Reserved)		\$0	\$0	\$0	\$0
<b>Total Organics Processing Costs</b>		<b>\$1,799,210</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,799,210</b>
<b>Total Franchisee Revenue Requirement</b>		<b>\$11,933,664</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,933,664</b>

Form 6D - Allocated Costs

Detailed Collection Cost Proposal Information

Proposer Name: Allied Waste Services - Santa Clara County

San Jose : Alternative System

North District	X
South District	X

PROPOSED ALLOCATED COST

		Proposed Year One Cost (in 2010 \$)		
		GENERAL AND ADMINISTRATIVE	VEHICLE MAINTENANCE	CONTAINER MAINTENANCE
<b>Labor-Related Costs (include regular &amp; pool personnel)</b>				
Regular Wages	973,062	\$973,062	\$365,233	\$310,960
Overtime Wages	-	\$0	\$33,460	\$58,082
Holiday Wages	20,284	\$20,284	\$18,684	\$18,684
Vacation Wages	53,202	\$53,202	\$34,876	\$31,140
Sick Leave Wages	43,313	\$43,313	\$18,684	\$18,684
Workers Compensation Insurance Premiums	36,976	\$36,976	\$15,150	\$14,024
Workers Compensation Claims	25,105	\$25,105	\$10,286	\$9,521
Pension/ Retirement Benefits	44,335	\$44,335	\$48,960	\$47,160
Payroll Taxes	74,439	\$74,439	\$30,484	\$26,348
Other (Please List) Health & Welfare & MIP	348,306	\$348,306	\$105,613	\$88,483
<b>Total Labor Related-Costs</b>		<b>\$1,619,022</b>	<b>\$681,429</b>	<b>\$623,085</b>
<b>Vehicle-Related Costs</b>				
Tires & Tubes (included with Parts)		\$0	\$0	\$0
Parts		\$2,832	\$2,832	\$8,472
Parts & Supplies (fluid, oil, etc.)		\$0	\$0	\$426,110
Other (Please list)		\$2,906	\$2,440	\$2,864
<b>Total Vehicle-Related Costs</b>		<b>\$5,738</b>	<b>\$5,272</b>	<b>\$437,446</b>
Fuel Costs	Assumed \$ per Gallon	\$ 2.50	\$8,808	\$6,624
<b>Other Costs</b>				
Liability & Property Damage Insurance		\$36,780	\$24,520	\$24,520
Equipment Insurance		\$0		
Rent		\$170,048	\$66,794	
Utilities		\$17,900		
Telephone		\$33,675		
Non-vehicle Related Supplies		\$220,053		
Non-vehicle Related Taxes & Licenses		\$91,704		
Training & Safety Programs		\$32,064	\$35,000	\$15,000
Continuing Public Education & Outreach	from Form 6F	\$150,000	n/a	n/a
Customer Service and Billing	from Form 6G	\$514,656	n/a	n/a
Uniforms		\$57,600		
Performance Bond		\$9,500	n/a	n/a
Corporate Overhead Charge (Please List)		\$624,000	n/a	n/a
Bad Debt (not to exceed 0.5%)		\$267,111	n/a	n/a
Other (Please List) T& E, professional fees, Repairs of facility & Equipm		\$184,329		
<b>Total Other Costs</b>		<b>\$2,409,420</b>	<b>\$126,314</b>	<b>\$39,520</b>
<b>Total Labor, Vehicle, Fuel, and Other Costs</b>		<b>\$4,042,988</b>	<b>\$819,639</b>	<b>\$1,117,691</b>
<b>Depreciation (non-route specific) and Start-Up Costs</b>				
Vehicle Depreciation				
Other Depreciation				
Start-up Costs (from Form 6E)	from Form 6E	\$114,133	n/a	n/a
<b>Total Depreciation and Start-Up Costs</b>		<b>\$114,133</b>	<b>\$0</b>	<b>\$0</b>
<b>Lease Costs</b>				
Facility Costs (Please List)				
Lease Costs (Please List)				
<b>Total Lease Costs</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Costs to be Allocated</b>		<b>\$4,157,122</b>	<b>\$819,639</b>	<b>\$1,117,691</b>

Form 6D - Allocated Costs

Detailed Collection Cost Proposal Information

Proposer Name: Allied Waste Services - Santa Clara County

San Jose : Alternative System

North District	X
South District	X

PROPOSED ALLOCATED COST

	Proposed Year One Cost (in 2010 \$)			Veh Alloc Percentage	Cont Alloc Percentage
	GENERAL AND ADMINISTRATIVE	VEHICLE MAINTENANCE	CONTAINER MAINTENANCE		
<b>Labor, Vehicle, Fuel, &amp; Other Costs Allocated Out</b>	<b>G&amp;A Alloc Percentage</b>				
To Proposed Service #1 (6A)	0.00%	\$0	\$0	0.00%	0.00%
To Proposed Service #2 (6A)	0.00%	\$0	\$0	0.00%	0.00%
To Proposed Service #3 (6A)	0.00%	\$0	\$0	0.00%	0.00%
To Proposed Service #4 (6B)	64.97%	\$2,626,916	\$532,558	64.97%	64.97%
To Proposed Service #5 (6B)	0.00%	\$0	\$0	0.00%	0.00%
To Proposed Service #6 (6B)	0.00%	\$0	\$0	0.00%	0.00%
To Proposed Service #7 (6C)	35.03%	\$1,416,072	\$287,082	35.03%	35.03%
To Proposed Service #8 (6C)	0.00%	\$0	\$0	0.00%	0.00%
To Proposed Service #9 (6C)	0.00%	\$0	\$0	0.00%	0.00%
<b>Total Labor, Vehicle, Fuel &amp; Other Costs Allocated Out</b>	<b>100.00%</b>	<b>\$4,042,988</b>	<b>\$819,639</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Depreciation and Start-Up Costs Allocated Out</b>					
To Proposed Service #1 (6A)	0.00%	\$0	\$0	0.00%	0.00%
To Proposed Service #2 (6A)	0.00%	\$0	\$0	0.00%	0.00%
To Proposed Service #3 (6A)	0.00%	\$0	\$0	0.00%	0.00%
To Proposed Service #4 (6B)	93.50%	\$106,715	\$0	93.50%	93.50%
To Proposed Service #5 (6B)	0.00%	\$0	\$0	0.00%	0.00%
To Proposed Service #6 (6B)	0.00%	\$0	\$0	0.00%	0.00%
To Proposed Service #7 (6C)	6.50%	\$7,419	\$0	6.50%	6.50%
To Proposed Service #8 (6C)	0.00%	\$0	\$0	0.00%	0.00%
To Proposed Service #9 (6C)	0.00%	\$0	\$0	0.00%	0.00%
<b>Total Depreciation and Start-Up Costs Allocated Out</b>	<b>100.00%</b>	<b>\$114,133</b>	<b>\$0</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Lease Costs Allocated Out</b>					
To Proposed Service #1 (6A)	0.00%	\$0	\$0	0.00%	0.00%
To Proposed Service #2 (6A)	0.00%	\$0	\$0	0.00%	0.00%
To Proposed Service #3 (6A)	0.00%	\$0	\$0	0.00%	0.00%
To Proposed Service #4 (6B)	93.50%	\$0	\$0	93.50%	93.50%
To Proposed Service #5 (6B)	0.00%	\$0	\$0	0.00%	0.00%
To Proposed Service #6 (6B)	0.00%	\$0	\$0	0.00%	0.00%
To Proposed Service #7 (6C)	6.50%	\$0	\$0	6.50%	6.50%
To Proposed Service #8 (6C)	0.00%	\$0	\$0	0.00%	0.00%
To Proposed Service #9 (6C)	0.00%	\$0	\$0	0.00%	0.00%
<b>Total Lease Costs Allocated Out</b>	<b>100.00%</b>	<b>\$0</b>	<b>\$0</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Total Allocated Out</b>		<b>\$4,157,122</b>	<b>\$819,639</b>		<b>\$1,117,691</b>

Please describe allocation method used (e.g. tonnage, routes, etc.)

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Form 6G - Customer Service and Billings

Customer Service and Billing  
 Proposer Name: Allied Waste Services - Santa Clara County

San Jose : Alternative System  
 North District   
 South District

		Start-Up Costs* (One-Time Costs in 2010 \$)	Rate Year 1 Costs** (in 2010 \$)
<b>Labor-Related Costs</b>			
1	Customer Service Reps Labor costs including fringes and taxes		\$334,120
2			
3			
4			
5			
6			
7			
<b>Subtotal Labor-Related Costs</b>		\$0	\$334,120
<b>Customer Service and Billing System Set-Up Costs</b>			
1	Data Processing		\$108,812
2	Postage & Delivery		\$22,754
3	Invoice Printing and Admin fee		\$48,970
4			
5			
6			
7			
<b>Subtotal System Costs</b>		\$0	\$180,536
<b>Other Costs</b>			
1			
2			
3			
4			
5			
6			
7			
<b>Subtotal Other Costs</b>		\$0	\$0
<b>Total Costs</b>		\$0	\$514,656

\* Start-up costs entered here will be transferred and reflected on Form 6E.

\*\* Annual costs entered here will be transferred and reflected on Form 6D.

Note: Start-up costs shall include all one-time costs associated with preparing for and implementing customer service and billing services required by the Agreement. It shall not include regular, on-going costs associated with the provision of the customer service and billing services. The on-going costs shall be reflected in the Rate Year 1 costs.

**Form 6E - Start-up Costs**

**Start-up Costs**

**Proposer Name: Allied Waste Services - Santa Clara County**

**San Jose : Alternative System**

North District	X
South District	X

Rate Year One (in 2010 \$)		
		<b>TOTAL</b>
<b><u>Labor-Related Costs</u></b>		
1	Technical assistance (from Form 6F)	\$1,022,000
2	Customer service and billing services (Form 6G)	\$0
3		
4		
5		
6		
7		
<b>Subtotal Labor-Related Costs</b>		<b>\$1,022,000</b>
<b><u>Vehicle-Related Costs</u></b>		
1		
2		
3		
4		
5		
6		
<b>Subtotal Vehicle-Related Costs</b>		<b>\$0</b>
<b><u>Other Costs</u></b>		
1	Public-Education Materials Preparation and Distribution Costs (from Form 6F)	\$600,000
2	Other Costs related to Technical Assistance (from Form 6F)	\$90,000
3	Customer Service and Billing System Set-up (from Form 6G)	\$0
4	Other Costs related to Customer Service and Billing Services (from Form 6G)	\$0
5		
6		
7		
<b>Subtotal Other Costs</b>		<b>\$690,000</b>
<b>Total Start-up Costs</b>		<b>\$1,712,000</b>

<b>Term of Contract</b>	<b>15</b>
<b>Annual Amortization - Start-up Cost (this amount is linked to Form 6D)</b>	<b>\$114,133</b>

Note: Start-up costs shall include all one-time costs associated with preparing for and implementing collection services and all other services required by the Agreement. It shall not include regular, on-going costs associated with the provision of obligations required by the Agreement.

Form 6F - Technical Assistance Costs

Technical Assistance Costs

Proposer Name: Allied Waste Services - Santa Clara County

San Jose : Alternative System

North District	X
South District	X

	Start-Up Costs* (One-Time Costs in 2010 \$)	Rate Year 1 Costs** (in 2010 \$)
<b>Labor-Related Costs</b>		
1 New Driver Training and Physicals	\$850,000	
2 Container delivery	\$132,000	
3 Startup Labor	\$40,000	
4		
5		
6		
7		
<b>Subtotal Labor-Related Costs</b>	<b>\$1,022,000</b>	<b>\$0</b>
<b>Public Education Materials Preparation and Distribution Costs</b>		
1 Introductory Flyer	\$100,000	
2 Cascadia Consulting - Public Education	\$500,000	
3 On-going Flyers/communciation		\$150,000
4		
5		
6		
7		
<b>Subtotal Public Education Costs</b>	<b>\$600,000</b>	<b>\$150,000</b>
<b>Other Costs</b>		
1 Routing	\$10,000	
2 Engineering/PR/Consulting	\$80,000	
3		
4		
5		
6		
7		
<b>Subtotal Other Costs</b>	<b>\$90,000</b>	<b>\$0</b>
<b>Total Costs</b>	<b>\$1,712,000</b>	<b>\$150,000</b>

\* Start-up costs entered here will be transferred and reflected on Form 6E.

\*\* Annual costs entered here will be transferred and reflected on Form 6D.

Note: Start-up costs shall include all one-time costs associated with preparing for and implementing technical assistance services required by the Agreement. It shall not include regular, on-going costs associated with the provision of the technical assistance services. The on-going costs shall be reflected in the Rate Year 1 costs.

**Form 7 - Disposal and Processing Costs**

**Disposal and Processing Cost Proposal**

**San Jose : Alternative System**

Proposer Name: Allied Waste Services - Santa Clara County

North District	<b>X</b>
South District	<b>X</b>

Costs as \$/Ton in 2010 dollars

<b>Part 1: Processing Fees</b>			
	Single Stream	Other	Other
<b>Base Component</b>			
Disposal and/or Processing	\$28.00	\$0.00	\$0.00
CRV Revenues from the Sale of Material*	n.a	\$0.00	\$0.00
Non CRV Revenues from the Sale of Material*	n.a	\$0.00	\$0.00
Residue Transport to landfill	n.a	\$0.00	\$0.00
Residue Disposal at landfill	n.a	\$0.00	\$0.00
<b>Total Base Component</b>	<b>\$28.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Government Fee Component</b>			
(List all regulatory fees and taxes separately)			
_____	\$0.00	\$0.00	\$0.00
_____	\$0.00	\$0.00	\$0.00
_____	\$0.00	\$0.00	\$0.00
<b>Lea Fee</b>	<u>\$1.29</u>	<u>\$0.00</u>	<u>\$0.00</u>
<b>Total Government Fee Component</b>	<b>\$1.29</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Total Fee (Base + Government Fee Components)</b>	<b>\$29.29</b>	<b>\$0.00</b>	<b>\$0.00</b>

\* Revenue amounts must be entered as negative values

<b>Part 2: Transfer and Transport Fee to Landfill or Processing Facility - If Applicable</b>			
	Processed Organics	Recyclable Materials	Other
<b>Base Component for Transfer and Transport Fee</b>			
Transfer station costs	\$0.00	\$0.00	\$0.00
Transport costs from NIRRP to ZWED processing facility	<u>\$6.91</u>	<u>\$0.00</u>	<u>\$0.00</u>
<b>Total Base Component</b>	<b>\$6.91</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Government Fee Component</b>			
(List all regulatory fees and taxes separately)			
_____	\$0.00	\$0.00	\$0.00
_____	\$0.00	\$0.00	\$0.00
_____	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
<b>Total Government Fee Component</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Total Transfer and Transport Fee (Base + Government Fees)</b>	<b>\$6.91</b>	<b>\$0.00</b>	<b>\$0.00</b>

Form 8 - Depreciation Expenses

Depreciation Expenses for Vehicles, Containers, and Other Capital Costs

Proposer Name: Allied Waste Services - Santa Clara County

San Jose : Alternative System

North District	X
South District	X

Rate Years 1 through 15

			ANNUAL DEPRECIATION																
Depreciation (Projected)	Quantity	Life (in years)	Assumed Capital Costs *	Rate Year 1	Rate Year 2	Rate Year 3	Rate Year 4	Rate Year 5	Rate Year 6	Rate Year 7	Rate Year 8	Rate Year 9	Rate Year 10	Rate Year 11	Rate Year 12	Rate Year 13	Rate Year 14	Rate Year 15	
<b>VEHICLES</b>																			
YR 1	New FEL CNG Trucks	33	12	\$ 9,570,000	\$ 797,500	\$ 797,500	\$ 797,500	\$ 797,500	\$ 797,500	\$ 797,500	\$ 797,500	\$ 797,500	\$ 797,500	\$ 797,500	\$ 797,500	\$ 797,500	\$ 797,500	\$ 797,500	\$ -
YR 1	New roll-off trucks	20	12	\$ 5,200,000	\$ 433,333	\$ 433,333	\$ 433,333	\$ 433,333	\$ 433,333	\$ 433,333	\$ 433,333	\$ 433,333	\$ 433,333	\$ 433,333	\$ 433,333	\$ 433,333	\$ 433,333	\$ 433,333	\$ -
YR 2	Vehicles Put in Service																		
YR 3	Vehicles Put in Service																		
YR 4	Vehicles Put in Service																		
	Subtotal Vehicles	53		\$ 14,770,000	\$ 1,230,833	\$ 1,230,833	\$ 1,230,833	\$ 1,230,833	\$ 1,230,833	\$ 1,230,833	\$ 1,230,833	\$ 1,230,833	\$ 1,230,833	\$ 1,230,833	\$ 1,230,833	\$ 1,230,833	\$ 1,230,833	\$ -	
<b>CONTAINERS</b>																			
YR 1	Used Commercial Containers & RO bins	3,978	5	\$ 163,244	\$ 32,649	\$ 32,649	\$ 32,649	\$ 32,649	\$ 32,649	\$ 32,649	\$ 32,649	\$ 32,649	\$ 32,649	\$ 32,649	\$ 32,649	\$ 32,649	\$ 32,649	\$ 32,649	\$ 32,649
YR 1	New Commercial Containers & RO bins	7,398	15	\$ 6,683,130	\$ 445,542	\$ 445,542	\$ 445,542	\$ 445,542	\$ 445,542	\$ 445,542	\$ 445,542	\$ 445,542	\$ 445,542	\$ 445,542	\$ 445,542	\$ 445,542	\$ 445,542	\$ 445,542	\$ 445,542
YR 2	Replacement Commercial Containers & RO bins	94	15	\$ 144,814	\$ 9,654	\$ 9,654	\$ 9,654	\$ 9,654	\$ 9,654	\$ 9,654	\$ 9,654	\$ 9,654	\$ 9,654	\$ 9,654	\$ 9,654	\$ 9,654	\$ 9,654	\$ 9,654	\$ 9,654
YR 3	Replacement Commercial Containers & RO bins	94	15	\$ 149,156	\$ 9,944	\$ 9,944	\$ 9,944	\$ 9,944	\$ 9,944	\$ 9,944	\$ 9,944	\$ 9,944	\$ 9,944	\$ 9,944	\$ 9,944	\$ 9,944	\$ 9,944	\$ 9,944	\$ 9,944
YR 4	Replacement Commercial Containers & RO bins	94	15	\$ 153,632	\$ 10,242	\$ 10,242	\$ 10,242	\$ 10,242	\$ 10,242	\$ 10,242	\$ 10,242	\$ 10,242	\$ 10,242	\$ 10,242	\$ 10,242	\$ 10,242	\$ 10,242	\$ 10,242	\$ 10,242
YR 5	Replacement Commercial Containers & RO bins	94	15	\$ 158,176	\$ 10,545	\$ 10,545	\$ 10,545	\$ 10,545	\$ 10,545	\$ 10,545	\$ 10,545	\$ 10,545	\$ 10,545	\$ 10,545	\$ 10,545	\$ 10,545	\$ 10,545	\$ 10,545	\$ 10,545
YR 6	Replacement Commercial Containers & RO bins	824	15	\$ 635,342	\$ 42,356	\$ 42,356	\$ 42,356	\$ 42,356	\$ 42,356	\$ 42,356	\$ 42,356	\$ 42,356	\$ 42,356	\$ 42,356	\$ 42,356	\$ 42,356	\$ 42,356	\$ 42,356	\$ 42,356
YR 7	Replacement Commercial Containers & RO bins	824	15	\$ 654,400	\$ 43,627	\$ 43,627	\$ 43,627	\$ 43,627	\$ 43,627	\$ 43,627	\$ 43,627	\$ 43,627	\$ 43,627	\$ 43,627	\$ 43,627	\$ 43,627	\$ 43,627	\$ 43,627	\$ 43,627
YR 8	Replacement Commercial Containers & RO bins	824	15	\$ 674,034	\$ 44,936	\$ 44,936	\$ 44,936	\$ 44,936	\$ 44,936	\$ 44,936	\$ 44,936	\$ 44,936	\$ 44,936	\$ 44,936	\$ 44,936	\$ 44,936	\$ 44,936	\$ 44,936	\$ 44,936
YR 9	Replacement Commercial Containers & RO bins	824	15	\$ 694,256	\$ 46,284	\$ 46,284	\$ 46,284	\$ 46,284	\$ 46,284	\$ 46,284	\$ 46,284	\$ 46,284	\$ 46,284	\$ 46,284	\$ 46,284	\$ 46,284	\$ 46,284	\$ 46,284	\$ 46,284
YR 10	Replacement Commercial Containers & RO bins	824	15	\$ 715,084	\$ 47,672	\$ 47,672	\$ 47,672	\$ 47,672	\$ 47,672	\$ 47,672	\$ 47,672	\$ 47,672	\$ 47,672	\$ 47,672	\$ 47,672	\$ 47,672	\$ 47,672	\$ 47,672	\$ 47,672
YR 11	Replacement Commercial Containers & RO bins	824	15	\$ 736,536	\$ 49,102	\$ 49,102	\$ 49,102	\$ 49,102	\$ 49,102	\$ 49,102	\$ 49,102	\$ 49,102	\$ 49,102	\$ 49,102	\$ 49,102	\$ 49,102	\$ 49,102	\$ 49,102	\$ 49,102
YR 12	Replacement Commercial Containers & RO bins	824	15	\$ 758,632	\$ 50,575	\$ 50,575	\$ 50,575	\$ 50,575	\$ 50,575	\$ 50,575	\$ 50,575	\$ 50,575	\$ 50,575	\$ 50,575	\$ 50,575	\$ 50,575	\$ 50,575	\$ 50,575	\$ 50,575
YR 13	Replacement Commercial Containers & RO bins	824	15	\$ 781,391	\$ 52,093	\$ 52,093	\$ 52,093	\$ 52,093	\$ 52,093	\$ 52,093	\$ 52,093	\$ 52,093	\$ 52,093	\$ 52,093	\$ 52,093	\$ 52,093	\$ 52,093	\$ 52,093	\$ 52,093
YR 14	Replacement Commercial Containers & RO bins	824	15	\$ 804,833	\$ 53,656	\$ 53,656	\$ 53,656	\$ 53,656	\$ 53,656	\$ 53,656	\$ 53,656	\$ 53,656	\$ 53,656	\$ 53,656	\$ 53,656	\$ 53,656	\$ 53,656	\$ 53,656	\$ 53,656
YR 15	Replacement Commercial Containers & RO bins	824	15	\$ 828,978	\$ 55,265	\$ 55,265	\$ 55,265	\$ 55,265	\$ 55,265	\$ 55,265	\$ 55,265	\$ 55,265	\$ 55,265	\$ 55,265	\$ 55,265	\$ 55,265	\$ 55,265	\$ 55,265	\$ 55,265
	Subtotal Containers	19,992		\$ 14,735,638	\$ 478,191	\$ 487,845	\$ 497,789	\$ 508,031	\$ 518,576	\$ 528,283	\$ 571,910	\$ 616,846	\$ 663,129	\$ 710,802	\$ 759,904	\$ 810,479	\$ 862,572	\$ 916,228	\$ 971,493
<b>OTHER CAPITAL EQUIPMENT</b>																			
YR 1	CNG Fueling Station/Lot Repaving	2	10	\$ 3,000,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000
YR 1	Pickup Trucks	2	5	\$ 71,000	\$ 14,200	\$ 14,200	\$ 14,200	\$ 14,200	\$ 14,200	\$ 14,200	\$ 14,200	\$ 14,200	\$ 14,200	\$ 14,200	\$ 14,200	\$ 14,200	\$ 14,200	\$ 14,200	\$ 14,200
YR 1	Container Delivery Truck	2	8	\$ 97,000	\$ 12,125	\$ 12,125	\$ 12,125	\$ 12,125	\$ 12,125	\$ 12,125	\$ 12,125	\$ 12,125	\$ 12,125	\$ 12,125	\$ 12,125	\$ 12,125	\$ 12,125	\$ 12,125	\$ 12,125
YR 1	Mobile Service Truck	2	8	\$ 100,000	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500
YR 1	Used Other Vehicles	6	5	\$ 309,200	\$ 61,840	\$ 61,840	\$ 61,840	\$ 61,840	\$ 61,840	\$ 61,840	\$ 61,840	\$ 61,840	\$ 61,840	\$ 61,840	\$ 61,840	\$ 61,840	\$ 61,840	\$ 61,840	\$ 61,840
YR 6	Pickup Trucks	2	5	\$ 82,308	\$ 16,462	\$ 16,462	\$ 16,462	\$ 16,462	\$ 16,462	\$ 16,462	\$ 16,462	\$ 16,462	\$ 16,462	\$ 16,462	\$ 16,462	\$ 16,462	\$ 16,462	\$ 16,462	\$ 16,462
YR 7	Vehicles Put in Service																		
YR 8	Vehicles Put in Service																		
YR 9	Container Delivery Truck	2	8	\$ 122,876	\$ 15,360	\$ 15,360	\$ 15,360	\$ 15,360	\$ 15,360	\$ 15,360	\$ 15,360	\$ 15,360	\$ 15,360	\$ 15,360	\$ 15,360	\$ 15,360	\$ 15,360	\$ 15,360	\$ 15,360
YR 9	Mobile Service truck	2	8	\$ 126,678	\$ 15,835	\$ 15,835	\$ 15,835	\$ 15,835	\$ 15,835	\$ 15,835	\$ 15,835	\$ 15,835	\$ 15,835	\$ 15,835	\$ 15,835	\$ 15,835	\$ 15,835	\$ 15,835	\$ 15,835
	Subtotal Other	20		\$ 3,909,062	\$ 400,665	\$ 400,665	\$ 400,665	\$ 400,665	\$ 400,665	\$ 400,665	\$ 341,087	\$ 341,087	\$ 341,087	\$ 347,656	\$ 347,656	\$ 31,194	\$ 31,194	\$ 31,194	\$ 31,194
<b>Total Assumed Capital Cost &amp; Depreciation</b>				\$ 33,414,700	\$ 2,109,689	\$ 2,119,343	\$ 2,129,287	\$ 2,139,529	\$ 2,150,074	\$ 2,100,203	\$ 2,143,830	\$ 2,188,766	\$ 2,241,619	\$ 2,289,291	\$ 2,021,932	\$ 2,072,507	\$ 893,766	\$ 947,422	\$ 1,002,687
<b>Total Direct Allowable Annual Vehicle Depreciation</b>				**	\$ 984,667	\$ 984,667	\$ 984,667	\$ 984,667	\$ 984,667	\$ 984,667	\$ 984,667	\$ 984,667	\$ 984,667	\$ 984,667	\$ 984,667	\$ 984,667	\$ 984,667	\$ 984,667	\$ 984,667
<b>Total Direct Allowable Annual Container Depreciation</b>				**	\$ 660,139	\$ 660,139	\$ 660,139	\$ 660,139	\$ 660,139	\$ 660,139	\$ 660,139	\$ 660,139	\$ 660,139	\$ 660,139	\$ 660,139	\$ 660,139	\$ 660,139	\$ 660,139	\$ 660,139
<b>Total Allocated Allowable Other Annual Depreciation</b>				***	\$ 258,525	\$ 258,525	\$ 258,525	\$ 258,525	\$ 258,525	\$ 258,525	\$ 258,525	\$ 258,525	\$ 258,525	\$ 258,525	\$ 258,525	\$ 258,525	\$ 258,525	\$ 258,525	\$ 258,525
				\$ 1,903,330	\$ 1,903,330	\$ 1,903,330	\$ 1,903,330	\$ 1,903,330	\$ 1,903,330	\$ 1,903,330	\$ 1,903,330	\$ 1,903,330	\$ 1,903,330	\$ 1,903,330	\$ 1,903,330	\$ 1,903,330	\$ 1,903,330	\$ 1,903,330	\$ 1,903,330

\* Assumed Capital Costs (column should tie to Form 4).

\*\* Total Direct Fixed Allowable Annual Depreciation (should tie to Forms 6A through 6C).

\*\*\* Total Allocated Fixed Allowable Annual Depreciation (should tie to Form Through 6D).

Form 9 - Franchisee Benchmark Statistics

Franchisee Benchmark Statistics

Proposer Name: Allied Waste Services - Santa Clara County

San Jose : Alternative System

North District	X
South District	X

**Note to Proposer: No input is required on this sheet. Data is pulled from other sheets.**

Operational Statistics									
Benchmark Description	(Form 6A)			(Form 6B)			(Form 6C)		
	Proposed Service #1	Proposed Service #2	Proposed Service #3	Single Stream	Proposed Service #5	Proposed Service #6	Single Stream	Proposed Service #8	Proposed Service #9
Lifts / Route Hour				10.63					
Pulls / Route Hour							0.58		
Pulls / Year							24,128.00		
Minutes / Pull							103.69		
Tons / Lift				0.20					
Tons / Pull							3.20		
Direct Labor Costs / Lift				5.55					
Direct Labor Costs / Pull							102.41		
Direct Labor Costs / Route Hour				58.97			59.26		
Direct Labor Costs / Direct Employee				157,765.22			143,246.40		
Vehicle Costs / Lift				1.48					
Vehicle Costs / Pull							27.52		
Vehicle Costs / Route Hour				15.76			15.92		
Vehicle Costs / Route Vehicle				40,896.88			33,202.50		
Total Operating Expense 1 / Route Hour				167.50			169.63		
Total Operating Expense 1 / FTE Route				348,395.63			352,830.41		
Fuel Statistics									
Fuel Cost / Gallon				2.50			2.50		
Gallons / Route Hour				3.28			3.16		
Fuel Cost / Route Hour				8.21			7.91		
Other Statistics									
Direct Labor Cost as a % of Total Operating Expense	0.00%	0.00%	0.00%	35.21%	0.00%	0.00%	34.93%	0.00%	0.00%
Direct Operating Costs as a % of Total Operating Expense	0.00%	0.00%	0.00%	91.97%	0.00%	0.00%	88.70%	0.00%	0.00%
G&A Costs as a % of Total Operating Expense	0.00%	0.00%	0.00%	19.06%	0.00%	0.00%	20.12%	0.00%	0.00%
Vehicle Maint. & Container Maint. Cost as a % of Total Operating Expense	0.00%	0.00%	0.00%	8.78%	0.00%	0.00%	9.59%	0.00%	0.00%
Disposal as a % of Total Base Compensation	0.00%	0.00%	0.00%	18.15%	0.00%	0.00%	16.58%	0.00%	0.00%
Total Operating Expense for Form 6A - 6C (Rate Year 1)	\$0	\$0	\$0	14,339,964	\$0	\$0	7,073,368	\$0	\$0

<sup>1</sup> Total Operating Expense = Total Base Compensation less Profit, Net Processing Costs, Organic Processing Costs and Disposal Costs

**DRAFT--Contact the Office of the City Clerk at (408) 535-1260 or CityClerk@sanjoseca.gov for final document.**

Form 10 - Incremental Cost for Alternative Fuel Vehicles

Incremental Cost for Alternative Fuel Vehicles

Proposer Name: Allied Waste Services - Santa Clara County

San Jose : Alternative System

North District	X
South District	X

Note to Proposer: Costs on this Form should reflect incremental costs when compared to base services.

Proposed Year One Cost (in 2010 \$)	(Form 6A)			(Form 6B)			(Form 6C)			TOTAL
	Proposed Service #1	Proposed Service #2	Proposed Service #3	Single Stream	Proposed Service #5	Proposed Service #6	Single Stream	Proposed Service #8	Proposed Service #9	
<b>Annual Cost of Operations</b>										
Labor-Related Costs	N/A all costs are included in our base proposal.									\$0
Vehicle-Related Costs										\$0
Fuel Costs										\$0
Other Costs										\$0
Direct Depreciation										\$0
Total Allocated Costs - Labor, Vehicle, Fuel & Other										\$0
Total Allocated Costs - Depreciation & Start-Up										\$0
<b>Total Annual Cost of Operations</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Profit</b>										\$0
<b>Pass-Through Costs</b>										
Interest Expense										\$0
Direct Lease Costs										\$0
Total Allocated Costs - Lease										\$0
<b>Total Pass-Through Costs</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Franchisee Revenue Requirement before Disposal, Organics Processing, and City Fees</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Disposal Costs</b>										\$0
<b>Organic Processing Costs</b>										\$0
<b>City Fees</b>	Note to proposers: The City will specify fees at a later date, prior to execution of the Agreement.									\$0
<b>Franchisee Revenue Requirement</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Instructions to Proposer: In the cells shaded grey, enter Customer Rates for all services, and estimated number of accounts. The estimated annual revenues will be calculated based on those input rates and account assumptions.

Proposer Name: Allied Waste Services - Santa Clara County

Regularly Scheduled Cart Services (Monthly Rate)		Rate Year One		
Receptacle	Service Frequency (Pick-Ups/Week)	Proposed Customer Rate (in 2010 \$)	Estimated Number of Accounts	Estimated Annual Revenues
<b>Single Stream (w/o Organics)</b>				
32-gallon cart	1	\$ 42.34	0	\$ -
	2	\$ 83.61	0	\$ -
	3	\$ 124.89	0	\$ -
	4	\$ 166.15	0	\$ -
	5	\$ 207.42	0	\$ -
	6	\$ 248.70	0	\$ -
64-gallon cart	1	\$ 50.38	164	\$ 99,155.66
	2	\$ 99.50	68	\$ 81,190.86
	3	\$ 148.61	49	\$ 87,384.58
	4	\$ 197.72	0	\$ -
	5	\$ 246.83	0	\$ -
	6	\$ 295.95	0	\$ -
96-gallon cart	1	\$ 62.98	0	\$ -
	2	\$ 124.37	0	\$ -
	3	\$ 185.77	0	\$ -
	4	\$ 247.15	0	\$ -
	5	\$ 308.54	0	\$ -
	6	\$ 369.93	0	\$ -
<b>Single Stream (w/ Organics &amp; No Glass)</b>				
32-gallon cart	1	\$ 52.92	0	\$ -
	2	\$ 104.52	0	\$ -
	3	\$ 156.11	0	\$ -
	4	\$ 207.69	0	\$ -
	5	\$ 259.28	0	\$ -
	6	\$ 310.87	0	\$ -
64-gallon cart	1	\$ 62.98	54	\$ 40,811.04
	2	\$ 124.37	22	\$ 32,833.68
	3	\$ 185.77	16	\$ 35,667.84
	4	\$ 247.15	0	\$ -
	5	\$ 308.54	0	\$ -
	6	\$ 369.93	0	\$ -
96-gallon cart	1	\$ 78.72	0	\$ -
	2	\$ 155.47	0	\$ -
	3	\$ 232.21	0	\$ -
	4	\$ 308.93	0	\$ -
	5	\$ 385.68	0	\$ -
	6	\$ 462.42	0	\$ -

Form 11 - Cart/Bin Fees

Proposer Name: Allied Waste Services - Santa Clara County

**Regularly Scheduled Bin Services (Monthly Rate)**

Receptacle	Service Frequency (Pick-Ups/Week)	Rate Year One		
		Proposed Customer Rate (in 2010 \$)	Estimated Number of Accounts	Estimated Annual Revenues
<b>Single Stream (w/o Organics)</b>				
1 cubic yard container	1	\$ 97.16	0	\$ -
	2	\$ 188.14	0	\$ -
	3	\$ 278.22	0	\$ -
	4	\$ 369.43	0	\$ -
	5	\$ 460.64	0	\$ -
	6	\$ 550.73	0	\$ -
2 cubic yard container	1	\$ 115.62	351	\$ 486,992.58
	2	\$ 223.88	125	\$ 335,826.51
	3	\$ 331.08	29	\$ 115,215.48
	4	\$ 439.62	7	\$ 36,928.32
	5	\$ 548.17	5	\$ 32,890.01
	6	\$ 655.37	3	\$ 23,593.37
3 cubic yard container	1	\$ 135.68	629	\$ 1,024,111.95
	2	\$ 261.87	251	\$ 788,766.65
	3	\$ 388.07	71	\$ 330,635.24
	4	\$ 516.97	11	\$ 68,240.43
	5	\$ 641.80	8	\$ 61,612.65
	6	\$ 769.34	5	\$ 46,160.55
4 cubic yard container	1	\$ 155.75	1198	\$ 2,239,055.40
	2	\$ 300.60	569	\$ 2,052,528.96
	3	\$ 445.45	110	\$ 587,993.85
	4	\$ 590.30	38	\$ 269,174.55
	5	\$ 735.16	37	\$ 326,411.14
	6	\$ 880.01	16	\$ 168,961.04
6 cubic yard container	1	\$ 194.93	1880	\$ 4,397,605.03
	2	\$ 376.22	984	\$ 4,442,354.39
	3	\$ 557.51	480	\$ 3,211,269.08
	4	\$ 740.74	170	\$ 1,511,104.17
	5	\$ 922.02	133	\$ 1,471,549.81
	6	\$ 1,105.26	61	\$ 809,049.61
8 cubic yard container	1	\$ 236.02	0	\$ -
	2	\$ 455.50	0	\$ -
	3	\$ 675.02	0	\$ -
	4	\$ 892.16	0	\$ -
	5	\$ 1,111.65	0	\$ -
	6	\$ 1,331.14	0	\$ -

Form 11 - Cart/Bin Fees

Proposer Name: Allied Waste Services - Santa Clara County

Receptacle	Service Frequency (Pick-Ups/Week)	Rate Year One		
		Proposed Customer Rate (in 2010 \$)	Estimated Number of Accounts	Estimated Annual Revenues
<b>Single Stream (w/ Organics &amp; No Glass)</b>				
1 cubic yard container	1	\$ 121.45	0	\$ -
	2	\$ 235.17	0	\$ -
	3	\$ 347.77	0	\$ -
	4	\$ 461.79	0	\$ -
	5	\$ 575.81	0	\$ -
	6	\$ 688.42	0	\$ -
2 cubic yard container	1	\$ 144.53	117	\$ 202,920.12
	2	\$ 279.86	41	\$ 137,691.12
	3	\$ 413.85	9	\$ 44,695.80
	4	\$ 549.53	2	\$ 13,188.72
	5	\$ 685.21	2	\$ 16,445.04
	6	\$ 819.21	1	\$ 9,830.52
3 cubic yard container	1	\$ 169.60	209	\$ 425,356.80
	2	\$ 327.34	84	\$ 329,958.72
	3	\$ 485.09	23	\$ 133,884.84
	4	\$ 646.22	4	\$ 31,018.56
	5	\$ 802.25	3	\$ 28,881.00
	6	\$ 961.68	1	\$ 11,540.16
4 cubic yard container	1	\$ 194.69	399	\$ 932,175.72
	2	\$ 375.76	189	\$ 852,223.68
	3	\$ 556.81	37	\$ 247,223.64
	4	\$ 737.87	12	\$ 106,253.28
	5	\$ 918.95	12	\$ 132,328.80
	6	\$ 1,100.01	5	\$ 66,000.60
6 cubic yard container	1	\$ 243.66	626.5	\$ 1,831,835.88
	2	\$ 470.27	328	\$ 1,850,982.72
	3	\$ 696.89	160	\$ 1,338,028.80
	4	\$ 925.92	57	\$ 633,329.28
	5	\$ 1,152.53	44	\$ 608,535.84
	6	\$ 1,381.57	20	\$ 331,576.80
8 cubic yard container	1	\$ 295.02	0	\$ -
	2	\$ 569.38	0	\$ -
	3	\$ 843.78	0	\$ -
	4	\$ 1,115.20	0	\$ -
	5	\$ 1,389.56	0	\$ -
	6	\$ 1,663.93	0	\$ -

Form 11 - Cart/Bin Fees

Proposer Name: Allied Waste Services - Santa Clara County

Type of Service	Receptacle	Rate Information	Rate	Rate Year One		
				Proposed Customer Rate (in 2010 \$)	Estimated Number of Pick-Ups per Week	Estimated Annual Revenues
<b>Single Stream (w/o Organics)</b>						
Compacted rate per yard	1 cubic yard container	Per-Occurrence, Per-Cubic-Yard Rate*	1.00	\$ 17.54	0	\$ -
Compacted rate per yard	2 cubic yard container	Per-Occurrence, Per-Cubic-Yard Rate*	1.00	\$ 17.54	0	\$ -
Compacted rate per yard	3 cubic yard container	Per-Occurrence, Per-Cubic-Yard Rate*	1.00	\$ 17.54	117	\$ 319,819.79
Compacted rate per yard	4 cubic yard container	Per-Occurrence, Per-Cubic-Yard Rate*	1.00	\$ 17.54	276	\$ 1,005,928.92
Compacted rate per yard	5 cubic yard container	Per-Occurrence, Per-Cubic-Yard Rate*	1.00	\$ 17.54	0	\$ -
Compacted rate per yard	6 cubic yard container	Per-Occurrence, Per-Cubic-Yard Rate*	1.00	\$ 17.54	0	\$ -
Compacted rate per yard	Other container size (not specified above)	Per-Occurrence, Per-Cubic-Yard Rate*	1.00	\$ 17.54	0	\$ -
<b>Single Stream (w/ Organics &amp; No Glass)</b>						
Compacted rate per yard	1 cubic yard container	Per-Occurrence, Per-Cubic-Yard Rate*	1.00	\$ 21.92	0	\$ -
Compacted rate per yard	2 cubic yard container	Per-Occurrence, Per-Cubic-Yard Rate*	1.00	\$ 21.92	0	\$ -
Compacted rate per yard	3 cubic yard container	Per-Occurrence, Per-Cubic-Yard Rate*	1.00	\$ 21.92	39	\$ 133,258.69
Compacted rate per yard	4 cubic yard container	Per-Occurrence, Per-Cubic-Yard Rate*	1.00	\$ 21.92	92	\$ 419,138.46
Compacted rate per yard	5 cubic yard container	Per-Occurrence, Per-Cubic-Yard Rate*	1.00	\$ 21.92	0	\$ -
Compacted rate per yard	6 cubic yard container	Per-Occurrence, Per-Cubic-Yard Rate*	1.00	\$ 21.92	0	\$ -
Compacted rate per yard	Other container size (not specified above)	Per-Occurrence, Per-Cubic-Yard Rate*	1.00	\$ 21.92	0	\$ -

Form 11 - Cart/Bin Fees

Proposer Name: Allied Waste Services - Santa Clara County

Type of Service	Receptacle	Rate Information	Rate Year One			
			Proposed Customer Rate (in 2010 \$)	Est. # of Occurrences per Month	Estimated Annual Revenues	
<b>Additional Pick-Ups/On-Call Collection (Per Occurrence)</b>						
<b>Single Stream (w/o Organics)</b>						
Additional bin collected on customer's regularly scheduled collection day	1 cubic yard container	Per- Occurrence Rate	1.00	\$ 29.15	0	\$ -
	2 cubic yard container	Per- Occurrence Rate	1.19	\$ 34.69	0	\$ -
	3 cubic yard container	Per- Occurrence Rate	1.40	\$ 40.71	0	\$ -
	4 cubic yard container	Per- Occurrence Rate	1.60	\$ 46.73	0	\$ -
	6 cubic yard container	Per- Occurrence Rate	2.01	\$ 58.48	0	\$ -
	8 cubic yard container	Per- Occurrence Rate	2.43	\$ 70.81	0	\$ -
	Compacted rate per yard	Per- Occurrence Rate		\$ 22.80	0	\$ -
<b>Single Stream (w/o Organics)</b>						
Additional Solid Waste bin collected on a day other than the customer's regularly scheduled collection day	1 cubic yard container	Per- Occurrence Rate	1.00	\$ 79.15	0	\$ -
	2 cubic yard container	Per- Occurrence Rate	1.07	\$ 84.69	0	\$ -
	3 cubic yard container	Per- Occurrence Rate	1.15	\$ 90.71	0	\$ -
	4 cubic yard container	Per- Occurrence Rate	1.22	\$ 96.73	0	\$ -
	6 cubic yard container	Per- Occurrence Rate	1.37	\$ 108.48	0	\$ -
	8 cubic yard container	Per- Occurrence Rate	1.53	\$ 120.81	0	\$ -
	Compacted rate per yard	Per- Occurrence Rate		\$ 32.88	0	\$ -
<b>Single Stream (w/o Organics)</b>						
Extra can or bag collected on customer's regularly scheduled collection day	32-gal can or bag	Per- Occurrence Rate	1.00	\$ 14.66	0	\$ -
	64-gal can or bag	Per- Occurrence Rate	1.19	\$ 17.44	0	\$ -
	96-gal can or bag	Per- Occurrence Rate	1.49	\$ 21.80	0	\$ -
<b>Single Stream (w/o Organics)</b>						
Extra can or bag collected on a day other than the customer's regularly scheduled collection day	32-gal can or bag	Per- Occurrence Rate	1.00	\$ 64.66	0	\$ -
	64-gal can or bag	Per- Occurrence Rate	1.04	\$ 67.44	0	\$ -
	96-gal can or bag	Per- Occurrence Rate	1.11	\$ 71.80	0	\$ -

Form 11 - Cart/Bin Fees

Proposer Name: Allied Waste Services - Santa Clara County

Type of Service	Receptacle	Rate Information	Rate Year One			
			Proposed Customer Rate (in 2010 \$)	Est. # of Occurrences per Month	Estimated Annual Revenues	
<b>Additional Pick-Ups/On-Call Collection (Per Occurrence)</b>						
<b>Single Stream (w/ Organics &amp; No Glass)</b>						
Additional bin collected on customer's regularly scheduled collection day	1 cubic yard container	Per- Occurrence Rate	1.25	\$ 36.44	0	\$ -
	2 cubic yard container	Per- Occurrence Rate	1.49	\$ 43.36	0	\$ -
	3 cubic yard container	Per- Occurrence Rate	1.75	\$ 50.88	0	\$ -
	4 cubic yard container	Per- Occurrence Rate	2.00	\$ 58.41	0	\$ -
	6 cubic yard container	Per- Occurrence Rate	2.51	\$ 73.10	0	\$ -
	8 cubic yard container	Per- Occurrence Rate	3.04	\$ 88.51	0	\$ -
	Compacted rate per yard	Per- Occurrence Rate		\$ 28.50	0	\$ -
<b>Single Stream (w/ Organics &amp; No Glass)</b>						
Additional Solid Waste bin collected on a day other than the customer's regularly scheduled collection day	1 cubic yard container	Per- Occurrence Rate	1.25	\$ 98.94	0	\$ -
	2 cubic yard container	Per- Occurrence Rate	1.34	\$ 105.86	0	\$ -
	3 cubic yard container	Per- Occurrence Rate	1.43	\$ 113.38	0	\$ -
	4 cubic yard container	Per- Occurrence Rate	1.53	\$ 120.91	0	\$ -
	6 cubic yard container	Per- Occurrence Rate	1.71	\$ 135.60	0	\$ -
	8 cubic yard container	Per- Occurrence Rate	1.91	\$ 151.01	0	\$ -
	Compacted rate per yard	Per- Occurrence Rate		\$ 41.10	0	\$ -
<b>Single Stream (w/ Organics &amp; No Glass)</b>						
Extra can or bag collected on customer's regularly scheduled collection day	32-gal can or bag	Per- Occurrence Rate	1.25	\$ 18.32	0	\$ -
	64-gal can or bag	Per- Occurrence Rate	1.49	\$ 21.80	0	\$ -
	96-gal can or bag	Per- Occurrence Rate	1.86	\$ 27.25	0	\$ -
<b>Single Stream (w/ Organics &amp; No Glass)</b>						
Extra can or bag collected on a day other than the customer's regularly scheduled collection day	32-gal can or bag	Per- Occurrence Rate	1.25	\$ 80.82	0	\$ -
	64-gal can or bag	Per- Occurrence Rate	1.30	\$ 84.30	0	\$ -
	96-gal can or bag	Per- Occurrence Rate	1.39	\$ 89.75	0	\$ -

**Form 11 - Cart/Bin Fees**

**Proposer Name: Allied Waste Services - Santa Clara County**

Type of Service	Receptacle	Rate Information	Rate Year One		Estimated Annual Revenues
			Proposed Customer Rate (in 2010 \$)	Est. # of Occurrences per Month	
<b>Miscellaneous Charges</b>					
Hasp & lock for cart/bin, one time charge	Not Applicable	Per- Occurrence Rate	\$ 15.00	0	\$ -
Replace lock	Not Applicable	Per- Occurrence Rate	\$ 35.00	0	\$ -
Steam cleaning	Not Applicable	Per- Occurrence Rate	\$ 50.00	0	\$ -
Push/pull charge (per increment of 50 ft.)	Not Applicable	Per- Month, Per-Increment of 50 Ft, Per - Bin Rate	\$ 20.00	0	\$ -
Lock/unlock charge	Not Applicable	Per- Month Rate	\$ 20.00	0	\$ -
Cart/Bin delivery/pick-up	Not Applicable	Extra Rate paid if customer requests a change in Cart/Bin size more than once/year	\$ 35.00	0	\$ -
Cart/Bin Exchange/Replacement (in the event of damage, service level change, or other)	Not Applicable	Extra Rate paid if customer requires Cart/Bin replacement (one replacement per year at no cost)	\$ 35.00	0	\$ -
Return Rate	Not Applicable	Extra rate paid if customer container is blocked or unserviceable and franchisee has to return to provide service	\$ 50.00	0	\$ -
Organics Contaminated w/ Glass		1st Occurrence	10% of Mo. Bill	0	\$ -
Organics Contaminated w/ Glass		2nd Occurrence	20% of Mo. Bill	0	\$ -
Organics Contaminated w/ Glass		3rd Occurrence	30% of Mo. Bill	0	\$ -
Organics Contaminated w/ Glass		4th Occurrence	40% of Mo. Bill	0	\$ -
Organics Contaminated w/ Glass		Beyond	50% of Mo. Bill	0	\$ -
Service Interrupt Fee		Per- Occurrence Rate	\$ 30.00	0	\$ -
Late Fee		After 60-days past due	1.50%	0	\$ -
Insufficient Funds Fee		Per- Occurrence Rate	\$ 30.00	0	\$ -
<b>Estimated Annual Commercial Cart and Bin Revenues</b>					<b>\$ 37,409,126.71</b>

Form 12 - Drop Box Fees

Instructions to Proposer: Enter rates for all regularly scheduled roll off and compactor service and on-call service, daily rental, and delivery service and estimated number of pulls per week, which are shaded below. Estimated annual revenues will be calculated based on the input data.

**Proposer Name: Allied Waste Services - Santa Clara County**

Type of Service	Receptacle	Rate Information	Tonnage Limit (Compactors Per Yard)	Year One		Estimated Annual Service Revenue
				Proposed Customer Rate (in 2010 \$)	Estimated # of Pulls/ Yards/Week	
<b>Regularly Scheduled Roll Off Collection Service</b> (Per Pull/Return Rate not including initial delivery Rate which is charged separately-excludes compactors)						
<b>North - Single Stream (w/o Organics)</b>						
	10 cubic yard roll off	Per Pull/Return Rate	2	\$ 330.00	0	\$ -
	20 cubic yard roll off	Per Pull/Return Rate	3	\$ 395.00	14	\$ 287,560.00
	30 cubic yard roll off	Per Pull/Return Rate	4	\$ 460.00	6	\$ 143,520.00
	40 cubic yard roll off	Per Pull/Return Rate	5	\$ 525.00	2	\$ 54,600.00
	Customer Owned Compactors	Per Yard/Pull/Return Rate	0.20	\$ 19.69	5,471	\$ 5,601,973.04
<b>North - Single Stream (w/ Organics &amp; No Glass)</b>						
	10 cubic yard roll off	Per Pull/Return Rate	2	\$ 350.00	0	\$ -
	20 cubic yard roll off	Per Pull/Return Rate	3	\$ 425.00	2	\$ 44,200.00
	30 cubic yard roll off	Per Pull/Return Rate	4	\$ 500.00	1	\$ 26,000.00
	40 cubic yard roll off	Per Pull/Return Rate	5	\$ 575.00	0	\$ -
	Customer Owned Compactors	Per Yard/Pull/Return Rate	0.20	\$ 22.71	608	\$ 718,027.67
<b>North - Landscape Greenwaste Only</b>						
	20 cubic yard roll off	Per Pull/Return Rate	3	\$ 335.00	1	\$ 17,420.00
	30 cubic yard roll off	Per Pull/Return Rate	4	\$ 380.00	1	\$ 19,760.00
	40 cubic yard roll off	Per Pull/Return Rate	5	\$ 425.00	0	\$ -
<b>On-Call Roll Off Collection Service</b> (Per Pull/Return Rate not including initial delivery Rate which is charged separately-excludes compactors)						
<b>North - Single Stream (w/o Organics)</b>						
	10 cubic yard roll off	Per Pull/Return Rate	2	\$ 350.00	0	\$ -
	20 cubic yard roll off	Per Pull/Return Rate	3	\$ 415.00	0	\$ -
	30 cubic yard roll off	Per Pull/Return Rate	4	\$ 480.00	0	\$ -
	40 cubic yard roll off	Per Pull/Return Rate	5	\$ 545.00	0	\$ -
	Customer Owned Compactors	Per Yard/Pull/Return Rate	0.20	\$ 20.68	0	\$ -
<b>North - Single Stream (w/ Organics &amp; No Glass)</b>						
	10 cubic yard roll off	Per Pull/Return Rate	2	\$ 370.00	0	\$ -
	20 cubic yard roll off	Per Pull/Return Rate	3	\$ 445.00	0	\$ -
	30 cubic yard roll off	Per Pull/Return Rate	4	\$ 520.00	0	\$ -
	40 cubic yard roll off	Per Pull/Return Rate	5	\$ 595.00	0	\$ -
	Customer Owned Compactors	Per Yard/Pull/Return Rate	0.20	\$ 23.85	0	\$ -
<b>North - Landscape Greenwaste Only</b>						
	20 cubic yard roll off	Per Pull/Return Rate	3	\$ 355.00	0	\$ -
	30 cubic yard roll off	Per Pull/Return Rate	4	\$ 400.00	0	\$ -
	40 cubic yard roll off	Per Pull/Return Rate	5	\$ 445.00	0	\$ -

**Form 12 - Drop Box Fees**

Type of Service	Receptacle	Rate Information	Tonnage Limit (Compactors Per Yard)	Year One		Estimated Annual Service Revenue
				Proposed Customer Rate (in 2010 \$)	Estimated # of Pulls/ Yards/Week	
<b>Regularly Scheduled Roll Off Collection Service</b> (Per Pull/Return Rate not including initial delivery Rate which is charged separately-excludes compactors)						
<b>South - Single Stream (w/o Organics)</b>						
	10 cubic yard roll off	Per Pull/Return Rate	2	\$ 380.00	0	\$ -
	20 cubic yard roll off	Per Pull/Return Rate	3	\$ 445.00	15	\$ 347,100.00
	30 cubic yard roll off	Per Pull/Return Rate	4	\$ 510.00	6	\$ 159,120.00
	40 cubic yard roll off	Per Pull/Return Rate	5	\$ 575.00	2	\$ 59,800.00
	Customer Owned Compactors	Per Yard/Pull/Return Rate	0.20	\$ 20.76	6,166	\$ 6,656,755.18
<b>South - Single Stream (w/ Organics &amp; No Glass)</b>						
	10 cubic yard roll off	Per Pull/Return Rate	2	\$ 400.00	0	\$ -
	20 cubic yard roll off	Per Pull/Return Rate	3	\$ 475.00	2	\$ 49,400.00
	30 cubic yard roll off	Per Pull/Return Rate	4	\$ 550.00	1	\$ 28,600.00
	40 cubic yard roll off	Per Pull/Return Rate	5	\$ 625.00	0	\$ -
	Customer Owned Compactors	Per Yard/Pull/Return Rate	0.20	\$ 23.94	685	\$ 852,848.40
<b>South - Landscape Greenwaste Only</b>						
	20 cubic yard roll off	Per Pull/Return Rate	3	\$ 385.00	2	\$ 40,040.00
	30 cubic yard roll off	Per Pull/Return Rate	4	\$ 430.00	1	\$ 22,360.00
	40 cubic yard roll off	Per Pull/Return Rate	5	\$ 475.00	1	\$ 24,700.00
<b>On-Call Roll Off Collection Service</b> (Per Pull/Return Rate not including initial delivery Rate which is charged separately-excludes compactors)						
<b>North - Single Stream (w/o Organics)</b>						
	10 cubic yard roll off	Per Pull/Return Rate	2	\$ 405.00	0	\$ -
	20 cubic yard roll off	Per Pull/Return Rate	3	\$ 470.00	0	\$ -
	30 cubic yard roll off	Per Pull/Return Rate	4	\$ 535.00	0	\$ -
	40 cubic yard roll off	Per Pull/Return Rate	5	\$ 600.00	0	\$ -
	Customer Owned Compactors	Per Yard/Pull/Return Rate	0.20	\$ 21.80	0	\$ -
<b>North - Single Stream (w/ Organics &amp; No Glass)</b>						
	10 cubic yard roll off	Per Pull/Return Rate	2	\$ 425.00	0	\$ -
	20 cubic yard roll off	Per Pull/Return Rate	3	\$ 500.00	0	\$ -
	30 cubic yard roll off	Per Pull/Return Rate	4	\$ 575.00	0	\$ -
	40 cubic yard roll off	Per Pull/Return Rate	5	\$ 650.00	0	\$ -
	Customer Owned Compactors	Per Yard/Pull/Return Rate	0.20	\$ 25.14	0	\$ -
<b>North - Landscape Greenwaste Only</b>						
	20 cubic yard roll off	Per Pull/Return Rate	3	\$ 410.00	0	\$ -
	30 cubic yard roll off	Per Pull/Return Rate	4	\$ 455.00	0	\$ -
	40 cubic yard roll off	Per Pull/Return Rate	5	\$ 500.00	0	\$ -

**Form 12 - Drop Box Fees**

Type of Service	Receptacle	Rate Information	Tonnage Limit (Compactors Per Yard)	Year One		Estimated Annual Service Revenue
				Proposed Customer Rate (in 2010 \$)	Estimated # of Pulls/ Yards/Week	
<b>Other Miscellaneous Charges</b>						
Demurrage Charge (e.g., rental charge)	All roll off box sizes	Weekly Rate*		\$ 165.00	0	\$ -
Delivery service	All roll off box sizes	Per-Occurrence Rate for delivery to collection site		\$ 65.00	0	\$ -
Overage charge - Single Stream (w/o Organics)	All roll off & Compactors Sizes	Per-Ton Rate For Each Ton In Excess of Limits		\$ 65.00	0	\$ -
Overage charge - Single Stream (w/ Organics & No Glass)	All roll off & Compactors Sizes	Per-Ton Rate For Each Ton In Excess of Limits		\$ 75.00	0	\$ -
Overage charge - Landscape Greenwaste Only	All roll off & Compactors Sizes	Per-Ton Rate For Each Ton In Excess of Limits		\$ 45.00	0	\$ -
Hasp & lock for Roll Off, one time charge	Not Applicable	Per- Occurrence Rate		\$ 15.00	0	\$ -
Return Rate	Not Applicable	Extra rate paid if customer container is blocked or unservicable and franchisee has to return to provide service		\$ 50.00	0	\$ -
Relocation Charge	All roll off box sizes	Per-Relocation Rate		\$ 75.00	0	\$ -
Steam Cleaning or Compactor Repairs	All roll off box sizes	Per Hour Rate (parts billed separately)		\$ 150.00	0	\$ -
Organics Contaminated w/ Glass		1st Occurrence		10% of Mo. Bill	0	\$ -
Organics Contaminated w/ Glass		2nd Occurrence		20% of Mo. Bill	0	\$ -
Organics Contaminated w/ Glass		3rd Occurrence		30% of Mo. Bill	0	\$ -
Organics Contaminated w/ Glass		4th Occurrence		40% of Mo. Bill	0	\$ -
Organics Contaminated w/ Glass		Beyond		50% of Mo. Bill	0	\$ -
Service Interrupt Fee		Per- Occurrence Rate		\$ 30.00	0	\$ -
Late Fee		After 60-days past due		1.50%	0	\$ -
Insuffucient Funds Fee		Per- Occurrence Rate		\$ 30.00	0	\$ -

\*Extra charge if a customer subscribing to temporary service keeps the box longer than 7 days without pickup or return.

**Estimated Annual Roll Off Revenue** **\$15,153,784**

**Estimated Total Annual Revenue for Carts, Bins, and Roll Off Boxes\*\*** **\$52,562,911**

\*\*Estimated Total Annual Revenue should equal Total Revenue Requirement on Form 5.

\$0

**Form 13 - City-Wide Cost Proposal**

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**City-Wide Cost Proposal Summary**

**Proposer Name: Allied Waste Services - Santa Clara County**

**San Jose : Alternate System**

North District **N.A**

South District **N.A**

	<hr/> <b>Total Franchisee Revenue Requirement</b> <hr/> (in 2010 \$)
North District*	[Yellow Box]
South District*	[Yellow Box]
<b>Subtotal</b>	<hr/> \$0 <hr/>
<b>City-Wide Discount**</b>	<div style="border: 2px solid black; padding: 2px;">4.00%</div> (percentage)
<b>Total City-Wide Cost</b>	<hr/> \$0 <hr/>

\* Total Franchisee Revenue Requirement per Form 5 of cost proposal for each district.

\*\* The City-Wide Discount will be applied to costs and proposed customer rates.

**Form 14 - Transport Cost from NIRRP to ZWED AD Facility**

	<u>Service Rd</u>		<u>HWY 237</u>
Labor	51.20		51.20
Fuel	9.38		9.38
Operating	1.43		1.43
R&M	11.76		11.76
Insurance	4.33		4.33
Depreciation	9.86		9.86
SG&A/OH	8.75		8.75
<b>Sub-Totals:</b>	<b>\$ 96.71</b>		<b>\$ 96.71</b>
Profit	16.68	85.29%	16.68
<b>Total Hourly Costs:</b>	<b>\$ 113.39</b>		<b>\$ 113.39</b>
Hours per Transfer Load	1.00		1.50
<b>Cost per Transfer Load</b>	<b>\$ 113.39</b>		<b>\$ 170.08</b>
Tons per Load	21		21
<b>Cost per Ton</b>	<b>\$ 5.40</b>		<b>\$ 8.10</b>
Total Tons	52,474		52,474
<b>Annual Expense</b>	<b>\$ 283,360</b>		<b>\$ 425,039</b>
<b>Difference:</b>			<b>\$ 141,680</b>