AGREEMENT FOR ORGANIC MATERIALS PROCESSING SERVICES

between

South Bayside Waste Management Authority

&

Recology Grover Environmental Products, Inc.
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AGREEMENT FOR ORGANIC MATERIALS PROCESSING SERVICES

This Agreement is made and entered into as of the __ day of _______, 2014 by and between the South Bayside Waste Management Authority a California Joint Powers Authority hereinafter “SBWMA”, and Recology Grover Environmental Products, Inc., a California corporation, hereinafter “Contractor”.

I. RECITALS

This Agreement is entered into with reference to the following facts and circumstances:

1. That SBWMA desires to engage Contractor to render processing services for Organic Materials generated from the SBWMA Member Agencies;
2. That Contractor is qualified to provide such services to the SBWMA; and
3. That SBWMA has elected to engage the services of Contractor upon the terms and conditions as hereinafter set forth.

II. DEFINITIONS

In this Agreement, capitalized words have the meanings defined in Exhibit A.

III. TERMS AND CONDITIONS OF AGREEMENT

1. Term of Agreement
   Said services shall commence on the 1st day of January, 2015 and shall continue for a period of six (6) years, through December 31, 2020. The end of the term may be extended by mutual agreement for two (2) one year periods upon written notice by the SBWMA and acceptance of such request by Contractor.

2. Authorization and Termination
   This Agreement becomes effective when endorsed by both Parties in the space provided below.

IV. OBLIGATIONS OF CONTRACTOR

1. Scope of Processing Services
   The services to be performed by Contractor under this Agreement shall be to accept, process, and market Organic Materials generated from the SBWMA’s Member Agencies and the Shoreway Facility as described further in Exhibit B, Contractor Services on the same terms and conditions set forth in Exhibit B (such services, “Services”).

   On a daily basis, the SBWMA shall deliver and the Contractor shall receive a minimum average of 100 tons per day up to a maximum average of 300 tons per day (based on a 30 day rolling average) to the Compost Facility. In aggregate, the SBWMA shall deliver a minimum of 55,000 tons per year. The Contractor and the SBWMA are only obligated to receive and deliver materials on days that the Compost Facility is operating (as described in Section 5, Days and Hours of Operations).

   100% of the Organic Materials Processed by Contractor at the Composting Facility shall be diverted from use anywhere at a landfill and shall not be used as Alternative Daily Cover (“ADC”) or for other uses at a landfill. “Processed” means subjected to a process to transform Organic Materials into a Compost Product, a mulch product for land application (other than at a landfill), or for use as biofuel, anaerobic digestion or other conversion technologies (in accordance with CIWMB regulations so that such materials are considered diverted and recycled), and includes
removal of all (other than trace amounts) Solid Waste and other materials that are not Plant or Organic Materials (collectively, "Residue"). Residue may be landfilled or used as ADC.

2. Permits and Compliance
Contractor will comply with all Permits, including any mitigation measures related to the operation and maintenance of their Compost Facility. Contractor is solely responsible for paying any fines or penalties imposed for noncompliance with or violation of Permits or failure to obtain Permits. Under no circumstances shall any provision of this Agreement obligate Contractor to violate any of its Permits.

Contractor shall have a permitted Composting Facility that is permitted as a composting facility with the CalRecycle and maintain this designation throughout the term of the contract. The Composting Facility Permit must include the ability to accept food waste mixed with plant materials and source separated food waste. Contractor must notify SBWMA before accepting any shipments if there are any change in such status. Loss of Permit shall be considered a Breach of this Agreement contract, unless otherwise excused by force majeure or this Agreement, and will entitle the SBWMA to immediately terminate this Agreement on written notice to the Contractor.

3. Compliance with all Applicable Laws and Regulations.
Contractor shall comply with all Federal, State, and/or Local Regulations in the performance of this Agreement.

Contractor shall provide copies of any notices of violation that it receives (or that any Subcontractor receives and that are provided to Contractor) from any Regulatory Agency during the term of this Agreement related to the operation of the Composting Facility or the performance of the Services. Contractor shall provide to the SBWMA copies of such regulatory notices within three (3) business days of receiving them.

5. Days and Hours of Operation
Contractor will operate the Composting Facility for the receipt of SBWMA’s Organic Materials between the hours of 6:00 a.m. to 5:00 p.m., Monday through Friday, and on Saturday by prior appointment made the preceding Wednesday or before (but not more than one Saturday per month). Composting Facility will be closed on Sundays and Holidays. Contractor may not reduce the hours or total number of hours for acceptance of SBWMA's Organic Materials without the concurrence of the SBWMA except for reductions required by a change in a Permit subsequent to the Commencement Date.

6. Traffic Control and Direction
Contractor will direct on-site traffic to appropriate unloading areas and provide a safe working environment. Contractor will provide necessary signs and personnel to assist drivers to proper unloading areas. Contractor will operate the Compost Facility so that the conditions of the Maximum Vehicle Turnaround are met and the SBWMA’s Transfer Company vehicles are processed, unloaded and exit without delay from the facility no longer than 30 minutes from arrival at the Contractor’s scales. Contractor will not exceed this time more than 5 times per month. For each load exceeding the 30 minutes from arrival at the scale to exiting the scale over the five grace loads, the Contractor may be assessed liquidated damages equal to $2.00 per minute for each minute of delay. The calculation of the times will be based on time stamp tickets at the scale house.

7. Scale Operation
   a. Maintenance and Operation
Contractor will maintain State-certified scales that link to a centralized computer recording and billing system and that account for tracking of the origin, destination and tonnage of all incoming
and outgoing loads. Contractor will operate scales during Compost Facility receiving hours established in Section 5. Contractor will provide the SBWMA with access to weighing report promptly upon SBWMA’s request.

b. Vehicle Tare Weights
When Transfer Company place new vehicles into service, Contractor will promptly weigh the new vehicle and determine its unloaded ("tare") weight(s). Contractor will record tare weight, hauler name, and vehicle identification number. Within 10 Working Days of weighing, Contractor will provide the SBWMA and Transfer Company with a report listing vehicle tare weight information. Contractor will have the right to request re-determination of tare weights of vehicles twice each Calendar Year. If there is reasonable suspicion or evidence that tare weights are not accurate, Transfer Company may request re-determination of tare weights, in which case Contractor will promptly re-determine tare weights for requested vehicles up to 4 times per Calendar Year. Contractor may update tare weights (at its own initiative) more frequently.

8. Testing
Contractor will test and calibrate all scales in accordance with Applicable Law, but at least every 12 months. Upon SBWMA request, Contractor will promptly provide the SBWMA with copies of test results. Contractor will further test and calibrate any or all scales within 3 Working Days of SBWMA direction. If test results indicate that the scale or scales complied with Applicable Law, the SBWMA will reimburse Contractor the Direct Costs of the tests. If the test results indicate that the scale or scales did not comply with Applicable Law, Contractor will bear the costs thereof and Contractor will at its own cost adjust and correct, consistent with the results of that test, all weight measurements recorded and Processing Rates calculated, charged and paid, as the case may be, from the date of SBWMA’s direction.

9. Weighing Standards and Procedures
Contractor will use the Composting Facility entry scale house(s) to weigh vehicles and charge Processing Rates. Contractor will charge SBWMA the Processing Rates based on the Tonnage of SBWMA’s Transfer Company deliveries to the Composting Facility. Contractor will weigh and record inbound weights of all Transfer Company’s vehicles when the vehicles arrive at the Compost Facility and weigh and record outbound weights of vehicles for which Contractor does not maintain tare weight information. Contractor will provide each driver a receipt showing the date, time, and quantity of SBWMA’s Organic Materials that the vehicle delivered to the Compost Facility.

10. Records and Reporting
Contractor will maintain scale records and reports that provide information including date of receipt; inbound time; origin, destination and weight of inbound and outbound loads; inbound and outbound weights of vehicles; and vehicle identification number.

Contractor will provide the SBWMA a detailed monthly report as described and exemplified in Exhibit D, Monthly Reporting to the SBWMA. The monthly report will be provided to the SBWMA on or before the 10th day of the following month.

11. Safety
The Contractor will conduct operations of Compost Facility in a safe manner, in accordance with Applicable Law and insurance requirements provided in Article VI, Indemnity and Insurance.

12. Invoicing
On or before the 10th of each month, Contractor will invoice the SBWMA in amounts equal to the applicable Processing Rates listed in Exhibit C, for the prior month’s Organic Materials delivered to the Composting Facility. Invoices will be in a form satisfactory to SBWMA. All undisputed amounts shall be payable by SBWMA within 30 days of receipt of the invoice. For example, processing provided in July Contractor will invoice SBWMA on or before August 10 and payment will be due and payable by SBWMA on or before September 10. SBWMA shall, within five days
of receipt of invoice, identify any disputed charges and communicate these to Contractor. Contractor may deliver to SBWMA a notice of late payment for a given monthly invoice thirty-five calendar days after the date of generation of the invoice. Contractor’s invoices shall be deemed delinquent if not paid within five (5) calendar days of the date of the notice of late payment. Thereafter, the delinquent invoice shall bear interest on the unpaid balance at a rate not to exceed one and one-third percent (1 1/3%) per month.

As to disputed invoice amounts, the parties shall meet and confer upon the request of any party within ten (10) calendar days of such request. If the parties are unable to resolve the disputed matter informally, then after said ten (10) day period any party may request binding arbitration of the dispute. Any such unresolved dispute shall be submitted to an arbitrator selected by the parties or, if the parties cannot agree, a neutral appointed by the Judicial Arbitration and Mediation Services, San Jose office. Each party shall pay its own attorneys fees and shall share equally in the cost of the arbitration. Should the SBWMA be found to owe any portion of a disputed amount to Contractor, Contractor shall be awarded interest on the portion that is owed to Contractor, with such interest calculated commencing thirty days after the invoice date. The sum determined to be owed Contractor, with interest up to the date of payment, shall be paid within thirty days of the arbitration award.

13. Right to Enter Facility and Observe Operations
The SBWMA and its designated representative(s) may enter, observe and inspect the Composting Facility at any time during operations; conduct studies or surveys of the Compost Facility; meet with the manager(s) or his or her representatives at any time; provided that the SBWMA and its representatives comply with Contractor’s reasonable safety and security rules and will not interfere with the work of the Contractor or its subcontractors. However, if the Compost Facility manager or other management personnel are not present at the Compost Facility when the SBWMA or its designated representative(s) visit without prior announcement, Contractor may limit the visit of the SBWMA or its designated representative to the public areas of the facility. In that event, Contractor will arrange for SBWMA or its designated representative(s) to return for a visit of the complete Compost Facility within 24 hours of the SBWMA’s visit. Upon SBWMA direction, Contractor will make personnel available to accompany SBWMA employees on inspections. Contractor will ensure that its employees cooperate with the SBWMA and respond to the SBWMA’s reasonable inquiries.

14. Ownership of Materials and Right To Reject Loads
Title to all Organic Materials shall transfer to Contractor upon acceptance by Contractor of such loads at the Compost Facility. Contractor shall have 24 hours from their delivery to the Compost Facility to accept or reject loads. If loads are rejected for containing Unacceptable Materials, Contractor may require the Transfer Company to promptly remove such rejected loads from Contractor’s premises. Nothing in this Agreement shall be construed as transferring title or ownership of Unacceptable Materials delivered to Contractor by the Transfer Company, its subcontractors or agents, or the SBWMA or its contractors or agents, whether or not such loads are rejected. Contractor reserves the right to reject all deliveries containing Unacceptable Materials, and further reserves the right to pursue claims for all costs incurred by Contractor for the transportation, processing, recycling and/or disposal of all such Unacceptable Materials delivered to Contractor.

V. CONTRACTOR COMPENSATION

1. General
The Contractor will perform all of its obligations, responsibilities and duties under this Agreement, including paying costs associated with obtaining and complying with all Permits; operating the Compost Facility in full compliance with Applicable Laws.
2. **Processing Rate; Annual Rate Adjustments**

   The Contractor will be compensated on a per ton basis for Materials delivered by the Transfer Company and accepted by Contractor for Processing. Exhibit C, Processing Rates, provides the initial Rates by Material Type. Such rates shall be increased annually as set forth in Exhibit C.

3. **Special Rate Adjustments**

   a. Contractor may request a special adjustment of Rates, over and above the CPI-based adjustment set forth in Exhibit C, in the event that either (or both) of the following occur after the date hereof: (1) any increase in Governmental Fees outside of Contractor's control, or (2) any change in Applicable Law.

   b. Contractor’s request for a special Rate adjustment shall specify the event or circumstance giving rise to the request, Contractor’s reasonable additional costs arising from or related to such event or circumstance, and the change in the Rates that Contractor proposes to cover such additional costs. Contractor shall provide SBWMA with such additional information as SBWMA may reasonably request to evaluate Contractor’s request.

   c. With respect to an increase in Governmental Fees outside of Contractor’s control, SBWMA shall notify Contractor of its determination regarding Contractor’s request within 30 days after Contractor’s submission. Contractor shall be entitled to a special Rate adjustment in an amount sufficient to cover Contractor’s reasonable increased costs of providing Services resulting from such an increase in Governmental Fees, if Contractor provides reasonable justification (i) that such an increase occurred and resulted in such increased costs, and (ii) as to the amount of such increased costs.

   d. With respect to a change in Applicable Law, the parties shall negotiate in good faith to agree on a special Rate adjustment in an amount sufficient to cover Contractor’s reasonable increased costs of providing Services that are the effect of the change in Applicable Law. If after 30 days following Contractor’s request the parties have not agreed on the special Rate adjustment, then Contractor shall have the right to terminate this Agreement by providing 120 days prior written notice to SBWMA.

   e. Any special Rate adjustment shall be established so as to allow Contractor to cover all costs provided for in such subsections, regardless of whether they were incurred before or after the effective date of such adjustment.

VI. **INDEMNITY AND INSURANCE**

1. **Agreement Indemnification**

   a) **Indemnification of the SBWMA**

      Contractor shall defend the SBWMA with counsel reasonably acceptable to the SBWMA and hold harmless and indemnify the SBWMA from and against any and all liabilities, costs, claims, and damages which are caused by the negligence, intentional wrongful acts, or failure to comply with applicable laws and regulations on the part of Contractor or Contractor’s employees, officers, agents, subcontractors or consultants.

   b) **Indemnification of Contractor**

      The SBWMA shall defend Contractor with counsel reasonably acceptable to Contractor and hold harmless and indemnify Contractor from and against any and all liabilities, costs, claims and damages which are caused by the SBWMA’s negligence, intentional wrongful acts, or failure to comply with applicable laws and regulations on the part of SBWMA or SBWMA’s employees, officers, agents, subcontractors or consultants. The SBWMA shall not offer such
indemnification to Contractor for Transfer Company’s negligence or failure to comply with applicable laws and regulations.

2. Contractor Compliance

Contractor will comply with all requirements of Contractor’s insurers and the insurance policies required under Article VI, Section 3 below. Carrying insurance will not relieve Contractor from any obligations under this Agreement. Nothing in this Agreement may be construed as limiting in any way the extent to which the Contractor may be held responsible for payments of damages to Persons or property resulting from Contractor’s or any Subcontractors’ performance of Services.

3. Insurance

Contractor shall not commence work under this Agreement unless all insurance required under this Paragraph are in effect. Contractor shall furnish SBWMA with certificates of insurance evidencing the required coverage. The SBWMA and its employees, directors, officers, agents, and member entities will be named as additional insured in the policy. These certificates shall specify or be endorsed to provide that thirty (30) days notice must be given, in writing, to the SBWMA office of any pending change in the limits of liability or of any cancellation or modification of the policy.

a. Worker’s Compensation and Employer’s Liability Insurance

Contractor shall have in effect during the entire life of this Agreement Worker’s Compensation and Employer’s Liability Insurance providing full statutory coverage. In signing this Agreement, Contractor makes the following certification, required by Section 1861 of the California Labor Code:

I am aware of the provisions of Section 37900 of the California Labor Code which require every employer to be insured against liability for worker’s compensation or to undertake self-insurance in accordance with the provisions of the Code, and I will comply with such provisions before commencing the performance of the work of this Agreement.

b. Liability Insurance

Contractor shall take out and maintain during the life of this Agreement such bodily injury and property damage liability insurance as shall protect Contractor and SBWMA, its employees, directors, officers, agents, and member entities while performing work covered by this Agreement from any and all claims for damages for bodily injury, including accidental death, as well as any and all claims due to Contractor’s negligence or willful misconduct for property damage which may arise from Contractor’s work under this Agreement, whether such work be by Contractor or by any subcontractor or by anyone directly or indirectly employed by either of them. The amounts of such insurance shall be One Million and no/100 Dollars ($1,000,000.00) combined single limit bodily injury and property damage for each occurrence.

VII. DEFAULT AND TERMINATION

1. Default and Remedies

Each of the following shall constitute a default under this Agreement (a “Default”):

A. Fraud or deceit.
B. Failure to maintain insurance coverage described herein.
C. Contractor violation of orders or filings of a regulatory body having a material impact on Contractor’s ability to perform its obligations as required by this Agreement.
D. Loss of Contractor’s “composting facility” Permit.
E. Failure to perform Services as required by this Agreement for two (2) consecutive days or more or for any seven (7) days in a period of 30 days.
F. Failure to divert and Process Organic Materials as provided in Article IV, Section 1 of this Agreement.
G. Failure of Contractor to provide reports and/or records as provided for in this Agreement.
H. Any act or omission by Contractor which violates the terms of this Agreement.
I. Any false or misleading representation of Contractor.
J. Filing of a voluntary petition for debt relief.
K. Bankruptcy of Contractor.
L. Contractor's failure to provide assurance of performance.

Contractor shall be given 30 days from notification by the SBWMA to cure any of the foregoing Defaults arising under this Agreement, except that, if such Default is not capable of being cured within 30 days, then (a) upon prior notice by Contractor that it is invoking this provision, the cure period shall be extended for an additional 30 days, provided that Contractor diligently pursues cure, and (b) if before the end of such additional 30-day period, Contractor submits to SBWMA a plan of cure acceptable to SBWMA in its sole discretion, then the cure period shall be as set forth in such plan of cure, provided that Recology diligently pursues such cure.

In the event of Contractor's failure to cure said Default within the aforementioned cure period, the SBWMA may, at its option, immediately terminate this Agreement upon written notice to Contractor. This right of termination is in addition to any other rights of the SBWMA and the SBWMA's termination of this Agreement shall not constitute an election of remedies. Instead, it shall be in addition to any and all other legal and equitable rights and remedies the SBWMA may have.

2. Segregated Commercial Food Waste Termination
The SBWMA reserves the right to terminate processing services of segregated Commercial Food Waste only with written notice to the Contractor of not less than ninety (90) days.

VIII. CONTRACTOR’S REPRESENTATIONS AND WARRANTIES

1. Legal Status
Contractor is a corporation or LLC organized and operating under the laws of the State of California.

2. Authorization
Contractor represents and warrants that it has the authority to enter into and perform its obligations under this Agreement. The Contractor has taken all actions required by law to authorize the execution of this Agreement. The person signing this Agreement on behalf of Contractor has authority to do so.

3. Agreement Will Not Cause Breach
To the best of Contractor's and SBWMA's knowledge, after reasonable investigation, neither the execution or delivery of this Agreement, nor the performance of this Agreement: (i) conflicts with, violates, or results in a breach of any applicable law; or (ii) conflicts with, violates, or results in a breach of 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 Contractor or SBWMA is a party or by which Contractor or SBWMA or any of its properties or assets are bound, or constitutes a default thereunder.

4. No Litigation
To the best of Contractor's knowledge, after reasonable investigation, there is no action, suit, proceeding, or investigation, at law or in equity, before or by any court or governmental authority, commission, board, agency, or instrumentality decided, pending, or threatened against Contractor wherein an unfavorable decision, ruling or finding, in any single case or in the aggregate, would materially adversely affect the performance by Contractor of its obligations 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 Contractor or any surety guaranteeing Contractor's performance under this Agreement, which has not been waived by the SBWMA in writing.

5. Ability to Perform
Contractor possesses the business, professional and technical expertise to manage, handle, treat, store, process, and recycle Organic Materials, and possesses the equipment, plant, and employee resources required to perform this Agreement.

IX. GENERAL PROVISIONS

1. Entire Agreement
This Agreement represents the full and entire Agreement between the SBWMA and Contractor with respect to the matters covered herein.

2. Force Majeure
Neither party shall be in default under this Agreement in the event, and for so long as, it is impossible or extremely impracticable for it to perform its obligations due to any of the following reasons: riots, wars, sabotage, civil disturbances, insurrection, explosion, natural disasters such as floods, earthquakes, landslides, fires, and volcanic eruptions, strikes, lockouts and other labor disturbances or other catastrophic events which are beyond the reasonable control of Contractor. Labor unrest, including but not limited to strike, work stoppage or slowdown, sick-out, picketing, or other concerted job action conducted by Contractor’s employees or directed at Contractor is not an excuse from performance; provided, however, that labor unrest or job action directed at a third party over whom Contractor has no control, shall excuse performance.

A party claiming excuse under this Section must (i) have taken reasonable precautions to avoid being affected by the cause, and (ii) notify the other party in writing within 5 days after the occurrence of the event specifying the nature of the event, the expected length of time that the party expects to be prevented from performing, and the steps which the party intends to take to restore its ability to perform.

3. Notice Procedures
All notices, demands, requests, proposals, approvals, consents, and other communications which this Agreement requires, authorizes, or contemplates shall be in writing and shall either be personally delivered to a representative of the Parties at the address below, e-mailed to the e-mail address below, or faxed to the fax number below, or sent via certified mail or Federal Express, or deposited in the United States mail, first class postage prepaid, addressed as follows:

SBWMA: South Bayside Waste Management Authority
Kevin McCarthy, Executive Director
610 Elm Street, Suite 202
San Carlos, CA 94070
Phone: (650) 802-3500
Fax: (650) 802-3501

Contractor: Recology Grover Environmental Products, Inc.
Paul Yamamoto, Group General Manager
235 North First Street
Dixon, CA 95620
Phone: (707) 693-2103
Fax: (707) 678-5148

The address to which communications may be delivered may be changed from time to time by a notice given in accordance with this Section.
Notice shall be deemed given on the day it is personally delivered, e-mailed, or faxed, or, if mailed, three calendar days from the date it is deposited in the mail.

4. **Independent Contractor**
   Contractor is an independent contractor and not an officer, agent, servant or employee of the SBWMA. Contractor is solely responsible for the acts and omissions of its officers, agents, employees and subcontractors, if any. Nothing in this Agreement shall be construed as creating a partnership or joint venture between the SBWMA and Contractor. Neither Contractor nor its officers, employees, agents or subcontractors shall obtain any rights to retirement or other benefits which accrue to SBWMA employees.

5. **Severability**
   If any section, subsection, subdivision, paragraph, sentence, clause, or phrase of this Agreement or any part thereof is, for any reason, held to be illegal, such decision shall not affect the validity of the remaining portions of this Agreement or any part thereof.

6. **Waiver or Modification**
   No waiver, alteration, or modification of any of the provisions of this Agreement shall be binding unless in writing and signed by a duly authorized representative of both parties to this Agreement.

7. **Forum Selection**
   Contractor and the SBWMA stipulate and agree that any litigation relating to the enforcement or interpretation of this Agreement, arising out of Contractor’s performance, or relating in any way to the work, shall be brought in California State Courts in San Mateo County.

8. **Court Costs and Attorney Fees**
   In the event legal action is instituted by either party to enforce this Agreement, the prevailing party shall be entitled to reasonable attorney fees and actual costs in connection with such action.

9. **Counterparts and Facsimile Signatures**
   This Agreement may be executed in counterparts, each of which shall constitute an original and all of which together shall be deemed a single document. For purposes of this Agreement, each of the signatories hereto agrees that a facsimile copy of the signature page of the person executing this Agreement shall be effective as an original signature and legally binding and effective as an execution counterpart thereof.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed on the date first written by their respective officers duly authorized in that behalf.

**SBWMA:**

DATED: _____________________, 2014

BY: _______________________

Kevin McCarthy,
SBWMA EXECUTIVE DIRECTOR

**APPROVED AS TO FORM:**

DATED ____________________, 2014

Robert Lanzone,
SBWMA LEGAL COUNSEL

**CONTRACTOR:**

Recology Grover _ SBWMA_Organic Material Processing Agreement
DATED: ________________, 2014

BY: ________________________

Bryce Giddens
Counsel for Recology
EXHIBIT A

DEFINITIONS

Actions means all actions including claims, demands, causes of action, suits, mediation, arbitration, hearings, investigations, inquiries and proceedings, whether legal, judicial, quasi-judicial, governmental or administrative in nature and whether threatened, brought, instituted or settled.

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

Agency/Agencies means any one of the public entities which are signatories to the Joint Exercise of Powers Agreement of the South Bayside Waste Management Authority (SBWMA).

Agreement means this Agreement between the SBWMA and Contractor, including all exhibits, schedules and attachments (which are hereby incorporated in this Agreement by this reference), as this Agreement may be amended and supplemented.

Applicable Law means all law, statutes, rules, regulations, guidelines, Permits, actions, determinations, orders, approvals or requirements of the United States, State, regional or local government authorities, agencies, boards, commissions, courts or other bodies having applicable jurisdiction, that from time to time apply to or govern Services or the performance of the Parties' respective obligations under this Agreement.

Assign means:
(i) selling, exchanging or otherwise transferring effective control of management of the Contractor (through sale, exchange or other transfer of outstanding stock or otherwise);
(ii) issuing new stock or selling, exchanging or otherwise transferring 20% or more of the then outstanding common stock of the Contractor;
(iii) any dissolution, reorganization, consolidation, merger, re-capitalization, stock issuance or re-issuance, voting trust, pooling agreement, escrow arrangement, liquidation or other transaction which results in a change of Ownership or control of Contractor;
(iv) any assignment by operation of law, including insolvency or bankruptcy, making assignment for the benefit of creditors, writ of attachment of an execution, being levied against Contractor, appointment of a receiver taking possession of any of Contractor's tangible or intangible property;
(v) any combination of the foregoing (whether or not in related or contemporaneous transactions) which has the effect of any that transfer or change of Ownership or control of Contractor.

Calendar Year means a successive period of 12 months commencing on January 1 and ending on December 31.
Commencement Date means the later date of execution by the SBWMA or Contractor on the execution page of this Agreement.

Composting Facility means the facility that will process, compost, and market the Organic Materials from the Shoreway Facility.

Compost or Compost Products means the resultant product of the Compost Process (composting, curing and screening process conducted by the Composting Facility). The compost shall be dark in texture, have an earthy aroma, be neutral pH, and have the chemical profile of sufficient quality to pass the U.S. Composting Council Seal of testing Assurance - Landscape Architectural Specification for Compost Use, Specification for Turf Establishment found in Exhibit F.

Compost Process means the compost process operated as described in the facility’s Report of Compost Site Information that is submitted to the CIWMB. The process shall be managed to provide aeration, moisture and sufficient time and temperature so to produce Compost Product.

Contamination or Contaminant means any man-made non-organic fraction that is delivered to the compost facility with Organic Materials and must be removed to make the product acceptable to the market.

Contractor means Recology Grover Environmental Products, Inc., a corporation organized and operating under the laws of the State of California.

Contractor Default has the meaning provided in Article VII.

Direct Cost means Contractor’s reasonable costs incurred for materials testing, sorting, or cleaning. Direct Cost of labor and equipment use does not include profit, overhead or administrative expense.

Diversion (Divert) means to divert from Disposal or use anywhere at or on a landfill through source reduction, reuse, recycling, composting.

Food Waste means a subset of Organic Materials including: (i) all kitchen and table food waste, and all animal, vegetable, fruit, grain, dairy or fish waste that attends or results from the storage, preparation, cooking or handling of foodstuffs, with the exception of animal excrement, (ii) paper waste contaminated with putrescible material, and (iii) biodegradable plastic food service ware.

Goods or Services means all goods or services used in providing Services, including labor, leases, subleases, equipment, supplies and capital related to furnishing Services; insurance, bonds or other credit support if the insurer is an Affiliate or a captive of Contractor or any Affiliate; and legal, risk management, general and administrative services.

Governmental Fees are fees or taxes imposed upon Composting Facility by any governmental body or Regulatory Agency, other than those imposed upon the Composting Facility in connection with the repair, remediation, improvement, addition, or expansion of the Composting Facility.

Holidays are defined as New Year’s Day, Labor Day, 4th of July, Thanksgiving Day, and Christmas Day.

Hazardous Substance means any of the following: (a) any substances defined, regulated or listed (directly or by reference) as "hazardous substances", "hazardous materials", "hazardous wastes", "toxic waste", "pollutant" or "toxic substances" or similarly identified as hazardous to human health or the environment, in or pursuant to (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 USC §9601 et seq.(CERCLA); (ii) the Hazardous Materials Transportation Act, 49 USC §1802, et seq.; (iii) the Resource Conservation and Recovery Act, 42 USC §6901 et seq.; (iv) the Clean Water Act, 33 USC §1251 et seq.; (v) California Health and Safety Code §§25115-25117, 25249.8, 25281, and 25316; (vi) the Clean Air Act, 42 USC §7901 et seq.; and (vii) California Water Code §13050; (b) any amendments, rules or regulations promulgated there under to such enumerated statutes or acts.
currently existing or hereafter enacted; and (c) any other hazardous or toxic substance, material, chemical, waste or pollutant identified as hazardous or toxic or regulated under any other applicable federal, state or local environmental laws currently existing or hereinafter enacted, including, without limitation, friable asbestos, polychlorinated biphenyl’s ("PCBs"), petroleum, natural gas and synthetic fuel products, and by-products.

**Household Hazardous Waste** means any Hazardous Substance generated incidental to owning or maintaining a place of residence, excluding any Hazardous Substance generated in the course of operation of a business concern at a residence, in accordance with Section 25218.1 of the California Health and Safety Code.

**Liabilities** means all liabilities, including:

(i) Actions;
(ii) Awards, judgments and damages, both: (a) actual damages, whether special and consequential, in contract or in tort, such as natural resource damages, damage for injury to or death of any Person; and damage to property; and (b) punitive damages;
(iii) Contribution or indemnity claimed by Persons other than the Parties;
(iv) Injuries, losses, debts, liens, liabilities,
(v) Costs, such as response remediation and removal costs,
(vi) Interest,
(vii) Fines, charges, penalties, forfeitures and
(viii) Expenses such as attorney’s and expert witness fees, expenditures for investigation and remediation, and costs incurred in connection with defending against any of the foregoing or in enforcing Indemnities.

**Material Type** means segregated Plant Materials, segregated Wood Waste, segregated Food Waste or commingled Plant Materials & Food Waste.

**Maximum Vehicle Turnaround Time** means a monthly average of 30 minutes, measured from the time a vehicle enters either the Composting Facility property and until it exits the Composting Facility property, including but not limited to gross and net weights, tipping and transportation throughout the facility.

**Member (Member Agency)** means any one of the public entities of the Joint Exercise of Powers Agreement South Bayside Waste Management Authority.

**Monthly Report** is described in Article IV, Section 10 and Exhibit D, Monthly Reporting.

**Organic Materials** means residential and commercial segregated Plant Materials, segregated Wood Waste, segregated Food Waste and/or commingled Plant Materials and Food Waste.

**Ownership** has the meaning provided under the constructive ownership provisions of Section 318(a) of the Internal Revenue Code of 1986 except that (1) 10 percent is substituted for 50 percent in Section 318(a)(2)(C) and in Section 318(a)(3)(C) thereof; (2) Section 318(a)(5)(C) is disregarded; (3) ownership interest of less than 10 percent is disregarded; and (4) percentage interests is determined on the basis of the percentage of voting interest or value which the ownership interest represents, whichever is greater.

**Party** or **Parties** refers to the SBWMA and Contractor, individually or together.

**Permits** means all federal, State, SBWMA, other local and any other governmental unit permits, orders, licenses, approvals, authorizations, consents and entitlements that are required under Applicable Law to be obtained or maintained by any Person with respect to Services, as renewed or amended from time to time.

**Person(s)** includes an individual, firm, association, organization, partnership, corporation, trust, joint venture, the United States, the State, local governments and municipalities and special purpose districts and other entities.
**Plant Materials** means a subset of Organic Materials consisting of grass cuttings, weeds, leaves, prunings, branches, dead plants, brush, tree trimmings, dead trees (not more than six (6) inches in diameter) and five (5) feet in length, and similar materials generated at Premises, separated from Solid Waste and other Organic Materials. Plant Materials does not include materials not normally produced from gardens or landscape areas, such as brick, rock, gravel, large quantities of dirt, concrete, sod, non-organic wastes, oil, and painted or treated wood products.

**Processing Rate** means the amount established under Article V, Contractor Compensation and Exhibit C, Processing Rates, of this Agreement to be charged to the SBWMA by Contractor for Processing of Organic Materials.

**Regulatory Agency** means any federal, State or local governmental agency, including California Department of Transportation, Cal Recycle, California Department of Motor Vehicles, EDD, U.S. Immigration and Naturalization Services, California Air Resources Board, regional water quality management districts, California Department of Toxic Substances, CIWMB, the Local Enforcement Agency, federal and State Environmental Protection Agencies and other federal or State health and safety department, applicable to Services.

**Records** means all ledgers, book of account, invoices, vouchers, canceled checks, logs, correspondence and other records or documents of Contractor evidencing or relating to Rates, tonnage of Organic Materials, satisfaction of Contractor’s obligations under this Agreement and performance of the terms of this Agreement, damages payable under this Agreement and Contractor Defaults.

**Solid Waste** means and includes all putrescible and nonputrescible solid, semisolid, and liquid wastes, including garbage, trash, refuse, rubbish, ashes, industrial wastes, demolition and construction wastes, discarded home and industrial appliances, manure, vegetable or animal solid and semisolid wastes, and other discarded solid and semisolid wastes, as defined in California Public Resources Code §40191 as that section may be amended from time to time. For the purposes of this Agreement, “Solid Waste” does not include Hazardous Substances, low-level radioactive waste, medical waste, or Organic Materials.

**South Bayside Waste Management Authority (SBWMA)** means the joint powers authority created under Government Code Section 6500 et seq. by an agreement dated October 13, 1999 among the Town of Atherton, the cities of Belmont, Burlingame, East Palo Alto, Foster City, Hillsborough, Menlo Park, Redwood City, San Carlos, San Mateo, the County of San Mateo and the West Bay Sanitary District.

**Shoreway Facility** means the Shoreway Environmental Center (SEC) located at 225 Shoreway Road and 333 Shoreway Road and any other building and improvement located at these addresses in San Carlos, California (including the administration and vehicle repair and maintenance building) as its Facilities to be utilized under this Agreement.

**Subcontractor** means any Person to which Contractor subcontracts any portion of the Services, whether pursuant to formal, written agreement or otherwise.

**Term** is defined in Article III, Section 1.

**Ton** (or **Tonnage**) means a short ton of 2,000 standard pounds where each pound contains 16 ounces.

**Transfer** (or **Transferring** or other variations thereof) means transferring of Organic Materials at the Shoreway Facility, if any, from residential collection vehicles, commercial collection vehicles and self-haulers into Transport vehicles.

**Transfer Company** means the Person that SBWMA directs pursuant to the Operating Agreement to Transport Organic Materials from the Shoreway Facility to the Composting Facility.

Recology Grover_ SBWMA_Organic Material Processing Agreement
**Transfer Vehicle** means a tractor and trailer designed to haul Organic Materials from Shoreway Facility to the Composting Facility.

**Transport** (or **Transportation**) means the transportation of Organic Materials from Shoreway Facility to the Composting Facility.

**Unacceptable Materials** means any Hazardous Substance, liquid waste, or other material prohibited from being received or processed at the Composting Facility under Applicable Law or Permits.

**Violation** means any notice, assessment or determination of non-compliance with Applicable law from any Regulatory Agency to Contractor, whether or not a fine or penalty is included, assess, levied or attached.

**Wood Waste** means a subset of Organic Materials consisting of pieces of unpainted and untreated dimensional lumber, and any other wood pieces or particles generated from the manufacturing or production of wood products, harvesting, processing or storage of raw wood materials, or construction and demolition activities.
EXHIBIT B
CONTRACTOR SERVICES

The Contractor will provide the following services to the SBWMA

a) Process the following types of Organic Materials
   • Segregated Plant Materials
   • Segregated Wood Waste
   • Segregated Food Waste
   • Commingled Plant Materials and Food Waste

b) General Services
   1. Subject to Contractor’s right to reject Contaminated loads, Contractor will receive Organic Materials delivered by the SBWMA’s Transfer Company from the Shoreway Facility or directly by collection truck by the SBWMA’s contractor for collection services.
   2. Accepted Organic Materials will be weighed in using certified scales located at the Composting Facility and tracked by Material Type accepted;
   3. Organic Materials accepted by Contractor shall be diverted and Processed as provided in Article IV, Section 1 of this Agreement.
   4. Contractor shall market finished Compost and other products manufactured from Organic Materials and shall be entitled to retain all proceeds thereof.

c) Finished Compost to Member Agencies
   At SBWMA’s request, Contractor will provide finished Compost free of charge to Member Agencies up to the amount set forth on Exhibit C, Table 1 under “Compost Give Back Program.” If such allocation is not fully utilized in a given calendar year, the excess may not be carried over to a subsequent year. Contractor will be responsible for the costs of loading trucks, provided by the Shoreway Facility, with finished compost product. Compost quality will meet the U.S. Compost Council Seal of Testing Assurance in Exhibit F.
EXHIBIT C
PROCESSING RATES

a) Rates
Contractor will be compensated per ton for Organic Materials delivered to the Compost Facility based on the material type as set forth in Table 1 below.

b) Annual Rate Adjustments
The Rates outlined in Table 1 are for the period January 1, 2015 through December 31, 2015. Such rates will be adjusted annually as shown below, effective January 1 of each year of the term, including extensions.

<table>
<thead>
<tr>
<th>Material Type</th>
<th>Rates Per Tonnage Bracket</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Contract Minimum Tonnage (annual)</strong></td>
<td>60,001</td>
</tr>
<tr>
<td><strong>Contract Maximum Tonnage (annual)</strong></td>
<td>80,000</td>
</tr>
<tr>
<td></td>
<td>100,000</td>
</tr>
<tr>
<td>Segregated Plant Materials (up to 100% of contract tonnage)</td>
<td>$30.04/ton</td>
</tr>
<tr>
<td></td>
<td>$28.54/ton</td>
</tr>
<tr>
<td></td>
<td>$25.40/ton</td>
</tr>
<tr>
<td>Segregated Wood Waste (up to 100% of contract tonnage)</td>
<td>$27.90/ton</td>
</tr>
<tr>
<td></td>
<td>$21.76/ton</td>
</tr>
<tr>
<td></td>
<td>$18.49/ton</td>
</tr>
<tr>
<td>Segregated Food Waste (up to 25% of contract tonnage)</td>
<td>$49.00/ton</td>
</tr>
<tr>
<td></td>
<td>$49.00/ton</td>
</tr>
<tr>
<td></td>
<td>$49.00/ton</td>
</tr>
<tr>
<td>Commingled Plant Materials and Food Waste (up to 100% of contract tonnage)</td>
<td>$33.82/ton</td>
</tr>
<tr>
<td></td>
<td>$33.82/ton</td>
</tr>
<tr>
<td></td>
<td>$33.64/ton</td>
</tr>
<tr>
<td>Compost Give Back Program (tons or number of bags to be provided by Contractor)</td>
<td>3,000</td>
</tr>
<tr>
<td></td>
<td>5,250</td>
</tr>
<tr>
<td></td>
<td>7,500</td>
</tr>
</tbody>
</table>

Contamination Levels - Rate Adjustments

<table>
<thead>
<tr>
<th>Contamination (by weight)</th>
<th>Rate Adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>5%/ton</td>
<td>Decrease per ton to rates listed above (For segregated Food Waste only)</td>
</tr>
<tr>
<td><strong>Base Rate (above Rate per Tonnage Bracket based on this level of contamination)</strong></td>
<td></td>
</tr>
<tr>
<td>Contamination (by weight) from 2.5% to under 5%</td>
<td>10%/ton</td>
</tr>
<tr>
<td>Contamination (by weight) from 5% to under 10%</td>
<td>10%/ton</td>
</tr>
<tr>
<td>Contamination (by weight) from 10% to under 15%</td>
<td>20%/ton</td>
</tr>
<tr>
<td>Up to maximum Contamination (by weight) of 20%</td>
<td>30%/ton</td>
</tr>
</tbody>
</table>

Recology Grover_ SBWMA_ Organic Material Processing Agreement
Commencing January 1, 2016 and thereafter on each January 1, this Agreement is in effect, including any extension years, the rates stated above shall be increased by 90% of the change in the value of the All Urban Consumers Index (CPI-U), All Items, for the San Francisco-Oakland-San Jose, CA, Base Period 1982 – 1984 = 100, not seasonally adjusted, compiled and published by the U. S. Department of Labor, Bureau of Labor Statistics (or its successor) for the previous October and its value twelve months before.

c) Contamination Level

Contractor shall be entitled to reject any load with greater than 20% Contamination by weight or any load which appears to contain any quantity of Hazardous Substances. Any load containing in excess of 20% Contamination shall be classified as Solid Waste and loaded onto the Transfer Company’s vehicles for backhaul to the Shoreway Facility at no cost to Contractor.

d) Negotiated Disposal for Excessive Contaminated Loads

For loads that exceed the 20% Contamination threshold, but which are salvageable by sorting Contamination out of the load, the SBWMA can choose to have the Contractor sort contamination from the load so that it is falls below the 20% threshold. For loads that are sorted to remove excessive Contamination, the SBWMA will reimburse Contractor on a time and materials basis for the Direct Cost of handling of the excessive Contamination (e.g., sorting, transportation and disposal).
EXHIBIT D
MONTHLY REPORTING

Contractor will provide the SBWMA a monthly report that summarizes monthly the inbound/outbound materials, a materials mass-balance by supplier, and material market outlets as well as the detail scale reports and other documentation that supports the data in the summary report. The Contractor shall provide and the SBWMA shall approve the report structure.
EXHIBIT E
CONTAMINATION MEASUREMENT METHODOLOGY

a) Excess Contamination in Organic Materials

The Contractor is expected to successfully process Organic Materials delivered from the Shoreway Facility.

If upon visual inspection of an inbound load, the Contractor believes it exceeds the Contamination threshold of 20% by weight, the Contractor has the right to isolate the load and immediately contact a designated representative from both the Transfer Company and the SBWMA prior to conducting any Contamination sampling. Representatives of the Transfer Company and the SBWMA will be provided the opportunity to inspect the isolated load within six (6) business hours of being notified by the Contractor. If the Collection Contractor or the SBWMA is interested in observing the sampling and testing of the load, the Contractor will schedule time for sampling that is within eight (8) business hours of having provided notification.

If the measured Contamination level for the load, as determined by the methodology, does not exceed 20% by weight, then Contractor (1) shall Process the load as required by the Agreement, and (2) shall be responsible for the cost of the Contamination measurement procedure.

If the measured Contamination level for the load, as determined by the methodology, exceeds 20% by weight, then (1) Contractor shall load the materials onto the Transfer Company’s vehicle for back haul to the Shoreway Facility at no cost to Contractor, and (2) SBWMA shall reimburse Contractor for the Direct Cost of the Contamination measurement procedure.

If SBWMA requires Contractor to conduct Contamination sampling on a given load, SBWMA shall reimburse Contractor for the Direct Cost of the Contamination measurement procedure, regardless of the measured Contamination level for the load.

b) Contamination Measurement Methodology

If the Contractor identifies excessive Contamination in a load, the following methodology for quantifying the Contamination level will be followed:

1. Objective—describes the purpose of the methodology.
2. Sampling rationale—defines which loads will be sampled.
3. Sampling allocation—describes the number of samples required to provide a sufficient level of accuracy in findings.
4. Test procedures—describes sampling and sorting activities for each load.
5. Sorting categories—describes the sorting categories.
6. Calculations

Appendices 1 through 3 consist of:

1. methodology checklist
2. sample data collection forms
3. equipment list

Objectives

This methodology is designed to estimate the Contamination level (as a percentage by weight of the entire load) in an individual load from one of the four (4) inbound Material Types.

- Segregated Plant Materials

Recology Grover_ SBWMA_Organic Material Processing Agreement
• Segregated Wood Waste
• Segregated Food Waste
• Commingled Plant Materials and Food Waste)

The methodology described is intended to produce consistent and reliable estimates of the Contamination level of individual loads. In addition, the methodology is designed to require the minimum necessary organizational time and financial investment.

**Sampling rationale**
Loads may be selected for sampling when observation of the load by SBWMA or Contractor indicates that it may exceed the allowed Contamination level. A sampling process will be used to determine the measured Contamination level in individual loads.

**Sampling allocation**
Approximately five (5) samples, each weighing approximately one hundred and fifty (150) pounds, are required from an individual load in order to calculate the measured Contamination level with a sufficient level of accuracy. It is expected that a two (2) person crew can obtain, sort, and weigh five (5) samples in a five (5) to seven (7) hours period.

**Test procedures**
Test procedures are broken down in to the following steps, which shall be used by SBWMA, or a third party designated by the SBWMA.

- Safety training and staff coordination
- Sampling and sorting area designation
- Sample selection
- Sample sorting
- Sample disposal
- Data management

These steps are described in more detail following the definitions of roles. Each step is the responsibility of a specific person or group of people as follows:

- **sampling crew manager**—responsible for selecting samples, working with Operator and the sampling crew, quality control, and compliance with Facility regulations.
- **sampling crew**—responsible for sorting samples.
- **facility manager**—responsible for coordinating with the sampling crew manager.
- **tipping floor staff**—responsible for identifying loads potentially Contaminated beyond the acceptable threshold, creating a designated sampling and sorting area, and ensuring segregation of selected loads in that area.
- **loader operator(s)**—responsible for segregating the selected the load from other loads in the designated sampling and sorting area.

**Safety training and staff coordination**
When the sampling crew manager and the sampling crew arrive at the Composting Facility they will participate in any required safety training and put on all required personal protective equipment (see the equipment list shown in Appendix 3). The sampling crew manager will also walk through the process of extracting samples from the designated load with both the loader operator(s) and the tipping floor staff.

**Sampling and sorting area designation**
With the input of the tipping floor staff and the loader operator(s), the sampling crew manager and sampling crew will set up in the designated sampling and sorting area near the tipping floor. The sorting area should be in a location near the load to be sampled and from which the loader can safely remove samples after sorting.

**Sample selection**
Five (5) cells will be randomly selected for sampling from each load using a random number generator.
The *sampling crew manager* will assist the *loader operator* in locating the appropriate cell for each sample using the sample cell map in Figure 1 below.

After the loader has extracted the material in the selected cell, the *sampling crew manager* will guide the loader to a designated tarp. Using visual cues the *sampling crew manager* will ensure the *loader operator(s)* deposits the proper quantity of material on the tarp. A shovel may be used to add material from the bottom of the cell to ensure the sample includes some heavy and small material that the loader bucket cannot collect.

Pulling the tarp is a basic test used to estimate sample weight. If it is determined that a sample is too heavy it may be lightened by removing vertical slices from the sample. If it is determined that a sample is too light it may be increased by removing or adding more material. It is important to add or remove all material in the slice from the top to bottom, to ensure that both small, heavy, and loose materials and large, light, and bagged materials are added or removed.

Samples can be queued and stored on tarps until sorted but samples must be prevented from mixing with each other and with other material on the tipping floor. The *sampling crew manager* will place a unique sample placard on each sample for a photograph and, if the sample is not immediately sorted, for later identification. The placard is marked with a unique sample identification number and additional information (such as the date) used to identify loads in photographs and correlate load net weights with sample details. Each placard will be coded according to its corresponding sampling population (e.g., ‘SPM-1’ indicates the first load of segregated Plant Material). Each load will be photographed individually with the sample placard visible and legible.

**Figure 1: Sixteen (16) cell grid**

*(Cells 12, 14 and 16 are below cells 4, 6 and 8, respectively)*

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**Sample sorting**

The sample identification number, as designated by the placard, will be recorded on the tally form (see Appendix 2 for an example of this form.) The sample will be moved into the designated sorting area. Next, the *sampling crew* will sort the Contamination materials, as defined in Appendix 1, out of the load and into sort containers. The *sampling crew* will then weigh the Contamination materials while the *sampling crew manager* records the weights on the tally form. The remainder of the load—all acceptable items—will be put...
into containers, weighed, and recorded on the tally form. The sampling crew manager is responsible for monitoring the homogeneity of material in each container and ensuring the accuracy of the sorting process. At the end of each sampling day the sampling crew will comply with any tipping floor staff directions regarding cleaning the designated sampling and sorting area and storing sampling and sorting supplies.

**Sample disposal**
After the weight of all material in each sample is recorded on the tally sheet, the sampling crew will move the sorted material to a location where it is safe and convenient for the loader to remove.

**Data management**
At the end of each sampling day, the sampling crew manager will review all forms for accuracy and completeness. Any issues shall be resolved immediately while the day’s work is still fresh in the mind. To ensure the tally forms are not lost before inputting the data into an electronic form, copies shall be made of all completed forms and copies will be kept in a place separate from the originals. One copy of the forms will be mailed or hand delivered to the person inputting the data into an electronic form.

The appendices cover calculations, data collection forms, and an equipment list for this study.

**Sorting categories**
All loads identified for sorting shall be sorted and weighed into the following two (2) categories:

1) Contamination
2) Acceptable materials (i.e., segregated Plant Materials, segregated Wood Waste, segregated Food Waste or commingled Plant Materials and Food Waste)

**Calculations**
Estimates of Contamination will be calculated using a method that gives equal weighting or “importance” to each sample within a given load.

In the descriptions of calculation methods, the following variables will be used:

- $i$ denotes an individual sample.
- $j$ denotes the Material Type.
- $c_j$ is the weight of the Material Type $j$ in a sample.
- $w$ is the weight of an entire sample.
- $r_j$ is the composition estimate for material $j$ ($r$ stands for ratio).
- $a$ denotes a region of the state ($a$ stands for area).
- $s$ denotes a particular sector or subsector of the waste stream.
- $n$ denotes the number of samples in the particular group that is being analyzed at that step.

**Estimating the Composition**
The following method will be used to estimate the composition of waste belonging to the target materials.

For a given load, the composition estimate denoted by $r_j$ represents the ratio of the component’s weight to the total weight of all the samples in the load. This estimate will be derived by summing each component’s weight across all of the selected samples belonging to a given load and dividing by the sum of the total weight of waste for all of the samples in that load, as shown in the following equation:
\[ r_j = \frac{\sum_i c_{ij}}{\sum_i w_i} \]  

(1)

where:

- \( c \) = weight of particular component
- \( w \) = sum of all component weights
- for \( i = 1 \) to \( n \), where \( n \) = number of selected samples
- for \( j = 1 \) to \( m \), where \( m \) = number of components

For example, the following simplified scenario involves three samples. For the purposes of this example, only the weights of the component **carpet** are shown.

<table>
<thead>
<tr>
<th>Sample 1</th>
<th>Sample 2</th>
<th>Sample 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weight (c) of carpet</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Total Sample Weight (w)</td>
<td>80</td>
<td>70</td>
</tr>
</tbody>
</table>

\[ r_{\text{carpet}} = \frac{5 + 3 + 4}{80 + 70 + 90} = 0.05 \]

To find the composition estimate for the component **carpet**, the weights for that material are added for all selected samples and divided by the total sample weights of those samples. The resulting composition is 0.05 or 5 percent (5%). In other words, 5 percent (5%) of the sampled material, by weight, is **carpet**. This finding is then projected onto the stratum being examined in this step of the analysis.

The confidence interval for this estimate will be derived in two (2) steps. First, the variance around the estimate will be calculated, accounting for the fact that the ratio included two (2) random variables (the component and total sample weights). The variance of the ratio estimator equation follows:

\[ \text{Var}(r_j) \approx \left( \frac{1}{n} \right) \left( \frac{1}{\overline{w}^2} \right) \sum_i \left( \frac{c_{ij} - r_j w_i}{n - 1} \right)^2 \]  

(2)

where:

\[ \overline{w} = \frac{\sum_i w_i}{n} \]  

(3)

(For more information regarding Equation 2, please refer to *Sampling Techniques, 3rd Edition* by William G. Cochran [John Wiley & Sons, Inc., 1977].)

Second, precision levels at the 90 percent (90%) confidence level will be calculated for a component's mean as follows:
$$r_j \pm \left( z \sqrt{\text{Var}(r_j)} \right)$$  \hspace{1cm} (4)

where $z$ = the value of the z-statistic (1.645) corresponding to a 90 percent (90%) confidence level.
Sampling Methodology
Appendix E-1

Methodology Checklist

a) Roles and responsibilities

- **Sampling crew manager**—responsible for selecting samples, working with Facility staff and the sampling crew, quality control, and compliance with Facility regulations.
- **Sampling crew**—responsible for sorting samples.
- **Facility manager**—responsible for coordinating with the sampling crew manager, SBWMA, and drivers.
- **Tipping floor staff**—responsible for identifying loads potentially Contaminated beyond the acceptable threshold, creating a designated sampling and sorting area, and ensuring segregation of selected loads in that area.
- **Loader operator(s)**—responsible for segregating the selected load from other loads in the designated sampling and sorting area.

b) Advanced preparation

**Project manager:**
- Contact facility manager
  - Ask facility manager to update the following employees with the sampling plan:
    - Loader operator(s)
    - Tipping floor staff
- Request safety expectations
- Schedule safety training
- Ask if there are any circumstances that may affect the study (i.e., weather, animals, site construction, etc.)
- Obtain safety gear (Appendix 3)
  - Check safety gear
- Obtain sorting equipment (Appendix 3)
  - Check sorting equipment
- Print tally sheets (Appendix 2)
  - Print on *Rite in the Rain* all-weather paper

**Sampling crew and sampling crew manager**
- Review material list
- Review data collection forms
- Review unique site requirements

c) Arrival at Facility

**Sampling crew:**
- Arrive at Facility ahead of schedule
- Participate in any required safety training
- Don safety gear

**Sampling crew manager**
- Arrive at Facility ahead of schedule
- Reviews logistics and expectations with MRF manager
- Participate in any required safety training
- Don safety gear
d) Tipping floor coordination

**Sampling crew manager:**
- Designate a designated sampling/sorting area on each tipping floor (2) with input from tipping floor staff and loader operator(s), meeting the following criteria:
  - Loader operator(s) can visually communicate with sampling crew
  - Loader operator(s) can safely remove sorted loads
  - Approximately twenty (20) feet by twenty (20) feet
- Explain and walkthrough the sampling process with both the tipping floor staff and the loader operator(s)
  - Explain that samples must be dumped in a clean area, separate from other loads (called a designated dumping area)
  - Explain that the sampling crew manager is responsible for identifying the portion of the load that the loader operator(s) will sample
  - Explain the appropriate samples size (150 pounds)
  - Explain that the sampling crew manager will be responsible for guiding the loader operator(s) to the appropriate tarpaulin

**Sampling crew:**
- Set up designated sampling sorting area
  - Sorting table
  - Baskets
  - Digital scale(s)

e) Sample collection

**Tipping floor staff:**

**Sampling crew manager:**
- Direct loader operator(s) to pre-selected sampling cell
- Direct loader operator(s) to designated tarpaulin
- Signal loader operator(s) with tipping instructions
- Pull tarp to test for appropriate sample weight
- Place placard in the load
- Photograph load (Placard should be visible and legible)
- Wrap and segregate load until ready to sort

**Loader operator(s):**
- Pinch/scoop sample, as directed by the sampling crew manager
- Tip sample on designated tarpaulin, as directed by the sampling crew manager

**Sampling crew:**
- May assist sampling crew manager at any point

f) Sample sorting

**Sampling crew:**
- Move the sample into the designated sampling/sorting area
- Sort the sample
  - Sort Contamination materials into designated baskets
- Assist the sampling crew manager with weighing the baskets
- Assist the sampling crew manager with weighing the remainder material

**Sampling crew manager:**
- Record the sample ID onto the tally sheet
- Assist the sampling crew in moving the sample into the designated sampling/sorting area
- Sort the sample
o Sort all Contamination material into designated baskets
o Weigh baskets containing Contamination materials, and record weights on the tally sheet
o Ensure homogeneity of materials
o Weigh remainder material and record weights on the tally sheet
o Ensure all Contamination materials are removed

g) Sample disposal

**Sampling crew manager and sampling crew:**
- Dispose of all materials in a designated disposal area

**Loader operator(s):**
- Remove disposed materials when it is safe and convenient

h) Data management

**Sampling crew manager:**
- Review all forms for accuracy and completeness
  - Tally sheet(s)

**Project manager:**
- Check all forms for accuracy and completeness
  - Tally sheet(s)
- Copy all data forms
  - Store copies separate from the originals
- Download pictures from camera
- Provide copies of data for electronic input
- Ensure data entry is checked for accuracy
Sampling Methodology
Appendix E-2

Data Collection Forms

Appendix consists of copies of each of the following two (2) data collection forms:
sampling placard
tally sheet

Figure 2: Example sampling placard

Date: ________________

Jurisdiction: ____________

SPM – 1

Cell 13
### Figure 3: Example Tally Sheet

South Bayside Waste Management Authority: Contamination Sampling

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<thead>
<tr>
<th>DATE:</th>
<th>SAMPLE ID:</th>
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<td>Container 9</td>
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<tr>
<td>Container 10</td>
<td></td>
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</tbody>
</table>
Sampling Methodology
Appendix E-3

Sampling Equipment List

Appendix 3 provides a list of equipment necessary for all sampling and sorting activities. Extra safety equipment should be available to ensure the safety of observers or others at the sorting site.

**Sorting equipment:**
- Approximately twenty (20) identical sorting containers (e.g. laundry baskets or five (5) gallon buckets)
- square point shovels
- rakes
- push brooms
- digital scale, battery powered (weigh up to two hundred (200) pounds, accurate to one-tenth (1/10) of a pound)
- fifteen (15) to twenty (20) ten (10) foot by twelve (12) foot or similar size tarps
- clipboards
- data collection forms printed on Rite in the Rain paper
- permanent markers
- mechanical pencils
- tape measures
- utility knives, scissors
- duct tape
- ten (10) to fifteen (15) Carts
- ten (10) to fifteen (15) plastic receptacles
- four (4) metal eight (8) foot by twelve (12) foot tables
- one (1) metal work desk with drawer
- erasable placards and markers
- digital camera with extra flash card
- moisture probe
- six (6) special pallets with solid tops
- three (3) six cubic yard Bins
- three (3) three cubic yard Bins

**Safety equipment:**
- dust masks (N-95 or better)
- safety glasses
- hearing protection
- steel-toed work boots
- puncture resistant gloves
- glove liners (latex or nitrile)
- leather work gloves
- reflective safety vests (Brite Lime)
- hard hats
- safety/medical kit
- fire extinguisher
- disinfecting soap, paper towels, antiseptic towels
- water
- rubber aprons or Tyvek protective garments
EXHIBIT F
COMPOST QUALITY SPECIFICATION

U.S. Composting Council Seal of Testing Assurance
Landscape Architectural Specification for Compost Use
Specification for Turf Establishment