



A Public Agency

SBWMA Joint Technical Advisory Committee (TAC) Franchise Agreement Extension (FAX) Committee Meeting

THURSDAY, April 13, 2017 at 2:00 p.m.

San Carlos Library
Conference Room A/B
610 Elm Street, San Carlos, CA 94070

1. Roll Call

2. Public Comment

Persons wishing to address the Board on matters NOT on the posted agenda may do so.

Each speaker is limited to two minutes. If there are more than five individuals wishing to speak during public comment, the Chairman will draw five speaker cards from those submitted to speak during this time. The balance of the Public Comment speakers will be called upon at the end of the Board Meeting.

If the item you are speaking on is not listed on the agenda, please be advised that the Board may briefly respond to statements made or questions posed as allowed under The Brown Act (Government Code Section 54954.2). The Board's general policy is to refer items to staff for attention, or have a matter placed on a future Board agenda for a more comprehensive action or report and formal public discussion and input at that time.

3. Approval of Consent Calendar:

Consent Calendar item(s) are considered to be routine and will be enacted by one motion. There will be no separate discussion on these items unless members of the Board, staff or public request specific items be removed for separate action. *Items removed from the Consent Calendar will be moved to the end of the agenda for separate discussion.*

A. Approval of the January 5, 2017 TAC/FAX Meeting Minutes

4. Presentation of Franchise Agreement Extension (FAX) Committee Findings on Recology Franchise Agreement Extension Negotiations

- a. SBWMA Staff: Background, Goals, Timing, and Public Decision Making Considerations
- b. Financial Review by HF&H Consultants
- c. Recology Presentation
- d. Q&A Session

5. TAC/FAX Member Comments

5. Adjourn

Attachments:

1. Executive Director Cover Letter
 - a. 2016 Bay Area Comparative Rate Study
 - b. Frequently Asked Questions
2. Summary of Franchise Agreement Changes

MEMBER AGENCIES

ATHERTON * BELMONT * BURLINGAME * EAST PALO ALTO * FOSTER CITY * HILLSBOROUGH * MENLO PARK * REDWOOD CITY
* SAN CARLOS * SAN MATEO * COUNTY OF SAN MATEO * WEST BAY SANITARY DISTRICT



A Public Agency

Date: April 10, 2017
To: TAC/FAX Representatives
From: Joe La Mariana, SBWMA Executive Director
Copy to: SBWMA Board and Alternates; Hilary Gans; Cyndi Urman; Jean Savaree; Bob Hilton; Tracy Swanborn; Tracy Bills; Ron Proto; Mario Puccinelli; Mike Kelly; Carl Mennie; Tammy Del Benne; Jeanette Haskell; Bryce Giddens
Subject: Franchise Agreement Extension Update

At SBWMA Board (Board) direction, the SBWMA's ad hoc Franchise Agreement Extension (FAX) committee, staff and designated contractors have worked closely with Recology of San Mateo County (Recology) representatives since November 2016 to deliver a mutually-agreeable (amended and restated) Model Franchise Agreement and a supporting cost proposal to provide a comparable scope of core services in our service area in 2021, and beyond. On behalf of the SBWMA Board and staff, I want to thank the FAX Committee for their time and extraordinary efforts during this exhaustive process. The following document describes some notable contractual and financial details that will be discussed during our joint Technical Advisory Committee (TAC)/FAX on April 13, 2017. Next steps in the public decision-making process are also outlined below.

Background:

SBWMA member agencies are currently in the seventh year (7) of a ten-year (10) Franchise Agreement for Collection Services for Garbage, Recycling and Organic Materials with Recology. This current Agreement expires on December 31, 2020. During this time, feedback provided by Board Members, Member Agency staff, and community members surveyed, has consistently established that Recology has provided a high-level of professional competency during the execution of their operations throughout this period, in addition to the intense three-year (3) pre-service rollout period. Thus, the Board finalized a plan and process for the negotiations of a potential Franchise Agreement Extension with Recology. This plan was approved by the Board on April 28, 2016.

The FAX has been tasked with three primary deliverables during this process. They are:

- **Develop an amended and restated model Franchise Agreement for collection services during 2021 and beyond, to be presented to the Board for consideration at its April 27, 2017 meeting.** The Model Franchise Agreement is intended to serve as a template document for each member agency to further refine and approve to meet their individual needs.
- **Obtain and include feedback from the TAC at its April 13th meeting.**

610 Elm Street, Suite 202 | P: 650-802-3500 |
San Carlos, CA 94070 | F: 650-802-3501 | RethinkWaste.org

MEMBER AGENCIES: Town of Atherton • City of Belmont • City of Burlingame • City of East Palo Alto • City of Foster City • Town of Hillsborough
City of Menlo Park • City of Redwood City • City of San Carlos • City of San Mateo • County of San Mateo • West Bay Sanitary District

SBWMA Franchise Agreement Extension Update

April 10, 2017

- **Critically review Recology's proposed total revenue requirement (aka "Cost Proposal") estimated to perform these services in future rate year 2021.** Upon the presumed Board approval of these documents, each member agency is strongly encouraged to immediately work with Recology to finalize the contract language, specific scope of services and the pricing of these services for their respective agency by December 31, 2017. Note: a RFP process will be initiated if eight member agencies have not fully executed their Franchise Agreements with Recology by December 31, 2017.

As part of the negotiation process, the SBWMA negotiation team researched two foundational financial factors that must be clearly understood: 1) the current Member Agency collection rates were compared to other Bay Area jurisdictions, and 2) Recology's actual cost to perform the current services. This research helped confirm that the SBWMA member agency's rates are below the Bay Area average. Two studies were engaged to address these important issues:

- **A Solid Waste Rate Comparison By Jurisdiction Study was performed in April 2016** to identify the garbage, recycling and organics collection rates that are charged by other individual communities in the counties of Alameda, Contra Costa, Marin, Santa Clara and San Mateo. The study showed that the average cost for a residential 32 gallon can in the SBWMA area is \$32.55 a month (monthly service costs ranged from \$22 to \$55 for jurisdictions). The all city average from jurisdictions located in the counties outside of the SBWMA is \$33.14 (monthly service costs ranged from \$24.41 to \$43.75 for jurisdictions). The SBWMA is currently below the average cost customers are charged for a 32 gallon can each month. **Attachment A** contains specific details of this study.
- **A comprehensive Operational Cost Review was conducted to assess the "reasonableness" of Recology's proposal.** The cost review analyzed all aspects of Recology's operations (i.e., all labor categories, vehicle routing, fleet acquisition, maintenance, and fuel) and compared this against industry norms. This analysis provided the negotiations team a basis for verifying the details of Recology's current self-reported cost information and proposed 2021 cost proposal. The review by the two consultants concluded that Recology's total annual cost of operations were "reasonable" and varied only 5.5% from the consultant's model and were within the norms of solid waste industry for the greater Bay Area.

Update on Negotiation Process:

Since November, the SBWMA negotiation team held seven planned FAX Committee Meetings, a special TAC meeting in January, seven planned joint negotiation meetings, and many phone meetings were also held between Recology, HFH Consultants and SBWMA staff to continue moving the process forward to maintain the Board's FAX schedule. Negotiations moved along smoothly, however, Recology's initial cost proposal for the current agreement's last rate year (2020) and the start of the presumed new agreement (2021) known as the "jump-off point" was not in line with the agency's expectations, which was to remain under a two-digit percent increase. Both parties agreed to hold subsequent final discussions during two unplanned, all-day meetings that were conducted on April 4th and 6th, 2017. Substantive agreement has been reached on the majority of Recology's cost proposal, a modified compensation methodology and Franchise Agreement language, the parties are actively working to achieving full agreement in all areas by April 20th - which is the anticipated distribution date of the April Board meeting agenda packet. Both parties negotiated in good faith through the entire process. **An executive-level review of Recology's Cost Proposal will be extensively discussed during the TAC/FAX meeting.**

Due to the late timing of these final discussions, it's anticipated that the redlined version of the Franchise Agreement will be widely distributed to the Board, TAC, FAX and all stakeholders upon completion of final legal review by the April 20th Board meeting agenda packet distribution date. In the meantime, a section-by-section summary of the Franchise Agreement's changes has been included in this agenda packet for your review. It is important to note that approximately 90% of the current Franchise Agreement language remains unchanged.

Per Board direction and where possible, the parties have mutually agreed to simplify the agreement's language and reporting requirements, while still maintaining contractual integrity.

Next Steps:

1. [Joint TAC/FAX meeting \(April 13\)](#)
SBWMA negotiation team will seek invaluable guidance regarding Recology's Cost Proposal deal points and proposed Franchise Agreement changes in preparation for the April 27th Board meeting. The FAX Committee's FINDINGS AND RECOMMENDATIONS FINAL REPORT (draft) document will be distributed to FAX Committee members by end of day April 15th for comment. Committee member's responses will be due back by noon on April 18th. The FAX Committee's FINDINGS AND RECOMMENDATIONS FINAL REPORT will be distributed with the SBWMA's April Board meeting agenda packet by end-of-day on April 20th.
2. [SBWMA Board meeting—Discussion Item \(April 27th\)](#)
An expanded presentation on the FAX Committee's findings and recommendations (**Remember, this meeting starts at 1pm**). Other than several consent items, there are two items planned for discussion at this meeting:
 - a. The SBWMA's proposed FY17/18 budget (first reading)
 - b. The FAX Committee's Findings and Recommendations (discussion item):
 - i. **SBWMA**: Project background, goals, timeline, public-decision making considerations
 - ii. **HFH Consultants**: Proposed Franchise Agreement Changes; Cost Proposal for 2021
 - iii. **Recology**: Company presentation—accomplishments/proposal highlights
 - iv. **Q + A Session**
3. [Member Agency FAX Presentations - Discussion Item \(May 1-22nd\)](#)
Informational 15-20 minute presentations to member agency elected bodies and to the SBWMA meeting of City Managers.
4. [SBWMA Board Meeting - Action Item \(May 25\)](#)
Feedback from the Member Agency and SBWMA City Managers will be provided to Board as they consider acceptance of the FAX Committee's FINDINGS AND RECOMMENDATIONS FINAL REPORT.
5. [Member Agency Franchise Agreement Negotiations with Recology - \(June-December 2017\)](#)
Upon its approval, Staff will work closely with each member agency's board member, TAC member and Staff to facilitate negotiations with Recology.

Closing Thoughts:

During the months to follow, our challenge will be to communicate a complex, multilayered and highly nuanced process and financial structure, along with the associated rate impacts, to our 12 member agency's elected bodies, the general public, and the press in the most simple terms possible. To provide transparency and effective communication, the SBWMA has developed a list of Frequently Asked Questions (FAQs) to provide direction on how best to respond to questions. The FAQs can be seen in **Attachment B**.

Thank you for your engaged efforts and continued support as we all navigate our way through this negotiation process. Should you have any questions, please do not hesitate to contact me.

Respectfully,

A handwritten signature in blue ink, appearing to be the initials 'JL' or similar, written in a cursive style.

ATTACHMENTS:

- Attachment A - 2016 Solid Waste Rate Study
- Attachment B - Negotiation Process FAQs

Attachment A 2016 Bay Area Solid Waste, Recycling and Organics Collection Program

Jurisdiction	County	Res. Single-Family				Commercial				Service Info		
		20 Gallon	30-35Gal.	60-64Gal.	90-96Gal.	1YD Bin 1x/week	1YD Bin 3x/week	3YD Bin 1x/week	3YD Bin 3x/week	Rec. Freq.	YW Freq.	Sort
City of Alameda	Alameda	\$ 30.65	\$ 38.68	\$ 63.56	\$ 88.77	\$ 147.36	\$ 450.90	\$ 442.08	\$ 1,352.71	Weekly	Weekly	Single
City of Albany	Alameda	\$36.72	\$41.13	\$71.08	\$101.02	\$163.87	\$491.61	\$491.61	\$1,474.83	Weekly	Weekly	Single
City of Berkeley (District 1 & 2)	Alameda	\$ 23.79	\$ 38.05	\$ 76.05	\$ 114.03	\$ 151.42	\$ 426.65	\$ 419.05	\$ 1,244.70	Weekly	Weekly	Dual stream
City of Berkeley (District 3) ⁵	Alameda	\$ 24.82	\$ 39.62	\$ 79.18	\$ 118.75	\$ 151.42	\$ 426.65	\$ 419.05	\$ 1,244.70	Weekly	Weekly	Dual stream
City of Dublin	Alameda	N/A	\$ 22.06	\$ 40.52	\$ 58.98	\$ 107.03	\$ 374.35	\$ 321.09	\$ 1,016.53	Weekly	Weekly	Single
City of Emeryville	Alameda	\$ 10.93	\$ 18.10	\$ 36.19	\$ 54.29	\$ 107.78	\$ 323.34	\$ 323.34	\$ 970.02	Weekly	Weekly	Single
City of Fremont	Alameda	\$ 31.21	\$ 31.89	\$ 34.99	\$ 51.47	\$ 93.09	\$ 363.24	\$ 209.26	\$ 835.91	Weekly	Weekly	Single
City of Livermore	Alameda	\$ 23.61	\$ 32.96	\$ 57.54	\$ 90.41	\$ 116.72	\$ 364.16	\$ 350.16	\$ 1,115.62	Weekly	Weekly	Single
City of Newark	Alameda	\$ 26.89	\$ 29.89	\$ 52.94	\$ 75.97	\$ 121.12	\$ 377.91	\$ 320.45	\$ 873.90	Weekly	Weekly	Single
City of Oakland	Alameda	\$ 32.10	\$ 36.82	\$ 67.19	\$ 102.43	\$ 194.10	\$ 582.30	\$ 462.27	\$ 1,386.81	Weekly	Weekly	Single
City of Piedmont ⁵	Alameda	\$ 51.39	\$ 53.99	\$ 63.42	\$ 74.71	\$ 169.43	\$ 477.82	N/A	N/A	Weekly	Weekly	Single
City of Pleasanton	Alameda	N/A	\$ 33.80	N/A	\$ 45.48	\$ 168.23	\$ 440.28	\$ 480.44	\$ 1,296.58	Weekly	Weekly	Dirty MRF
City of San Leandro	Alameda	\$ 22.84	\$ 28.46	\$ 47.37	\$ 66.26	\$ 124.78	\$ 377.23	\$ 377.23	\$ 1,131.68	Weekly	Weekly	Single
City of Union City ¹⁰	Alameda	\$ 38.41	\$ 44.93	\$ 77.58	\$ 110.18	\$ 135.44	\$ 374.10	\$ 354.94	\$ 967.33	Weekly	Weekly	Single
Castro Valley Sanitary District	Alameda	\$ 24.54	\$ 38.07	\$ 66.10	\$ 94.17	\$ 270.29	\$ 810.98	\$ 719.20	\$ 2,015.49	Weekly	Weekly	Single
Oro Loma Sanitary District (L1)	Alameda	\$ 12.92	\$ 21.20	\$ 37.84	\$ 54.43	\$ 130.36	\$ 303.99	\$ 317.93	\$ 838.83	Bi-weekly	Weekly	Single
Oro Loma Sanitary District (L2) ⁹	Alameda	\$ 11.17	\$ 19.45	\$ 36.09	\$ 52.68	\$ 130.36	\$ 303.99	\$ 317.93	\$ 838.83	Bi-weekly	Weekly	Single
Oro Loma Sanitary District (L3)	Alameda	\$ 14.20	\$ 23.85	\$ 16.26	\$ 62.30	\$ 150.80	\$ 351.71	\$ 367.89	\$ 970.62	Bi-weekly	Weekly	Single
City of Richmond	Contra Costa	\$ 27.42	\$ 33.32	\$ 63.39	\$ 94.32	\$ 220.94	\$ 558.96	\$ 501.75	\$ 1,371.68	Bi-weekly	Bi-weekly	Single
City of San Pablo	Contra Costa	\$ 23.69	\$ 28.84	\$ 55.95	\$ 83.86	\$ 219.89	\$ 554.10	\$ 505.02	\$ 1,379.20	Bi-weekly	Bi-weekly	Single
City of El Cerrito ⁹	Contra Costa	\$ 32.40	\$ 43.00	\$ 86.40	N/A	\$ 287.87	\$ 799.37	N/A	N/A	Weekly	Weekly	Single
City of Hercules	Contra Costa	\$ 29.47	\$ 34.60	\$ 61.01	\$ 88.21	\$ 249.76	\$ 625.90	\$ 568.13	\$ 1,545.77	Bi-weekly	Bi-weekly	Single
City of Pinole	Contra Costa	\$ 27.94	\$ 33.11	\$ 58.91	\$ 85.50	\$ 247.85	\$ 626.97	\$ 572.72	\$ 1,567.90	Bi-weekly	Bi-weekly	Single
Unincorp.-West Contra Costa	Contra Costa	\$ 25.72	\$ 31.40	\$ 60.14	\$ 89.59	\$ 209.99	\$ 528.19	\$ 471.06	\$ 1,281.87	Bi-weekly	Bi-weekly	Single
Town of Fairfax	Marin	\$ 26.10	\$ 31.29	\$ 62.58	\$ 93.87	\$ 183.95	\$ 435.70	\$ 431.25	\$ 1,128.85	Weekly	Weekly	Dual stream
RVSD-N (Oak Manor)	Marin	\$ 23.82	\$ 38.29	\$ 77.37	\$ 117.13	\$ 207.60	\$ 622.90	\$ 622.90	\$ 1,868.75	Weekly	Weekly	Dual stream
RVSD-N (Sleepy Hollow)	Marin	\$ 24.59	\$ 39.54	\$ 79.86	\$ 120.91	\$ 207.60	\$ 622.90	\$ 622.90	\$ 1,868.75	Weekly	Weekly	Dual stream
Town of San Anselmo ¹³	Marin	\$ 28.02	\$ 36.62	\$ 73.30	\$ 109.95	N/A	N/A	\$ 601.01	\$ 1,803.16	Weekly	Weekly	Dual stream
City of Belvedere ⁵	Marin	\$ 37.42	\$ 46.25	\$ 78.47	\$ 110.69	\$ 205.43	\$ 567.46	N/A	N/A	Weekly	Weekly	Single
City of Novato ⁴	Marin	\$ 12.09	\$ 19.33	\$ 38.64	\$ 57.98	N/A	N/A	\$ 251.87	\$ 624.95	Weekly	Weekly	Single
City of Sausalito ^{6,7}	Marin	N/A	\$ 36.90	\$ 73.80	\$ 110.74	\$ 145.95	\$ 437.84	N/A	N/A	Weekly	Bi-weekly	Single
Town of Tiburon ^{5,7}	Marin	\$ 34.59	\$ 39.02	\$ 71.05	\$ 102.54	\$ 185.67	\$ 506.76	N/A	N/A	Weekly	Weekly	Single
Town of Corte Madera ^{5,7}	Marin	\$ 27.61	\$ 32.47	\$ 65.11	\$ 97.75	\$ 151.87	\$ 409.79	N/A	N/A	Weekly	Weekly	Single
City of Mill Valley ^{5,7}	Marin	\$ 37.73	\$ 41.61	\$ 69.47	\$ 97.28	\$ 184.28	\$ 495.92	N/A	N/A	Weekly	Weekly	Single
City of San Rafael	Marin	\$ 28.80	\$ 33.88	\$ 67.76	\$ 101.64	N/A	N/A	\$ 418.55	\$ 1,165.80	Weekly	Weekly	Dual stream
Las Gallinas Valley San Dist- County	Marin	\$ 25.18	\$ 29.62	\$ 59.24	\$ 88.86	\$ 212.05	\$ 636.65	\$ 429.05	\$ 1,197.50	Weekly	Weekly	Dual stream
City of Larkspur ⁶	Marin	\$ 31.64	\$ 37.22	\$ 74.44	\$ 111.66	\$ 236.30	\$ 708.70	\$ 474.57	\$ 1,244.38	Weekly	Weekly	Dual stream
Town of Ross	Marin	\$ 27.51	\$ 32.37	\$ 64.74	\$ 97.11	N/A	N/A	\$ 415.66	\$ 1,246.84	Weekly	Weekly	Dual stream
County (RVSD-S)	Marin	\$ 21.92	\$ 36.29	\$ 75.50	\$ 117.75	\$ 303.45	\$ 769.35	\$ 469.30	\$ 1,232.35	Weekly	Weekly	Dual stream
County - Marin Franchisors' Group	Marin	\$ 21.61	\$ 35.75	\$ 74.47	\$ 116.13	N/A	N/A	\$ 473.65	\$ 1,236.80	Weekly	Weekly	Dual stream
City of Campbell ¹	Santa Clara	\$ 19.00	\$ 24.79	\$ 49.58	\$ 74.37	\$ 123.93	\$ 375.33	\$ 247.86	\$ 750.66	Weekly	Weekly	Single
City of Cupertino ¹	Santa Clara	N/A	\$ 24.07	\$ 48.14	\$ 72.22	\$ 140.39	\$ 421.21	\$ 224.64	\$ 673.91	Weekly	Weekly	Single
City of Los Altos	Santa Clara	\$ 29.25	\$ 31.50	\$ 63.00	\$ 94.50	\$ 123.59	\$ 370.79	\$ 370.78	\$ 1,112.38	Weekly	Weekly	Single
City of Monte Sereno ¹	Santa Clara	\$ 22.06	\$ 28.77	\$ 57.54	\$ 86.30	\$ 169.24	\$ 512.63	\$ 338.48	\$ 1,025.26	Weekly	Weekly	Single

Jurisdiction	County	Res. Single-Family				Commercial				Service Info		
		20 Gallon	30-35Gal.	60-64Gal.	90-96Gal.	1YD Bin 1x/week	1YD Bin 3x/week	3YD Bin 1x/week	3YD Bin 3x/week	Rec. Freq.	YW Freq.	Sort
City of Mountain View	Santa Clara	\$ 18.20	\$ 26.60	\$ 53.20	\$ 79.80	\$ 122.15	\$ 366.05	\$ 345.55	\$ 996.15	Bi-weekly	Bi-weekly	Dual stream
City of Palo Alto	Santa Clara	\$ 24.30	\$ 43.75	\$ 87.51	\$ 131.26	\$ 170.04	\$ 523.20	\$ 416.38	\$ 1,322.17	Weekly	Weekly	Single
City of San Jose ¹¹	Santa Clara	N/A	\$ 32.07	\$ 64.14	\$ 96.21	\$ 166.41	\$ 476.53	\$ 499.23	\$ 1,429.59	Weekly	Weekly	Single
City of Santa Clara	Santa Clara	\$ 26.11	\$ 28.11	\$ 56.23	\$ 84.34	\$ 110.31	\$ 330.94	\$ 330.94	\$ 992.82	Weekly	Weekly	Single
City of Sunnyvale	Santa Clara	N/A	\$ 36.94	\$ 44.12	\$ 51.30	\$ 163.03	\$ 454.94	\$ 390.43	\$ 1,134.45	Weekly	Weekly	Multiple
City of Saratoga ¹	Santa Clara	\$ 20.42	\$ 26.63	\$ 53.26	\$ 79.89	\$ 175.06	\$ 530.50	\$ 350.13	\$ 1,061.01	Weekly	Weekly	Single
Town of Los Altos Hills	Santa Clara	\$ 27.95	\$ 38.97	\$ 77.96	\$ 116.92	\$ 98.13	\$ 206.66	\$ 153.56	\$ 359.07	Bi-weekly	Bi-weekly	Single
Town of Los Gatos ¹	Santa Clara	\$ 18.63	\$ 24.41	\$ 48.83	\$ 73.24	\$ 141.92	\$ 429.95	\$ 283.85	\$ 859.90	Weekly	Weekly	Single
Town of Atherton	San Mateo	\$ 27.00	\$ 55.00	\$ 110.00	\$ 164.00	\$ 200.00	\$ 600.00	\$ 550.00	\$ 1,650.00	Weekly	Weekly	Single
City of Belmont	San Mateo	\$ 21.19	\$ 35.17	\$ 71.67	\$ 112.30	\$ 195.96	\$ 605.43	\$ 594.47	\$ 1,801.27	Weekly	Weekly	Single
City of Burlingame	San Mateo	\$ 12.90	\$ 23.85	\$ 47.71	\$ 70.80	\$ 150.52	\$ 469.60	\$ 451.53	\$ 1,408.79	Weekly	Weekly	Single
City of East Palo Alto ³	San Mateo	N/A	N/A	N/A	\$ 40.77	\$ 216.17	\$ 503.33	\$ 456.71	\$ 1,164.53	Weekly	Weekly	Single
City of Foster City	San Mateo	\$ 13.74	\$ 22.00	\$ 44.00	\$ 66.00	\$ 105.53	\$ 321.60	\$ 316.59	\$ 964.78	Weekly	Weekly	Single
Town of Hillsborough ¹⁴	San Mateo	\$ 41.30	\$ 50.80	\$ 78.90	\$ 111.80	\$ 132.00	\$ 404.38	\$ 396.00	\$ 1,214.64	Weekly	Weekly	Single
City of Menlo Park	San Mateo	\$ 13.99	\$ 23.40	\$ 55.99	\$ 83.72	\$ 124.69	\$ 389.04	\$ 374.08	\$ 1,219.00	Weekly	Weekly	Single
No. Fair Oaks	San Mateo	\$ 27.31	\$ 27.31	\$ 27.31	\$ 84.14	\$ 161.11	\$ 483.32	\$ 483.32	\$ 1,449.96	Weekly	Weekly	Single
City of Redwood City	San Mateo	\$ 11.38	\$ 27.30	\$ 54.61	\$ 81.06	\$ 127.63	\$ 382.89	\$ 382.89	\$ 1,148.67	Weekly	Weekly	Single
City of San Carlos	San Mateo	\$ 20.87	\$ 31.18	\$ 52.23	\$ 68.45	\$ 121.48	\$ 379.00	\$ 378.88	\$ 1,137.01	Weekly	Weekly	Single
City of San Mateo ¹⁵	San Mateo	\$ 13.18	\$ 21.08	\$ 46.41	\$ 72.05	\$ 140.97	\$ 435.58	\$ 423.01	\$ 1,306.79	Weekly	Weekly	Single
Unincorporated County	San Mateo	\$ 30.21	\$ 35.90	\$ 61.95	\$ 88.00	\$ 226.22	\$ 526.73	\$ 477.99	\$ 1,218.73	Weekly	Weekly	Single
West Bay Sanitary District	San Mateo	\$ 23.30	\$ 37.60	\$ 73.70	\$ 110.00	\$ 227.81	\$ 683.42	\$ 481.45	\$ 1,444.35	Weekly	Weekly	Single
50th Percentile		\$ 25.00	\$ 33.04	\$ 62.58	\$ 88.82	\$ 162.07	\$ 452.92	\$ 418.80	\$ 1,216.69			
75th Percentile		\$ 28.80	\$ 37.83	\$ 73.60	\$ 109.98	\$ 206.52	\$ 556.53	\$ 480.44	\$ 1,379.20			
SBWMA Average		\$ 21.36	\$ 32.55	\$ 60.37	\$ 88.70	\$ 163.85	\$ 475.72	\$ 443.61	\$ 1,317.58			
All City Average		\$ 25.06	\$ 33.14	\$ 61.01	\$ 89.11	\$ 168.81	\$ 478.53	\$ 417.97	\$ 1,210.10			

¹ 1 cu yd containers not available. Rates reflected here are for 1.5 cu. yds.

² City has one rate for unlimited residential solid waste collection from customer-provided containers

³ 96 Gallon Cart is only available option for Residential

⁴ Smallest Commercial Bin is 2 yd.

⁵ Largest commercial bin is 2 yards.

⁶ One cubic yard bin no longer offered to new customers.

⁷ Rate for 1, 2, & 3 30 gallon cans in lieu of 60 and 90 gallon cans.

⁸ Berkeley's District 3 pays a fire surcharge on residential rates.

⁹ OLSD L2 district doesn't provide recycling services to residents. Recycling rates are included in rate for L1 & L3.

¹⁰ Recycling provided by Tri-CED.

¹¹ San Jose residential rate includes loose in the street yard trimmings; commercial rate is for wet service

¹² The Newark rate does not include an ACWMA Benchmark Service Information fee which is included as a separate line item Republic's invoice.

¹³ San Anselmo offers a very low rate for "Intensive Recycling (20 gallon cart EOW) rate.

¹⁴ Hillsborough includes the additional \$25.00 that is billed on the property tax role.

¹⁵ San Mateo includes the additional Landfill Closure fee and the Street Sweeping Fee.



SBWMA Negotiation Process Frequently Asked Questions

1. Is the current contract with Recology being extended?

The SBWMA is now in the seventh year of a ten-year Franchise Agreement for Collection Services for Garbage, Recycling and Organic Materials with Recology. During this time, feedback provided by Member Agency staff and SBWMA Board Members, has consistently confirmed that our service provider, Recology of San Mateo County (Recology) has demonstrated a high-level of professional competency in the execution of their operations during this time. (According to a recent survey (conducted in late 2016) with our member agency Board and TAC members, over 90% of the community is very satisfied with the services being provided by Recology). Recology took over collection services from Allied Waste in 2011 and has provided a smooth transition, superior service and a high-level of community engagement. By pursuing a contract extension with Recology, the member agencies will have a strong assurance that they will continue to receive excellent service.

2. Why negotiate now when three years remain on the current agreement?

While both parties are hopeful, there is no guarantee that the negotiations with Recology will be successful. If there is a need to go out to bid for a new collection services provider, the SBWMA and the new company will need time to prepare and transition the 433,000 residential and 11,000 commercial customers over to a new fleet of trucks, trained drivers and trained support staff. Additionally, the bid process is complicated and expensive and the SBWMA wants to make sure there is plenty of time remaining to conduct a proper comprehensive public procurement process (aka "RFP") for collection services.

3. What is the proposed term of the new agreement?

The current agreement will end on January 1, 2021. Recology has proposed a 10 or 15-year contract term for the new agreement. The FAX Committee is recommending a 15-year term because it maximizes the life of the collection fleet and offers our ratepayers the best value. The proposed 15-year term would be from January 1, 2021 to December 31, 2035.

4. Will the current garbage/recycling services remain the same, or will they change?

For the most part, services will remain the same. There may be small changes to the type of service depending on individual member agency's needs, however, there will be no changes to how customers experience the services. The SBWMA and its member agencies have an ongoing commitment to recycling and the continuation of its great recycling and organics collection and diversion programs, education, and technical assistance. Over the seven years that Recology has been SBWMA's service provider, the community's diversion rate improved from 39% to over 50% of its waste materials diverted from landfill. Recology has been an important partner in this improvement. In the future, the State of California plans for communities to reach an even higher diversion goal from landfill (75%).

610 Elm Street, Suite 202 | P: 650-802-3500
San Carlos, CA 94070 | F: 650-802-3501 | RethinkWaste.org

MEMBER AGENCIES: Town of Atherton • City of Belmont • City of Burlingame • City of East Palo Alto • City of Foster City • Town of Hillsborough
City of Menlo Park • City of Redwood City • City of San Carlos • City of San Mateo • County of San Mateo • West Bay Sanitary District

5. What is the process for the extension negotiations?

On April 28, 2016, the SBWMA Board approved a workplan which created a subcommittee comprised of member agency staff, SBWMA staff and supporting consultants to navigate negotiations with Recology beginning in November 2016. This Franchise Agreement Extension Committee (aka "FAX") was tasked with two deliverables to be presented to the SBWMA Board by summer of 2017:

- a. **Present a proposed "amended and restated" Model Franchise Agreement.** This has now been developed and will be sent to the SBWMA Board of Directors for a first review on April 27, 2017, and again on May 25, 2017 for approval. **The Model Franchise Agreement will serve as a template for each member agency and include the core-services that are common to all 12 member agencies** - each member agency can then tailor the agreement to reflect additional services to meet their individual needs. **It is anticipated that each member agency will execute their individual Franchise Agreement with Recology by December 31, 2017.**
- b. **Present a vetted cost proposal from Recology for the core services that it is contracted to provide.** The residential, commercial, and multifamily collection services will be similar to the current scope of services and contain similar cost-containment provisions that have kept SBWMA ratepayer's costs below the Bay Area average.

6. What is the primary role of the SBWMA during the Negotiations process?

The SBWMA is a joint powers authority of twelve public agencies in San Mateo County and is a national leader in the delivery of innovative waste reduction and recycling programs. The SBWMA owns and manages the Shoreway Environmental Center (Shoreway) which handles all the recyclables, organics, and garbage collected in its service area. The SBWMA also provides strategic oversight, support and management of contractors that collect, process, recycle and dispose of materials for the 12 Member Agencies. **The SBWMA is providing negotiating services on behalf of the member agencies and will develop a Model Franchise Agreement and cost package to the SBWMA Board of Directors for approval in May 2017. Additionally, the SBWMA will be assisting all member agencies in finalizing their respective franchise agreement by December 2017.**

7. What is good about the negotiated deal with Recology?

Recology has been a proven and reliable partner over the last seven years and has provided excellent service to the SBWMA community. **The negotiations team recognizes that Recology's costs of operations are similar to other companies that would bid in the SBWMA services (industry experts have verified that Recology's costs are within industry norms) and that no large cost savings are likely to be gained by installing a new collection contractor.** The negotiated deal that will be considered by the Board provides:

- **Consistency with all existing solid waste, recycling and organics services.**
- **No new-service provider transition pitfalls** (i.e., container switch-out, customer service center setup & billing setup, driver route training, hard-rollout a new truck fleet, developing a new rate setting process, and end-of-contract buyouts (e.g. Allied Waste's exit).

- Rate-setting stability/predictability-after an initial rate true-up, rate increases are tied to indexes.
- SBWMA rates will continue to be in-line with Bay Area communities.
- Continued cost savings from collection efficiencies gained by Recology's years of experience.
- Sharing of future inflation risk by Recology in their 2021 Cost Proposal.
- Savings of an estimated \$2 million in avoided RFP and contractor-transition costs.
- Labor peace by continuing with a known company and management team.

8. [Will there be a rate increase in 2021?](#)

Yes, Recology's operating costs are anticipated to increase between rate years 2020 and 2021. There are many variables that will occur between 2017 and 2021 that will affect the cost of collection services including inflation, fuel cost, collective bargained labor, new laws, and fleet replacement. Additionally, the specific cost of collection services will vary based on the specific services requested by each member agency and their individual rate-setting philosophy. The FAX and Recology have attempted to forecast each cost element and actual costs will be used to determine the final costs that will be implemented in 2021. Note that collection services represents approximately 65% of the total costs to provide comprehensive solid waste management services, and does not include the cost of the post-collection handling, transportation, processing and landfilling of waste materials.

The SBWMA conducted a **Solid Waste Rate Study** in April 2016 which compared the cost of garbage/recycling collection services for about 60 different jurisdictions located in the counties of Alameda, Contra Costa, Marin, Santa Clara and San Mateo. **The SBWMA is currently below the average cost customers are charged for a 32-gallon can each month.** (This study showed that the \$32.55 per month SBWMA average cost for a residential 32-gallon garbage can is below the Bay Area average cost of \$33.14 per month for the same service.

9. [How many SBWMA agencies are required to approve a New Franchise Agreement?](#)

A minimum of eight member agencies are required to approve the new Amended and Restated Franchise Agreement according to section 7.1.1 titled "*SBWMA Powers*" of the "*Second Amended and Restated SBWMA's Joint Exercise Powers Agreement Powers South Bayside Waste Management Authority*" document dated June 19, 2013.

SBWMA/Recology Model Franchise Agreement

Summary of Modifications as of April 6, 2017

Reference	Section Description	Modifications to Model Agreement
Entire Document		<ul style="list-style-type: none"> • Changed “Authority” to SBWMA to be consistent with current use of names. • Integrated changes pursuant to the 2013 First Amendment to the current franchise agreement (2009 Franchise Agreement).
Recitals		<ul style="list-style-type: none"> • Added several recitals describing the process for Amending and Restating the Agreement. • Identified a 15-year term for amended and restated Agreement (in addition to the original 10-year term of the current franchise). • Included references to recent State regulations/legislation (e.g., AB 341, AB 1826, SB 1383).
2.09	Statements and Information In Proposal	Amended this Section to reference Contractor’s proposal submitted as part of this process to amend and restate the Agreement rather than referencing the original 2008 proposal.
2.10	Iran Contracting Certification	Added a new Section for Contractor’s certification related to the Iran Contracting Act of 2010 (California Public Contract Code Section 2203 of the Iran Contracting Act of 2010).
3.01	Effective Date	Amended Effective date to June 30, 2018, which is the date the Agreement becomes binding and enforceable provided that all conditions set forth in Sections 3.04.A and 3.04.B have been satisfied or waived. Note that the services do not commence until January 1, 2021.
3.02	Term	<ul style="list-style-type: none"> • Defined the term of the amended and restated Agreement to be 15 years in addition to the 10-year term of the current 2009 Franchise Agreement for a total of 25 years. • Described that the 2009 Franchise Agreement will govern through December 31, 2020, and that the amended and restated Agreement will govern from and after January 1, 2021.
3.03	Extension of Term	<ul style="list-style-type: none"> • Added provision allowing an extension of up to 5 years (for a total maximum term of 30 years) at Agency’s discretion, but subject to Contractor’s consent. • Specified that if parties do not mutually agree on an extension, an extension of up to 1 year at Agency’s sole discretion will be allowed. The extension would be subject to a meet and confer if Contractor is experiencing a net financial loss in operations under the Agreement. • Indicated that a three year noticing period is required if Agency wants to extend the Term.
3.04A	Conditions to Effectiveness of Agreement	Removed requirement for Contractor to provide a performance bond on June 30, 2018 because Contractor has a valid bond in place under the 2009 Franchise Agreement. Note that a performance bond is required on the Commencement Date (January 1, 2021) pursuant to Section 13.03.
4.02	Limitations to Scope	Amended language to include Recyclable Materials and Organic Materials as materials that may be handled by Persons other than the Contractor when the removal of such materials is an incidental service to landscaping and construction-related services.
5.01	General Collection Services	Amended language as follows: “...new programs that may impact the overall quantity or composition of Solid Waste, <u>Targeted Recyclable Materials, and/or Organic Materials</u> to be Collected by Contractor.”
5.02.A	Single-Family Solid Waste Collection Service	<ul style="list-style-type: none"> • Modified language to generally provide additional clarity and improve organization of the content. • Included language that allows Contractor, on an annual basis, to request reverification of Special Handling Service eligibility from Customer.

Reference	Section Description	Modifications to Model Agreement
5.02.B	Multi-Family Solid Waste Service	<ul style="list-style-type: none"> Modified language to generally provide additional clarity and improve organization of the content. Amended language regarding the service requirements to be provided at no cost to Customers and Long Distance Service and Container Relocation Service to be provided by Contractor <u>upon Customer request</u> for an additional charge. The Long Distance Service is the same as the current Distance Service, but language was amended to more clearly define the service conditions under which this applies. Added new Container Relocation Service and related Attachment Q charge that will allow Contractor to charge <u>Customers that request</u> relocation of their Containers from a location that is not accessible by the Collection vehicles or cannot be safely moved by route personnel, and that requires Contractor to dispatch a special vehicle to relocate the Container. Addressed slope access conditions, which may necessitate Container Relocation Service, if the Customer does not place Containers in an accessible location. Included language on how disputes related to slope, Long Distance Service, and Container Relocation Services will be handled.
5.02.C	Commercial Solid Waste Collection Service	Clarified and streamlined language by referring to relevant sections of the Multi-Family provisions including the above slope, Long Distance Service, and Container Relocation Services.
5.02.D	Agency Solid Waste Collection	<ul style="list-style-type: none"> Clarified and streamlined language by referring to relevant sections of the Multi-Family provisions including the above slope, Long Distance Service, and Container Relocation Services. Removed public recycling Container service from this Section on Solid Waste and added it to Section 5.03.D on Agency Recycling Collection.
5.03	Targeted Recyclable Materials Collection	<ul style="list-style-type: none"> Clarified and streamlined language generally. Deleted requirements that pertained to the initial contract roll-out in 2010, including universal implementation of recycling to all Customers.
5.04	Organics Material Collection	<ul style="list-style-type: none"> For Single-Family, clarified that additional Organic Materials Carts and weekly service thereof is available for an extra charge specified in Attachment Q. Eliminated the option of Customers renting or purchasing their own Containers. Added clarification that standard Organics service for Single-Family is a 96-gallon Cart. Deleted requirements that pertained to initial contract roll-out in 2010. Shifted the start of holiday tree collection from December 26 to January 2. Streamlined language generally by deleting provisions that were redundant with other sections (by referencing the relevant sections).
5.05.A and 5.05.B	Single-Family and Multi-Family Bulky Item Collection Service	<ul style="list-style-type: none"> Added for clarification that Contractor shall provide two Bulky Item Collections at no cost to the Customer annually and shall charge Customers that request additional Bulky Item Collection service at Agency-approved charges in Attachment Q. This clarification allowed for elimination of Section 5.12, Fee for Service Bulky Collection, as it was redundant. Amended acceptable materials to allow residents to set out up to three large items of their choice whereas they were previously limited to one each of appliance, bulky items, or e-scrap (for example, the amended language allows for three appliances). Eliminated requirement that a route supervisor will visit each residence prior to the bulky pick-up to assess the materials. Removed specification of the type of vehicle Contractor shall use, allowing Contractor its choice. Established a maximum “daily limit” of 150 Bulky Item Collection pick-ups for the SBWMA Service Area to align with program costs included in Contractor’s Compensation. Included a meet and confer process with SBWMA and Agency when the average number of pick-ups is approaching the daily limit in order to discuss

Reference	Section Description	Modifications to Model Agreement
		strategy on handling increasing number of events. Identified that liquidated damages will not apply when the pick-ups are not scheduled within 10 days due to reaching the maximum number of pick-ups limit.
5.06	Agency Facility On-Call Bulky Item Collection Service	<ul style="list-style-type: none"> Added for clarification that Contractor shall provide one Bulky Item Collection event for each Agency facility at no cost to Agency and may charge for additional events. Amended acceptable materials to allow facilities to set out up to three large items of their choice; whereas, they were previously limited to one each of appliance, bulky items, or e-scrap (for example, the amended language allows for three appliances).
5.07	Confidential Document Destruction Event Service	Amended language to clarify that the SBWMA coordinates these events (not Recology) and Recology will pay up to \$1,200 per year per Member Agency for one event (which is consistent with the 2013 Amendment to the 2009 Franchise Agreement).
5.08	Collection for Large Venues and Events	<ul style="list-style-type: none"> Changed “Events” to “Community Events” to avoid confusion with “events” used in other context in the Agreement and amended related definition in Attachment A. Specified that Contractor services the Agency-sponsored Venues and Community Events listed in Attachment C, which may be modified as part of the Three-Year Public Education Plan (in accordance with Section 7.03.B).
5.09.A	Abandoned Waste Clean Up	<ul style="list-style-type: none"> Established a “daily limit” of 30 abandoned bulky pick-ups per day for the SBWMA service area to align with program costs in Contractor’s Compensation. Included requirement to notify the SBWMA and Agency when the average number of clean-ups reaches 25 daily events and meet and confer to discuss strategy on handling increasing number of events. Clarified that Contractor is only required to Collect the types of materials defined for the On-Call Bulky Item Collection program. Documented that Contractor shall Collect in public right of ways and not be responsible for any Collection of abandoned waste materials that are on private properties or easements where ownership of properties are in question or shared. Included new provision that an Agency has the option of requiring Contractor to interface with an Agency-specific, web-based application for reporting completion of abandoned waste collections. Also identified that Agency shall compensate Contractor on an annual basis for this additional effort in the amount specified in Attachment Q.
5.10	Coats for Kids	Edited language to clarify a 60-day advanced noticing requirement to Agency prior to the start and end date of the program.
5.11	Compost Give-Away	Identified that Contractor shall only attend compost give-away events if their attendance is specifically required in the Three-Year Public Education Plan. Edited other language to provide more clarity.
5.12	Fee for Service On-Call Bulky Collection	By amending Section 5.05 to address fee for service Bulky Item Collection, this Section could be deleted.
5.14	Week Long Agency-Wide Bulky Item Collection	Deleted this entire service requirement because it was not used by Agencies.
5.14	Mixed Use Building	<p>Included new section for Mixed Use Buildings specifying the following services:</p> <ul style="list-style-type: none"> Solid Waste, Recyclables, and Organic Collection services like Commercial Customers; 96-gallons of Recycling capacity per residential unit per week at a minimum; Residential units of Mixed Use Buildings to receive cell phone and battery collection service, recycling totes, and recycling program promotion like Multi-Family Customers; Two on-call Bulky Item Collection pick-ups to be provided at no cost and additional pick-ups at a charge; Recycling technical assistance like Commercial and Multi-Family Customers; and,

Reference	Section Description	Modifications to Model Agreement
		<ul style="list-style-type: none"> Development of a method for coding Mixed Use Buildings in the Contractor's customer service and routing databases to allow for various reports to be generated.
6.02	Limitation on Contamination	<ul style="list-style-type: none"> Acknowledged that recent State regulations/legislation (e.g., AB 341, AB 1826, SB 1383) may impact diversion. Revised Single-Family and Commercial Targeted Recyclable Materials maximum contamination levels in Table 1 to align with the 2013 Amendment to the 2009 Franchise Agreement. Removed the quarterly contamination testing requirements (and related Attachment E-2) since contamination has not been an issue and the quarterly testing process was time consuming and costly. Note that SBWMA still has right to test single loads for contamination. Removed maximum contamination level provisions related to initial contract implementation in 2010. Added clarification in the event an entire load is sorted to determine contamination, then Contractor or its representative shall have the right to be present at, observe, and photograph and video all aspects of the sort (which is consistent with the current rights of Attachment E-1). Deleted Section 6.02.F, Agency-Directed Change in Controlling Contamination, which considered the SBWMA directing a reduction in Contractor's efforts to manage Contamination and SBWMA paying Contractor for the resulting increase in Contamination. Streamlined contract language generally throughout Section 6.02.
6.04	Processing of Other Materials	Added clarification that an Agency request to process additional materials will be a change in scope and may include adjustment of Contractor's Compensation.
7.01.C	Local Office	<ul style="list-style-type: none"> Indicated that if space is not available at SRDC, that Contractor shall provide an office in the SBWMA Service Area and such change will be handled as a change in scope. Revised number of allowable holidays in which the office may close from 2 to 9 holidays.
7.02.A	Customer Service	Same as Section 7.01.C changes.
7.03.B	Three-Year Public Education and Technical Assistance Plan	<ul style="list-style-type: none"> Revised the entire section to specify a collaborative process of developing a Public Education and Recycling Technical Assistance Plan every three years that allows the SBWMA and Contractor flexibility in determining (for the coming three Rate Years) the focus of the education and recycling technical assistance efforts, goal, specific tasks, and reporting needs and how resources and staffing will be used. Reduced the number of Waste Zero Specialist (WZS) from 8 to 6 full-time equivalents as part of the proposed 2021 Contractor's Compensation. Such change is shown in Attachment O. Agreed that future changes in WZS staffing levels can be handled as a change in scope. Acknowledged that reporting requirements will be defined in the three-year plans.
7.03.D and 7.03.E	Public Education Activities	Revised the list of public education activities to be performed by SBWMA and by Contractor to reflect current practice.
7.04.A	Commercial Recycling Program Staff	<ul style="list-style-type: none"> Added requirement that if any Waste Zero Specialist position is unfilled for 90 days, the Contractor and SBWMA shall meet and confer to discuss how to remedy the employment gap. Also, Contractor shall compensate the Agency for the unfilled position as an adjustment to the Contractor's Compensation. Identified that if SBWMA requests to change the number of Waste Zero Specialists, the change will be handled as a change in scope.
7.04.C	Community Events	Added for clarification that Attachment C presents a preliminary list of the Community Events, which may be modified annually through the development of the Three-Year Public Education and Recycling Technical Assistance Plan.

Reference	Section Description	Modifications to Model Agreement
7.04.E	Targeted Commercial Recycling Promotion	Specified that recycling technical assistance and waste assessments shall be performed in accordance with the Three-Year Recycling Technical Assistance Plan.
7.04.I	Mandatory Commercial Recycling Assistance to Agency	Amended to identify need for monitoring and reporting related to AB 341, AB 1826, and other similar applicable law.
7.05	Multi-Family Recycling Promotion	Modified language to generally provide additional clarity as well as to reflect inclusion of promotion and technical assistance related to Organic Materials Collection.
7.06	Waste Generation/ Characterization Studies	<ul style="list-style-type: none"> Amended provision to acknowledge that recent State regulations/legislation (e.g., AB 341, AB 1826, SB 1383) may impact diversion. Deleted reference to using quarterly Contamination Levels because the quarterly testing requirement has been removed from the Agreement (See Section 6.02).
7.09	MFD and Commercial Recycling Blitz	Added for clarification that in the event an Agency wants Contractor to host a recycling blitz, the change would be handled as a change in scope.
7.10	Carbon Footprint Measuring	Modified requirement to allow for Contractor to provide information upon request rather than submit annual reporting. Note that Contractor is still required to file emissions data annually with California Climate Action Registry.
7.13	Right of SBWMA to Make Changes to Other Services	<ul style="list-style-type: none"> Established quarterly meeting requirements for Contractor and SBWMA to review progress on the Three-Year Public Education and Recycling Technical Assistance Plan. Added a new section to provide flexibility to the SBWMA to request and increase or decrease the Contractor's scope of services without amendment of the Agreement related to the scope of public education and outreach, recycling technical assistance, waste generation/characterization studies, and program evaluation services. Reserved right to have other parties perform added services if Contractor and SBWMA do not come to agreement on the services.
8.01.A	Collection Hours	<ul style="list-style-type: none"> Added Mixed Use Buildings to Commercial for the purpose of Collection hours. Noted that modifications to Collection hours may be mutually agreed upon.
8.02.B	Servicing Containers and Missed Pick-Ups	Added clarification regarding the additional services Contractor may provide related to Long Distance and Container Relocation Services.
8.02.G	Collection of Excess Materials (Overages)	Indicated that Contractor may assess an overage charge for overages in addition to the two free overage pick-ups per year if the Contractor has notified the Customer by phone or email of the overage collection.
8.02.H	Care of Private Property	Added language that damage to property shall not apply to damage caused by the weight of Contractor's vehicles on public or private roads or driveways. Specified that if a Customer requests Contractor to provide services on-premises that requires driving of Collection vehicles on a private road or driveway, Contractor shall require the Customer or other responsible party to sign a reasonable waiver releasing Contractor from liability for any such damage.
8.03	Unloading Materials at the Designated Transfer and Processing Facility	Added for clarification "other materials (e.g., Batteries, Cell Phones, Used Motor Oil, and Used Motor Oil Filters)" to be unloaded at the SRDC in cooperation with the facility operator.

Reference	Section Description	Modifications to Model Agreement
8.04.A	Vehicle Specification	<ul style="list-style-type: none"> • Stated the need to use an on-board computer system for tracking route information and described general requirements, but removed the specification that “Routeware” must be used. • Described that Contractor will continue to use the current fleet of Collection vehicles and will phase in the purchase of new vehicles. Agreed to adjust the vehicle depreciation and interest expense for actual vehicle acquisition costs to be effective in Rate Year 2027 for a total increase in rate payers’ costs of \$350,000, which reflects a 50/50 share of increased vehicle acquisition costs up to \$700,000 and Contractor’s agreement to pay any additional costs beyond \$700,000 (where such adjustment is describe in Attachment K).
8.04.B.10	Vehicle Specification	Specified that Contractor and SBWMA shall meet and confer before Contractor’s initial purchase of new vehicles to discuss fuel options and agree on fuel choice. Noted that the meet and confer process is not applicable for subsequent vehicle purchases unless Parties agree otherwise.
8.05.B	Container Specifications	<ul style="list-style-type: none"> • Added for clarification that Contractor shall provide Customers with a choice of Container capacities specified in Attachment D, and Customers may select their preferred Container size(s). • Removed the requirement that Containers must be new to recognize that the existing Containers will continue to be used by Customers.
8.05.E	Container Repair and Replacement	Documented that Contractor estimated Container replacement needs and related depreciation and interest expense over the Term, and that these expenses are included in Contractor’s Compensation in the amount specified in Attachment N and K. Stated that Contractor shall not be entitled to any additional compensation for Container replacements purchased during the Term of the Agreement.
8.05.F	Agency Right to Containers	Added clarification regarding Contractor’s obligation to remove Containers in the event the Agency’s does not exercise its right to take ownership of Containers at end of Term.
8.05.G	Lock Service	Included new language describing lock (key) service currently provided by Contractor and Contractor’s right to charge for the service.
8.06.B	Employees of Previous Contractor	Deleted this Section as it was applicable to the initial implementation of the 2009 Franchise Agreement.
8.06.C	Collective Bargaining Agreement	Removed references to “Previous Contractor” and described that Contractor’s Compensation will not be adjusted for wage and benefit costs greater than the adjustments provided though the compensation mechanism in Attachment K (which provides CPI and service level adjustments on wage and benefits).
9.04.C	Reporting Submittal Schedule and Instructions	<ul style="list-style-type: none"> • Clarified requirements that Contractor provide source files for some data. Provided clarification that each quarterly report shall be in lieu of the monthly report for the third month of the relevant quarter.
9.05 / 9.06 / 9.07	Reporting	<ul style="list-style-type: none"> • Streamlined reporting requirements while generally maintaining the same reporting elements. • Added monthly abandoned waste event reporting. • Removed requirement that Contractor shall periodically conduct Multi-Family analysis if Multi-Family Tonnage data is not separately reported. • Removed several public education and outreach reporting requirements and replaced it instead with a statement that reports shall be provided as defined in the then-current Three-Year Public Education and Recycling Technical Assistance Plan. • Included acknowledgement that Agency may request additional information to support reporting related to the AB 939, AB 341, AB 1826, and SB 1383.

Reference	Section Description	Modifications to Model Agreement
11	Contractor's Compensation, Pass-Through Costs, and Rates	Updated language generally in Article 11 to shift Rate Years and dates that related to the 2009 Franchise Agreement to Rate Years and dates relevant to the amended and restated Agreement.
11.02	Determination of Contractor's Compensation	<ul style="list-style-type: none"> Identified that compensation adjustment for Rate Year Eleven (the first Rate Year in the amended and restated Agreement) will involve adjusting Contractor's proposed 2021 compensation to reflect actual changes in service levels and changes in fuel cost indices from 2016 through 2020 (in accordance with Attachment K). Described how compensation will be adjusted in subsequent Rate Years for changes in cost indices and differences in service levels. Documented that the depreciation amount for Rate Year Ten under the 2009 Franchise Agreement shall be adjusted and shall include some depreciation costs related to the new vehicles that will be purchased under the Term of the amended and restated Agreement. This is intended to smooth out rate adjustments from 2019 through 2021.
11.03	Annual Revenue Reconciliation	Amended language to provide clarification on revenues attributable to Attachment Q charges including Agency share of Backyard Collection Service revenues pursuant to the 2013 Amendment to the 2009 Franchise Agreement.
11.05	Special Compensation Review	<ul style="list-style-type: none"> Added language that allows for Contractor to request special compensation review during the regular compensation adjustment process if one or more of the "special" events occur and cause an increase or decrease to Contractor's Compensation by less than 2% for the then-current Rate Year and to compensated Contractor retroactively. Note that current language was retained that states if events cause cost increases or decreases greater than 2%, Contractor can request a special compensation review at any time. Removed language that pertained to Rate Years One and Three under the 2009 Franchise Agreement.
11.07	Rate-Setting Process	Identified that interest payment arrangements associated with revenue reconciliation process shall governed by the July 8, 2015 Memorandum of Understanding between Contractor and SBWMA, which is provided in new Attachment S.
13.03	Faithful Performance Bond	Specified that the CPI to be used in adjusting the amount of the performance bond every two years.
13.06	Indemnification related to Various State Requirements	Amended this Section, which previously focused on the Contractor's indemnification related to AB 939, to be inclusion of indemnification related to AB 939, AB 341, AB 901, AB 1826, AB 1594, SB 1016, SB 1383, and other laws, regulations or permits issued or enforced by the CalRecycle or the LEA. Note that the indemnification is applicable to the extent it relates to Contractor's failure to perform obligations under this Agreement.
14.09.A	Excuse from Performance – Force Majeure	No changes have been made to the language as of this date; however, the Parties are still discussing force majeure language related to labor unrest.
ATTACHMENTS		
Attach A	Definitions, New Definitions	Added several definitions including: 2009 Franchise Agreement, AB 341, AB 1826, Bulky Item Collection, Container Relocation Service, Mixed Use Buildings, Long Distance Service, SB 1383, and Shoreway Recycling and Disposal Facility.
Attach A	Definitions, Minor Clarifications	Provided minor clarifications to the following definitions: Commercial Diversion Level, Food Scraps, Holidays, Holiday Collection Schedule, Overall Diversion, Previous Contractor, Rate Year, Recycling Blitz, Residential Diversion Level, Revenue Requirement, Service Day, Targeted Recyclable Materials

Reference	Section Description	Modifications to Model Agreement
Attach A	Definition, Community Event	Changed "Event" to "Community Event" which means Agency-sponsored or other community events that are one (1) or two (2) days in duration and have up to 10,000 attendees per day. Community Events may include "large events" as defined by AB 939. Removed the specification that it includes any event "that serves an average of at least 2,000 attendees and workers per day, and Agency-sponsored community events."
Attach A	Definition, Contractor's Proposal	Deleted "Contractor's Proposal" as it referred to the original 2007 Recology proposal, which was not needed for the purpose of this Agreement
Attach B	Service Level of Agency Facilities	No changes were made. This is an Agency-specific Attachment to be modified by each Member Agency.
Attach C	Community Events	Clarified that events may be modified through Three-Year Public Education Plan process. Otherwise, no changes were made. This is an Agency-specific Attachment to be modified by each Member Agency.
Attach D	Container Specifications	Amended to reflect current container sizes and colors, eliminated 2009 container costs, and eliminated compactor specifications, as Recology will no longer be providing compactors to customers.
Attach E-1	Contamination Measurement Methodology- Single Loads	No changes were made to this Attachment.
Attach E-2	Contamination Measurement Methodology - Quarterly	This Attachment has been eliminated since contamination has not been an issue and the quarterly testing process was time consuming and costly. Note that SBWMA still has the right to test single loads for contamination pursuant to Attachment E-1 and Section 6.02.
Attach F	Performance Bond	Revised date from 2011 to 2021.
Attach G	Guaranty	Made minor changes to company and contact names and effective date.
Attach H	Delinquent Payment Policy	No changes were made to this Attachment. This is an Agency-specific Attachment to be modified by each Member Agency.
Attach I	Performance Incentives and Disincentives	Amended Attachment I as follows: <ul style="list-style-type: none"> • Eliminated language pertaining to initial contract roll-out in 2010. • Eliminated contamination disincentive language and related payments for contamination since Section 6.02 requires Recology to pay for extra processing for contaminated loads or disposal of contaminated loads • Eliminated Single-Family missed pick-up initial complaints pursuant to 2013 First Amendment to the 2009 Franchise Agreement. • Changed diversion level incentive/disincentive benchmark to be set equal to the average diversion level for the most recent 5 years. • Modified the 90 second maximum hold time provision pursuant to the 2013 First Amendment with additional clarification that measurement and LDs are calculated separately for each quarter. • Established an annual maximum disincentive and incentive payments at \$100,000.
Attach J	Liquidated Damages	Amended to: (i) state that monthly (rather than quarterly) reports shall be generated; (ii) eliminate language that pertained to the initial contract roll-out in 2010; (iii) update Table 2, Monthly Allowances for Each Member Agency for Select Collection Quality Standards allocating total based on the number of current single-family service opportunities.

Reference	Section Description	Modifications to Model Agreement
Attach K	Compensation and Rate Setting Process	<p>Removed and replaced Attachment K to present a simplified adjustment process for Contractor's Compensation. It presents the following:</p> <ul style="list-style-type: none"> • Definition and use of Bay Area cost indices (rather than U.S. indices in the 2009 Franchise Agreement) • Methodology for adjustment of Contractor's proposed 2021 compensation to reflect actual changes in service levels and changes in fuel cost indices from 2016 through 2020 • Methodology for adjustment of Contractor's Compensation for 2022 through the end of the term, which includes adjustments for changes in service levels and changes in four-different cost indices. • Description of how service level changes are calculated annually based on the percentage change in a rolling three-year average of customer subscription levels, which shall be performed separately for customer type and material type. • Inclusion of 5% cap on the annual increase in the Contractor's Compensation with explanation of how the cap is calculated and how the Contractor is made whole in following years. • Method of adjusting depreciation and interest expense to reflect actual acquisition cost of new vehicles to be effective in Rate Year 2027 for a total increase in rate payers' costs of \$350,000, which reflects a 50/50 share of increased vehicle acquisition costs up to \$700,000 and Contractor's agreement to pay any additional costs beyond \$700,000. • Removal of implementation items related to the 2009 Franchise Agreement. • Removal of contamination performance disincentives. • Inclusion of annual CPI adjustment to Attachment Q charges. • Updated language generally to shift Rate Years and dates that related to the 2009 Franchise Agreement to Rate Years and dates relevant to the amended and restated Agreement.
Attach L	Implementation Plan	Deleted Attachment L, Implementation Plan, as it related to the initial contract roll-out in 2010.
Attach M	Agency's Franchise Fee and Other Fees	Added language clarifying that the franchise fee shall be calculated on Gross Revenue Billed and specifying that fixed annual payments shall be adjusted annually by the change in the CPI-U. Note that this is an Agency-specific Attachment to be modified by each Member Agency.
Attach N	2020 Compensation and Ops Stats	Removed and replaced Attachment N to reflect 2021 Contractor's Compensation and operating statistics.
Attach O	List of Contractor's Personnel	Revised staffing chart to: (i) reflect number of personnel projected for 2021; (ii) shift personnel that were non-CBA (collective bargaining agreement) employees in 2009 and are now CBA employees into the CBA category; (iii) rename some categories; (iv) eliminate some positions that are now reflected in the general and administrative costs; and (v) reduce number of Waste Zero Specialists from 8 to 6 full-time positions.
Attach P	Vehicle Specifications	No changes have been made to the language as of this date; however, the Parties are still discussing if it will be revised to reflect specifications for new vehicles during the Term of the amended and restated Agreement.
Attach Q	Additional Services	<p>Removed and replaced Attachment in its entirety making the following modifications:</p> <ul style="list-style-type: none"> • Renamed Attachment from "Unscheduled Services" to "Additional Services". • Changed terminology from Contractor's "costs" to Contractor's "Charges" for services. • Removed annual CPI adjustment to Charges as this is covered by Attachment K. • Grouped services for customers separately from those for Agency.

Reference	Section Description	Modifications to Model Agreement
		<ul style="list-style-type: none"> • Clarified conditions under which certain rates apply and how rates are calculated. • Added two new charges for Container Relocation Service and Agency-specific reporting for abandoned waste collections. • Eliminated recycling cart rental or purchase instead specifying additional recycling cart service for a monthly fee.
Attach R	Secretary's Certificate	Included this new Attachment to document that the Recology representative signing the contract is authorized to do so by the company secretary.
Attach S	Interest Arrangements	Attached July 8, 2015 Memorandum of Understanding between SBWMA and Contractor describing interest payment arrangements related to the annual revenue reconciliation process.