

SERVICE AGREEMENT

BETWEEN

CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY

AND

RECOLOGY BLOSSOM VALLEY ORGANICS – NORTH

FOR

COMMINGLED ORGANICS COMPOSTING SERVICES

OCTOBER 24, 2024

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TABLE OF CONTENTS

RECITALS	1
ARTICLE 1 DEFINITIONS	3
ARTICLE 2 GRANT AND ACCEPTANCE OF EXCLUSIVE SERVICE RIGHTS	3
2.1 Scope of Agreement	3
2.2 Scope Limitations and Exclusions	4
2.3 Change in Marketability of Materials.....	7
2.4 Change in Scope	8
2.5 Payment of Procurement Expenses	9
2.6 Obligation to Provide Service	9
2.7 No Guarantees of Materials Volume or Composition.....	9
2.8 References to Defined Terms	10
2.9 Subcontractors and Affiliates	10
ARTICLE 3 REPRESENTATIONS AND WARRANTIES	11
3.1 Of Contractor	11
3.2 Of the Authority.....	12
3.3 Of the Parties	12
ARTICLE 4 TERM OF AGREEMENT	13
4.1 Term and Option to Extend.....	13
ARTICLE 5 MATERIAL ACCEPTANCE AND COMPOSTING SCOPE OF SERVICES	14
5.1 Overview of Scope of Services.....	14
5.2 Material Acceptance and Rejection	15
5.3 Reserved	16
5.4 Commingled Organics Composting.....	16
5.5 Reserved	19
5.6 Reserved	19
5.7 Reserved	19
5.8 Reserved	19
5.9 Facility Operations.....	19
ARTICLE 6 DISPOSAL SCOPE OF SERVICES	20
6.1 Reserved	20
6.2 Residue Disposal.....	20
ARTICLE 7 OTHER RELATED SERVICES.....	20
7.1 Public Education and Outreach	20
7.2 Facility Tours.....	21
7.3 Billing.....	21

7.4	Provision of Emergency Services	22
7.5	Extended Producer Responsibility Programs	23
7.6	Generation, Characterization, and Pilot Studies	25
7.7	Reserved	26
7.8	Reserved	26
7.9	Reserved	26
7.10	Compost Giveaways.....	26
ARTICLE 8 STANDARD OF PERFORMANCE		26
8.1	General.....	26
8.2	Disposal of Commingled Organics	26
8.3	Working Days and Hours of Operation	27
8.4	Alternate Approved Facilities	27
8.5	Rejection of Unpermitted Waste and Excluded Waste	28
8.6	Permits	29
8.7	Traffic Control and Direction	29
8.8	Vehicle Turnaround Guarantee.....	29
8.9	Scale Operation.....	30
8.10	Reserved	32
8.11	Personnel	32
8.12	Equipment and Supplies.....	34
8.13	Compliance with Facility Rules.....	34
8.14	Marketing.....	34
8.15	Diversion and Material Recovery Standards	38
ARTICLE 9 PAYMENTS TO THE AUTHORITY AND DESIGNATED FACILITIES		39
9.1	Payments to the Authority.....	39
9.2	Adjustment of Payments.....	39
9.3	Method of Payments.....	39
9.4	Timing of Payments and Penalties for Late Payments	39
9.5	Billing and Payment Audit.....	40
9.6	Reserved.....	40
9.7	Reserved.....	40
ARTICLE 10 CONTRACTOR’S COMPENSATION		40
10.1	Overview	40
10.2	Process for Setting and Adjusting Tipping Fees	41
10.3	Tipping Fee Application Process	42
10.4	Special Tipping Fee Review	44
10.5	Adjustment to Tipping Fees for Changes in Scope.....	46
10.6	Coordination with Other Authority Contractors	46

ARTICLE 11 REVIEW OF SERVICES AND PERFORMANCE 47

 11.1 Right to Enter Facility and Observe Operations 47

 11.2 Performance Review 47

ARTICLE 12 RECORD KEEPING AND RECORDING 48

 12.1 General Record Keeping Provisions..... 48

 12.2 Review and Inspection 48

 12.3 Retention of Records..... 48

 12.4 Other Information Requirements 48

 12.5 Reporting..... 49

 12.6 Recycling and Disposal Reporting System Reporting 49

 12.7 CERCLA Reporting..... 51

ARTICLE 13 INDEMNIFICATION, INSURANCE, AND PERFORMANCE BOND 51

 13.1 General Indemnification..... 51

 13.2 Hazardous Substance Indemnification 51

 13.3 CalRecycle Indemnification 52

 13.4 Environmental Indemnity 52

 13.5 Insurance..... 52

 13.6 Performance Bond..... 55

ARTICLE 14 BREACH, DEFAULT, REMEDIES, AND TERMINATION 55

 14.1 Events of Breach 55

 14.2 Contractor’s Right to Remedy Breach 56

 14.3 Acts Necessary to Perform Service 56

 14.4 Event of Default..... 57

 14.5 Event of Default Not Curable 58

 14.6 Authority’s Remedies in the Event of Default 58

 14.7 Specific Performance 59

 14.8 Authority’s Remedies Cumulative..... 59

 14.9 Liquidated Damages..... 59

 14.10 Excuse from Performance 60

 14.11 Right to Demand Assurances of Performance..... 60

 14.12 Waiver of Defenses 60

 14.13 Guaranty of Contractor's Performance 61

ARTICLE 15 RESOLUTION OF DISPUTES 61

 15.1 Cooperation and Disputes Between Contractors..... 61

 15.2 Informal Resolution..... 61

 15.3 Mediation..... 61

 15.4 Pendency of Dispute 62

ARTICLE 16 OTHER AGREEMENTS OF PARTIES 62

16.1	Relationship of Parties.....	62
16.2	No Third Party Beneficiaries.....	62
16.3	Compliance with Law.....	62
16.4	Governing Law.....	62
16.5	Jurisdiction.....	62
16.6	Notice to Parties.....	63
16.7	Assignment and Transfer of Agreement.....	63
16.8	Transition to Next Contractor.....	65
16.9	Compliance Audit.....	65
16.10	Binding on Successors.....	65
16.11	Non-Waiver.....	66
ARTICLE 17 MISCELLANEOUS PROVISIONS		66
17.1	Entire Agreement.....	66
17.2	Amendment.....	66
17.3	Section Headings.....	66
17.4	References to Laws.....	66
17.5	Interpretation.....	66
17.6	Severability.....	66
17.7	Further Assurance.....	66
17.8	Counterparts.....	66
17.9	Exhibits.....	67
17.10	The Authority's Right to Make Administrative Changes.....	67
17.11	Electronic Signatures.....	67
17.12	Actions of the Authority in its Governmental Capacity.....	67

LIST OF EXHIBITS

Exhibit A: Defined Terms

Exhibit B: Service Area

Exhibit C: List of Allowable Recyclable Materials, Commingled Organics, AND
Commercial Food Scraps

Exhibit D: Reporting Requirements

Exhibit E: Tipping Fee Adjustment Methodology

Exhibit E-1: Contractor's Initial Tipping Fees

Exhibit F: Liquidated Damages

Exhibit G: Contractor's Proposal

Exhibit H: Approved Affiliates and Subcontractors

Exhibit I: Labor Agreements

Exhibit I-1: Safety Training

Exhibit J: Iran Contracting Certification

Exhibit K: Performance Bond

Exhibit L: Guaranty Agreement

Exhibit M: Reserved

Exhibit N: Reserved

Exhibit O: Marketed Recovered Materials Standards

Exhibit P: Load Classification

Exhibit Q: Allocation Methodology

Exhibit R: Disaster Response Plan

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**SERVICE AGREEMENT
BETWEEN
CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY
AND
RECOLOGY BLOSSOM VALLEY ORGANICS – NORTH
FOR
COMMINGLED ORGANICS COMPOSTING SERVICES**

This Service Agreement for Commingled Organics Composting Services (“Agreement”) is entered into on the 24th Day of October, 2024, by and between the Central Contra Costa Solid Waste Authority, a Joint Powers Authority (hereinafter, “Authority”), and Recology Blossom Valley Organics – North, a California Corporation (hereinafter, “Contractor”) (collectively, the “Parties”).

RECITALS

WHEREAS, the Legislature of the State of California, by enactment of the California Integrated Waste Management Act of 1989 (“AB 939”) and subsequent modifications thereto, established a solid waste management process that requires cities and other local jurisdictions to implement source reduction, reuse, and recycling as integrated waste management practices;

WHEREAS, the Authority has the authority to assume municipal solid waste and materials Diversion management responsibilities such as acquiring services, entering agreements, negotiating contracts, granting franchises, planning facilities, reviewing rates and Tipping Fees, and other related matters on behalf of the constituents of the Cities and Towns of Danville, Lafayette, Moraga, Orinda, and Walnut Creek, and the County of Contra Costa (“Member Agencies”);

WHEREAS, only certain unincorporated areas of Contra Costa County are included in the jurisdictional boundaries of the Service Area;

WHEREAS, the Authority has the authority to enter into exclusive service agreements for handling Recyclable Materials, Organic Materials, and Solid Waste, and to prescribe the terms and conditions of such agreements;

WHEREAS, the Authority Board of Directors has found that Collection, Transfer, Transport, Processing, Diversion, and Disposal programs can most cost-effectively be carried out on a multi-jurisdictional basis;

WHEREAS, pursuant to California Public Resources Code Section 40059(a), the Board of Directors of the Authority has determined that the public health, safety, and well-being of the Authority, its Member Agencies, and their constituents requires the highest quality Collection, Transfer, Transport, Processing, Diversion, and Disposal services from thorough, competent, and qualified companies;

WHEREAS, agencies like the Authority have generally been held liable under Federal superfund laws for the costs of cleaning up of Hazardous Waste sites that accepted solid waste generated within

municipalities' jurisdictions; therefore, the Authority is prudent to provide for terms and conditions of its Solid Waste Disposal in accordance with this Agreement;

WHEREAS, obtaining a long-term commitment for Commingled Organics Composting generated in the Service Area in accordance with this Agreement is in the best interests of the public health, safety, and well-being of the Authority, its Member Agencies, and their constituents and is fiscally prudent;

WHEREAS, through enactment of AB 939, the State of California also recognizes the important health and safety consideration to long-term planning for local governments' adequate Disposal needs. The State requires local governments to make adequate provision for at least fifteen (15) years of solid waste Disposal capacity to preserve the health, safety, and well-being of the public;

WHEREAS, the Authority Board of Directors has found and determined, based on the Contractor's Proposal, qualifications, demonstrated experience, reputation, and reasonable cost to the Member Agencies, that the Contractor is best able to provide such services to protect the public health, safety, and well-being of the Authority, its Member Agencies, and their constituents;

WHEREAS, the Contractor has represented and warranted to the Authority that it has the experience, responsibility, qualifications, and ability to implement safe, thorough, and competent Composting and Diversion services in compliance with Applicable Law and the provisions of this Agreement;

WHEREAS, pursuant to California Public Resources Code Section 40191, "solid waste" does not include hazardous waste as defined in California Public Resources Code Section 40141, radioactive waste, or untreated medical waste;

WHEREAS, this Agreement expressly limits the types and categories of Franchised Materials that Contractor is authorized to Compost and Divert;

WHEREAS, the State of California has found and declared that the amount of refuse generated in California, coupled with diminishing disposal capacity and potential adverse environmental impacts from landfilling and the need to conserve natural resources, has created an urgent need for State and local agencies to enact and implement an aggressive integrated waste management program. The State has, through enactment of AB 939 and subsequent related legislation including, but not limited to: AB 341, AB 2176, SB 1016, AB 1826, SB 1383, the California Green Building Standards Code (CALGreen), AB 1594, AB 1201, SB 343, and SB 54, directed the responsible State agency, and all local agencies, to promote diversion and to maximize the use of feasible waste reduction, re-use, recycling, and composting options in order to reduce the amount of refuse that must be disposed;

WHEREAS, in response to the Governor of the State of California signing Executive Order N-79-20, the California Air Resources Board has established regulations, including, but not limited, the Advanced Clean Fleets Regulation, as part of a strategy to transition fleets to zero emissions vehicles (ZEVs), and provisions of such regulations apply to the Contractor's vehicle fleet under this Agreement;

WHEREAS, neither the Authority nor the Contractor can anticipate all of the possible needs, considerations, or eventualities that may arise during the Term of this Agreement, and the Parties agree that they will work together in a spirit of mutual cooperation to resolve any such issues as and when they arise; and,

WHEREAS, neither the Authority nor the Contractor can anticipate any changes in the industry as to the future means or methods of Collection, Transfer, Transport, Processing, Diversion, and/or Disposal services, and will work together in a spirit of mutual cooperation to address such opportunities and/or issues as and when they arise.

NOW THEREFORE, in consideration of the mutual promises, covenants, and conditions contained herein, and for other good and valuable consideration, the Parties do hereby agree as follows:

ARTICLE 1 DEFINITIONS

Defined terms are incorporated in Exhibit A of this Agreement.

ARTICLE 2 GRANT AND ACCEPTANCE OF EXCLUSIVE SERVICE RIGHTS

2.1 Scope of Agreement

Through this Agreement, the Authority grants to the Contractor an exclusive right, privilege and obligation to perform the following activities related to Franchised Materials generated within the Service Area: to receive and Compost all Commingled Organics and to Transport and Dispose of Composting Residue. Subject to the limitations in Section 2.2, and except where otherwise prohibited by Federal, State, and local laws and regulations, the Contractor shall exclusively be responsible for each of the following:

- A. Reserved.
- B. Reserved.
- C. Reserved.
- D. Transporting and Disposing of Composting Residue at a Permitted Disposal Site.
- E. Reserved.
- F. Reserved.
- G. Composting Commingled Organics, and/or Pre-Processed Commercial Food Scraps.
- H. Maintaining accurate records and providing timely reporting of all materials Accepted and transactions conducted under this Agreement.
- I. Billing and collecting payment from the Authority for Contractor's compensation under this Agreement.
- J. Furnishing all labor, supervision, vehicles and fueling/charging infrastructure, Containers, other equipment, materials, supplies, and all other items and services necessary to perform Contractor's obligations under this Agreement.
- K. Paying all expenses related to provision of services required by this Agreement including, but not limited to, taxes, regulatory fees, and payments to Member Agencies or the Authority.

- L. Performing all services in substantial accordance with the Contractor's Proposal and in full accordance with this Agreement at all times using best industry practice for comparable operations. If the Contractor's Proposal and Agreement conflict, the terms and provision of the Agreement shall prevail.
- M. Complying with all law at all times.
- N. Providing the reports required by Contractor under this Agreement in a timely manner.
- O. Providing all services required by this Agreement in a thorough and professional manner at all times so that residents, businesses, and the Member Agencies are provided timely, reliable, courteous, and high-quality service.
- P. Performing or providing all other services necessary to fulfill the Contractor's obligations under this Agreement.

2.2 Scope Limitations and Exclusions

- A. **Non-Exclusive Materials.** Except as otherwise provided, and in accordance with Section 2.8, this Agreement shall not preclude the materials listed below from being collected or otherwise lawfully handled or managed by others provided they are not placed in a Collection Container intended for Collection by the Franchised Collector or otherwise placed out in accordance with programmatic set-out guidelines established by the Franchised Collector, the Authority, or the Authority's contractors. Nothing in this Agreement is intended to or shall be construed to excuse any Person from obtaining any authorization from the Authority that is otherwise required by law:
 - 1. Recyclable and Organic Materials. Recyclable and organic materials may be collected and otherwise legally handled, managed, and diverted by other Persons, but only if such Persons: (a) do not, directly or indirectly, charge the Generator a monetary sum or other consideration for provision of such service if the material being collected for Diversion is otherwise Accepted by the Franchised Collector and being Diverted by the Recyclables Contractor; (b) pay the Generator a net payment for the receipt of such recyclable or organic materials or accept such materials as a donation; and/or (c) accept reusable or salvageable materials that are donated or sold by other Persons for the purpose of reuse. Such Persons shall also be required to provide written documentation to the Authority, upon the Authority's request, that such Persons meet the foregoing requirements.
 - 2. Construction and Demolition Debris. C&D may be collected and otherwise legally handled, managed, diverted, and/or disposed by other Persons providing construction and demolition services to the Premises and/or in accordance with the Authority's C&D transporter registration program.
 - 3. Dirt. Loose soil or earth from the ground may be collected and otherwise legally handled, managed, diverted, and/or disposed by other Persons.
 - 4. Self-Hauled Materials. For the purposes of delivery to a Transfer Facility, Processing Facility, or Disposal Site, Generators may transport materials generated solely in or on their own Premises, using their own equipment and employees, and such Self-Hauled material is not required to be Delivered by such Self-Haulers to Contractor or any of the Approved or Designated Facilities.

5. Donated Materials. Any items that are donated by a Generator to youth, civic, or other charitable organizations, may be collected and otherwise legally handled, managed, diverted, and/or disposed by other Persons, provided that the Generator is not charged, directly or indirectly, a monetary sum or other consideration for such services.
6. Beverage Containers. Beverage containers with redemption value delivered for Recycling under the California Beverage Container Recycling Litter Reduction Act, California Public Resources Code Sections 14500 et seq. may be collected and otherwise legally handled, managed, and diverted by other Persons.
7. Materials Removed as Incidental Part of Services. Solid waste, recyclable materials, and/or organic materials may be collected and otherwise legally handled, managed, diverted, and/or disposed by other Persons (e.g., gardener, landscaper, tree-trimming service, construction contractor, on-property clean-out service) as an incidental part of a service being performed.
8. Specialty Recyclable Materials and Extended Producer Responsibility Programs. Specialty Recyclable Materials and/or materials covered by Extended Producer Responsibility Programs may be collected and otherwise legally handled, managed, diverted, and/or disposed of by other Persons.
9. Materials Collected during Reuse and Cleanup Days Program Events. Franchised Materials that are set out for Curbside Collection by Generators consistent with the Authority’s contract with the Reuse Contractor and associated requirements for the Reuse and Cleanup Days Program, may be Collected, Accepted, Transported, Transferred, Processed, Diverted, and/or Disposed by the Reuse Contractor.
10. Manure, Grease Waste, and Used Cooking Oil. Manure and remains from slaughterhouse or butcher shops, grease, or used cooking oil may be collected and otherwise legally handled, managed, diverted, and/or disposed by other Persons.
11. Sewage Treatment By-Product. By-products of sewage treatment, including biosolids, ash, grit, and screenings may be collected and otherwise legally handled, managed, diverted, and/or disposed by other Persons.
12. Hazardous Waste, Untreated Medical Materials, and Designated Waste. Hazardous Waste, untreated Medical Materials, and Designated Waste (as defined in California Water Code Section 13173 as may be amended or renumbered from time to time), regardless of its source, may be collected and otherwise legally handled, managed, diverted, and/or disposed by other Persons.
13. Source Separated E-Materials and Source Separated U-Materials. Source Separated E-Materials and Source Separated U-Materials regardless of its source, may be collected and otherwise legally handled, managed, diverted, and/or disposed by other Persons.
14. Discarded Materials Generated by Public Schools, State, County, and Federal Facilities. Discarded Materials generated by public schools, State, county, and Federal facilities located in the Service Area may be collected and otherwise legally handled, managed, diverted, and/or disposed by other Persons, or by the Contractor through a separate agreement. Such public facilities located within the Authority’s Service Area may participate in the services provided by the Authority under this Agreement but are under no obligation to do so.

15. Edible Food. Edible Food that is collected from a Generator, Occupant, Owner, or manager of a Premises by other Person(s), such as a Person from a Food Recovery Organization or Food Recovery Service, for the purposes of Food Recovery; or that is Self-Hauled by the Generator, Occupant, Owner, or manager of the Premises to another Person(s), such as a Person from a Food Recovery Organization, for the purposes of Food Recovery, regardless of whether the Generator donates, sells, or pays a fee to the other Person(s) to Collect or receive the Edible Food.
16. Food Scraps for Animal Feed. Food Scraps that are separated by the Generator, Owner, Occupant, or manager of a Premises, and used by the Generator, Owner, Occupant, or manager of the Premises or distributed to other Person(s) for lawful use as animal feed, in accordance with 14 CCR Section 18983.1(b)(7). Food Scraps intended for animal feed may be Self-Hauled by Generator or hauled by another party.
17. On-site or Community Composting. Organic materials composted or otherwise legally managed at the Premises where it was generated (e.g., backyard Composting, or on-site Anaerobic Digestion) or at a Community Composting site.

The Contractor acknowledges and agrees that the Authority may permit other Persons, in addition to the Contractor, to collect and lawfully handle, manage, divert, and/or dispose of any and all types of materials excluded from the scope of this Agreement as well as those materials as set forth above without seeking or obtaining approval of the Contractor. If the Contractor can produce evidence that other Persons are performing any services within the scope of this Agreement (as identified in Section 2.1) that are not limited or otherwise excluded from such scope (as identified under Section 2.2), the Contractor shall report the location, name, and phone number of the Person or company to the Authority along with the Contractor’s evidence of the violation of the exclusive nature of this Agreement. Notwithstanding the foregoing, the Contractor may not enforce or seek to have the Authority enforce any of its exclusive rights under this Agreement in a manner that would prevent the diversion of Source Separated material that Contractor is unable or unwilling to Divert.

B. Excluded Services. Except as otherwise provided in this Agreement, the Contractor acknowledges that the services described below are being managed under separate agreements between the Authority and other service providers. The Contractor is expressly prohibited from providing services, performing any activities, or operating in any capacity that could be construed as violating the exclusivity provisions provided by the Authority to other service providers related to the Authority's Franchised Materials (except to the extent that Contractor, exclusive of any Approved Affiliates and/or Subcontractors, enters into a separate agreement with the Authority as the exclusive provider of one of the services below, and only for the duration of that agreement and any extensions thereto) as follows:

1. Collecting Franchised Materials. The Contractor shall not engage in the Collection of any Franchised Materials from any Generator in the Service Area. The Contractor acknowledges that this service is managed under a separate agreement between the Authority and the Franchised Collector.
2. Collecting and Processing Reuse and Cleanup Day Program Materials. The Contractor shall not engage in the Collection of any Franchised Materials that are set out in accordance with the Reuse and Cleanup Day Program. The Contractor acknowledges that this service is managed under a separate agreement between the Authority and the Reuse Contractor.

3. Transferring Recyclable Material, Commingled Organics, Commercial Food Scraps, Solid Waste, or Mixed Materials. The Contractor shall not engage in the Transfer of any Recyclable Material, Commingled Organics, Commercial Food Scraps, Solid Waste, or Mixed Materials. The Contractor acknowledges that this service(s) is managed under a separate agreement(s) between the Authority and other Contractor(s).
4. Reserved.
5. Processing Recyclable Materials. The Contractor shall not engage in the Processing of Recyclable Materials. The Contractor acknowledges that this service(s) is managed under a separate agreement between the Authority and the Recyclables Contractor.
6. Composting Commercial Food Scraps. The Contractor shall not engage in the Composting of Commercial Food Scraps. The Contractor acknowledges that this service is managed under a separate agreement between the Authority and the Commercial Food Scraps Contractor.
7. Anaerobic Digestion. The Contractor shall not engage in Anaerobic Digestion of Organic Materials. The Contractor acknowledges that this service is managed under a separate agreement between the Authority and the operator of the Designated Anaerobic Digestion Facility.
8. Pre-Processing Commercial Food Scraps. The Contractor shall not engage in the Pre-Processing of Commercial Food Scraps. The Contractor acknowledges that this service is managed under a separate agreement between the Authority and the Commercial Food Scraps Pre-Processing Contractor.
9. Processing Mixed Materials. The Contractor shall not engage in the Processing of Mixed Materials. The Contractor acknowledges that this service may be managed under a separate agreement between the Authority and the Mixed Waste Contractor if Mixed Waste Processing is implemented during the Term.
10. Disposal of Solid Waste. The Contractor shall not engage in the Disposal of Solid Waste, or Mixed Waste Processing Residue if Mixed Waste Processing is implemented during the Term. The Contractor acknowledges that this service is managed under a separate agreement between the Authority and the Disposal Contractor.
11. C&D Collection. The Contractor shall not engage in the Collection of C&D unless otherwise permitted in accordance with the Authority's C&D transporter registration program.

For the avoidance of doubt, the restrictions set forth in items 1 through 11 above shall not be interpreted to restrict the Contractor's activities with respect to any other solid waste that is not collected within the Service Area.

2.3 Change in Marketability of Materials

Should any materials, by-products, or components of such materials listed in Section 2.1 or Exhibit C or any other materials not currently designated as Franchised Materials, develop economic value over time, the Authority reserves the right to add such materials to this exclusive Agreement and may have Contractor Compost such materials under this Agreement.

2.4 Change in Scope

The Authority may, by written notice, direct the Contractor to perform additional services or modify existing services under this Agreement, but no change in scope shall be constructed so as to materially impair the exclusive rights of the Contractor granted hereunder.

- A. For example, and without limitation, the Authority may request the following changes in scope:
1. Change in marketability of materials, as provided above in Section 2.3.
 2. Inclusion of new Diversion programs and/or Mixed Waste Processing Services.
 3. Research, development, and implementation of innovative services, which may entail different Collection and/or Processing methods, targeted routing, different kinds of services, different types of Collection vehicles or Containers, and/or new requirements for Generators.
 4. Expansion of public education, outreach, and/or technical assistance activities.
 5. Elimination of programs.
 6. Research, development, and/or performance of pilot programs.
 7. Modification of the manner in which Contractor performs existing services.
 8. Implementation of other program and/or service adjustments as may be determined.
 9. Any change in services mandated by the Authority pursuant to the disaster waiver provision in Section 7.4.F.
 10. Existing and new Extended Producer Responsibility programs, as provided in Section 7.5.
- B. Within sixty (60) Days after the Authority's written request under this Section, or longer if the Contractor requests additional time that is approved by the Authority and not unreasonably withheld, the Contractor shall present a written proposal to perform the additional or modified services. The proposal shall include all operational, financial, equipment, personnel, promotional, or other information requested by the Executive Director and reasonably necessary to evaluate the cost-effectiveness of Contractor's proposal.
- C. The Authority shall review the Contractor's proposal for the change in scope of services. The Authority may accept the proposal, negotiate the terms of the proposal with the Contractor, or reject the proposal. The Parties will cooperate in good faith to amend the Agreement, as needed, to reflect the outcome of the Authority's review of the proposal.
- D. The Contractor shall not be compensated for the proposal preparation costs or costs incurred during the negotiation of its proposal for the change in scope. However, if the Authority approves the change in scope, the Contractor may seek a Special Tipping Fee Review as provided in Section 10.4 and 10.5.
- E. If the Authority and the Contractor cannot agree on the terms and conditions of the change in scope, including compensation and/or Tipping Fee adjustments, within one hundred twenty (120) Days (or otherwise mutually extended in writing by the Parties) from the date when the Authority receives a proposal from the Contractor to perform such services or if

such request is not otherwise a requirement under Section 7.5 and Contractor does not timely submit a proposal in response to the Authority's request, the Contractor shall not be obligated to implement such a change in scope and the Contractor acknowledges and agrees that the Authority may permit other Persons besides the Contractor to provide such services. Nothing in this Section shall be constructed to allow the Authority to unilaterally impair the exclusive rights of the Contractor granted hereunder. Nothing herein shall prevent the Authority from also soliciting cost and operating information from other Persons in order to inform the Authority's evaluation of the Contractor provided proposal.

2.5 Payment of Procurement Expenses

In exchange for the grant of this Agreement, Contractor agrees to pay One Hundred Four Thousand Dollars (\$104,000) to the Authority to reimburse the Authority for its procurement costs and expenses. The Contractor shall make payment to Authority by check within fifteen (15) Days after the Effective Date of this Agreement. This payment shall not be recovered by Contractor through Tipping Fees charged under this Agreement.

2.6 Obligation to Provide Service

The Authority and the Contractor agree, as more fully set forth in the Recitals to this Agreement, that proper Composting and Diversion of Organic Materials is fundamental to the protection of the public health, safety and the well-being of the Authority, its Member Agencies, and their constituents. The Authority's responsibility for ensuring the adequacy of these services in part provides the justification for the granting of an exclusive Agreement to the Contractor. Except as otherwise provided in Section 14.10, this exclusive Agreement creates an obligation that such services continue to be provided even under difficult or adverse circumstances.

2.7 No Guarantees of Materials Volume or Composition

The Authority does not guarantee the quantity or composition of Commingled Organics Delivered to the Contractor during the Term of the Agreement. The Parties acknowledge that the quantity and composition of Commingled Organics will be impacted during the Term of the Agreement based on a number of unpredictable factors such as, but not limited to, those factors listed below.

- A. The state of the economy.
- B. The number of residents and the number and type of businesses.
- C. Participation level of residents and businesses in various Source Reduction and Diversion programs.
- D. Rate setting practices for Collection services.
- E. Changes in packaging, products, technology, and other external factors.
- F. Diversion programs or policies of the State, County, the Authority, Member Agencies, and others.
- G. Private efforts by residents and businesses to reduce waste and increase Diversion.
- H. Impact of existing, pending, or future Applicable Law, including but not limited to, AB 939, AB 341, AB 2176, SB 1016, AB 1826, SB 1383, AB 1594, AB 1201, SB 343, SB 54, CALGreen, and the Advanced Clean Fleets Regulation.

- I. Impact of current or future bans or policies on the Disposal of materials, such as, without limitation, polystyrene, single-use plastics, mattresses, carpet, C&D, Hazardous Waste, or materials that are difficult to Process, as established by the Authority, one or more of its Member Agencies, Contra Costa County, the State, or other applicable regulatory bodies.
- J. Impact of current or future Extended Producer Responsibility Programs established by the Authority, one or more of its Member Agencies, Contra Costa County, the State, or other applicable regulatory bodies.

2.8 References to Defined Terms

Throughout this Agreement, references to defined terms that are not capitalized shall have the same meaning as their capitalized counterparts unless the use of such terms indicates they are not the subject to the exclusivity provisions of this Agreement or the other separate agreements between the Authority and other parties for services directly or indirectly related to this Agreement. Where types of materials are used in their lowercase form, such materials are assumed to have not entered the franchised system by virtue of not having been placed in Collection Containers or otherwise set-out by Generators in accordance with the Franchised Collector(s) set-out instructions. Where actions or activities are used in their lowercase form, such activities are assumed to have not been performed by any Person in privity of contract with the Authority for services directly or indirectly related to this Agreement.

2.9 Subcontractors and Affiliates

The Contractor shall not engage a Subcontractor(s) for Composting Services without the prior written consent of the Executive Director, which may be granted or withheld in their sole discretion. For any Subcontractor(s) pre-approved by the Authority as part of this Agreement that are listed in Exhibit H, Contractor shall demonstrate compliance with the requirements of this Section on or before the Commencement Date of this Agreement. Following the Effective Date, if the Contractor desires to engage any Affiliate as a Subcontractor in the provision of services required in under this Agreement, the Contractor shall request approval from the Authority, which shall not be unreasonably withheld, by providing the Executive Director with thirty (30) Days' written notification of its plans and provide an explanation of any potential impacts related to the quality, timeliness, or cost of providing services under this Agreement. The Authority may grant or withhold approval in their sole discretion, provided that if the Authority fails to respond within thirty (30) Days of receipt of written notification, the Contractor may initiate a meet and confer with the Authority. In no case shall failure to respond be deemed an approval thereof.

The Contractor shall be solely responsible for management and oversight of the activities of all approved Subcontractor(s) and shall require that all Subcontractor(s) comply with all material terms of this Agreement, including the Indemnification provisions in Article 13 of this Agreement. The Contractor shall require that all Subcontractors file an insurance certificate with the Authority describing such Subcontractor's insurance coverage and name the Authority as an additional insured. The Executive Director may waive or excuse these insurance requirements in its sole discretion. The Contractor shall be considered to be in breach or default of this Agreement should the activities of any Subcontractor(s) constitute an Event of Breach or Event of Default under this Agreement.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Of Contractor

By acceptance of this Agreement, the Contractor represents and warrants that, in addition to the other representations and warranties specified herein:

- A. **Existence and Powers.** The Contractor is a corporation duly organized, validly existing, and in good standing under the laws of the State of California and is qualified to transact business in the State and has full legal right, power, and authority to enter into and perform its obligations under this Agreement.
- B. **Due Authorization and Binding Obligation.** The Contractor has the authority to enter into and perform its obligations under this Agreement. The Contractor has taken all actions required by law or otherwise to authorize the execution of this Agreement. The Person(s) signing this Agreement on behalf of the Contractor has the authority to do so, and this Agreement constitutes the legal, valid, and binding obligation of the Contractor enforceable, against the Contractor under its terms.
- C. **Truth and Accuracy of Information.** The information supplied by the Contractor in all written submittals made in connection with the Contractor's services, including the Contractor's Proposal (including the Non-Collusion Affidavit submitted with the Proposal) and any other supplementary information submitted to the Authority, which the Authority has relied on in awarding and entering this Agreement, is true, accurate, and complete, and does not contain material omissions or misleading statements. The Contractor will inform the Authority of any change in that information within one week of discovering any untruth or inaccuracy.
- D. **Contractor's Due Diligence.** The Contractor has made an independent investigation and examination (satisfactory to it) of the conditions and circumstances surrounding the Agreement and the work to be performed hereunder. Relying solely upon its own investigation, advice, and counsel, the Contractor has taken such matters into consideration in entering this Agreement to provide services in exchange for the Contractor Revenue provided for under the terms of this Agreement.
- E. **Ability to Perform.** The Contractor possesses the business, professional, and technical expertise to manage, and the Contractor possesses the equipment, facilities, and employee resources required to perform all obligations of this Agreement.
- F. **Voluntary Use of Approved Facilities and Designated Facilities.** The Contractor, without constraint and as a free-market business decision in accepting this Agreement, agrees to use the Approved Facilities, Designated Facilities, or other location(s) approved by the Authority, for the purposes of Composting and Diverting Commingled Organics Delivered to the Contractor. Such decision by the Contractor in no way constitutes a restraint of trade notwithstanding any Change in Law regarding flow control limitations or any definition thereof.
- G. **No Warranty Regarding Volumes or Material Types.** The Contractor recognizes that the Authority expressly disclaims any warranties, either express or implied, as to the volume, type, merchantability, or fitness for any particular purpose of the various materials Delivered to the Contractor.

- H. **Covenant Not to Sue.** For the Term of this Agreement, the Contractor agrees that neither the Contractor, its officers, employees, agents, Subcontractors, nor its Affiliates, shall initiate, commence, or participate in (or directly or indirectly encourage or fund others to undertake) any administrative appeal or lawsuit against the Authority, its Member Agencies, or any of the Authority's selected contractors including the Authority's Franchised Collector, Transfer Contractor, Disposal Contractor, Recyclables Contractor, Reuse Contractor, or Mixed Waste Contractor that alleges any claims related to, arising out of, or in connection with the Authority's Request for Proposals (RFP) process for the Contractor's services or the Authority's selected contractors' services, including the award of any agreement or contract thereunder.
- I. **Iran Contracting Act Certification.** The Contractor shall submit a certification under the Iran Contracting Act (Public Contract Code Sections 2200 et seq.), in the form included as Exhibit J of this Agreement.
- J. **Prohibition on Behest Payments.** To promote a relationship based on ethics and integrity, Contractor agrees to adhere to Contractor's internal policy against behested payments. A "behested payment" is a payment (monetary or in-kind) that is made at the behest of any elected official, department head, commissioner, employee, or other agent or representative of the Authority or its Member Agencies. "At the behest of" means under the control or at the direction of, in cooperation, consultation, coordination, or concert with, at the request or suggestion of, or with the express prior consent of. Behested payments do not include any payments made or services provided pursuant to this Agreement or any other written contract.

3.2 Of the Authority

By acceptance of this Agreement, the Authority represents and warrants that:

- A. **Existence and Powers.** The Authority is a Joint Powers Authority duly organized and validly existing under the laws of the State of California, with full legal right, power, and authority to enter into and perform its obligations under this Agreement.
- B. **Due Authorization and Binding Obligation.** The Authority has the authority to enter into and perform its obligations under this Agreement. The Authority has taken all actions required by law or otherwise to authorize the execution of this Agreement. The Person(s) signing this Agreement on behalf of the Authority have authority to do so, and this Agreement constitutes the legal, valid, and binding obligation of the Authority enforceable against the Authority under its terms.
- C. **No Warranty Regarding Volumes or Material Types.** Consistent with the terms of Section 2.7, the Authority expressly disclaims any warranties, either express or implied, as to the volume, type, merchantability, or fitness for any particular purpose the various materials Delivered to the Contractor.

3.3 Of the Parties

By acceptance of this Agreement, the Parties represent and warrant that:

- A. **No Conflicts.** To the best of the Parties' knowledge, after reasonable investigation, the execution or delivery of this Agreement, as well as the performance by the Parties of their obligations hereunder, does not conflict with, violate, or result in breach of:
1. Any law.
 2. Any term or condition of any judgment, order, or decree of any court, administrative agency, or other governmental authority.
 3. Any agreement or instrument to which the Contractor or any of its Affiliates is a party or by which the Contractor or any of its Affiliates' properties or assets are bound, or which constitutes a breach thereunder.
- B. **No Litigation.** There is no administrative filing, action, suit, or other proceeding as of the Effective Date, at law or in equity, before or by any court or governmental authority, commission, board, agency, or instrumentality decided, pending, or to the Parties' best knowledge, threatened by or against either Party wherein an unfavorable decision, ruling, or finding in any single case or in the aggregate, would:
1. Materially adversely affect the performance by either Party of its respective obligations hereunder or the transactions contemplated by this Agreement.
 2. Adversely affect the validity or enforceability of this Agreement.
 3. Have a material adverse effect on the financial condition of the Contractor, or any surety or entity guaranteeing the Contractor's performance under this Agreement.
- C. **No Legal Prohibition.** The Parties have no knowledge of any adverse judicial decision or any law in effect on the Effective Date that either affects the validity of this Agreement or would prohibit the performance by either Party of its respective obligations hereunder or the transactions contemplated by this Agreement.

ARTICLE 4 TERM OF AGREEMENT

4.1 Term and Option to Extend

The Term of this Agreement shall commence March 1, 2027 ("Commencement Date") and continue in full force for a period of ten (10) years and four (4) months, through and including June 30, 2037, unless the Agreement is extended in accordance with this Section or terminated pursuant to Article 14. During the Implementation Period, the Contractor shall perform all activities necessary to prepare itself to start providing the services required by this Agreement on the Commencement Date.

The Authority shall have sole discretion to extend the Term of this Agreement for up to twelve (12) months without need of written amendment; to exercise this option, the Authority's Executive Director shall give written notice of its election to the Contractor no less than one hundred eighty (180) Days prior to the expiration date then-existing under this Agreement. Following the Authority's exercise of the first option to extend (if it so elects), the Parties may mutually agree to extend the Term of this Agreement for up to twelve (12) additional months. If either Party desires to exercise this option, it shall give written notice of its offer to the other Party no less than one hundred eight (180) Days prior to the expiration date then-existing under this Agreement; the other Party shall respond within thirty (30) Days. If the other Party

declines the offer to extend the Term or does not timely respond to the offer, the offer to extend the Term shall be deemed withdrawn.

The Authority has no obligation to renegotiate, renew, or extend the rights granted to the Contractor beyond the initial Term of the Agreement.

ARTICLE 5

MATERIAL ACCEPTANCE AND COMPOSTING SCOPE OF SERVICES

This Article describes the general requirements for the Contractor's obligation to Accept and Compost specified materials under this Agreement. The Authority shall enter into an agreement with the Transfer Contractor that requires the Delivery of all materials specified herein to the facilities specified herein for that material.

5.1 Overview of Scope of Services

- A. **Reserved.**
- B. **Load Classification.** Prior to the Commencement Date, the Contractor shall work with the Authority and its Franchised Collector and Transfer Contractor to develop a mutually agreed upon Load classification plan that will be attached to this Agreement as Exhibit P. The Contractor shall, at all times, follow the Load classification procedures for all Franchised Materials Delivered to the Approved Composting Facility by the Transfer Contractor and shall ensure the Load classification procedures are followed for any Approved Alternate Facilities in accordance with Exhibit P.

The Contractor shall notify the Authority and the Transfer Contractor upon receipt of any Commingled Organics Load that appears to exceed four percent (4%) physical Contamination with the date and time materials were Delivered by the Transfer Contractor and the truck number by which they were Delivered. In the event that the Contractor Accepts material with Contamination that exceeds the facility limits established by the Contractor, Contractor shall photograph the offending Load to evidence the Contamination level and may charge the Transfer Contractor an initial Contamination charge equal to Sixty Dollars (\$60.00) per Ton. For any Loads that exceed eight percent (8%) physical Contamination, Contractor may reload the offending Load in the Transfer Contractor's trailer and charge the Transfer Contractor an initial reload fee equal to Two Hundred Fifty (\$250.00) per Load. Contractor shall provide photographic evidence to the Executive Director and the Transfer Contractor within one (1) Business Day of Accepting any Contaminated Loads. All charges set forth in this paragraph shall be increased on an annual basis in accordance with Section 10.2.C and the Authority shall support Contractor in obtaining payment from the Transfer Contractor.

In the event that the Transfer Contractor repeatedly Delivers Commingled Organics in excess of the Contamination threshold percentages set forth above, the Contractor may request to meet and confer with the Transfer Contractor and the Authority to discuss the issue and identify a mutually agreeable resolution to address the excess Contamination that may include: i) a plan and corresponding obligation for the Transfer Contractor to minimize Contamination; ii) evaluating compliance with the Load Classification methodology in Exhibit P; iii) modifying the Contamination thresholds; or iv) other solutions to minimize the

Collection and subsequent Delivery of Contaminated Loads. Disputes arising under this Section are subject to the requirements set forth in Article 15.

- C. **Reserved.**
- D. **Capacity.** The Contractor warrants that, as of the Commencement Date, it has sufficient Composting Facility capacity at the Approved Composting Facility to receive the Authority's Commingled Organics through the Term and that it shall maintain that Composting Facility capacity through the Term (including any extensions).
- E. **Responsibility for Materials.** Once the Transfer Contractor Delivers Commingled Organics to the Approved Facility(ies) and such materials are Accepted by the Contractor, ownership and the right to possession of the Commingled Organics will transfer directly from the Transfer Contractor or other Person designated to Deliver Commingled Organics to the Contractor, with the exception of Unpermitted Waste and Excluded Waste if the Contractor can identify the Unpermitted Waste and/or Excluded Waste pursuant to Section 8.5. All benefits and liabilities resulting from ownership and possession will accrue to the Contractor until such time as such materials are Delivered to and Accepted by the operator of an Approved or Designated Facility as required by this Agreement.
- F. **Facility Permits.** The Contractor shall keep all existing Permits and approvals necessary for use of the Approved Facility(ies), in full regulatory compliance, or confirm that the owner or operator of such facility does so. The Contractor shall, upon request, provide copies of Permits and/or notices of violation of Permits to the Authority.

5.2 Material Acceptance and Rejection

- A. **Inspection.** In accordance with Section 8.5 of this Agreement, the Contractor shall use Standard Industry Practice to detect and reject Unpermitted Waste and/or Excluded Waste in a uniform manner and shall not knowingly Accept Unpermitted Waste and/or Excluded Waste at the Approved Composting Facility. The Contractor shall comply with the inspection procedure contained in its Permit requirements. The Contractor shall promptly modify that procedure to reflect any changes in Permits or Applicable Law.
- B. **Unpermitted Waste and/or Excluded Waste Handling and Costs.** Except for cases where it can be attributed to the Transfer Contractor and/or a specific Generator or Permitted hauler, the Contractor shall arrange for or provide handling, Transportation, and delivery to a Recycling facility, incinerator, or landfill Permitted in accordance with Applicable Law of all Unpermitted Waste and/or Excluded Waste detected at the Approved Composting Facility. The Contractor is solely responsible for making those arrangements or provisions and paying for all costs thereof, subject to the remedies available under Section 5.2.C below.
- C. **Remedies for Rejected Materials.** If Unpermitted Waste and/or Excluded Waste is delivered to the Approved Composting Facility, the Contractor shall be entitled to pursue whatever remedies, if any, the Contractor may have against Person(s) bringing that Unpermitted Waste and/or Excluded Waste to the Approved Facility. The Transfer Contractor shall have the same corresponding obligations to the Contractor under the terms of the Transfer Contractor's agreement described in Section 5.2.

If the Contractor identifies Unpermitted Waste or Excluded Waste Delivered to the Approved Composting Facility by the Transfer Contractor from the Service Area, Contractor shall notify the Transfer Contractor and the Authority. To the extent that the Transfer Contractor has not

left the Approved Composting Facility, and/or it is otherwise feasible, appropriate, and legal to do so, the Transfer Contractor shall have the responsibility to Collect, Transport, and Recycle or Dispose of that Unpermitted Waste and/or Excluded Waste, and/or remediate any resulting Contamination at the Transfer Contractor's expense. Upon notification by Contractor that the Transfer Contractor has failed to remedy the issue following Contractor's notice to the Transfer Contractor, the Authority shall have the option to require Contractor to Recycle or Dispose of the Unpermitted Waste and/or Excluded Waste, and/or remediate any Contamination resulting there from and, in such case, Contractor may invoice the Transfer Contractor for the actual costs associated with such clean-up and the Authority shall support Contractor in obtaining payment from the Transfer Contractor.

In the event that the Transfer Contractor repeatedly Delivers Unpermitted Waste and/or Excluded Waste, the Contractor may request to meet and confer with the Transfer Contractor and the Authority to discuss the issue and identify a mutually agreeable plan and corresponding obligation for the Transfer Contractor to improve identification of Unpermitted Waste and/or Excluded Waste at the point of Transfer and reduce Delivery of Unpermitted Waste and/or Excluded Waste to Contractor's Approved Composting Facility.

- D. **Contamination of Commingled Organics.** The Contractor shall be responsible for minimizing Contamination of Commingled Organics Delivered to the to the Approved Composting Facilities through its own operational practices.
- E. **Reserved.**

5.3 Reserved

5.4 Commingled Organics Composting

- A. **Allowable Commingled Organics.** The Authority shall direct the Franchised Collector to Deliver all Commingled Organics Collected by the Franchised Collector to the Transfer Facility and the Authority shall direct the Transfer Contractor to Deliver all Commingled Organics Delivered to the Transfer Contractor's Transfer Facility to Contractor's Approved Composting Facility. Contractor shall Accept all the Authority's Commingled Organics Delivered by the Transfer Contractor, as defined in Exhibit C, and shall Compost all Commingled Organics Delivered to maximize Recovery, Recycling and Diversion. The Contractor shall also Recover from the Authority's Commingled Organics additional types of Recovered Materials described in Exhibit G, as applicable, for no additional charge, unless otherwise agreed to by the Authority. The Contractor shall be expressly precluded from requesting any Special Tipping Fee Review, as described in Section 10.4 or 10.5, for any materials Contractor was previously Recovering and Diverting as described in Contractor's Proposal, even if the addition of the subject material is covered under what might otherwise be considered an eligible item under Section 10.4.A.

If existing Extended Producer Responsibility Programs (including but not limited to, AB 1201, SB 1383, SB 54, and SB 343) or new Extended Producer Responsibility Programs are mandatory, as further described in Section 7.5, and require additional materials be Diverted that are not otherwise identified in Exhibit C and Exhibit G, the Authority may incorporate such materials into the Authority's Collection program and update Exhibit C, as appropriate, and the Contractor shall Accept, Compost, Recover, and Divert those materials. The Authority may also request the Contractor participate in another type of program to receive the subject material for Composting, Recovery, and Diversion that would constitute a change in scope,

as described in Section 2.4, although the Authority is under no obligation to do so. Notwithstanding the provisions of Section 10.4.A.4, any and all such changes described in this Section related to Extended Producer Responsibility Programs shall be treated as a change in scope pursuant to Sections 2.4, 10.4.A, and 10.5 and shall not be considered a Change in Law.

Further, the Contractor shall be expressly precluded from requesting a Special Tipping Fee Review, as described in Section 10.4, to the extent any such item or program covered under an Extended Producer Responsibility Program that compensates the Contractor for the Composting, Recovery, and/or Diversion of such materials, in whole or in part. The Authority reserves the right to trigger a Special Tipping Fee Review or direct the Contractor to otherwise remit compensation attributable to the services under this Agreement, as provided in Section 7.5.E, if the Contractor receives compensation for the Processing, Composting, Recovery, and/or Diversion of any such item from the Authority's Service Area under an Extended Producer Responsibility Program.

Additionally, to the extent that either Party becomes aware that Exhibit C might need to be modified as a result of a mandatory Extended Producer Responsibility Program, that Party shall notify the other Party within five (5) Days of being made aware of such change. Upon the Authority's request, and to the extent the Authority desires to incorporate any new materials into the Authority's Collection program in addition to those required as part of a mandatory Extended Producer Responsibility Program, the Parties shall promptly meet and confer to discuss the timeline and process for the Authority to implement such changes to the Collection program and for Contractor to make necessary adaptations to its Processing method to ensure Recovery and Diversion of the subject materials. The Authority's Executive Director shall update Exhibit C, as appropriate, and the Contractor shall implement any required changes to its Composting method on a timeline mutually agreed to by the Contractor and the Authority or before any required deadlines identified in the Extended Producer Responsibility Program, whichever is sooner. Contractor shall maintain records in accordance with Article 12 and Exhibit D. Pursuant to Section 14.3, Contractor shall bear full responsibility for complying with all Applicable Law and the provisions of this Agreement.

B. **Composting Method.** The Contractor shall Accept all Commingled Organics at the Approved Composting Facility and shall Compost such material in accordance with Contractor's Proposal as detailed in Exhibit G. Contractor shall operate the Approved Composting Facility in accordance with Applicable Law and all standards of performance described in Article 8. Contractor shall meet the following minimum Composting standards at the Approved Composting Facility:

1. Composting preparation activities shall include, at a minimum, inspection and removal of Hazardous Waste; removal of plastic bags; and, other necessary mechanical preparation(s).
2. Composting shall be accomplished using recognized Composting methods that have been demonstrated to consistently produce a stable, mature Compost Product suitable for general purpose use, similar to the U.S. Composting Council's Class 1 rating.
3. Post-Composting Processing activities shall include screening to remove plastics and other Contaminants from the Compost Product.

4. Finished Compost Products shall meet environmental health standards in accordance with Applicable Law including, but not limited to, the physical Contamination limits of 14 CCR Section 17868.3.1. Upon the Authority's request, the Contractor shall make available any sampling reports and supporting documentation necessary to demonstrate compliance with this Section.

C. **Residue Allocation and Disposal.** Prior to the Commencement Date, the Contractor shall prepare an Allocation Methodology plan for the Authority's review and approval that shall be consistent with and allow the Contractor to use the method described in Section 12.6 for tracking and allocating Commingled Organics Residue and, as further described in the Contractor's Proposal, adjusted or modified by mutual agreement between the Contractor and the Authority. The approved Allocation Methodology shall be included as Exhibit Q. Contractor's Residue allocation methodology shall allow Contractor to accurately allocate the Authority's share of the total Residue generated from the Composting of Commingled Organics at the Approved Composting Facility. Contractor shall report Residue from Commingled Organics Composting to the Authority monthly in accordance with Section 12.6 and Exhibit D. Contractor shall not change the Residue level calculation method without prior written approval from the Authority.

Residue from the Contractor's Composting of Commingled Organics shall be Transported and Disposed at the Permitted Disposal facility by the Contractor at the Contractor's sole expense. The Contractor shall be fully responsible for the safe Disposal of all such Residue in accordance with Applicable Law. Residue delivered for Disposal shall not contain any Unpermitted Waste and/or Excluded Waste. Contractor shall maintain records and submit reports related to the Permitted Disposal facility, in accordance with Exhibit D.

D. **Marketed Commodities.** Contractor shall market Recovered Materials in the categories and grades listed in Exhibit O.

E. **Recovered Organic Waste Product Procurement.** Contractor shall provide Member Agencies and the Authority with Compost annually, as requested. Member Agencies and the Authority shall notify Contractor of the number of Tons of Compost required during the upcoming calendar year for use within their jurisdiction. Additionally, Member Agencies or the Authority may work with Contractor as a direct service provider to make Compost available to interested agricultural producers, with a minimum purchase of at least forty (40) cubic yard or twenty (20) Tons of Compost. Contractor shall provide Member Agencies and/or the Authority with necessary documentation for the Authority to receive credit for SB 1383 Recovered Organic Waste procurement. The agricultural producers requesting the Compost shall pay for all transportation of the material.

Contractor shall offer Member Agencies and the Authority a price of Six Dollars (\$6.00) per Ton of Compost, subject to annual adjustment per Section 10.2.

5.5 Reserved

5.6 Reserved

5.7 Reserved

5.8 Reserved

5.9 Facility Operations

The Contractor shall provide Composting services at the Approved Composting Facility in accordance with Applicable Law, Standard Industry Practice, due diligence and specification, and other requirements of this Agreement. In addition, Contractor shall comply with the following service specifications:

- A. Operating, managing, and maintaining the Approved Composting Facility including all buildings, scales, roads, utilities, equipment, and other Facility requirements.
- B. Providing, operating, and maintaining all equipment, rolling stock, and supplies necessary for operations and maintenance.
- C. Operating and maintaining the scale house and scale system and weighing all inbound Commingled Organics, and outbound Residue and Compost Product in accordance with Section 8.9.
- D. Directing on-site traffic to appropriate unloading areas in accordance with Section 8.7 and providing a safe working environment for Approved Composting Facility users, visitors, and employees.
- E. Accepting Commingled Organics Delivered by Transfer Contractor from the Service Area.
- F. Safely managing the Commingled Organics Accepted at the Approved Composting Facility, including, but not limited to, meeting requirements of Section 5.2.
- G. Reserved.
- H. Managing Recovered Materials in a manner compliant with AB 939, SB 1383, and other Applicable Law to ensure that the Authority shall benefit from full programmatic compliance and Diversion credit for that material.
- I. Reserved.
- J. Reserved.
- K. Reserved.
- L. Reserved.
- M. Reserved.
- N. Reserved.
- O. Reserved.

ARTICLE 6 DISPOSAL SCOPE OF SERVICES

6.1 Reserved

6.2 Residue Disposal

- A. The Contractor shall be solely responsible for the Transport of all Composting Residue from the Approved Composting Facility and shall safely and lawfully Dispose of Residue at a Permitted Disposal Site. Residue Transportation and Disposal Site Tipping Fees are at the sole expense of the Contractor.

ARTICLE 7 OTHER RELATED SERVICES

7.1 Public Education and Outreach

The Authority places the utmost importance on effective and accurate public education and outreach in helping residents, businesses, and visitors fully understand options for, and benefits of, Source Reduction, reuse, repair, Recycling, and Composting. The Contractor acknowledges that the services they provide are a portion of a multi-party system that impacts every Generator within the Service Area and diligent coordination in the provision of accurate public education is critical in such a multi-party system. The Authority and/or the Franchised Collector shall be responsible for the design, development, content, printing, and/or distribution of public education materials. The Contractor shall, within twenty (20) Business Days after a request from either Authority staff or the Franchised Collector:

- A. Provide non-proprietary descriptions, schematics, (digital) photographs, operational data, identification of problem materials/practices, or other information related to the Contractor's general operations under this Agreement that may be useful for public education.
- B. Review and provide constructive, factual, and/or corrective comments on public education materials that relate to the services provided by the Contractor under this Agreement.
- C. Participate in and contribute content to meetings related to the design and development of public education and outreach materials that involve the services provided by the Contractor under this Agreement.

In the event that the Contractor elects to design, develop, and distribute its own public education or advertising materials related in any way to or referencing the Contractor's services under this Agreement, the Contractor shall provide the Authority's Executive Director the opportunity to review, request modifications to, and approve all public education materials including, but not limited to: print, radio, television, or internet materials/media before publication, distribution, and/or release. Following publication, distribution and/or release, the Contractor shall provide copies or documentation of all final materials to the Authority's Executive Director. The Contractor, and its Subcontractors, shall cooperate and coordinate with Authority staff on public education activities to minimize duplicative, inconsistent, or inappropriately timed education campaigns. The Authority shall have the right to review and approve when the Contractor includes the Authority's name, other form of identification, and contact information

on public education materials. The Authority may request inclusion of the Authority and/or Member Agency information on public education materials (subject to the Authority's review and approval) and such request shall not be unreasonably withheld.

7.2 Facility Tours

The Contractor shall host up to four (4) tours per calendar year of this Agreement of each Approved Facility used by the Contractor in the performance of its obligations under this Agreement. Each tour and group shall be determined by the Authority's Executive Director and shall be scheduled on the date selected by the Executive Director, provided that at least twenty (20) Business Day's advance notice of the tour has been provided to the Contractor. The Contractor may review the list of participants and participant's affiliate organization(s) and Contractor may provide written feedback to the Executive Director if the Contractor has a legitimate protectable interest in precluding a participant's participation. The Executive Director shall have the discretion to hold the tour during a time of active facility operations or during a time when the facility is idle. The Contractor shall be responsible for providing: i) a facility representative who can knowledgeably lead the tour and describe the operations of the facility to participants; ii) adequate personal protective equipment, including but not limited to high visibility vests, eye protection, ear protection, and hard hats for tour participants; and, iii) a parking location for tour participants. The Contractor may, but is not required to, provide a van or bus for the tour participants to be transported through the facility. The Contractor may limit the size of the tour group to no more than thirty (30) participants. In addition to Facility Tours, Authority staff may visit and inspect each facility per Section 11.1.

7.3 Billing

- A. **General Requirements.** The Contractor shall bill the Authority at Tipping Fees established under this Agreement for Commingled Organics. Billing shall be performed on the basis of services rendered under this Agreement. The Contractor shall not invoice the Authority for any amount in excess of the number of Tons of Commingled Organics from the Service Area Accepted by Contractor multiplied by the Tipping Fee for Commingled Organics in the subject calendar month. Tipping Fees for Composting shall be based on the weight of inbound materials.
1. In accordance with Section 5.1.B, the Contractor shall also be permitted to bill the Transfer Contractor for Contaminated Loads of Commingled Organics Delivered by the Transfer Contractor or for reloading Contaminated Loads of Commingled Organics that exceeded the allowable Contamination thresholds described in that Section.
 2. In accordance with Section 5.2.C, the Contractor shall also be permitted to bill the Transfer Contractor for any costs associated with the Contractor's actual costs to Recycle or Dispose of any Unpermitted Waste and/or Excluded Waste and/or remediate any resulting Contamination that was not remedied by the Transfer Contractor following notice to the Transfer Contractor.
- B. **Billing Frequency.** The Contractor shall invoice the Authority, and the Transfer Contractor as applicable pursuant to Section 5.1.B and Section 5.2.C, no later than the tenth (10th) Business Day of each month for the prior month's services. The Authority, and the Transfer Contractor as applicable, shall remit payment of all undisputed Tipping Fees to the Contractor no later than forty (40) Days following their receipt of such invoice from the Contractor.
- C. **Bill Format.** The format of the itemized Billing statements shall be reviewed and approved by the Authority before the Commencement Date of this Agreement. At a minimum, the

Billing statements shall include the number of Loads and Tons from the Service Area Accepted by Contractor subject to the Tipping Fee and a monthly invoice total.

- D. **Payment Options.** The Contractor shall cooperate with the Authority to implement reasonable payment options that may include, but are not necessarily limited to check, electronic check, or wire transfer.
- E. **Administrative Charges.** In the event that the Authority fails, or the Transfer Contractor as applicable, to pay any invoice within sixty (60) Days after receipt of the Contractor's invoice, the Contractor may attach an administrative charge each month thereafter until the Authority resolves any and all delinquent amounts. The interest rate shall be calculated monthly and may not exceed the median Secured Overnight Financing Rate published by the New York Federal Reserve Bank (SOFR) plus two (2). For example, if the November 2023 SOFR Median is 5.33, the maximum administrative charge applied may not exceed 7.33 percent annual percentage rate.
- F. **Billing Disputes and Errors.** In the event of a dispute between the Parties with respect to a Billing matter, the provisions of Article 15 shall apply. The Contractor shall refund any amounts overpaid by the Authority within thirty (30) Days after either Party determines such an overpayment has been made. The Contractor shall invoice the Authority within thirty (30) Days after determining that the Authority was previously under-Billed. In the event of a Billing error, the Contractor may require the Authority to pay any undisputed amounts in the normal timeline but shall not assess any finance charges related to unpaid portions that are in dispute. The Contractor may not withhold provision of services, payments, or other obligations of this Agreement during the pendency of or resulting from any dispute related to payment.

7.4 Provision of Emergency Services

- A. **Disaster Response Planning.** No less than ninety (90) Days prior to the Commencement Date, the Parties shall meet to discuss development of a plan to address the role of the Contractor in addressing Authority needs related to wartime, natural, physical, or other disaster in, or proximate to the Service Area resulting in the declaration of an emergency by the Governor, County Board of Supervisors, County Health Office, County Sheriff, any Member Agencies, or other responsible government official as well as any measures that may be necessary for the Contractor to take over time to address climate change ("Disaster Response Plan").
- B. **Disaster Response Plan.** The Parties shall develop and finalize a Disaster Response Plan prior to the Commencement Date that identifies specific communication and logistical actions, and such other coordination between the Parties and internal to each Party such that Contractor assistance can occur immediately following a declaration of an emergency. The plan shall be developed by the Parties as provided in this Section and incorporated into this Agreement as part of Exhibit R. The Parties shall review the plan no less than annually and revise as warranted.

As part of the Disaster Response Plan, the Contractor shall provide a contingency plan to the Authority demonstrating how services will be provided during the period impacted by a declaration of an emergency. The contingency plan is subject to Authority approval (which shall not be unreasonably withheld) and the Contractor shall amend the plan until it meets Authority requirements, including reasonably demonstrating how the Authority's basic Transfer and Disposal and sanitary needs will be met to the Authority's satisfaction. This

provision shall not, however, release the Contractor from using its best efforts to avoid or remove such cause and continue performance hereunder whenever such causes are removed.

- C. **Essential Service.** The Contractor acknowledges that it provides an essential service, and that while provision of Composting service during or following a disaster may be affected by impacts to facilities, equipment, and/or public infrastructure, the Contractor is obligated to take all measures reasonably necessary to provide such service in a timely and effective manner in compliance with this Agreement, Section 14.10 notwithstanding. Such measures may include, but are not limited to, a change in Approved Facility(ies).
- D. **Availability of Contractor's Personnel and Equipment.** In the event of a declaration of an emergency, the Contractor shall provide, upon Authority request, all equipment, vehicles, and/or personnel normally performing services under this Agreement, for use by the Contractor in conducting emergency operations. These emergency services shall be performed in consultation with the Authority's Executive Director to ensure appropriate prioritization of services. The Authority shall not be required to compensate the Contractor for the Contractor's provision of equipment, vehicles, or personnel normally performing services under this Agreement when made available during a declaration of an emergency for the Contractor's use in excess of what is otherwise payable to the Contractor pursuant to this Agreement.
- E. **Contractor Reimbursement for Use of Additional Resources.** In the event of a declaration of an emergency, should the Contractor provide, upon Authority's request, additional equipment, vehicles, and/or personnel beyond that normally performing services under this Agreement, for use by the Contractor in conducting emergency operations under the Authority's direction, the Contractor may submit to the Authority detailed records of specific, additional, and reasonable costs and expenses borne by the Contractor in providing such additional resources. The Authority shall reimburse the Contractor for such documented, reasonable expenses within ninety (90) Days after the Authority receives State and/or Federal emergency agency reimbursement specific to these expenses. Should such State and/or Federal reimbursement not occur within five hundred and forty (540) Days after the Contractor's complete submission as verified by the Authority, Contractor may seek compensation under the terms of this Agreement. The Contractor shall promptly cooperate with the Authority, State and/or Federal reporting and documentation requirements related to a request for reimbursement. The Contractor shall further comply with all applicable Federal, State, or local funding and accounting requirements that may apply to expenses that will be reimbursed upon notice of the same from the Authority.
- F. **Disaster Waivers.** In the event of a disaster, the Authority may grant the Contractor a waiver of some or all Composting requirements under this Agreement and 14 CCR, Division 7, Chapter 12, Article 3 in the disaster-affected areas for the duration of the waiver, provided that such waiver has been approved by CalRecycle. Any resulting changes in Composting requirements shall be addressed as a change in scope in accordance with Section 2.4.

7.5 Extended Producer Responsibility Programs

- A. **General.** The Authority and the Contractor acknowledge that the requirements under the existing Extended Producer Responsibility Programs (including, but not limited to, AB 1201, SB 1383, SB 54, and SB 343) may be applicable to the services provided by the Contractor under this Agreement, and that additional or amended Extended Producer Responsibility

Programs may be established in the future. The Contractor acknowledges and agrees that, to the extent Applicable Law and Extended Producer Responsibility Programs require the Authority to Allow additional materials in its Source Separated Commingled Organics Collection programs, those Extended Producer Responsibility Programs shall be considered “mandatory” for the Contractor and Contractor shall be required to participate. The Contractor further acknowledges that, because the Approved Composting Facility may accept materials from the public that may be regulated by an Extended Producer Responsibility Program, the Contractor may be uniquely positioned to operate or participate in such programs in a “voluntary” capacity.

- B. **Change in Scope.** The Authority may require Contractor’s compliance with, and participation in, existing and/or new mandatory Extended Producer Responsibility Programs that may include a modification to Exhibit C or may request Contractors compliance with, and participation in, existing and/or new Extended Producer Responsibility Programs that may include Contractor implementation of a drop-off program(s) at the Approved Composting Facility, to the extent that doing so is reasonably appropriate and does not violate the Permits of the subject Facility.

Notwithstanding Section 10.4.A.4, any and all Authority Extended Producer Responsibility Program requests related to any mandatory or voluntary Extended Producer Responsibility Program shall be treated as a change in scope in accordance with Sections 2.4, 10.4.A.1, and 10.5 and shall not be treated as a Change in Law pursuant to Section 10.4.A.4; provided, however, that the Contractor shall be expressly precluded from requesting a Special Tipping Fee Review for a change in scope if the Contractor’s is compensated, in whole or in part, for Processing, Recovery, and/or Diversion costs associated with such participation. Additionally, the Contractor shall be expressly precluded from requesting any Special Tipping Fee Review, as described in this Section, for any materials Contractor represented as already being Recovered and or Diverted, as described in Exhibit G, even if the subject material is covered under what might otherwise be considered an eligible item under Section 10.4.A.

- C. **Authority Rights to Solicit Proposals.** The Authority may, from time-to-time, request that the Contractor initiate or participate in a voluntary Extended Producer Responsibility Program; provided, however, that the Contractor acknowledges and agrees that the Authority is under no obligation to request any such proposal from the Contractor. Furthermore, the Contractor acknowledges and agrees that, at any time during the Term of this Agreement, the Authority may solicit proposals from other Persons related to Extended Producer Responsibility Programs and may permit other Persons besides Contractor to provide such services, as provided for in Section 2.2.A.8. and that nothing herein shall prevent the Authority from also soliciting cost and operating information from other Persons in order to inform the Authority’s evaluation of any Contractor-provided proposal.

- D. **Authority Requested Proposal.** If the Authority requests an Extended Producer Responsibility Program proposal from Contractor under this Section, the Contractor shall be required seek out and coordinate with the applicable Stewardship Organization(s) designated for the applicable program and shall describe such partnership in its proposal that meets the requirements of the voluntary Extended Producer Responsibility Program; these requirements are in addition to the requirements provided in Section 2.4. The Authority’s written request for a proposal may also require additional and/or specific information relating to the Extended Producer Responsibility Program, including such information determined by the Executive Director (at the Executive Director’s sole discretion) to be

reasonably necessary The Authority shall review the proposal and may request additional supporting documentation, calculations, or other information necessary to evaluate the Contractor's proposal for reasonableness and to evaluate Contractor's ability to comply with the requirements of the Extended Producer Responsibility Program.

As such, Contractor shall consider in good faith the Authority's request to enact the voluntary Extended Producer Responsibility program, unless the Contractor can demonstrate significant barriers that would make providing such services impracticable. The Contractor shall express any objections or concerns during the meet-and-confer period and Contractor shall provide substantial evidence of such barriers in Contractor's proposal. Such information will be further reviewed by the Authority. In the event that Contractor and the Authority mutually agree for Contractor to participate in a voluntary Extended Producer Responsibility Program, the Parties agree that Contractor shall be entitled to request a Special Tip Fee Adjustment as set forth in Article 10 and if such request is not approved by the Authority Board, then Contractor shall not be required to implement the voluntary Extended Producer Responsibility Program under this Agreement.

- E. **Record Keeping and Reporting.** The Contractor acknowledges that, as part of the services provided under this Agreement, the Contractor's participation in any mandatory or voluntary Extended Producer Responsibility Program may impact the Authority and/or its Member Agencies, Subscribers to Franchised Collection services, and the Authority's other service providers. As such, regardless of whether the Contractor is specifically contracted under this Agreement to provide any such Extended Producer Responsibility Programs under this Agreement, the Contractor acknowledges and agrees it has obligations to the Authority, nonetheless.

The Contractor shall inform and report to the Authority as part of Contractor's obligations under Exhibit D and shall calculate and demonstrate the dollar amount of funding that can be directly attributed to services provided under this Agreement. Any cost savings identified shall be remitted to the Authority as either a direct payment sent to the Authority within thirty (30) Days after Contractor's receipt of funds or as a reduction to the Contractor's Tipping Fee in accordance with Article 10, at the Executive Director's sole discretion. The Contractor shall include copies of invoices or receipts with the applicable Stewardship Organization with its payment or Tipping Fee Application, as appropriate, regardless of whether the Authority is aware such funding or other resources have been received by the Contractor.

The Contractor shall also maintain all operational and financial records related to Extended Producer Responsibility Programs as provided in Article 12 and report such information to the Authority in accordance with Exhibit D or as otherwise requested by the Executive Director.

7.6 Generation, Characterization, and Pilot Studies

The Contractor acknowledges that the Authority, CalRecycle, or other governmental agencies may wish to perform and/or participate in periodic material generation or characterization studies or pilot programs related to materials covered under this Agreement. The Contractor agrees to participate and cooperate with the Authority and its agents and to perform studies and data collection exercises, as needed, to determine weights, volumes and composition of materials generated, Disposed, Diverted, or otherwise Processed or Composted, including the resultant Residue. If the Authority requires Contractor to participate in such a study or program, Contractor and the Authority shall mutually agree on the scope of

services to be provided by Contractor and compensation, if any, that the Authority will pay to Contractor specifically for such participation, in accordance with Section 2.4.A.6. In any event, Contractor shall reasonably permit and not unreasonably interfere with the handling of the subject materials by other Persons for such purposes.

7.7 Reserved

7.8 Reserved

7.9 Reserved

7.10 Compost Giveaways

The Contractor shall provide up to one thousand (1,000) cubic yards of Compost Product to the Authority and/or the Authority’s Member Agencies for use in parks, sport fields, landscaping, and facilities, and/or compost give-away events each Rate Year throughout the Term of the Agreement and for no additional cost. The Compost Product shall be available to the Authority and the Authority’s Member Agencies on a first-come, first-served basis and any unused volumes shall not roll-over to the subsequent Rate Year. The Contractor shall deliver the Compost Product to any location designated by the Authority or as requested by the Member Agencies, provided that such delivery location must be within the Authority’s Service Area and accessible to the vehicle delivering the Compost Product. At the Authority’s or Member Agencies’ request, the Contractor shall provide any combination of Compost Product that includes, but is not limited to colored Mulch, wood chips, and/or soil.

**ARTICLE 8
STANDARD OF PERFORMANCE**

8.1 General

The Contractor shall, at all times, comply with all laws and regulations and provide services in a manner that is safe to the public, the Transfer Contractor’s employees, and the Contractor’s employees, and employees of any subsequent downstream facilities managing any of the Authority’s Franchised Material. Except to the extent that a higher performance standard is specified in this Agreement, Contractor shall perform services in accordance with Solid Waste, Recyclable Materials, and Organic Materials management practices common to Northern California.

8.2 Disposal of Commingled Organics

Commingled Organics may not be Disposed in lieu of Composting except as otherwise provided in 5.1.A or 8.14.F.2. If approved by the Executive Director, Contractor may Dispose, rather than Process, specific types of Organic Materials that are subject to quarantine and that meet the requirements described in 14 CCR Section 18984.13(d), for a period of time specified by the Executive Director or until the Authority provides notice that the quarantine has been removed. In accordance with Exhibit D, the Contractor shall maintain records and submit reports regarding compliance agreements for quarantined Organic Materials that are Disposed pursuant to this Section.

8.3 Working Days and Hours of Operation

- A. **Reserved.**
- B. **Reserved.**
- C. **Approved Composting Facility.** The Contractor shall operate the Approved Composting Facility for the receipt of the Authority's Commingled Organics in accordance with the Days and hours of operation set forth below. At a minimum, the Contractor shall Accept Commingled Organics Monday through Friday from 4:00 a.m. to 4:00 p.m. and 4:00 a.m. to 12:00 p.m. on Saturdays. The Contractor may not change the specific times or reduce the total number of hours during which the Contractor Accepts the Authority's Commingled Organics without prior written approval of the Authority. The Contractor shall provide the Authority with a minimum of sixty (60) Days' written notice of such an anticipated modification.
- D. **Holiday Schedule.** The Contractor may request approval from the Authority to not Accept and Compost on a Holiday. The Contractor shall not change its designation of Holidays or Holiday-related closures of Approved Facility(ies) without prior written approval by the Authority and no less than six (6) months' advance notice to the Transfer Contractor.

8.4 Alternate Approved Facilities

- A. **Purpose.** Pursuant to Section 2.6 of this Agreement, the Contractor is obligated to provide service and shall (no later than one hundred eighty (180) Days prior to the Commencement Date) identify arrangements with Approved Alternate Facilities, whether an Affiliate or owned by a third-party, which shall be subject to review by the Authority, upon Authority request, in order to ensure uninterrupted service should Contractor for any reason be unable to provide services at the Approved Facility. Contractor shall ensure that Alternate Facilities comply with all provisions of this Agreement and Applicable Law.
- B. **Alternate Facility Arrangements.** The Contractor's arrangements with Approved Alternate Facilities must ensure that Contractor can Accept and Compost Commingled Organics at an Approved Alternate Facility within two (2) Business Days after the Contractor or the Authority provide notice of need to use such Alternate Facility. The Contractor shall ensure that Alternate Facility(ies) are able to Accept Commingled Organics on a continuous basis for no less than thirty (30) Days. Should Contractor's use of the Approved Alternate Facility exceed thirty (30) Days, the Authority may require the Contractor to provide additional reasonable assurances of the Approved Alternate Facility's ability to Accept Commingled Organics on an ongoing basis under the terms of this Agreement. The Contractor may request, and Authority may at its discretion grant a change in, an Alternate Facility owned and operated by Contractor or an Affiliate, or owned and/or operated by a third party with the third party's prior written consent.
- C. **Alternate Facilities for Reasons within Contractor's Control.** If Contractor does not Accept the Authority's Commingled Organics for reasons other than Uncontrollable Circumstances, following Authority approval given in the Authority's sole discretion, Contractor shall:
 - 1. Perform services at another Composting Facility owned by it or an Affiliate at a price not to exceed the Tipping Fee established pursuant to Article 10 and Exhibit E. Contractor shall be solely responsible for any additional Transportation costs incurred

by the Transfer Contractor in Delivering the Authority’s Commingled Organics to the other Composting Facility.

2. Arrange for the Authority’s Commingled Organics to be Composted at another Compost facility not owned by it or an Affiliate, in which case Contractor shall pay any difference in the fees charged at that Composting facility plus any additional Transportation costs incurred by the Transfer Contractor in Delivering materials to the other facility, and the charges thereat.

- D. **Alternate Facilities Related to Uncontrollable Circumstances.** If Contractor does not Accept the Authority’s Commingled Organics at the Approved Composting Facility due to Uncontrollable Circumstances, then promptly upon Authority direction, Contractor shall, to the extent it is legally able to do so in accordance with Applicable Law, Accept the materials at Contractor’s Approved Alternate Facility, pursuant to Section 8.4 of this Agreement, at a price not to exceed the respective Tipping Fees in effect under this Agreement, less additional Transport costs if the distance to the Approved Alternate Facility is greater than the distance to the Approved Composting Facility. Should no Approved Alternate Facility owned by Contractor or an Affiliate be available or should another available facility identified by the Contractor not be acceptable to the Authority or not be within a cost-effective distance, at the Executive Director’s sole discretion, the Authority may direct Delivery of materials to another facility, unrelated to Contractor, for the performance of similar services during the pendency of the service disruption resulting from the Uncontrollable Circumstances.
- E. **Termination for Continued Disruption.** If the Transfer Contractor is unable to use an Approved Facility(ies) under this Agreement for more than thirty (30) Days in a consecutive twelve- (12-) month period, the Authority may, in its sole discretion, exercise its remedies as provided in accordance with Section 14.6.

8.5 Rejection of Unpermitted Waste and Excluded Waste

- A. **Inspection Program and Training.** The Contractor shall develop a Load inspection program at Approved Facilities that includes the following components: (i) personnel and training; (ii) Load checking activities; (iii) management of materials; and, (iv) record keeping and emergency procedures.

Contractor’s Load checking personnel, including personnel at Approved Facilities, shall be trained in: (i) the effects of Hazardous Substances on human health and the environment; (ii) identification of Unpermitted Waste and Excluded Waste; and, (iii) emergency notification and response procedures.

- B. **Response to Unpermitted Waste and/or Excluded Waste Identified at Approved Composting Facility.** In the event that Load checkers and/or equipment operators at such Approved Facility(ies) identify Unpermitted Waste and/or Excluded Waste in the Loads Delivered by the Transfer Contractor, in accordance with Section 5.2.A of this Agreement, such personnel shall remove these materials for storage in approved, on-site, Unpermitted Waste and/or Excluded Waste storage Container(s). Except for cases where it can be attributed to the Transfer Contractor and/or a specific Generator or Permitted hauler, the Contractor shall arrange for removal of the Unpermitted Wastes and Excluded Wastes, at its sole cost, in accordance with Applicable Law. The Contractor may, at its sole expense,

attempt to identify and recover the cost of removal from the Transfer Contractor, in accordance with Section 5.2.C of this Agreement, or other Persons.

8.6 Permits

- A. **Securing, Maintaining, and Modifying Permits.** The Contractor shall obtain and maintain, at the Contractor's sole cost, all Permits required under all laws and regulations to perform services required by this Agreement. The Contractor shall provide the Authority with copies of Permits for the Approved Facilities and Approved Alternate Facilities, and shall demonstrate compliance with the terms and conditions of Permits, within ten (10) Days after Authority request. In its monthly report or more frequently, as necessary, the Contractor shall inform the Authority of the Contractor's status of securing the issuance, revision, modification, extension, or renewal of Permits, including those at its or an Approved Affiliate's Approved Facilities. The Contractor shall inform the Authority, at least fifteen (15) Days prior to application, of the Contractor's intent to apply for any Permit authorized or required under Applicable Law regarding services performed under this Agreement. Within ten (10) Days following the Authority's request, the Contractor shall provide the Authority with copies of any applications or other correspondence that the Contractor submits in connection with securing Permits.
- B. **Compliance with Permits.** The Contractor shall comply with all Permits or environmental documents, including any mitigation measures related to the operation and maintenance of the Approved Facility at no additional cost to the Authority (except, however, for any increase in Tipping Fee that Contractor may otherwise be entitled to under Sections 2.4 and 10.4). The Contractor shall provide the Authority with all documentation verifying compliance with Permit conditions that is provided to the Permitting authority at the same time such documentation is provided to the Permitting authority. The Contractor is solely responsible for paying any fines or penalties imposed for noncompliance with or violation of Permits or failure to obtain Permits.

8.7 Traffic Control and Direction

Contractor shall construct and maintain all roads at the Approved Composting Facility required for vehicles Delivering the Authority's Commingled Organics to safely and efficiently access and use the Approved Composting Facility. The Contractor shall direct on-site traffic to appropriate unloading areas and provide a safe working environment for Facility Users, visitors, and employees. The Contractor shall provide necessary signs and personnel to assist drivers to proper unloading areas. The Contractor shall maintain all signs at the Approved Composting Facility in a clean and readable condition. The Contractor shall provide and maintain signs for the convenience of Persons using the Approved Composting Facility and to facilitate safe and efficient traffic flow at the Approved Composting Facility.

8.8 Vehicle Turnaround Guarantee

- A. **General.** The Contractor shall maintain a maximum vehicle turnaround time for Transfer Contractor Delivery of Commingled Organics to the Approved Composting Facility in accordance with the requirements of Section 8.8.B.
- B. **Guaranteed Vehicle Turnaround Time.** The Contractor shall maintain a maximum vehicle turnaround time of no more than thirty (30) minutes for any Transfer Contractor vehicle, excluding instances when the Transfer Contractor driver exits the vehicle, when Contaminated Loads were Delivered, Rejected, and needed to be reloaded, and when the

vehicle turnaround was impacted by Uncontrollable Circumstances. The vehicle turnaround time shall be measured as the elapsed time from the vehicle entering the Approved Composting Facility property to the vehicle leaving the Approved Composting Facility property, as measured by the Transfer Contractor's use of Transponders and records in the Contractor's scale system. The Contractor shall operate the Approved Composting Facility so that all Transfer Contractor vehicles are processed, unloaded, and exited from the Approved Composting Facility property within the maximum vehicle turnaround time.

- C. **Supporting Documentation.** The Transfer Contractor shall be required to provide written notice to the Contractor of any allegations that Contractor has failed to meet the guaranteed vehicle turnaround time within three (3) Working Days of the allegation to provide Contractor with sufficient notice to timely investigate and preserve digital documentation related to the incident. Such notice by the Transfer Contractor shall include the date and time of the incident, identification of the vehicle in question, a statement that indicates the Transfer Contractor did not otherwise materially contribute to the delay, and any other information requested by the Authority or Contractor such that Contractor can appropriately evaluate the complaint and respond pursuant to this Subsection.

Upon Authority request, Contractor shall provide the Authority reports or access to electronic scale house system records and/or on-site camera recordings that provide the Authority information to determine actual vehicle turnaround times. The Contractor acknowledges that the Authority and/or the Transfer Contractor may conduct on-site surveys to verify compliance with the guaranteed vehicle turnaround times for Transfer Contractor vehicles. The Contractor acknowledges that the Authority may also use records provided by the Transfer Contractor for Transfer Contractor vehicles to calculate actual vehicle turnaround times. At the Contractor's option, the Contractor may, at its own cost, implement and maintain a technology-based vehicle tracking system of recording inbound and outbound Transfer Contractor vehicle times (such as a system that uses RFID vehicle tags and RFID readers). Such system shall not inconvenience the Transfer Contractor or the Authority nor delay Transfer Contractor vehicles from arriving at and departing from the Approved Composting Facility.

- D. **Contractor Dispute of Complaints.** The Contractor may provide evidence disputing any complaint received from the Transfer Contractor regarding vehicle turnaround times, including, but not limited to, camera recordings of Transfer Contractor vehicle(s), scale house records, or other documented timestamp of the Transfer Contractor arrival and departure times from the Approved Composting Facility. The Contractor's evidence shall be presented no later than ten (10) Business Days after receipt of Transfer Contractor or the Authority's written notice of complaint(s). The Authority shall review both Contractor and Transfer Contractor evidence and provide written notice of the Authority's determination that the complaint was valid or invalid.

8.9 Scale Operation

- A. **Maintenance and Operation.** This Section applies to motor vehicle scales at the Approved Composting Facility. The Contractor shall maintain at least two State-certified motor vehicle scales at each Approved Composting Facility in accordance with Applicable Law. The Contractor shall provide documentary evidence of such certification within ninety (90) Days after the Commencement Date and within ten (10) Business Days after Authority's request during the Term. The Contractor shall link all scales to a centralized computer recording and

billing system that shall be compatible with the Contractor’s systems. Such computerized system shall track pertinent data on all incoming and outgoing vehicles and materials, as further described in Section 8.9.G. The Contractor shall employ licensed weigh master(s) to operate those scales during Approved Facility open hours and during other hours as determined by the Contractor as needed to weigh all inbound and outbound Transfer vehicles Delivering Commingled Organics. The Contractor shall provide the Authority with access to any weighing information maintained by the Contractor at all times, and copies thereof shall be provided on the next Business Day following the Authority’s request.

- B. **Vehicle Tare Weights.** Upon request of the Authority, and as specified in Section 8.8.B, the Contractor shall promptly weigh Transfer Contractor vehicles and determine the unloaded (“tare”) weight(s) of the vehicle(s). The Contractor shall record the tare weight and vehicle identification number. Within ten (10) Business Days after weighing, the Contractor shall provide the Authority with a report listing vehicle tare weight information. The Contractor shall have the right to request re-determination of tare weights of Transfer Contractor vehicles two (2) times each calendar year. If there is reasonable suspicion or evidence that tare weights are not accurate, the Authority may, at any time and without limitation, request re-determination of tare weights, in which case Contractor shall promptly re-determine tare weights for requested vehicles. The Contractor shall update tare weights, at the Contractor’s own initiative or, at the request of the Authority, more frequently.
- C. **Substitute Scales.** If any scale at the Approved Composting Facility is inoperable, being tested, or otherwise unavailable, the Contractor shall use reasonable business efforts to weigh vehicles on the remaining operating scale(s). To the extent that all the scales are inoperable, being tested, or otherwise unavailable, the Contractor shall substitute portable scales until the permanent scales are replaced or repaired. The Contractor shall arrange for any inoperable scale to be repaired as soon as possible and, in any event, within seventy-two (72) hours (excluding Holidays) of the failure of the permanent scale. If repairs to the permanent scale are projected to take more than twelve (12) hours, the Contractor shall immediately obtain a temporary substitute scale(s).
- D. **Estimates.** Pending substitution of portable scales or during power outages, the Contractor shall estimate the Tonnage of the Commingled Organics Delivered to and Accepted at the Approved Composting Facility by utilizing the arithmetic average of each vehicle’s recorded Tons of that specific type of Commingled Organics, Delivered on its preceding three (3) Deliveries, on the same Day of the week, to the Approved Composting Facility.

During any period that the scales are out of service, Contractor shall continue to record all information required by Section 8.9.G for each Delivery of Commingled Organics, to the Approved Composting Facility and each Load Transported to the Designated Anaerobic Digestion Facility or Approved Composting Facility.
- E. **Testing.** The Contractor shall test and calibrate all scales in accordance with Applicable Law, but at least every twelve (12) months or upon Authority request.
- F. **Weighing Standards and Procedures.** At the Approved Composting Facility, the Contractor shall weigh and record inbound weights of all Transfer Contractor vehicles Delivering Commingled Organics when the vehicles arrive at the Approved Composting Facility, and weigh and record outbound weights of Transfer Contractor vehicles for which the Contractor does not maintain tare weight information. The Contractor shall provide each driver a receipt

showing the date, time, and quantity of materials that the vehicle Delivered to the Approved Facility.

- G. **Records.** The Contractor shall maintain computerized scale records and reports that provide information including date of receipt, inbound time, inbound and outbound weights of vehicles, vehicle identification number, jurisdiction of origin of materials Delivered, type of material, company/hauler identification, and classification, type, weight, and destination of material (where the destination of materials shall be market location to where materials are Transported from the Approved Facilities).
- H. **Upon-Request Reporting.** If vehicle receiving and unloading operations are recorded on video cameras at the Approved Facilities, Contractor shall make those videos available for Authority review during the Facility’s operating hours, upon request of the Authority, and shall provide the name of the driver of any particular Load if available.

8.10 Reserved

8.11 Personnel

- A. **General.** The Contractor shall furnish such qualified personnel as may be necessary to provide the services required by this Agreement in a safe and efficient manner. The Contractor shall designate at least one (1) qualified employee as the Authority’s primary point of contact with the Contractor who is principally responsible for operations and resolution of service requests and complaints in performing the services under this Agreement.

The Contractor shall use its best efforts to ensure that all employees present a neat appearance and conduct themselves in a courteous manner. The Contractor shall not permit its employees to accept, demand, or solicit, directly or indirectly, any additional compensation or gratuity from members of the public.

- B. **Driver Qualifications.** All drivers must have in effect a valid license, of the appropriate class, issued by the California Department of Motor Vehicles. The Contractor shall, at a minimum, use the Class II California Department of Motor Vehicles employer “Pull Notice Program” to monitor its drivers for safety.
- C. **Safety Training.** The Contractor shall provide suitable operational and safety training for all its employees who operate Composting Facility vehicles or equipment and shall provide a Safety Plan prior to the Commencement Date for the Authority’s review and approval. The Contractor shall train its employees involved in Composting to identify Unpermitted Waste and Excluded Waste. The plan shall be developed by the Contractor as provided in this Section and, once approved by the Authority, shall be incorporated into this Agreement as part of Exhibit I-1. Upon the Authority’s request, the Contractor shall provide the Authority with a copy of its safety policy and safety training program, the name of its safety officer, and the frequency of its trainings.
- D. **Reserved.**
- E. **Uniforms and Identification.** All employees of the Contractor performing field service under this Agreement shall be dressed in clean uniforms that also shows the Contractor’s name thereon at all times while engaged in the work. No portion of this uniform may be removed while working.

- F. **Employee Behavior.** If any Contractor manager, supervisor, or employee is found to be discourteous or not to be performing services in the manner required by this Agreement, the Contractor shall take all necessary and legal corrective measures, including, but not limited to, transfer, discipline, or termination, unless otherwise prohibited by the Contractor's then current collective bargaining agreement. If the Authority has notified the Contractor of a complaint related to discourteous or improper behavior, the Contractor will consider reassigning the employee to duties not entailing contact with the Authority or the Transfer Contractor unless otherwise prohibited by the Contractor's then-current collective bargaining agreement while the Contractor is pursuing its investigation and corrective action process.
- G. **Hiring Displaced Employees.** The Contractor shall offer employment to existing employees working under the Authority's current agreements that include the services being provided under this Agreement who become unemployed by reason of the change in Contractors up until six (6) months after the Commencement Date; provided, however, that:
1. This requirement shall not be applicable to management or supervisory personnel.
 2. The Contractor shall not be obligated to offer employment to more existing employees than the Contractor needs to perform the services required under this Agreement.
 3. The Contractor shall not be obligated to offer employment to existing employees that are not working prior to the Commencement Date due to a leave of absence related to disability or workers' compensation claim.
 4. The Contractor shall not be obligated to displace any of its current employees or modify its current job performance requirements or employee selection standards.
 5. Additional employees, if needed by the Contractor, shall be obtained pursuant to procedures currently in effect under the collective bargaining agreement for covered employees.
 6. Wages and benefits applicable to employees performing work under this Agreement shall be commensurate with current compensation or in accordance with Contractor's collective bargaining agreements with represented labor groups.
 7. Unless prohibited by law or denied by the affected bargaining unit, the Contractor shall honor the existing seniority of any displaced workers for all applicable purposes under the bargaining agreement.
 8. The Contractor may enter into agreement(s) with Subcontractors to provide services covered during the Implementation Period, subject to the prior written consent of the Authority and Subcontractors shall be required to comply with the obligations stated in Sections 8.11.G.1 through 8.11.G.7, above.
 9. The Contractor shall provide monthly reports during the Implementation Period in each of the three (3) months prior to the Commencement Date documenting the status of their offers to displaced employees, acceptance by those employees, and all applicable dates for training and start of work under this Agreement. Following the Commencement Date, the Contractor shall provide monthly reports documenting their retention status (still employed, resigned, terminated, on leave, etc.) of each employee that was hired described herein and as further described in Exhibit D.

- H. **Labor Peace.** The Contractor acknowledges and agrees the health and safety considerations involved in a possible interruption in the services under this Agreement emphasizes the importance of labor peace during the Term of the Agreement. The Contractor shall remain entirely neutral in the event that a question of employee representation arises during the Term of the Agreement.
- I. **Subcontractor and Approved Affiliates' Obligations.** The Authority requires Subcontractors and Approved Affiliates to comply with the obligations of this Agreement, in accordance with Section 2.9 and Section 8.11.
- J. **Labor Agreements.** Labor agreements shall be included as Exhibit I and any future modification shall be provided to the Authority as they occur. The Contractor shall provide full copies of the labor agreements, including any and all amendments, extensions, renewals, or other forms of modification.

8.12 Equipment and Supplies

The Contractor shall provide all rolling stock, stationary equipment, material storage containers, spare parts, maintenance supplies, and other consumables as appropriate and necessary to operate the Approved Composting Facility and provide all services required by this Agreement. The Contractor shall place the equipment in the charge of competent operators. The Contractor shall repair and maintain all equipment at its own cost and expense.

8.13 Compliance with Facility Rules

The Contractor shall observe and comply with all regulations in effect at the Approved Facilities and shall cooperate with the operators thereof with respect to Acceptance and Delivery of Commingled Organics, including directions to unload vehicles in designated areas, accommodating operations and maintenance activities, and complying with Unpermitted Waste and Excluded Waste exclusion.

8.14 Marketing

- A. **Market Arrangements.** The Contractor shall, as applicable, maintain long-term relationships with materials brokers, develop relationships with new materials brokers, continually monitor market conditions, and have the ability to anticipate and react to severe market demand and fluctuations in materials' quantity, composition, and pricing. The Contractor shall use both local and regional markets to maintain continued material movement and obtain the highest and best use, as described in Subsection C below, for the market value.
- B. **Recovered Materials Marketed.** The Contractor shall market Recovered Materials in the categories and grades listed in Exhibit O. If the Contractor desires any modifications to the Recovered Material categories or grades in Exhibit O during the Term of the Agreement, the Contractor shall request approval from the Authority and such approval shall be obtained from the Authority before changes are implemented.
- C. **Highest and Best Use.** The Contractor's marketing strategy shall include the promotion of the highest and best use of materials for waste reduction, prevention, reuse, refill, repair, recovery, and Composting, as established by Applicable Law and Extended Producer Responsibility Programs. Where commercially reasonable, the marketing strategy should include the use of local over regional markets.

- D. **Responsible End Markets.** The Contractor shall ensure the Authority’s Recovered Materials are Delivered to, and Composted and/or further Processed at, Responsible End Markets and shall maintain all records necessary to demonstrate compliance with this Section and Applicable Law. The Contractor shall make such records available for inspection by the Executive Director to demonstrate compliance with this Section in accordance with Article 12 and, as applicable, Exhibit D.
- E. **Recordkeeping.** The Contractor shall maintain complete and accurate marketing records in accordance with Article 12 including, but not limited to, Tonnage of material marketed, price, revenue received, purchaser name, physical address of the final destination of marketed Recovered Materials, and the specified end-use of marketed Recovered Materials.
- F. **Marketability of Recovered Materials.**

- 1. General. The Authority acknowledges that the Contractor is required to: i) engage in marketing Recovered Materials on the open market, which may include participating in markets that the Contractor has little influence over; ii) store such Recovered Materials prior to marketing in accordance with its Facility Permits; and, iii) ensure public health and safety. Except as otherwise provided in Section 8.14.F.2, the Contractor shall market such Recovered Materials under most market conditions, including periods of severe depression and even negative value, to ensure that Recovered Materials are Recycled into the productive economy.

In addition to the circumstances that might arise as described in Sections 8.14.F.2 and 8.14.F.3, if the Contractor encounters general market challenges including, but not limited to, significant changes in pricing, market availability, or quality standards for any Recovered Materials marketed under this Agreement, Contractor shall notify the Authority in writing within five (5) Business Days of the nature of the market challenge and the Contractor’s plans for addressing the challenge. Contractor shall provide the Authority with updates on the market challenges at least every twenty (20) Business Days thereafter until the Contractor determines, and the Authority agrees, that the concern has been resolved. However, in the event of a significant change in price or lack of market demand as specified in Section 8.14.F.2 and 8.14.F.3, the Contractor shall follow the noticing procedures set forth in 8.14.F.4.

- 2. Lack of Market Demand. In the event the market challenge results in a sustained lack of market demand for any Recovered Materials marketed under this Agreement, and subject to the notice requirements described in Section 8.14.F.4 Contractor may request permission from the Authority to use alternative marketing arrangements or temporarily Dispose of specific Recovered Material(s) impacted, as set forth below. A lack of market demand shall mean that the Contractor cannot reasonably find a market for the productive use of the subject Recovered Material(s) that ensures the Recovered Material is Recycled and Diverted at any value, positive or negative.
- 3. Significant Change in Price. If the market challenge results in a significant change in pricing for any materials Recovered under this Agreement, the Contractor may request temporary relief from the Authority as set forth below. A significant change in pricing shall mean a reduction in market value such that the market cost, on a per Ton basis, to send the subject Recovered Materials to a non-Disposal market, including Transportation costs, exceeds one hundred fifty percent (150%) of the Contractor’s then-current costs for Transportation and Disposal of Franchised Materials under this

Agreement or the sum of the Authority's then-current Transfer and Disposal costs under the Authority's other related Agreements, whichever is more. Processing costs, which are described in and subject to the adjustment provisions of Article 10, shall be excluded from this calculation (except for Transportation costs as set forth in the preceding sentence).

4. Duty to Provide Notice. Within one (1) Business Day of Contractor's first knowledge of an emerging lack of a market(s) in accordance with Section 8.14.F.2, or within five (5) Business Days of Contractor's first knowledge of a significant change in pricing in accordance with Section 8.14.F.3, the Contractor shall notify the Authority via telephone and email with a formal signed written notice from the Contractor to the Authority to follow. Such notice shall include the Contractor's best estimate of the time when its remaining capacity to store the specific Recovered Material(s) impacted under the terms of its Facility Permits (the "Storage Capacity") will expire. The Contractor and the Authority shall meet and confer at the earliest, mutually-convenient opportunity to discuss the market conditions and the Contractor's assertion of a lack of market demand for the specific Recovered Material(s) impacted. The Contractor shall be required to provide the Authority with additional information on Contractor's Storage Capacity including the proportion of occupied by the specific Recovered Material(s) impacted relative to Contractor's other material storage, and Contractor's projected remaining capacity for the specific Recovered Material(s) impacted.

The Contractor shall have the burden of proving its good faith efforts to identify highest value markets for the specific Recovered Material(s) impacted and shall present to the Authority any information available to the Contractor related to the status of primary and alternative markets for the impacted Recovered Material(s), material pricing histories, and any other information, reasonably required by the Executive Director, that may help the Authority make a finding about the Contractor's need for relief. The Contractor shall also provide the Authority with written notice when the Storage Capacity for the material in question has declined to thirty percent (30%) of normal, setting forth the estimated number of Days when no Storage Capacity for the specific Recovered Material(s) impacted will remain.

5. Authority Determination. The Executive Director shall make a reasonable finding that a market demand either does or does not exist or that a significant change in pricing has or has not occurred for the impacted Recovered Material(s), based on the information presented and any other information available, within twenty (20) Business Days after the Parties meet and confer in accordance with Section 8.14.F.4 or before the date when no Storage Capacity remains, whichever comes first.

If the Authority reasonably determines that a market demand does exist or that a significant change in pricing has not occurred, Contractor shall be required to continue to market all Recovered Materials as required under this Agreement. If the Authority determines that a market demand does not exist or that a significant change in price has occurred, the following provisions shall apply:

- a. **Determination of Lack of Market Demand.** If the Authority reasonably determines that a market demand does not exist, the Authority may, but is under no obligation to, attempt to identify a productive, non-Disposal outlet for the subject Recovered Material(s). If the Authority identifies such an outlet, and

such outlet does not exceed the pricing limitation described in Section 8.14.F.3, the Contractor shall deliver the subject Recovered Material(s) to that outlet. If the Authority is unable to identify such an outlet, the Authority may authorize the Contractor to temporarily Dispose of the subject Recovered Material(s) in accordance with Section 8.14.F.6.

Additionally, in the event that the Authority reasonably determines that a market demand does not exist, the Authority shall have the right, but not the obligation, to take physical possession of some or all of the subject Recovered Materials from Contractor’s facility in order to market or otherwise handle or Dispose of such materials through channels or processes the Authority deems appropriate, in its discretion.

- b. **Determination of Significant Price Change.** If the Authority reasonably determines that a significant change in pricing has occurred, the Authority may either: 1) authorize the Contractor to send the specific impacted Recovered Material(s) to market at the reduced value and agree to compensate the Contractor for the amount, including Transportation costs, that exceeds one hundred and fifty percent (150%) of the greater of the two (2) options identified in 8.14.F.3.; or 2) attempt to identify an alternate, productive, non-Disposal outlet for the specific Recovered Material(s) at a value, including Transportation costs, less than one hundred and fifty percent (150%) of the Disposal Tipping Fee. The Contractor shall follow the Authority’s direction if either of those options is selected by the Authority.

If the Authority is unable to so identify an outlet and is unwilling to compensate Contractor for the significant change in price, the Authority shall authorize the Contractor to temporarily Dispose of the subject Recovered Material(s) in accordance with Section 8.14.F.6.

- 6. **Disposal Approval.** Subject to the determination and conditions specified in Sections 8.14.F.5.a and 8.14.F.5.b, the Authority may authorize the Contractor to temporarily Dispose of specified Recovered Material(s) impacted by the lack of market demand or significant change in price. In such case, Contractor and the Authority shall review the status of the markets at a frequency established by the Authority until such time as the acceptable pricing and market demand return or the Authority reasonably determines that the review process may be discontinued. Notwithstanding any other provision of this Section, Contractor shall not Dispose of any Recovered Materials prior to receiving written authorization from the Authority to do so and, as necessary and appropriate under the circumstances, the Authority may also require the Contractor to secure authorization from CalRecycle and/or other relevant regulatory entities.

In the event that the Authority authorizes Disposal of materials under this Agreement related to the provisions of this Section, the Contractor may only Dispose of materials originating from the Authority in the same proportion as it Disposes of materials from other jurisdictions using the same facility. For example, if the Authority’s materials represent thirty-three percent (33%) of the materials processed at the facility, Contractor may only Dispose of one (1) Ton of Authority materials for every two (2) tons of other users’ materials that Contractor Disposes. This provision is intended to ensure that the Authority is treated the same as all other users of the facility in this regard.

- G. **Marketing Plan.** Upon the Executive Director’s request, the Contractor shall provide a summary of Contractor’s marketing plan for each Recovered Material, and recent average commodity values for Recovered Materials end markets. If requested by the Executive Director, the Contractor shall make available for inspection by the Executive Director a list of broker/buyers used by the Contractor during the preceding twelve (12) months. If the Contractor becomes aware that a broker or buyer has illegally handled or Disposed of Recovered Material originating from the Authority’s Service Area or elsewhere, the Contractor shall immediately inform the Executive Director and terminate its contract or working relationship with such party. Contractor shall maintain complete, accurate, and detailed marketing records, including Tonnage of Recovered Materials marketed, price, revenue received, name of purchaser, and end use in accordance with Article 12.

8.15 Diversion and Material Recovery Standards

- A. **Commingled Organics Recovery.** The Contractor shall Compost all Commingled Organics and/or Organic Materials Accepted in a manner that maximizes Recovery and Diversion and does not result in the final deposition of Organic Waste at a Landfill or use of Organic Waste as ADC or AIC. After Composting, Contractor may Dispose as Residue, or repurpose for Beneficial Reuse, any materials that do not have a higher or better use, to the extent allowed by State and local law, in accordance with Contractor’s obligations under Section 8.14, unless otherwise expressly provided in Section 8.14.F.6.

In accordance the Contractor’s obligations to market Recovered Material consistent with the preferential order described in Section 8.14.C, the Contractor shall Compost all Commingled Organics and/or Organic Materials Accepted, such that all Compost Product is of sufficient quality to attract the highest local market prices for which similar Compost Products, produced by other similar Composting facilities that Compost similar Organic Materials are sold. The Contractor’s operation of the Approved Composting Facility must consistently produce Compost Products that achieve Residue and Contamination standards that meet or exceed the requirements of Exhibit O and the market requirements and attract the highest current market price for the specified Compost Product for agricultural growers or other interested parties. Exhibit O presents the Compost Products and quality standards expected to be achieved by the Contractor.

Every quarter, Contractor shall determine and report to the State the percentage of Organic Waste contained in materials Disposed, as required under 14 CCR Section 17867(a)(16) and 17896.44.1. In accordance with Exhibit D, Contractor shall submit a copy of such reports to the Executive Director.

Contractor shall allow the Executive Director, or their designee, with or without prior notice, to observe Composting operations and periodically sample finished Compost and Residue generated at the Approved Composting Facility to ensure compliance with this Section.

ARTICLE 9

PAYMENTS TO THE AUTHORITY AND DESIGNATED FACILITIES

9.1 Payments to the Authority

The Parties understand and agree that the primary source of funds for the Authority to administer State law requirements, manage programs and services, administer the rights, privileges, and services under the agreements, and pay the Recyclables Contractor, Commercial Food Scraps Contractor, Reuse Contractor, Transfer Contractor, Disposal Contractor, Mixed Waste Contractor and/or other related Authority contractors for services is the Maximum Rates charged to Subscribers by the Franchised Collector and/or other reimbursements incorporated into Per Ton Tipping Fees.

As of the Effective Date, the Authority Reimbursement under this Agreement is Zero Dollars (\$0.00) per year, Zero Dollars (\$0.00) per Ton, 0.0% of Per Ton Tipping Fees, and 0.0% of annual Contractor Revenue. The Authority Board reserves the right to establish or modify Authority Reimbursements at any time during the Term of this Agreement. Such a decision by the Authority shall be treated as a pass through pursuant to Section 10.2 and shall become effective at the beginning of the Rate Year following such decision, unless otherwise mutually agreed upon between the Parties. The Contractor shall submit all payments to the Authority at the frequency approved by the Authority Board and, as appropriate, the Authority shall distribute the payments to the Member Agencies. The Contractor is prohibited from withholding or offsetting payments to the Authority and/or any Designated Facility(ies) as a remedy for any dispute under this Agreement.

9.2 Adjustment of Payments

All payments described in Section 9.1 shall be included in the calculation of Tipping Fees as provided in Article 10. In its sole discretion, the Authority may adjust the amount of any payment required by Section 9.1, as necessary. Such adjustment shall be reflected in the adjustment of Tipping Fees as provided in Article 10.

9.3 Method of Payments

The Contractor shall remit all required payments to the Authority on a monthly basis, or as otherwise specifically provided in this Article by check or other payment method approved by the Executive Director.

9.4 Timing of Payments and Penalties for Late Payments

Contractor shall remit all payments required under Section 9.1 within thirty (30) Days after the date the Contractor receives payment of Tipping Fees from the Authority. All payments shall be paid by check or electronic payment method accepted by the Authority. If any of the payments specified in this Article are not paid to the Authority within thirty (30) Days as described above, Contractor shall be liable for administrative charges to the Authority, not to exceed may not exceed the median Secured Overnight Financing Rate published by the New York Federal Reserve Bank (SOFR) plus two (2). For example, if the November 2023 SOFR Median is 5.33, the maximum administrative charge applied may not exceed 7.33 percent annual percentage rate.

The late payment penalty amounts are not intended as Interest on debt, but rather are intended as a predetermined penalty for failure to meet an obligation under this Agreement.

9.5 Billing and Payment Audit

The Authority may, at any time during the Term or within three (3) years following the expiration or early termination of this Agreement, perform an audit of Contractor's Tonnage records, Billings, and payment of monies due to the Authority under Section 9.1; provided however, that the Authority has up to three (3) years to provide such notice to the Contractor that such an audit is being required if the request follows the expiration or early termination of the Agreement. The Contractor shall fully cooperate with the Authority in any such audit. Should the Authority or its agent perform this review and identify Billing errors or other errors in payments due to the Authority valued at one percent (1%) or more of Contractor's prior year annual revenues under this Agreement, in addition to compensating the Authority for lost payments and applicable delinquency penalties, Contractor shall reimburse the Authority's cost of the review.

9.6 Reserved.

9.7 Reserved.

ARTICLE 10 CONTRACTOR'S COMPENSATION

10.1 Overview

The Contractor's compensation for performance of its obligations under this Agreement shall be the Tipping Fees paid by the Authority. Pursuant to this Agreement, Tipping Fees paid to the Contractor by the Authority shall be the full, entire, and complete compensation due to Contractor to cover Contractor's costs for all labor, equipment, materials and supplies, Facility fees, taxes, insurance, bonds, overhead, operations, profit, and all other things necessary to perform all the services required by this Agreement in the manner and at the times prescribed, net of any payments and fees due to Authority.

If the Contractor's actual costs, including fees due to Authority, are more than Contractor's Revenue for services rendered by Contractor under this Agreement, Contractor shall not be compensated for the difference between actual costs and actual Contractor Revenue for services rendered by Contractor under this Agreement. If Contractor's actual costs are less than the actual Contractor Revenue services rendered by Contractor under this Agreement, Contractor shall retain the difference provided that Contractor has made all payments required in Article 9.

Under this Agreement, Contractor shall have the right and obligation to charge and collect from the Authority Tipping Fees established and adjusted under this Agreement for provision of Contractor's services to the Authority.

The Tipping Fees for Rate Year One are based on Contractor's Proposal (Exhibit G), the final negotiated Tipping Fees and other unit fees that are included in Exhibit E-1, including certain per unit cost components as identified in Section 10.2.B below. Tipping Fees for subsequent Rate Years shall be adjusted annually in accordance with Section 10.2.C using an index-based adjustment method.

The annual adjustment to Tipping Fees involves adjusting Contractor's compensation and integrates Governmental Fees and Authority Reimbursements (collectively "Pass-Through" components) paid by Contractor.

10.2 Process for Setting and Adjusting Tipping Fees

- A. **General.** The Executive Director shall be responsible for receiving, reviewing, and validating the accuracy of the Contractor’s application for adjustment of Tipping Fees as described in this Article and determining the completeness of the Contractor’s application based on Contractor’s mathematical accuracy and logical adherence to the calculation methodology.
- B. **Tipping Fees for Rate Year One.** Tipping Fees for Rate Year One are specified in Exhibit E-1 (subject to the adjustment set forth in Exhibit E, Table 3 in the row “Year 1”) and include separate components for the Composting and Pass-Throughs, which are summed to a Commingled Organics Composting Tipping Fee.
1. Commingled Organics Composting Tipping Fee, un-Processed. The Commingled Organics Composting Tipping Fee for un-Processed Commingled Organics shall be \$67.00 per Ton and shall include each of the following components, which Contractor shall use when calculating the adjustment in Section 10.2.C below. The Commingled Organics Composting Tipping Fee for un-Processed Commingled Organics shall be Contractor’s compensation for the direct services provided under Section 5.4 and all other obligations and services of Contractor under this Agreement.
 - a. Commingled Organics Composting Tipping component: \$66.89 per Ton
 - b. Commingled Organics Composting Pass-Through Tipping component: \$00.11 per Ton
 2. Commingled Organics Composting Tipping Fee, Processed. The Commingled Organics Composting Tipping Fee for Processed Commingled Organics shall be \$55.00 per Ton and shall include each of the following components, which Contractor shall use when calculating the adjustment in Section 10.2.C below. The Commingled Organics Composting Tipping Fee for Processed Commingled Organics shall be Contractor’s compensation for the direct services provided under Section 5.4 and all other obligations and services of Contractor under this Agreement.
 - a. Commingled Organics Composting Tipping component: \$54.89 per Ton
 - b. Commingled Organics Composting Pass-Through Tipping component: \$00.11 per Ton
- C. **Annual Adjustment.** The Tipping Fees and charges set forth in Section 5.1 and Exhibit E-1 that are not otherwise identified below shall be adjusted annually, upon verification for accuracy by the Executive Director as described in Section 10.2.A, commencing with Rate Year Two in accordance with Exhibit E (Table 3, row “Year 2-Year 10”) through the remaining Term of this Agreement including any extension periods. The following formulas shall be used to calculate the adjustment to each component of each Tipping Fee.
1. Adjusted Commingled Organics Composting Tipping Fee. The adjusted Commingled Organics Composting Tipping Fee for Rate Year Two, and each subsequent Rate Year thereafter, shall be determined by summing each of the components in Sections 10.2.C.1.a through 10.2.C.1.b.
 - a. **Commingled Organics Composting Tipping Component.** The adjusted Commingled Organics Composting Tipping component shall be calculated as follows:

adjusted component = current component x (1 + Annual Percentage Change in the CPI-U)

- b. **Commingled Organics Composting Pass-Through Tipping Component.** The Commingled Organics Composting Pass-Through Tipping component shall only be adjusted for actual changes in Governmental Fees and/or Authority Reimbursements and subject facilities as evidenced by documentation from the entity imposing the Governmental Fees or as required by the Authority pursuant to Section 9.1. In the event that Governmental Fees are applied on a basis other than per Ton, as Tipping Fees are applied, the Executive Director may direct Contractor to denominate such Governmental Fees into a per Ton basis using a method prescribed by the Executive Director that reasonably compensates Contractor for such Governmental Fees.

10.3 Tipping Fee Application Process

A. Application Date and Content.

- 1. Application Submittal Date. On the schedule provided in Exhibit E, prior to the commencement of the Rate Year for which Tipping Fees are to be determined (coming Rate Year), the Contractor shall submit to the Executive Director its application requesting the adjustment of Tipping Fees for the coming Rate Year via email with confirmation receipt. All Tipping Fee applications shall be submitted in Microsoft Excel format with all formulas and calculations preserved.

Notwithstanding any other provision of this Agreement, if the amount of any Pass-Through expense that Contractor is required to pay changes on a date that does not coincide with the beginning of a new Rate Year, the Contractor may request a one-time payment or compensation adjustment, to be determined by the Authority, for costs incurred and/or projected to be incurred during the interim period that shall be paid by the Authority.

- 2. Content of Application for Adjustment. The application submitted to support an adjustment of Tipping Fees shall be submitted in Microsoft Excel format with all formulas and calculations preserved. Such application shall present the underlying data and calculations of the Annual Percentage Change in various cost indices as separate tabs or tables in the submittal. The application shall include all supporting documentation for the calculations including copies of any relevant correspondence or evidence related to Governmental Fees.

The application shall also present a summary table with the Tipping Fees for the then-current Rate Year (e.g., Rate Year Three) and the proposed Tipping Fees for the coming Rate Year (e.g., Rate Year Four).

If the Authority requests additional information beyond that provided by the Contractor in its application, the Contractor shall provide all information requested by the Authority during its review of the application, including, but not limited to, all information from Affiliates requested by the Authority regarding any transactions between Contractor and any Affiliates pertaining to Contractor's performance under this Agreement.

- B. **Authority Review of Application.** The Executive Director shall review Contractor's application for an adjustment of Tipping Fee and, upon completion of review, Executive Director shall deem the application complete, or deem the application incomplete with requirement for correction, in accordance with Section 10.2.A. The Executive Director shall act in good faith to secure Authority Board approval to adjust Tipping Fees by July 1 of the Rate Year. In the event that the Executive Director directs that a change(s) will be required relating to such adjustments to Tipping Fees, the Executive Director shall notify the Contractor in writing thereof within forty-five (45) Days of the date the Contractor's complete application is submitted, whereupon Contractor shall provide a response in an effort to resolve the matters raised by the Executive Director within ten (10) Days after receipt of written notice from the Executive Director. Thereafter, the Executive Director shall review and approve the proposed adjustment of Tipping Fees in accordance with Exhibit E. The adjusted Tipping Fees shall not take effect until the Authority Board has approved such Tipping Fees; provided, however, that Contractor shall be entitled to compensation pursuant to Section 10.3.C as described below.
- C. **Failure to Adjust Rates or Tipping Fees.** If the Contractor submits its application for adjustment of Tipping Fees in a correct and compliant format and with all required content on or before the application date identified in Exhibit E and, if applicable, timely responds to the Executive Director's direction for changes to an application after submission under Section 10.3.B, and the Authority Board does not approve adjusted Tipping Fees under this Agreement as part of the Authority Board's approval of Maximum Rates under the Franchised Collector's contract to be effective on the date specified in Exhibit E of a Rate Year, the Authority shall provide a payment(s), adjustment(s), or surcharge(s) such that Contractor receives payment for any shortfall in Contractor's compensation resulting from the delay in approval of appropriate adjustments to Tipping Fees. To determine the amount of a shortfall, if any, the Authority and Contractor shall meet and confer to determine the effect the delayed approval of appropriate adjustments in Tipping Fees has on the Contractor's compensation.

If the Contractor does not submit the application in a correct and compliant format and with all required content on or before the application date identified in Exhibit E, the Authority shall notify Contractor in writing within forty-five Days of the date the Contractor's complete application is submitted if the Authority determines that the application is incomplete and requires correction. Thereafter, Contractor shall respond within ten (10) Days of receipt of the written notice from the Authority and in an effort to satisfy the application requirements of this Section. In the event that Contractor fails to timely respond, the adjusted Tipping Fees may not be approved by the date specified in Exhibit E of a Rate Year and therefore, may not become effective by the date specified in Exhibit E of a Rate Year. In such case, appropriate adjustments of Tipping Fees shall be approved and made effective as soon as practical thereafter, with both the Authority and Contractor using best efforts to expedite the adjustment, but Authority shall not be required to provide retroactive payment(s), adjustment(s), or surcharges(s) to allow the Contractor to recover compensation that Contractor would have collected had the application and/or response to the Executive Director as set forth above been timely submitted and the Tipping Fee adjustment been implemented in accordance with the prescribed schedule.

10.4 Special Tipping Fee Review

- A. **Eligible Items.** The Contractor is entitled to apply to the Authority for a Special Tipping Fee Review, or the Authority may initiate such a review, should one (1) or more of the following events occur:
1. Change in Scope. Authority-approved change in scope, as provided for under Section 2.4, 7.5 and 10.5.
 2. Emergency Services. Provision of emergency services pursuant to Section 7.4.
 3. Uncontrolled Circumstance. Occurrence of Uncontrollable Circumstances (other than Change in Law).
 4. Change in Law. Change in Law after the Effective Date that were not reasonably known to the Contractor before the Effective Date.
 5. Reserved.
 6. Reserved.
 7. Reserved.
- B. **Ineligible Items.** In addition to the specific circumstances identified in Sections 5.4, 10.4.A.1 and 10.4.A.4 above, a Special Tipping Fee Review may not be initiated for the following items and the Contractor shall not be compensated for such items over the Term of the Agreement.
1. Cost Increases. Increases in the cost of providing all services and performing all obligations under this Agreement which are in excess of the increases provided through the annual adjustment mechanism described in Section 10.2 unless cost increases are related to eligible items listed in Section 10.4.A above.
 2. Change in Facility Conditions. Increases in the cost of providing all services and performing all obligations under this Agreement that may be impacted by change in operating conditions of an Approved or Designated Facility unless such change is initiated by, resulting from a contract modification with, or at the direction of the Authority or the cost increases are related to eligible items listed in Section 10.4.A above.
 3. Change in Material Quantities and Composition. Change in the Tonnage or composition of Commingled Organics.
 4. Change in General Economic Conditions. Changes in general economic conditions including but not limited to: inflation, deflation, recession, depression, supply chains, default on the debts of any government agency, commodity markets, stock markets, pension systems, automation, labor availability, or other factors broadly impacting businesses that are not explicitly contemplated in Section 10.4.A above.
 5. Decreases in Revenues from Sale of Materials. In the event that the Contractor relies upon sales of materials that the Contractor is entitled to under this Agreement and the value of those materials change over time. Nothing in this Agreement shall entitle the Contractor to retain, market, sell, or otherwise make use of any material that the Authority has contracted to a Designated Facility or that the Contractor is required to Deliver to a Designated Facility.

- C. **Review of Costs.** If the Contractor or the Authority requests a Special Tipping Fee Review, the Authority shall have the right to review any or all financial and operating records of Contractor and Affiliates that relate to the performance of this Agreement or the basis of the Special Tipping Fee Review.
- D. **Submittal of Request.** If the Contractor is requesting a Special Tipping Fee Review, the Contractor must submit its request along with cost and operational data, in a form and manner specified by the Authority, at least six (6) months before the proposed effective date of any Tipping Fee adjustment. The Authority may waive the six- (6-) month submittal requirement if the reason for the special review is a Change in Law that will become effective in less than six (6) months, as described below.

If the Authority is requesting a Special Tipping Fee Review, the Authority shall notify the Contractor at least seven (7) months before the proposed effective date of any Tipping Fee adjustment. Upon such notification, the Contractor shall, within thirty (30) Days or later if mutually agreed, submit reasonable cost and operational data as requested by the Authority, in a form and manner specified by the Authority.

A Special Tipping Fee Review shall include a proposal on whether the Tipping Fee adjustment resulting from the special review shall be an adjustment in addition to or in lieu of the annual adjustment to Tipping Fees performed in accordance with Section 10.2.C above.

If one (1) or more of the eligible events in Section 10.4.A have an effect totaling two percent (2%) or more of Contractor's total annual compensation under this Agreement for the then-current Rate Year, such cost impact may be considered eligible for retroactive compensation under this Agreement between the time that the occurrence created a material effect on Contractor's total compensation and when Tipping Fees are adjusted during the next annual adjustment process in accordance with Section 10.2 and if approved by the Authority, a special one-time adjustment may be made to the Tipping Fee for the next Rate Year that would be removed in the subsequent Rate Year. If one (1) or more of the eligible events have an effect totaling less than two percent (2%) of Contractor's total annual compensation under this Agreement for the then-current Rate Year, such cost impact shall be considered at the time the next annual adjustment process for Tipping Fees is performed in accordance with Section 10.2, and Contractor shall not be compensated retroactively for such cost between the time that the occurrence created a material effect on Contractor's total compensation and the effective date of the next Rate Year.

- E. **Burden of Justification.** The Contractor shall bear the burden of justifying to the Authority by substantial evidence any entitlement to current, as well as increased, Tipping Fees under this Section 10.4. Records required to be maintained pursuant to Article 12 shall be subject to review, in accordance with appropriate professional standards, and inspection for the primary purpose of reviewing Contractor's change in costs attributable to the circumstances that triggered the Special Tipping Fee Review, at any reasonable time by the Executive Director or a third party selected by the Authority. The Contractor shall not interfere with, or have any right to object to, the selection of the third party nor the scope of work provided by the Authority's chosen third party reviewer. The independent reviewer shall provide a final draft of its review to the Authority and the Contractor. The Party requesting the Special Tipping Fee Review shall bear the cost of the review.

If the Authority determines that the Contractor has not met its burden, the Contractor may request a meeting with the Authority to produce additional evidence. Upon such request,

the Authority shall permit said additional hearing. Any resulting disputes shall be managed pursuant to Article 15.

- F. **Grant of Request.** Notwithstanding Section 10.5.A below and based on substantial evidence submitted by the Contractor, the Authority Board may grant some, all, or none of Contractor's requested adjustment to Tipping Fees, exercising reasonable discretion.
- G. **Compensation.** If Contractor requests a Special Tipping Fee Review, Contractor shall pay all of Authority's reasonable costs for participating in such review up to a maximum of Fifty Thousand Dollars (\$50,000), that shall be adjusted annually by the Annual Percentage Change in CPI-U, and, if an increase to rates results from such Special Tipping Fee Review solely under Sections 10.4.A.2 and/or 10.4.A.3, such costs shall be reimbursed through Tipping Fees. If a Special Tipping Fee Review occurs in response to an Authority-directed change in scope (pursuant to Section 10.4.A.1), the Authority shall be considered the Party requesting the Special Tipping Fee Review and the Authority's costs of the review may be reimbursed through the Tipping Fees.

10.5 Adjustment to Tipping Fees for Changes in Scope

- A. **Changes in Scope.** As part of Contractor's written proposal under Section 2.4.B of this Agreement, the Contractor shall furnish the Authority with projected operational and cost data for the change in scope to support any requested Special Tipping Fee Review. For the purpose of analyzing cost impacts resulting from changes in scope, the Contractor's profit shall be calculated using an operating ratio of ninety percent (90%) of actual reasonable and necessary costs. The Authority reserves the right to require that the Contractor supply any additional cost data or other information the Authority may reasonably need to ascertain the appropriate adjustment to Tipping Fees, if any, for the change in scope. If the Authority approves the Contractor's proposal (as may be negotiated), the Authority shall review this operational and cost data, and the Authority Board shall approve Tipping Fees for the change in scope, if warranted.

The granting of any change in scope shall be contingent upon the Authority's written approval and establishment of new Tipping Fees, if appropriate. The Authority Board, with input from Member Agencies, shall approve Tipping Fee adjustments in good faith, coincident with any adjustment made pursuant to this Section so that the change in scope and the corresponding Tipping Fees become effective on the same date. In the event that such alignment is not practical for reasons including, but not limited to, the involvement of other Authority contracts, the Authority shall be entitled to compensate Contractor over time or through alternative methods as described above in Section 10.3.C.

- B. **Reserved.**

10.6 Coordination with Other Authority Contractors

The Contractor acknowledges that it is one of several contractors to the Authority whose compensation adjustments impact the Maximum Rates that may be charged by the Franchised Collector to Subscribers. The Contractor shall provide an advisory copy of its original and any revised Tipping Fee application to the Franchised Collector at the same time it is provided to the Executive Director. The Contractor shall provide timely notice to the Authority and the Franchised Collector of any anticipated delays in Contractor's schedule for obtaining data related to or submitting applications required for the coming Rate Year. The

Contractor shall timely incorporate and resubmit its application based on revised or updated data from the Authority and/or the Franchised Collector.

ARTICLE 11 REVIEW OF SERVICES AND PERFORMANCE

11.1 Right to Enter Facility and Observe Operations

The Authority and its designated representative(s) reserve the right to: i) enter, observe, and inspect the Approved Facilities during Facility operations at any time and without notice; ii) to conduct studies or surveys of the Approved Facilities that do not interfere with or impede Contractors' operations with at least forty-eight (48) hours advance notice; and iii) to meet with the Approved Facility manager(s) or their representatives at any time, provided that the Authority and its representatives comply with Contractor's reasonable safety and security rules and do not interfere with the work of the Contractor or its Subcontractors. If Authority exercises its right to enter the Approved Facilities, Contractor is obligated to allow entry to the Approved Facilities and allow for representatives to conduct observations, inspections, studies, or surveys. However, if the Contractor representative or Approved Facility manager is not at the Approved Facility when the Authority or its designated representative(s) visit without prior announcement, Contractor may limit the visit of the Authority or its designated representative to a portion of the Facility including, but not limited to, offices, container and vehicle storage areas, or Maintenance Yard. In that event, Contractor shall arrange for Authority or its designated representative(s) to return for a visit of the complete Facility within twenty-four (24) hours of the Authority's visit. Upon Authority direction, Contractor shall make personnel available to accompany Authority employees or representatives on inspections. The Contractor shall ensure that its employees cooperate with the Authority and respond to the Authority's reasonable inquiries. The Contractor shall facilitate similar observation and inspection at Approved Facilities owned by it or an Affiliate upon Authority request and within three (3) Business Days after receiving such request.

11.2 Performance Review

The Authority reserves the right to conduct a performance review to verify Contractor has fulfilled its obligations under the Agreement, to review complaints, to review billings to the Franchised Collector, to review payments to Authority and/or Designated Facilities, and to determine if Contractor has met performance standards. The Contractor shall cooperate with the review including by providing a thorough, complete, and accurate response to any requests for information within ten (10) Business Days after Authority's request. The Contractor shall not request a confidentiality agreement from Authority or its agents in order to conduct the performance review and audit, nor shall it claim privilege over any record or documents that the Executive Director is entitled to under this Agreement unless this Agreement already specifically acknowledges some privilege related to that record.

If any partial compliance or noncompliance with the Agreement is found, Authority may elect any remedy available under the Agreement including, but not limited to, assessing Liquidated Damages, determining that a breach or default has occurred, and/or directing the Contractor to correct the inadequacies in accordance with Article 14 of this Agreement.

If any partial compliance or noncompliance with: i) the performance standards of this Agreement; or, ii) billing or payment terms of this Agreement which exceed one percent (1%) of Contractor's prior year

annual revenue under this Agreement, is found through a Authority-initiated performance review, Contractor shall be responsible for correcting the billing or payment issue and for reimbursing the Authority's actual costs of performing the performance review up to Fifty Thousand Dollars (\$50,000), that shall be adjusted annually by the Annual Percentage Change in CPI-U, in any calendar year.

ARTICLE 12 RECORD KEEPING AND RECORDING

12.1 General Record Keeping Provisions

Contractor shall maintain, in its principal office within fifty (50) miles of the County, such accounting, statistical, and other records required to conduct its operations, to support requests it may make to Authority, to respond to requests from Authority, and as shall be necessary to develop the financial statements and other reports required by this Agreement. Adequate record security shall be maintained to preserve records from events that can be reasonably anticipated such as a fire, theft, and earthquake. Electronically-maintained data/records shall be protected and a second copy of data/records shall be saved to a protected source, such as a combination of off-site and cloud-based backup with the ability to restore complete functionality within twenty-four (24) hours, or a hot fail-over database configuration.

Contractor shall account for revenues received and expenses incurred as a result of this Agreement separately from the accounting for other operations performed by Contractor or its Affiliates.

12.2 Review and Inspection

Contractor agrees to provide or make available its records that relate to the performance of this Agreement of any and all companies conducting operations addressed in this Agreement to the Authority and its official representatives for review during normal business hours. During the Term of this Agreement, the Authority, its auditors, and other agents, shall have the right, during normal business hours, to conduct unannounced on-site inspections of the records and accounting systems of Contractor and to make copies of any documents it deems relevant to this Agreement. In the event the custodian of such records and systems is not on the Premises at the time of inspection, Contractor shall not be in breach of this Agreement, the Authority shall then give notice to Contractor requesting access to the records, and Contractor shall make arrangements to allow for inspection within twenty-four (24) hours of such notice. The Authority's right to inspection of records under this paragraph shall continue for five (5) years after the expiration or early termination of this Agreement. However, after expiration or early termination of this Agreement, the Authority shall provide Contractor with a written request to inspect records and Contractor shall make records available for inspection within two (2) weeks of such request.

12.3 Retention of Records

Unless otherwise herein required, Contractor shall retain all records and data required by this Agreement for five (5) years after the expiration or early termination of this Agreement.

12.4 Other Information Requirements

Contractor agrees to conduct data collection and other reporting activities as needed to comply with Federal, State, and local laws and regulations, and the requirements of this Agreement. To the extent such

requirements are set out in this and other Articles of this Agreement, they shall not be considered limiting or necessarily complete.

12.5 Reporting

- A. **General.** The Contractor shall submit monthly reports within fourteen (14) Days after the end of the calendar month and annual reports no later than thirty (30) Days after the end of each calendar year. Monthly and annual reports shall include at a minimum, all data and information described in Exhibit D, unless otherwise specified under this Agreement.
- B. **Report Format.** The Contractor may propose report formats that are responsive to the objectives and audiences for each report. The format of each report shall be approved by the Executive Director, in their sole discretion. The Executive Director may, from time to time during the Term, review and request changes to the Contractor's report formats and content and Contractor shall not unreasonably deny such requests.

The Contractor shall submit all reports to the Executive Director electronically via e-mail using software acceptable to the Authority. The Authority reserves the right to require the Contractor to maintain records and submit the reports required herein through use of an Authority-selected web-based software platform, at the Contractor's expense.

- C. **No Claim of Confidentiality, Proprietary, or Trade Secret.** The Contractor shall not claim confidentiality, proprietary, trade secret or similar status as an excuse from providing any records or data required to be maintained or required to evidence data that is required to be maintained under this Agreement. The Contractor may mark certain records provided to Authority as confidential, proprietary, trade secret, or otherwise exempt from disclosure by stamping each page of such records with the appropriate designation under the law. Notwithstanding such marking, the Authority may disclose such records without any prior notice to the Contractor if the records are required to be reported to any regulatory agency. In the event that the Authority believes that records marked by the Contractor are required to be disclosed under the California Public Records Act, Authority shall provide timely notice to Contractor so that Contractor can pursue, if it desires and at its sole cost, a judicial determination that the records are exempt from disclosure.

12.6 Recycling and Disposal Reporting System Reporting

The Contractor acknowledges that the Authority's Franchised Collector may route its Collection vehicles in a manner that will result in the commingling of Franchised Materials from multiple Member Agencies during Collection and Franchise Materials may be commingled with other materials at the Designated Transfer Facility prior to arriving at the Approved Composting Facility. The Contractor further acknowledges that its Approved Composting Facility manages materials from multiple jurisdictions of origin. The Parties acknowledge the interdependent nature of the Authority's Franchised Collector and the Authority's various post-Collection contractors and that each is part of a larger integrated system that requires the diligent and accurate tracking and sharing of data where Franchised Material is handled by multiple parties.

The Authority has a fiduciary duty to ensure the appropriate allocation of costs to Subscribers between Member Agencies when setting Maximum Rates charged by the Franchised Collector. As such, the Authority and its Member Agencies place the utmost importance on accurate reporting and transparency, especially with regard to information required to make those allocations of costs. Further, the Authority is a regional agency under AB 939 with a single jurisdictional origin under AB 901 and the County is not

included under the regional agency for AB 901. The Authority finds it critically important to maintain jurisdiction of origin to the Member Agency level rather than the regional agency level. The Authority is therefore interested in ensuring regional agency and Member Agency compliance with AB 901, precise allocations to the Member Agency level, and accurate completion and timely submittal of reports into the CalRecycle Recycling and Disposal Reporting System (RDRS).

The Parties acknowledge that in order for the Authority to comply with its fiduciary duty to its constituents and obligations to each of its contractors within its interdependent system from Collection through Delivery to Designated Facility(ies), including the Approved Composting Facility, the Authority must have sufficient access to each facilities' data related to inbound and outbound Tons by jurisdiction of origin and delivering entity. Further, as the owner/operator of a Permitted Composting Facility in California, the Contractor is a regulated entity under AB 901, and in accordance with Section 13.3 of this Agreement, the Authority relies in part on the Contractor to ensure under AB 901 accurate allocation and data entry into the RDRS system for the Authority and its Member Agencies. As such, the Parties hereby agree that certain data that may otherwise not be publicly available related to the allocations of Tonnage at Contractor's Facilities used in the performance of any and all services under this Agreement, including to agencies other than the Authority and its Member Agencies, will be provided by the Contractor to the Authority.

The Contractor acknowledges its affirmative obligation under this Agreement and Applicable Law to timely, accurately, and completely track and report on the Tonnages Composted at its Approved Composting Facility for the purposes of the Authority's setting of Maximum Rates charged by the Franchised Collector to Subscribers, as well as Contractor's reporting in RDRS. The Authority understands the Contractor is reliant on the Transfer Contractor, that is reliant on the Franchised Collector, to provide the jurisdiction of origin data for all Franchised Materials Delivered by the Franchised Collector to the Transfer Contractor that are Accepted by Contractor at the Contractor's Approved Composting Facility and requires the following from its Franchised Collector and Transfer Contractor:

- The Transfer Contractor, as part of their Transfer Agreement(s) and obligations under AB 901, must 1) accurately track and timely report to the Authority, all inbound Commingled Organics Tonnage data by jurisdiction of origin Delivered by the Franchised Collector and received at the Transfer Contractor's Transfer Facility, and 2) all outbound Commingled Organics Tonnage data Transferred from the Transfer Contractor's Transfer Facility to Contractor's Approved Composting Facility by jurisdiction of origin, inclusive of the Authority's Commingled Organics by jurisdiction of origin. This data must reconcile to inbound and outbound weight data. The Authority reserved the right at any time to review the Transfer Contractor's data for accuracy and make any necessary adjustments.

The Contractor shall track and report the jurisdiction of origin of each Member Agency to the Authority, based on the information that it receives from the Transfer Contractor; however, it may report regional agency data to the RDRS provided that County data is reported separately. The Contractor shall track and use the jurisdiction of origin Tonnage data provided by the Transfer Contractor for each Load of Commingled Organics Delivered to the Contractor and shall use any revised jurisdiction of origin inbound Tonnage allocations and/or data provided by the Authority to the Contractor in its AB 901 reporting. The Contractor shall use the inbound jurisdiction of origin allocations to track and allocate outbound Tons of Residue by jurisdiction of origin in its reports to the Authority and its quarterly RDRS submittals. The Contractor shall provide the Authority with any and all reports and data that the Executive Director reasonably requires to validate the accuracy of RDRS submittals attributable to the Authority and/or relative other Tons received by the Contractor at the Transfer Contractor's Transfer Facility, where Loads

of Commingled Organics Delivered by the Transfer Contractor may or may not have been commingled with Tons attributable to other jurisdictions. Additional information on the Contractor's reporting obligations relative to AB 901 are further described in Exhibit D.

12.7 CERCLA Reporting

The Authority views its ability to defend itself against CERCLA, and related litigation as a matter of great importance. For this reason, Authority regards its ability to prove where Collected Franchised Solid Waste is taken for Transfer or Disposal as essential. The Contractor shall maintain records that can establish the Disposal location of Collected Franchised Solid Waste. This provision shall survive the expiration or earlier termination of this Agreement. The Contractor shall maintain these records for a minimum of ten (10) years beyond expiration or earlier termination of the Agreement. The Contractor shall provide these records to the Authority (upon request or at the end of the record retention period) in an organized and indexed manner rather than destroying or disposing of them.

ARTICLE 13 INDEMNIFICATION, INSURANCE, AND PERFORMANCE BOND

13.1 General Indemnification

The Contractor shall Indemnify, defend with counsel acceptable to Authority (provided that such acceptance shall not be unreasonably withheld), and hold harmless the Authority and its Member Agencies, their officers, directors, employees, volunteers, and agents (collectively, "Indemnitees") from and against any and all claims (including challenges to the Authority's authority to enter into this Agreement or to contract for the services required under this Agreement, regardless of the legal theory advanced), liability, loss, injuries, damages, expense, penalties, and costs (including, without limitation, the Authority and Member Agency staff costs, litigation costs and fees, including attorneys' and expert witness fees incurred in connection with defending against any of the foregoing or in enforcing this Indemnity) of every nature arising out of or in connection with the Contractor's performance or non-performance (including the Contractor's officers, employees, agents and/or Subcontractors' performance) of this Agreement. The foregoing shall not apply to the extent any of the above loss or damage was caused by the active gross negligence or willful misconduct of Indemnitees. The Contractor's duty to Indemnify and defend shall survive the expiration or earlier termination of this Agreement.

The Authority reserves the right to retain co-counsel at its sole cost and expense, and the Contractor shall direct the Contractor's counsel to assist and take direction from such co-counsel with respect to the Authority's defense, provided that such direction does not conflict with Contractor's counsel's defense strategy.

13.2 Hazardous Substance Indemnification

To the extent allowed by law, Contractor shall Indemnify, defend with counsel acceptable to Authority (provided that such acceptance shall not be unreasonably withheld), and hold harmless "Indemnitees" from and against any and all claims, damages (including but not limited to special, consequential, natural resources, and punitive damages), injuries, costs (including but not limited to all response, remediation, and removal costs), losses, demands, debts, liens, liabilities, causes of action, suits, legal or administrative proceedings, interest, fines, charges, penalties, and expenses (including attorneys' and expert witness' fees incurred in connection with defending against any of the foregoing or in enforcing this Indemnity

(collectively, “damages”) of any nature whatsoever paid, incurred, suffered by, or asserted against Indemnitees, arising from or attributable to any repair, cleanup or detoxification, or preparation and implementation of any removal, remedial, response, closure, or other plan concerning any Hazardous Substances or Hazardous Waste released, spilled, or disposed of by Contractor pursuant to this Agreement. Notwithstanding the foregoing, however, the Contractor is not required to Indemnify the Indemnitees against claims arising from Contractor’s Delivery of Franchised Materials to a Processing Facility, Disposal Site, or Transfer Facility owned or operated by a third party, unless such claims are a direct result of Contractor’s negligence or willful misconduct. The foregoing Indemnity is intended to operate as an agreement pursuant to Section 107(e) of CERCLA, 42 U.S.C. Section 9607(e), California Health and Safety Code Section 25364, and the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq. to defend, protect, hold harmless, and Indemnify Indemnitees from liability, and shall survive the expiration or earlier termination of this Agreement.

13.3 CalRecycle Indemnification

In addition to any other Indemnity obligations set forth herein, Contractor agrees to Indemnify, defend, and hold harmless Indemnitees from and against any and all fines and/or penalties imposed by CalRecycle or the Local Enforcement Agency (“LEA”), in proportion to its fault, and subject to other restrictions set forth in California Public Resources Code Section 40059.1, if the requirements of AB 939, SB 1016, AB 341, AB 1826, and/or SB 1383, are not met with respect to the Commingled Organics Accepted by Contractor under this Agreement, and such failure is due to the failure of Contractor to meet its obligations under this Agreement or due to Contractor delays in providing information that prevents Contractor or Authority from submitting accurate reports required by CalRecycle in a timely manner. The Contractor’s duty to Indemnify and defend shall survive the expiration or earlier termination of this Agreement.

13.4 Environmental Indemnity

Contractor shall defend, Indemnify, and hold harmless Indemnitees against and from any and all claims, suits, losses, penalties, damages, and liability for damages of every name, kind, and description including attorneys’ fees and costs incurred, attributable to and to the extent of the gross negligence or willful misconduct of Contractor in handling Unpermitted Waste and/or Excluded Waste. For purposes of clarity, Transfer Contractor is prohibited from Delivering Unpermitted Waste and/or Excluded Waste to Contractor under this Agreement.

13.5 Insurance

Contractor shall, at its sole cost and expense, maintain in effect at all times during the Term of this Agreement not less than the following coverage and limits of insurance:

- A. **Minimum Scope of Insurance.** Coverage shall be at least as broad as:
 1. The most recent editions Insurance Services Office Commercial General Liability coverage ("occurrence" form CG 0001 0413) or equivalent.
 2. The most recent editions of Insurance Services Office form number CA 0001 covering Automobile Liability, symbol 1 “any auto” and endorsement CA 0025 or equivalent.
 3. Workers’ compensation Employers Liability insurance as required by California Labor Code Sections 3700 et seq.
- B. **Minimum Limits of Insurance.** The Contractor shall maintain limits no less than:

1. Commercial General Liability: Ten Million Dollars (\$10,000,000) annual aggregate and per occurrence for bodily injury, personal injury and property damage. This limit may be met by a combination of primary and excess liability insurance.
 2. Automobile Liability: Ten Million Dollars (\$10,000,000) combined single limit per accident for bodily injury and property damage. This limit may be met by a combination of primary and excess liability insurance.
 3. Workers' Compensation and Employers Liability: Workers' compensation limits as required by the Labor Code of the State of California and Employers Liability limits of One Million Dollars (\$1,000,000) per accident/occurrence.
 4. Pollution Legal Liability: Ten Million Dollars (\$10,000,000) per pollution condition covering liability arising from the release of pollution at the Approved Composting Facility. The Pollution Legal Liability policy shall contain the same endorsements as required for Commercial General Liability, if applicable. This limit may be met by a combination of primary and excess liability insurance.
- C. **Other Insurance Provisions.** The policies are to contain, or be endorsed to contain, the following provisions:
1. General Liability and Automobile Liability Coverage.
 - a. The Authority, its Member Agencies, their officials, directors, employees and volunteers are to be covered as additional insureds as respects: liability arising out of activities performed by or on behalf of Contractor; products and completed operations of Contractor; Premises owned, leased or used by Contractor; or automobiles owned, leased, hired or borrowed by Contractor.
 - b. Contractor's insurance coverage shall be primary insurance as respects Authority, its Member Agencies, its officials, employees, and volunteers. Any insurance or self-insurance maintained by Authority, its Member Agencies, its officials, employees, or volunteers shall be excess of Contractor's insurance and shall not contribute with it.
 - c. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to Authority, its Member Agencies, its officials, employees, or volunteers.
 - d. Coverage shall state that Contractor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurers' liability.
 - e. Contractor's insurers shall agree to waive all rights of subrogation against Authority, its Member Agencies, its officials, employees, and volunteers for losses arising from work performed by Contractor under this Agreement.
 2. Workers' Compensation and Employers Liability Coverage. The insurer shall agree to waive all rights of subrogation against the Authority, its Member Agencies, its officials, employees, and volunteers for losses arising from work performed by Contractor under this Agreement.
- D. **Acceptability of Insurers.** The insurance policies required by this Section shall be issued by an insurance company or companies approved to do business in the State of California and

with a rating in the most recent edition of Best's Insurance Reports of size category VII or larger and a rating classification of A or better, unless Authority agrees in writing to alternative ratings. To the extent permitted by law, all or any part of the required insurance may be provided under a plan of self-insurance, only if, in the sole discretion of Authority, Contractor can provide adequate assurances that the self-insured coverage provides commercially equivalent protection to Authority and its Member Agencies, their officials, employees, volunteers, and agents.

- E. **Verification of Coverage.** The Contractor shall furnish the Authority with certificates of insurance and with original endorsements affecting coverage required by this clause. The certificates of insurance and endorsements for each insurance policy are to be signed by a Person authorized by the insurer(s) to bind coverage on its behalf. The certificates and endorsements are to be on forms provided by or acceptable to Authority and are to be received and approved by Authority on or before the Effective Date.
- F. **Approved Affiliates and Subcontractors.** The Contractor shall require all Approved Affiliates and Subcontractors performing work in connection with this Agreement to maintain minimum insurance consistent with coverage type, limits, and other requirements specified here, except as otherwise provided in Exhibit H or otherwise approved in writing in advance by the Executive Director. Alternatively, the Contractor may satisfy this insurance obligation by naming Approved Affiliates and/or Subcontractors as additional insureds under the Contractor's policies specified herein (except Workers' Compensation and Employer's Liability).
- G. **Required Endorsements.** The Commercial General Liability policy shall endeavor to provide the following blanket endorsement in substantially the following form:
1. "Thirty (30) Days prior written notice shall be given to Authority in the event of cancellation of this policy. Such notice shall be emailed from the insurer(s)' authorized representative to Authority@recyclesmart.org, and upon written request by the Executive Director, such notice shall also be submitted in hard copy to:

Executive Director
Central Contra Costa Solid Waste Authority
1850 Mt. Diablo Blvd, Suite 320
Walnut Creek, CA 94596"
- H. **Delivery of Proof of Coverage.** Within fifteen (15) Days of the Effective Date, Contractor shall furnish the Authority certificate(s) of insurance evidencing each policy of insurance required hereunder, in form and substance satisfactory to Authority. Such certificates shall show the type and amount of coverage, effective dates, and dates of expiration of policies and shall have all required endorsements. Renewal certificates will be furnished periodically to Authority to demonstrate maintenance of the required coverages throughout the Term.
- I. **Other Insurance Requirements.**
1. Contractor shall comply with all requirements of the insurers issuing policies. The carrying of insurance shall not relieve Contractor from any obligation under this Agreement. If any claim exceeding the amount of any deductibles or self-insured reserves is made by any third Person against Contractor on account of any occurrence related to this Agreement, Contractor shall promptly report the facts in writing to the insurance carrier and to Authority.

2. If Contractor fails to procure and maintain any insurance required by this Agreement, Authority may take out and maintain, at Contractor’s expense, such insurance as it may deem proper and deduct the cost thereof from any monies due Contractor.

13.6 Performance Bond

Within seven (7) Days after the Authority’s notification to the Contractor that the Authority has executed this Agreement, the Contractor shall file with the Authority a bond, payable to the Authority, in the form presented in Exhibit K, securing Contractor’s performance of its obligations under this Agreement. Such bond shall be approved by the Authority and renewed annually if necessary so that the performance bond is maintained at all times during the Term. The principal sum of the bond shall be One Million Dollars (\$1,000,000) and shall be adjusted every three (3) years, commencing with Rate Year Three, to equal one and half (1.5) months of the prior Rate Year’s annual Gross Receipts. The bond shall be executed as a surety by a corporation authorized to issue surety bonds in the State of California that has a rating of A or better in the most recent edition of Best’s Key Rating Guide, and that has a record of service and financial condition satisfactory to Authority.

ARTICLE 14 BREACH, DEFAULT, REMEDIES, AND TERMINATION

14.1 Events of Breach

Contractor’s failure to perform any provision of this Agreement shall constitute an Event of Breach. Each of the following shall constitute an Event of Breach:

- A. **Failure to Maintain Coverage.** The Contractor fails to provide or maintain in full force and affect the Workers’ Compensation, liability, or Indemnification coverage as required by this Agreement.
- B. **Violations of Applicable Law.** The Contractor violates Applicable Law relative to this Agreement, provided that Contractor may contest any such orders or filings in good faith, in which case no breach or default of this Agreement shall be deemed to have occurred upon final resolution of the contest or appeal in favor of Contractor.
- C. **Failure to Pay or Report.** The Contractor fails to make any payments to the Authority or its Member Agencies required under this Agreement, and/or refuses to provide Authority with required information, reports, and/or records in a timely manner as provided for in this Agreement.
- D. **Seizure or Attachment.** There is a seizure or attachment of, or levy on, some or all of Contractor’s operating equipment, including, without limitation, its maintenance or office facilities, or any part thereof.
- E. **Default of Other Authority Agreement.** If the Contractor or its Affiliate has entered into an agreement with the Authority in addition to this Agreement and is default under the terms and conditions of such other agreement.
- F. **Failure to Achieve Composting Standards.** The Contractor materially contributes to a failure or fails to achieve the Processing standards specified in Article 5, Article 6, and/or Article 8,

which are essential for the Authority to achieve compliance with Applicable Law including but not limited to SB 1383.

- G. **Failure to Provide Capacity.** The Contractor fails to provide adequate capacity in accordance with Section 5.1.D.
- H. **Labor Unrest.** Pursuant to Section 2.6, Contractor fails to perform services as required under this Agreement for any period of time due to labor unrest, including but not limited to strike, work stoppage or slowdown, sickout, picketing, or other concerted job action conducted by the Contractor's employees or directed at the Contractor or an Affiliate; or any labor action initiated by Contractor including, but not limited to, a lock-out.
- I. **Failure to Meet Turnaround Guarantee.** Pursuant to Section 8.8 and following initial notice by the Franchised Collector or the Authority to the Contractor of an instance of Contractor's failure to meet the turnaround guarantee for any one (1) Franchised Collector vehicle for more than five (5) consecutive Working Days following the initial notice or more than ten (10) Working Days in any sixty (60) Day period.

14.2 Contractor's Right to Remedy Breach

For any Material Event of Breach, except for labor unrest and Contractor's turnaround guarantee, the Authority shall promptly, or as soon as practicable, provide Contractor written notice of a Material Event of Breach. Upon written notice, Contractor shall have ten (10) Days to cure the breach. However, if Contractor demonstrates that: (a) the breach is curable; and, (b) ten (10) Days is insufficient to cure the breach, then Contractor shall receive an adequate extension of time to cure the breach giving due consideration to the nature of the Material Event of Breach and time required to cure.

A Material Event of Breach caused by labor unrest shall not require any written notice by the Authority. Beginning on the first Day of labor unrest, Contractor shall have ten (10) Days to cure the breach. Labor unrest shall not be allowed any extension of time beyond this initial ten (10) Day cure period.

For all other Events of Breach, the Authority shall promptly, or as soon as practicable, provide Contractor written notice of an Event of Breach. Upon written notice, Contractor shall have thirty (30) Days to cure the breach. However, if Contractor demonstrates that: (a) the breach is curable; and, (b) thirty (30) Days is insufficient to cure the breach, then Contractor shall receive an adequate extension of time to cure the breach giving due consideration to the nature of the Event of Breach and time required to cure.

An Event of Breach following Contractor's failure to meet the turnaround guarantee shall require written notice by the Authority following the Event of Breach, and Contractor shall have twenty-four (24) hours to cure the breach.

14.3 Acts Necessary to Perform Service

The Authority's failure to specifically require an act necessary to perform any of the services required under this Agreement and/or comply with law does not relieve Contractor of its obligation to perform such act, or the service(s) dependent on such act, or comply with all Federal, State, and local law and regulation at all times throughout the Term of this Agreement. To the extent that the Contractor engages or fails to engage in performing an act or service in violation of this Agreement or any law and fails to obtain explicit written permission from the Authority in advance when necessary, the Contractor shall be solely liable and the Authority shall not be responsible for any payment, compensation adjustments, or administrative support arising from the Contractor's actions or inactions.

In the event of any ambiguity as to the interpretation of the Agreement or the requirements of the Contractor under this Agreement, the Contractor shall be responsible for seeking written clarification and approval from the Authority prior to engaging in actions to resolve ambiguities or not otherwise explicitly stated in the Agreement. The Contractor acknowledges that any informal suggestions or recommendations, whether verbal or in writing, made by the Authority to Contractor shall not be relied upon by Contractor to the extent such suggestions or recommendations may compromise or inhibit Contractor's performance under this Agreement or ability to comply with any and all laws.

The Contractor assumes all liability and responsibility for actions and inactions to perform services under this Agreement in accordance with all laws and expressly waives any claims against the Authority or use of the Authority's actions or inactions as a legal defense for the Contractor's failure to perform or comply with any and all laws in the performance of this Agreement. To the extent the Contractor's non-compliance results in increased costs to the Authority, the Authority shall notify the Contractor, identifying the dollar value of such cost impacts, and the Contractor shall, within thirty (30) Days after written notice from the Authority, remit such costs to the Authority in the form of a direct payment sent or delivered to the Authority or paid to the Authority via an electronic payment method. The Authority retains the right to pursue any remedies specified in this Article in the event of non-compliance, at the Executive Director's sole discretion.

14.4 Event of Default

Each of the following shall constitute an Event of Default, upon which Authority shall promptly or as soon as practicable provide Contractor written notice of the default:

- A. **Failure to Cure Breach.** The Contractor fails to cure an Event of Breach as provided above in Section 14.2.
- B. **Repeated Pattern of Breach.** A pattern of breaches of this Agreement over time such that the combination of breaches constitutes a material failure by Contractor to perform its obligations, even if the Contractor cures each individual breach.
- C. **Fraud or Deceit.** The Contractor practices, or attempts to practice, any fraud or deceit upon the Authority.
- D. **False or Misleading Statements.** Any representation or disclosure made to the Authority by Contractor in connection with or as an inducement to entering into this Agreement, or any future amendment to this Agreement, which proves to be false or misleading in any material respect as of the time such representation or disclosure is made, whether or not any such representation or disclosure appears as part of this Agreement. In addition, any Contractor-provided report containing a misstatement, misrepresentation, data manipulation, or an omission of fact or content explicitly defined by the Agreement, excepting typographical and grammatical errors.
- E. **Failure to Perform.**
 - 1. General. Except as provided under Section 14.10, Contractor fails to provide Composting services as required under this Agreement for a minimum of either two (2) consecutive Business Days or three (3) non-consecutive Business Days within one (1) week. The Authority may give notice of the Contractor's failure to perform verbally by telephone to Contractor at its principal office and shall be effective immediately.

Written confirmation of such verbal notification shall be sent to the Contractor within twenty-four (24) hours of the verbal notification.

2. **Facility Disruption.** The Transfer Contractor is unable to use an Approved Facility(ies) under this Agreement for more than thirty (30) Days in a consecutive twelve (12) month period.
- F. **Criminal Activity.** The Contractor, its officer, managers, or employees are found guilty of criminal activity related directly or indirectly to performance of this Agreement or any other Agreement held with the Authority.
- G. **Assignment without Approval.** The Contractor transfers or assigns this Agreement without express written approval of the Authority, unless the assignment is permitted without Authority approval pursuant to Section 16.7.
- H. **Insolvency or Bankruptcy.** The Contractor becomes insolvent, unable, or unwilling to pay its debts, a receiver is appointed or Contractor’s assets are involuntarily assigned, or upon listing of an order for relief in favor of Contractor in a bankruptcy proceeding.
- I. **Failure to Pay Liquidated Damages.** The Contractor fails to pay Liquidated Damages within the ten (10) Day period.
- J. **Failure to Provide Adequate Assurances:** The Contractor fails or refuses to provide the Authority with adequate information to establish its ability to perform within thirty (30) Days.

14.5 Event of Default Not Curable

The Contractor shall have no right to cure an Event of Default.

14.6 Authority’s Remedies in the Event of Default

Upon a determination by Authority that an Event of Default has occurred, Authority has the following remedies:

- A. **Waiver of Default.** The Authority may waive any Event of Default if the Authority determines that such waiver would be in the best interest of the Member Agencies. The Authority’s waiver of an Event of Default is not a waiver of future events of default that may have the same or similar conditions.
- B. **Right to Terminate.** The Authority Board may terminate this Agreement. The Authority Board shall conduct a hearing upon ten (10) Days written notice to the Contractor to determine if termination is in the best interests of the public health, safety, and welfare of the Authority, its Member Agencies, and their constituents. In the event the Authority Board decides to terminate this Agreement, termination shall be effective thirty (30) Days, or such other period determined by the Authority Board, after Authority has given written notice to Contractor.
- C. **Right to Suspend.** The Authority Board may suspend this Agreement, in whole or in part, if Contractor fails to cure within the time frame specified in Section 14.2, until Contractor can provide assurance of performance in accordance with Section 14.11.
- D. **Other Available Remedies.** The Authority’s election of one (1) or more remedies described herein shall not limit the Authority from any and all other remedies at law and in equity, such as a right to immediately contract with another service provider.

14.7 Specific Performance

By virtue of the nature of this Agreement, the urgency of timely, continuous, and high-quality service, the lead time required to effect alternative service, and the rights granted by Authority to Contractor, the remedy of damages for a breach hereof by Contractor is inadequate and Authority shall be entitled to injunctive relief.

14.8 Authority's Remedies Cumulative

Authority's rights to suspend or terminate this Agreement, to obtain specific performance, and to perform under this Article are not exclusive, and Authority's exercise of one (1) such right shall not constitute an election of remedies. Instead, they shall be in addition to any and all other legal and equitable rights and remedies that the Authority may have, including a legal action for damages or imposition of Liquidated Damages under Section 14.9 and Exhibit F.

14.9 Liquidated Damages

The Parties agree that, as of the time of execution of this Agreement, it is impractical and extremely difficult to reasonably ascertain the extent of damages that Authority and its Member Agencies will suffer as a result of a breach by Contractor of its obligations under this Agreement. The Parties acknowledge that consistent and reliable Composting and Diversion services are of utmost importance to Authority, its Member Agencies, and their constituents. The Parties further recognize that some quantifiable standards of performance are necessary and appropriate to ensure consistent and reliable service and performance. Therefore, without prejudice to Authority's right to treat such non-performance as an Event of Breach or Event of Default, and in addition to any other remedies provided for in this Agreement, except as otherwise provided in Section 14.10, Authority may assess Liquidated Damages for Contractor's failure to meet specific performance standards, and Contractor agrees to pay the Liquidated Damages amounts specified in Exhibit F. Liquidated Damages are paid as damages, and not as a penalty. The Parties agree that the amounts set forth in Exhibit F represent a reasonable estimate of the amount of the damages that Authority and its Member Agencies will suffer for the specified breaches, considering all of the circumstances existing on the date of this Agreement.

- A. Prior to assessing Liquidated Damages, the Authority shall give Contractor written notice of its intention to do so. The notice shall include a brief description of the incident(s)/non-performance giving rise to the damages. Within three (3) Days after receiving the notice of intent, Contractor shall have the right to request that the Authority meet and confer regarding the notice of intent; the Parties should promptly meet and confer in good faith.
- B. Authority shall assess Liquidated Damages and provide Contractor with a written explanation of its determination for each incident(s)/non-performance. The Authority may assess Liquidated Damages for each Day or incident of non-performance with the Agreement. The decision of the Executive Director or designee shall be final, and subject only to the right to appeal the imposition of the Liquidated Damages to the Authority Board when the amount imposed exceeds Ten Thousand Dollars (\$10,000) per month in total for multiple events of non-performance. Thereafter, it is deemed the Contractor has exhausted all required administrative remedies.
- C. Contractor shall pay any Liquidated Damages assessed by Authority within ten (10) Days after they are assessed. If they are not paid within the ten (10) Day period, Authority may proceed against the performance bond required by the Agreement, and treat such failure as an Event of Default subject to the remedies in this Article.

14.10 Excuse from Performance

In the event that a Party is prevented from performing all or some of its obligations under this Agreement by an Uncontrollable Circumstance, it shall not constitute an Event of Breach or Event of Default, or otherwise form the basis to assess Liquidated Damages under, of this Agreement, so long as the Party in good faith has used its best efforts to perform its respective obligations. The Party claiming excuse from performance shall, within five (5) Days after such Party has notice of the effect of such cause, give the other Party notice of the facts constituting such cause and asserting its claim to excuse under this Section. Specifically, such information shall include the following:

- A. The Uncontrollable Circumstance and the cause thereof (to the extent known).
- B. The date the Uncontrollable Circumstance began, its estimated duration, and the estimated time during which the Party's performance of its obligations hereunder will be delayed.
- C. Potential mitigating actions that might be taken by either Party and any areas where costs might be reduced and the approximate amount of such cost reductions.

In the event that either Party validly exercises its rights under this Section, the Parties hereby waive any claim against each other for any damages sustained thereby.

In no event shall Contractor be excused from performance of a payment obligation under this Agreement.

14.11 Right to Demand Assurances of Performance

If the Authority believes in good faith that the Contractor's ability to perform under this Agreement has been placed in substantial jeopardy, the Authority may require that the Contractor provide reasonable assurances that none of the events listed below will prevent the Contractor from timely and proper performance of its obligations under this Agreement. Such events include, but are not limited to:

- A. The Contractor or an Affiliate is the subject of any labor unrest including work stoppages or slowdown, sick-out, picketing, or other concerted job action affecting this Agreement.
- B. Contractor or an Affiliate appears, in Authority's reasonable judgment, unable to regularly pay its bills as they become due.
- C. Contractor or an Affiliate is the subject of a civil or criminal judgment or order entered by a Federal, State, regional, or local agency for violation of a law that may affect performance under this Agreement, including but not limited to environmental laws, or laws related to fraud and malfeasance of public contracts.

If the Contractor fails or refuses to provide the Authority with adequate information to establish its ability to perform within thirty (30) Days, such failure or refusal shall be an Event of Default for the purposes of Section 14.4.

14.12 Waiver of Defenses

In order to ensure the non-interruption of a vital public service, except as provided in Section 14.10, the Contractor acknowledges that it is solely responsible for providing the services described herein, and hereby irrevocably waives the following defenses to the payment and performance of its obligations under this Agreement: any defense based upon failure of consideration, contract of adhesion, impossibility or impracticability of performance, commercial frustration of purpose, or the existence, non-existence,

occurrence or non-occurrence of any foreseen or unforeseen fact, event, or contingency that may be a basic assumption of the Contractor with regard to any provision of this Agreement.

14.13 Guaranty of Contractor's Performance

The Guarantor has agreed to guaranty Contractor's performance of this Agreement including Contractor's Indemnification obligations hereunder pursuant to a Guaranty Agreement in the form attached as Exhibit L. The Guaranty Agreement is provided to Contractor concurrently with this Agreement.

ARTICLE 15 RESOLUTION OF DISPUTES

15.1 Cooperation and Disputes Between Contractors

The Contractor shall fully comply with its obligations to provide services under this Agreement including Acceptance of Franchised Materials Delivered by the Transfer Contractor in a manner that meets the requirements of this Agreement and Applicable Law. The Contractor shall also fully comply with its obligations to deliver Franchised Materials to Approved and Designated Facilities. In the event of disputes between the Transfer Contractor and the Contractor or between Contractor and the Approved/Designated Facility(ies), either party may provide written notice of the dispute to the Authority and the other that includes a summary of the dispute, the Section(s) of the Agreement or agreements the asserted dispute arises from, an estimate of the financial implications to Contractor asserted, and a proposed resolution. Contractor agrees to timely meet and confer directly with the Transfer Contractor or Approved/Designated Facility(ies) in good faith to resolve the dispute for thirty (30) Days following the initial notice to the Authority and the other party, or a longer period may be established if mutually agreed upon between the parties. If, at the end of this meet and confer period, Contractor and Transfer Contractor or Contractor and Approved/Designated Facility(ies) have met and conferred in good faith but have not resolved the dispute, either party to the dispute may notify the Authority and the Authority shall follow the dispute resolution procedures provided in Section 15.2, 15.3, and 15.4 of this Agreement as well as any applicable provisions of the other party's contract with Authority. In the event of a dispute, Contractor shall continue performance of Contractor's obligations under this Agreement and shall attempt to continue to resolve that dispute in a cooperative manner including, but not limited to, negotiating in good faith.

15.2 Informal Resolution

Should a dispute arise with respect to the performance and obligations of the Parties hereunder at any time during the Term of this Agreement, the provisions of this Article shall apply. Either Party shall give the other written notice of such dispute. Such notice shall specify a date and location for the Parties to meet and confer in good faith to resolve any dispute that may arise in a cooperative and mutually-satisfactory manner. The Parties shall attempt to resolve their disputes informally to the maximum extent possible.

15.3 Mediation

In the event the Parties cannot resolve such dispute within thirty (30) Days after such notice, either Party may propose the appointment of a mediator for advice and non-binding mediation, and the other Party shall attend such mediation. If the mediator is unable, within thirty (30) Days thereafter, to reach a

determination as to the matter in dispute in a manner acceptable to the Parties hereto, then either Party may refer the matter to a Court of competent jurisdiction.

15.4 Pendency of Dispute

During the pendency of any dispute under this Article, all applicable time periods directly related to the dispute shall not be tolled. In addition, the pendency of any dispute shall not stay or affect the Authority's remedies under this Agreement including, but not limited to, the Authority's rights to terminate, suspend, or take possession of Contractor's property.

ARTICLE 16 OTHER AGREEMENTS OF PARTIES

16.1 Relationship of Parties

The Parties intend that Contractor shall perform the services required by this Agreement as an independent contractor engaged by Authority and nothing in this Agreement shall be deemed to constitute either Party an employee, partner, joint venturer, officer, agent, or legal representative of the other Party or to create any fiduciary relationship between the Parties. Neither Contractor nor its officers, employees, Subcontractors, Affiliates, or agents shall obtain any rights to retirement benefits, workers' compensation benefits, or any other benefits that accrue to Authority employees by virtue of the Contractor's Agreement with the Authority.

16.2 No Third Party Beneficiaries

This Agreement is not intended to, and will not be construed to, create any right on the part of any third party to bring an action to enforce any of its terms.

16.3 Compliance with Law

In providing the services required under this Agreement, the Contractor shall at all times comply with all Federal, State, and Local laws and regulations now in force and as may be enacted, issued, or amended during the Term.

16.4 Governing Law

This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of California.

16.5 Jurisdiction

Any lawsuits between the Parties arising out of this Agreement shall be brought and concluded in the courts of Contra Costa County in the State of California, which shall have exclusive jurisdiction over such lawsuits. With respect to venue, the Parties agree that this Agreement is made in and will be performed in Contra Costa County. Nothing in this Agreement shall be construed to limit the rights of either Party to seek judicial review of or remedies for any alleged breach of this Agreement by either Party.

16.6 Notice to Parties

All notices required or provided for in this Agreement shall be provided to the Parties at the following addresses, by personal delivery or deposit in the U.S. Mail, postage prepaid, registered or certified mail, addressed as specified below. Notices delivered personally shall be deemed received upon receipt; mailed or expressed notices shall be deemed received five (5) Days after deposit. A Party may change the address to which notice is given by giving notice as provided herein.

To Authority:

Executive Director
Central Contra Costa Solid Waste Authority
1850 Mt. Diablo Blvd, Suite 320
Walnut Creek, CA 94596

To Contractor:

Recology Blossom Valley Organics – North
Attn: Legal Department
50 California Street, 24th Floor
San Francisco, CA 94111

16.7 Assignment and Transfer of Agreement

Neither Party shall assign its rights or delegate, subcontract, or otherwise transfer its obligations under this Agreement to any other Person without the prior written consent of the other Party. Any such assignment made without the consent of the other Party shall be void and the attempted assignment shall constitute a material breach of this Agreement.

- A. For purposes of this Section when used in reference to Contractor, “assignment” shall include, but not be limited to (1) a sale, exchange or other transfer of any greater than fifty percent (50%) all of Contractor’s assets dedicated to service under this Agreement to a third party; (2) a sale, exchange or other transfer of outstanding common stock of Contractor to a third party provided said sale, exchange or transfer may result in a change of control of Contractor; (3) any dissolution, reorganization, consolidation, merger, re-capitalization, stock issuance or re-issuance, voting trust, pooling agreement, escrow arrangement, liquidation, subcontracting or lease-back arrangement, or other transaction that results in a change of ownership or control of Contractor; (4) any assignment by operation of law, including insolvency or bankruptcy, making assignment for the benefit of creditors, writ of attachment for an execution being levied against this Agreement, appointment of a receiver taking possession of Contractor’s property, or transfer occurring in the event of a probate proceeding; and, (5) any combination of the foregoing (whether or not in related or contemporaneous transactions) that has the effect of any such transfer or change of ownership, or change of control of Contractor.
- B. Contractor acknowledges that this Agreement involves rendering a vital service to the Member Agencies’ residents and businesses, and that the Authority has selected the Contractor to perform the services specified herein based on (1) the Contractor’s experience, skill and reputation for conducting its materials management operations in a safe, effective and responsible fashion, at all times in keeping with law, regulations and good materials

management practices, and (2) the Contractor's financial resources to maintain the required equipment and to support its Indemnity obligations to the Authority under this Agreement. The Authority has relied on each of these factors, among others, in choosing the Contractor to perform the services to be rendered by the Contractor under this Agreement.

- C. If the Contractor requests the Authority's consideration of and written consent to an assignment, the Authority may deny or approve such request in its complete discretion. Under no circumstances shall any proposed assignment be considered by the Authority if the Contractor is in default at any time during the period of consideration.
- D. No request by the Contractor for consent to an assignment need be considered by the Authority unless and until the Contractor has met the following requirements. However, the Authority may, in its sole discretion, waive one or more of these requirements:
 - 1. The Contractor shall pay a good faith deposit in the amount specified below to the Authority and shall pay for the Authority's actual expenses for attorneys, consultants', and accountants' fees, staff time, and investigation costs necessary to investigate the suitability of any proposed assignee, and to review and finalize any document required as a condition for approving any such assignment, including the performance of a Compliance Audit, as provided in Section 16.9 of this Agreement. Such payment shall be required regardless of the ultimate determination of the Authority regarding the approval or denial of the assignment. Upon submittal of the Contractor's request for assignment to the Authority, the Contractor shall submit an initial non-refundable deposit of Seventy-Five Thousand Dollars (\$75,000) for this purpose, that shall be adjusted annually by the Annual Percentage Change in CPI-U.
 - 2. The Contractor shall furnish the Authority with audited financial statements of the proposed assignee's operations for the immediately preceding three (3) operating years.
 - 3. The Contractor shall furnish the Authority with satisfactory proof that: (1) the proposed assignee has at least ten (10) years of Organic Materials management experience on a scale equal to or exceeding the scale of operations conducted by the Contractor under this Agreement; (2) in the last five (5) years, the proposed assignee has not suffered any citations or other censure from any Federal, State or local agency having jurisdiction over its materials management operations due to, in the Authority's sole and reasonable discretion, any material or significant failure to comply with State, Federal or local waste management laws and that the assignee has provided the Authority with a complete list such citations and censures; (3) the proposed assignee has at all times conducted its operations in an environmentally safe and conscientious fashion; (4) the proposed assignee conducts materials management practices in full compliance with all Federal, State and local laws regulating the Composting of all Solid Waste, including Hazardous Waste; and, (5) any other information required by the Authority to ensure the proposed assignee can fulfill the Terms of this Agreement in a timely, safe, and effective manner.
- E. The Contractor shall provide the Authority with any and all additional records or documentation which, in the Authority's sole determination, would facilitate the review of the proposed assignment.
- F. On the date the Authority provides notice to the Contractor that the Authority intends to approve the Contractor's written request for an assignment, the Contractor shall pay the

Authority a transfer fee in the amount of ten percent (10%) of the Gross Receipts for the most-recently-completed Rate Year. The Authority's approval of such an assignment shall be conditioned on the receipt of the transfer fee.

- G. Any assignment by the Authority may only be made to a different or successor joint powers agency, a Member Agency or Agencies, or similar public corporation. While nothing in this Agreement is intended to prevent the Authority from assigning its rights and obligations under this Agreement to a different or successor joint powers authority organized for the purpose of dealing with materials management matters on a county-wide or regional basis, such an assignment may occur without prior written consent of the Contractor only where the Authority or all of its Member Agencies become members of that successor or new authority or agency. If the Authority requests consideration of and consent to an assignment (other than to a different or successor county-wide or regional joint powers agency as described above), the Contractor may deny or approve such request. The Contractor may request that the proposed assignee of the Authority provide such documents, resolutions, and ordinances that may be necessary for the Contractor to properly evaluate assignment to the proposed assignee. Nothing in this Section is intended to limit the Authority's discretion in allowing for new Member Agencies or altering the present composition of the Authority, however, such changes in composition or membership shall not affect the Service Area or mode of operation to which this Agreement applies.
- H. In the event a Member Agency seeks to withdraw from the Authority before the end of the Agreement's Term, the Member Agency's withdrawal is conditioned upon its consent to Assignment of this Agreement as well as the respective obligations of the Authority as it pertains to the Member Agency's jurisdictional area. The act of withdrawal shall also operate as the Authority's consent to Assignment of its respective rights and obligations under this Agreement to the withdrawing Member Agency. Any additional terms and conditions of withdrawal as well as the details of assuming the specific obligations of this Agreement shall be governed by the provisions of the Authority's Joint Powers Agreement as amended, and the decisions of the Authority Board.

16.8 Transition to Next Contractor

If the transition of services to another contractor occurs through expiration of the Term, default and termination, or otherwise, then Contractor will cooperate with Authority and subsequent contractor(s) to assist in an orderly transition. The Contractor may, but is not obligated to, sell its vehicles, or equipment to the next contractor.

16.9 Compliance Audit

In the event the Contractor has requested the Authority's consideration of an Assignment, as provided in Section 16.7 of this Agreement or, if, in Authority's sole determination, there is any doubt regarding the compliance of Contractor with this Agreement, in addition to the Performance Review described in Section 11.2 of this Agreement, the Authority may require an audit of Contractor's compliance and the costs of such an audit shall be paid by Contractor in advance of the performance of said audit. This audit is in addition to the Performance Review described in Section 11.2 of this Agreement.

16.10 Binding on Successors

The provisions of this Agreement shall inure to the benefit of and be binding on the successors and permitted assigns of the Parties.

16.11 Non-Waiver

Failure of either Party to exercise any of the remedies set forth herein within the time periods provided for shall not constitute a waiver of any rights of that Party with regard to that failure to perform or subsequent failures to perform, whether determined to be a breach, excused performance, or unexcused defaults, by the other Party.

ARTICLE 17 MISCELLANEOUS PROVISIONS

17.1 Entire Agreement

This Agreement, including the Exhibits and any attachments or appendices, represents the full and entire Agreement between the Parties with respect to the matters covered herein.

17.2 Amendment

Except as provided in Section 17.10, neither this Agreement nor any provision hereof may be changed, modified, amended, or waived except in written agreement duly executed by and between the Authority and Contractor.

17.3 Section Headings

The article and section headings in this Agreement are for convenience of reference only and are not intended to be used in the construction of this Agreement nor to alter or affect any of its provisions.

17.4 References to Laws

All references in this Agreement to laws shall be understood to include such laws as they may be subsequently amended or recodified, unless otherwise specifically provided.

17.5 Interpretation

This Agreement shall be interpreted and construed reasonably and neither for nor against either Party, regardless of the degree to which either Party participated in its drafting.

17.6 Severability

If any clause, provision, subsection, section, or article of this Agreement is for any reason deemed to be invalid and unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such portion shall not affect any of the remaining parts of this Agreement, which shall be enforced as if such invalid or unenforceable portion had not been contained herein.

17.7 Further Assurance

Each Party agrees to execute and deliver any instruments and to perform any acts as may be necessary or reasonably requested by the other in order to give full effect to this Agreement.

17.8 Counterparts

This Agreement may be executed in counterparts, each of which shall be considered an original.

17.9 Exhibits

Each of the Exhibits identified as Exhibits A through R are attached hereto and incorporated herein and made a part hereof by this reference.

17.10 The Authority's Right to Make Administrative Changes

The Parties acknowledge that the Franchised Collector will, and the Recyclables Contractor, Commercial Food Scraps Contractor, Reuse Contractor, Transfer Contractor, Disposal Contractor, and Mixed Waste Contractor may, be selected by the Authority after the execution of this Agreement. The Contractor acknowledges that the Authority drafted and negotiated this Agreement with the aim of maintaining uniformity and consistency across all its service agreements with its contractors and ensuring interdependent and/or interrelated provisions among or across the service agreements do not conflict. The Contractor hereby grants the Authority the unilateral right to make administrative and/or non-material changes to this Agreement (e.g., to align the use of defined terms, to reflect the names and addresses of facilities, to correct inadvertent ambiguity) after it is executed by the Contractor through the date the Authority executes the last in the series of agreements with the Franchised Collector. Such changes will not require mutual consideration and are not intended to uniquely benefit or disadvantage any one (1) contractor or the Authority. The Authority shall provide written notice of any changes made to this Agreement by the Authority pursuant to this Section within thirty (30) Days after the date the Franchised Collection Agreement is executed. The Authority's changes will be made in the form of a restated Agreement that will be limited to the administrative changes mentioned in this Section 17.10. The Authority and the Contractor shall each promptly execute such restated Agreement; the Contractor shall not interfere with, frustrate, or otherwise delay execution of such restated Agreement made in accordance with this Section 17.10

17.11 Electronic Signatures

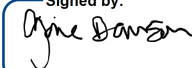
The Parties hereby agree that this Agreement and any other documents to be delivered in connection herewith may be electronically signed, and that any electronic signatures appearing on this Agreement, or such other documents, are the same as handwritten signatures for the purposes of validity, enforceability, and admissibility.

17.12 Actions of the Authority in its Governmental Capacity

Nothing herein shall be interpreted as limiting the right of the Contractor to bring any legal action against the Authority arising out of any act or omission of the Authority in its governmental or regulatory capacity.

IN WITNESS WHEREOF, Authority and Contractor have executed this Agreement as of the Day and year first above written.

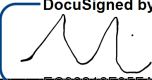
Authority

Signed by:
By: 
CAFOA6ABA80E4F4...
Board Chairperson
Gina Dawson
Printed name

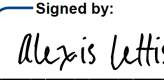
CONTRACTOR

DocuSigned by:
By: 
444C41D60A26433...
Chief Executive Officer
Salvatore M. Coniglio
Printed name

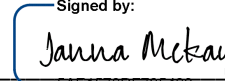
Approved as to Form:

DocuSigned by:
By: 
EC98216F05FA4DB...
Authority Legal Counsel
Deborah L. Miller
Printed name

Approved as to Form:

Signed by:
By: 
E59975E80A3A440...
Contractor Legal Counsel
Alexis Lettis
Printed name

Attest:

Signed by:
By: 
5AE1579DF735493...
Board Secretary

**EXHIBIT A:
DEFINED TERMS**

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EXHIBIT A: DEFINED TERMS

For the purposes of this Agreement, there may be defined terms that are used only used in this Agreement to provide context to the Contractor on the Authority's separate agreements with other contractors and operators of facilities used under those agreements.

"AB 341" means the California Jobs and Recycling Act of 2011 (Chapter 476, Statutes of 2011 [Chesbro, AB 341]), also commonly referred to as "AB 341," as amended, supplemented, superseded, and replaced from time to time.

"AB 901" means Assembly Bill 901, approved by the Governor of the State of California on October 10, 2015, which amended Section 41821.5 of; amended, renumbered, and added Section 41821.6 of; and, added Sections 41821.6 to, the California Public Resources Code, relating to solid waste, as amended, supplemented, superseded, and replaced from time to time.

"AB 939" means the California Integrated Waste Management Act of 1989 (California Public Resources Code Sections 40000 et seq.), as amended, supplemented, superseded, and replaced from time to time.

"AB 1201" means Assembly Bill 1201, approved by the Governor of the State of California on October 5, 2021, which amended Sections 42356, 42356.1, and 42357 of, and amended the heading of Chapter 5.7 (commencing with Section 42355) of Part 3 of Division 30 of, the California Public Resources Code, relating to solid waste, as amended, supplemented, superseded, and replaced from time to time.

"AB 1594" means Assembly Bill 1594 approved by the Governor of the State of California on September 28, 2014, which amended Sections 40507 and 41781.3 of the California Public Resources Code, relating to solid waste, as amended, supplemented, superseded, and replaced from time to time.

"AB 1669" means Assembly Bill 1669 approved by the Governor of the State of California on September 30, 2016, which amends California Labor Code Sections 1070 through 1076 with respect to the hiring of displaced employees under service contracts for the collection and transportation of solid waste.

"AB 1826" means the Organic Waste Recycling Act of 2014 (Chapter 727, Statutes of 2014 modifying Division 30 of the California Public Resources Code), also commonly referred to as "AB 1826," as amended, supplemented, superseded, and replaced from time to time.

"AB 2176" means the Large Venue Recycling Act (an act to amend Section 42911 of, and to add Chapter 12.7 (commencing with Section 42648) to Part 3 of Division 30 of, the California Public Resources Code, relating to Recycling), also commonly referred to as "AB 2176," as amended, supplemented, superseded, and replaced from time to time.

"Accept" or **"Acceptance"** (or other variations thereof) means the receipt and acceptance of Delivered Franchised Material by an Approved or Designated Facility that results in a transfer of ownership of any Franchised Material: i) from the Transfer Contractor to the Contractor; or, ii) from the Contractor to an Approved Facility.

"Advanced Clean Fleets Regulation" means 13 CCR Sections 2013, 2013.1, 2013.2, 2013.3, 2013.4, 2014, 2014.1, 2014.2, 2014.3, 2015, 2015.1, 2015.2, 2015.3, 2015.4, 2015.5, 2015.6, and 2016, as amended, supplemented, superseded, and replaced from time to time.

EXHIBIT A: DEFINED TERMS

“Affiliate” means any Person, corporation, or other entity directly or indirectly controlling or controlled by another Person, corporation, or other entity, or under direct or indirect common management or control with such Person, corporation, or entity. As between any two (2) or more Persons or entities, when ten percent (10%) of one is owned, managed, or controlled by another, they are hereunder Affiliates of one another. In a joint venture, each party to the joint venture may have their own Affiliate.

“Agreement” means this Agreement for Commingled Organics Composting services between the Authority and the Contractor, including all exhibits, attachments, and any future amendments hereto.

“Allowable” or **“Allowed”** (or other variations thereof) means the type of materials that are permitted to be placed in each of the different Source Separated Containers by Generators to maximize Acceptance by the Approved and Designated Facilities and may include limited materials that are considered Contaminants, as specified in Exhibit C, in order to facilitate ease of set-out and containment of materials by Generators.

“Alternative Daily Cover (ADC)” means cover material used at a Disposal Site, other than at least six (6) inches of earthen material, placed on the surface of the active face of the refuse fill area at the end of each operating Day to control blowing Litter, fires, odor, scavenging, and vectors; or, means materials used as soil amendments for erosion control and landscaping.

“Alternative Intermediate Cover (AIC)” means CalRecycle-approved materials other than soil used at a landfill on all surfaces of the fill where no additional Solid Waste will be deposited within one hundred and eighty (180) Days. Generally, these materials must be processed so that they do not allow gaps in the face surface that would provide breeding grounds for insects and vermin.

“Anaerobic Digestion” means a method of treatment in which Organic Materials are biologically decomposed in an enclosed chamber using microorganisms to break down biodegradable material, normally in the absence of oxygen, and converted into renewable energy by producing biogas and digestate.

“Annual Percentage Change” means the annual percentage change in any of the indices defined below, calculated as described in the following paragraph.

The Annual Percentage Change for a cost index shall be calculated as the Average Index Value for the most recently available twelve- (12-) month period of the then-current Rate Year minus the Average Index Value for the corresponding twelve- (12-) month period of the most-recently-completed Rate Year and the result of which shall be divided by the Average Index Value for the same twelve- (12-) month period of the most recently completed Rate Year. The Annual Percentage Change shall be rounded (up or down) to the nearest thousandth (1,000th).

For example, if the Contractor is preparing its Rate application in January of 2028 for Rates to be effective for Rate Year Two, the Annual Percentage Change in CPI shall be calculated as follows: [(Average Index Value CPI for January 2027 through December 2027) – (Average Index Value CPI for January 2026 through December 2026)] / (Average Index Value CPI for January 2026 through December 2026)].

“Applicable Law” means all Federal, State, and local laws, regulations, rules, orders, judgments, Permits, approvals, or other requirements of any governmental body having jurisdiction over the Collection,

EXHIBIT A: DEFINED TERMS

Transfer, Transport, Processing, Diversion, and Disposal of Solid Waste, Recyclable Materials, Organic Materials, C&D, Unpermitted Waste, and/or Excluded Waste that are in force on the Effective Date and as they may be enacted, issued, or amended during the Term of this Agreement.

“Approved Affiliate” means the Affiliates listed in Exhibit H that provide services, property, or other support related directly or indirectly to this Agreement.

“Approved Alternate Facility(ies)” means Recology Hay Road dba Jepson Prairie Organics at 6426 Hay Road, Vacaville, CA 95687, which is owned and operated by Recology Inc. and that shall serve as a back-up facility for the Approved Composting Facility in the event the Approved Composting Facility is unavailable.

“Approved Composting Facility” means the Recology Blossom Valley Organics – North at 3909 Gaffery Rd, Vernalis, CA 95385, which is owned and operated by Recology Blossom Valley Organics – North. The Approved Composting Facility shall serve as the primary Composting Facility for Commingled Organics under this Agreement. For the purposes of this Agreement, the Approved Composting Facility shall also include the Approved Alternate Facility(ies) where the collective reference to the facilities is most appropriate.

“Approved Facility(ies)” means those facilities owned and/or operated by the Contractor that are the subject of this Agreement and approved by the Authority for use by the Contractor in the performance of services under this Agreement.

“Authority” or **“The Authority”** means the Central Contra Costa Solid Waste Authority or its Executive Director.

“Authority Board” or **“Board”** means the duly elected representatives from each Member Agency’s governing body, or its successor municipal governing body of the Authority.

“Authority Reimbursements” means fixed and/or per-Ton amounts or percentages the Authority may require Contractor to pay the Authority in consideration of the exclusive rights provided in Section 2.1, the costs of administering the Source Reduction and Recycling Elements and Non-Disposal Facility Elements of AB 939, the costs associated with managing the programs and services, and administering the rights, privileges, and services provided under this Agreement and other service agreements that may be established in accordance with Article 9, including amounts the Authority may require Franchised Collector and/or Contractor to pay the Authority so the Authority can pay the Recyclables Contractor, Commercial Food Scraps Contractor, Reuse Contractor, Transfer Contractor, Disposal Contractor, Mixed Waste Contractor and/or other related Authority contractors for services provided under those agreements.

“Average Index Value” means the sum of the monthly index values during the most recently available twelve- (12-) month period divided by twelve (12) (in the case of indices published monthly) or the sum of the bi-monthly index values divided by six (6) (in the case of indices published bi-monthly).

“Billings” means any and all statements of charges for services rendered, howsoever made, described, or designated by the Contractor, or made by the Authority or others for the Contractor, pursuant to the terms and conditions of this Agreement.

EXHIBIT A: DEFINED TERMS

“Bin(s)” means a Container with a capacity of one (1) to eight (8) cubic yards and a hinged lid. Bins may or may not have wheels.

“Business Days” means Days during which the Authority offices are open to do business with the public.

“CALGreen” means the California Green Building Standards Code, Part 11, Title 24, of the CCR, as amended, supplemented, superseded, and replaced from time to time, and including, but not limited to, any implementing local regulations related to CALGreen that are included in any Member Agency Municipal Code.

“California Code of Regulations (CCR)” means the State of California Code of Regulations. CCR references in this Agreement are preceded with a number that refers to the relevant Title of the CCR (e.g., “14 CCR” refers to Title 14 of CCR).

“CalRecycle” means California's Department of Resources Recycling and Recovery.

“CARB” means the California Air Resources Board.

“Cart(s)” means a plastic Container with a hinged lid and wheels with varying capacities ranging from twenty (20) to ninety-six (96) gallons.

“CERCLA” means the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. Section 9600 et seq.).

“Change in Law” means any of the following events or conditions:

- A. The enactment, adoption, promulgation, issuance, modification, elimination, or written change in administrative or judicial interpretation of any Applicable Law on or after the Effective Date.
- B. The order or judgment of any Federal, State, or local governmental body having jurisdiction over the Collection, Transfer, Transport, Processing, Diversion, or Disposal of Solid Waste, Recyclable Materials, Organic Materials, C&D, Unpermitted Waste, and/or Excluded Waste, on or after the Effective Date, to the extent such order or judgment is not the result of willful or negligent action, error or omission, or lack of reasonable diligence of the Authority or the Contractor, whichever is asserting the occurrence of a Change in Law; provided, however, that the contesting in good faith or the failure in good faith to contest any such order or judgment shall not constitute or be construed as such a willful or negligent action, error or omission, or lack of reasonable diligence.

“Collect” or **“Collection”** (or other variations thereof) means the act of removing Franchised Materials from the place of generation within the Service Area and Delivering such materials to an Approved or Designated Facility.

“Commencement Date” means March 1, 2027, or the date when the Contractor shall begin to provide all services set forth in this Agreement.

“Commercial” means of, from, or pertaining to non-Residential Premises where business activity is conducted, including, but not limited to, retail sales, services, wholesale operations, institutions,

EXHIBIT A: DEFINED TERMS

manufacturing and industrial operations, and including hotels, motels, and other similar Premises and any and all facilities operated by governmental entities within the Service Area, but excluding businesses conducted upon Residential Premises that are Permitted under applicable zoning regulations and are not the primary use of the property.

“Commercial Edible Food Generator” includes Tier One Commercial Edible Food Generators and Tier Two Commercial Edible Food Generators, or as otherwise defined in 14 CCR Section 18982(a)(7). For the purposes of this definition, Food Recovery Organizations and Food Recovery Services are not Commercial Edible Food Generators, or as otherwise specified by 14 CCR Section 18982(a)(7).

“Commercial Food Scraps” means, when used together, Food Scraps and Allowable Food-Soiled Paper that are separated from Solid Waste by Commercial Generators and set out in accordance with the Authority’s Collection program. Commercial Food Scraps does not include Unpermitted Waste, Excluded Waste, or other Franchised Materials. Allowable Commercial Food Scraps includes, at a minimum, the materials listed in Exhibit C of this Agreement that may be replaced by a list posted by the Authority’s Executive Director in their sole discretion from time to time and provided to the Contractor.

“Commercial Food Scraps Contractor” means the contractor to the Authority at any given time during the Term of this Agreement that is responsible for Pre-Processing of Commercial Food Scraps at the Designated Commercial Food Scraps Pre-Processing Facility. In the event of a change in the Commercial Food Scraps Contractor during the Term of this Agreement, the Authority shall notify the Contractor of the new Commercial Food Scraps Contractor(s) within thirty (30) Days after the effectiveness of the contract with the new Commercial Food Scraps Contractor(s).

“Commingled Organics” means Food Scraps, Food-Soiled Paper, and Yard Trimmings that are separated from Solid Waste by Generators and set out in accordance with the Authority’s Collection program. Commingled Organics does not include Commercial Food Scraps, Unpermitted Waste, Excluded Waste, or other Franchised Materials. Commingled Organics includes, at a minimum, the materials listed in Exhibit C as of the Effective Date that may be replaced from time to time to the extent required to comply with Applicable Law and any mandatory Extended Producer Responsibility Program(s) described in Section 7.5 or as a result of a Change in Scope in accordance with Section 2.4.

“Community Composting” means any activity that Composts green material, agricultural material, food material, and vegetative food material, alone or in combination, and the total amount of feedstock and compost on-site at any one time does not exceed 100 cubic yards and 750 square feet, as specified in 14 CCR Section 17855(a)(4)

“Compactor” means a mechanical apparatus that compresses materials to reduce their volume.

“Compost” or **“Composting”** (or other variations thereof) means a method of treatment in which Organic Materials are biologically decomposed under controlled aerobic conditions to produce a safe and nuisance-free Compost Product.

“Compost Product” means the product resulting from the controlled biological decomposition of Organic Materials that are Source Separated from Solid Waste, or are separated at a centralized Composting Facility and have met the standards outlined in 14 CCR Sections 17868.1 through 17868.5.

EXHIBIT A: DEFINED TERMS

“Compostable Plastic(s)” means plastic materials that meet Biodegradable Products Institute (BPI) standards for certification.

“Construction and Demolition Debris” or **“C&D”** means Discarded Materials removed from Premises during the construction or renovation of a structure as a result of construction, remodeling, repair, or demolition operations on any Residential or Commercial building or other structure, including pavement. Typically, building or other modification Permits are required for Premises during construction or renovation; however, a property owner’s failure to secure Permits shall not change the way materials from such projects are defined herein.

“Container(s)” means a receptacle for temporary storage of Discarded Materials. Containers include, but are not limited to, Bins, Carts, Compactors, and Drop Boxes.

“Contaminant(s)” (or other variations thereof) means the following: (i) Discarded Materials placed in the Recyclable Materials Container that are not identified as Allowable Recyclable Materials in the Authority’s Collection program or by the Designated Recyclable Materials Processing Facility, as identified in Exhibit C; (ii) Discarded Materials placed in the Commercial Food Scraps Container that are not identified as Allowable Commercial Food Scraps in the Authority’s Collection program or by the Designated Pre-Processing Facility or Designated Anaerobic Digestion Facility as identified in Exhibit C (iii) Discarded Materials placed in the Commingled Organics Container that are not identified as Allowable Commingled Organics in the Authority’s Collection program or by the Approved Composting Facility as identified in Exhibit C; (iv) Discarded Materials placed in the Solid Waste Container that are identified as Allowable Recyclable Materials, Commercial Food Scraps, and/or Commingled Organics to be placed in the Franchised Collector’s Containers or otherwise managed under the Authority’s Collection program; and, (v) Excluded Waste and/or Unpermitted Waste placed in any Container.

“Contractor” means Recology Blossom Valley Organics – North, a California corporation, and any Approved Affiliates and Subcontractors.

“Contractor Revenue” means Gross Receipts plus any revenue received by the Contractor for sale of Franchised Materials or their resulting by-products allowable under this Agreement, less any revenue shared with the Authority pursuant to Article 9.

“Contractor’s Proposal” means that certain proposal submitted by the Contractor to the Authority dated May 31, 2024 that is attached as Exhibit G to this Agreement.

“CPI-U” means the Consumer Price Index, All Urban Consumers, Water and Sewer and Trash Collection Services, U.S. City Average, Seasonally Adjusted, Series ID: CUSR0000SEHG compiled and published bi-monthly by the U.S. Department of Labor, Bureau of Labor Statistics (Series ID CUUSS49BSA0, Base Period 1982-84 = 100). If the CPI-U index is no longer available or published, both the Contractor and the Authority shall agree on a successor index to use in its place.

“Curb” or **“Curbside”** (or other variations thereof) means the location of a Collection Container for pick-up, where such Container is placed on the public or private street or alley against the face of the street edging or curb, or where no curb exists, Container is placed on the street surface and not more than three (3) feet from the outside edge of the street or alley nearest the property’s entrance that is safely accessible by or to the Collection vehicle.

EXHIBIT A: DEFINED TERMS

“Customer” means the Person receiving Residential or Commercial Collection services for Franchised Materials generated on Premises located in the Service Area from the Franchised Collector or Reuse Contractor, or other entities with whom the Authority has contracted. The Customer may be the Occupant, Owner, or manager of the Premises.

“Days” means calendar days, including Saturdays, Sundays, and Holidays, except as otherwise specifically provided herein.

“Delivered” or **“Delivery”** (or other variations thereof) means arrival of Franchised Materials in the Transfer Contractor vehicles at the entrance of Approved or Designated Facility(ies) during Facility receiving hours for the purposes of Acceptance.

“Designated Anaerobic Digestion Facility” means the East Bay Municipal Utility District Site at 2020 Wake Avenue, Oakland, CA, which is owned and operated by East Bay Municipal Utility District and designated by the Authority for Processing of Commercial Food Scraps through Anaerobic Digestion and conversion into renewable energy.

“Designated Commercial Food Scraps Pre-Processing Facility” means the Contra Costa Transfer Station located at the Commercial Food Scraps Contractor’s Facility at 951 Waterbird Way, Martinez, California, which is owned and operated by Allied Waste Systems, Inc. dba Contra Costa Transfer. For the purpose of this Agreement, the Designated Commercial Food Scraps Pre-Processing Facility shall also include the Commercial Food Scraps Contractor’s approved alternate facility(ies).

“Designated Disposal Facility” means the Keller Canyon Landfill located at 901 Bailey Road, Pittsburg, California, which is owned and operated by Keller Canyon Landfill Company dba Keller Canyon Landfill. For the purpose of this Agreement, the Designated Disposal Facility shall also include the Disposal Contractors approved alternative facility(ies).

“Designated Facility(ies)” means any one (1) or combination of the Designated Anaerobic Digestion Facility, Designated Disposal Facility, Designated Recyclable Materials Processing Facility, Designated Pre-Processing Facility, and Designated Transfer Facility that are not the subject of this Agreement and where the Authority has entered into a separate agreement for the service(s) provided. Upon commencement of Mixed Waste Processing Services, if implemented during the Term, this Designated Facilities definition shall also include the Designated Mixed Waste Processing Facility.

“Designated Mixed Waste Processing Facility” means _____ located at _____, which is owned and operated by _____, if Mixed Waste Processing is implemented during the Term. For the purpose of this Agreement, the Designated Mixed Waste Processing Facility shall also include the Mixed Waste Contractor’s approved alternate facility(ies). The Parties acknowledge that the Mixed Waste Processing Facility may be selected by the Authority after the execution of this Agreement, and the Authority shall notify the Contractor of the location and ownership of the Designated Mixed Waste Processing Facility within thirty (30) Days after the effectiveness of the contract with the initial Mixed Waste Contractor and upon any change in the Designated Mixed Waste Processing Facility and/or Mixed Waste Contractor.

“Designated Recyclable Materials Processing Facility” means the Mt. Diablo Recycling Facility located at 1300 Loveridge Road, Pittsburg, California, which is owned and operated by Mt. Diablo Paper Stock, Inc.

EXHIBIT A: DEFINED TERMS

dba Mt. Diablo Recycling. For the purpose of this Agreement, the Designated Recyclable Materials Processing Facility shall also include the Recyclable Materials Contractor's approved alternative facility(ies).

"Designated Transfer Facility" means the Contra Costa Waste Service Transfer Station located at 1300 Loveridge Road, Pittsburg, California, which is owned and operated by Contra Costa Waste Service, Inc. dba Mt. Diablo Resource Recovery, MDRR, and Recycling Center and Transfer Station. For the purpose of this Agreement, the Designated Transfer Facility shall also include the Transfer Contractor's approved alternate facility(ies).

"Designated Waste" means non-Hazardous Waste that may pose special disposal problems because of its potential to contaminate the environment and that may be Disposed of only in Class II Disposal facilities or Class III Disposal facilities pursuant to a variance issued by the California Department of Health Services. Designated Waste consists of those substances classified as Designated Waste by the State, in 23 CCR Section 2522 as may be amended from time to time.

"Discarded Material" means any waste materials (other than Unpermitted Waste and/or Excluded Waste) produced by Generators that are no longer of use to the Generator and that have become the subject of regulation. Discarded Materials may become Franchised Materials if the Generator Source Separated the Discarded Materials into one or more type(s) of Franchised Materials.

"Disposal" (or other variations thereof) means the final disposition of Solid Waste or Processing Residue at a Disposal Site.

"Disposal Contractor(s)" means the contractor to the Authority at any given time during the Term of this Agreement that is responsible for Disposing of Solid Waste at the Designated Disposal Facility. In the event of a change in the Disposal Contractor during the Term of this Agreement, the Authority shall notify the Contractor of the new Disposal Contractor(s) within thirty (30) Days after the effectiveness of the contract with the new Disposal Contractor(s).

"Disposal Site" means a Permitted location for the ultimate Disposal of solid waste or Processing Residue.

"Diversion" (or other variations thereof) means to prevent Franchised Materials from Disposal at a landfill or transformation facilities (including pyrolysis, distillation, gasification, or biological conversion methods) through Source Reduction, reuse, Recycling, Composting, Anaerobic Digestion, or other method of Processing, in accordance with the provisions of AB 939 and SB 1383.

"Drop Box" means an open-top Container with a capacity of eight (8) to forty (40) cubic yards that is serviced by a roll-off Collection vehicle.

"Dwelling Unit" means any individual living unit in a Single-Family Dwelling (SFD) or Multi-Family Dwelling (MFD) structure or building, a mobile home, motor home, micro-unit, or single-room occupancy (SRO), located on a permanent site intended for, or capable of being utilized for, Residential living other than a hotels or motels

"Edible Food" means food intended for human consumption, as defined in 14 CCR Section 18982(a)(18). For the purposes of this Agreement, Edible Food is not Solid Waste or Food Scraps if it is recovered as intended. Nothing in this Agreement requires or authorizes the recovery of Edible Food that does not meet

EXHIBIT A: DEFINED TERMS

the food safety requirements of the California Retail Food Code portion of the California Health and Safety Code.

“Effective Date” means the date on which the Agreement becomes binding upon the Parties, which is the date when the latter of the Parties has executed this Agreement.

“Event of Default” means a default by the Contractor as described in Section 14.4.

“Excluded Waste” means Hazardous Substance, Hazardous Waste, infectious waste, Designated Waste, volatile, corrosive, biomedical, infectious, biohazardous, and toxic substances or material, waste that the Contractor reasonably believes would, as a result of or upon Disposal, be a violation of local, State or Federal law, regulation or ordinance, including land use restrictions or conditions, waste that cannot be Disposed of in Class III landfills, waste that in the Contractor’s reasonable opinion would present a significant risk to human health or the environment, cause a nuisance or otherwise create or expose the Contractor or the Authority to potential liability; but not including de minimis volumes or concentrations of waste of a type and amount normally found in Residential Solid Waste after implementation of programs for the safe Collection, Recycling, treatment, and Disposal of batteries and paint in compliance with Sections 41500 and 41802 of the California Public Resources Code. Excluded Waste does not include Used Motor Oil and Filters or Household Batteries when properly Delivered to Contractor, as set forth in this Agreement.

“Executive Director” means the Executive Director of the Authority or their designated representative, which may include outside attorneys, accountants, consultants, volunteers, or contractors to the Authority.

“Extended Producer Responsibility Program” or **“EPR Program”** means an environmental program or policy codified, enforced, and/or monitored by local, State, or Federal governments in which a producer’s, distributor’s, or retailer’s administrative, financial, operational, and/or physical responsibility for a product is extended to the post-consumer stage of a product’s life cycle. Extended Producer Responsibility Programs may be implemented by individual producers, collective industry organizations such as a producer responsibility organization or Stewardship Organization, or other regulated entities specified under the program. Such programs may cover individual products or categories of products, using one (1) or more funding mechanisms, as defined in the regulation(s) establishing the program.

“Facility” means any plant or site, owned or leased and maintained and/or operated or used by the Contractor for purposes of performing under this Agreement.

“Facility User” means any Person delivering Discarded Materials, Franchised Materials, Solid Waste, or any other material, to an Approved or Designated Facility, including, but not limited to, the Franchised Collector, the Reuse Contractor, the Transfer Contractor, Authority staff or designees, Stewardship Organizations or Extended Producer Responsibility Program participants, and Self-Haulers.

“Federal” means belonging to or pertaining to the Federal government of the United States.

“Food Distributor” means a company that distributes food to entities including, but not limited, to Supermarkets and grocery stores as defined in 14 CCR Section 18982(a)(22).

EXHIBIT A: DEFINED TERMS

“Food Recovery” means actions to collect and distribute food for human consumption which otherwise would be Disposed, or as otherwise defined in 14 CCR Section 18982(a)(24).

“Food Recovery Organization” means an entity that primarily engages in the collection or receipt of Edible Food from Commercial Edible Food Generators and distributes that Edible Food to the public for Food Recovery either directly or through other entities, including, but not limited to:

- A. A food bank as defined in Section 113783 of the California Health and Safety Code.
- B. A nonprofit charitable organization as defined in Section 113841 of the California Health and Safety code.
- C. A nonprofit charitable temporary food facility as defined in Section 113842 of the California Health and Safety Code.

“Food Recovery Service” means a Person or entity that collects and transports Edible Food from a Commercial Edible Food Generator to a Food Recovery Organization or other entities for Food Recovery, or as otherwise defined in 14 CCR Section 18982(a)(26).

“Food Scraps” means discarded food that will decompose and or/putrefy including: (i) all kitchen and table food; (ii) animal or vegetable waste that is generated during or results from the storage, preparation, cooking or handling of food stuffs; (iii) fruit waste, grain waste, dairy waste, meat, and fish waste; and, (iv) vegetable trimmings, houseplant trimmings, and other Organic Waste common to the occupancy of Residential dwellings and some Commercial kitchen operations.

“Food Service Provider” means an entity primarily engaged in providing food services to institutional, governmental, Commercial, or industrial locations of others based on contractual arrangements with these types of organizations as defined in 14 CCR Section 18982(a)(27).

“Food-Soiled Paper” means Compostable paper material that has come into contact with Food Scraps or liquid, such as, but not limited to, Compostable paper plates, paper coffee cups, napkins, and pizza boxes.

“Franchise” means the right granted by the Authority to the Contractor to provide Franchised Materials Collection services within the Service Area in accordance with the terms and conditions of this Agreement.

“Franchised Collector” means the contractor to the Authority at any given time during the Term of this Agreement that is responsible for the Collection of all Franchised Materials from Customers. The Parties acknowledge that this entity will be selected by the Authority after the execution of this Agreement and the Authority shall notify the Contractor of the Franchised Collector within thirty (30) Days after the effectiveness of the contract with the Franchised Collector and upon any change in the Franchised Collector.

“Franchised Materials” means collectively Solid Waste, Recyclable Materials, Commercial Food Scraps, and Commingled Organics set out by Customers in accordance with the Authority’s Collection program.

“Generator” means any Person that generates or produces Discarded Materials, or whose act first causes Discarded Materials to become subject to regulation.

EXHIBIT A: DEFINED TERMS

“Governmental Fees” means those fees charged, levied, or imposed by Federal, State, and local governmental bodies having jurisdiction over the Collection, Transfer, Transport, Processing, Diversion, and Disposal of Solid Waste, Recyclable Materials, Organic Materials.

“Gross Receipts” means total cash receipts that the Contractor receives from the Authority for the provision of services pursuant to this Agreement through Tipping Fees less Pass-Throughs. Gross Receipts do not include revenues from the sale of Recovered Materials.

“Guarantor” means Recology Blossom Valley Organics – North.

“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) CERCLA, 42 U.S.C. § 9601 et seq.; (ii) the Hazardous Materials Transportation Act, 49 U.S.C. § 1802 et seq.; (iii) the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq.; (iv) the Clean Water Act, 33 U.S.C. § 1251 et seq.; (v) the Clean Air Act, 42 U.S.C. § 7401 et seq.; (vi) California Health and Safety Code Sections 25115-25117, 25249.8, 25281, and 25316; and, (vii) California Water Code Section 13050.
- B. Any amendments, rules, or regulations promulgated thereunder to such enumerated statutes or acts currently existing or hereafter enacted.
- 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 biphenyls, petroleum, natural gas and synthetic fuel products, and by-products.

“Hazardous Waste” means all substances defined as Hazardous Waste, acutely Hazardous Waste, or extremely Hazardous Waste by the State in California Health and Safety Code Sections 25117, 25110.02, and 25115, in California Public Resources Code Section 40141, or in the future amendments to or recodifications of such statutes, or as identified and listed as Hazardous Waste by the U.S. Environmental Protection Agency, pursuant to the Federal Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.), all future amendments thereto, and all rules and regulations promulgated thereunder.

“Holidays” are defined as New Year’s Day and Christmas Day, unless otherwise agreed to between the Parties as provided in Section 8.3.C.

“Household Batteries” means alkaline batteries that are typically found in common household items such as flashlights, cameras, and toys.

“Implementation Period” means the period between the Effective Date and the Commencement Date during which the Contractor makes the necessary preparations in order to implement all the Contractor services and obligations set forth herein.

“Incompatible Material” or **“Incompatibles”** mean(s) human-made inert material, including, but not limited to, glass, metal, and plastic, and also includes Organic Waste that the receiving end-user, Facility,

EXHIBIT A: DEFINED TERMS

operation, property, or activity is not designed, permitted, or authorized to perform Organic Waste recovery activities as defined in 14 CCR Section 18983.1(b), or as otherwise defined by 14 CCR Section 17402(a)(7.5).

“Indemnity(ies)” or “Indemnification” means all defense and indemnities under this Agreement.

“Large Event” means an event, including, but not limited to, a sporting event or a flea market, that charges an admission price, or is operated by a local agency, and serves an average of more than two thousand (2,000) individuals per Day of operation of the event, at a location that includes, but is not limited to, a public, nonprofit, or privately owned park, parking lot, golf course, street system, or other open space when being used for an event, or as otherwise defined in 14 CCR Section 18982(a)(38).

“Large Venue” means a permanent venue facility that annually seats or serves an average of more than two thousand (2,000) individuals within the grounds of the facility per Day of operation of the venue facility, or as otherwise defined in 14 CCR, Division 7, Chapter 12. A venue facility includes, but is not limited to, a public, nonprofit, or privately owned or operated stadium, amphitheater, arena, hall, amusement park, conference or civic center, zoo, aquarium, airport, racetrack, horse track, performing arts center, fairground, museum, theater, or other public attraction facility. For purposes of 14 CCR, Division 7, Chapter 12 and this Agreement, a site under common ownership or control that includes more than one (1) Large Venue that is contiguous with other Large Venues in the site, is a single Large Venue.

“Liquidated Damages” means the amounts agreed upon by the Contractor and the Authority as fair and reasonable damages for the Contractor’s failure to meet specific quantifiable standards of performance, as described in Section 14.9 and Exhibit F.

“Litter” means any quantity of Discarded Material that has been improperly discarded or that has migrated by wind or equipment away from the operations area or escaped from Collection or Transfer Vehicles during loading or Transport. Litter includes, but is not limited to, convenience food, beverage, and other product packages or containers constructed of steel, aluminum, glass, paper, plastics, and other natural and synthetic materials thrown or deposited on land and/or water.

“Load” means the payload contents of a Collection vehicle or Transfer Vehicle measured in Tons.

“Maintenance Yard” means the primary location for maintenance of equipment and vehicles used by contractors.

“Maximum Rates” means those maximum rates or charges approved from time-to-time by the Authority Board to be charged by the Franchised Collector to Subscribers. The Authority Board sets forth the maximum amount that the Franchised Collector may charge Subscribers for services under the Franchise agreement.

“Medical Materials” means biomedical materials generated at hospitals public or private medical clinics, dental offices, research laboratories, pharmaceutical industries, blood banks, mortuaries, veterinary facilities, and other similar establishments that are identified as “medical waste” in California Health and Safety Code Section 25117.5 as may be amended from time to time. For the purposes of this Agreement, untreated Medical Materials are not Franchised Materials unless they have been treated and deemed to be Solid Waste.

EXHIBIT A: DEFINED TERMS

“Member Agency(ies)” means one, all, or a combination of the members of the Authority, including the Cities/Towns of Danville, Lafayette, Moraga, Orinda, and Walnut Creek, Contra Costa County, as such may change over time (e.g., as other governmental agencies may join the Authority in the future).

“Mixed Materials” means materials from Residential Premises and Commercial Premises, which includes both Recoverable Materials and non-Recoverable Materials, that may be Processed at a Mixed Waste Processing Facility.

“Mixed Waste Contractor” means the contractor to the Authority at any given time during the Term of this Agreement that is responsible for operating the Designated Mixed Waste Processing Facility, if Mixed Waste Processing is implemented during the Term. The Parties acknowledge that this entity may be selected by the Authority after the execution of this Agreement, and the Authority shall notify the Contractor of the Mixed Waste Contractor within thirty (30) Days after the effectiveness of the contract with the initial Mixed Waste Contractor and upon any change in the Designated Mixed Waste Processing Facility and/or Mixed Waste Contractor.

“Mixed Waste Processing” means those services provided by the Mixed Waste Contractor to Process Solid Waste that has been designated by the Authority to be Processed and/or Composted in lieu of Disposal that are Delivered by the Franchised Collector to the Designated Mixed Waste Processing Facility(ies). Mixed Waste Processing may include any combination of Processing and/or Composting at a Designated Mixed Waste Processing Facility(ies).

“Mulch” means a layer of material applied on top of soil, and, for the purposes of the Agreement, Mulch shall conform with the following conditions, or conditions as otherwise specified in 14 CCR Section 18993.1(f)(4):

- A. Meets or exceeds the physical Contamination, maximum metal concentration, and pathogen density standards for land applications specified in 14 CCR Section 17852(a)(24.5)(A)(1) through (3).
- B. Was produced at one (1) or more of the following types of Facilities:
 - 1. A Compostable material handling operation or facility, as defined in 14 CCR Section 17852(a)(12), that is permitted or authorized under 14 CCR, Division 7, other than a chipping and grinding operation or facility as defined in 14 CCR Section 17852(a)(10).
 - 2. A Transfer/Processing Facility or Transfer/Processing operation as defined in 14 CCR Section 17402(a)(30) and (31), respectively, that is permitted or authorized under 14 CCR, Division 7, Chapter 12.
 - 3. A Solid Waste landfill as defined in California Public Resources Code Section 40195.1 that is permitted under 27 CCR, Division 2.

“Multi-Family Dwelling” or **“Multi-Family”** means any Residential Premises, other than a Single-Family Premises, where there is centralized, shared Collection service for all units in the building.

“Occupant” means a Person who may or may not hold the legal title to the real property constituting the Premises, including businesses or other entities, and who permanently or temporarily lives or works at the Premises.

EXHIBIT A: DEFINED TERMS

“Organic Materials” means collectively Commingled Organics and Commercial Food Scraps.

“Organic Waste” means wastes containing material originated from living organisms and their metabolic waste products including, but not limited to, food, Yard Trimmings, organic textiles and carpets, lumber, wood, paper products, printing and writing paper, manure, biosolids, digestate, and sludges, or as otherwise defined in 14 CCR Section 18982(a)(46). Biosolids and digestate are as defined in 14 CCR Section 18982(a)(4) and 14 CCR Section 18982(a)(16.5), respectively.

“Party(ies)” means the Authority and Contractor, individually or together.

“Pass-Throughs” means Governmental Fees and Authority Reimbursements.

“Permits” means all Federal, State, county, Authority, 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 performed under this Agreement, as renewed or amended from time to time.

“Person” means any individual, business, firm, association, organization, partnership, public or private corporation, trust, joint venture, political subdivision, special purpose district, or public or governmental entity.

“Premises” means any land or building in the Service Area where Franchised Materials are generated or accumulated.

“Pre-Process” or **“Pre-Processing”** means the Processing of Commingled Organics for the purpose of removing Contamination prior to Transport for Composting.

“Processing” means the controlled separation, volume reduction, or conversion of materials including, but not limited to, organized, manual, automated, or mechanical sorting, the use of vehicles for spreading of waste for the purpose of Recovery, and/or includes the use of conveyor belts, sorting lines, or volume reduction equipment, or as otherwise defined in 14 CCR Section 17402(a)(20) to produce Recoverable Materials for Recycling.

“Processing Facility” means a Permitted Facility in which materials are sorted, separated, or otherwise manipulated for the purposes of Recovering marketable commodities.

“Rate” means the dollar unit to be charged by Contractor for providing the services under this Agreement and for providing other extra services (as applicable).

“Rate Year” means a twelve- (12-) month period, commencing July 1 and concluding on the last Day of June of the following year.

“Rate Year One” means the first (1st) Rate Year covered by this Agreement that covers a sixteen- (16-) month period. Rate Year One shall begin on March 1, 2027 and shall end on June 30, 2028.

“Recover,” “Recovery,” or **“Recovered”** (or other variations thereof) means the classification, extraction, and aggregation of marketable commodities, Compost, and other Recovered Materials from Residue during Processing.

EXHIBIT A: DEFINED TERMS

“Recovered Material” means marketable commodities that are Recovered through Processing, Composting, and/or Anaerobic Digestion in a way that constitutes landfill reduction pursuant to 14 CCR, Division 7, Chapter 12, Article 2 and is suitable for Recycling.

“Recyclable Materials” means materials, by-products, or components of such materials that are set aside, handled, or packaged and separated from Solid Waste by Generators and set out in accordance with the Authority’s Collection program. Recyclable Materials do not include Unpermitted Waste, Excluded Waste, or other Franchised Materials. Recyclable Materials are the materials listed in Exhibit C that may be replaced by a list posted by the Authority’s Executive Director in their sole discretion from time to time and provided to the Contractor.

“Recyclables Contractor” means the contractor to the Authority at any given time during the Term of this Agreement that is responsible for operating the Designated Recyclable Materials Processing Facility. In the event of a change in the Recyclables Contractor during the Term of this Agreement, the Authority shall notify the Contractor of the new Recyclables Contractor(s) within thirty (30) Days after the effectiveness of the contract with the new Recyclables Contractor(s). **“Recycled”** or **“Recycling”** (or other variations thereof) means the treating or reconstituting materials that are or would otherwise be Disposed of and returning them to the economic mainstream in the form of raw material for new, reused, or reconstituted products. Recycling includes processes deemed to constitute a reduction of landfill Disposal pursuant to 14 CCR, Division 7, Chapter 12, Article 2. Recycling does not include the use of Franchised Materials for gasification or transformation as defined in Public Resources Code Section 40201.

“Residential” means Single-Family Dwellings and Multi-Family Dwellings used for human shelter, irrespective of whether such Dwelling Units are rental units or are owner-occupied, excluding hotels, motels, or other similar Premises.

“Residue” means materials that remain after Processing, Pre-Processing, Composting, and/or Anaerobic Digestion that cannot be Diverted and require Disposal.

“Responsible End Markets” shall have the same meaning as in SB 54, as it may be as amended, supplemented, superseded, and replaced from time to time.

“Reusable Items” means materials that are subsequently used in their original form for the same or similar purpose such as, but not limited to: used furniture, clothing, toys, bicycles, books, household items, and tools. Reusable Items are those materials that are separated from Franchised Materials by Generators and set out in accordance with the Reuse Contractor’s Collection program. Reusable Items include, at a minimum, the materials listed in Exhibit C.

“Reuse and Cleanup Days Program” means the program operated by the Reuse Contractor to collect Franchised Materials, and other materials as specified in the Authority’s contract with the Reuse Contractor Curbside and at designated locations throughout the Service Area.

“Reuse Contractor” means the contractor to the Authority at any given time during the Term of this Agreement that is responsible for operating the Reuse and Cleanup Days Program. The Parties acknowledge that this entity may be selected by the Authority after the execution of this Agreement and the Authority shall notify the Contractor of the Reuse Contractor within thirty (30) Days after the

EXHIBIT A: DEFINED TERMS

effectiveness of the contract with the initial Reuse Contractor and upon any change in the Designated Reuse Facility and/or Reuse Contractor.

“SB 54” means the Plastic Pollution Prevention and Packaging Producer Responsibility Act approved by the Governor of the State of California on June 30, 2022, which amended Section 41821.5 of the California Public Resources Code to add Chapter 3 (commencing with Section 42040) to Part 3 of Division 30, as amended, supplemented, superseded, and replaced from time to time. For the purposes of this Agreement, SB 54 includes any implementing regulations developed by CalRecycle, as amended supplemented, superseded, and replaced from time to time.

“SB 343” means the Environmental Advertising: Recycling Symbol: Recyclability: Products and Packaging Senate Bill approved by the Governor of the State of California on October 5, 2021, which amended Sections 17580, 17580.5 of the California Business and Professions Code, and amended Sections 18015 and 42355.5 of, and added Section 42355.51 to, the California Public Resources Code, relating to environmental advertising, as amended, supplemented, superseded, and replaced from time to time. For the purposes of this Agreement, SB 343 includes any implementing regulations developed by CalRecycle, as amended, supplemented, superseded, and replaced from time to time.

“SB 1016” means Senate Bill 1016 approved by the Governor of the State of California on September 26, 2008, which amended Sections 40183, 40184, 41783, 41820.6, 41821, 41850, 42921, and 42926 of, amended the headings of Article 4 (commencing with Section 41825) and Article 5 (commencing with Section 41850) of Chapter 7 of Part 2 of Division 30 of, added Sections 40127, 40145, 40150.1, 41780.05, 42921.5, and 42927 to, and repealed and added Section 41825 of, the Public Resources Code, relating to solid waste, as amended, supplemented, superseded, and replaced from time to time

“SB 1383” means Senate Bill 1383 of 2016 approved by the Governor of the State of California on September 19, 2016, which added Sections 39730.5, 39730.6, 39730.7, and 39730.8 to the California Health and Safety Code, and added Chapter 13.1 (commencing with Section 42652) to Part 3 of Division 30 of the California Public Resources Code, establishing methane emissions reduction targets in a statewide effort to reduce emissions of short-lived climate pollutants as amended, supplemented, superseded, and replaced from time to time.

For the purposes of this Agreement, SB 1383 specifically refers to the Short-Lived Climate Pollutants (SLCP): Organic Waste Reductions regulations developed by CalRecycle and adopted on November 3, 2020 that created Chapter 12 of 14 CCR, Division 7 and amended portions of regulations of 14 CCR and 27 CCR.

“Sector” means the Customer’s, Person’s, or Generator’s category, including but not limited to, Single-Family, Multi-Family, Commercial, Self-Haul, Compactor Customers, Drop Box Customers, and governmental entities. The Sector shall be used for the purposes of record keeping and reporting and shall be approved by the Authority.

“Self-Hauler” or **“Self-Haul”** means a Person who hauls Discarded Materials, Recovered Material, or any other material (other than Unpermitted Waste and/or Excluded Waste) the hauler has generated solely in or on their own Premises using their own equipment and employees, to another Person, or as otherwise defined in 14 CCR Section 18982(a)(66). Self-Hauler also includes a Person who back-hauls waste, as defined in 14 CCR Section 18982(a)(66)(A), gardeners, and landscapers.

EXHIBIT A: DEFINED TERMS

“Service Area” means the physical area encompassed by the jurisdiction of the Authority’s Member Agencies, in which Franchised Materials are Collected by the Franchised Collector, as presented in the map attached as Exhibit B. Only a portion of unincorporated Contra Costa County is included in the Service Area. Should the scope of Member Agencies change over time (e.g., other governmental agencies become members of the Authority during the Term of this Agreement and choose to receive Collection services from the Franchised Collector), then the Service Area will change accordingly.

“Single-Family Dwelling” or “Single-Family” means each unit used for or designated as a Premises for one (1) family, including each unit of a duplex, triplex, townhouse, or condominium that receives individual or separate (not shared) Collection service.

“Solid Waste” means and refers to the definition of “solid waste” in California Public Resources Code Section 40191, as may be amended or superseded from time to time. Notwithstanding the foregoing, Solid Waste are those materials that are separated from other Franchised Materials by Generators and set out in accordance with the Authority’s Collection program. All or part of the Solid Waste Collected by the Franchised Collector may become Mixed Materials to be directed for Mixed Waste Processing, if designated by the Authority.

“Source Reduction” means any action that causes a net reduction in the generation of Solid Waste, and has the same definition as California Public Resources Code Section 40196. Source reduction includes, but is not limited to, reducing the use of nonrecyclable materials, replacing disposable materials and products with Reusable Items and products, reducing packaging, reducing the amount of Organic Wastes generated, establishing rate structures with incentives to reduce the amount of wastes that Generators produce, and increasing the efficiency of the use of paper, cardboard, glass, metal, plastic, and other materials. Source reduction does not include steps taken after the material becomes Discarded Materials or Franchised Materials or actions that would impact air or water resources in lieu of land, including, but not limited to, transformation.

“Source Separated” means the Generator segregated the Franchised Materials into separate Containers for Collection by the Franchised Collector, such that all Solid Waste will be placed in a Solid Waste Container, all Recyclable Materials will be placed in a Recyclable Materials Container, all Commingled Organics will be placed in a Commingled Organics Container, and Commercial Food Scraps will be placed in a Commercial Food Scraps Container.

“Special Tipping Fee Review” means an adjustment to the Tipping Fee(s) in addition to or at a time other than when periodic adjustments of the Tipping Fee(s) are made under this Agreement pursuant to Section 10.4.

“Specialty Recyclable Materials” means those materials that are not Recyclable Materials and that may be Recycled using special handling or unique Processing services, and that are identified in Exhibit C.

“Standard Industry Practice” means (i) the then-current development and operations practices and standards of the northern California Solid Waste and materials management industry with respect to collection, transfer, transport, processing, diversion, and disposal services; and, (ii) the then-current development, operations, closure, and post-closure practices and Solid Waste Association of North America (or any successor organization) Manager of Landfill Operations standards in meeting the Contractor’s obligations under this Agreement.

EXHIBIT A: DEFINED TERMS

“State” means the State of California.

“Stewardship Organization” means a Person(s) that is approved or designated under Applicable Law or by a relevant governing body, including, but not limited to, CalRecycle, CARB, the County, or the Authority, to manage, coordinate, fund, or otherwise oversee one or more Extended Producer Responsibility Programs. The applicable Stewardship Organization for each Extended Producer Responsibility Program under this Agreement shall be designated or approved by the Executive Director and approved by Contractor, not to be unreasonably withheld.

“Subcontractor” means a party who has entered into a contract, express or implied, with the Contractor for the performance of an act that involves Collection, Processing, Transport, Transfer, Diversion, Disposal and/or other handling of the Franchised Materials or that involves communications with or interactions with the Authority and/or Customers that is necessary for the Contractor’s fulfillment of its obligations for providing service under this Agreement. Vendors providing materials and supplies to the Contractor shall not be considered Subcontractors.

“Subscriber” means the Person whom the Franchised Collector submits its billing invoice to and collects payment from for services provided to Customers under this Agreement.

“Supermarket” means a full-line, self-service retail store with gross annual sales of Two Million Dollars (\$2,000,000) or more, and which sells a line of canned goods or nonfood items and some perishable items.

“Term” means the duration of this Agreement, including extension periods if granted, as provided for in Section 4.1.

“Tier One Commercial Edible Food Generator” means a Commercial Edible Food Generator that is one (1) of the following, each as defined in 14 CCR Section 18982:

- A. Supermarket
- B. Grocery store with a total facility size equal to or greater than ten thousand (10,000) square feet
- C. Food Service Provider
- D. Food Distributor
- E. Wholesale Food Vendor

“Tier Two Commercial Edible Food Generator” means a Commercial Edible Food Generator that is one (1) of the following, each as defined in 14 CCR Section 18982:

- A. Restaurant with two hundred and fifty (250) or more seats, or a total facility size equal to or greater than five thousand (5,000) square feet
- B. Hotel with an on-site food facility and two hundred (200) or more rooms
- C. Health facility with an on-site food facility and one hundred (100) or more beds
- D. Large Venue
- E. Large Event

EXHIBIT A: DEFINED TERMS

- F. A State agency with a cafeteria with two hundred and fifty (250) or more seats or total cafeteria facility size equal to or greater than five thousand (5,000) square feet
- G. A local education agency with an on-site food facility

“Tipping Fee” or **“Tip Fee”** is the per-Ton cost assessed by an Approved Facility or Designated Facility for Transfer, Transport, Processing, Composting, Anaerobic Digestion, and/or Disposal services plus Pass-Throughs.

“Ton” or **“Tonnage”** means a unit of measure for weight equivalent to two thousand (2,000) standard pounds where each pound contains sixteen (16) ounces.

“Transfer” or **“Transferring”** (or other variations thereof) means receiving Franchised Materials and/or other materials at an Approved or Designated Facility or another Transfer Facility and loading the material into Transfer Vehicles.

“Transfer Contractor” means the contractor(s) to the Authority at any given time during the Term of this Agreement that is responsible for Accepting Franchised Materials for consolidation and Transferring and Transporting Franchised Materials to the Designated Facilities. In the event of a change in the Transfer Contractor during the Term of this Agreement, the Authority shall notify the Contractor of the new Transfer Contractor(s) within thirty (30) Days after the effectiveness of the contract with the new Transfer Contractor(s).

“Transfer Facility” means a Facility that receives and temporarily stores Franchised Materials and/or other materials, and then Transfers the materials into larger trailers for Transport to a Processing facility, a Composting facility, an Anaerobic Digestion facility, or a Disposal Site.

“Transfer Vehicle” means a tractor and trailer designed to haul Franchised Materials and/or other materials, including Residue from a Transfer Facility, to an Approved or Designated Facility, or Disposal Site.

“Transport” (or other variations thereof) means the conveyance of Franchised Materials Collected by the Franchised Collector, Residue from Mixed Waste Processing, or Reusable items or other materials collected by the Reuse Contractor as part of the Reuse and Cleanup Days Program from the point of Collection to an Approved or Designated Facility or from an Approved or Designated Facility to another Approved or Designated Facility or Disposal Site.

“Uncontrollable Circumstance” means:

- A. An act of nature, hurricane, landslide, lightning, earthquake, fire, explosion, flood, sabotage, tsunami, or similar occurrence (but not including reasonably anticipated weather conditions in the Service Area), acts of terrorism, extortion, war, blockade or insurrection, riot or civil disturbance, and other similar catastrophic events that are beyond the control of and not the fault of the Party. Labor unrest, including, but not limited to, strike, work stoppages or slowdown, sick-out, picketing, or other concerted job action conducted by Contractor’s employees, directed at or initiated by Contractor, or an Affiliate, contractor, or supplier of Contractor, is not an Uncontrollable Circumstance.
- B. A Change in Law (as defined herein).

EXHIBIT A: DEFINED TERMS

“Unpermitted Waste” means wastes or other materials that the Approved Facilities or Designated Facilities may not receive under their Permits, including:

- A. All materials that the Approved Facilities or Designated Facilities are not permitted to accept.
- B. Asbestos, including friable materials that can be crumbled with pressure and are therefore likely to emit fibers, being a naturally occurring family of carcinogenic fibrous mineral substances, which may be Hazardous Materials if it contains more than one percent (1%) asbestos.
- C. Ash residue from the incineration of solid wastes, including Solid Waste, infectious waste described in Item (8) below, wood waste, sludge not meeting at a minimum Class B standard as defined by Title 40 of the Code of Federal Regulations, Part 503 (The Standards for the Use or Disposal of Sewage Sludge) and agricultural wastes.
- D. Auto shredder “fluff” consisting of upholstery, paint, plastics, and other non-metallic substances that remain after the shredding of automobiles.
- E. Dead animals larger than one hundred (100) pounds.
- F. Hazardous Substances and Hazardous Waste.
- G. Industrial solid or semi-solid wastes that pose a danger to the operation of the Approved Facilities or Designated Facilities, including cement kiln dust, or process Residues.
- H. Medical Materials including infectious wastes that have disease transmission potential and are classified as Hazardous Wastes by the State Department of Health Services, including pathological and surgical wastes, medical clinic wastes, wastes from biological laboratories, syringes, needles, blades, tubing, bottles, drugs, patient care items that as linen or personal or food service items from contaminated areas, chemicals, personal hygiene wastes, and carcasses used for medical purposes or with known infectious diseases.
- I. Liquid wastes that are not spadeable, usually containing less than fifty percent (50%) solids, including cannery and food processing wastes, landfill leachate and gas condensate, boiler blowdown water, grease trap pumpings, oil and geothermal field wastes, septic tank pumpings, rendering plant byproducts, sewage sludge not meeting certain quality criteria (i.e., unclassified sludge less than B), and those liquid wastes that may be Hazardous Wastes.
- J. Radioactive wastes under Chapter 7.6 (commencing with Section 25800) of Division 20 of the California Health and Safety Code, and any waste that contains a radioactive material, the storage or disposal of which is subject to any other State or Federal regulation.
- K. Sewage sludge comprised of human (not industrial) residue, excluding grit or screenings, removed from a wastewater treatment facility or septic tank, whether in a dry or semi-dry form not meeting certain quality criteria (i.e., unclassified sludge less than “B”).
- L. Designated Waste if not permitted at the Approved Facilities or Designated Facilities under Applicable Law and Permits.
- M. Single Loads with an excessive level of Contaminants based on visual inspection.

This definition shall be promptly amended to reflect any applicable changes in Permits or Applicable Law.

“Used Motor Oil and Filter” means motor oil and the subsequent oil filter that has been used in a vehicle.

EXHIBIT A: DEFINED TERMS

“Wholesale Food Vendor” means a business or establishment engaged in the merchant wholesale distribution of food, where food (including fruits and vegetables) is received, shipped, stored, prepared for distribution to a retailer, warehouse, distributor, or other destination, or as otherwise defined in 14 CCR Section 18982(a)(76).

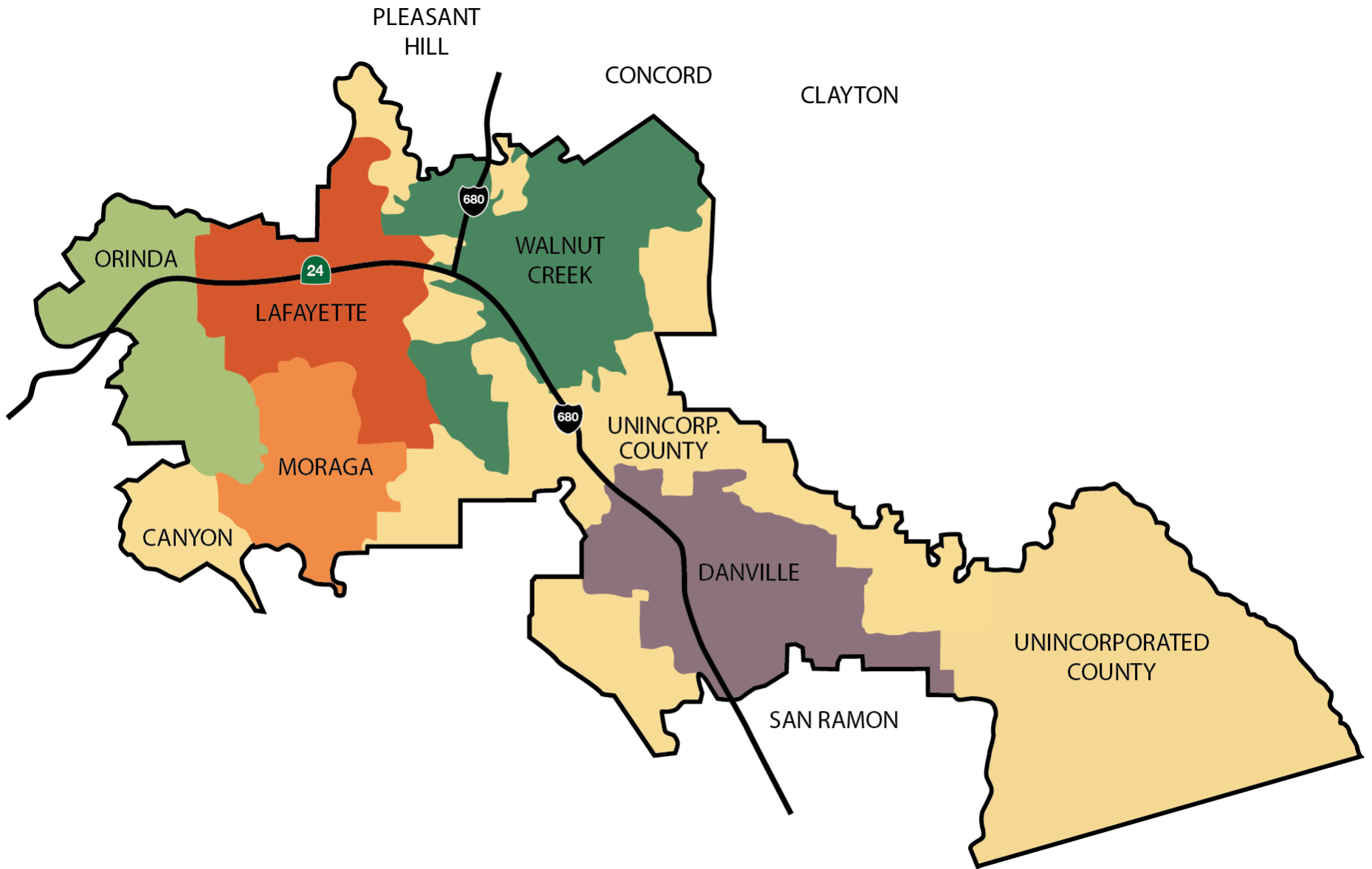
“Working Days” means Days on which the Contractor is required to provide the Commingled Organics Composting, services pursuant to Section 8.3 of this Agreement.

“Yard Trimmings” means grass, lawn clippings, shrubs, plants, weeds, branches, and other forms of Organic Materials generated from landscapes, yards, or gardens.

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**EXHIBIT B:
SERVICE AREA**

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**EXHIBIT C:
LIST OF ALLOWABLE RECYCLABLE MATERIALS,
COMMINGLED ORGANICS, AND COMMERCIAL FOOD
SCRAPS**

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EXHIBIT C: ALLOWABLE MATERIALS

1. Allowable Recyclable Materials

Allowable Recyclable Materials are the materials listed in this Exhibit C.1 that may be replaced by a list posted by the Authority's Executive Director in their sole discretion from time to time and provided to the Contractor.

A. Paper:

1. Kraft paper, all forms (with or without plastic component)
2. Molded fiber packaging (without plastic component)
3. Cardboard (with or without plastic component)
4. Paperboard, all forms (with or without plastic component)
5. White paper, all forms (with or without plastic component)
6. Other/mixed paper, all forms (with or without plastic component)
7. Small paper (no side greater than 2", with or without plastic component)

B. Metal:

1. Aluminum:
 - a. Containers, non-aerosol (with or without plastic component)
 - b. Foil sheets (with or without plastic component)
 - c. Foil molded containers (with or without plastic component)
 - d. Aerosol can (with plastic component)
2. Tin, steel, and bi-metal containers
3. Scrap metal
4. Small metal (no side greater than 2", with or without plastic component)

C. Glass:

1. Bottles (with or without plastic component)
2. Jars (with or without plastic component)
3. Small glass (no side greater than 2", with or without plastic component)

D. Plastic:

1. PET (#1):
 - a. Bottles, jugs, and jars (clear/natural)
 - b. Bottles, jugs, and jars (pigmented/color)
 - c. Thermoformed containers, cups, lids, plates, trays, tubs
 - d. Other rigid items (including containers)

EXHIBIT C: ALLOWABLE MATERIALS

2. HDPE (#2):
 - a. Bottles, jugs and jars (clear/natural)
 - b. Bottles, jugs, and jars (pigmented/color)
 - c. Pails and buckets
 - d. Other rigid items (including containers)
3. PP (#5)
 - a. Bottles, jugs and jars
 - b. Thermoformed containers, cups, lids, plates, trays, tubs
 - c. Other rigid items

2. Allowable Commingled Organics

Allowable Commingled Organics are the materials listed in this Exhibit C.2 that may be replaced by a list posted by the Authority's Executive Director in their sole discretion from time to time, and in accordance with Section 2.4 and Section 7.5, and provided to the Contractor.

- A. Food Scraps:
 1. All kitchen and table food
 2. Animal or vegetable waste that is generated during or results from the storage, preparation, cooking or handling of food stuffs
 3. Fruit waste, grain waste, dairy waste, meat, and fish waste
 4. Vegetable trimmings and houseplant trimmings
 5. Other Organic Waste common to the occupancy of Residential dwellings and some Commercial kitchen operations.
- B. **Food Soiled Paper.** Allowable Food Soiled Paper includes paper material that is Compostable, has come into contact with Food Scraps or liquids, is not coated or lined with any non-paper material ("uncoated"), and is not made of synthetic materials ("non-synthetic"), including:
 1. Other/mixed paper, all forms (without plastic component), such as:
 - a. Paper plates
 - b. Paper coffee cups
 - c. Napkins
 - d. Paper towels
 - e. Paper lunch bags
 - f. Coffee filters
 - g. Paper straws
 - h. Paper egg cartons

EXHIBIT C: ALLOWABLE MATERIALS

2. Pizza boxes / food-soiled cardboard
3. Small paper and fiber (no side greater than 2", without plastic component)

C. Yard Trimmings:

1. Grass
2. Lawn clippings
3. Shrubs
4. Plants
5. Weeds
6. Branches
7. Other forms of Organic Materials generated from landscapes, yards, or gardens

D. Other:

1. Untreated wood, all forms (without plastic component)
2. Compostable Plastic bags that meet the Biodegradable Products Institute (BPI) standards for certification.

3. Allowable Commercial Food Scraps

Allowable Commercial Food Scraps are the materials listed in this Exhibit C.3 that may be replaced by a list posted by the Authority's Executive Director in their sole discretion from time to time and provided to the Contractor.

A. Food Scraps:

1. All kitchen and table food
2. Animal or vegetable waste that is generated during or results from the storage, preparation, cooking or handling of food stuffs
3. Fruit waste, grain waste, dairy waste, meat, and fish waste
4. Vegetable trimmings

B. Food Soiled Paper. Allowable Food Soiled Paper includes paper material that can be Anaerobically Digested, has come into contact with Food Scraps or liquids, is not coated or lined with any non-paper material ("uncoated"), and is not made of synthetic materials ("non-synthetic"), including only:

- a. Paper napkins
- b. Paper towels
- f. Coffee filters
- g. Tea bags

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**EXHIBIT D:
REPORTING REQUIREMENTS**

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EXHIBIT D: REPORTING REQUIREMENTS

1. General

Contractor shall prepare and submit monthly, quarterly, and annual reports to the Authority as provided below. Contractor may propose report formats that are responsive to the objectives and audience for each report. With written direction from the Executive Director, the reports to be maintained and provided by the Contractor may be adjusted in number, format, frequency, and content. At the Authority's request, the Contractor shall use standardized reporting forms provided by the Authority or an electronic reporting system specified by the Authority. Each report shall:

- Present the required data separately for each Member Agency and in total for the Service Area.
- Include a certification statement by the responsible Contractor official that, under penalty of perjury, the report being submitted is true and correct to the best knowledge of the responsible official after their reasonable inquiry.

Records shall be maintained in forms and by methods that facilitate flexible use of the data contained in them to structure reports as needed. Reports are intended to compile recorded data into useful forms of information that can be used to, among other things:

- Ensure that the Authority only compensates the Contractor for Composting Commingled Organics originating in the Authority's Service Area.
- Ensure that the Authority only compensates Approved Facilities for receipt of Franchised Materials originating in the Authority's Service Area.
- Determine and set Per-Ton Rates and evaluate the financial efficacy of operations.
- Allocate Collection, Transfer, Processing, Composting, and Disposal costs to each Member Agency.
- Evaluate past and expected progress towards achieving the Authority's Diversion goals and objectives.
- Provide information needed by the Authority for the purpose of determining compliance with and fulfilling its State reporting requirements pursuant to AB 341, AB 1201, AB 1826, SB 54, SB 343, SB 1383, and all Applicable Law
- Provide concise and comprehensive operational information, Tonnage, Sector, and program information and metrics for use in fulfilling reporting requirements under Applicable Law.
- Determine needs for adjustment to programs and/or operations.
- Coordinate operational and logistical matters by and between the Contractor and the Authority's Franchised Collector, Transfer Contractor(s), Reuse Contractor, Recyclables Contractor, Disposal Contractor, and/or Mixed Waste Contractor, as applicable.

EXHIBIT D: REPORTING REQUIREMENTS

The Contractor shall timely submit all reports by email (or in another digital format in the event email communications are unsuccessful) to Authority@recyclesmart.org.

Upon written request by the Executive Director, reports shall also be submitted in hard copy to:

Executive Director
Central Contra Costa Solid Waste Authority
1850 Mt. Diablo Blvd., Suite 320
Walnut Creek, CA 94596

2. Monthly Reports

The Contractor shall submit the monthly reports within ten (10) Days after the end of the reporting month. The monthly Tonnage reports shall be presented by the Contractor to show the information described below for each month. In addition, each monthly report shall show the monthly data for the past twelve (12) months and the most recently completed four (4) calendar quarters, and totals for the twelve (12) months and each calendar quarter represented. Except when noted below, all Tonnages requested are to be net weights of the payload contents of the Collection vehicle or Transfer Vehicle.

All reports shall include, at a minimum, the following information for each Approved Facility and Approved Alternate Facility as appropriate, separated by material type:

A. Commingled Organics Processing Tonnage Report

1. Inbound Tons to the Approved Composting Facility(ies).

a. Commingled Organics Loads – Inbound Weight Ticket (Receipt) Data

i. Actual Tonnage of each inbound Load of Commingled Organics Delivered by the Franchised Collection to the Approved Composting Facility. The Contractor shall submit this data in Excel or a similar format approved by the Authority that allows the data to be summed, divided, etc. and supporting documentation in the form of weight tickets may be requested by the Authority at any time. Data for each Load shall include, at a minimum:

- Weight ticket number
- Date Delivered
- Time Received at Scale
- Vehicle identification number
- Material type
- Gross weight
- Tare weight
- Net weight
- Route number (as applicable)

EXHIBIT D: REPORTING REQUIREMENTS

- Vehicle type (Transfer Vehicle, route vehicle, or roll-off, as applicable)
 - ii. For all Inbound Tons reported under this Section 2.A.1.a.ii, the Contractor shall:
 - Include the percentage allocation of Commingled Organics to each Member Agency and Sector of origin, as provided by the Transfer Contractor, and the date the allocation data was provided by the Transfer Contractor. If the allocation has not changed since the prior month, the Contractor shall provide a statement indicating such.
 - Apply those percentage allocations to all Inbound Commingled Organics Tons by both Member Agency and Sector of origin (Commercial, Single-Family, Multi-Family).
 - b. **Inbound Tons to the Approved Facility**

Total Tons of all material Delivered by all Facility Users to the Approved Facility by material type, Facility User type (e.g. Commingled Organics Delivered by the Franchised Collector, other transfer contractors, other franchised haulers, and/or Self-Haul materials) and jurisdiction of origin, including the relative percentages of all materials by Facility User type, during the reporting period. The Authority’s Member Agencies shall be allocated in this report, pursuant to Section 2.A.1.a.ii above as separate jurisdictions rather than reported as a single origin.
 - c. **Approved Alternate Facilities**

If the Contractor uses any Approved Alternate Facility, then the Tonnage data required in this Section shall also be provided individually for the Approved Alternate Facility and aggregated to represent all the Commingled Organics during the reporting period.
2. Composting Report.
- a. Total Tons of material Composted during the reporting period, by material type
 - b. Total Tons of Commingled Organics Diverted and the Diversion rate listed separately by each Recovered Material Commodity, calculated using the approved allocation method described in Section 5.4.C of the Agreement.
 - c. Total Tons of Residue generated from Processing of all materials Delivered to the Approved Composting Facility and the Tons of Residue allocated to the Authority calculated using the approved Residue allocation method described in Section 5.4 of the Agreement.
 - d. Tons of Recovered Commingled Organics Marketed (by commodity and including average commodity value for each).
3. Outbound Residue from the Approved Composting Facility.
- a. The Contractor shall report on the actual Tonnage of each outbound Load of Residue that the Contractor Transports from the Composting Facility to the

EXHIBIT D: REPORTING REQUIREMENTS

Contractor's selected Permitted Disposal facility, in accordance with Section 5.4.C. If Contractor does not weigh outbound Loads, then Contractor shall provide actual Tonnage of each outbound Load of Residue based on weight tag data, in the same format provided in Section 2.A.1.a.i.

- b. For all Tons of Residue reported under this Section A.3 during the reporting period, the Contractor shall include the percentage allocation attributable to the Authority, to each Member Agency, and Sector of origin, as applicable. Contractor shall apply those percentage allocations to all Load Tons of Commingled Organics Residue, as provided in 2.A.1.b.
- c. Contractor shall provide a monthly report to the selected Permitted Disposal facility operator that allocates the Tons of Residue Delivered from the Composting Facility to the Permitted Disposal facility for Disposal by Member Agency jurisdiction of origin. Contractor shall provide the Authority with a copy of such report and documentation of the report transmittal to the Permitted Disposal facility operator.

4. Marketing of Recovered Commingled Organics.

B. Vehicle Turnaround Times

1. Upon Authority request, or where the Transfer Contractor has notified the Contractor that vehicle turnaround time was excessive at an Approved Facility or Approved Alternate Facility, the Contractor shall and report actual vehicle Turnaround Time for each vehicle Load Delivered by Transfer Contractor (determined in accordance with Section 8.8 of the Agreement). The vehicle turnaround time shall be measured as the elapsed time from the vehicle entering the Approved Facility or Approved Alternate Facility property to the vehicle leaving the property. The duration of vehicle turnaround time tracking and reporting period shall be determined by the Authority.

C. Regulatory Compliance

1. List of any Violation(s) received at any of the Approved Facility(ies) or Approved Alternate Facility(ies) during the reporting period and the current status of Violation(s). If the Violation(s) were not remedied by the Contractor during the reporting period, the Contractor shall provide a narrative description of the steps to be taken to remedy the Violation and the associated timeline(s).
2. List of any Violation(s) prior reported and remedied during the reporting period.

EXHIBIT D: REPORTING REQUIREMENTS

D. Load Classification, Rejection, and Contamination

1. Total Tons of Commingled Organics Delivered by the Transfer Contractor, separated by route vehicle Tons and roll-off Vehicle Tons, and Accepted by the Approved Composting Facility or the Approved Alternate Facility, as applicable.
2. Total Tons of Unpermitted Waste and/or Excluded Waste Delivered by the Transfer Contractor and Rejected by the Approved Composting Facility or the Approved Alternate Facility, as applicable, in accordance with Section 5.2 and Section 8.5 of the Agreement.
3. Total Tons of Commingled Delivered to and Rejected by the Approved Composting Facility due to Contamination in accordance with Section 5.2.D of the Agreement.
4. Date, time, route number, Transfer Contractor truck number, material type, and reason for Contractor rejection of any Transfer Contractor Delivered.
5. Photographs of Rejected load.
6. Copy of correspondence to the Transfer Contractor notifying them of the Unpermitted Waste, Excluded Waste, or contaminated materials, the Transfer Contractor response, and a narrative of the Transfer Contractor's remedy following the notification including the date and time of the remediation, and action(s) taken.

E. Financial Records

1. Any relevant operational or financial records related to Extended Producer Responsibility Programs provided under this Agreement, if any, including but not limited to:
 - a. Invoices or receipts for new or retrofitted equipment or vehicles purchased or received to implement the Extended Producer Responsibility Program.
 - b. Changes to labor costs, if any, as a result of implementing the Extended Producer Responsibility Program.
 - c. Records of reimbursements, payments, or in-kind contributions made to Contractor by the Extended Producer Responsibility Programs or Stewardship Organization.
 - d. Supporting documents related to the calculation used to determine costs allocated to the Authority versus other Facility Users.
 - e. Any operational records required by the Extended Producer Responsibility Program or Stewardship Organization, if any, related to the Contractor's participation in the Extended Producer Responsibility Program.

3. Quarterly Report

The Contractor shall submit the quarterly reports within thirty (30) Days after the end of the reporting quarter. At a minimum, quarterly reports shall include the following:

EXHIBIT D: REPORTING REQUIREMENTS

A. RDRS Reconciliation

1. Copies of all Recycling and Disposal Reporting System (RDRS) Quarterly Report Summaries submitted to CalRecycle during the reporting quarter and underlying supporting data.
2. Reconciliation of quarterly data from Sections 2.A.1.a.ii, 2.A.1.b, and 2.A.1c against Sections 2.A.2.c, and 2.A.3.b of this Exhibit D with an explanation of any variance.
3. Note that for RDRS purposes all of the Authority’s Member Agencies except for the County are part of a Regional Agency. Tons originating from the portions of Unincorporated Contra Costa County that are within the Authority’s Service Area must be added to Tons originating from the portions of Unincorporated Contra Costa County outside of the Authority’s Service Area and reported separately from the rest of the Authority’s Tons for RDRS purposes.

B. Waste Evaluation Reports

1. Copies of the waste evaluation reports conducted in accordance with 14 CCR Section 17409.5.7.

C. Reserved.

4. Annual Report

The Contractor shall submit an annual report (Annual Report) no later than thirty (30) Days after the end of each calendar year. The Annual Reports shall include, at a minimum, the following information:

- A. Documentation that Contractor paid all government fees and taxes necessary to provide services under this Agreement in accordance with Applicable Law.
- B. An Approved Facility capacity status report that identifies, for each Approved Facility, the remaining permitted capacity, the aggregate capacity committed to other entities through Contractor’s contracts, and the available, uncommitted Approved Facility capacity.
- C. A description of any advances in environmental mitigation measures; any advanced technologies utilized in the course of business; any pilot programs which test advanced technologies; any new third-party certifications for Diversion or other Facility standards; and reports on any recent, pending, or planned changes in Facility Permits.
- D. A description of any issues, plans, and concerns related to the use of the Approved Facility(ies) during the past year and anticipated changes for the following year, including but not limited to, additional services provided or available, actual or anticipated need for use of Alternate Facilities, regulatory issue or concerns, Permit and regulatory violations, or changes in staffing, equipment, or operations.
- E. A certified statement of fact pertaining to whether an Approved Alternate Facility was used during the report year to provide services under this Agreement and if so, documentation of all Commingled Organics Loads Delivered to the Approved Alternate Facility.
- F. An explanation of any recently adopted laws or regulations, or changes to laws or regulations that Contractor expects may impact this Agreement or Contractor’s operations during the Agreement Term.

EXHIBIT D: REPORTING REQUIREMENTS

- G. Any State facility report Contractor submits to CalRecycle or to Contractor's Disposal Reporting System coordinator. Such State facility reports includes those submitted for any of the Approved Facilities Contractor is utilizing under this Agreement. Such annual submittals shall be in accordance with Applicable Law.
- H. Reserved.
- I. Any public education and outreach materials created and distributed to the Authority and/or Member Agencies, as applicable.
- J. A report describing Contractor's marketing of Recovered Materials, including:
 - 1. Tonnage of Recovered Materials marketed, by Recovered Material type;
 - 2. The actual prior year and estimated coming year per unit or per-Ton market values and revenue received for each Recovered Material
 - 3. The brokers, markets, and end uses for each Recovered Material marketed, including name of broker or purchaser and physical address of the final destination of marketed Recovered Materials
 - 4. The specified end-use of each marketed Recovered Material
 - 5. Documentation that the Authority's Recovered Materials were Delivered to, and Composted at Responsible End Markets
- K. A list of all secondary Processing Facilities used during the report year to materials originating from the Authority's Service Area, if any. Such list shall include the facility's name, physical address, and the name of the owner/facility operator.
- L. Documentation of all materials originating from the Authority's Service Area sent to secondary Processing Facilities including the type of materials sent to each secondary Processing Facility and the total Tons sent to each secondary Processing Facility by material type.
- M. A written notice confirming the Approved Composting Facility will continue to Accept and remove plastic bags when Processing Commingled Organics.
- N. In accordance with Section 8.2, a record of all compliance agreements for quarantined Organic Materials that are Disposed of, including the name of Person Delivering such material, date issued, location of final disposition, and the amount of quarantined Organic Materials that was required to be Disposed.
- O. Documentation of Recovered Materials and Residue standards.

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EXHIBIT E:
TIPPING FEE ADJUSTMENT METHODOLOGY

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EXHIBIT E: TIPPING FEE ADJUSTMENT METHODOLOGY

1. Overview.

This Exhibit E includes the Contractor’s initial Tipping Fees, the annual Tipping Fee adjustment methodology leading up to Rate Year 1 Tipping Fees, and the annual adjustment methodology in accordance with Article 10 of the Agreement. The schedule below details how the Tipping Fees will be adjusted each Rate Year. The methodology is described in detail in Section 10.2. For the purposes of Exhibit E, all capitalized terms used in this Attachment are either defined herein or included in Exhibit A.

2. Application Schedule and Methodology.

The information in Table 1 below illustrates the rate application submittal timeline for each Rate Year, the rate adjustment methodology to be used, and the effective date of the adjustment to Tipping Fees, subject to the approval of the Authority Board.

Rate Year	Methodology	Application Submittal	Complete Review	Effective Date
Year 1 (2027)	Change in CPI	Dec. 1, 2026	Dec. 31, 2026	Mar. 1, 2027
Year 2 (2028)	Change in CPI	Feb. 1, 2028	Feb. 29, 2028	July 1, 2028
Year 3 (2029)	Change in CPI	Feb. 1, 2029	Feb. 28, 2029	July 1, 2029
Year 4 (2030)	Change in CPI	Feb. 1, 2030	Feb. 28, 2030	July 1, 2030
Year 5 (2031)	Change in CPI	Feb. 1, 2031	Feb. 28, 2031	July 1, 2031
Year 6 (2032)	Change in CPI	Feb 1, 2032	Feb. 29, 2032	July 1, 2032
Year 7 (2033)	Change in CPI	Feb. 1, 2033	Feb. 28, 2033	July 1, 2033
Year 8 (2034)	Change in CPI	Feb. 1, 2034	Feb. 28, 2034	July 1, 2034
Year 9 (2035)	Change in CPI	Feb. 1, 2035	Feb. 28, 2035	July 1, 2035
Year 10 (2036)	Change in CPI	Feb. 1, 2036	Feb. 29, 2036	July 1, 2036

If the Authority exercises its option to extend the Agreement in accordance with Section 4.1, the same schedule and methodology would be used for Rate Year 11. If the Parties further agree to a mutual extension in accordance with Section 4.1, then the same schedule and methodology would be used for Rate Year12.

3. Indices and Adjustment Factors.

The information in Table 2 provides additional information about the indices defined in Exhibit A and used in the Tipping Fee adjustment methodology described below. If an index is no longer available or published, both the Contractor and the Authority shall agree on a successor index to use in its place.

EXHIBIT E: TIPPING FEE ADJUSTMENT METHODOLOGY

Table 2

CPI-U	
Description	Consumer Price Index – All Urban Consumers
Series ID	CUUSS49BSA0
Adjusted	Not seasonally adjusted
Area	San Francisco-Oakland-Hayward
Item	All Items
Base Period	1982-84 = 100
Periodicity	Bi-monthly

The Contractor proposed Tipping Fee(s) in Exhibit E-1 are based on costs from a Rate Year prior to the start of Rate Year 1. Therefore, the Tipping Fee(s) in Exhibit E-1, the amounts in Exhibit F, and all other amounts in the Agreement that are subject to an annual adjustment shall be adjusted according to the methodology in Table 1 using the Annual Percentage Change timeframe from Table 3 for Rate Year 1. All future Rate Years will use the Annual Percentage Change timeframe listed in Table 3 below for Rate Year 2 – 10.

Table 3: Annual Percentage Change Timeframe by Rate Year	
Rate Year	Index Timeframe
Year 1	$\frac{[(\text{Average Index Value of Oct. 2025} - \text{Sept. 2026}) - (\text{Average Index Value of Oct. 2023} - \text{Sept. 2024})]}{(\text{Average Index Value of Oct. 2023} - \text{Sept. 2024})}$
Year 2 – Year 10	$\frac{[(\text{Average Index Value of Jan. } 202X^{+1} - \text{Dec. } 202X^{+1}) - (\text{Average Index Value of Jan. } 202X - \text{Dec. } 202X)]}{(\text{Average Index Value of Jan. } 202X - \text{Dec. } 202X)}$

EXHIBIT E-1:
CONTRACTOR'S INITIAL TIPPING FEES

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EXHIBIT E-1: CONTRACTOR'S INITIAL TIPPING FEES

Below are the Contractor's Initial Rates in 2024 dollars that will be adjusted as described in Exhibit E and in accordance with Section 10.2.

Commingled Organics Composting Per Ton Tipping Fee		
	Processed	Unprocessed
Contractor's Component (\$/ton)	\$ 54.89	\$ 66.89
Stanislaus County Fee (\$/ton)	\$ 0.11	\$ 0.11
Total Per Ton Tipping Fee	\$ 55.00	\$ 67.00

Compost Procurement (\$/ton)	\$ 6.00
Contamination Fee (\$/ton)*	\$ 60.00
Reload Fee (\$/load)*	\$ 250.00

**Payable to the Contractor from the Transfer Contractor*

Commingled Commercial Food Scraps Composting Per Ton Tipping Fee		
<i>Commercial Food Scraps Received Mixed with Commingled Organics</i>	Contingency Processed	On-Going Processed
Contractor's Component (\$/ton)	\$ 66.89	\$ 66.89
Stanislaus County Fee (\$/ton)	\$ 0.11	\$ 0.11
Total Per Ton Tipping Fee	\$ 67.00	\$ 67.00

Commercial Food Scraps Composting Per Ton Tipping Fee		
<i>Commercial Food Scraps Received Separate from Commingled Organics</i>	Contingency Processed	On-Going Processed
Contractor's Component (\$/ton)	\$ 83.89	\$ 83.89
Stanislaus County Fee (\$/ton)	\$ 0.11	\$ 0.11
Total Per Ton Tipping Fee	\$ 84.00	\$ 84.00

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**EXHIBIT F:
LIQUIDATED DAMAGES**

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EXHIBIT F

PERFORMANCE STANDARDS & LIQUIDATED DAMAGES

Except as otherwise provided in Section 14.10 of the Agreement, the Authority may assess Liquidated Damages in the event Contractor fails to meet specific quantifiable standards of performance in accordance with the terms and conditions of the Agreement.

The following table lists the events that constitute breaches of the Agreement's standard of performance warranting the imposition of Liquidated Damages. The table describes the incident(s) or event(s) that trigger Liquidated Damages the thresholds by which Liquidated Damages may be assessed, and the unit measures and dollar amounts of Liquidated Damages. The dollar amounts of all Liquidated Damages listed in the table below shall be adjusted on July 1 of each year, in accordance with Exhibit E, by the Annual Percentage Change in the CPI-U.

EXHIBIT F

PERFORMANCE STANDARDS & LIQUIDATED DAMAGES

Performance Standard	Event of Non-Performance/Definition	Liquidated Damage Amount
Performance Area No. 1: Contractor Operations		
<u>Vehicle Turnaround Guarantees</u>	Failure to meet vehicle turnaround guarantees for any one (1) Franchised Collector vehicle for more than five (5) consecutive Working Days or more than ten (10) Working Days in any sixty (60) Day period.	\$100 per vehicle delayed
<u>Operating Hours/Days</u>	Failure to open the Approved Composting Facility to receive Franchised Materials from the Authority's contractors during operating Days and hours.	\$1,000 per hour that the Approved Facility is not open to receive Authority Franchised Material
<u>Uncovered Materials</u>	Failure to properly cover materials in vehicles, or to otherwise take reasonable actions to prevent wind-blown or other spillage from vehicles.	\$300 per incident
<u>Scale Operations</u>	Failure to provide substitute scales.	\$250 per hour
<u>Licensed Drivers</u>	Failure to have a vehicle driver properly licensed.	\$500 per incident or \$100 per Day, whichever is greater
<u>Marketing</u>	Failure to market or meet the marketing standards set forth in Section 8.14.	\$ 500 per Ton
Performance Area No. 2: Facility-Related Services		
<u>Capacity Guarantee</u>	Failure to provide sufficient capacity needed to fulfill Contractor's obligation to the Authority, whether through the Approved Composting Facility or any Approved Alternate Facility.	\$1,000 per Day (not to exceed \$100,000 total) and the greater of either (a) \$150 per Ton of Franchised Material the Contractor does not Accept at the Approved Facilities or an Approved Alternate Facility, or (b) the actual cost of Transfer and Transport to an alternate facility

EXHIBIT F

PERFORMANCE STANDARDS & LIQUIDATED DAMAGES

Performance Standard	Event of Non-Performance/Definition	Liquidated Damage Amount
<u>Maintaining Source Separation</u>	Failure to maintain segregation of any Commingled Organics Delivered to the Approved Composting Facility.	\$500 per Ton of Source Separated Franchised Material Delivered to Contractor’s Approved Composting Facility that Contractor mixes with any other type of material at the Approved Composting Facility
<u>Disposal of Materials Delivered for Composting</u>	Each individual occurrence of Disposal of Commingled Organics without Processing/Composting at the Approved Facility, as applicable, except as expressly approved, in writing, by the Authority in accordance with Section 8.2 or Section 8.14.F.6.	\$500 per Ton
<u>Preventing Contamination</u>	Failure of Contractor to separately receive, store, Pre-Process, Compost, or otherwise manage Commingled Organics that were Source Separated by the Generator from other similarly Source Separated Commingled Organics and/or Delivered by the Transfer Contractor with acceptable levels of Contamination in a manner that does not result in Contamination (i.e., Contractor’s actions shall not result in Contamination of materials).	150% of the per Ton Tipping Fee that would have been otherwise paid to the Contractor for services for the Source Separated Commingled Organics that were mixed or otherwise became Contaminated
<u>Failure to Meet Regulatory Standards Standards/Excess Residue</u>	Failure to meet the standards for SB 1383 for Incompatible Materials and/or remnant Organic Materials under SB 1383 for Composting of Commingled Organics.	\$5,000 per Incident

EXHIBIT F PERFORMANCE STANDARDS & LIQUIDATED DAMAGES

Performance Standard	Event of Non-Performance/Definition	Liquidated Damage Amount
<u>Allowable Materials</u>	Failure to Accept all materials on the Allowable materials list at the Approved Facility or Approved Alternate Facility or failure to obtain Executive Director approval prior to making a change in the Allowable materials list.	\$1,000 per incident of changing Allowable materials list.
<u>EPR Programs</u>	Failure to perform Contractor’s responsibilities under Section 7.5 for mandatory Extended Producer Responsibility Programs, as applicable.	\$1,000 per incident or \$250 per Ton if the material is weighed
Performance Area No. 3: Recordkeeping and Reporting		
<u>Timeliness of Report</u>	Failure to submit any report on time to the Authority (any report shall be considered late until such time as a correct and complete report is received by the Authority).	\$250 per Day for each Day a report is late
<u>Record Retention and Access to Records</u>	Failure to provide or make available to the Authority and its authorized representatives reports, records, recordings, and data that are required to be generated or collected and retained by the Contractor.	\$250 per Day for each Day that the requested records are not available to the Authority
<u>Contractor Responsiveness</u>	Failure to provide a complete and accurate written response to the Authority’s request within the timeframe specified in the Agreement or within the timeframe specified in the Authority’s request (which shall be less than ten (10) Business Days) if no timeframe is specified in the Agreement.	\$250 per Day for each Day that the requested information is late

EXHIBIT F PERFORMANCE STANDARDS & LIQUIDATED DAMAGES

Performance Standard	Event of Non-Performance/Definition	Liquidated Damage Amount
<u>Information Accuracy</u>	Contractor's failure to provide information, or providing incomplete, misleading or otherwise inaccurate information or reporting, to the Authority under or in regard to this Agreement. (Typographical, cell reference, mathematical, and/or logic errors shall not be considered legitimate excuses from this requirement, nor shall ignorance.)	\$500 per event per jurisdiction per month
Performance Area No. 4: Miscellaneous		
<u>Use of Subcontractors</u>	Failure to secure written approval from the Authority prior to using a Subcontractor to perform any obligations of the Agreement.	\$1,000 per incident that the Contractor fails to secure written approval from the Authority prior to using a Subcontractor
<u>Displaced Workers</u>	Failure to offer employment to existing employees working under the Authority's current agreements who became unemployed by reason of the change in Contractor(s).	\$5,000 per employee

By placing initials at the places provided, each Party specifically confirms the accuracy of the statements made above, the fact that each Party has had ample opportunity to consult with legal counsel and obtain an explanation of Liquidated Damage provisions of the time that the Agreement was made, and that the amounts specified are a reasonable estimate of the amount of the damages that Authority and its Member Agencies will suffer for the specified breaches, considering all of the circumstances existing on the date of this Agreement.

Contractor DS
SC
Initial Here: _____

Authority Initial
JD
Initial Here: _____

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EXHIBIT G: CONTRACTOR'S PROPOSAL

The Contractor's original proposal included a proposal for Disposal Services. Mentions of services pertaining to Disposal are not applicable and subsequent pages of the original proposal have been removed.

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May 31, 2024

Presented to Central Contra Costa Solid
Waste Authority (CCCSWA)

Proposal for Post-Collection Processing Services





David Krueger
Executive Director
RecycleSmart
1850 Mt. Diablo Blvd., Ste. 320
Walnut Creek, CA 94596

Re: Recology Proposal for Post-Collection Processing Services

Dear Mr. Krueger,

On behalf of the employee-owners of Recology Hay Road and Recology Blossom Valley Organics – North (collectively “Recology”), thank you for the opportunity to submit this proposal for Post-Collection Processing Services for the Central Contra Costa Solid Waste Authority (CCCSWA).

In this proposal, Recology Hay Road will be offering a tip fee for solid waste disposal and Recology Blossom Valley Organics – North will be offering a processing fee for commingled organics.

Recology Hay Road and Recology Blossom Valley Organics – North are incorporated in California and are wholly-owned subsidiaries of Recology Inc. Recology Inc. is incorporated in California and has been organized under its current legal structure since 1988. Recology Inc. is a 100% employee-owned corporation through an Employee Stock Ownership Plan (ESOP).

For a century, Recology operating companies and their predecessors have helped communities work toward achieving the best and highest use of all resources. Our operational goals focus on protecting the longevity of the facility, while ensuring safe and courteous services are provided to all customers.

Our commitment to our communities has helped Recology grow into one of the largest companies in the U.S. waste industry, while remaining a 100% employee-owned through an Employee Stock Ownership Plan (ESOP). Recology has over 39 operating companies that provide integrated services to more than 936,000 residential customers and 108,000 commercial customers in California, Oregon, and Washington.

Recology Blossom Valley Organics - North and Recology Hay Road acknowledge their intention to adhere to the Process Integrity Policy, as provided in Attachment B of the CCCSWA's RFP.

Recology Inc. accepts the non-negotiable business terms listed in the RFP, including:

1. Signing and executing the mutually agreed upon agreements for post-collection services ultimately awarded to Recology.

2. Charging the same rates, as quoted in our proposal and mutually agreed upon with the CCCSWA, to accept any franchised material from the CCCSWA service area during the term of the post-collection agreement(s), regardless of which company the CCCSWA selects to collect or transfer those materials.
3. Disaggregating any costs for transfer, transport, processing, and disposal in the proposal cost forms. Please note, Recology Inc. is not providing transfer or transport costs, just processing fees for organics and disposal fees for landfilled material.

Below is the requested contact information for the proposer and project manager:

Proposer Names: Recology Hay Road
 6426 Hay Road
 Vacaville, CA 95687

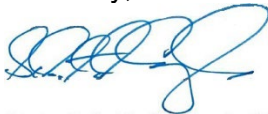
 Recology Blossom Valley Organics – North
 3909 Gaffery Road
 Vernalis, CA 95304

Project Manager and
Authorized Representative: Scott Pardini
 Vice President and Regional Manager
 spardini@recology.com
 707.448.2945

Authorized to execute the Agreement & sign proposal: Salvatore M. Coniglio, CEO

Thank you for considering our proposal. If you have further questions, please reach out to Scott Pardini at the telephone number or email address above. We look forward to discussing our proposal with you in more detail.

Sincerely,



Salvatore M. Coniglio
Chief Executive Officer
Recology Blossom Valley Organics – North
Recology Hay Road



Table of Contents

Company Description.....	1
Technical Proposal: Recology Blossom Valley Organics - North.....	12
Technical Proposal: Disposal at Recology Hay Road.....	24
Exceptions to the Draft Agreement	32
Cost Proposal	33

Attachments and Forms

- Attachment 1: Cost Form
- Attachment 2: Non-Collusion Affidavit
- Attachment 3: Iran Certification Act
- Attachment 4a: RBVON Secretary's Certificate
- Attachment 4b: Hay Road Secretary's Certificate

Appendices

- Appendix 1: Confidential – Collective Bargaining Agreement Information
- Appendix 2: Sustainability Report
- Appendix 3: No Material Change Letter
- Appendix 4: RBVON Site Map
- Appendix 5: RBVON Traffic Flow Diagram
- Appendix 6: Sample RBVON Tonnage Report
- Appendix 7: Confidential - Sample Load Check Report
- Appendix 8: RDRS Reports – RBVON
- Appendix 9: Compost Quality Report
- Appendix 10: Hay Road Site Map
- Appendix 11: Hay Road Traffic Flow Map
- Appendix 12: RDRS Reports – Hay Road
- Appendix 13: Redline Exceptions



Company Description

Legal Entities

The entity that would execute the Commingled Organics Composting Services contract, is:

Recology Blossom Valley Organics - North (RBVON)
3909 Gaffery Road
Vernalis, CA 95304

The entity that would execute the Solid Waste Disposal Services contract, is:

Recology Hay Road (RHR)
6426 Hay Rd
Vacaville, CA 95687

Salvatore M. Coniglio, Chief Executive Officer of RBVON, RHR, and Recology Inc., is authorized by the Board of Directors to execute any and all documents in connection with the CCCSWA, including entering into the Contract. In Salvatore M. Coniglio's absence, the following individuals are also authorized by the Board of Directors to execute any and all documents in connection with the CCCSWA RFP:

- Gordon Heneweer, Chief Financial Officer
- Mario Puccinelli, Executive Vice President & Chief Operating Officer

No other entity would share significant, substantive responsibilities under the proposed Contract.

Recology Hay Road (established 1980) and Recology Blossom Valley Organics (established 1976) are wholly-owned subsidiaries of Recology Inc. Recology Inc. has been organized under its current legal structure since 1988. Its organizational lineage dates back to 1920.

Recology Inc. is a 100% employee-owned corporation through an Employee Stock Ownership Plan (ESOP). No individual owns more than 0.4% of the value of the stock of Recology. Recology Inc.'s corporate office is located at:

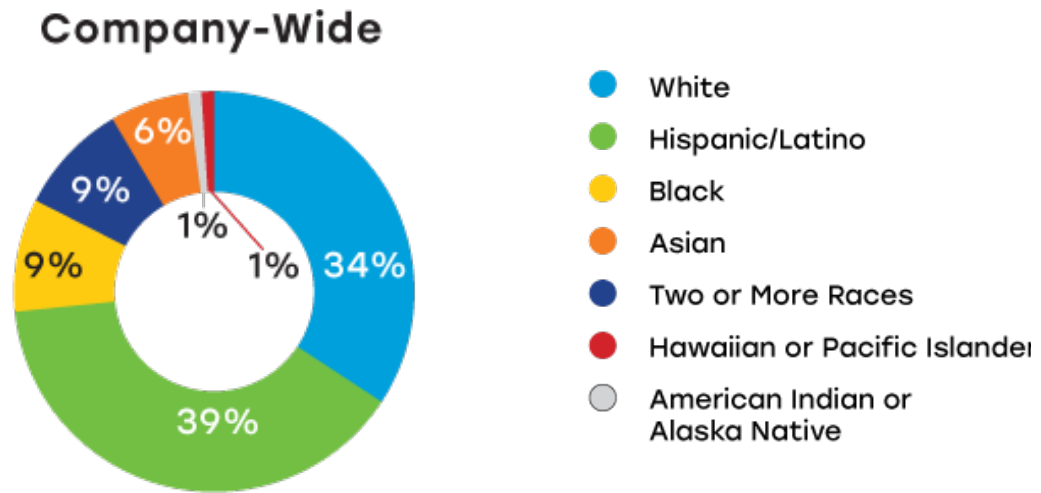
50 California Street
24th Floor
San Francisco, CA 94111
www.recology.com



100% Employee-Owned

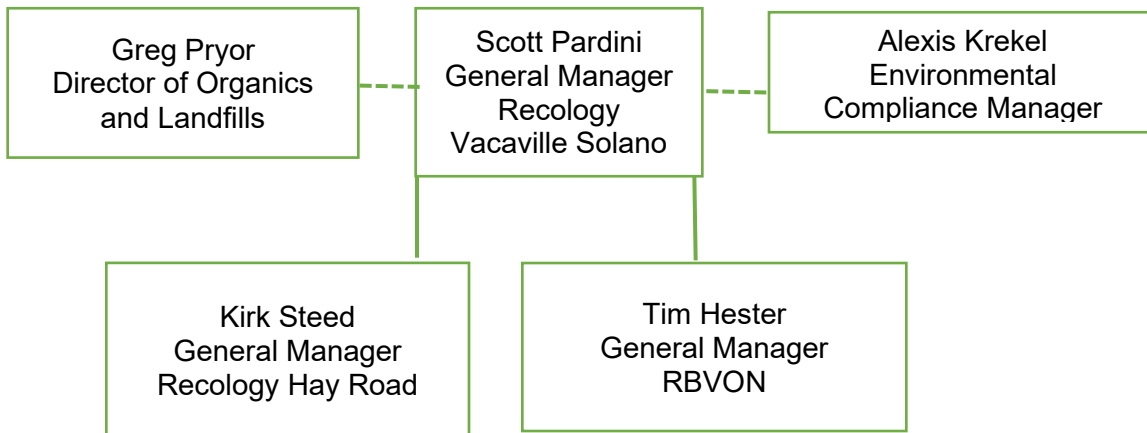
Recology is the only company in the solid waste and recycling industry that is 100% employee-owned through an Employee Stock Ownership Plan (ESOP). An ESOP is a qualified defined contribution plan that provides a company's workers with retirement savings through investments in their employer's stock, at no employee contribution.

As an employee-owned company, Recology believes that individual and collective dedication directly correlates to the company's long-term success. Recology is proud of the fact that minority and/or women employees own approximately 60% of the value of Recology shares across the organization.



Key Personnel

Organization Chart



Executive Team Resumes



SALVATORE M. CONIGLIO
Chief Executive Officer

Sal Coniglio was appointed Chief Executive Officer of Recology on January 1, 2021. Since 2000, Sal has worked in the resource recovery industry providing operational oversight to nearly all business functions, including: collections, transfer stations, material recovery facilities, landfills, and composting facilities.

Since joining Recology in 2015, Sal has held various leadership positions. Most recently, he served as Executive Vice President and Chief Operating Officer. He also served as a Regional Manager, overseeing many of the company's Central Valley collection and processing facilities in California. Prior to joining Recology, Sal worked for Garaventa Enterprises and Republic Services. Sal earned a Bachelor of Arts degree in Leadership & Organizational Studies from Saint Mary's College of California.



MARIO PUCCINELLI
Chief Operating Officer

As Vice President and Chief Operating Officer, Mario is responsible for all collection, processing, and disposal operations of Recology – ensuring safe, innovative, and high-quality service to all customers.

Mario began his career as a Garbage Collector in San Francisco in 1978. After working in all facets of operations, he has held positions of increasing responsibility, including: Supervisor, District Manager, General Manager, and most recently Group Manager for Recology's South Bay operations.



GORDON HENEWEER
Chief Financial Officer

Gordon Heneweer joined Recology as Chief Financial Officer in July 2023. For the past ten years and prior to joining Recology, he served as Chief Financial Officer of CooperVision, Inc, a global leader in the manufacturing and distribution of soft contact lenses. Prior to CooperVision, Gordon was VP of Finance and Interim Chief Financial Officer for Electronics For Imaging, a global provider of digital print management products and solutions.

Gordon has also held a variety of senior financial management roles for Applied Materials, Inc., a semiconductor fabrication equipment and services supplier. Earlier in his career, Gordon held various accounting and finance related positions at New United Motor Manufacturing (NUMMI), a Toyota Motor Corporation and General Motors Corporation automotive joint-venture.

Local Team Resumes



SCOTT PARDINI
Vice President and Regional Manager, Inland Region

As the Vice President and Regional Manager for Recology's Inland Region, Scott plans, directs, and oversees all of Recology's operations in central California, which includes Recology Hay Road and Recology Blossom Valley Organics – North.

Previously, Scott served as General Manager for Recology Vacaville Solano and Recology Dixon since 2012 and became the General Manager of Recology Davis after its acquisition in April 2018.

Scott also worked as the General Manager for Recology Yuba-Sutter from 2011 to 2012, General Manager for Recology Vacaville Solano from 2009 to 2011, Operations Manager for Recology Vacaville Solano from 2005 to 2009, and has held additional positions of increased responsibilities since he joined Recology in 1989.

Scott has served as a board member with a number of organizations, including: Vacaville Sunrise Rotary Club (2004-2008), Vacaville Chamber of Commerce (2012 -2018), Vacaville Chamber of Commerce Board President (2018-2019), and Vacaville Museum (2012-2019). He holds a Bachelor's Degree in Business Management from the University of Phoenix.



GREG PRYOR
Director of Organics and Landfills

Greg Pryor has been a Recology employee-owner for over 28 years. Greg is currently responsible for all landfill and composting operations at Recology Hay Road and Recology Blossom Valley Organics - North, including development of facility plans, the management of day-to-day operations, and preparation of capital and operating budgets.

During his tenure with Recology, Greg has been responsible for the business and operational management of multiple operating facilities within the Recology family of companies. Prior to working for Recology, Greg was a Superintendent for construction of landfill liner systems and general engineering construction projects. He was also a Project Manager for the City of Sacramento for closure of the City's 28th and A Street landfill.



KIRK STEED
General Manager, Recology Hay Road

Kirk Steed joined Recology in July 2008. He is the General Manager of Recology Hay Road, where he oversees the operation of the Hay Road Landfill and Jepson Prairie Organics (JPO) compost facility.

Kirk has 13 years of experience in the solid waste industry, primarily focused on design, development, operation, and improvement of post-collection facilities. Kirk has extensive experience with compost facility design, development, and improvement at facilities throughout California and Oregon.



TIM HESTER
General Manager
Recology Blossom Valley Organics - North

Tim brings over 30 years of industry experience to the Recology team. As the General Manager, Tim oversees the daily operations at the RBVON compost site. This includes day-to-day oversight of the staff and equipment operators, in addition to overseeing windrow placement and turning, materials movement, screening and contamination removal, and assistance with future planned site improvements.

Tim has spent the last 18 years of his career at Recology. Tim previously served as Senior Operations Manager at Recology San Mateo County and Recology Sunset Scavenger, where he directed daily collections of residential and commercial solid waste, recyclables, and organics. Prior to Recology, Tim worked as Site Supervisor for Waste Management.



ALEXIS KREKEL
Environmental Compliance Manager, Inland Group

Alexis Krekel has eight years' experience in the resource recovery industry, managing environmental compliance and permitting for landfills, transfer stations, and compost facilities. As the Environmental Compliance Manager, Inland Group, she is responsible for interpreting and applying environmental regulations, as well as managing groundwater, surface water, and landfill gas programs. Alexis holds a Bachelor of Science in Environmental Science from University of Idaho.

Key Contacts

The primary contact during negotiations of the agreement and during the term of the agreement will be:

Scott Pardini
Vice President and Regional Manager
spardini@recology.com
707.448.2945

The primary contacts during the term of the agreement, as well as the general managers during the term, will be:

Tim Hester
General Manager
Recology Blossom Valley Organics – North
thester@recology.com
415.740.8529

Kirk Steed
General Manager
Recology Hay Road
ksteed@recology.com
707.249.3477

Recology Inc. has over 3,800 employees across its operations in California, Oregon, and Washington. As a 100% employee-owned company, Recology is a dedicated partner to its communities. Recology employees often live and work in the communities they serve, fostering a strong culture of teamwork and accountability.

Collective Bargaining Agreement

Per the CCCSWA's response to Question 27 in the RFP Q&A (released April 26th), Recology is providing option 2 to satisfy the requirements of this question. Please see [Appendix 1: Confidential – Collective Bargaining Agreement Information](#).

Subcontractors

Recology will not have substantive subcontractors for the disposal or organics work under the contract.

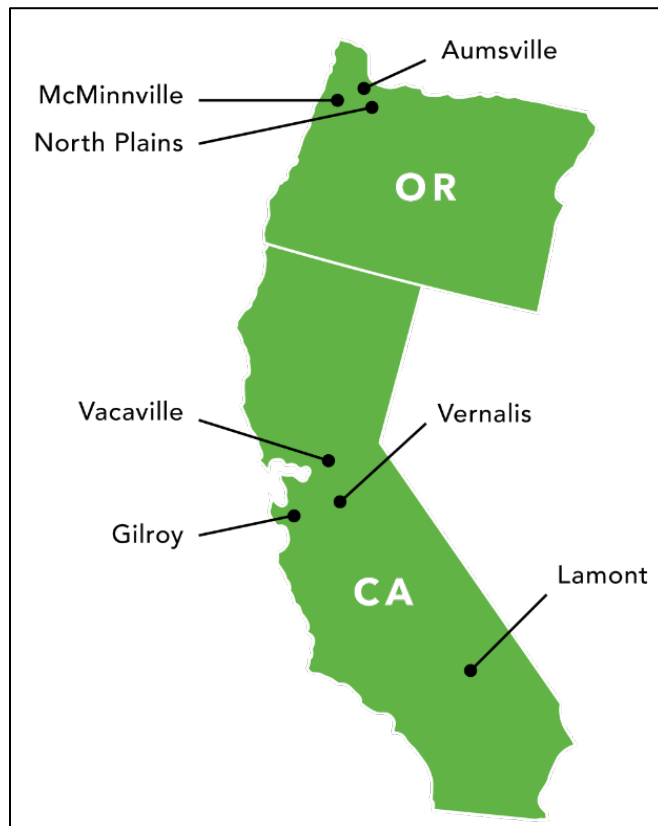
Past Performance Record

Recology: Extensive Composting Experience

Recology is a leader in commercial composting. We helped pioneer curbside in 1996, and we continue to make efforts to move the industry forward.

Today, Recology owns and operates eight composting facilities throughout California and Oregon.

In 2022 alone, Recology composted over 684,000 tons of organics at our composting facilities – a 12% increase from 2021. For every ton of greenhouse gases emitted by our operations, Recology and our industry partners avoided ten times more greenhouse gas emissions through our recycling and composting activities.



For more information regarding our composting efforts, please see [Appendix 2: Sustainability Report](#).

BVON currently processes organics for other communities in Contra Costa County, including: Concord, Oakley, Pittsburg, and Rio Vista.

Since establishing its first compost facility more than 25 years ago, Recology has grown to become the largest commercial composter on the West Coast.

Each year, Recology composts more than **800,000 tons of organic material**. This material is transformed into nutrient-rich soil amendments that are sold for agricultural or horticultural use.

Composting provides numerous positive environmental benefits that help counteract climate change:

- **GHG Emission Reductions:** Due to virtually eliminating the production of methane, approximately ½ ton MTCO₂e of greenhouse gases are avoided for every ton of organic waste composted instead of landfilled.
- **Carbon Sequestration:** Compost application returns carbon directly to the soil. Additionally, compost improves numerous soil characteristics, including: nutrient content, water retention capacity, and resistance to erosion. Enhancing these qualities improves crop yield, thereby amplifying the carbon sequestration potential of crop and rangelands.
- **Natural Fertilizer:** Compost application reduces demand for synthetic, petroleum-based fertilizers and chemical herbicides, thereby avoiding the emissions and environmental impacts associated with their production, transportation, and resulting pollution.
- **Local Impact:** Recology’s compost is typically sold no more than 100 miles from where it’s made, helps contribute to local and regenerative agricultural practices, and fosters a true closed loop ecosystem.

Recology views SB 1383 as a major opportunity for its industry to address climate change at a statewide level. SB 1383 establishes methane emissions reduction targets in a statewide effort to reduce emissions of short-lived climate pollutants in various sectors of California’s economy.

Visit www.recology.com/sb1383 for more information on our efforts to support SB 1383.

Landfill Operations Experience

Recology companies currently own & operate two landfills in California: Recology Ostrom Road in Wheatland and Recology Hay Road in Vacaville.

In addition, Recology Waste Solutions operates three landfills for the County of Kern: Bakersfield Metropolitan Sanitary Landfill (BENA), Mojave-Rosamond Landfill, and Ridgecrest Landfill.

Recology’s landfill operations focus on protecting the longevity of the facilities, while minimizing impacts on the surrounding environment and neighboring communities.

The Recology Hay Road Landfill is a Class



It solid waste disposal facility permitted to accept up to 3,200 tons per day, seven days per week.

Hay Road accepts municipal solid waste, wastewater treatment sludge, construction and demolition, green waste, food waste, contaminated soils, friable and non-friable asbestos, and other designated waste approved by specific acceptance criteria and permit.

Litigation and Regulatory Actions

Recology implements aggressive safety programs and robust personnel policies to prevent accidents and ensure a safe and fair workplace for our employees.

From time to time in the ordinary course of business, Recology is subject to various labor, employment, personal injury and vehicle-related claims, related insurance claims, and other non-material claims. Recology's policy and business practice is to respond to and resolve such claims in a timely manner. Apart from such ordinary-course claims, neither Recology Hay Road, Recology Blossom Valley Organics, nor Recology Inc. has been a defendant in any litigation or arbitration related to civil, legal, regulatory, or criminal matters in the past three years.

Please note that neither Recology Hay Road nor Recology Blossom Valley Organics have any subsidiaries.

Payment of Fines, Penalties, Settlements, or Damages

Proposer Recology Blossom Valley Organics has not paid any fines, penalties, or damages to any public agencies in the past three years. Recology Hay Road has paid fines to the following agencies over the past three years:

- Three (3) fines in an aggregate amount of \$12,000 to the Regional Water Quality Control Board over the period beginning April 26, 2022 through November 30, 2022 for the facility's exceedance of the Borrow Pit manganese limit. Recology Hay Road investigated the conditions giving rise to the fines, discovered manganese was naturally occurring at the site, and excavated additional capacity to allow for more settling time for water in the pit.
- Payments to the Yolo-Solano Air Quality Management District as follows: (i) \$7,650 on December 10, 2021 for a failed NOx emission limit during a bi-annual source test, which has since been remedied with a passed test; (ii) \$10,281 on February 14, 2022 for exceeding landfill tonnage and necessary update to permit for inclusion of emergency generator, which has been remedied through implementation of a scale house warning system to limit tonnage and an update to the permit; (iii) \$2,000 on August 8, 2022 relating to monitoring of the biofilter temperature which has been resolved through implementation of daily on site temperature reviews; (iv) \$27,800 on August 4, 2023 for an untimely flare source test and valve failure, which has been remedied through a valve replacement and additional programming of the valve along with modified scheduling of tests moving forward; and (v) \$7,500 on August 7, 2023 as a result of SOx emission amounts, which was remedied through a reprogramming of the flare to track emissions throughout the day and shut down as needed.

References: Organics Processing

City of Berkeley	San Francisco	SBWMA
Sean O'Shea Contract Administrator Public Works CMS# FEYSV 2180 Milvia Street, 3 rd Floor 510.981.6306 soshea@ci.berkeley.us	Tyrone Jue Director San Francisco Environment Department 415.355.3701 tyrone.jue@sfgov.org	Joe LaMariana Executive Director South Bayside Waste Management Authority 610 Elm St., Suite 202 San Carlos, CA 94070 650.759.1172 jlamariana@rethinkwaste.org

References: Landfill Disposal

Vacaville	Solano County	City of Dixon
Matthew Santos Solid Waste and Recycling Coordinator City of Vacaville 1001 Allison Dr Vacaville, CA 95687 Office: 707.469.6500 Mobile: 707.469.6507 Matthew.Santos@cityofvacaville.com	Narcisa Untal Principal Planner Planning Services Division Department of Resource Management 675 Texas Street, Suite 5500 Fairfield, CA 94533 707.398.1458 NUntal@solanocounty.com	Lauren Kotow Public Works Director 707.678.7000 Ext: 4104 lkotow@cityofdixon.us
Samantha Brown Program Manager Public Works Department City of Vacaville 1001 Allison Drive Vacaville, CA 956887 Office: 707.469.6500 Mobile: 707.469.6509 samantha.brown@cityofvacaville.com	Dale Eyeler Real Estate/Property Management County of Solano 675 Texas St., Ste. 2500 Fairfield, CA 94533 Office: 707.784.7906 Mobile: 707.639.3280	Linda R. Babb Admin Clerk II Public Works 707.678.7051 Ext: 4100 lbabb@cityofdixon.us

Financial Information

Recology Blossom Valley Organics - North (RBVON) and Recology Hay Road (RHR) are 100% wholly owned subsidiaries of Recology Inc. RBVON and RHR are audited annually by KPMG for inclusion in Recology Inc.'s financial statements only and therefore do not have separate audited financial statements.

Please note that Recology Inc.'s financials follow GAAP; the GAAP financials may not tie to the Federal Tax returns for these entities, which is common for companies to have two sets of financials – one for GAAP and one for tax purposes.



Technical Proposal: Recology Blossom Valley Organics - North

General Information

Site Information	
Name	Recology Blossom Valley Organics - North
Location	3909 Gaffery Rd, Vernalis, CA 95385
SWIS Number	50-AA-0020
Facility Description	Compost Facility
Facility Manager	Tim Hester, General Manger, thester@Recology.com , 415.740.8529
Owner and Operator	Recology Inc.
Site Map	See Appendix 4: RBVON Site Map .
Traffic Flow Diagram	See Appendix 5: RBVON Traffic Flow Diagram .
General Description	RBVON is permitted to accept 2,000 tons per day of organics and currently processes about 1,200 tons per day. In this proposal, Recology can offer up to 70,000 tons per year of commingled organics projected by the CCCSWA. In addition, if CCCSWA elects to compost its commercial organics, Recology can offer up to 20 tons per day of commercial organics capacity or 5,000 tons per year.

RBVON’s main site, located in Vernalis, CA, is an 80-acre composting facility that produces high-quality soil amendments from food scraps and yard trimmings.

The facility can receive loads between 4:30 AM and 4:00 PM Monday through Friday, and Saturday by prior arrangement from 4:30 AM to 12:00 PM.

The following is an overview of RBVON’s composting process:

- When materials arrive at the site, a load checker screens for large contaminants.
- Feedstock is then processed through a slow speed shredder and then run through a trommel screen to remove material under four-inches in size.

- The feedstock is then processed on a sort line, where sorters use a series of box chutes to carefully segregate four-inch over contaminants.
- After sorting, the material is placed in active windrows, where it is turned into fully-cured compost over a period of approximately 120 days.

Contamination Limits: RBVON has a contamination limit of 4% for unprocessed commingled organics, 5% for unprocessed commercial, and 1% for processed commercial or processed commingled.

- For material over the above limits but under 8% contamination by volume, RBVON can process contamination for an additional \$60 per ton (subject to CPI per ton for the contract).
- For any material that is over 8%, Recology will impose a \$120.00 ton disposal fee for Hay Road and a \$550 haul fee.
- These contamination fees are subject to CPI increases up to the start of the agreement.
- The disposal trucking fee is also subject to fuel surcharge adjustments.

Recology recommends that contamination disposal fees are incorporated into the requirements for the bidding haulers who would therefore take on this charge.

Contamination means (i) any man-made material, (ii) as to any material type, any material that does not meet the definition of that material type, or (ii) any material that is prohibited from being accepted as feedstock at the Composting Facility. The percentage of Contamination in a load shall be determined by Contractor by volume based on visual inspection of an untipped load. For items with Contaminants attached or embedded (e.g. nails in wood, wire-bound crates), the entire item is considered Contamination. Notwithstanding any other provision, Contamination includes, without limitation, waxed cardboard, biodegradable plastic food service ware, and oleander.

Vehicle Turnaround Times: Recology’s vehicle turnaround typically takes place within 30 to 40 minutes; however, it could take up to an hour during busy periods.

Load Check Program: Recology’s load check program helps ensure all incoming material at the Recovery Facility is safe and acceptable. The program includes:

Visual inspections	<ul style="list-style-type: none"> • All loads receive a visual inspection by a trained load checker prior to tipping.
Response procedures	<ul style="list-style-type: none"> • If prohibited material is visible, Recology may reject the load. • Any identified loads containing hazardous waste are rejected. • If hazardous material is identified after tipping, it will be temporarily stored in a safe area until it can be properly disposed.
Employee training	<ul style="list-style-type: none"> • As part of the onboarding process, new hires are trained in Recology’s Load Checking program so they may identify unacceptable material. • Refresher trainings are conducted annually and as needed.

Scales: Inbound material is tracked on a load-by-load basis using the **PC Scales Weight Tag system**, which records the date, time, commodity, customer, and jurisdiction of origin of each incoming load.

Each inbound transfer vehicle will be weighed at the scale house prior to tipping, to capture the gross vehicle weight, recording the vehicle identification number. The scale system will then subtract the vehicle tare weight, based on equipment weight data previously stored in the scale system, and calculate the net weight of the load for reporting purposes. Transaction receipts will be generated for the driver during the inbound weighing.

Outgoing tons are likewise tracked in the PC Scale system by destination and end use. This enables Recology to record and report the quantity of product produced as well as the end markets for those products. Recology can also record the amount of residuals leaving the site to help calculate a total diversion rate for CCCSWA's organic material.

Reporting Capabilities: Recology can provide tonnage reporting to the CCCSWA, consistent with data collected at its scale house. The report could include information on incoming tons, quantity of product produced, end markets for these products, quantity of residuals disposed, and total diversion rate for CCCSWA's organic material. Recology can work with CCCSWA to determine the exact content of the reports. Please see **Appendix 6: Sample RBVON Tonnage Report**. In addition, Recology can share load check reports with the CCCSWA. Please see **Appendix 7: Confidential - Sample Load Check Report**.

Permits and Regulatory Compliance

Regulatory Agencies

<p>Planning Department</p>	<p>Stanislaus County Planning and Community Development Dept. 1010 10th St., Ste. 3400 Modesto, CA 95354 209.525.6330</p> <p>Teresa McDonald: San Joaquin County Community Development Dept. Planning/Development Services Division 1810 E. Hazelton Ave. Stockton, CA 95205 MCDONALDT@stancounty.com 209.468.3121</p>
<p>Local Enforcement Agency (LEA)</p>	<p>Sean May CalRecycle Enforcement Agency 1001 I Street P.O. Box 4025 Sacramento, CA 05812 Sean.May@CalRecycle.ca.gov 916.341.6051</p>

Air District	<p>Jonathan Yoshimura San Joaquin Valley Air Pollution Control District Northern Region 4800 Enterprise Way Modesto, CA 95356</p> <p>johnathan.yoshimura@valleyair.org 209.557.6449</p>
Regional Water Quality Control Board	<p>Paul Sanders Central Valley Regional Water Quality Control Board 11020 Sun Center Drive, Suite 200 Rancho Cordova, CA 95670 Paul.Sanders@waterboards.ca.gov 916.464.3291</p>

NOVs and Enforcement Actions

The following is a summary of notices of violation (NOVs) issued by environmental regulatory agencies to RBVON over the past five years. RBVON has received no cease-and-desist orders from any environmental regulatory agency in the past five years.

Recology Blossom Valley Organics – North (RBVON) Notices of Violation issued by Environmental Regulatory Agencies May 14, 2019 to May 15, 2024			
Agency	Year Filed	Description	Status
San Joaquin Valley Air Pollution Control District	2019	NOV for operating equipment prior to obtaining Authority to Construct from the District.	Resolved
San Joaquin Valley Air Pollution Control District	2019	NOV for operating equipment prior to obtaining Authority to Construct from the District.	Resolved
Regional Water Quality Control Board	2019	NOV issued for compost leachate management, including leachate ponding near the unimproved northern composting pads.	Resolved
State Water Resources Control Board	2020	NOV issued for late submittal of monitoring report	Resolved

Regional Water Quality Control Board	2022	NOV issued for deficiencies in monitoring reports and sample collection	Resolved
Regional Water Quality Control Board	2023	NOV issued for leachate management, poor drainage, and ponding	Resolution in process pursuant to approved work plan.

Necessary Permits and CEQA

RBVON understands that it may be required to submit copies of necessary permits and CEQA compliance prior to the award of the agreement.

Available Processing Capacity

RBVON is permitted to accept 2,000 tons per day of organics and currently processes about 1,200 tons per day. In this proposal, Recology can offer up to 70,000 tons per year of commingled organics processing capacity. In addition, if CCCSWA elects to compost its commercial organics, Recology can offer up to 20 tons per day of commercial organics capacity or 5,000 tons per year.

Current Franchised Customers

Customer/Jurisdiction	Approx. Tons per Year	Contact
San Francisco	115,000	Tyrone Jue Director, San Francisco Environment Dept. 415.355.3701 tyrone.jue@sfgov.org
South Bayside Waste Management Authority (SBWMA)	45,000	Joe LaMariana Executive Director Office: 650.802.3505 Mobile: 650.759.1172 jlamariana@rethinkwaste.org
City of Berkeley	25,000	Leticia Jauregui Solid Waste OPS Manager 510.981.6362 ljauregui@CityofBerkeley.info
City of Livermore (Waste Connections)	20,000	Humberto Hernandez OPS Manager humberto.hernandez@wasteconnections.com
City of Turlock (Turlock Scavenger)	4,000	Alan Marchant 1200 S. Walnut Rd. Turlock, CA 95380 209.668.7274

Import Restrictions or Fees

Applicable fees are listed in [Attachment 1: Cost Form](#).

Operations Restrictions

The facility can receive loads from CCCSWA between 4:30 AM and 4:00 PM Monday through Friday, and Saturday by prior arrangement from 4:30 AM to 12:00 PM. RBVON’s daily limitation is 2,000 tons per day.

Staffing

RBVON has 55 workers at the facility. In addition to two office clerks, two managers, and two supervisors, RBVON also has the following union positions currently:

Job Type	Job Type/Step Description
DRSTN	Driver
EQOP	Equipment Operator
EQOPN	Equipment Operator (Night)
FORE	Foreperson - Working
GENLB	Laborer
LUBE	Lube Engineer / Tech
MECH	Mechanic
UTLOPR	Utility Operator
WGHMS	Weighmaster

Worker Health and Safety Measures

Recology has no greater responsibility than providing a safe operating environment for its employee-owners and customers. New employees participate in a multi-week training program comprised of both classroom and field instructions. Topics range from general site safety to equipment-specific operating procedures.

Training is led by instructors utilizing the latest audio/visual tools to convey the information and to make sure new employees demonstrate understanding and as required, skill proficiency. Safety training is repeated annually and more frequent when necessary.

Below is an overview of environmental and safety trainings that would be required:

Training	Initial Hire	Annually	As Necessary
Transfer Station Safety	•	•	•
Managing Wastes/Load Check	•	•	•
Hazard Communication	•	•	•
SPCC / Spill Response	•	•	•
Bloodborne Pathogens	•	•	•
Lockout/Tagout	•	•	•
Emergency Response/Fire Safety	•	•	•

Training	Initial Hire	Annually	As Necessary
Respiratory Protection	•	•	•
Workplace Violence	•	•	•
Personal Protective Equipment	•	•	•
Hearing Conservation	•	•	•
Asbestos Awareness	•	•	•
Stormwater Awareness	•	•	•
Equipment Specific SOP	•	•	•
Confined Space Awareness	•	•	•
Extreme Weather/Heat & Cold Stress	•	•	•
Injury/Illness Prevention	•	•	•
HAZWOPER (4-, 24-, or 40-hour trainings, depending on position)	•	•	•
Respect Based Workplace	•	•	•
Fall Protection & Ladder Safety	•	•	•
Basic First Aid/CPR (emergency response team members)	•	•	
Slips, Trips, and Falls	•	•	•

Following the initial training period, employees are required to attend monthly safety meetings. Each meeting is typically 30-40 minutes long. As needed, these meetings can be followed by weekly meetings hosted by supervisors to address processing changes or issues.

Recology’s “Be Safe” program is a daily commitment to focus on safety in everything Recology does. “Be Safe” is centered on employee connections between supervisors and managers.

These connections can include either a site assessment, safety observation, or a meaningful conversation about safety. The goal is to encourage safe behavior when it is identified and quickly intervene if unsafe behavior is observed to help each employee “Be Safe.”

In addition, Operations Supervisors conduct regular equipment inspections and other safety activities. As part of their annual performance appraisal, managers must achieve targeted frequency reductions.



Recology’s Safety Committee is comprised of employee representatives from each operations area – including sorters, equipment operators, spotters, and mechanics. Members are trained on hazard identification and correction and meet monthly to discuss safety. The committee also evaluates customer concerns, such as suggestions to improve traffic flow.

Recology develops and implements a comprehensive Injury and Illness Prevention Program (IIPP) for each of its operations. The IIPP is reviewed annually to ensure operational or regulatory changes are captured. The IIPP is based on a consistent template developed by Recology to ensure that all vital safety procedures are included. The IIPP helps managers, supervisors, and members of the workforce accomplish three major health and safety goals:

- Prevent work-related injuries and illnesses.
- Prevent property loss or damage.

- Comply with applicable safety and health regulations.

All employees receive the following safety equipment package (as applicable to their job functions) at first day orientations:

- High-visibility uniform
- Hardhat
- Ear plugs or earmuffs
- Gloves
- Safety glasses
- Dust masks



Recology evaluates each job role to identify PPE requirements and opportunities for adjustments. For example, Recology uses misters to mitigate dust, as opposed to simply relying on mandatory dust masks to protect employees. In addition, employees will be given a boot allowance as applicable to their job. Under the program, employees will receive vouchers to purchase approved boots and inserts from a preferred vendor.

RDRS Reports

Please see [Appendix 8: RDRS Report – RBVON](#).

Planned Changes

Recology is not currently conducting expansion at RBVON.

Tracking Tonnage

Recology uses PC Scales certified scale software system at its facilities. This robust and reliable platform is capable of providing standardized reports that can be exported into Excel. PC Scales software collects, processes, and stores inbound & outbound material weight, cubic yards, date, time, material type, place of origin, customer type, destination, and revenue.

Material codes can be added to track the movement of any material type. Material codes are unique identifiers that allow Recology facilities to properly categorize different materials. The material codes are also used to identify a unique material type for internal tracking or reporting.

Vehicle tare weights are stored in the system, so when incoming vehicles cross the scale and are weighed, the net weight is automatically calculated. The scale system subtracts the vehicle tare weight, based on equipment weight data previously stored in the scale system, and calculate the net weight of the load for reporting purposes. Transaction receipts will be generated for the driver during the inbound weighing.

At Recology Blossom Valley Organics – North, outgoing tons are tracked in the PC Scale system by destination and end use. This enables Recology to record and report the quantity of product sold as well as the end markets for those products. The weight of the residuals recorded at the disposal site is then subtracted to calculate a total diversion rate for the organic material.

To allocate tonnage by member agency, Recology collects the material origin at the scale. At the end of the month, a weight tag report is run, and the origin of each load of material is included. The total tonnage, by member agency, is then allocated accordingly, per RDRS rules. For direct hauls (i.e., route trucks), Recology bases this on the route truck's origin. For loads from transfer stations or other facilities, the facility provides the volumes by jurisdiction in RDRS.

To calculate the residuals, Recology can help facilitate a waste characterization to assign a residual rate to each member agency, cognizant of the fact that different jurisdictions have different contamination rates. The residual rate for a particular jurisdiction is based on the level of contamination Recology sees during load checks. Jurisdictions with typically higher rates of contamination are allocated higher residual rates. If awarded the organics processing Agreement, Recology could discuss this process with the CCCSWA.

Processing Information

Processing Methods



The following is an overview of RBVON's composting process:

- When materials arrive at the site, a load checker screens for contaminants. Each load is graded and recorded using a mobile app-building software application, which RBVON uses to provide feedback to the customer.
- The mobile app-building software provides details on possible downgrades for contamination beyond contract levels and provides photographs of overall load.
- Feedstock is then processed through a slow speed shredder, and then run through a trommel screen to remove material under four-inches in size.
- The feedstock is then processed on a sort line, where sorters use a series of box chutes to carefully segregate four-inch over contaminants.

- After sorting, the material is placed in active windrows, where it is turned into fully-cured compost over a period of approximately 90 to 120 days.
- RBVON is in the process of installing negative aeration overhead hoods that will remove plastics and other light contaminants from the feedstock. This will be more efficient for operations and will help assist in the removal of film plastics.

RBVON employs approximately four laborers who can help capture large contamination after tipping.

RBVON uses two slow speed shredders to process inbound materials and employs six to seven human sorters total for both lines. Sorters are negative sorting, removing large items that may damage the screens, metal, wood logs, and large bones. RBVON uses quarter inch screens for screening compost.

Accepted Materials

The RBVON facility is permitted to accept:

- Wood waste (untreated or unpainted wood only, broken into six inches in diameter and 10 feet in length)
- Green waste (plant debris)
- Mixed organic materials
- Food scraps
- Livestock bedding



Please note that compostable plastics do not efficiently break down in the composting process and are difficult to distinguish from regular plastics, thus negatively impacting the quality of the end product. At RBVON, compostable plastics are sorted from the organics stream, when possible, prior to the compost process, and disposed as residuals.

RBVON recognizes that CCCSWA allows compostable plastic bags in their organics bins. Since this material is collected in customers' bins, Recology will remove it at the facility and cannot guarantee that the material will be composted.

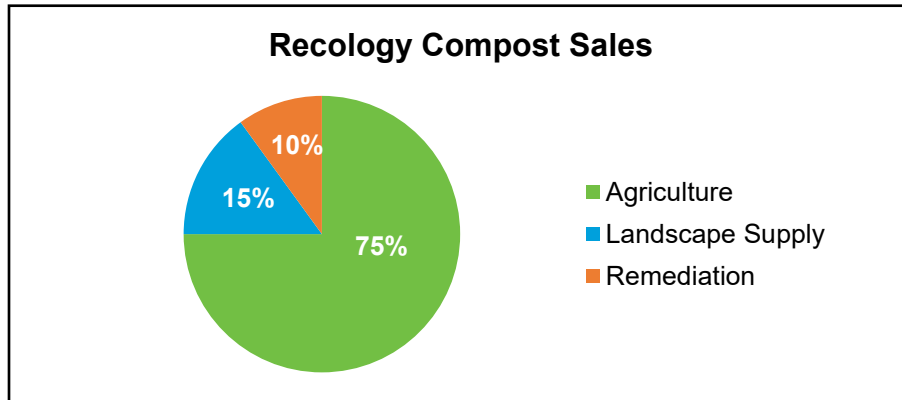
Addressing Overs

Overs at RBVON are typically used as alternative daily cover (ADC) at Recology's Ostrom Road and Hay Road landfills. Overs generally consist of wood pieces that are too large to grind and compost, as well as other non-compostable materials, such as plastics, small pieces of metal, and "compostable" plastics.

Commodities/Products and Markets

Compost produced by RBVON is marketed by Recology Products, a wholly-owned subsidiary of Recology Inc. The organic material would benefit from Recology's existing network of agricultural producers, who rely on Recology compost.

Farmers, vineyards, and orchards use Recology products to grow fruits and vegetables, grapes for wines, and premium nuts. In addition, Recology sells custom compost blends and mulches to landscape customers. Currently, Recology compost is primarily sold to agricultural producers, with a portion of sales going to landscape supply companies and land remediation efforts.



Recology’s quality assurance program includes thorough nutrient, metal, and pathogen analysis, which meets the U.S. Composting Council Seal of Testing Assurance program.

In addition to the materials analysis, Recology personnel carefully inspect finished compost to ensure the product is visually appealing and free of any foreign objects. Any compost that does not meet these standards is not sold and is redirected for additional processing. Please see [Appendix 9: Compost Quality Report](#) for more details.

Recology compost is sold no more than 100 miles from where it’s made, contributing to local & regenerative agriculture.

Compost Giveaway

RBVON will provide the CCCSWA with up to 1,000 cubic yards of compost or mulch each year, upon request. Since RBVON is not providing hauling services as part of this proposal, we would like to discuss a potential backhaul opportunity to convey the compost to the CCCSWA. We are willing to discuss this in further detail with the CCCSWA during contract negotiations.

Compost Procurement

Recology can work with the CCCSWA jurisdictions to help them comply with the SB 1383 compost procurement requirements. Recology has experience helping other jurisdictions comply with SB 1383 compost procurement requirements, including Morgan Hill and Gilroy.

Due to the anticipated volume of material that would need to be provided for the SB 1383 requirements, Recology envisions a program for CCCSWA similar to the program in Morgan Hill

and Gilroy, which has helped both jurisdictions successfully meet compost procurement requirements for 2023.

Each year, the CCCSWA jurisdictions would notify RBVON of the number of tons of compost the jurisdiction needs during the upcoming calendar year. Recology would make this compost available to interested customers and farmers in the area, who could request the jurisdiction purchase the compost on their behalf (at least 40 cubic yard or 20 tons of compost). Recology and the County would agree upon documentation for those eligible customers, and the County will be credited under SB 1383 procurement requirements. The farmers or agricultural producers requesting the compost would have to pay for all transportation of the material.

Other solutions that have been successfully implemented include a rebate program by Zero Waste Sonoma, whereby agricultural producers can submit to the County of a 10% rebate on their compost purchases. If the CCCSWA jurisdictions prefer, RBVON can help facilitate a similar program.

Proposed Diversion Rate

Recology has completed the table titled "Current Compost Facility Tons for Comingled Organics for the Most Recent 12 Months" in the Organics Composting Cost Form. However, please note that because organic material (particularly food waste) contains a higher amount of water by weight that largely evaporates during the composting process. For example, every ton of comingled organics typically yields 0.75 yards of compost (or approximately 750 pound of finished product).

The table in the Cost Form therefore calculates the diversion rate as only 39%, but that is not accurate; it appears that low simply because the volume of compost leaving the facility will always be significantly lower than the incoming tons, largely due to the amount of water that evaporates from the incoming tons during the composting process.

Organics diversion rates will vary based on the source of the material. For example, residential commingled organics typically have low contamination rates; RBVON sees about 90-92% diversion for residential commingled organics.

Commercial organics, including food scraps, typically have higher contamination rates due to a variety of factors, such as: staff training, non-compostable food containers being placed in the bins, and other factors. RBVON typically sees about a 70% diversion rate for commercial organics due to these contamination factors; however, pre-processed commercial food material can have diversion rates as high as 95% since most of the contaminants are removed during pre-processing. Recology typically calculates diversion rates based on the inbound tons, minus the disposal residue and any overs that could not be composted.

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EXHIBIT H:
APPROVED AFFILIATES AND SUBCONTRACTORS

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EXHIBIT H

APPROVED AFFILIATES AND SUBCONTRACTORS

In accordance with Section 2.9, the following Subcontractors and Approved Affiliates are pre-approved by the Authority as part of this Agreement. The Contractor shall be solely responsible for management and oversight of the activities of all Subcontractors and Approved Affiliates and shall require compliance with all material terms of this Agreement, including Indemnification and Insurance provisions provided in Article 13.

Subcontractors

- None

Approved Affiliates

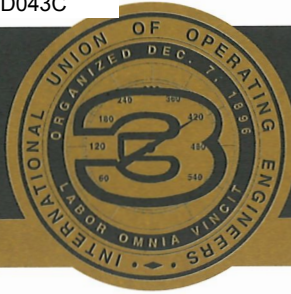
- Recology Hay Road dba Jepson Prairie Organics, 6426 Hay Road, Vacaville, CA 95687

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**EXHIBIT I:
LABOR AGREEMENTS**

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**OPERATING
ENGINEERS**
LOCAL 3



AFL-CIO

CONTRACTS

1620 SOUTH LOOP ROAD
ALAMEDA, CA 94502
PHONE 510.748.7400
FAX 510.748.7415

N. CALIFORNIA · N. NEVADA · HAWAII · UTAH

November 23, 2020

Mr. Greg Pryor
Recology Blossom Valley Organics.

gpryor@recology.com

RE: Agreement- Revised Agreement

Dear Mr. Pryor,

Attached, please find your fully executed Agreement with the Operating Engineers.

Should you have any questions or concerns, please contact the Stockton District Office.

Sincerely,

Sharon Costello
Contracts Manager

Attachment

AGREEMENT

THIS AGREEMENT, made and entered into this 20 day of Nov., 2020, by and between RECOLOGY BLOSSOM VALLEY ORGANICS NORTH, ("Employer") and OPERATING ENGINEERS LOCAL UNION NO. 3 of the International Union of Operating Engineers, AFL-CIO ("Union").

WITNESSETH

WHEREAS, the Employer is engaged in organics processing and is desirous of employing competent Employees, and

WHEREAS, the parties hereto desire to enter into an agreement establishing wages, hours of labor and working conditions, to stabilize labor conditions, to avoid strikes and lockouts, and to maintain harmonious relations between Employer and Employees covered by this Agreement.

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements herein contained, the parties hereto hereby agree as follows:

01.00.00 RECOGNITION

01.01.00 The Employer recognizes the Union as the sole and exclusive agent for the purpose of collective bargaining of Employees covered in Section 02.00.00 hereof.

02.00.00 COVERAGE

02.01.00 This Agreement shall cover all full-time and regular part-time equipment operators, weigh masters, operational support specialists (dispatchers), drivers-transfer, mechanics, lube technicians, utility operators, and laborers employed by the Employer in its Recology Blossom Valley Organics-North facilities located at 3909 Gaffery Road, Vernalis, California and 6133 Hammett Court, Modesto, California (such persons being referred to as "Employees"), excluding sales employees, confidential employees, office clerical employees, guards, professional employees and supervisors as defined in the National Labor Relations Act.

03.00.00 EMPLOYMENT

03.01.00 In the hiring of, placement of, and assignment of work to Employees covered by this Agreement, and providing competency, efficiency, skill and ability are satisfactory, the Employer shall be the sole judge.

03.02.00 If Employees cannot be obtained by the Employer, the Employer and the Union shall cooperate in the recruitment of workers who may be satisfactory to Employer.

03.03.00 Within five (5) days of the commencement of employment of a new Employee, he/she shall be referred by the Employer to the Job Placement Center of the Union so that the Union may issue the new Employee a dispatch slip.

03.04.00 In observing the foregoing provisions of this Agreement, neither the Union nor the Employer shall discriminate against any person on the basis of any characteristic protected by local, state or federal law, including but not limited to membership or non-membership in the Union or any other labor organization.

03.05.00 The Employer will give the Union a list of Employees subject to this Agreement upon the execution hereof and to revise same from time to time when requested to do so by the Union; provided Employer shall not be required to make such revision more frequently than once each thirty (30) days.

03.06.00 The Employer may subcontract bargaining unit work for temporary projects, those requiring equipment that the Employer does not possess, and/or projects mandated by government or regulatory agency. No bargaining unit Employee shall be displaced on lay-off as a result.

04.00.00 UNION SECURITY

04.01.00 Membership in good standing in the Union shall be a condition of continued employment on and after the thirty-first (31st) day following the beginning of employment or the date of execution of this Agreement, whichever shall be the later.

04.02.00 For the purpose of this Section only, tender of the initiation fee and periodic dues uniformly required as a condition of obtaining and retaining membership shall constitute membership in good standing in the Union.

04.03.00 Upon receipt of written notice from the Union of an Employee's failure to attain and maintain membership in the Union as above defined and required, the Employer, within five (5) days, shall discharge the Employee.

05.00.00 AUTHORIZED DEDUCTIONS

05.01.00 During the term of this Agreement, the Employer shall deduct from the first (1st) paycheck of each month, the monthly Union dues (but not assessments or fines) provided earnings after legal deductions are sufficient to cover such monthly Union dues (but not assessments or fines) of each Employee whose signed voluntary check-off authorization (form can be obtained at the District Office) has been submitted to the Employer pursuant to Section 302(c)(4) of the Labor Management Relations Act of 1947. All amounts deducted by the Employer under this check-off agreement shall be remitted by the Employer to the Financial Secretary, Operating Engineers Local Union No. 3. The Employer shall also furnish to the Union, with each remittance, a list showing the name and Social Security Number of each Employee whose monthly dues are included in the remittance and the amount thereof.

05.02.00 The Union hereby indemnifies the Employer and holds it harmless against any and all suits, claims, demands, and liabilities that shall arise out of or by reason of any action taken or not taken by the Employer for the purpose of complying with the provisions of this Section in response to an official written request or demand by the Union.

06.00.00 SHIFTS, HOURS, OVERTIME AND WORKING CONDITIONS

06.01.00 The starting time for the week's work shall be established at the discretion of the Employer; provided, however, twenty-four (24) hours' notice is given to Employees in the event of a change in starting time, except the regular starting time for Heavy Duty Repairmen and/or Welders shall be between the hours of 4:00 a.m. and 2:00 p.m. The straight time for all Employees after completion of the ninetieth (90th) -day of probationary period shall be reckoned by either four (4) consecutive shifts of ten (10) hours per day or five (5) consecutive shifts of eight hours per day for which forty (40) hours shall be paid.

06.01.01 The Employer reserves the right to propose an alternative work schedule consistent with California State law.

06.01.02 Shift assignment shall be by seniority, providing skills and ability do not hamper the Employer's operation.

06.02.00 Upon completion of ninetieth (90th)-day of probationary period, an Employee shall be guaranteed forty (40) hours' straight-time employment per week, provided work is available. This clause shall not apply if an Employee quits or is discharged for just cause.

06.03.00 All work performed in excess of eight (8) hours in a day or forty (40) hours in a week, shall be paid for at the overtime rate of one and one-half (1-1/2) times the regular hourly rate set forth in Section 10.00.00 hereof, except as provided under 06.03.01, 06.07.00, 06.08.00 and 10.01.01 of this Section. Overtime pay shall not be pyramided or compounded.

06.03.01 All work performed over twelve (12) hours in one day shall be paid at two (2) times the regular straight-time rate.

06.04.00 The following shall be considered as paid holidays under this Agreement and when no work is performed on these days, an Employee shall be paid for eight (8) hours at his/her regular straight-time rate of pay: New Year's Day, Presidents Day, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day and, Christmas Day. Should any of these holidays fall on Sunday, the following Monday shall be considered a paid holiday. Should any of these holidays fall on Saturday, the preceding Friday shall be considered as a paid holiday. If more than one (1) Employee requests the same day and the Employer cannot allow all such Employees to have that day off, the most senior Employee(s) will be granted the day off. All mandated holidays shall be posted seventy two (72) hours prior to the holiday. Employees will not be required to work in excess of eight (8) hours on holidays.

06.05.00 In order to be eligible for holiday pay when no work is performed, an Employee must work or be available for work on the last regular workday immediately prior to a holiday and the first workday immediately following the holiday unless the Employee shall have been unavailable for work because of:

06.05.01 Illness or injury, for a period not to exceed thirty (30) days, substantiated by a doctor's certificate showing the Employee was unable to work, or

06.05.02 Absence (other than leaves of absence) when authorized by the Employer, or

06.05.03 FMLA or bereavement leave, or

06.05.04 Absence for more than ten (10) days due to off-the-job injury.

06.06.00 To be eligible for holiday pay for holidays not worked, an Employee must be in the regular employ of the Employer for ninety (90) calendar days immediately prior to said holiday. If a holiday for which pay is due falls during an Employee's scheduled vacation, the Employee shall either receive an additional day's pay or day off at the discretion of the Employer.

06.07.00 Employees required to work on a holiday shall be paid one and one-half (1-1/2) times the regular straight-time rate of pay and be guaranteed a full day's work, plus holiday pay.

06.08.00 All work performed on the seventh (7th) day of the workweek shall be paid for at double (2) the regular hourly rates.

06.09.00 Any Employee ordered to report for work for the Employer and not being put to work shall receive an amount equal to two (2) hours' pay at the applicable rate.

06.10.00 Employer will endeavor to distribute the overtime equally. If an Employee is offered but refuses overtime, it is counted as if he/she worked the overtime hours for purposes of this section. The Employer will provide an overtime list to the Business Representative upon request, but no more than one (1) time per quarter.

06.11.00 Whenever an Employee is called out for work on the sixth (6th) or seventh (7th) day of the workweek, he/she shall be paid at least four (4) hours at the applicable overtime rate. The Employer shall not mandate more than two six-day workweeks in a single calendar month unless there are emergency circumstances.

06.12.00 MEAL AND REST PERIODS

a. Meal Periods. Employees who are scheduled to work more than five (5) hours in a day must take unpaid meal period of at least, but no longer than, thirty (30) minutes within the first (1st) five (5) hours of work. Employees who work in excess of five (5) hours but less than six (6) hours may voluntarily waive their meal period, and will be presumed to have done so if the meal period is not taken. Employees who are scheduled to work more than ten (10) hours per day are provided a second (2nd) thirty (30) minute unpaid meal period. An Employee may

choose not to take this second (2nd) meal period so long as the employee took the first (1st) meal period and finishes the shift within twelve (12) hours. If an Employee is unable to finish his or her shift within twelve (12) hours, the Employee must take a second (2nd) unpaid thirty (30) minute meal period. Where a second (2nd) meal period is required, it should be taken to the extent practicable near the tenth (10th) hour of work.

b. Rest Periods. Employees shall be authorized, and must take, a paid rest period of at least, but not longer than, fifteen (15) minutes for every four (4) hours worked. As far as practicable, Employees must take the rest period within the middle of each four (4) hour segment.

c. Recording Time. Employees must record their actual time worked. Depending on an employee's position and location, work time may be recorded by computer, handwritten documents or on pre-printed time sheets. Each Employee is responsible for maintaining his or her own time record. Employees should record the time work begins and ends, as well as the beginning and ending time of each meal period. Employees must also record any departure from work for any non-work related reason.

Should an Employee fail to record his or her own time, or should a known error occur, the matter must be reported to a supervisor. Employees may not mark, erase, or change time cards. Altering, falsifying, and/or tampering with time records, or recording time on another Employee's time record, is prohibited.

d. Notification. If circumstances do not permit an Employee to take his or her meal (or rest period), it is the Employee's duty and responsibility to notify his or her supervisor that he or she was not able to take a meal or (rest period).

e. Arbitration. Any complaint arising in connection with the application and interpretation of this Article, including but not limited to claims regarding alleged missed meal and rest periods and/or alleged payments for missed meal and rest periods shall be exclusively subject to the grievance and arbitration procedures set forth in this Agreement. With respect to all Driver classifications covered by this agreement, the parties recognize the exemption from the meal period requirements of Labor Code section 512, Subsections (e), (f)(2) and (g)(h)(1), and agree that the Drivers meet the definition of "Commercial Drivers" set forth therein.

Nothing in this section shall prohibit the Employer from modifying its policy consistent with applicable state law and agreement with the Operating Engineers Local Union No.3.

06.13.00 The overtime hours of employment shall be reckoned by the actual time worked.

06.14.00 Supervisors may work with the tools of the trade in the case of an emergency, instruction or if no bargaining unit employees are available from the voluntary overtime list; however, no regular Employee will be displaced.

06.15.00 An Employee who works in more than one classification or on more than one kind of work or kind of equipment during a shift, shall have his/her pay computed on the basis of actual hours worked in each classification, including overtime.

06.16.00 No arrangement of shifts shall be permitted that prevents any Employee from securing eight (8) consecutive hours of rest in any consecutive twenty-four (24) hours.

06.17.00 No Employee covered by this Agreement shall furnish transportation within the jobsite or between jobsites or from yard to jobsite for transportation of Employees, tools or equipment or for any other purpose as a condition of employment.

07.00.00 TOOLS

07.01.00 The Employer shall provide on each job site a secure place where its Heavy Duty Repairmen, Mechanic Trainees and any other Employees required to provide tools as a condition of employment to keep their tools. If

all or any part of an Employee's kit of working tools is lost by reason of failure of the Employer to provide such a secure place, or by fire, flood, or theft involving forcible entry while in the secure place designated by the Employer, the Employer shall reimburse such Employee for any such loss. In order to obtain the benefits of this paragraph, an Employee must provide the Employer with an inventory of his/her tools at the time he/she commences work and updated inventory whenever the Employee acquires additional tools.

07.02.00 Heavy Duty Repairmen shall furnish their own tools, but shall be furnished special tools when needed, such as: Pin Presses, Spanner Wrenches, Air or Electric Wrenches, Gear and Bearing Pullers, Electric Drills, Reamers, Taps and Dies, Oxy-acetylene Hoses, Gauges, Torches and Tips, twenty-four-inch (24") Pipe Wrenches or Socket Wrenches and Sockets requiring over three-quarter-inch (3/4") drive. Such Heavy Duty Repairmen shall be entitled to a tool pick-up time before the end of each shift, which shall not be less than five (5) minutes or more than fifteen (15) minutes.

07.03.00 Employer shall provide a tool voucher for its Heavy Duty Repairmen and/or any Employee required to provide tools as a condition of employment. Each Employee who qualifies under the above conditions shall follow the table below. Tool allowances will be paid at the end of the month of November each year.

<u>Year</u>	<u>Month</u>
\$1,750.00	or \$145.83

08.00.00 SENIORITY

08.01.00 The Employer shall be the sole judge of the qualifications of his Employees. Qualifications being equal, Employees with the longest length of continuous service with the Employer will be selected to remain with the working force in case of layoff due to lack of work.

08.02.00 Employees retained or recalled because of seniority must be willing and qualified to perform the work to be done.

08.03.00 When a vacancy occurs in the Employer's operation, the Employer will post notice of the vacancies, in both English and Spanish, in a conspicuous location immediately and will leave notice posted for seven (7) working days so all Employees are aware of the vacancy. A copy of postings and candidates shall be sent to the local union after posting requirements are met. The Employee with the most seniority and qualifications shall be given the first opportunity to fill the position. Employees awarded a posted vacancy, after qualifying period, shall not be allowed to sign notices for twelve (12) months in the same category. The Employee shall be given two (2) weeks to qualify in the position at the wage rate of his/her present qualification. If the Employee does not qualify at the end of the two (2) week period, he/she shall be reassigned to the classification initially vacated with no reduction in wages, and the position shall be reopened to the next employee on the list. Temporary positions (jobs of two (2) month or less) will not be posted. An Employee that performs covered work in multiple classifications shall be dispatched to the classification that pays the highest rate applicable when (50%) fifty percent of the work is being performed is at the higher rate classification within any (60) sixty-calendar day or (30) thirty-calendar day period when (100%) one hundred percent of the work is being performed at a highest rate unless the employee's dispatch under such circumstances is caused by circumstances beyond the Employer's control.

08.04.00 The Company shall make reasonable effort to train and promote within. Training opportunities shall first be offered to employees based on their seniority status.

09.00.00 PPE

09.01.00 The Employer shall furnish boots for all Employees who have fulfilled the probationary requirement. The employee shall be provided with a voucher for two hundred fifty dollars (\$250.00) once a year in January for the purchase of an ANSI approved safety shoe and/or work boot with puncture and oil resistive soles and a

minimum six-inch high lace-up ankle support as required by the Employer. Employees must comply with the safety shoe requirement unless otherwise directed by a physician. Employees exempted from the safety shoe requirement by a physician are not eligible for.

09.02.00 The Employer shall provide uniforms, gloves and rain gear at no expense to the Employee. Mechanics shall also be provided with coveralls. The Employer will provide laundering service for uniforms and coveralls.

10.00.00 WAGE

10.01.00

Classifications

Hourly Rates Effective

	11/1/20	11/1/21	11/1/22	11/1/23	11/1/24
Yard Foreman.....	\$27.86	4%	4%	4%	4%
Heavy Duty Repairman and/or Welder.....	\$32.95	4%	4%	4%	4%
Lubrication and Service Technician.....	\$18.67	4%	4%	4%	4%
Equipment Operator.....	\$25.69	4%	4%	4%	4%
Laborer.....	\$15.15	4%	4%	4%	4%
Driver-Transfer.....	\$26.56	4%	4%	4%	4%
Weigh master.....	\$19.84	4%	4%	4%	4%
Dispatcher.....	\$23.35	4%	4%	4%	4%
Utility operator.....	\$17.49	4%	4%	4%	4%
Shop Foreman.....	\$33.95	4%	4%	4%	4%

10.01.01 Employees assigned to work on a second shift will be paid eight (8) hours pay for seven and one half (7 1/2) hours work.

** Union may allocate the increase to wages and/or fringe benefits.*

ENTRY RATE PAY

1st through 6th month — 80%

7th through 12th month — 90%

Thereafter — 100%

Laborer excluded from entry rate pay

10.02.00 New Hires. New hires will serve a ninety (90) day probationary period during which time they may be terminated for any reason and without recourse. Section 06.20.00, Seniority, shall not apply to probationary employees. All provisions of the Agreement except those expressly excluded herein shall apply to probationary employees.

10.03.00 No present Employee receiving a higher rate of pay shall suffer a reduction of pay by reason of the execution of this Agreement. Any Employee receiving a higher rate of pay at the execution of this Agreement will receive the dollar amount increases not the percentage increases in years 2, 3, 4, and 5 of this Agreement.

10.04.00 In the event that the Employer takes on any additional work requiring Employees to transport or handle any classified hazardous waste materials, the hourly rate for same shall be negotiated by the Employer and the Union. Such negotiations shall begin no later than five (5) working days prior to commencement of work.

10.05.00 Employees shall be paid bi-weekly. The Employer shall inform the Employees in writing, an updated account for available vacation days and paid sick days for each Employee dispatched to this agreement no less than one (1) time per month. The notification can be provided to each individual Employee.

11.00.00 VACATIONS

11.01.00 Employees shall receive a vacation with pay computed as follows:

11.01.01 When an Employee has completed twelve (12) months service with the Employer, he/she shall receive a vacation of one (1) week with pay of forty (40) hours at his/her straight-time hourly rate. After two (2) years of service, he/she shall receive two (2) weeks' vacation and receive pay for eighty (80) hours at his/her straight-time hourly rate. After ten (10) or more years of service, he/she shall receive three (3) weeks' vacation and receive pay for one hundred twenty (120) hours at his/her straight-time hourly rate. After fifteen (15) or more years' service, he/she shall receive four (4) weeks' vacation and receive pay for one hundred sixty (160) hours at his/her straight-time hourly rate.

11.02.00 Vacations shall be taken at the end of the yearly period when earned and at the time mutually agreed upon between the Employer and the Employee, on a first come first served basis. Employees will receive pay in lieu of unused vacation that is not carried over on their anniversary date. Employees are encouraged to take at least fifty (50%) of their vacation time annually.

11.02.01 Employees may be required to provide thirty (30) days written notice on vacation requests. The Employer retains sole and exclusive discretion to grant or deny an Employee's request for a vacation in which the employee provides less the thirty (30) days written notice. The Employer's refusal to grant a vacation request that is provided with less than thirty (30) days' notice shall not be grievable. Any denial of request shall be for clearly articulated operational reasons. Whenever possible, and when agreed upon, an Employee may stagger or spread his/her vacation period through the year. Employees will be allowed to split their vacation time into one day increments when mutually agreed between the Employer and the Employee.

11.02.02 Employees who receive written permission to take a vacation but are called back to work or their vacation is revoked for any reason shall receive one and one half (1 ½) time their straight time rate of pay for the first (2) shifts worked during scheduled time off.

11.03.00 *Pay in Lieu of Vacation.* When an Employee quits or is terminated after his/her first (1st) year of service, he/she shall receive pay in lieu of vacation at his/her straight-time hourly rate computed from the anniversary of his/her date of hire in accordance with the following schedule:

	3 and less than 6 mos.	6 and less than 9 mos.	9 and less than 12 mos.
Terminated during 2nd through 9th years' service.....	20 hours	40 hours	60 hours
Terminated during 10th through 14th years' service.....	30 hours	60 hours	90 hours
Terminated during or after 15 years' service	40 hours	80 hours	120 hours

11.04.00 The seniority of an Employee under the vacation and pay in lieu of vacation schedules set forth in this Section shall be unaffected by and shall continue to accumulate during a layoff of ninety (90) days or less duration, and the seniority of an Employee rehired after a layoff of more than ninety (90) days, but within six (6) months shall date from his original employment less the actual period of his layoff. Any Employee on layoff failing to report for work within five (5) working days upon recall, unless excused because of an accident or illness, shall lose all

rights under this Section. Employees who are rehired following their discharge or their voluntary termination, or who are laid off for more than six (6) months, shall be deemed to have no seniority when rehired.

12.00.00 LEAVE TIME

12.01.00 Regular full-time Employees shall be provided six (6) days of sick leave beginning the first day of the contract year. Sick leave benefits shall be available on the first day of absence. Sick leave will be payable for days falling during the work week only. This section shall not apply to new hires in their probationary period, further upon completion of the probation period, sick leave shall be provided on a pro rate basis at the rate of one hour of paid sick leave for every 30 hours worked.

12.01.01 Employees may use accrued vacation days when there are no paid sick days. If an Employee requests additional time off for sick leave, but has no remaining accrued vacation or paid sick leave, the Employer may require a doctor's certificate.

12.02.00 Sick leave benefits may be carried over from year to year not to exceed twelve (12) days.

12.03.00 No sick leave benefits shall be granted during the first three (3) months of employment.

12.04.00 *Bereavement Leave.* When a death occurs in an Employee's immediate family, the Employee shall be granted three (3) working days of paid leave. If the Employee must travel over a two hundred (200) mile radius the Employee shall be granted five (5) working days of paid leave. The immediate family shall be defined as father, mother, father-in-law, mother-in-law, husband, wife, registered domestic partner, son, daughter, brother or sister, current stepfather, current stepmother, current step children, and grandparents. Bereavement leave shall be non-cumulative.

12.05.00 Employees taking leave under any federal or state leave law shall be required to use accrued but unused vacation time concurrently with an otherwise unpaid leave, unless the leave is due to pregnancy disability. If the leave is due to pregnancy disability, the employee shall have the option to use accrued but unused vacation time. In addition, employees taking leave under any federal or state leave law for the employee's own health condition shall be required to use accrued but unused sick time concurrently with an otherwise unpaid leave.

12.06.00 The parties agree that applicable state and or federal law regarding sick leave shall apply unless said law permits exemption for that law for parties subject to a collective bargaining agreement. To the extent applicable law permits an exemption, the parties hereto agree that such exemption shall apply to this Agreement. If such an exemption applies the parties agree that any dispute under this Article about the accumulation, payment or any other sick leave dispute shall be exclusively governed by the grievance and binding arbitration procedure of this Agreement. Notwithstanding any of the above any intervening applicable law regarding sick pay shall not be implemented by the Employer unless the law requires implementation and the collective bargaining agreement is not exempt under applicable law.

13.00.00 JURY DUTY

13.01.00 When an Employee who is unable to report for work on his/her regular shift because of jury duty, he/she will, upon furnishing written proof of such service, be paid the difference between the jury pay and the amount he/she would have been paid if he/she had worked an eight (8) hour day or ten (10) hour day. Employees who are called for examination for jury duty or who serve on jury duty by being impaneled in a jury box and actively serving as a juror, shall be reimbursed the difference between jury pay and their straight-time pay lost up to a maximum of thirty (30) days per year under the qualifications set forth below:

13.01.01 Day shift Employees called for jury duty or examination and excused by the court prior to 12:00 noon shall return to work for the balance of their day shift and shall be paid the difference between the jury pay or examination pay, if any, and their straight-time pay lost. This Subsection shall not apply to Grand Jury Duty.

13.01.02 Swing or graveyard shift Employees called for jury duty or examination and excused by the court prior to noon shall report for their regular swing or graveyard shift and shall not be eligible for any jury pay under this Section.

14.00.00 NO CESSATION OF WORK

14.01.00 Under no circumstances shall any dispute or disagreement be permitted to cause a cessation of work. Employer hereby declares opposition to lockouts and Union hereby declares opposition to strikes, sympathetic or otherwise, and to stoppage or slowdown of work.

15.00.00 GRIEVANCE COMMITTEE AND ARBITRATION

15.01.00 Any dispute concerning the interpretation of this Agreement or its application, or any dispute regarding wages, hours and working conditions, to the extent the same are within the scope of this Agreement, which has not been settled on the job, shall be immediately submitted in writing for adjustment and settlement to the Grievance Committee, which shall act as a Board of Arbitration. All such grievances shall be reduced to written form, including the section(s) of the Agreement alleged to have been violated, and given to the Employer within ten (10) working days of the day the Employee had knowledge of the incident or circumstances that leads to the grievance or within ten (10) working days of when the incident occurred, provided a reasonable person would have had such knowledge of the incident. The Grievance Committee shall consist of two (2) members appointed by Employer and two (2) members appointed by Union upon signing of this Agreement and on call from either party. The Grievance Committee shall meet within ten (10) working days of the Employer receiving notice of said grievance. If the Grievance Committee cannot settle the matter in dispute within eight (8) hours after convening, a fifth (5th) member agreed upon within twenty-four (24) hours thereafter shall be chosen by the Grievance Committee and the majority decision of the Grievance Committee and such fifth (5th) member shall be final and binding upon both parties and upon the Employees covered hereby, and a decision in writing shall be given within fifteen (15) days of the matter first being heard by the Grievance Committee. If the Grievance Committee is unable to agree upon the fifth (5th) member within the time aforesaid, either party may make application to the Federal Mediation and Conciliation Service for the appointment of the fifth (5th) member and the majority of the group comprising the Grievance Committee and the fifth (5th) member shall be authorized and empowered to make a final and binding decision upon the parties and upon the Employees covered hereby. Provided, however, that neither the Grievance Committee nor the fifth (5th) member shall be authorized or empowered to grant or attempt to grant any decision with regard to any dispute or grievance in contravention of, or outside the terms or scope of this Agreement and the matters and Employees covered hereby. The fifth (5th) member shall render a decision within ninety (90) days of when the matter is submitted. The time limitation of this Section may only be extended by mutual agreement by the parties in writing. Any grievance that does not comply with the time limitations herein set forth shall be dismissed as being untimely. The fifth (5th) member shall have no authority to add to, or delete provisions of this agreement.

16.00.00 SAFETY

16.01.00 *No Limitation of Production.* Subject to all State and Federal rules and regulations governing or applicable to the safety of Employees, place of employment and operation of equipment, no rules, customs, or practices shall be permitted that limit production or increase the time required to do any work.

16.02.00 *Cooperation.* The Union shall cooperate with the Employer in the carrying out of all such Employer's safety measures and practices for accident prevention not in conflict with the provisions of this Agreement, and in carrying out and adhering to all of the applicable State and Federal safety law. Any Employee may be discharged for knowingly failing to perform work in conformance with the Employer's Safety Code or as required by the State or Federal Safety Orders or other applicable statutes. The safety standards and rules contained herein are minimum standards and are not intended to imply that the Union objects to the establishment and imposition by

the Employer of additional or more stringent safety rules to protect the health and safety of the Employees. It shall be the Employer's exclusive responsibility to insure compliance with safety standards and rules.

Nothing in this Agreement is intended to make the Union liable to anyone in the event that injury or accident occurs.

16.02.01 Employees shall perform their duties in each operation in such a manner as to promote efficient operation of each particular duty and of any job as a whole not in conflict with the provisions of this Agreement.

16.03.00 *Addiction Recovery and Substance Abuse Policy.* The Union and the Employer have established a joint program which shall enable all parties to deal with drug and/or alcohol abuse problems from both a safety and productivity enhancement point of view as well as recognizing the individual rights and well-being of each Employee. The policy and program is set forth in Exhibit B, attached hereto and made a part hereof.

16.04.00 *Unsafe Conditions.* It is further agreed by both parties that too great an emphasis cannot be placed upon the need of safe working conditions. The Employer will provide and the Union agrees that Employees shall use the provided health and safety equipment, the equipment to be returned to the Employer upon termination of its use on the project. No Employee shall be required to work on, with, or about an unsafe piece of equipment or under an unsafe condition if such equipment or condition is determined to be unsafe by an authorized representative of the Division of Industrial Safety or the authorized safety representative of a Federal awarding agency. Such determination shall be in writing.

16.04.01 No set of health or safety regulations, however, can comprehensively cover all possible unsafe practices of working; therefore, the Union and the Employer undertake to promote in every way possible the realization of the Employee's and Employer's responsibility, with regard to preventing accidents to Employees. No Employee shall be discharged for refusal to work on or about equipment or a condition that has been found to be unsafe by an authorized representative of the Division of Industrial Safety or the authorized safety representative of a Federal awarding agency and such determination shall be reduced to writing. Any Employee discharged for refusal to work under the above conditions shall be made whole by the Employer for lost wages and benefits.

16.05.00 *Union Notification.* If there is a serious injury to an Employee the Union Representative or the Job Placement Center servicing the project shall be notified within twenty four (24) hours. The Union Representative servicing the project shall furnish the Employer with his home telephone number.

16.06.00 *Notices.* The Employer must post the name and address of its doctor and of the Workers' Compensation Insurance carrier on the jobsite.

16.07.00 *Safety Review Committee.* A Union Representative may be present to represent the Employee(s) upon his/her request. Any suspension(s) that may result from the Safety Review Committee, such action must be taken within thirty (30) days of the hearing.

16.08.00 *Use of Video:* The Employer and Union acknowledge and agree that the Employer may use video surveillance at its worksite to further the interests of safety and security of employees, customers and property. The Employer further reserves the right to use such video as evidence in disciplinary actions. The Employer will provide the union notice of the locations of the cameras.

17.00.00 ADMINISTRATIVE RIGHTS OF PARTIES

17.01.00 A duly authorized Union representative may be permitted to talk on the job with Employees subject to this Agreement for the purpose of ascertaining whether or not this Agreement is being observed by all parties, or to assist in adjusting grievances and for no other reasons. Union shall exercise this privilege so as not to interfere with the work of the Employee(s). Employer recognizes that occasions may arise when a duly authorized representative of the Union may find it necessary to arrange to relieve an Employee or Employees from duty and

bring them to the front office at the request of the aforementioned representative. Union or its duly authorized representative will always obtain Employer's permission before talking to any Employee about any matter during working hours on Employer's property.

17.01.01 Shop Stewards. The Union may designate up to two (2) Employees as Shop Stewards. Shop Stewards shall be granted a reasonable amount of time to represent Employees.

17.02.00 Absenteeism is defined as the absence from work without notification or permission of the Employer. One (1) hours' notice prior to the time the Employee is supposed to report for work shall be considered proper notification unless in the Employer's opinion, circumstances warrant special consideration. Employer has the right to discipline Employees failing to give such proper notice.

17.03.00 Company Policy. The Employer has the right to maintain order and efficiency of its operations including determining the type and scope of work to be performed, establishing schedules of operation and deciding the means, methods and processes of completing the work including the adoption of new technologies and/or equipment, except where specifically limited in the Agreement. With notification given to the Union, the Employer has the right to make and enforce written policies. If an Employee is suspected of violating a company policy, rule or engages in other conduct that may be grounds for discipline, the Employer shall begin its investigation into the incident/conduct within ten (10) working days of its knowledge of the incident/conduct and a copy of any resulting discipline shall be forwarded to the business representative. No Employee will be terminated without just cause.

17.04.00 Complete Agreement: This Agreement and its appendices constitute the sole and entire agreement between Employer and the Union on all matters relating to wages, hours and conditions of employment of bargaining unit employees covered during the term hereof, excludes and supersedes any actual or alleged past pattern and practice, and settles all demands and issues on all matters subject to collective bargaining. Provided, however, that the parties may amend this Agreement, pursuant to a mutually executed written document, to memorialize any mutually agreed to practice or modification to this Agreement that may occur during the term hereof.

18.00.00 LIMITATION OF AUTHORIZED AGENT

18.01.00 No person is authorized to act as, or is to be deemed to be, an authorized agent of either party to this Agreement, unless the party appointing such authorized agent has first notified the other in writing of such appointment and the scope of the authority of such an agent.

18.02.00 The following persons and no other shall be the authorized agent of the respective parties until further notice as provided in 18.01.00 hereof:

18.02.01 Duly authorized agent of the Union shall be: Business Manager.

18.02.02 Duly authorized agent of the Employer shall be any person authorized by the Employer to act as its agent whose identity and scope of authority has been made known to the Union by written communication for said Employer.

19.00.00 FRINGE BENEFITS

19.01.00 The Employer shall maintain the same health and wellness benefits for bargaining unit employee as it offers its non-union employees including medical, dependent medical, dental, vision, Employee basic life, dependent basic life, basic/core long term disability, Employee assistance program, and the Prosper Wellness program. The Employer shall maintain parity in health and wellness contributions between bargaining unit employees and non-union bargaining employees participating in the same benefit programs.

19.02.00 Annuity Fund. The Employer shall pay into the Operating Engineers' Annuity Trust Fund, on behalf of eligible Employees the following sums per hour for each hour worked.

2020	2021	2022	2023	2024
\$1.35	4%	4%	4%	4%

19.03.00 New Hires. The Employer shall not be required to pay the fringe benefits as outlined in Sections 19.01.00, and 19.02.00 until completion of thirty (30) days of employment.

19.04.00 The Employer shall make the payments provided under 19.02.00 at the times and in the manner provided in the Trust Agreements creating the respective Trust Funds and is bound by all the terms and conditions thereof and any amendment or amendments thereto. Eligibility of Employees shall be determined by the Trustees of each Trust.

20.00.00 EFFECTIVE AND TERMINATION DATES

20.01.00 Except as provided herein, this Agreement shall be effective as of the 1st day of November 2020, and remain in effect until the October 31, 2025, and shall be renewed from year to year thereafter unless either party shall give written notice to the other of a desire to amend at least sixty (60) days prior to the date of expiration of this Agreement.

20.02.00 Savings Clause. Both parties will abide by all of the Articles of this Agreement, provided same are not in or become in conflict with any Federal, State, or local laws, and if it should be determined that any section, clause, or provision hereof is invalid as being contrary to public policy, an effort will be made by the parties hereto to promptly enter into negotiations concerning the clauses affected by such legal decision for the purpose of achieving conformity with the requirements of any applicable law so violated.

IN WITNESS WHEREOF, the parties hereto set their hands and seals by their respective officers duly authorized to do so this 20th day of November, 2020.

EMPLOYER:
RECOLOGY-BLOSSOM VALLEY ORGANICS NORTH

UNION:
OPERATING ENGINEERS LOCAL UNION NO.3
of the International Union of Operating
Engineers, AFL-CIO

Greg Pryor
Signature

Dan Reding
Business Manager

Greg Pryor 11/19/2020 | 10:05 AM PST

Rate Fisher
Treasurer

Print Name Date

General Manager

[Signature] 4339
District Representative

Print Title

[Signature] 6934
Business Representative

Signature

Print Name

CONTRACTS
NOV 23 2020

EXHIBIT "B"

**SUBSTANCE ABUSE PROGRAM
RECOLOGY BLOSSOM VALLEY ORGANICS-NORTH and
OPERATING ENGINEERS LOCAL UNION NO. 3
of the International Union of Operating Engineers, AFL-CIO**

Policy Statement

It is important that Recology Blossom Valley Organics-North make every effort to ensure that all employees enjoy a safe and hazard free work environment. In a continuing effort to reduce unnecessary risks, Recology Blossom Valley Organics-North herein called "Company" is committed to maintaining a work environment free of drugs and alcohol abuse.

Objective of this Policy

To ensure that all Employees are able to work in an environment free from unnecessary risks and hazards created by substance abuse.

Intent of this Policy

To describe the appropriate prohibitions created by the Company's commitment to a drug and alcohol free workplace. It is company policy that:

- Being under the influence of alcohol or drugs while at work or on the company premises is prohibited.
- Being under the influence of alcohol or drugs while operating company equipment, vehicles, or traveling on the company's behalf is prohibited.
- The unlawful manufacture, distribution or transfer, dispensation, possession, or use of a controlled substance (other than under the direct supervision of a physician) is prohibited.

Process to Achieve this Objective

The following are procedures to ensure the effective administration of this policy:

Education - All Supervisors and Managers will be trained in the Company's policy regarding substance abuse and the prohibitions established in this policy. Employees will also be informed of the problems created by substance abuse.

Additionally, the Company has implemented a drug and alcohol-testing program with the following requirements:

- **Pre-Employment Drug and Alcohol Testing** - All offers of employment are made contingent upon the candidates successfully passing an alcohol and drug-screening test. Any candidate testing positive for drug or alcohol use will not be offered employment with the Company. Additionally, any Employee undertaking a mandated Department of Transportation (DOT) medical examination may be drug and alcohol tested as a part of this examination.
- **Random Drug and Alcohol Testing** - All Employees, including those who operate company equipment and/or vehicles are subject to random drug and alcohol testing as required by the Department of Transportation.
- **Reasonable Suspicion Testing** - Any Employee may be subject to alcohol and drug testing if there is "reasonable suspicion" that they are under the influence of alcohol or drugs while at work. Reasonable suspicion is based on the objective observations of a qualified supervisor as to abnormal coordination,

appearance, behavior, speech, and/or breath odor. While not mandated to do so, supervisors are encouraged confirm their conclusions of reasonable suspicion by another person's observations.

- Post-Accident/Injury Testing - Any Employee involved in an accident which damages company equipment, vehicle or other property, or has an injury requiring minor medical care is subject to drug and alcohol testing. Any accident involving a personal injury requiring medical attention will require a drug and alcohol test. Accidents and injuries must be reported to supervision as soon as possible after the occurrence, even if this means interrupting the normal work schedule.
- Return to Work Agreement - Having completed a substance abuse treatment program, the Employee will present the Company with written documentation releasing the Employee from the program and signifying that the Employee is ready to return to work. Whether or not the employee will be offered re-employment will depend on the individual circumstances presented. Any Employee who voluntarily, that is, does so before a "positive test" enters an alcohol/drug rehabilitation program is granted the employee rights outlined with the California Department of Fair Employment and Housing. Those rights are more fully described below under "Administering the Policy". Re-employment for all other Employees will be on a case-by-case basis, but if re-employment is offered, the returning Employee agrees to submit to no less than six (6) but no more than twelve (12) additional drug and alcohol tests within the next twelve (12) months, paid by Employee. The parties further agree to any other DOT requirement in re-employment agreements.

Administering this Policy

If an Employee has a positive drug or alcohol test result, as defined by the Department of Transportation Regulations, their employment with the Company will be terminated immediately. This means that the sole determinate of impairment related to the Employee's ability to perform his/her job is the amount of a substance identified by the drug or alcohol test as being at or above the cut-off level as reviewed by the Medical Review Officer (MRO).

At any time prior to testing, or notification of a test, an Employee may admit to having a drug or alcohol problem. The Employee shall be counseled and advised where the Employee has an opportunity to seek treatment. An employee who volunteers to participate in a drug and/or alcohol rehabilitation program prior to random or reasonable suspicion drug and alcohol testing will not be subject to disciplinary action.

During the time immediately following a reasonable suspicion incident and prior to test results being known, the Employee will be prohibited from returning to work and placed on administrative leave. If the drug or alcohol tests result is negative, the employee will be immediately returned to work and paid for all lost wages resulting from being placed on leave. If the test results are positive, the Employee will be terminated based on the date of the test.

Any Employee who refuses to participate in, cooperate with, or abide by this policy or the terms and condition of his/her own program of treatment or rehabilitation program will be terminated.

Employees entering counseling and/or a rehabilitation program for substance abuse are required to sign a "Return to Work Agreement." This agreement requires the Employee to provide the Company with period progress reports demonstrating continued successful progress toward program completion. "Return to Work Agreement" guidelines are detailed earlier in this document.

Work time lost by an Employee in order to participate in counseling and/or a treatment program will be subject to applicable sick leave, vacation time or the Company shall provide any and all other leaves of absence as required by federal and state statutes.

Collection

On a pre-employment, random, post-accident and/or "reasonable suspicion" basis the Company requires an Employee (candidate, when pre-employment) with a Company Representative, to go to a designated collection facility, generally a medical clinic, to provide a minimum of 60 ml urine specimen for laboratory testing and use a "Breathalyzer" as instructed by clinic personnel. "Split samples" shall be provided for and processed separately. The Company has the discretion to send and schedule pre-employment candidates for the drug and alcohol testing without a Company Representative.

The Employee signs a consent form authorizing the clinic to collect a specimen of urine and release the results of the test to the Medical Review Office (MRO).

If an employee is unable to provide a minimum of 60 ml urine specimen after a reasonable waiting period (not to exceed two [2] hours), a blood specimen will be drawn, forwarded to the laboratory, and testing will be based on this blood specimen.

NOTE: Refusal to provide a specimen will constitute the presumption of a positive test result and the Employee will be terminated.

Drug and Alcohol Cut-Off Levels

The laboratory will test for the drugs listed below. The presence of any of these substances above the cut-off value constitutes a "positive" test result. All specimens deemed "positive" by the laboratory will be retained at the laboratory for a period of one (1) year.

<u>Drug Class</u>	<u>Confirmation Cut-Off Levels</u>
Amphetamines	500 ng/ml
Cocaine Metabolites	150 ng/ml
Marijuana Metabolites	15 ng/ml
Opiate Metabolites	300 ng/ml
Phencyclidine	25 ng/ml
Alcohol	.02 % (*)

*Employees who are DOT- Regulated Commercial Driver's License Holders are prohibited from reporting for duty or remaining on duty with an alcohol concentration of .01 or greater.

The parties intend to abide by the guidelines of the DOT for defining a "positive" test.

Any Employee who operates in or on company vehicles, equipment, or machinery and is taking a prescribed medication such as Amphetamines, Methamphetamines, Opiates (e.g. Codeine, Valium), etc., must report this use to his/her supervisor prior to beginning work.

Medical Review Office (MRO)

The MRO review and interprets all drug test results. The MRO, selected by the Company, will have appropriate training in the field of substance abuse and will be able to meet standards established by the Department of Transportation regulations. The MRO will attempt to contact the Employee regarding a positive test result prior to informing the company of the result. At this time, the Employee may raise a defense suggesting the positive test result was attributable to the proper use of a prescription medication. If the MRO deems that there is a legitimate explanation for the positive result, it will be reported as a "negative" result to the Company.

If the Employee cannot provide a legitimate explanation, such as the use of prescription medications, the result will be called a "confirmed positive."

If the Employee has not discussed the results of the positive urine or blood test with the MRO within two (2) days after being contacted, has refused the opportunity to do so, or if the MRO is unable to contact the Employee within two (2) days of receipt of results, the MRO will proceed with the positive verification. It may be possible for an Employee to test positive for a substance (like codeine) which has been prescribed in a legitimate manner. In these cases, the test result will be reported as "negative". However, the Employee may be removed from performing any safety-sensitive functions until his/her physician assures the Company that the Employee is no longer using the medication. If non-safety sensitive work is not available, the Employee will be on an unpaid leave until he/she is able to return to work. An Employee who uses over-the-counter medication in accordance with the manufacturer's direction or as prescribed by a physician will not violate these rules as long as he/she has informed his or her supervisor. At the Company's direction, the employee may be required to prove his/her non-use of the medication by performing another drug test.

Definitions

"Accident" - Any incident in which a company vehicle operated by a Company Employee causes damage to the vehicle itself, company property, or any other person, vehicle or property.

"At Work" - An Employee is "at work" while on company property and/or at any time while being paid by the Company.

The Medical Review Officer (MRO) is a licensed physician with knowledge of substance abuse disorders.

"Being Under the Influence" - an Employee is deemed "under the influence" as a result of a positive test as defined by the Department of Transportation Regulations.

All Union Employees will be required to adhere to this Substance Abuse Policy.

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EXHIBIT I-1: SAFETY TRAINING

In accordance with Section 8.11.C, prior to the Commencement Date, the Contractor shall develop and secure written approval from the Authority on the Safety Training Plan that will be attached as Exhibit I-1.

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EXHIBIT J:
IRAN CONTRACTING CERTIFICATION

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EXHIBIT J: IRAN CONTRACTING CERTIFICATION

CONTRACTOR'S IRAN CONTRACTING ACT CERTIFICATION

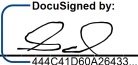
Pursuant to Contract Code Section 2200 et. Seq., ("Iran Contracting Act of 2010"), Contractor certifies that:

1. Contractor is not identified on the list created by the California Department of General Services ("DGS") pursuant to California Public Contract Code Section 2203(b) as a Person engaging in investment activities in Iran; and
2. Contractor is not a financial institution that extends twenty million dollars (\$20,000,000) or more in credit to another Person, for 45 Days or more, if that Person will use the credit to provide goods or services in the energy sector in Iran and is identified on the DGS list made pursuant to Section 2203(b).

As used herein, "Person" shall mean a "Person" as defined in Public Contract Code Section 2202€.

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY, that I am duly authorized to legally bind the Contractor to this Certification, which is made under the laws of the State of California.

RecoLogy Blossom Valley Organics - North _____ (Company Name)

By:  _____ (Signature)

Name: Salvatore M. Coniglio _____ (Printed Name)

Title: Chief Executive Officer _____

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**EXHIBIT K:
PERFORMANCE BOND**

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**EXHIBIT L:
GUARANTY AGREEMENT**

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EXHIBIT L: GUARANTY AGREEMENT

THIS GUARANTY (the "Guaranty") is given as of the 18 Day of October, 2024.

THIS GUARANTY is made with reference to the following facts and circumstances:

- A. Recology Blossom Valley Organics – North, hereinafter ("CONTRACTOR") is a corporation organized under the laws of the State of California, all of the issued and outstanding stock of which is owned indirectly Recology Inc., a California corporation (Guarantor).
- B. CONTRACTOR and the Central Contra Costa Solid Waste Authority ("AUTHORITY") have negotiated an Agreement for Commingled Organics Processing Services, (hereinafter "Agreement"). A copy of this Agreement is attached hereto.
- C. It is a requirement of the Agreement, and a condition to the AUTHORITY entering into the Agreement, that Guarantor guaranty CONTRACTOR'S performance of the Agreement.
- D. Guarantor is providing this Guaranty to induce the AUTHORITY to enter into the Agreement.

NOW, THEREFORE, in consideration of the foregoing, Guarantor agrees as follows:

- 1. Guaranty of the Agreement. Guarantor hereby irrevocably and unconditionally guarantees to the AUTHORITY the complete and timely performance, satisfaction and observation by CONTRACTOR of each and every term and condition of the Agreement, which CONTRACTOR is required to perform, satisfy, or observe. In the event that CONTRACTOR fails to perform, satisfy or observe any of the terms and conditions of the Agreement, Guarantor will promptly and fully cause performance, satisfy or observe them in the place of CONTRACTOR or cause them to be performed, satisfied or observed. Guarantor hereby guarantees payment to the AUTHORITY of any damages, costs, or expenses which might become recoverable by the AUTHORITY from CONTRACTOR due to its breach of the Agreement.
- 2. Guarantor's Obligations Absolute. The obligations of the Guarantor hereunder are direct, immediate, absolute, continuing, unconditional, and unlimited, and with respect to any payment obligation of CONTRACTOR under the Agreement, shall constitute a guarantee of payment and not of collection. In any action brought against the Guarantor to enforce, or for damages for breach of, its obligations hereunder, the Guarantor shall be entitled to all defenses, if any, that would be available to CONTRACTOR in an action to enforce, or for damages for breach of, the Agreement (other than discharge of, or stay of proceedings to enforce, obligations under the Agreement under bankruptcy law).
- 3. Waivers. Except as provided herein the Guarantor shall have no right to terminate this Guaranty or to be released, relieved, exonerated or discharged from its obligations under this Guaranty for any reason whatsoever, including, without limitation: (1) the insolvency, bankruptcy, reorganization or cessation of existence of CONTRACTOR; (2) the actual or purported rejection by a trustee in bankruptcy of the Agreement, or any limitation on any claim in bankruptcy resulting from the actual or purported termination of the Agreement; (3) any waiver with respect to any of the obligations of the Agreement guaranteed hereunder or the impairment or suspension of any of the AUTHORITY'S rights or remedies against CONTRACTOR; or (4) any merger or consolidation of CONTRACTOR with any other corporation, or any sale, lease or transfer of any or all the assets of CONTRACTOR. Without limiting the generality of the foregoing, Guarantor hereby waives the rights and benefits under California Civil Code §2819.

EXHIBIT L: GUARANTY AGREEMENT

The Guarantor hereby waives any and all benefits and defenses under California Civil Code §2846, 2849, and 2850 as may be amended from time to time, including without limitation, the right to require the AUTHORITY to (a) proceed against CONTRACTOR, (b) proceed against or exhaust any security or collateral the AUTHORITY may hold now or hereafter hold, or (c) pursue any other right or remedy for Guarantor's benefit, and agrees that AUTHORITY may proceed against Guarantor for the obligations guaranteed herein without taking any action against CONTRACTOR or any other guarantor or pledge or and without proceeding against or exhausting any security or collateral the AUTHORITY may hold now or hereafter hold. The AUTHORITY may unqualifiedly exercise in its sole discretion any or all rights and remedies available to it against CONTRACTOR or any other guarantor or pledge or without impairing the AUTHORITY'S rights and remedies in enforcing this Guaranty.

The Guarantor hereby waives and agrees to waive at any future time at the request of the AUTHORITY to the extent now or then permitted by law, any and all rights which the Guarantor may have or which at any time hereafter may be conferred upon it, by statute, regulation or otherwise, to avoid any of its obligations under, or to terminate, cancel, quit or surrender this Guaranty. Without limiting the generality of the foregoing, it is agreed that the occurrence of any one or more of the following shall not affect the liability of the Guarantor hereunder: (a) at any time or from time to time, without notice the Guarantor, performance or compliance herewith is waived; (b) any other of any provision of its Agreement indemnification with respect to CONTRACTOR'S obligations under the Agreement or any security therefore is released or exchanged in whole or in part or otherwise dealt with; or (c) any assignment of the Agreement is effected which does not require the AUTHORITY'S approval.

The Guarantor hereby expressly waives, diligence, presentment, demand for payment or performance, protest and all notices whatsoever, including, but not limited to, notices of non-payment or non-performance, notices of protest, notices of any breach or default, and notices of acceptance of this Guaranty. If all or any portion of the obligations guaranteed hereunder are paid or performed, Guarantor's obligations hereunder shall continue and remain in full force and effect in the event that all or any part of such payment or performance is avoided or recovered directly or indirectly from the AUTHORITY as a preference, fraudulent transfer or otherwise, irrespective of (a) any notice of revocation given by Guarantor or CONTRACTOR prior to such avoidance or recovery, and (b) payment in full of any obligations then outstanding.

4. Term. This Guaranty is not limited to any period of time, but shall continue in full force and effect until all of the terms and conditions of the Agreement have been fully performed or otherwise discharged and Guarantor shall remain fully responsible under this Guaranty without regard to the acceptance by the AUTHORITY of any performance bond or other collateral to assure the performance of CONTRACTOR'S obligations under the Agreement. Guarantor shall not be released of its obligations hereunder so long as there is any claim by the AUTHORITY against CONTRACTOR arising out of the Agreement based on CONTRACTOR'S failure to perform which has not been settled or discharged.
5. No Waivers. No delay on the part of the AUTHORITY in exercising any rights under this Guaranty or failure to exercise such rights shall operate as a waiver of such rights. No notice to or demand on Guarantor shall be a waiver of any obligation of Guarantor or right of the AUTHORITY to take other or further action without notice or demand. No modification or

EXHIBIT L: GUARANTY AGREEMENT

waiver of any of the provisions of this Guaranty shall be effective unless it is in writing and signed by the AUTHORITY and by Guarantor, nor shall any waiver be effective except in the specific instance or matter for which it is given.

6. Attorney's Fees. In addition to the amounts guaranteed under this Guaranty, Guarantor agrees in the event of Guaranty's breach of its obligations including to pay reasonable attorney's fees and all other reasonable costs and expenses incurred by the AUTHORITY in enforcing this Guaranty, or in any action or proceeding arising out of or relating to this Guaranty, including any action instituted to determine the respective rights and obligations of the parties hereunder, providing the Authority is the prevailing party, otherwise, in all instances in which Guarantor is the prevailing party, Guarantor shall be entitled to recover from Authority its reasonable attorney's fees and reasonable costs and expenses incurred by the Guarantor in defending this Guaranty against the AUTHORITY.
7. Governing Law: This Guaranty is and shall be deemed to be a contract entered into in and pursuant to the laws of the State of California and shall be governed and construed in accordance with the laws of California without regard to its conflicts of laws, rules for all purposes including, but not limited to, matters of construction, validity, and performance. Guarantor agrees that any suit, action, and other proceeding brought by the AUTHORITY or other party to enforce this Guaranty may be brought and concluded in the courts of the State of California, in Santa Clara County or Federal District court for northern California, which shall have exclusive jurisdiction over such suit, action, or proceeding. Guarantor appoints the following Person as its agents for service of process in California: CT Corporation System.
8. Severability. If any portion of this Guaranty is held to be invalid or unenforceable, such invalidity will have no effect upon the remaining portions of this Guaranty, which shall be severable and continue in full force and effect.
9. Binding on Successors. This Guaranty shall inure to the benefit of the AUTHORITY and its successors and shall be binding upon Guarantor and its successors, including transferee(s) of substantially all of its assets and its shareholder(s) in the event of its dissolution or insolvency.
10. Authority. Guarantor represents and warrants that it has the corporate power and the authority to give this Guaranty, that its execution of this Guaranty has been authorized by all necessary action under its Article of Incorporation and By-Laws, and that the Person signing this Guaranty on its behalf has the authority to do so.
11. Notices. Notice shall be given in writing, deposited in the U.S. mail, registered or certified, first class postage prepaid, addressed as follows:

**EXHIBIT L:
GUARANTY AGREEMENT**

To the AUTHORITY: Executive Director
 Central Contra Costa Solid Waste Authority
 1850 Mt. Diablo Blvd, Suite 320
 Walnut Creek, CA 94596”

with a copy to the AUTHORITY Attorney at the same address.

To the Guarantor: Legal Department
 Recology Inc.
 50 California Street, 24th Floor
 San Francisco, CA 94111

Copy to: none

With a copy to the CONTRACTOR:

 Legal Department
 Recology Inc.
 50 California Street, 24th Floor
 San Francisco, CA 94111

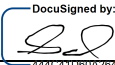
The parties may change the address to which notice is to be sent by giving the other party notice of the change.

EXHIBIT L: GUARANTY AGREEMENT

IN WITNESS WHEREOF, the Guarantor has executed this Agreement as of the Day and year first above written.


GUARANTOR:

Recology Inc., a California corporation

By:  _____
DocuSigned by:
444C41DB0A26433...

Name: Salvatore M. Coniglio

Title: Chair of the Board

By:  _____
Signed by:
E98D0EF165CF457...

Name: Cary Chen

Title: Secretary

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**EXHIBIT M:
RESERVED**

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**EXHIBIT N:
RESERVED**

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EXHIBIT O:
MARKETED RECOVERED MATERIALS STANDARDS

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EXHIBIT O: MARKETED RECOVERED MATERIAL STANDARDS

1. Recovered Materials Standards

- A. **General.** The Contractor shall meet the required state standards under Applicable Law for the quality of Recovered Materials (herein referred to as “Recovered Materials Quality Standards”) at all times during the Term to ensure that there is effective Recovery of materials and that quality commodities are produced by the Approved Composting Facility and marketed by the Contractor.

All measurements of percentage in the Recovered Materials Quality Standards are by weight and the samples for testing the Recovered Materials Quality Standards (unless otherwise noted) will be randomly selected from Recovered Materials prepared by the Contractor for sale.

- B. **Recovered Commingled Organics.** Commingled Organics Composted at the Approved Compost Facility shall be Recovered and marketed to meet specifications that will support marketability of the product in the then-current market conditions and to meet the requirements of Sections 8.14 and 8.15 of the Agreement.

2. Marketed Recovered Materials Commodities

- A. **Recovered Commingled Organics Commodities.** Contractor shall market Recovered Commingled Organics in the commodity categories and grades listed in this Section. If the Contractor wants to modify the Recovered Commingled Organics commodity categories or grades during the Term of the Agreement, the Contractor shall request approval from the Authority and such approval shall be obtained before changes are implemented. Recovered Commingled Organics commodity categories and grades shall include, at minimum:

1. Compost

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EXHIBIT P: LOAD CLASSIFICATION

In accordance with Section 5.1, prior to the Commencement Date, the Contractor, the Authority and/or the Franchised Collector and Designated Facilities will develop a mutually agreed upon Load classification plan that will be attached as Exhibit P.

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EXHIBIT Q: ALLOCATION METHODOLOGY

In accordance with Section 5.4.C, prior to the Commencement Date, the Contractor shall develop and secure written approval from the Authority on the Allocation Methodology that is consistent with Section 12.6 and will be attached as Exhibit Q.

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EXHIBIT R: DISASTER RESPONSE PLAN

In accordance with Section 7.4, prior to the Commencement Date, the Contractor shall develop and secure written approval from the Authority on the Disaster Response Plan that will be attached as Exhibit R.

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