



June 27, 2023

Liz Avila
Senior Public Works Analyst
City of Laguna Beach
505 Forest Avenue
Laguna Beach, CA 92651

Re: Final Contract Acceptance

Dear Liz,

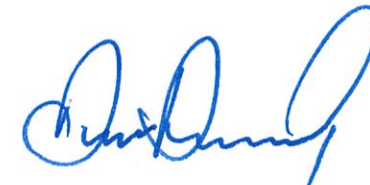
Due to the length of the final document, the owners have not initialed every page. CR&R has read, understands, and agrees to all language contained in the Final Contract between the City of Laguna Beach and CR&R, including all Attachments.

We look forward to a long-term partnership with the City and serving the residents and community of Laguna Beach. Please let us know if you need any additional information.

Sincerely,



Clifford R. Ronnenberg
Chairman and Chief Executive Officer



David Ronnenberg
President

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P. O. Box 125
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**AGREEMENT FOR THE COLLECTION, TRANSPORTATION, PROCESSING AND
DIVERSION OF RECYCLABLE MATERIALS, FOOD SCRAPS, YARD TRIMMINGS,
CONSTRUCTION AND DEMOLITION DEBRIS AND OTHER MATERIALS AND FOR
THE COLLECTION, TRANSPORTATION AND DISPOSAL OF MUNICIPAL SOLID
WASTE**

BETWEEN

THE CITY OF LAGUNA BEACH

AND

CR&R INCORPORATED

July 2023

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AGREEMENT FOR THE COLLECTION, TRANSPORTATION, PROCESSING AND DIVERSION OF RECYCLABLE MATERIALS, FOOD SCRAPS, YARD TRIMMINGS, CONSTRUCTION AND DEMOLITION DEBRIS AND OTHER MATERIALS AND FOR THE COLLECTION, TRANSPORTATION AND DISPOSAL OF MUNICIPAL SOLID WASTE

THIS AGREEMENT is entered into as of the 13TH day of July 2023, by and between the CITY OF LAGUNA BEACH, a General Law City of the State of California (hereinafter referred to as the "City") and CR&R, Incorporated, a California corporation (hereinafter referred to as "Contractor").

RECITALS

1. The State of California has found and declared that due to the amount of Municipal Solid Waste (MSW) generated in California, coupled with diminishing landfill space and potential adverse environmental impacts from landfilling, that there is an urgent need for State and local agencies to enact and implement an aggressive integrated waste management program. The State has also found that the recycling or reuse of MSW will conserve not only landfill capacity but also water, energy and other natural resources. The State has, through enactment of the California Integrated Waste Management Act of 1989 (California Public Resources Code Sections 40000 et seq. hereinafter referred to as the "Act"), directed responsible State Agencies, and all local agencies, to promote Recycling and to maximize the use of feasible Source Reduction, Recycling and Composting options in order to reduce the amount of MSW that must be disposed of by land Disposal.

2. The City concurs in the aforementioned findings and declarations of the State of California.

3. In 2011, AB 341 was approved and signed into law amending the Act. The AB 341 amendments make a legislative declaration that it is the policy goal of the State of California that not less than seventy-five percent (75%) of MSW be source reduced, recycled or Composted by the year 2020. As required by AB 341, the California Department of Resources Recycling and Recovery (hereinafter referred to as "CalRecycle") prepared a plan for submittal to the legislature on the methods to accomplish this goal. AB 341 required all businesses generating four (4) or more cubic yards of MSW per week, and all Multi-Family dwellings consisting of five (5) units or more, to arrange for Recycling services on or before July 1, 2012; and required all local agencies to provide a commercial recycling program meeting specified criteria on or before July 1, 2012.

4. In 2014, AB 1826 was approved and signed into law amending the Act. AB 1826 required the City to provide a collection and diversion program for Food Scraps, Yard Trimmings and Wood for all businesses and Multi-Family Complexes on or before January 1, 2016. AB 1826 requires businesses within City to participate in a diversion program for Food Scraps, Yard Trimmings and Wood according to a specified schedule depending upon the quantity of such materials and the quantity of MSW generated by the business. Businesses generating eight (8) or more cubic yards of Food Scraps, Yard Trimmings and Wood per week must participate on or before April 1, 2016. Businesses generating four (4) or more cubic yards of Food Scraps, Yard Trimmings and Wood per week must participate on or before January 1, 2017. All businesses generating four (4) or more cubic yards per week of MSW must participate in a diversion program on or before January 1, 2019. CalRecycle may require businesses generating two (2) or more

cubic yards per week of MSW to participate on or before January 1, 2020 if the level of statewide diversion achieved is not meeting the goal. AB 1826 further required all Multi-Family complexes of five (5) or more units to participate in a diversion program for Yard Trimmings and Wood on or before April 1, 2016.

5. In 2016, SB 1383 was approved and signed into law amending the Act and amending sections of the California Health and Safety Code. SB 1383 requires that by January 1, 2018, the State Air Resources Board approve and begin implementing a statewide strategy to reduce emissions of short-lived climate pollutants to achieve a reduction in methane by forty percent (40%), hydrofluorocarbon gasses by forty percent (40%) and anthropogenic black carbon by fifty percent (50%) compared to 2013 levels. This reduction is to be achieved by 2030. In service of this reduction strategy, SB 1383 establishes a statewide goal of a fifty percent (50%) reduction in the disposal of organic waste (as defined in the legislation) from the 2014 level by 2020, and a seventy-five percent (75%) reduction from the 2014 level by 2025. SB 1383 further requires that a minimum of twenty percent (20%) of the reduction in disposal of organic waste by 2025 be comprised of edible Food Scraps Diverted for human consumption. CalRecycle developed SB 1383 regulations which were approved by the Office of Administrative Law in 2020 and codified in the California Code of Regulations (“CCR”) Title 14, Division 7, Chapter 12, Section 18981 *et seq.* “Short-Lived Climate Pollutants”.

7. City has implemented Residential, Multi-Family and Commercial Recycling and Diversion programs for Recyclable Materials, Yard Trimmings, Food Scraps and Edible Food. City wishes to arrange for the operation, expansion and enhancement of its existing Recycling and Diversion programs and implementation of new comprehensive

Recycling and other Diversion programs for Single and Multi-Family Residential Premises, Commercial and Business Establishments and other operations in the City, which entails the Collection of Recyclable Materials, Yard Trimmings, Food Scraps, Construction and Demolition Debris and other materials and the delivery of these materials for processing and Diversion at Processing Facilities. These Recycling, Composting and other Diversion programs are integral and important components of the City's strategy for complying with the Act, including compliance with SB 1383 requirements, and are, therefore, of paramount importance to the City. Noncompliance with SB 1383 Regulations would subject the City to potential fines ranging from \$500 per violation for minor infractions, to as much as \$10,000 per day for major violations.

8. In August 2022, the City Council authorized issuance of a Request For Proposals For the Collection, Transportation, Processing and Diversion of Recyclable Materials, Food Scraps, Yard Trimmings, Construction and Demolition Debris and other materials and for Collection, Transportation and Disposal of Municipal Solid Waste. The City has evaluated the two (2) proposals submitted and has determined that the Contractor has proposed to provide such services in a manner and on terms which are in the best interests of the City, its residents and businesses, taking into account the qualifications and experience of the Contractor, the Contractor's demonstrated commitment to Recycling and Diversion of materials from Disposal, and the cost of providing such services.

NOW, THEREFORE, in consideration of the mutual promises contained in this Agreement, and for other good and valuable consideration, the parties agree as follows:

AGREEMENT

ARTICLE 1: DEFINITIONS

1.01 Definitions. Unless otherwise defined in this Agreement, capitalized terms used in this Agreement shall have the meanings set forth in the definitions contained in Attachment A.

ARTICLE 2: REPRESENTATIONS AND WARRANTIES OF CONTRACTOR

2.01 Legal Status. Contractor is a corporation duly organized, validly existing and in good standing under the laws of the State of California, and is qualified to do business in the State of California.

2.02 Authority. Contractor has the authority to enter into and perform its obligations under this Agreement. Contractor has taken all actions required by law, or otherwise to authorize the execution of this Agreement.

2.03 Agreement Duly Executed. The Persons signing this Agreement on behalf of Contractor have been authorized to do so, and this Agreement constitutes a legal, valid and binding obligation of Contractor.

2.04 No Conflict with Applicable Law or Other Documents. Neither the execution and delivery by Contractor of this Agreement, nor the performance by Contractor of its obligations hereunder: (i) conflicts with, violates or will result in a violation of any existing applicable law; or (ii) conflicts with, violates or will result in a breach or default under any term or condition of any existing judgment, order or decree of any court, administrative agency or other governmental authority, or of any existing contract or instrument to which Contractor is a party, or by which Contractor is bound.

2.05 No Litigation. There is no action, suit, proceeding, or investigation at law or in equity, before or by any court or governmental entity, pending or threatened against Contractor, or otherwise affecting Contractor, wherein an unfavorable decision, ruling, or finding, in any single case or in the aggregate, would materially adversely affect Contractor's performance hereunder, or which, in any way, would adversely affect the

validity or enforceability of this Agreement, or which would have a material adverse effect on the financial condition of Contractor.

2.06 Financial Condition. Contractor has made available to City information on its financial condition. City has relied on this information in evaluating the sufficiency of Contractor's financial resources to perform this Agreement. To the best of Contractor's knowledge, this information is complete and accurate, does not contain any material misstatement of fact and does not omit any fact necessary to prevent the information provided from being materially misleading.

2.07 Expertise. Contractor has the expertise and professional and technical capability to perform all of its obligations under this Agreement.

2.08 Contractor's Investigation. Contractor has made an independent investigation and analysis, the results of which are satisfactory to Contractor, of the conditions and circumstances surrounding the Agreement, its content and preparation, and the work to be performed by Contractor under the Agreement. The Agreement accurately and fairly represents the intentions of Contractor, and Contractor enters into this Agreement on the basis of that independent investigation and analysis.

2.09 Statements and Information in Proposal. The Proposal submitted to City by Contractor and information submitted to City supplementary thereto does not contain any untrue statement of a material fact nor omit to state a material fact necessary in order to make the statements made, in light of the circumstances in which they were made, not misleading. Contractor's complete final Proposal is attached hereto as Attachment Y. Contractor's proposal consists of the following documents, verbal and written

representations and other items: Contractor's complete final written proposal to City dated November 21, 2022; Contractor's written responses to question sets from the City including response to Question Set #1 dated January 20, 2023, response to Question Set #2 dated February 17, 2023, response to Question Set #3 dated March 6, 2023, and response to Question Set #4 also dated March 6, 2023; Contractor's Powerpoint Presentation consisting of fifteen (15) slides presented at the interview with City held March 28, 2023; and video of Contractor's interview with City held on March 28, 2023 (video is located in City files). [Note: Final proposal forms submitted by Contractor as part of Contractor's responses to City question sets have been incorporated into Contractor's complete final written proposal to City in Attachment Y.]

To the extent that Contractor's Proposal includes promises to perform services in addition to, or at a higher standard of service than those required by the Request for Proposals, those promises are incorporated into this Agreement and Contractor hereby ratifies its agreement to perform as promised.

ARTICLE 3: TERM OF AGREEMENT

3.01 Effective Date. The Effective Date of this Agreement shall be July 20th, 2023.

3.02 Term. The Term of this Agreement shall commence on the Effective Date and shall end at midnight on June 30, 2032, unless earlier terminated. Contractor's obligation to collect MSW, Recyclable Materials, Food Scraps, Yard Trimmings and other materials shall begin on July 1, 2024 at 12:01 a.m.

3.03 Opportunity for Contractor to Earn Extensions of Term. The Term of this Agreement may be extended as described in Article 10 if Contractor meets all of the requirements therein. In no event shall this Agreement be extended beyond June 30, 2034.

3.04 Conditions to Effectiveness of Agreement.

3.04.A Obligation of City to Perform. The obligation of the City to perform under this Agreement is subject to satisfaction, on or before the Effective Date, of each of the conditions set out below, each of which may be waived in whole or in part by City:

3.04.A.1 Accuracy of Representations. The representations and warranties made by Contractor in Article 2 of this Agreement shall be true and correct on and as of the Effective Date.

3.04.A.2 Absence of Litigation. There shall be no litigation pending on the Effective Date in any court challenging the execution of this Agreement or seeking to restrain or enjoin its performance.

3.04.A.3 Furnishing of Bond and Guaranty. Contractor has furnished the performance bond required by Section 13.03 and the guaranty required by Section 17.16, meeting the requirements of this Agreement.

3.04.A.4 Furnishing of Evidence of Insurance. Contractor has furnished satisfactory evidence of insurance required by Section 13.02.

3.04.A.5 Effectiveness of City's Approval. The approval of this Agreement by City shall have become effective, pursuant to California law, on or before the Effective Date.

3.04.A.6. Reimbursement of City Procurement Costs. Concurrent with executing this Agreement, Contractor shall have paid to City the sum of two-hundred twenty-one thousand five hundred fifty dollars (\$221,550.00) to reimburse City for its costs for conducting the competitive procurement process for this Agreement.

City may waive the satisfaction of the conditions described in Section 3.04.A.3 and Section 3.04.A.4, allow this Agreement to become effective, and exercise its rights and remedies under this Agreement for Contractor's failure to furnish the bond, the guaranty, or the evidence of insurance.

3.04.B Obligation of Contractor to Perform. The obligation of Contractor to perform under this Agreement is subject to the satisfaction on or before the Effective Date

of both of the conditions set forth below, each of which may be waived in whole or in part by Contractor.

3.04.B.1 Absence of Litigation. There shall be no litigation pending on the Effective Date in any court challenging the execution of this Agreement, or seeking to enjoin its performance.

3.04.B.2 Effectiveness of City's Approval. The approval of this Agreement by the City shall have become effective, pursuant to California law.

3.04.C Notice. If either party wishes to assert that a condition for its benefit has not been satisfied and has not been waived, it must deliver written notice to that effect to the other party on the Effective Date. If no such notice is received, the Agreement will become effective on the Effective Date. Each party is obligated to perform in good faith the actions, if any, which this Agreement requires it to perform before the Effective Date and to cooperate towards the satisfaction of the conditions set forth above.

ARTICLE 4. GRANT OF FRANCHISE

4.01 Scope of Franchise. Except as herein expressly set forth, City hereby grants to Contractor and Contractor hereby accepts from City, for the Term hereof, the exclusive contract, right and privilege to Collect and thereafter transport and Dispose of all Municipal Solid Waste generated or accumulated in the Franchise Area, and to Collect, transport, process and Divert all Recyclable Materials, Food Scraps, Yard Trimmings and Construction and Demolition Debris generated or accumulated in the Franchise Area. The exclusive franchise granted by this Agreement includes the right for Contractor to conduct business on City's rights-of-way as more fully described herein in order to carry out its obligations as set forth in this Agreement, including by: (i) allowing the placement and/or storage of its Containers in rights-of-way; (ii) allowing Collection vehicles to drive at a pace, and repeatedly stop, in rights-of-way in a manner which disrupts traffic to the degree reasonably necessary to carry out its obligations hereunder, and which actions would otherwise be prohibited and a violation of laws applicable to the general public; and (iii) Collecting, delivering and otherwise servicing Containers within rights-of-way and disrupting traffic as may be reasonably necessary to do so. The franchise hereby granted includes the right to encroach on City's rights-of-way for the foregoing purposes, without the need for an encroachment permit being issued to Contractor or its Customers (as would be required of the general public to use City's rights-of-way in a similar manner) in connection with the services Contractor provides hereunder; provided however, Contractor's rights to use the City's rights-of-way may be limited by the City Manager as necessary for the protection of health, safety and public welfare. Notwithstanding the

franchise rights granted herein to impede traffic as may be necessary to perform services hereunder, Contractor shall take reasonable steps to schedule Collection of Containers in a manner that endeavors to minimize the impact of its operations on the flow of traffic.

The exclusive franchise, right and privilege granted to Contractor by this Agreement shall be interpreted to be consistent with all Applicable Laws, now in effect and adopted during the Term of this Agreement, and the scope of this Agreement shall be limited by all Applicable Laws. In the event that future interpretations of current law or future enactments of new laws limit the ability of City to lawfully grant Contractor the scope of services as specifically set forth herein, Contractor agrees that the scope of this Agreement shall be limited to those services and materials which may be lawfully provided, and that City shall not be responsible for any lost profits (including any lost tipping fees at Contractor-owned Processing Facilities and any lost revenues from sale of Diverted Materials) claimed by Contractor as a result thereof.

4.02 Contractor Consideration for Grant of Exclusive Franchise. In consideration for entering into this Agreement, and for the exclusive franchise, right and privilege to provide the scope of services as specified in this Agreement, Contractor shall provide the following:

4.02.A Franchise Fee. Contractor shall pay to City a Franchise Fee as described in Section 14.05.

4.02.B Provision of Containers. Contractor shall provide Containers and Collection, Disposal and Diversion services at all Premises owned and/or operated by the City, at no cost to City as described in Attachment B, Section 4.

4.02.C Reimbursement for Procurement Costs. Contractor shall reimburse to City the costs for the Request for Proposal Process as described in Section 3.04.A.6 of this Agreement.

4.03 Exclusions From Exclusive Franchise. The exclusive franchise granted herein shall exclude all of the following and Contractor hereby agrees that City may permit the Collection, Recycling, Composting, Diversion and/or Disposal of any materials generated from Premises in City including, but not limited to, all of the following materials without seeking or securing any approval of Contractor:

A. Recyclable Materials which are separated by the Customer and donated or sold to youth, civic, or charitable organizations or any other Person;

B. MSW, Recyclable Materials, Food Scraps and/or Yard Trimmings generated at, and removed from, any Premises by the property owner or occupant and self-hauled by the property owner or occupant (or by his or her full-time employees) to a Processing Facility or to a Disposal Facility, provided that the property owner or occupant holds a valid self-haul permit issued by the City;

C. Food Scraps and/or Yard Trimmings which are generated at, and removed from, any Premises by the property owner or occupant and which are transported by the property owner or occupant (or by his or her full-time employees) and

Composted at a Processing Facility, a Local Composting Facility, a Community Composting Site, and/or a community garden;

D. Food Scraps and/or Yard Trimmings which are Composted on-site by the property owner or occupant using an outdoor Composting method, an in-vessel Composting method, vermiComposting and/or a Compost Appliance.

E. Recyclable Materials not placed for Collection by Contractor which are generated at, and removed from, any Premises by the property owner or occupant and which are transported by the property owner or occupant (or by his or her full-time employees) to a permitted Recycling drop off or buy-back center or to a Processing Facility;

F. Edible Food for Human Consumption that is Collected by any Person.

G. Food Scraps that are separated by the Customer for use as Edible Food for Human Consumption and are donated, sold or the Customer pays for Collection and delivery of the Food Scraps to food banks, shelters, churches, civic organizations, schools, individuals or any Person for human consumption.

H. Food Scraps that are separated by the Customer and are donated, sold or the Customer pays for Collection and delivery of the Food Scraps for use as animal feed.

I. Glass, plastic, and/or aluminum beverage containers and all other containers delivered for Recycling under the California Beverage Container Recycling Litter Reduction Act, Section 14500, *et seq.*, California Public Resources Code;

J. Construction and Demolition Debris self-hauled by a Person or a Person's employees from a Premises that is owned or controlled by such Person, including a tenant of residential or commercial property.

K. Yard Trimmings removed from a Residential, Commercial, or any other Premises by a gardening, landscaping or tree trimming company utilizing its own equipment as an incidental part of a total service offered by the company rather than as a hauling service;

K The casual or emergency Collection and Disposal of MSW by City employees in the normal course of their employment;

L. Hazardous Waste, regardless of the source; and

M. Cleanup services such as 1 800 GOTJUNK and OC Junk Removal, whose primary business is the cleanup of MSW on the property of another and who, incidental to such business: (a) hauls only the MSW which the cleanup service cleans up and no other MSW; (b) performs cleanup services such as removing junk from Residential and Commercial Premises; (c) the cleanup service uses its own vehicle to haul the MSW which the cleanup service cleans up; and (d) does not use a Bin, Roll Off Box or other Container, whether or not such Bin, Roll Off Box or Container is left at the cleanup site, to accomplish the cleanup, Collection or transportation of the MSW.

**ARTICLE 5: COLLECTION OF RECYCLABLE MATERIALS, FOOD
SCRAPS, YARD TRIMMINGS, CONSTRUCTION AND DEMOLITION
DEBRIS, OTHER MATERIALS AND MUNICIPAL SOLID WASTE**

5.01 Scope of Work – General. Except as otherwise provided herein, Contractor shall (a) collect Municipal Solid Waste generated at Single Family Dwellings, Commercial and Business Establishments (including City facilities), and Special Events within the City and deliver it to the Disposal Site approved by City, and (b) collect Recyclable Materials, Food Scraps, Yard Trimmings, Wood, Construction and Demolition Debris and other items specified in Attachment B placed for Collection by Single Family Customers, Commercial and Business Establishments (including City facilities), and Special Events within the City and deliver each type of material to the Processing Facility designated by City. (Note: see the definitions of “Single Family Dwelling”, “Multi-Family” and “Commercial and Business Establishments” in Attachment A. For purposes of this Agreement, Multi-Family complexes with centralized Collection service are considered “Commercial” and those with individual Cart Collection service are considered “Single Family Dwellings”.)

Notwithstanding the foregoing, the City does not guarantee that any particular type or quantity of Municipal Solid Waste, Recyclable Materials, Food Scraps, Yard Trimmings, Wood, Construction and Demolition Debris or any other material will be available for Collection at any time during the Term of this Agreement. Contractor acknowledges that the City cannot control the waste stream generated in Laguna Beach, and cannot compel generators of materials to place those materials for collection by Contractor. Contractor further acknowledges that future changes in laws, regulations, packaging, the economy, consumption of goods, and/or technology may affect the type and quantity of material that will be available for Collection by Contractor, and agrees that it will not be entitled to any

cost or rate increases, extensions of this Agreement (other than those described in Article 3), or other compensation of any kind due to such changes in types and quantities of materials available for Collection. The City shall have no obligation to affirmatively defend Contractor's rights granted under this Agreement, but shall reasonably cooperate with Contractor, at Contractor's expense, in Contractor's efforts to defend its rights.

The work to be done by Contractor includes the furnishing of all labor, supervision, equipment, materials, supplies, vehicles and equipment, storage and maintenance facilities, and all other items necessary to perform the services required under this Agreement in a thorough, workmanlike and efficient matter, so that Residents, businesses, and public and private institutions within the City are provided reliable, courteous and high-quality services at all times. The enumeration of, and specification of, requirements for particular items of labor or equipment shall not relieve Contractor of the duty to furnish all others that may be required, whether enumerated or not.

Contractor shall perform all work in accordance with Attachment B, whether or not such provisions are specifically referred to in any other section of this Agreement.

5.02 Growth and Changes in City During the Term. The City estimates that approximately thirty (30) new Single Family Premises (including accessory dwelling units) will be constructed each year during the Term. A twenty-five (25) room expansion of the Pacific Edge Resort is also planned. There will be other changes within the City during the Term. Contractor shall provide all services described in this Agreement, to all newly constructed and occupied Premises during the Term at the rates in Attachment D in effect at the time the services are provided. City makes no warranty or guarantee as to the

actual number, type(s) or timing of construction and occupancy of new Premises in Laguna Beach during the Term.

5.03 Implementation Plan. The parties recognize that substantial planning and preparation will be required to ensure a successful initiation of Collection operations by Contractor on July 1, 2024. To that end, Contractor has prepared a detailed Implementation Plan addressing the steps Contractor will take, and the schedule on which it will take them, to prepare for commencement of Collection operations. The Implementation Plan covers Contractor's schedule (shown on a week-by-week basis) for hiring and training of personnel, acquiring necessary Collection vehicles and equipment, preparing Customer relations materials (including Collection schedules, route maps, billing forms, complaint forms, service request forms and so forth), distributing new MSW, Recycling, Food Scrap/Yard Trimmings Carts and Food Scrap Containers to Customers, is attached as Attachment C.

Contractor shall diligently adhere to the Implementation Plan and shall meet periodically, whenever City requests, to review its progress. Failure to adhere to the Implementation Plan, including its schedule, shall constitute a breach of this Agreement, which, if uncured, shall constitute a default under Section 15.01.

The specific plans and other materials required to be submitted under the Implementation Plan are subject to City's review and approval. City will endeavor to take actions, make decisions, and provide directions to Contractor in accordance with the schedule and time allowances set forth in Attachment C, so as not to delay Contractor's adherence to the Implementation Plan schedule.

5.04 Residential MSW Collection.

5.04.A Regular Collections. Contractor shall collect all MSW generated at Single Family Dwellings within the City and placed for Collection at curbside, in alleys and at side yard/backyard locations by Customers who request such Collection under Section 2.4 of Attachment B. MSW shall be collected from such Premises at the frequencies and in the manner described in Attachment B, Section 2.2.

5.05 Commercial/Business MSW Collection. Contractor shall collect all MSW generated at Commercial and Business Establishments within the City and placed for Collection. MSW shall be collected from such Premises at the frequencies and in the manner described in Attachment B, Section 3.

5.06 Collection of MSW at City Special Events. Contractor shall collect all MSW generated, at up to twenty (20) City-sponsored Special Events per calendar year during the Term at no charge to the City as described in Section 4 of Attachment B.

5.07 Diversion Programs.

5.07.A Residential Diversion Programs. The Contractor shall collect Recyclable Materials, Food Scraps and Yard Trimmings Generated at Single Family Dwellings placed for Collection in Contractor-provided Containers at the curbside or in alleys and in backyard or side yard locations by Customers who request On Premises Collection as described in Sections 2.3 and 2.4 of Attachment B. Collection of said materials shall be at the frequencies and in the manner described in Attachment B, Section 2.

5.07.B Commercial/Business Diversion Programs. Contractor shall collect Recyclable Materials, Food Scraps and Yard Trimmings from all Commercial and

Business Establishments at the frequencies and in the manner described in Attachment B, Section 3.

5.08 Other Services and Special Services.

5.08.A Other Services. Contractor shall provide other Collection services as requested by Customers in the City on an on-call basis, including Bin, Roll Off Box and Compactor service described in Attachment B, Section 3.

5.08.B Collection of MSW and Divertible Materials at Special Events. Contractor shall also provide Containers and Collection service for Recyclable Materials and Food Scraps at up to twenty (20) special events sponsored by the City per calendar year as described in Section 4 of Attachment B.

5.08.C Special Services. Contractor shall provide special services as described in Attachment B that include, but are not limited to:

- Bulky Goods Collections
- Special Events Collections
- Holiday Greenery Collection and Recycling
- Household Hazardous Waste Collection
- Household Hazardous Waste Drop Off and Shredding Events
- Sharps Mail-In Service
- Green Business Certification
- Composting Workshops
- Compost Giveaway Events

5.09 Hours of Collection. Collection of MSW, Recyclable Materials, Food Scraps/Yard Trimmings, Construction and Demolition Debris, and all other Collection operations may occur only within the hours authorized by the City. Contractor may not conduct Collection operations earlier than 7:00 a.m. local time or later than 6:00 p.m. for Single Family and Multi-Family Dwellings, and no earlier than 7:00 a.m. local time or later than 6:00 p.m. for Commercial and Business Establishments. The City Manager or his/her designee, if requested by Contractor, may grant temporary site and route-specific exceptions. At the sole discretion of the City Manager, Contractor shall adjust the early morning start point of Collection routes to address and minimize Customer complaints, when warranted. Contractor may request a 6:00 a.m. start time in commercial areas to accommodate seasonal increases in Collection needs, and/or temporary changes in Collection times due to unusual or emergency circumstances. The decision of the City Manager or his/her designee shall be final.

Contractor shall not conduct any Residential, Commercial, permanent or temporary Roll Off Collections on the following holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. No Collections shall occur on Saturdays for Single Family and Multi-Family Dwellings except for missed pick-up service and for a holiday that falls on a preceding Friday. When a holiday falls on a weekday, Collection service will be performed on the following day. For example, if a holiday falls on a Monday, service scheduled for Monday will be provided on Tuesday, service scheduled for Tuesday on Wednesday and so on. If a holiday falls on a Saturday, service will be provided the following Monday.

Commercial Collections may occur all days of the week.

Contractor shall coordinate with the City Manager or his or her designee to ensure that the Collection of MSW, Recyclable Materials, Food Scraps/Yard Trimmings, and Construction and Demolition Debris is compatible with, and does not interfere with, City's street sweeping operations.

5.10 Collection Standards.

5.10.A Care of Property. Contractor shall use due care when handling MSW, Recycling, Food Scrap/Yard Trimmings Carts. Carts shall not be thrown from trucks, roughly handled, damaged or broken. Containers shall be returned to the Collection point upright, with lids properly closed.

Contractor shall ensure that its employees close all gates opened by them in making Collections, unless otherwise directed by the Customer, and avoid crossing landscaped areas and climbing or jumping over flower beds, hedges, fences, and other building appurtenances.

City shall refer complaints about damage to private property, including common areas in common-area subdivisions, and common areas and parking areas in Multi-Family Dwellings to Contractor. Contractor shall promptly and at its sole expense repair, or arrange for the repair of, all damage to private property caused by its employees, including but not limited to vehicles, overhangs, carports, streets, curbs, sidewalks, driveways and paved areas.

5.10.B Noise. All Collection operations shall be conducted as quietly as possible and shall conform to City noise level regulations. The noise level during the stationary compaction process shall not exceed 75 decibels at a distance of 25 feet from the

Collection vehicle measured at an elevation of five (5) feet above ground level using the “A” scale of the standard sound level meter at slow response. Contractor shall test all Collection vehicles used in City annually during the months of March and April beginning March of 2025 and shall submit to City a certificate of vehicle noise testing by an independent testing facility showing the results of the tests. The City may also conduct random checks of noise emission levels to ensure such compliance.

5.10.C Private and Public Streets. Contractor shall use its best efforts to prevent damage to all streets (public and private) over which its Collection equipment may be operated, and Contractor shall obtain all required approvals for operation of its Collection vehicles on private streets. In the event Contractor damages public streets (including but not limited to creation of potholes, holes in asphalt, damage to curbs, gutters and storm drains), including damage caused by Contractor operating vehicles in violation of requirements in this Agreement, City will notify Contractor and Contractor shall be responsible for the City’s costs of repairing the damage, which will be performed by City. Contractor shall comply with all requirements for placement of Containers, including Roll Off Boxes, in the public right of way, including compliance with encroachment permits pursuant to the Laguna Beach Municipal Code.

Contractor shall use all available industry best practices to prevent spills of fuel and fluids (such as oil, hydraulic fluid, brake fluid, etc.) on streets. A liquid spill kit shall be carried at all times on each Collection vehicle for this purpose. If such a spill occurs, Contractor shall immediately notify the City (including the Director of Public works or his/her designee and the City’s NPDES Coordinator) and all proper regulatory authorities

of said spill and release of fluids. Upon a release of such fluids, the driver shall immediately park the vehicle and it shall remain parked until the leak is repaired. In such event Contractor shall not park the leaking vehicle within two hundred (200) feet of a waterway or storm drain and shall utilize absorbent material, sand bags or other appropriate means to prevent leaking fluids from entering storm drains. In the event of any type of spill or other emergency, Contractor shall be responsible for securing the immediate safety of the vehicle driver, all other employees of Contractor and all persons and property in the surrounding vicinity. Contractor shall clean, at Contractor's expense, the spilled fluids in coordination with, and to the satisfaction of, City and applicable regulatory agencies.

As of the Effective Date, Contractor shall initiate and provide continuous (at least monthly) training of all collection employees, route supervisors, dispatch personnel and all management employees in the proper handling of any leaked liquid or spills to prevent such liquids and/or spills from entering storm drains, waterways or otherwise creating environmental damage or any damage to Persons, property, wildlife, animals, vegetation, the ocean, waterways, or releases to the atmosphere. Such trainings shall include a simulation of a spill with employees physically performing the appropriate actions and activities to contain spilled fluid(s) and notify the City and all appropriate regulatory agencies, at least one (1) time each year. Contractor shall provide a quarterly report to City on the trainings held with each employee group including the topics covered, and the

employees or third parties that provided each training, as further described in Section 11.03.

5.10.D Customer Privacy. Contractor shall strictly observe and protect the rights of privacy of Customers. Information identifying the contents and composition of a Customer's MSW, Recyclable Materials, Food Scraps/Yard Trimmings or Construction and Demolition Debris shall not be revealed to any Person, governmental unit, private agency or company (other than photographs, video, and other information required to be submitted to City pursuant to this Agreement), unless authorized by the Customer or by order of a court of law, or by statute. This includes, but is not limited to, data, written information or descriptions, notes, photographs, video footage and other information on the contents of Customer's MSW, Recyclable Materials, Yard Trimmings, Food Scraps or Construction and Demolition Debris Containers obtained through on-site observations, aerial photography, Bin Sensors, conversations with Customers, and documents received by Contractor from Customers. Contractor shall dismiss or discipline employees who remove documents or any other material from Customer Containers, other than specifically for the purposes of (a) an on-site field audit or characterization, (b) transferring overflowing materials from one Container to another Container, and (c) for Collecting, Disposing of, or Diverting the materials as described in this Agreement.

This provision shall not be construed to prohibit Contractor from (i) preparing, participating in, or assisting in the preparation of characterization studies, on-site field audits (lid flipping) and waste stream analyses of MSW and Divertible Materials that may be required by the Act or requested by City; (ii) performing the audits required pursuant

to Section 11.07 of this Agreement; (iii) providing information necessary for City to comply with the Act; or to obtain information required to be submitted to City in order for City to exercise its police powers and enforce City's Municipal Code. Contractor shall not market or distribute customer mailing lists to any party, with the sole exception that Contractor shall make available customer mailing lists to the City upon request.

5.11 Litter Abatement.

5.11.A Minimization of Dropped, Scattered or Blown Materials. Contractor shall use due care to prevent MSW, Food Scraps/Yard Trimmings, Recyclable Materials, and Construction and Demolition Debris from being dropped, scattered or blown during the Collection or transportation process. Contractor shall tarp all open Roll Off Boxes while transporting the Box. If any MSW, Yard Trimmings, Wood, Food Scraps, Construction and Demolition Debris or Recyclable Material is dropped, scattered or blown out of a vehicle or Box, Contractor shall promptly clean up all such materials whether on private or public property. Each Collection vehicle shall carry all industry-standard equipment for this purpose. Failure to clean up all dropped, scattered, or blown materials within four (4) hours of notification of the dropped, scattered or blown materials or litter resulting from Collection operations by a Customer or the City or any other Person shall result in the assessment of liquidated damages as described in Section 15.09.

Contractor shall not transfer loads from one vehicle to another on any public street or private roadway, unless it is necessary to do so because of (a) mechanical failure or damage to a Collection vehicle that renders it inoperable and the vehicle cannot be towed

or (b) to Collect in Hard to Service Areas and transfer materials and/or MSW collected to a different vehicle.

5.11.B Clean Up of Existing Litter. The Contractor shall clean up existing litter in the immediate vicinity of any MSW, Recyclable Materials, Food Scrap or Yard Trimmings Collection area (including enclosures and in all areas on private and public property where Containers are delivered for Collection) whether or not Contractor has caused the litter. Contractor shall notify the Customer and the City after the second occurrence of existing litter and shall send City a photograph of the littered area. City's Code Enforcement Officer, or other City representative, and Contractor's Sustainability Coordinator will make an on-site inspection to discuss the situation with the Authorized Customer Representative responsible for the property. If the litter and debris is being caused by illegal dumping, the City and Contractor's City Liaison will work with the Authorized Customer Representative to utilize locked enclosures and/or Bins with locking lids to prevent entry. If the cause of the litter is under-subscription to the Collection service, the City and Contractor's City Liaison will work with the Authorized Customer Representative to identify options for solving the problem including Diversion of more Divertible Materials, source reduction, flattening cardboard boxes, and other options. In the event Contractor recommends a change in the size of Container(s) and/or the frequency of service, and the Customer objects, the decision of the City shall be final.

5.11.C Clean Up of Illegal Dumping. Contractor shall respond to all calls from City regarding spilled or illegally dumped MSW, Yard Trimmings, Wood, Food Scraps, Recyclable Materials, Electronic Waste, U-Waste and/or Bulky Items that are identified in locations other than Customer MSW enclosures (such as empty parking lots, on City

streets, sidewalks, etc.) during regular work hours. Contractor shall collect and deliver such material to the City designated Disposal Facility (or, in the case of Recyclable Materials, Yard Trimmings, Wood, concrete, asphalt or other inert materials, to the City-designated MRF, Compost Facility, or Construction and Demolition Debris Processing Facility; and in the case of Electronic and Universal Waste, to a fully-permitted, City-Approved Processing Facility). Contractor shall utilize appropriate vehicles, equipment and labor to accomplish Collection of illegally dumped materials in a safe and timely manner in accordance with all applicable laws and regulations.

5.11.D Covering of Loads. Contractor shall place covers on all open Roll Off Box Containers and transfer trucks during transport to the Disposal facility, Materials Recovery Facility, Compost Facility, Construction and Demolition Debris Processing Facility and all other Processing Facilities.

5.11.E Overfilled Bins and Roll Off Boxes. Contractor may charge the rates in Attachment D for Overfilled Bins and Roll Off Boxes (including Roll Off Boxes over the legal limit for weight on the highway pursuant to the California Vehicle Code), provided the Overfilled Bin and/or Roll Off meets the requirements in Section 3.10 and further provided that Contractor has followed all the requirements in Section 3.10 of Attachment B to the satisfaction of the City.

In no event shall Contractor force, coerce, pressure, threaten, or require a Customer to increase the frequency of their service or subscribe to a larger size Container due to Overfilled Bins or Roll Off Boxes. If Overfilled Bin(s) and/or Roll Off Boxes are a chronic problem and Contractor has photo-documentation of at least two (2) events of

Overfilled Containers within a thirty (30) day period, Contractor shall notify City. Contractor shall also work with the Customer(s) to develop options for a solution, which may include flattening boxes, increasing Diversion of Divertible Materials, source reduction and other options. In the event City determines, based upon the monthly reports or other data provided by Contractor, or by City's own observations, that Contractor is improperly charging for Overfull Containers and/or is not assisting Customer(s) in developing options for correcting Overfull Container situations, City may direct Contractor to cease charging a Customer for Overfull Bin(s) until Contractor complies with this Section and with the requirements of Section 3.10 of Attachment B to the satisfaction of the City.

5.12 Hazardous Waste

5.12.A General. Contractor shall be aware of, and comply with, all laws, rules, and regulations relating to the handling and transportation of Hazardous Waste, including those requiring training and documentation. Contractor shall implement a Hazardous Waste exclusion program that includes, at a minimum, a visual check of all Containers Collected to protect against Collection of Hazardous Waste. Said visual check may occur at the time of Collection and/or at the time the load is dumped at the Disposal site or Processing Facility. If Contractor observes any substances that it believes to contain Hazardous Waste within the City, including but not limited to in Containers designed for MSW, Yard Trimmings, Wood, Food Scraps, Recyclable Materials or Construction and Demolition Debris, Contractor shall not collect such Hazardous Waste but shall immediately notify the appropriate regulatory agencies and the City. The preceding sentence shall not apply to the Collection of Household Hazardous Waste, Electronic

Waste, Universal Waste, fluorescent tubes, pharmaceuticals or sharps that are classified as Hazardous Waste or Bulky Goods (i.e. refrigerators) that contain Freon, pursuant to this Agreement.

In addition to other required notifications, if Contractor observes any substances which it or its employees reasonably believe or suspect to contain Hazardous Waste unlawfully disposed of or released on private property or on public property, including, but not limited to, storm drains, streets, or other public rights of way, Contractor shall notify City Manager, or the City Manager's designee immediately.

5.12.B Notice to Customers. Contractor shall notify all Customers at least once a year with a mailing separate from other notices and brochures, of: (i) the prohibition against the Disposal of Hazardous Waste in authorized Containers, Bins, Carts, Compactors or Roll-off Boxes; and (ii) the obligation of each Customer to provide for the proper handling and disposition of Hazardous Waste. To the extent that Contractor has actual knowledge of the existence of such Hazardous Waste in a Container placed for Collection, Contractor shall not collect such Container. Contractor shall, prior to leaving the location where such Hazardous Waste has been observed, leave a tag at least 2" x 6" that informs the customer why the Collection was not made and lists the telephone number for the appropriate local agencies to contact for proper disposal of the Hazardous Waste.

5.12.C Contractor to Segregate and Dispose. In the event Contractor inadvertently collects any Hazardous Waste, and during the course of transportation and disposition at a Disposal Facility, Materials Recovery Facility, Compost Facility,

Construction and Demolition Debris Processing Facility or other Processing Facility, and becomes aware that it has collected such Hazardous Waste, Contractor shall segregate the Hazardous Waste, and shall arrange for its transport and Disposal to a properly permitted Recycling, treatment or disposal facility of Contractor's choosing at Contractor's sole expense. Contractor shall be solely responsible for the transport and disposition of all Hazardous Waste that is collected by Contractor. City will cooperate with Contractor's attempts to locate and collect the costs of such transport and disposition from the responsible Customer.

5.12.D Operating Procedures and Employee Training. Contractor shall establish, implement and maintain written operating procedures designed to ensure Contractor's utilization of techniques generally accepted in the recycling and waste hauling industry for cities of the size and nature of the City of Laguna Beach, to handle and dispose of Hazardous Waste and its compliance with the provisions of this Agreement and all applicable laws, rules, and regulations. Contractor shall establish, implement and maintain an employee training program and shall ensure that employees responsible for the identification of Hazardous Waste are fully trained to properly handle and dispose of Hazardous Waste. Contractor shall maintain documentation that describes the training received by its employees.

5.12.E Hazardous Waste Diversion Records. Contractor shall maintain records showing the types and quantities, if any, of Hazardous Waste found in MSW, Recyclable Materials, Yard Trimmings, Wood, Food Scraps and/or Construction and Demolition Debris at Residential, Commercial and Business Establishments, and at Construction and

demolition sites and which was inadvertently collected from Customers within the City, but discovered and segregated at (a) the point of Collection, (b) at a Processing Facility, and (c) at a Disposal Site. Said records shall include the ultimate disposition of the Hazardous Waste. A summary of said records shall be provided to City with each monthly report submitted by Contractor pursuant to Section 11.03 and Attachment K. The complete records shall be maintained by Contractor in written or electronic format for the duration of the Term.

5.13 City's Right to Change Scope of Work. City may, without amending this Agreement, direct Contractor to cease performing one or more of the services described in this Agreement and may direct Contractor to modify the scope of one or more of such services, may direct Contractor to perform additional Collection services and/or processing services, and may similarly modify Contractor's obligations under any provisions of this Agreement.

The changes that City may direct include, but are not limited to, program expansions, new Diversion Programs to comply with the Act, modifying or stopping certain Diversion programs and/or specified portions of programs, change of Processing Facility, providing pilot programs and innovative services which may entail new Collection methods, different types of services, equipment and/or new requirements for Customers, new technology, and compliance with new laws, rules, and regulations.

If such changes cause an increase or decrease in the cost of performing the services, an appropriate adjustment in the maximum rates set forth in Attachment D will

be made as provided in Section 14.06. Contractor will continue to perform the new or changed service while the appropriate adjustment in the rates, if any, is being determined.

The work to be performed by Contractor, including the scope of work in Attachment B, includes tasks and programs (referred to in this Agreement including in Attachment B as 'Optional City-Directed programs') that City, in its sole discretion, may choose to implement during the Term. Contractor has provided City with rates to be charged to Customers for all of the Optional City-Directed programs described in the Agreement and in Attachment B. If City chooses to implement any of those program(s), the provisions of this Section 5.13 shall not apply. Instead, the rate(s) for said program(s) shall be adjusted for the passage of time as described in Attachment J on or before the commencement of the Optional City-Directed program. The revenue from such rates, plus the revenue from sale of any Recyclable Materials, Diverted materials and/or any energy produced shall constitute the full and complete compensation to Contractor for implementing such program(s).

5.14 Attendance At Meetings With City. Contractor shall attend monthly status meetings with City staff, representatives and agents beginning within one calendar week of the Effective Date of this Agreement. The date, time and location for meetings will be established by the City, in consultation with the Contractor. Contractor shall provide all necessary and appropriate personnel to attend each meeting such that the topics on the agenda can be addressed fully and completely. At the sole discretion of the City, additional, more frequent meetings may be convened during the months leading up to and after the start date for operations of July 1, 2024, in order to make sure the Implementation Plan is on schedule and that the Contractor is fully ready and prepared

to commence Collection and all other operations pursuant to this Agreement. At the sole discretion of the City, additional meetings may be convened during the Term to continue to address issues not resolved at the monthly meetings and to address specific events, issues or concerns as needed by the City. Topics to be covered at the monthly meetings include progress on the Implementation Plan, progress toward the achievement of program implementation as described in Attachment B, Contamination levels in Customer Containers, results from waste characterizations and Container Contamination audits as described in Attachment N, review of implementation of all items in the Scope of Work, review of monthly reporting documents including the Red/Green Tracking Spreadsheets, and/or Recyclist data and information, planning for upcoming Special Events, and any other items relevant to the accomplishment of all tasks and attainment of all performance standards contained in the Agreement.

5.15 Ownership of Municipal Solid Waste and Recyclable Materials. Ownership and the right to possession of all MSW, Yard Trimmings, Wood, Food Scraps, Construction and Demolition Debris and Recyclable Materials shall be transferred to Contractor from the Customer once such materials are placed in Containers and properly placed at the designated Collection location, by operation of this Agreement. At no time shall the City obtain any right of ownership or possession of MSW, Yard Trimmings, Food Scraps, Recyclable Materials, Construction and Demolition Debris or Hazardous Waste placed for Collection and nothing in this Agreement shall be construed as giving rise to any inference that City has such rights.

5.16 Containers at City Yard, City Hall and Community Center. In addition to Collection at city facilities described in Attachment S, Contractor shall, at no additional

charge, provide Containers at City Yard, City Hall and Community Center as described in Attachment B, Scope of Work, Section 4.8.5.1 and Section 4.8.5.2.

5.17 Contamination Warning Notice/Prohibition on Contamination Fees. Contractor shall follow the procedures described in Attachment B, Sections 2 and 3 “Procedure for Observation and Issuance of Contamination Notices to Customers” at any time a driver observes Contamination in a Container placed for Collection. Contractor is prohibited from charging any Customer, account and/or any Authorized Customer Representative a “Contamination fee”, or any type of charge or fee related to Contamination observed in any Container.

5.18 Proposals for New Diversion Programs.

Contractor shall, at no additional cost, within forty-five (45) days of each request by City, submit a written proposal on providing additional or expanded Diversion services. The proposal shall contain a complete description of the following: (A) Collection methodology to be employed; (B) equipment to be used and staffing requirements by number and classification; (C) type of Container(s) to be used; (D) informational/promotional campaign; (E) projection of annual operating costs and revenues (if applicable), including documentation of and support for key assumptions underlying projections. In the event City decides to proceed with implementation of such additional and/or expanded Diversion service(s), the provisions of Section 5.13 of the Agreement shall apply.

ARTICLE 6: TRANSPORTATION AND DISPOSAL OF MSW OR PROCESSING OF RECYCLABLE MATERIALS

6.01 Transportation and Disposal of MSW. City has entered into an agreement dated May 19, 2009 with the County of Orange for utilization of the Orange County Landfill System for disposal of MSW. An amendment to the agreement was executed by the City and the County on March 29, 2016 and April 28, 2016, respectively and became effective on or before June 30, 2016. Both the agreement and the amendment are included as Attachment I. The parties acknowledge that the City's existing arrangements with the Orange County Landfill System will expire as of June 30, 2025. City will be responsible for renewing these arrangements and shall notify Contractor when such renewal has taken place. In the event the Orange County Landfill System becomes unavailable to City for Disposal of MSW from City, Contractor shall assist City in identifying and researching possible alternate Disposal Sites and shall cooperate with City in switching to the alternate Disposal Site(s) identified by City. In such event, the provisions of Sections 5.13 and Section 14.07 shall apply if the change in Disposal Site creates a change (either an increase or decrease) in the cost of transport or Disposal of MSW. Contractor shall transport and deliver all MSW collected pursuant to this Agreement to the Orange County Landfill System, and to the specific landfill designated by City, for the duration of the City's contract with the County of Orange, including any extensions. The City-designated Disposal Sites as of the Effective Date are: the Prima Deshecha Landfill, the Frank Bowerman Landfill and the Olinda Alpha Landfill. If the City-designated landfill becomes unavailable, Contractor shall transport and deliver all MSW collected pursuant to the Agreement to another landfill within the Orange County Landfill system as directed by City. If there is no other landfill available within that system, or in the event the City's

landfill agreement with the County of Orange terminates during the Term, Contractor shall transport and deliver all MSW collected pursuant to the Agreement to such other Disposal site designated by the City Manager or his/her designee.

During the term of the City's contract with the County of Orange, Contractor shall comply with all provisions of such contract, including, but not limited to, Section 3.1(C) requiring transport and delivery of residue (as defined in Attachment I: "Residue" means any material remaining from the processing, by any means and to any extent, of City Acceptable Waste or Recycled City Acceptable Waste; provided, however, that Residue shall not include minimal amounts of material remaining after such processing [which minimal amounts shall in no event exceed 10% of the amount of such City Acceptable Waste or Recycled City Acceptable Waste prior to processing.]") from all Materials Recovery Facilities, Compost Facilities and all other Processing Facilities utilized in the performance of this Agreement, to the Orange County Landfill System; and with Section 3.1(H) requiring provision of tonnage data by type of load (residential, commercial and roll off), origin of MSW delivered to the County Landfill System directly from City routes and from all transfer stations and Processing Facilities used in the performance of this Agreement.

Contractor shall cooperate with the operator(s) of the City-approved Disposal Site(s) with regard to operations therein, including by way of example, complying with directions from the operator to unload Collection vehicles in designated areas, accommodating to maintenance operations and construction of new facilities, complying with the operator's Hazardous Waste exclusion program, and fully and transparently

cooperating with the operator's tonnage tracking system including reporting of allocation methods and self-haul transfer allocations.

In the event Contractor utilizes a transfer station for consolidation and transport of MSW or other materials collected in City during the Term, Contractor shall execute an agreement with the County of Orange as described in Section 3.1(C) in a form similar that in Appendix 4 of the City-County Landfill Contract in Attachment I, entitling Contractor to be charged the Contract Rate (as defined in Attachment I) for Disposal of MSW from City in the Orange County Landfill System.

6.02 Transportation of Recyclable Materials. Contractor shall transport and deliver for processing all Recyclable Materials and Single-Material Recyclables, and appropriate Bulky Goods to the CR&R Western MRF located at 11292 Western Avenue, Stanton, CA which is the City-approved Clean MRF identified in Attachment O.

6.03 Transportation of Yard Trimmings. Contractor shall transport and deliver all Yard Trimmings to the Yuma Composting Facility located at 19536 South Avenue 1E, Yuma, AZ which is the City-approved Yard Trimmings Processing Facility identified in Attachment P.

6.04 Transportation of Food Scraps. Contractor shall transport and deliver all Food Scraps collected from Carts, Bins, Roll Off Boxes and Compactors pursuant to this Agreement to the Yuma Composting Facility located at 19536 South Avenue 1E, Yuma,

AZ which is the City-approved Food Scrap Processing Facility which is the City-approved Food Scraps Processing Facility identified in Attachment P.

6.04.1 Delivery of Small Quantities of Food Scraps to Local Composting Facility. The City reserves the right to direct Contractor to deliver specified quantities of Food Scraps and/or co-collected Food Scraps and Yard Trimmings to a Composting site within the City limits if and when such a local Composting facility becomes available during the Term. In such event, the provisions of Section 5.13 and 14.07 shall apply. Contractor shall utilize appropriate equipment and vehicle(s) in order to deliver the Food Scraps to such local Composting Facility in a manner compatible with the layout and capacity of the facility. This will likely mean delivery of materials in a relatively small vehicle and not a regular Collection vehicle. At Contractor's option, Contractor may consolidate loads of Food Scraps Collected in City at Contractor's transfer station or other facility, load the requisite quantity of Food Scraps into a smaller vehicle, and transport the Food Scraps to the City-designated local Composting Facility. Contractor shall maintain records of the quantities of Food Scraps and co-collected Food Scraps/Yard Trimmings delivered to such local Composting Facility and include the quantities in the monthly reports described in Article 11.

6.05 Transportation of Co-Collected Yard Trimmings and Food Scraps. Contractor shall transport and deliver all Co-Collected Yard Trimmings and Food Scraps collected in City pursuant to this Agreement to the Yuma Composting Facility located at 19536 South

Avenue 1E, Yuma, AZ which is the City-Approved Processing Facility for Co-Collected Yard Trimmings and Food Scraps identified in Attachment P.

6.06 Transportation of Construction and Demolition Debris. Contractor shall transport and deliver all Construction and Demolition Debris collected from Bins and Roll Off Boxes pursuant to this Agreement to the CRT C&D MRF Facility located at 11232 Knott Avenue, Stanton, CA, which is the City-approved Construction and Demolition Debris Processing Facility identified in Attachment Q.

6.07 City Right to Unilaterally Direct Change in Processing Facility. City reserves the right to unilaterally direct a change in any of the Processing Facilities described in this Article 6 for any reason, during the Term. In such event, City shall provide a minimum of six (6) months written notice to Contractor of the change. In such event, the provisions of Section 5.13 shall apply.

6.08 Designated Processing Facilities Unavailable. If any of the Processing Facilities described in Sections 6.02, 6.03, 6.04, 6.05, and/or 6.06 become unavailable for use by the City during the Term, City may designate a new Processing Facility. The parties agree that a Processing Facility shall only be deemed to be “unavailable” if one or more of the following has occurred: (i) a Force Majeure event as described in Section 16.12 has occurred; or (ii) a Processing Facility has lost one or more permits to operate; or (iii) a Processing Facility has exhibited a pattern of violation through the receipt of repeated notices of violation from one or more regulatory agencies. Further, the parties agree that a Processing Facility shall only be deemed to be “unavailable” if the lack of availability of the Processing Facility is not due to Contractor’s negligence, illegal activity, neglect or

willful misconduct. At City's request, Contractor shall research and propose alternate Processing Facility(ies) for the material(s) requiring Processing, and shall submit a written analysis and recommendation to the City within five (5) working days concerning the cost for use of alternate facilities and any logistical changes that would be required to utilize such alternate facilities. City and Contractor will discuss the advantages and disadvantages of use of the potential alternate Processing Facilities and City will designate a selected facility. The decision of the City will be final. In the event a Processing Facility becomes unavailable due to the negligence, illegal activity, neglect or willful misconduct of Contractor, Contractor shall bear all additional costs for use of an alternate Processing Facility including increased processing costs, transportation costs, transfer costs and all other costs. In the event that a Processing Facility has become unavailable and the cause is not due to the negligence, illegal activity, neglect or willful misconduct of Contractor, the maximum rates that Contractor may charge that are set forth in Attachment D shall be adjusted (up or down) as described in Sections 5.13 and 14.07.

6.09 Contractor Request for Change of Processing Facility. In the event Contractor proposes the use of a new or different Processing Facility than those currently in use, Contractor shall provide the City with a detailed description of the proposed facility including but not limited to, the location, owner and operator, current facility users, technical capacity, processing methodology, diversion capabilities, potential advantages to the City, cost of use of the facility including impacts of transportation costs and tipping fees, and shall provide copies of all permits for the facility. In presenting the costs for use of the proposed facility, Contractor shall provide the City with both basic cost information and with proposed revisions to the maximum rates in Attachment D showing the

breakdown of costs for Collection, processing, transportation and Disposal for each rate category (Residential Single Family Dwellings, Commercial (including Multi-Family) and Roll Off) incorporating use of the proposed facility, as well as the total proposed rate change for each rate category incorporating use of the proposed facility. The City will evaluate the proposal and may, at its sole discretion, choose not to use the proposed facility if any one of the following issues is not addressed to the satisfaction of the City:

- (a) Costs are not acceptable.
- (b) The facility does not have all required state, federal and local permits, and land use approvals and/or the facility is not operating in compliance with all state, federal and local permits, regulations and land use approvals.
- (c) Performance of the facility is not acceptable (e.g. the diversion achieved or proposed is not adequate, the quality of the materials created at the facility is substandard, etc.).
- (d) The actual or proposed end use for the processed materials created by the facility is not the highest and best use as dictated by regulatory conditions.
- (e) The City does not need such a facility.
- (f) Use of the proposed facility is not in the best interest(s) of the City and its ratepayers.

The parties will meet and discuss use of the proposed facility and the Contractor will provide prompt responses to City questions, concerns and requests for any additional information. City will inform Contractor in writing of its decision concerning use of the proposed facility within sixty (60) days of receipt of all of the information requested by the City. The decision of the City shall be final.

In the event City chooses to utilize a new or different Processing Facility, Attachment D shall, for the remainder of the Term, (if desired by City) be revised to include

additional columns such that the new table shows the breakdown of costs for Collection, processing, transportation and Disposal for each category of service.

ARTICLE 7: PROCESSING AND MARKETING OF RECYCLABLE MATERIALS

7.01 Processing and Marketing Duties/Guarantee of Processing Capacity. The costs proposed by Contractor shall include the costs of furnishing of all labor, supervision, equipment, materials, supplies and all other items necessary to perform the processing and materials marketing services required in a thorough, workmanlike and efficient matter. Contractor hereby guarantees and shall provide, at a minimum, six thousand (6,000) tons of annual processing capacity at the Clean MRF described in Attachment O, for Tons of Single Stream Recyclable Materials and Single Material Recyclables Collected in City. Contractor hereby guarantees and shall provide, at a minimum, six thousand (6,000) tons of annual processing capacity at the Composting Facility described in Attachment P for processing of Tons of co-collected Food Scraps and Yard Trimmings and for source-separated Food Scraps Collected in City. Said guarantee to provide the processing capacity described herein shall continue through the Term and any extensions of the Term of this Agreement. Failure of Contractor to provide the minimum guaranteed processing capacity described herein shall result in the assessment of the liquidated damages in Section 15.09.

7.02 Permits. Contractor shall utilize only Processing Facilities that are fully licensed and permitted under all applicable federal, state, regional and local laws, rules, and regulations. Within fifteen (15) calendar days after execution of the Agreement by both parties, Contractor shall deliver to City a package containing copies of all of the permits for the Clean MRF, the Compost Facility, the Yard Trimmings/Wood Processing Facility, the Food Scrap Processing Facility, the Construction and Demolition Debris Processing

Facility and for any other Processing Facility approved by City that Contractor will use to process materials collected within City. Contractor shall simultaneously submit original signed contracts with each Processing Facility (unless owned by Contractor) evidencing the terms and conditions under which Contractor is entitled to utilize the facilities for processing of City's materials and showing that each agreement includes the Processing Facility meeting all the requirements included in this Article 7.

7.03 Delivery of Residue to Landfill. Contractor shall deliver, or arrange to be delivered, all non-recyclable Residue from the operations at all Processing Facilities including but not limited to the Clean Materials Recovery Facility, the Compost Facility, and the Construction and Demolition Debris Processing Facility to the City designated landfill.

7.04 MRF, Compost, Food Scrap and C/D Facility Operating Requirements. Contractor shall operate all Processing Facilities it owns, including but not limited to, the Clean Materials Recovery Facility (CR&R Western MRF), the Yuma Composting Facility and the CRT C&D MRF in compliance with all applicable federal, state, regional and local laws and regulations and shall adhere to the requirements of all permits for each facility. If Contractor is using Processing Facilities it does not own, it shall be Contractor's responsibility to investigate and determine that said facilities are operating in compliance with all applicable laws, rules, and regulations and permit requirements. If, at any time during the Term, said facilities are not operating in compliance with all legal requirements, it shall be the duty of Contractor to immediately report the situation to the City. Upon receipt of such information, City may conduct an independent investigation of the situation, may require Contractor to utilize a different Processing Facility while City is conducting its investigation, or may take other actions City deems reasonable and

necessary to protect the interest of the City, its customers, public health and safety and the environment.

7.04.1 Clean MRF. The Clean MRF described in Attachment O must include processing lines for cleanup of Single-Material Recyclables and sorting of all Recyclable Materials and must be capable of processing all the Recyclable Materials collected by Contractor in the City.

7.04.2 Compost Facility. The Compost Facility described in Attachment P, must be capable of processing all the residential and commercial Yard Trimmings collected by Contractor in the City, all co-collected Food Scraps and Yard Trimmings Collected by Contractor in City, and all Food Scraps collected by Contractor in the City. The end product(s) produced at the facility must be capable of being used for agricultural and landscaping applications and shall meet all federal, state, regional and local laws and regulations for such uses. Compost produced must be certified by the U. S. Composting Council Seal of Testing Assurance Program (“STA”). Contractor shall provide City with documentation evidencing such certification annually on or before January 1 of each year beginning January 1, 2025. If the Compost Facility is owned by Contractor, Contractor shall have the capability to provide “custom blends” of Compost to address end users’ needs for specific crop, soil and/or other parameters.

The Compost Facility utilized by Contractor during the Term shall be located as close to the City of Laguna Beach as is practical.

7.04.3 Construction and Demolition Debris Processing Facility. The Construction and Demolition Debris Processing Facility described in Attachment Q must

be capable of processing all of the Construction and Demolition Debris that is collected by the Contractor in the City.

7.05 Contractor To Meet All Food Scrap Processing Facility Specifications.

Contractor shall take all actions required to ensure that the Food Scraps Collected and delivered to the Food Scrap Processing Facility provided by Contractor and approved by City, meet all specifications required by said Facility for the feedstock material, including but not limited to, amounts of Contaminants allowed. In no event shall the Food Scraps Collected in City be delivered to any alternate Food Scrap Processing Facility or any other type of facility that has not been previously approved in writing by City, nor shall any Food Scraps Collected in City be Disposed.

7.06 Processing Requirements. Contractor shall process all Recyclable Materials, Yard Trimmings, Food Scraps, and Construction and Demolition Debris Collected in City in a manner that satisfies the Diversion requirements of Attachment B.

7.07 No Use of Biomass, Transformation, Anaerobic Digestion or Dirty MRF Facilities. Contractor shall not deliver any materials Collected in City pursuant to this Agreement to a Biomass, Transformation, Waste to Energy or Anaerobic Digestion. Contractor shall not deliver any MSW or other materials Collected pursuant to this Agreement to a Dirty MRF for processing.

7.08 Marketing of Recovered Materials, Compost and Other Products. Contractor shall be responsible for marketing, or arranging for the marketing, of all Recovered Materials, all Compost product(s) and all other products generated or produced from the Processing Facilities utilized to process materials collected in City, including the Materials

Recovery Facilities, Compost Facility, Food Scrap Processing Facilities and the Construction and Demolition Debris Processing Facility.

7.09 Limits on Modes of Disposition. City may direct Contractor, at any time, to stop delivering Recovered materials for uses that do not qualify as Diversion for purposes of the Act. Contractor is prohibited from delivering any material Collected in City to a solid waste landfill for use as Alternative Daily Cover. This prohibition includes, but is not limited to, Recyclable Materials, Yard Trimmings, Food Scraps, Wood, Construction and Demolition Debris, Compost, MRF “fines”, MRF “overs” and all other products, byproducts and Residue from Processing Facilities utilized to Process materials pursuant to this Agreement.

This prohibition applies even if CalRecycle or any other agency allows such materials used as to qualify as Diversion for purposes of the Act.

No MSW of any kind may be disposed of on land at any location other than by delivery to the City-designated landfill. No MSW of any kind may be disposed of in water or in the atmosphere.

7.10 City Access to Processing Facilities. In addition to City’s rights under other provisions of this Agreement, City and its agents shall have the right at all reasonable times to enter each of the Processing Facilities to (a) observe operations, (b) observe compliance with permit requirements, (c) observe tonnage allocation and tonnage tracking procedures, and (d) for any other reasonable purpose. Access shall be scheduled during normal business hours and coordinated through the City’s designated contract manager, and Contractor’s Representative, Contractor’s City Liaison, and the

facility manager. In the case of observation of waste characterizations and route audits, City shall have access to observe all steps of the protocols and techniques utilized in the sampling process. Such protocols and techniques include, but are not limited to, selection of routes, selection of material from trucks utilizing X and Y sampling protocols as described in Attachment N, actual sampling, weighing of samples and recording of data utilizing data sheets as described in Attachment N. For on-route residential lid flipping, if material is brought to a facility for additional examination or if an alternate sampling protocol is used, the same access described herein for waste characterizations and route audits shall be granted. Contractor shall accommodate early morning and/or late evening access to coincide with the characterizations, route audits, and lid flipping sampling and all techniques and protocols associated therewith. City access shall be granted even during high traffic and high volume times of day at the facility. Appropriate safety precautions and protocols shall be employed.

ARTICLE 8: EQUIPMENT, FACILITIES AND PERSONNEL

8.01 General. Contractor shall furnish all facilities, vehicles and equipment necessary to perform safely and efficiently the services required by this Agreement. Contractor shall provide collection vehicles, bins, carts and other containers and other equipment as described in Sections 8.03 and 8.04.

8.02 Facilities.

8.02.A General. Contractor shall provide all facilities required for storage, maintenance, repair and deployment of all vehicles and equipment required to perform the services required by this Agreement. Contractor shall also provide the necessary facilities and office space for personnel of Contractor providing the services required by this Agreement. The facility or facilities used by Contractor to perform the required services shall be fully permitted in compliance with all Federal, State and local laws, rules, and regulations. In the event the City receives complaints about the facilities (whether for noise, odor, litter, traffic problems or any other issue), Contractor shall promptly take action to address the issue(s) and shall resolve the problem within five (5) business days.

8.03 Vehicles.

8.03.A General. On or before July 1, 2024, Contractor shall provide Collection and auxiliary vehicles of the type, size and configuration, and in the quantities shown on Attachment F-1. All Collection vehicles used by Contractor to perform services pursuant to this Agreement shall be suitable in design and construction for arduous heavy-duty service. The vehicles to be provided shall also include (i) the lighter-weight two-axle front loader vehicle described in Attachment F-2 to be used for Collection of Commercial

Recycling Bins; and (ii) the Single Pass electric rear-loader vehicle to be used for the Collection of Commercial MSW and Recyclable Materials from Carts described in Section 8.03C and in Attachment F-3.

All front loader, rear loader, side loader, Roll Off Box Collection vehicles and all other Collection vehicles shall be new and unused as of July 1, 2024 and suitable in design and construction for arduous heavy-duty service. All front loader, rear loader, side loader and Roll Off Box collection vehicles acquired during the Term shall also be new and unused. For purposes of this section, "new" means the truck chassis, body and all other parts and components shall be new and unused. If it becomes necessary during the Term, a used Alternate Fuel vehicle may be placed into service on a temporary basis (i.e., for no more than 90 days) provided that it is safe, in good operating condition, and equivalent in design and capacity to vehicles in regular service.

8.03.A.1 Technological Equipment and Capabilities for New Vehicles

All new Collection vehicles listed in Attachment F-1 shall be equipped with a system that provides surveillance, monitoring, auditing, recording and tracking including video and still photo equipment, GPS system, i-pads (or equivalent), bar code scanners, backup cameras, and communication devices described in Attachment F-4. All front loader, rear loader, side loader and Roll Off Box Collection vehicles listed in Attachments F-1, F-2 and F-3 shall be dedicated one hundred percent (100%) to use in City, and shall not be used to collect any material in any other location at any time. Collection routes within the City for MSW, Recyclable Materials, Food Scraps, Yard Trimmings, Wood and Construction and Demolition Debris shall collect only materials from within City such that

when the Collection vehicles are weighed at the Disposal facility and/or at the Processing Facilities, one hundred percent (100%) of the Tons in each vehicle originate solely from City.

8.03.B. Compliance With Air Quality Requirements. All Collection vehicles described in Section 8.03A (including all side loaders, rear loaders, front loaders, Roll Off, Bulky Item Collection vehicle(s), Household Hazardous Waste Collection vehicle(s) and all other types of vehicles) shall operate in full compliance with the requirements of the California Air Resources Board and the South Coast Air Quality Management District's rules and regulations including, but not limited to, Rule 1193. Route supervisor's vehicles and all other ancillary vehicles that will operate on a routine basis in the City shall comply with all applicable laws, rules, and regulations, including but not limited to the California Air Resources Board and South Coast Air Quality Management District regulations.

8.03.C Electric Split-Body Single Pass Rear Loader Vehicle. City desires to have all the new Collection vehicles provided on or before July 1, 2024. However, as of the Effective Date, there exist global supply chain issues that may make it impossible for Contractor to order and receive the Electric split-body single pass rear loader vehicle by this date. In such event, Contractor shall have until July 1, 2025 to provide said vehicle. The Electric Vehicle shall be capable of being charged at a charging facility at Contractor's yard, driven to the City of Laguna Beach, operate Commercial Collection route(s), deliver Collected materials to the appropriate Processing Facility(ies) and the Disposal Site, and return to the Contractor's yard, all on one charge.

The Electric Vehicle shall have a truck wrap or other City-approved signage that, in addition to the wording required by Section 8.03D, shall state and/or otherwise indicate (i) that the vehicle is 100% powered by electricity; (ii) that the vehicle Collects two different types of materials and does not commingle the materials; (iii) that each type of material Collected is kept separate in the truck and delivered to the appropriate Processing Facility or Disposal Site as applicable; and (iv) that the vehicle reduces the number of truck trips, fuel used, air pollution, and noise generated in the City of Laguna Beach. Contractor may utilize graphics and other methods on the truck to indicate and communicate these concepts to the public. Contractor shall submit drawings of the design, colors and text of the truck wrap or other signage to City, for City approval, a minimum of ninety (90) days prior to taking delivery of the Electric Vehicle.

Contractor shall make all reasonable, good faith business efforts to acquire and place in service the required Electric Vehicle on or before July 1, 2025. A copy of the purchase order and updates on the status of manufacture and delivery of the Electric Vehicle shall be provided to City on a quarterly basis during calendar year 2023 and monthly thereafter. The parties acknowledge that components for manufacturing of the Electric Vehicle may be unavailable and/or that other supply chain disruptions may result in lack of timely availability of the Electric Vehicle; and/or Contractor's charging stations for the Electric Vehicle may not be completed by July 1, 2025. In such event, Contractor shall immediately notify City in writing of the specific issue or issues it has encountered and the estimated date that the manufacturer has committed to for delivery of the Electric Vehicle and the dates the utility company(ies), outside service providers and equipment and other suppliers have committed to for completion of the charging stations. Contractor

shall submit to City the vehicle order and the manufacturer's confirmation of the order with the promised delivery date as well as all documentation concerning permitting, interconnection and construction and testing of the charging station. City shall review the submitted information and may request additional information from Contractor which shall be promptly provided. Upon verification of the issue(s) being encountered City may, in the City's sole discretion, grant up to an eighteen (18) month extension of the due date for the Electric Vehicle to be in service in City (up to December 31, 2026). The City's determination shall be final.

Until the Electric Vehicle is provided and in service in City, Contractor shall provide and utilize one (1) used split-body rear loader vehicle or two (2) rear or side-loader vehicles (which is listed in Attachment F-1) until the vehicle(s) are replaced by the Electric Vehicle. Such rear loader(s) vehicle may be up to five (5) years old as of July 1, 2024. Once the Electric Vehicle is in service in City, said rear loader vehicle(s) may be used by Contractor as the "spare" or backup vehicle(s) for the Electric Vehicle.

8.03.C.1 Charging Stations For Electric Vehicle. Contractor shall be solely responsible for providing two (2) charging stations for the Electric Vehicle. One station shall be located on Contractor's property at Contractor's yard in Stanton, California for overnight charging of the Electric Vehicle. The second station shall be located within City for use by Contractor and City's municipal vehicles. Contractor shall work with City to identify a City-approved location for the second charging station. City shall have no duty or obligation to provide any charging station or any type of charging facility for the Electric Vehicle during the Term. Attachment F-3 contains a description of the charging station

manufacturer, installer, cost, timeline for obtaining required permits, construction of the facility, interconnection to the appropriate utility company, and grant funding for the Electric Vehicle and/or the charging station. Contractor shall submit to City copies of all permit applications, design drawings for the charging stations, and charging station interconnect plans to the applicable utility company(ies) on or before October 1, 2023. Contractor has included key milestones regarding permitting, construction of the charging stations and interconnections to the utility company(ies) in the Implementation Plan in Attachment C. Contractor shall diligently pursue the construction, permitting and interconnection of the charging stations. Contractor shall review the progress of installing and connecting the charging stations with City at the monthly progress meetings described in Article 5.14. Contractor acknowledges and agrees that the provision of the Electric Vehicle is of great importance to the City and that completion and operation of the charging stations is required for the Electric Vehicle to provide Collection service within City. Therefore, Contractor agrees to make all reasonable, good faith business efforts to have the charging stations operational on or before July 1, 2025, such that the Electric Vehicle can begin Collection operations as of that date.

8.03.C.2 Savings Associated With Use of Electric Vehicle. One (1) year after the commencement of Collection operations using the Electric Vehicle in City, Contractor shall review data on the actual costs of operation, maintenance, electricity, capital costs and other costs associated with the use of the Electric Vehicle compared to the estimated costs listed in Attachment F-3 of ten thousand nine hundred twenty eight dollars (\$10,928) per month. Contractor shall analyze the data and trends and determine if there is an opportunity to offer a credit to City ratepayers due to use of the Electric Vehicle.

Contractor shall report the results of the analysis, along with supporting documentation and calculations, to the City within ninety (90) days of the end of the initial one (1) year of Collection operations using the Electric Vehicle. If the analysis shows there is a savings, the annual amount of the savings shall be factored into the next annual rate adjustment made pursuant to Section 14.03 of this Agreement.

8.03.D Vehicle Identification. The wording "Serving the City of Laguna Beach" and the name of Contractor, Contractor's local telephone number, and a unique vehicle identification number for each vehicle shall be prominently displayed on all Collection vehicles. Alternative Fuel Vehicles shall display a statement as to the type of Alternative Fuel being used. City shall approve all details, including size, color and location of text, identification numbers and logo.

8.03.E Cleaning and Maintenance.

8.03.E.1 General. Contractor shall maintain all of its equipment used in providing service under this Agreement in a safe, neat, clean and operable condition at all times.

8.03.E.2 Cleaning. The exterior and interior of vehicles used in the Collection of MSW, Recyclable Materials, Food Scraps, Yard Trimmings, and Construction and Demolition Debris shall be thoroughly washed by Contractor at least once a week or more often as needed to maintain a clean appearance and thoroughly steam cleaned at least once a month or more often as needed to maintain a clean appearance. In addition, the interior collection compartment of vehicles used for the collection of Food Scraps shall be thoroughly washed on a daily basis. City may inspect vehicles at any time to determine compliance with sanitation requirements and aesthetic conditions. Contractor shall make

vehicles available to the Orange County Department of Environmental Management and the City for inspection, at any frequency it requests.

8.03.E.3 Painting. All vehicles used in Collection of MSW, Yard Trimmings, Wood, Recyclable Materials, Food Scraps, and Construction and Demolition Debris shall be repainted by Contractor at least once every five (5) years, unless the City determines that repainting specific vehicles at that frequency is not necessary because the vehicle's appearance is satisfactory or unless the City determines that repainting a specific vehicle earlier (due to graffiti, wind damage, etc.) is necessary to ensure that the vehicle gives the appearance of having been repainted within the preceding sixty (60) months. All graffiti shall be removed or painted over within forty-eight (48) hours of discovery.

8.03.E.4 Maintenance. Contractor shall inspect each vehicle daily to ensure that the vehicle and all equipment is operating properly and in compliance with this Agreement. Vehicles which are not operating properly shall be taken out of service until they are repaired and do operate properly. Contractor shall perform or cause to be performed all scheduled maintenance functions in accordance with the manufacturer's specifications and schedule. Contractor shall keep accurate records of all vehicle maintenance, recorded according to part or vehicle identification, date, and mileage, and shall make such records available to the City upon request.

8.03.E.5 Repairs. Contractor shall repair, or arrange for the repair of, all vehicles and equipment for which repairs are needed because of accident, breakdown or any other cause so as to maintain all vehicles and equipment in a safe and operable condition. If an item of repair is covered by a warranty, Contractor shall obtain warranty performance.

Contractor shall maintain accurate records of repair, which shall include the part or vehicle identification, date/mileage, nature of repair and the signature of a maintenance supervisor that the repair has been properly performed.

8.03.E6 Storage. Contractor shall arrange to store all vehicles and other equipment in safe and secure location(s). Facilities used for storage shall comply with all zoning and land use requirements applicable to the facility. Contractor shall not store vehicles or equipment (including Bins, Carts, and Roll Off Boxes) in parking lots, vacant lots or any other non-permitted area. City shall have access to Contractor's regular vehicle and equipment storage facilities at all times.

8.03.F Leaking Vehicles. In the event that City or Contractor receives a report of a leaking vehicle, Contractor shall, upon notification by City, Customer or other Person, immediately, and within no later than one hour, take the vehicle out of service and repair the leak. Contractor shall be responsible for immediate, and within no later than one hour, cleanup of any leaked or spilled fluids whether on public streets, private streets, public property or private property. Contractor shall also immediately, and within no later than one hour, notify City and all applicable agencies (as listed in Section 5.10.C of this Agreement) of any leaked liquid or spill that is near or that reaches, or that City or Contractor reasonably believes could reach, a storm drain, waterway, the bay or ocean, stream, wetland, or any other body of water. Vehicles collecting Food Scraps/Yard

Trimming shall be specially designed and manufactured to contain liquid and to prevent leaking.

8.03.G DMV Registration/BIT Inspections/Brake Inspections. All vehicles utilized by Contractor in the performance of this Agreement shall be registered with the California Department of Motor Vehicles. All vehicles shall pass the required California Highway Patrol biennial inspection of the terminals ("BIT"). Within fifteen (15) calendar days after the BIT inspection, Contractor shall submit records to City from all of the terminal(s) responsible for the maintenance and repair of equipment used in City, showing the results of the inspection(s).

The brake system of each Collection vehicle used in performance of this Agreement (including all rear loaders, side loaders, single-pass vehicles, and the Household Hazardous Waste and Bulky Item Collection vehicles) shall be inspected and certified annually. Notice of certification for each vehicle shall be filed with the City within thirty (30) calendar days after each certification, but in no event later than May 1 of each year of the Term beginning May 1, 2025. Failure to submit the required certification shall be grounds for termination of this Agreement.

8.03.H Vehicle Mirrors. All vehicles used by Contractor for providing services pursuant to this Agreement with a gross vehicle weight rating of twenty-six thousand (26,000) pounds or more shall be equipped with a convex mirror on the front of each vehicle, adjusted so as to enable the operator to see all points on an imaginary horizontal line which:

- (a) Is three feet (3') above the road;

(b) Is one foot (1') directly forward from the midpoint of the front of the vehicles; and

(c) Extends the full width of the front of the vehicle.

8.03.I Collision Avoidance System. All vehicles operated by Contractor in the City to Collect MSW, Recyclable Materials, Food Scraps/Yard Trimmings, Construction and Demolition Debris, Bulky Items, and Household Hazardous Waste shall include the best available industry standard collision avoidance system that is capable of detecting adjacent pedestrians, bicyclists, scooters, motorcycles and vehicles. City reserves the right to inspect Contractor's vehicles, at any time, to confirm that the installation and capability of Contractor's collision avoidance system is consistent with the requirements herein. The manufacturer, model, type and capabilities of the collision avoidance system shall be as described in Attachment F-4.

On or before July 1, 2024 and on or before July 1 of each year of the Term thereafter, Contractor shall submit to City a certification signed and dated by an authorized corporate officer under penalty of perjury, containing the following and stating that the information provided is true and correct and contains no false or misleading statements or information as of the date on the certification:

- i. List of all Collection vehicles (including front loader, rear loader, side loader, single pass and roll off vehicles and all "spares" plus all Collection vehicles for Bulky Items and Household Hazardous Waste) that Contractor uses in the City.

- ii. Collision Avoidance System installed on each vehicle including name of system, manufacturer, date installed, name of Person who installed the system, name of Person(s) who tested the system to ensure proper installation and operation of system.
- iii. Capabilities of the installed Collision Avoidance System for each vehicle.
- iv. Changes or upgrades to the installed Collision Avoidance System and/or any partial or complete replacement of the installed Collision Avoidance System for each vehicle since the last certification was submitted.

8.03.J Other Required Vehicle Technological Capabilities. All vehicles operated by Contractor in the City to Collect MSW, Recyclable Materials and Food Scraps/Yard Trimmings shall be equipped with a system that provides surveillance, monitoring, auditing, recording and tracking including video and still photo equipment; GPS system; i-pads (or tablet equivalent); ability to track serial numbers using bar code scanners, QR codes or similar technology; backup cameras; and communication devices. Collection vehicles in service in the City shall be equipped with 1) on-board modules for operational Customer relationship management (“CRM”) functionality; 2) truck telematics systems that provide real-time truck data, location, video and monitoring; and 3)

communications systems for contact with dispatch, the Route Supervisor, and other Persons as needed.

The on-board operational CRM module shall be available to the driver via in-cab functionality and accessible via a tablet in the cab of the vehicle. The operational CRM system shall capture driver, route and service confirmation in real-time, which can be accessed remotely by customer service and dispatch groups. The on-board operation CRM system shall allow drivers to view and scroll through route listings, confirm service completions, note service exceptions (i.e. Contamination, non-containerization, blocked Cart access, non-set out, etc.), and receive additional dispatched work in real-time. The on-board operational CRM system shall be accessible to the driver via electronic communication that can be instantly transmitted to customer service and/or dispatch, who also use the operational CRM platform. The operational CRM system shall also be able to compute route statistics in real time, such as route productivity, work orders, billing, and follow-up. The tablets hosting the on-board operational CRM system shall also be dismountable by the driver for mobility purposes which will allow the driver to use the tablet as a digital camera to photo-document service exceptions, link the exception to the Customers' account, and report serious operational issues to the City in real-time. The operational CRM system shall allow the Contractor to note overloaded Carts, blocked access, non-containerization, and contamination events and document them on the Customer's account. The operational CRM system shall also generate template notification alerts regarding service exceptions to the Customer, the City, the Route

Supervisor, and Sustainability Coordinator (when applicable). These template notifications shall be emailed directly to the Customer.

The on-board vehicle telematics system shall be connected to a network using wireless data and shall also be connected to each collection vehicles' on-board computer. The on-board vehicle telematics system shall include the GPS, video surveillance, driver behavior, hours of service, and maintenance integration described herein, to provide increased safety, service, and efficiency to vehicle operations. The on-board vehicle telematics system shall also allow the Contractor to monitor driver behavior, such as speeding, hard braking, hard acceleration, and area violations. The Route Supervisor and other responsible parties shall receive notifications when such events occur so they may be addressed with the driver. The video capture component of the on-board DVIR system shall be able to be viewed in real-time or stored as a means to review past safety or service events. The City shall have read-only access to this footage. Video capture shall include in-cab, front, rear and side-views. Contractor shall provide said video footage to City within five (5) business days of request; except in the event of a crash, injury, fatality or other incident, Contractor shall provide said video footage immediately to the City and to law enforcement in the timeframe requested by law enforcement representatives and/or agencies. Contractor's failure to provide video footage within the required timeframes will result in the assessment of liquidated damages described in Section 15.09. Contractor's failure to provide proof of vehicles with the above-described technological capabilities will result in the assessment of the liquidated damages described in Section 15.09.

8.03.K Operation. Vehicles shall be operated in compliance with the California Vehicle Code and all applicable safety regulations and local ordinances. Vehicles shall be operated only by employees of Contractor who are appropriately licensed by the California Department of Motor Vehicles for the class of vehicle they drive. All drivers employed by Contractor and operating vehicles in the City shall be enrolled in the Department of Motor Vehicles Employee Pull Notice (“EPN”) program and shall abide by all State and federal regulations for driver hours and alcohol and controlled substance testing. Contractor shall not load vehicles in excess of the manufacturer’s recommendations or limitations imposed by state or local weight restrictions on vehicles including, but not limited to, legal axle load weight limits. Contractor is solely responsible for paying any fines imposed by the California Highway Patrol, or other regulatory agencies, for violation of these or any other requirements.

8.04 *MSW, Recyclable Materials and Food Scrap/Yard Trimmings Containers.*

8.04.A General. Contractor shall furnish (and deliver to Customers) all Containers for storage of (i) MSW, (ii) Recyclable Materials, (iii) Yard Trimmings, (iv) Wood, (v) Food Scraps, (vi) Co-Collected Food Scraps and Yard Trimmings, and (vii) Construction and Demolition Debris of the types and sizes as described in Attachment B that conform to the specifications in Attachment E-2.

All such containers shall be new and unused as of the commencement of this Agreement. The type, size and number of containers shall be sufficient to contain, with the lid closed, all MSW, Recyclable Materials, Yard Trimmings, Wood and Food Scraps generated between collections. Roll Off Boxes need not have lids but shall not be filled above the top of the container. Contractor shall tarp all Roll Off Boxes prior to

transporting them, if said Boxes contain any material(s) that may blow out of the Box or if required by the Disposal or Processing Facility where the Box will be unloaded.

8.04.B Cart Ownership. Contractor shall own all of the Carts provided to Customers. If requested by City at the end of the Term, Contractor shall remove all Carts from the City at a timing mutually agreed upon with City. If desired by City, City may purchase all Carts and/or Bins in City at the end of the Term for the fully depreciated value of the Carts and/or all Containers.

8.04.C Cart Distribution. Contractor shall distribute new Containers to all Customers for MSW, Recyclable Materials, Food Scraps, Yard Trimmings, Co-Collected Food Scraps/Yard Trimmings, Wood, and Construction and Demolition Debris on or before the dates required in Attachments B and C. In the event Contractor fails to distribute the Carts to Customers according to the required schedule, the liquidated damages in Section 15.09 shall apply.

8.04.D Repair, Replacement, and Exchange. Contractor shall repair or replace any Container that is damaged, broken, lost or stolen. Contractor shall also repair or replace all Containers that do not meet vendors' warranties and the City-required specifications set forth in Attachment E.

Upon request from a Customer, Contractor shall exchange a Container that is in Customer's possession and not damaged, broken, lost or stolen for a new Container within fourteen (14) calendar days of request.

Contractor shall not be required to replace a non-repairable Compactor not owned or leased by it to a Customer.

Upon request from a Single Family Dwelling Customer, Contractor shall exchange a Cart that is in Customer's possession and not damaged, broken, lost or stolen for a new Cart within fourteen calendar (14) days of request. Contractor shall charge the Customer the fee as set forth in Attachment D for a Cart exchange.

8.04.E Cleaning, Painting and Maintenance of Contractor-Furnished Containers. Contractor shall maintain all Contractor-furnished Containers in a functional condition and so as to present an attractive appearance. All Contractor-furnished Bins shall be permanently labeled on the front (in a contrasting color so as to present an attractive appearance) with the size of the Bin (e.g. "3 Yard"). Such Containers shall be painted and repainted as requested by City, or Contractor shall replace any Container with a new or re-conditioned Container, of like-size, as directed by City. Contractor-furnished Containers that have been painted or marked with graffiti shall be repainted or removed from the Premises by Contractor within two (2) business days of notification by the Customer or City. At the same time as such Containers are removed, they shall be replaced by like-sized Containers furnished by Contractor without evidence of graffiti. (Merely painting over graffiti is not acceptable; any Container marked with graffiti shall be repainted by Contractor prior to being re-delivered for use in City). Contractor shall clean and maintain all Contractor-furnished Containers in a safe and sanitary condition and

whenever the City, or another agency with jurisdiction as a regulator, determines that cleaning is required to abate a health concern or nuisance condition.

8.04.F Annual Container Audit. Contractor shall conduct an annual audit of all Bins, Carts, and Roll Off Boxes to assess their physical appearance, need for maintenance and repair, and overall functionality in April of each year of the Term, beginning April 2025. Contractor shall wash, steam clean, paint, repair, and/or replace all Containers to ensure all Containers meet the requirements of this Section 8.04. Contractor shall provide a report to City on or before July 15 of each year of the Term, beginning July 15, 2025, listing the type, size and location of each Container that was washed, steam cleaned, painted, repaired and/or replaced, including photo-documentation of all such Containers.

8.04.G Bin Sensor Pilot Program. Contractor shall maintain an inventory of a minimum of twenty-five (25) Bin Sensors manufactured by Compology, as described in Attachment V, for Commercial and Business Establishment Customers requesting the use of Bin Sensors. The minimum inventory that shall be maintained for the pilot program includes Bin Sensors that are both installed on Customers' Bins and Bin Sensors that are not yet installed on Bins. Contractor shall own, or lease, the Bin Sensors purchased for use in City and shall obtain and own or lease the license and software required for use of Bin Sensors by Customers. The Bin Sensors shall allow Customers and Authorized Customer Account Representatives to remotely monitor bin fullness levels, receive service confirmation notifications, receive notification of overflow events, receive notification of contamination events, and to provide summaries of fullness levels at time of service over time to allow the manager to 'right-size' containers that are being overserviced or to adjust service days to match bin fullness and material generation

trends. The City shall have access to the information from the Bin Sensors for all accounts. Customers shall have individual access to sensor data from Bins associated with their account.

Contractor shall produce and distribute a brochure explaining the purpose, operation, benefits, availability and costs of Bin Sensors for the pilot program to Commercial and Business Establishments as described in Section 5 of Attachment B. The brochure shall offer complimentary setup, installation and training on the use of Bin Sensors by Contractor for the pilot program. Contractor shall also produce training materials on the use of Bin Sensors as described in Section 5 of Attachment B. In the commercial training film included in Section 5 of Attachment B, Contractor shall feature the Bin Sensors.

Contractor shall promptly respond to all Customer inquiries and questions about Bin Sensors and the pilot program. Contractor's Sustainability Coordinator and/or other personnel trained and experienced in operation and installation of Bin Sensors shall provide complimentary setup, installation and training to all Customers requesting Bin Sensors. Contractor may charge Customers requesting Bin Sensors pursuant to the maximum rates listed in Attachment D. Six months after Bin Sensor(s) is installed, and every 12 months thereafter, the Contractor's Sustainability Coordinator shall contact the Customer that installed the Bin Sensor(s) on its Bin(s) to provide insights into Bin fullness levels and provide written recommendations regarding potential service adjustments to adjust MSW, Recyclable Materials, and/or Food Scrap Collection service in order to achieve the most cost-effective combination of Containers and frequency of service for the Customer. The written recommendations shall include potential cost-savings associated with the recommended service adjustments.

Customers shall be allowed to discontinue the use of Bin Sensors at any time with (7) seven calendar days notice to Contractor. Billing of the Customer for use of

Bin Sensor(s) shall be pro-rated to reflect the date of termination of the service. Contractor shall promptly remove all Bin Sensors from the Customer's Bins within the seven (7) calendar day timeframe.

Contractor shall maintain Customer privacy for all data, video, photographs and all other information generated by Bin Sensors and received by Contractor and shall not share, sell or otherwise disclose such information to any Person besides the Customer and City. Contractor shall provide Bin Sensor information to City upon request.

Contractor shall replace the first broken or malfunctioning Bin sensor. Including installation, at no additional charge to the Customer during the Term of the Agreement. The second and subsequent replacement Bin Sensor(s), including installation, shall be charged at the rate included in Attachment D of the Agreement. At the direction of City, Contractor shall provide additional models and types of Bin Sensors during the Term as the technology develops and improves. The costs for such additional Bin Sensors shall be determined as described in Section 5.13 and Section 14.07 of the Agreement.

8.04.G.1 City-Wide Use of Bin Sensors – Optional City-Directed Program. If City decides to implement the Optional City-Directed Program for use of Bin Sensors City-Wide at any time during the Term, City shall provide written notice to Contractor six months in advance of the planned program start date. Contractor shall obtain and provide Bin Sensors to all Commercial and Business Establishments in City that have Bin service. Contractor shall prepare and distribute a brochure announcing the City-Wide program to all Commercial and Business Establishments in City that do not already utilize Bin Sensors. Contractor shall utilize the training materials developed in Section 8.04.G to work with each Customer to install, set up and train the Customer in use of the Bin Sensor(s) as described in Section 8.04.G. Contractor may charge Customers according to the rates listed in Attachment D for this Optional City-Directed

service. Said rates shall be adjusted for the passage of time since July 1, 2024 (the date of the start of operations under this Agreement) according to the procedures in Attachment J. Contractor shall install, train Customers and activate all Bin Sensors within six (6) months of City-direction to commence the City-Wide Bin Sensor Program. Contractor shall provide service adjustment recommendations every 12 months for all Customers in order to adjust Container sizes and frequencies of Collection to optimize the cost-effectiveness of the services for each Customer.

Upon termination of the Agreement with City, Contractor shall provide City with a list of all Customers currently using Bin Sensors [including name, address, account number, number of Bin Sensors utilized and date(s) of last installation or replacement of Bin Sensor(s)]. Contractor shall transfer ownership of all Bin Sensors that are in use at Customer Premises in City to the City at no cost to City or Customers. If allowed by the software agreement(s) for the Bin Sensor(s), Contractor shall transfer or assign ownership to City at no cost to City or Customers.

8.05 Personnel.

8.05.A General. Contractor shall furnish such competent and qualified drivers, laborers, mechanical, supervisory, clerical, managerial, customer service and other personnel as may be necessary to provide the services required by this Agreement in a safe, efficient, reliable and courteous manner. The minimum complement of employees which Contractor shall provide for the scope of work described in this Agreement shall be as set forth in Attachment G. Contractor shall provide fully qualified and experienced

management personnel as named in Attachment G and shall not substitute those indicated by a star (*) on Attachment G without the prior written consent of City.

8.05.B Driver Qualifications. All drivers shall be trained and qualified in the operation of MSW, Recyclable Materials, Food Scrap/Yard Trimmings and Roll Off Box Collection vehicles, including front loader, rear loader, side loader, and single-pass vehicles and must have in effect a valid license, of the appropriate class, issued by the California Department of Motor Vehicles. Each driver shall carry his/her license during work hours.

8.05.C Uniforms. Contractor shall require its drivers, and all other employees who come into contact with the public in the City during working hours, to wear standardized uniforms bearing the Contractor's name, and to carry an identification badge or other means of identifying the employee. The City shall have the right to approve the style and color of the uniforms. Such uniforms shall present a freshly cleaned appearance. Employees shall be instructed to present employment identification cards to City staff, customers, security guards and law enforcement officers upon request, during work hours.

8.05.D Written Operating Procedures. Contractor shall establish, implement and maintain written operating procedures designed to ensure Contractor's utilization of techniques generally accepted in the solid waste and recycling industry for cities of the size and nature of Laguna Beach, including but not limited to, procedures for handling and disposal of Hazardous Waste and hazardous substances and procedures for Contractor's compliance with all the provisions of this Article 8.

8.05.E Safety Training. Contractor shall provide suitable operational and safety training for all of its employees who utilize or operate vehicles or equipment for Collection or processing of MSW, Recyclable Materials, Food Scraps/Yard Trimmings, Construction and Demolition Debris, and/or who are otherwise directly involved in such Collection or processing. Such training shall include, but not be limited to, the following: (i) safety training for drivers regarding pedestrian safety and driving where other vehicles are present; (ii) special safety protocols to be implemented when driving past or near any school and in any area where children may be present on their way to or from any school; (iii) step-by-step handling of Hazardous Waste found in or on trucks, Containers, streets, alleys or any other location including training on specific contact names and direct dial telephone numbers to contact immediately in the event of a Hazardous Waste incident or spill including but not limited to the City Public Works Department, City Fire Department and the County of Orange; (iv) handling of on-board fires in vehicles and fires in all types of Containers; (v) proper protocols for handling leaks or spills of any fluid or liquid, any MSW, Food Scraps/Yard Trimmings and/or Recyclable Materials on or leading to any street, alley or parking lot and into any area where there is a likelihood of the spill entering any waterway or pipe, channel or drain that leads to any waterway including storm drains, sewers, the bay, the ocean, creeks, tidal estuaries, wetlands, channels, or any other waterway or water source including names and direct dial telephone numbers to be immediately contacted at the City Public Works Department, City Fire Department, County of Orange, and other responsible agencies in the event of such a spill; (vi) training on the dangers of impaired driving due to alcohol, drugs, lack of sleep, fatigue and/or other factors; (vii) training on the dangers of distracted driving and protocols prohibiting

the use of texting, telephone and other on-board electronic devices while the vehicle is in motion.

8.05.F No Gratuities. Contractor shall not permit any officer, agent or employee to demand or solicit, directly or indirectly, or to accept, either directly or indirectly, any additional compensation or gratuity from members of the public, any City representative or employee, or any other Person or entity for the Collection of MSW, Recyclable Materials, Yard Trimmings, Wood, Food Scraps, Construction and Demolition Debris or any other material under this Agreement.

8.05.G. Employee Conduct and Courtesy. Contractor shall use its best efforts to assure that all employees present a neat appearance and conduct themselves in a courteous manner. Contractor shall regularly train its employees in Customer courtesy, shall prohibit the use of loud or profane language, and shall instruct Collection crews to perform the work as quietly as possible. If any employee is found not to be courteous or not to be performing services in the manner required by this Agreement, Contractor shall take all necessary corrective measures, including, but not limited to, transfer, discipline or termination. If City has notified Contractor of a complaint related to discourteous behavior, Contractor shall, upon request of City, reassign the employee to duties not entailing contact with the public while the Contractor is pursuing its investigation or disciplinary process. The liquidated damages in Section 15.09 B 3 may be assessed for each occurrence of discourteous behavior to a Customer. For purposes of the

assessment of liquidated damages, 'discourteous behavior' includes profanity, swearing and/or obscene gestures directed at a Customer.

8.05.H. Provision of Sustainability Coordinator. Contractor shall provide one (1) full time Sustainability and Diversion Program Coordinator ("Sustainability Coordinator" or "Coordinator") dedicated solely to Laguna Beach to implement Diversion programs and to carry out related duties in the City. The minimum duties, work tasks, and requirements for the Sustainability Coordinator shall be as described in Attachment AA. The Coordinator shall devote 100% of his or her time (the equivalent of at least 2,000 work hours per calendar year) to these activities exclusively for the City.

For the period April 1, 2024 through March 31, 2026, Contractor shall provide one (1) additional Sustainability Coordinator dedicated solely to Laguna Beach to implement Diversion programs, assist with the transition to the new Agreement, and carry out other related duties in the City as described in Attachment AA. The second Coordinator shall meet all the requirements in this Section 8.05.

Contractor hereby agrees to assign the following two (2) Sustainability Coordinators for the period April 1, 2024 through March 31, 2026: Cheryl Miller and Rosalie Reyes. In addition to the tasks described in Attachment AA, the Coordinators shall also work directly on the following transition tasks:

- Review of incumbent franchisee customer data
- Assisting with the tax roll billing transition (as needed)
- Commercial and Multi-Family Customer site visits to confirm service level and container count

- Establishing communications and public education alongside City staff for Residential, Multi-Family and Commercial Customers
- Contact and work with the school district to establish school year public education programs
- Contact and work with large venues in the City to ensure public education and Diversion programs are in place to comply with SB 1383 requirements
- Monitor and provide Customers with assistance during the Cart and Container exchange
- Any additional tasks as needed during the operational transition

8.05.H.1 Sustainability Coordinator Experience, Background and

Training. The Sustainability Coordinator (“Coordinator”) further described in Attachment AA, a shall have a bachelor’s degree in a relevant field such as environmental studies, environmental sciences, ecology, systems ecology or a similar field and shall have a minimum of three (3) years of experience in the design, implementation and operation of Recycling, Composting and Diversion Programs, interaction with the public, and detailed knowledge of the requirements of the Act. The Coordinator shall have special expertise in SB 1383 requirements including, but not limited to, the required Diversion programs, Contamination minimization, CalRecycle reporting requirements and public outreach and communication. This shall not be an entry-level position. Contractor shall provide a Sustainability Coordinator that is fully trained and experienced as described herein on or before April 1, 2024. At City request, Contractor shall designate a different Coordinator if a Coordinator does not meet the requirements enumerated herein, does not perform all the duties listed in Attachment AA in the manner described therein, and/or if the City is otherwise dissatisfied with the performance of the designated Coordinator. The Coordinator’s duties shall include those listed in Attachment AA. City reserves the right

to prioritize the tasks to be completed as needed throughout the Term of this Agreement and Contractor shall re-direct the work efforts of the Coordinator accordingly.

8.05.H.2 Documentation of Sustainability Coordinator Training.

Contractor shall submit to City written documentation including a curriculum vitae or resume containing the name, education, background and experience of the Sustainability Coordinator on or before March 1, 2024. Similar documentation shall be submitted to City whenever there is a change in the staffing of the position and such documentation shall be submitted prior to the new Coordinator commencing work. For the Sustainability Coordinators named in Section 8.05.H herein, the City has already reviewed the qualifications of the two named Coordinators and Contractor is not required to submit the documentation of Coordinator training and experience for said Coordinators.

8.05.H.3 Deadline for Providing One (1) Fully Trained Sustainability

Coordinator. Contractor shall provide a minimum of at least one (1) Sustainability Coordinator that is fully trained and experienced as described herein on or before April 1, 2024. If Contractor fails to provide the minimum of at least one (1) full-time Sustainability Coordinator on or before July 1, 2024, the liquidated damages in Section 15.09 shall apply.

8.05.I Provision of Operations and Customer Liaison to City. In addition to the Sustainability Coordinator, Contractor's representative designated pursuant to Section 16.07 B, and the customer service representatives of Contractor, Contractor shall also provide an Operations and Customer Liaison to City ("the City Liaison") to resolve difficult and/or chronic Customer complaints, persistent, repeated and/or complex Customer

billing and payment issues, and other Customer service or City issues that are not being resolved by Contractor's customer service representatives or the Sustainability Coordinator in a timely manner. The City Liaison shall work and communicate directly with the City's designated staff person(s) to resolve issues as needed by the City. The City Liaison shall support and assist Contractor's Sustainability Coordinator in the performance of her/his duties; personally make site visits and/or telephone calls to Residents of Single Family Dwellings, and to managers, owners and Authorized Customer Representatives of Commercial and Business Establishments that have recurring Contamination in any streams (MSW, Recyclable Materials and/or Food Scraps/Yard Trimmings) and/or Overfull Containers or Uncontainerized MSW or Divertible Materials; educate Residents and businesses about City ordinance requirements and options for source reduction, additional Carts, additional, Bins, split bins, locking bins and other service options; personally conduct site visits and/or make telephone calls to Single Family Dwelling Residents with repeated service issues to troubleshoot and resolve; coordinate with Contractor's operations, dispatch staff, customer service staff, Sustainability Coordinator, executive management and other departments to resolve Customer issues.

The City Liaison will dedicate the amount of time required such that all service disputes and issues are addressed in one (1) business day. The City Liaison shall make all reasonable efforts to return calls from the City (that are received during normal working hours, except in case of emergency) within four (4) business hours of receipt of the call and in no event later than one (1) business day after receipt of the call. The Liaison shall devote thirty-three percent (33%) of his or her time (the equivalent of at least six-

hundred sixty-five (665) work hours per calendar year) to these activities exclusively for City.

The City Liaison identified in Attachment G shall have a minimum of three (3) years experience in Collection operations for MSW, Recyclable Materials, Food Scraps, Yard Trimmings, Wood, Construction and Demolition Debris, Household Hazardous Waste, Sharps, E-Waste, Universal Waste and all other material types, dispatch and operational logistics, customer billing and payments, Processing Facilities, implementation and operation of Recycling, Composting and Diversion Programs, interaction with the public, and detailed knowledge of all the requirements of the Act. This shall not be an entry-level position and Contractor shall provide the City Liaison that is fully trained and experienced as described herein on or before July 1, 2024.

If Contractor fails to provide the City Liaison on or before July 1, 2024, the liquidated damages in Section 13.09 shall apply. Contractor shall notify City, in writing, of the name, education, background and experience and a list of three (3) references for the City Liaison prior to the City Liaison commencing work and whenever there is a change in the staffing of the position. Upon City request, Contractor shall designate a different City Liaison if the current or proposed Liaison does not meet the requirements enumerated herein and/or if the City is otherwise dissatisfied with the performance of the designated City Liaison.

8.05.J Initial Hiring. Prior to commencement of operations, Contractor shall hire the necessary complement of employees. Contractor shall conduct a background check of each applicant, which will, at a minimum, include a check of his/her driving record through the California Department of Motor Vehicles, record of criminal convictions, and

references. All applicants shall be required to take a standard test for use of illegal drugs and alcohol as a condition of employment. Drivers shall be required to demonstrate proficiency in the English language; at least one person proficient in spoken English shall be on every Collection vehicle when that vehicle is in service. Contractor will furnish City with a copy of its training manual and schedule of training of new employees; City may require Contractor to include specific topics in such manual and training program. City may attend and observe any safety or operational training classes. Nothing in these Sections 8.05.G, H and I shall be construed to give City control over the selection or supervision of Contractor's employees.

Contractor received a ten percent (10%) preference in the Request for Proposals process for agreeing to abide by all of the following requirements regarding the hiring of employees of the former incumbent contractor, Waste Management. Contractor shall request from Waste Management a list of the number of employees who perform services for the City of Laguna Beach under the City's contract with Waste Management, (as of the Effective Date of this Agreement) including the wage rates, benefits and job classifications of each of those employees, and also whether each employee will continue to be employed by Waste Management upon termination of the City's contract with Waste Management. Contractor shall make an offer of employment to employees that were employed by Waste Management who perform(ed) services for the City of Laguna Beach under the City's contract with Waste Management ("the prior contract" which includes employees of any City-approved subcontractors to Waste Management) who meet the following criteria: (1) the employee will be terminated by Waste Management at the end of the prior contract; (2) the employee passes Contractor's tests for controlled substances

and alcohol, physical examination, criminal background check and any other tests or requirements required by law as a condition of employment; (3) the employee passes Contractor's other standard hiring qualifications lawfully required for the position; and (4) the employee possesses any license that is required by law to operate the equipment that the employee will operate as an employee of Contractor.

Contractor shall make a written offer of employment to each employee to be retained stating the time within which the employee must accept that offer (which shall in no event be less than ten (10) days). The offer shall state that the duration of the employment will be at least ninety (90) days. In the event Contractor determines that fewer employees are required to perform the services required by this Agreement than were required under the prior contract, Contractor shall retain qualified employees by seniority within the job classification. In determining those employees that are qualified, Contractor may require an employee to possess any license that is required by law to operate the equipment that the employee will operate as an employee of Contractor. Contractor shall not be required to pay the same wages or offer the same benefits provided by Waste Management under the prior contract.

Contractor shall not be required to comply with the foregoing in the following circumstances: (a) Contractor would be required to terminate or reassign an existing employee covered by a collective bargaining agreement with Contractor or any of Contractor's City-approved subcontractors, in order to hire the employee of Waste Management; (b) to the extent the actual number of employees being terminated by Waste Management exceeds the number of employees communicated to proposers during the RFP process, as providing services pursuant to the prior contract; (c)

Contractor chooses to not offer employment to a former Waste Management employee for a reasonable and substantiated cause which is limited to the particular employee's performance or conduct while working under the prior contract, or the employee's failure of any controlled substance or alcohol test, physical examination, criminal background check required by law as a condition of employment, or other standard hiring qualification lawfully required by Contractor.

In addition to the foregoing, Contractor may employ or otherwise engage current employees of Waste Management without conducting the background check described in Section 8.05.J I if City receives a statement, signed by a responsible officer of Waste Management that the employee has worked for that company for at least two consecutive years and has performed satisfactorily. All other elements of this Section 8.05 shall apply to such employees.

8.05.K Ongoing Training and Testing. Contractor shall provide regular safety training on an ongoing basis including, but not limited to, the safety training listed in Section 8.05.E and shall conduct random drug and alcohol testing of employees in safety-

sensitive positions in compliance with regulations issued by the U.S. Department of Transportation.

8.05.L Use of Workers Not Employed by Contractor. If Contractor engages any workers through an independent contractor, such as an employment agency, it shall ensure that such contractor or agency:

1. Complies with the nondiscrimination requirements in Section 17.15; and
2. Maintains Comprehensive General Liability, workers compensation and Employer's Liability insurance covering such workers in the amounts required by Section 13.02.A.1 and with policies meeting the other requirements of Section 13.02.

Contractor is responsible for providing qualified and competent workers, whether as direct employees or through workers furnished by an independent contractor. Contractor is also responsible for providing sufficient training to all workers so that they can perform the work in a safe and competent manner and are thoroughly familiar with the work that Contractor is required to perform and the standards it is required to meet, under this Agreement.

All drivers, mechanics, supervisory and managerial workers shall be direct employees of Contractor.

8.05.M Provision of Senior Manager(s) Responsible For Marketing of Food Scraps/Yard Trimmings/Compost Products

Contractor shall provide one or more senior manager(s) and technician(s) who are responsible for and directly involved in, tailoring Compost end products for use in

agricultural and landscaping markets (e.g “custom blends” created to specifically address customers’ specific crops, soil or other parameters). Contractor shall test Compost from its operations (including all Compost operations at the City-designated Composting Facility described in Article 6) using an outside independent testing laboratory approved by City. In the event Contractor has, and utilizes an in-house laboratory for such testing, City shall have the right to request the use of an outside independent laboratory for testing of Compost at any time at Contractor’s sole expense.

ARTICLE 9: OTHER COLLECTION-RELATED SERVICES

9.01 Billing.

9.01.A. Transition from Tax Roll Billing to Direct Billing of Residential Customers. As of the Effective Date, Residential Customers are being billed through charges placed on the residential property tax rolls. As of July 1, 2024 Contractor shall commence billing all Single Family Dwelling Customers directly. The transition to direct Residential Customer billing shall be accomplished by Contractor, working cooperatively with City, as more fully described in Attachment B, Section 1. Contractor shall complete each required action item in Attachments B. Contractor shall also develop and issue all notices, public education materials, social media communication and all other outreach as described in Section 1 of Attachment B within the timeframes specified therein.

9.01.B Direct Billing of All Customers. As of July 1, 2024 Contractor shall: (i) bill all Customers for Collection of MSW, Recyclable Materials, Food Scraps, Yard Trimmings, Wood, Construction and Demolition Debris and all other materials according to the rates listed in Attachment D, as adjusted per the Agreement; (ii) maintain accurate billing and payment records; and (iii) bill Customers on a monthly, bimonthly or quarterly schedule as approved by City. Customers' bills shall be itemized showing the charges for each classification of services. Customer billing shall be performed pursuant to the requirements contained in Attachment B, Section 1 and an annual Billing Audit shall be performed as described in Section 1 of Attachment B.

9.01.C City Inserts. City may direct Contractor to produce and insert mailers with billings relating to City-sponsored events, integrated waste management activities,

Diversion programs and other environmental programs, at least six (6) times per year. If a postage increase is incurred for the City insert, the City will be responsible for paying said increase.

9.01.D. Delinquent Accounts. Contractor shall be responsible for collecting delinquent charges for services it renders to customers. Contractor shall employ measures, consistent with federal and California laws regulating the collection of debts, to obtain payment of charges including use of its own employees to obtain judgments in Small Claims Court, and to enforce such judgments. Contractor shall follow the collection procedures described Section 1 of Attachment B.

9.02 Billing Records. Contractor shall keep records of all billing documents and customer account records including, but not limited to, invoices, customer payment coupons mailed with the invoice, collection notices, records of online payments, credit card payments and all other billing and payment documents for the entire Term of the Agreement, and for a period of two (2) years following the termination of the Agreement. Contractor may, at its option, maintain those records in electronic form, hard copy, or in any other manner, provided that the records can be preserved and retrieved for inspection and verification in a timely manner.

9.03 City Access to Billing Information. Contractor shall provide City with prompt access to all current and up-to-date billing information necessary to allow the City to respond to Customer inquiries or complaints or as otherwise required by City. At request of City, Contractor shall provide "read only" electronic access to Contractor's Customer billing records such that City employees can research billing inquiries and Customer

account history from City Hall. Contractor shall cooperate with City to establish this “read only” function and shall ensure that City has access to Customer billing information in “real time”. In the event City requests such access, Contractor shall bear all costs for any hardware and software to be located at Contractor’s office(s) in order to establish access to Contractor’s computer and server equipment, and City shall bear all costs of the hardware and software required at City Hall to connect access to Contractor’s computer system. If specialized technical computer consulting assistance is required beyond that of City staff and Contractor’s staff, Contractor shall pay for the required assistance.

9.04 Public/Customer Service and Accessibility.

9.04.A Office Hours and Location. Contractor shall maintain an office located either in the City or within a twenty-five (25) mile radius of the City limits. The office will be available for customers to pay bills, subscribe to service, change service, stop service and otherwise contact Contractor. Contractor’s office shall be open to the public from 8 a.m. to 5 p.m. Monday through Friday. The office may be closed on Saturdays, Sundays and holidays as defined in this Agreement.

9.04.B Availability of Representative. A representative of the Contractor possessing detailed knowledge about all the services provided in the City of Laguna Beach and the maximum rates listed in Attachment D for all such services, shall be available during office hours to communicate with the City and members of the public in

person, by telephone and by electronic mail and to assist Customers making payments in person.

9.04.C Telephone. Contractor shall maintain telephone lines in operation at its office(s) during office hours. Contractor shall provide a phone number specific to only Laguna Beach Customers utilizing a 949 area code. This phone number shall be listed in all correspondence, outreach materials of all types, billing invoices, billing notifications, billing statements, digital communications of all types, advertisements and any/all communications in relation to Laguna Beach and Laguna Beach Customers.

9.04.C.1 Call Center and Staffing. Contractor shall utilize its Orange County Call Center located at 11292 Western Ave., Stanton, CA to answer customer calls from the City of Laguna Beach. As of the Effective Date, the call center is staffed by 70 customer service representatives, 1 manager, and 3 supervisors. Contractor acknowledges and agrees that it is of extreme importance to City that calls from Laguna Beach Customers receive prompt, personalized service that is customized (i) to the specific services provided by Contractor in Laguna Beach and the specific maximum rates listed in Attachment D for all such services; (ii) to the specific neighborhoods, geography, demographics, retail, resort and beach areas and clientele of Laguna Beach; (iii) is designed to provide a telephone experience as if the customer service representatives were located in Laguna Beach; and (iv) is courteous, helpful, and oriented to solving problems as quickly as possible. Contractor shall ensure that throughout the Term of this Agreement, each customer service representative that will be in contact with a Laguna Beach Customer, is specifically trained in, and has thoroughly read and understood, each

and every piece of public outreach material (including, but not limited to, all hard copy brochures, postcards, letters, mailings, hang tags; all videos and social media posts; all newspaper ads, all press releases from Contractor and City, and all materials that are on City's and Contractor's websites) relating to the services provided by Contractor pursuant to this Agreement that have been provided to Laguna Beach Customers via direct delivery to the Customer, the U.S. mail, electronic mail, newspaper ads, social media channels, websites and all other methods of outreach. Said public outreach materials shall include those prepared and provided to Customers by Contractor, those prepared and provided to Customers by City, and those prepared and provided to Customers by a joint effort of Contractor and City.

Prior to June 15, 2024, Contractor shall hold in-person training sessions (or conduct training sessions via a platform such as Zoom or Go-to-Meeting) to train customer service representatives about the specific services to be provided by Contractor pursuant to this Agreement in Laguna Beach and the maximum rates listed in Attachment D for such services. Such training shall include a question-and-answer portion and allow for discussion of the specific unique characteristics of the City of Laguna Beach applicable to providing superior Customer service to City's residents and businesses. Said in-person (or remote) training shall be repeated every six (6) months throughout the Term for all customer service representatives that will or may be in communication with Laguna Beach Customers. Such follow-up trainings shall include a review of all the basic and special services provided by Contractor in City, and shall also highlight all upcoming special events (e.g. shredding event, Compost giveaway event, Compost workshops,

etc.) Each new customer service representative shall receive the same in-person training as the initial training and then shall be included in the trainings held every six (6) months.

Each customer service representative shall receive tip sheets outlining the services provided for Laguna Beach customers and associated charges, if any. As issues come up in relation to Laguna Beach and its customers, services are added or for other reasons, updates of Laguna Beach tip sheets shall be provided to customer service representatives on an on-going basis throughout Term.

9.04.C.2 Call Answering, Telephone System Capabilities and Customer Service. Contractor shall utilize call center customer data tracking software and telephone technology such that calls are routed and answered by customer service representatives at the call center as follows: (i) all calls shall be answered by or on the third ring; (ii) the voicemail system shall require the caller to make no more than two (2) selections from the voicemail menu before reaching a live customer service representative or being placed in a "hold" queue; (iii) the number of customer service representatives and the voicemail system shall be designed and maintained to result in an average hold time of ninety (90) seconds or less (average to be calculated on a monthly basis). The telephone system shall be designed and maintained to result in a hold time that does not exceed two (2) minutes during the highest peak volume days and times. All voicemail menus shall include an option for the Customer to make a selection to speak with a live customer service representative.

The voicemail/telephone system shall be capable of informing each Customer of their estimated hold time. In the event the hold time exceeds two (2) minutes at any time,

the caller shall receive periodic prompts from the telephone system informing the caller they can elect the option of leaving their name and call back number in-lieu of remaining on hold. The periodic prompts will be approximately every ninety (90) seconds. In the event a Customer elects to leave a name and call-back number, the system shall indicate the length of time within which the Customer will receive a call back. Such timeframe shall not exceed sixty (60) minutes. All call-backs to Customers shall be completed by a live customer service representative. Call-backs made by an automated voice or "robo call" shall result in the imposition of liquidated damages listed in Section 15.09.

The telephone system utilized shall have the capability to generate detailed information on hold times, non-connected calls, dropped calls, and other key customer service metrics. Contractor shall report all these metrics to City on a monthly basis as described in Attachment K. Additionally, City may request average hold-time and all other metrics at any time and for any period of time. If the average hold time exceeds ninety (90) seconds in any month, the liquidated damages in Section 15.09 of this Agreement shall apply.

Contractor's customer service software system shall be capable of connecting customer service representatives directly with Route Supervisor(s), Collection drivers, Contractor's Sustainability Coordinator, billing specialists and other personnel of Contractor in order to resolve as many issues and complaints as possible while the Customer is on the telephone with the representative. If an issue cannot be resolved immediately by contacting other personnel of Contractor, the customer service representative shall make all reasonable efforts to initiate the process of follow-up on the

issue or complaint while the Customer is still on the telephone. Contractor's telephone system shall include the ability for the customer service representative to transfer a Customer's call to a supervisor to assist the Customer.

On or before June 15, 2024, Contractor shall test and ensure the telephone system is compatible with the following devices: land line telephones, Android cellular phones, Apple cellular phones, Apple Car Play and Android Auto. Contractor shall work collaboratively and shall cooperate with City during the Term to implement changes to Contractor's telephone system to accommodate and facilitate communication with other types of telephones and communication devices that come into widespread use by Laguna Beach residents and businesses during the Term.

Contractor's call center and customer service system shall be capable of receiving texts and emails from Customers that include still photographs and video. The system shall also be capable of sending the Customer still photographs and video from Contractor's Collection driver and/or other sources as part of the problem-solving communication process.

Contractor's call center staff shall update Customer records with notes about each call that shall include, but not be limited to, the date and time of the call, Customer's name and address, the customer service representative handling the call, a detailed description of the issue or complaint, any photographs and/or video sent by the Customer, the City or City's agents, or by Contractor's personnel, noting whether said photos and/or video were sent to the Customer and, if so, by what means, the solution to the problem or the next steps to solve the problem, and the names and positions of all other employees of

Contractor who are involved in the issue and/or who are responsible for further research or problem solving to resolve the issue(s). If the Customer is to receive follow-up information, a site visit from Contractor's employee(s), and/or other contact from Contractor, these shall be recorded in the notes of the call along with the date(s) and time(s) conveyed to the Customer for such follow-up. Contractor's telephone and Customer data system shall be capable of generating work orders as well as a listing of all of the follow-up actions promised to Customers, the employee(s) of Contractor assigned to carry out the actions, and the date by which the actions are to completed and reported to the Customer. Said work sheet shall be generated weekly by Contractor, and more frequently if required by City due to Customer complaints. A Supervisor at the call center shall be charged with ensuring all promised follow-up actions are completed within the timeframes promised to the Customer.

If City receives complaints that Customers are unable to reach Contractor's office by phone, or are subject to excessive waiting time "on hold" prior to reaching a customer service representative, City may (in addition to the assessment of liquidated damages described in Section 15.09) require that Contractor install additional telephone lines and/or provide additional resources and customer service representatives at Contractor's sole expense, until the "hold times" meet the requirements herein.

9.04.C.3 Additional Call Center Personnel During Initial Rollout, Bin and Cart Delivery, and Transition to Direct Residential Billing. During the period from March 1, 2024 through September 30, 2024 the parties anticipate that Customer calls will be at a much higher-than-average volume due to the following changes in service: (a) a

potential change in Collection day for some Customers due to possible re-routing of the City by Contractor; (b) a possible corresponding change in street sweeping days; (c) the delivery of new Carts to each Residence and collection of the old Carts; (d) the delivery of new Bins, Carts and Roll-Off Boxes to Commercial and Business Establishments and City Facilities and the collection of old Bins and Carts; (e) the possible initiation of new Collection methods for Hard to Service Single Family Dwellings; (f) commencement of direct billing for Single Family Dwellings; (g) notification to all Customers of the new maximum rates listed in Attachment D to become effective July 1, 2024 including the maximum rates for Extra Carts and On Premises service (unless the resident is Disabled); and (h) new Containerization requirements for all MSW, leaves and Yard Trimmings for Single Family Dwellings with Carts.

Due to the changes that will be experienced by Customers as described herein, the Contractor agrees to provide sufficient additional customer service representatives to City, as needed, during this important transition period in order to achieve the telephone answering and customer service metrics described in Section 9.04.C.2. It is the intent of the parties that the Contractor shall handle as many customer service calls as possible and that Customer service issues and complaints be resolved by Contractor's personnel to avoid the Customer escalating the complaint, request and/or question to the City. The parties further agree the goal is for Contractor to provide a level of additional personnel assigned to the City of Laguna Beach sufficient to prevent, to the extent reasonably possible, callers becoming frustrated with hold times in Contractor's telephone answering system and calling the City with their questions, requests and/or complaints.

Contractor shall maintain an emergency telephone number for use by City staff and emergency first responders during other than normal business hours and shall provide that number to City. Contractor shall have a representative, or an answering service to contact such representative, available at the emergency telephone number during all hours when the office is closed. Contractor shall arrange for Contractor's 949 area code telephone number for only Laguna Beach Customers to be listed in all telephone directories generally distributed in the City, online telephone directories for the City of Laguna Beach, on all Contractor's bills and invoices and on Contractor's web site.

Contractor shall ensure that telephone calls to it from locations within the City are billed as "local calls" by all telephone companies.

9.04.D Correspondence. Contractor shall respond to all written correspondence including all faxes and e-mail or other electronic correspondence from City or Customers within two (2) business days. The correspondence shall include a meaningful, specific answer to the Customer's complaint, request, and/or problem and shall not be a non-specific "form" response nor a "robo" or automatically-generated communication indicating Contractor will respond at a future date. In the event the research or development of a response or solution to the Customer's problem, complaint or request takes longer than two (2) business days, Contractor's correspondence shall indicate the specific steps Contractor is taking to research and resolve the issue(s) and the date the Customer can expect an answer. Such date shall be within five (5) business days.

9.04.E Electronic and Non-Electronic Payment of Bills. Contractor shall provide electronic access to Customers for the following: (i) Sign up for service, (ii)

Changes to service, (iii) Discontinuation of service, and (iv) Payment of Bills. Contractor shall accept major credit cards and direct debit service for payment of bills. Contractor shall also provide the options for payment by mail-in check and in-person payment by cash, credit or debit card for all services.

9.04.F Maps, Schedules, Consumer Information. Contractor shall furnish the City with maps and schedules for all Collection routes on or before February 1, 2024, and shall update such maps and schedules whenever a change occurs. Contractor shall have current maps and schedules available for inspection by the public at its business office. Contractor shall submit a new revised set of maps and schedules to City on May 1 of each year of the Term commencing May 1, 2025.

Contractor will submit drafts of the maps, schedules and brochures to City prior to distribution and will incorporate City's comments in the final version distributed to the public.

9.04.G Web Site. Contractor shall provide a web site customized for the City of Laguna Beach. The web site shall include, but not be limited to, descriptions of all of Contractor's services in the City of Laguna Beach; the maximum rates as listed in Attachment D for all services; notices of special events (such as Christmas tree collection rules and dates); information on acceptable items in MSW, Recyclable Materials, Yard Trimmings, Food Scraps and Construction and Demolition Debris Containers and what materials constitute Contamination of each material stream; information on starting, stopping, starting, changing service, and vacation stops; information on electronic access as described in Section 9.04 E; information on available Container sizes; FAQ's with responses; and updates for local special circumstances and events including holiday

Collection schedules. Contractor shall maintain the web site in good working order and shall frequently update the web site to ensure it reflects the current maximum rates for all services listed in Attachment D, all available services and upcoming special service events at all times.

9.05 Service Complaints. Contractor shall be responsible for the prompt and courteous attention to, and prompt and reasonable resolution of, all Customer complaints relating to service and billing. Contractor shall record in a separate log, the format of which is approved by the City, all complaints, noting the name and address of complainant, date and time of complaint, nature of complaint, and nature and date of resolution. This complaint log shall be available for inspection by City. In addition, Contractor shall compile a summary statistical table of the complaint log (or a copy of the log if requested by City) and submit the table, or copy, to City as part of the monthly reports described in Attachment K.

Contractor shall respond to all complaints from Customers within eight (8) working hours of its receipt of notice of the complaint. In particular, if a complaint involves a failure to collect MSW and/or Food Scraps from a Premises as required by this Agreement, Contractor shall collect the MSW and/or Food Scraps in question within such eight (8) working hour period, provided it has been placed for Collection in accordance with the City's Municipal Code. If the complaint is received after normal working hours, Contractor shall respond to the complaint within eight (8) working hours of the time Contractor's employees receive the complaint information (i.e. for a complaint left at 7:00 p.m. on a weekday, Contractor's employees would receive the complaint at 8:00 a.m. the following morning and would resolve the complaint before 4:00 p.m. the same day).

Complaints that are not resolved by the customer service representatives through Contractor's usual process within five (5) business days shall be referred to Contractor's City Liaison for concentrated research and resolution. Contractor's City Liaison shall work with the Customer, Contractor's operations, dispatch, billing and all other personnel required to resolve the complaint. The City Liaison shall work with the City representative as needed to discuss and identify options to resolve the complaint. Once the complaint is resolved the City Liaison shall provide photo evidence of the resolution to the City and shall follow up to make sure the complaint is truly resolved for a period of four (4) weeks. This follow up will include re-contacting the customer to ensure the complaint is resolved and the problem(s) reported have not recurred.

9.06 Change in Collection Schedule. Contractor shall obtain written approval from City prior to any change in Collection operations which results in a change in the day on which Collection occurs at Single Family Dwellings. Contractor shall comply with the requirements in Attachment B regarding notice to customers of changes in operations.

9.07 Report of Accumulation of MSW or Unauthorized Dumping. Contractor shall direct its drivers to note: (i) the addresses of any Premises at which they observe that MSW is accumulating and is not being placed for Collection and (ii) the address, or other location description, at which MSW has been dumped in an apparently unauthorized manner. Contractor shall deliver the address or description to City within two (2) working days of such observation.

ARTICLE 10: CONTRACTOR INCENTIVES AND MINIMUM PERFORMANCE STANDARDS

10.01 Contractor Incentives. Contractor may earn up to two (2) one-year extensions of the Term, as described herein. Attachment N, Section 3 provides the detailed methodology for evaluation of achievement of the requirements described herein.

10.01.A Phase 1 Extension Incentive. If Contractor meets the requirements listed below and Contractor is in full compliance with all requirements of this Agreement, City will extend the Term of the Agreement by one (1) year. In order to qualify for the Phase 1 extension incentive, Contractor must have achieved all of the following for calendar year 2026: Contractor has not exceeded the following Contamination caps for Single-Family Dwelling Residential materials, Commercial materials, and Multi-family Dwelling materials: twenty-five percent (25%) by weight for Recyclable Materials, twenty-five percent (25%) by weight for co-collected Food Scraps/Yard Trimmings and twenty-five percent (25%) by weight for MSW, as described in Attachment N, Section 3. If Contractor meets the requirements for Phase 1, the City will extend the Agreement for one (1) year from July 1, 2032 to June 30, 2033. During the 'checkpoint' period January 1, 2026 through March 2026, City will review the data from the characterization audits performed since July 1, 2024 and discuss the results with Contractor to note progress toward achieving the Phase 1 extension incentive. During the period January 1, 2027 through June 30, 2027, City will evaluate the data from the characterization audits for calendar year 2026 using the criteria and methodology in Attachment N, Section 3 to

determine whether or not the Contractor has achieved the Phase 1 extension metrics. City shall notify Contractor of its determination as described in Section 10.01.D.

10.01.B Phase 2 Extension Incentive. If Contractor meets the requirements listed below and Contractor is in full compliance with all requirements of this Agreement, City will extend the Term of the Agreement by one (1) year. In order to qualify for the Phase 2 incentive, Contractor must have achieved all of the following for the period of July 1, 2028 – June 30, 2029: Contractor has not exceeded the following Contamination caps for Single-Family Dwelling Residential materials, Commercial materials, and Multi-family Dwelling materials: fifteen percent (15%) by weight for Recyclable Materials, fifteen percent (15%) by weight for co-collected Food Scraps/Yard Trimmings and fifteen percent (15%) by weight for MSW, as described in Attachment N, Section 3. During the 'checkpoint' period July 1, 2028 through September 30, 2028, City will review the data from the characterization audits performed during the 12-month period between July 1, 2027 and June 30, 2028 and discuss the results with Contractor to note progress toward achieving the Phase 2 extension incentive. During the period July 1, 2029 through December 31, 2029, City will evaluate the data from the characterization audits conducted during the period from July 1, 2028 through June 30, 2029 using the criteria and methodology in Attachment N, Section 3 to determine whether or not the Contractor has achieved the Phase 2 extension metrics. If Contractor meets the requirements for Phase 2, the City will extend the Agreement for one (1) year. If Contractor earned the Phase 1 extension, then the City will extend the Term for one (1) additional year, from July 1, 2033 through June 30, 2034. If Contractor did not earn the Phase 1 extension but earns the

Phase 2 extension, the City will extend the Term for one (1) year for the period July 1, 2032 through June 30, 2033.

10.01.C Failure to Meet Phase 1 or Phase 2 Extension Requirements. If Contractor fails to meet the extension requirements of Phase 1, such failure will not preclude Contractor from earning a one-year extension of the Agreement in Phase 2. If Contractor fails to meet the extension requirements of Phase 1 by the Phase 1 deadline, but meets the extension requirements for both Phase 1 and of Phase 2 by the Phase 2 deadline, City will extend the Term by one (1) year, to December 31, 2033.

10.01.D Notice of Extension or Failure to Earn Extension. The City will evaluate Contractor's performance in Phase 1 during the period January 1, 2027 through June 30, 2027. City will notify Contractor in writing on or before July 1, 2027 as to whether or not the Term is extended by one (1) year for Phase 1. The City will evaluate Contractor's performance in Phase 2 during the period July 1, 2029 through December 31, 2029. City will notify Contractor in writing on or before January 5, 2030 as to whether or not the Term is extended by one (1) year for Phase 2. The decisions of the City shall be final.

10.01.E Contractor Shall Accept Extensions. Contractor shall accept any and all extensions earned by it and granted by City. No additional action is required by either party after City notifies Contractor in writing as to whether or not the Phase 1 and/or Phase 2 extension(s) have been earned. Granting of extensions of the Term based upon the incentive protocols herein shall not change any other terms of the Agreement.

10.02 Failure of Contractor to Achieve Minimum Performance Standards for Program Implementation and for Contamination

10.02.A Minimum Performance Standards for SB 1383 Program Implementation

The minimum required level of program implementation that must be completed by Contractor on or before June 30, 2025 includes implementation of all SB 1383 Diversion programs as follows:

SB 1383 Multi-Family Dwelling Diversion Program. Contractor must have fully implemented the SB 1383 Diversion program at ninety-five percent (95%) of the Multi-Family Dwellings in City as described in Sections 2 and 3 of Attachment B. Contractor must have fully implemented an SB 1383 Multi-Family food Scrap Diversion program at a minimum of ninety-five percent (95%) of (a) all Multi-Family complexes (as the Multi-Family Food Scrap program is described in Sections 2 and 3 of Attachment B), and (b) at a minimum of ninety-five percent (95%) of all Gated Developments, HOA's and Mobile Home Parks with centralized Bin/Cart/Compactor/Roll Off service (as described in Sections 2 and 3 of Attachment B).

SB 1383 Commercial and Business Establishment Diversion Program. Contractor must have fully implemented an SB 1383 Diversion program at ninety-five percent (95%) of the Commercial and Business Establishments in City.

Per Attachment B, Contractor may be relieved of the requirement to 'fully implement' an SB 1383 diversion program at an account if, after taking the steps outlined in Attachment

B, Section 3.7, the Customer still refuses to implement the SB 1383-mandated program. These accounts shall be referred to the City for enforcement action. Similarly, the Contractor may refer non-compliant accounts to the City that may be eligible for SB 1383 Waivers for de minimis quantities and/or physical space constraints. These de minimis or physical space constraint SB 1383 Waivers, if verified by the City, will not be included as non-compliant when tabulating the Contractors overall SB 1383 compliance percentage.

10.02.A.1 City Evaluation of Contractor's Attainment of Minimum Level of Program Implementation Standards. During the period July 1 through September 30, 2025, and each July 1 – September 30 thereafter, City will evaluate Contractor's performance to determine whether or not the minimum level of Diversion program implementation has been achieved. City will review the Red/Green Tracking Spreadsheet and/or CRM System, time and work logs of the Sustainability Coordinator, all the Monthly, Quarterly, and Annual Reports listed in Attachment K, submitted by Contractor up to and including the Monthly Report for June 2025. City may also conduct site visits at Customers' Premises to determine whether Contractor has achieved the minimum required Diversion program implementation. The onsite assessment process to evaluate Contractor's attainment of minimum level of program implementation standards is described in Section 4 of Attachment N.

On or before October 1, 2025, the City shall notify the Contractor, in writing, of the percentage of compliant Commercial and Multi-family SB 1383 accounts based on its evaluation. In the notification, the City will identify the number of accounts that were identified as non-compliant. Contractor shall have 45 days from the date in which the City

notifies it of the non-compliant Accounts to attempt to implement a SB 1383-compliant program. If, 45-days after the Contractor is notified and the overall SB 1383 compliance rate is still below 95%, the City shall seek additional staffing, at the Contractor's expense, to achieve full SB 1383 compliance as described in Section 10.02.C. The City has the right to conduct such a SB 1383 compliance assessment at any time.

10.02.B Maximum Levels of Contamination for Phase 1 and 2 Interim Periods

Section 10.02.B identifies the performance metrics for determining whether Contractor has succeeded in keeping contamination below the maximum limits for Phase 1 and 2 interim periods.

10.02.B.1 Maximum Levels of Contamination – Phase 1 Interim Period.

The level of interim Phase 1 Container Contamination that must be achieved by Contractor on or before December 31, 2025, and maintained at or below the following levels through December 31, 2026:

- Residential
 - Recyclable Materials Interim Contamination Maximum: 30%
 - MSW Interim Contamination Maximum: 30%. (Note: The 30% Contamination Maximum includes the combined weight of Recyclable Materials, Yard Trimmings and Food Scraps found in MSW)
 - Co-Collected Food Scraps/Yard Trimmings Interim Contamination Maximum: 30%
- Commercial

- Recyclable Materials Interim Contamination Maximum: 30%
- MSW Interim Contamination Maximum: 30%. (Note: The 30% Contamination Maximum includes the combined weight of Recyclable Materials, Yard Trimmings and Food Scraps found in MSW)
- Source-separated Food Scraps Interim Contamination Maximum: 30%
- Multi-family
 - Recyclable Materials Interim Contamination Maximum: 30%
 - MSW Interim Contamination Maximum: 30%. (Note: The 30% Contamination Maximum includes the combined weight of Recyclable Materials, Yard Trimmings and Food Scraps found in MSW)
 - Source-separated Food Scraps Interim Contamination Maximum: 30%

10.02.B.2 Maximum Levels of Contamination – Phase 2 Interim Period. The level of interim Phase 2 container contamination that must be achieved by Contractor on or before December 31, 2027, and maintained at or below the following levels through December 31, 2032:

- Residential
 - Recyclable Materials Interim Contamination Maximum: 20%
 - MSW Interim Contamination Maximum: 20%. (Note: The 20% Contamination Maximum includes the combined weight of Recyclable Materials, Yard Trimmings and Food Scraps found in MSW)
 - Co-Collected Food Scraps/Yard Trimmings Interim Contamination Maximum: 20%
- Commercial

- Recyclable Materials Interim Contamination Maximum: 20%
- MSW Interim Contamination Maximum: 20%. (Note: The 20% Contamination Maximum includes the combined weight of Recyclable Materials, Yard Trimmings and Food Scraps found in MSW)
- Source-separated Food Scraps Interim Contamination Maximum: 20%
- Multi-family
 - Recyclable Materials Interim Contamination Maximum: 20%
 - MSW Interim Contamination Maximum: 20%. (Note: The 20% Contamination Maximum includes the combined weight of Recyclable Materials, Yard Trimmings and Food Scraps found in MSW)
 - Source-separated Food Scraps Interim Contamination Maximum: 20%

10.02.B.3 City Evaluation of Contractor’s Attainment of Maximum Levels of Container Contamination Standards. Each year, beginning with the period of January 1 – March 31, 2026, and each January – March thereafter, City will evaluate Contractor’s performance to determine whether or not the maximum level of contamination has been exceeded for the previous calendar year. In order to make a determination concerning Contractor’s performance with regard to the interim Container Contamination caps, City will utilize the results of the semi-annual Characterization studies performed at all Processing Facilities and for the MSW being delivered for Disposal during the previous year. The methodology for the studies is described in Attachment N. The City will review the study results for all characterizations performed during each calendar year, up to and including the following: Source Separated Recyclable Materials performed in the previous calendar year; Food Scraps and Yard Trimmings performed in the previous calendar year;

and the MSW waste characterization performed in the previous calendar year. The contamination cap attainment assessment process that uses waste characterization data is described in Section 3 of Attachment N. On or before May 1 of each year, the Contractor may conduct up to one additional re-characterization for each stream that exceeded the maximum contamination cap using the process described in Attachment N, Section 3.

10.02.C Contractor's Failure to Achieve Minimum SB 1383 Program Implementation Standards and/or Exceedance of Maximum Levels of Container Contamination Standards. If Contractor fails to achieve the minimum level of program implementation, as described in Article 10.02.A, or if the Contractor exceeds the maximum interim contamination caps described in Article 10.02.B, Contractor shall pay the City's costs of hiring one or more third parties including but not limited to, consultants, part-time employees, and/or other Persons as determined by City (hereinafter referred to as "City's agents"), to implement said programs.

On or before October 1, 2025, City will notify Contractor as to whether or not Contractor has achieved the minimum required level of Diversion Program implementation as described in Article 10.02.A. Each year, beginning July 1, 2026 and each July 1 annually thereafter, City will notify Contractor as to whether or not Contractor has exceeded the maximum required contamination caps as described in Article 10.02.B for the previous calendar year.

In the event Contractor has not met the minimum required level of implementation or has exceeded the maximum Contamination caps, City may retain the services of one or more Persons as described herein, to complete implementation of the Diversion

programs until one-hundred percent (100%) of the Commercial and Multi-Family SB 1383 Diversion Programs are fully implemented and the contamination caps are met. In such event Contractor shall reimburse City on a monthly basis for the work performed by such Persons to implement the Diversion programs. City will invoice Contractor for this expense and Contractor shall pay said invoices within thirty (30) days of receipt. Contractor shall cooperate with City and the Persons retained and used by City to implement Diversion programs. Such cooperation shall include sharing information and data on Customers with City and its agents, providing Containers for Recyclable Materials, Yard Trimmings/Wood, Food Scraps and any other Divertible Materials in a timely manner as described in the Agreement including Attachment B, Collecting Containers of Divertible Materials on the schedule agreed upon with the Customer and City and/or City's agents, and processing the Collected materials at the City-approved Processing Facilities listed in Article 6. Contractor shall not impair, impede or in any way frustrate or otherwise interfere with the actions or efforts of City and/or City's agents to successfully complete all steps to fully implement the required Diversion programs as described herein.

As Diversion programs are implemented by City's Agents, City's Agents will monitor and troubleshoot said programs and provide additional training, education, and site visits for the initial ninety (90) day period following program startup. At the end of the ninety (90) day period, City's agents will transfer responsibility for all aspects of the fully implemented program to Contractor. Contractor shall fully maintain each fully implemented program at the Customer's Premises from that point forward, including completing any and all applicable steps described in Section 3.7 of Attachment B.

Contractor shall continue to pay for the work of City's agents until all of the following conditions have been met: (a) The City's agents have implemented the remaining SB 1383 Diversion programs at one-hundred percent (100%) of all Customers; (b) City's agents have transferred responsibility for all aspects of each implemented program to Contractor; (c) Contractor is fully maintaining each implemented program as described in Section 3.7 of Attachment B; and (d) the maximum contamination caps have not been exceeded. At such point, City shall notify Contractor in writing and shall submit any final invoice(s) for the work of City's agents to Contractor for payment.

10.03 Failure of Contractor to Achieve Performance Standards for Implementation of Green Business Certifications. Attachment B, Section 4 requires the Contractor to implement a minimum of fifteen (15) new Green Business certifications in each year of the Term and to complete all tasks necessary to complete the bi-annual re-certifications for all currently certified businesses within City whose certification will expire during the then-current year of the Term. On August 1, 2025, and on August 1 of each year of the Term, City shall review Contractor's performance regarding Green Business certification and re-certification of existing Green Businesses in City. City shall inform Contractor in writing on or before September 15, 2025 (and each September 15 thereafter) as to whether Contractor has satisfied the requirement for Green Business certification and re-certification. In the event Contractor has failed to fully implement the required number of new Green Business Certifications, and the required re-certifications for existing Green Businesses, Contractor shall pay to City the sum of twelve-hundred fifty dollars (\$1,250.00) for each new Green Business Certification that was not performed and the sum of seven hundred fifty dollars (\$750.00) for each required re-certification for existing

Green Businesses that was not performed, which City may use to perform these services using City staff, contractors, consultants or other agents. Contractor shall make said payment to City within thirty (30) days of receipt of said written notice from City.

ARTICLE 11: RECORD KEEPING, REPORTING, INSPECTIONS AND AUDITS

11.01 General. Contractor recognizes that maintenance of accurate and complete records of its operations and timely submission to City of accurate and complete reports is an essential aspect of the services to be provided by it under this Agreement.

11.02 Record Keeping. Contractor shall maintain accurate records of: (i) personnel; (ii) equipment; (iii) Collection operations; (iv) tonnages and Disposal used for MSW and Disposal of Residue from the following facilities: Clean MRF, Composting Facility, Food Scrap Processing Facility(ies), Construction and Demolition Debris Processing Facility; (v) Diverted Tons of Recyclable Materials, Yard Trimmings, Wood, Food Scraps and Construction and Demolition Debris; (vi) customer service; (vii) billing and payment; (viii) sale of Recyclable Materials, Compost, Construction and Demolition materials, and any and all energy, and all other revenue-generating products; (ix) financial matters; and (x) other matters in such detail and format necessary to compile the reports required by this Agreement, including, but not limited to, all reports listed in Attachments K and N. All records of activities of Contractor in fulfilling the requirements of this Agreement, including but not limited to the above-listed records, shall be maintained by Contractor for the entire Term of the Agreement. Contractor may, at its option, maintain those records in electronic

form, hard copy, or in any other manner, provided that the records can be preserved and retrieved for inspection and verification in a timely manner.

11.03 Reporting. Contractor shall compile and submit to City complete and accurate reports required by this Agreement, including but not limited to the following:

11.03.A Reports Listed in Attachment K. Monthly, quarterly and annual reports of Tonnages, Collection and Diversion operations, and other items.

11.03.B Monthly Recording of Information in the Red/Green Tracking Spreadsheet and in the City-Supplied CRM System. The City is exploring the use of an outside vendor (Recyclist) to provide Customer Relationship Management (“CRM”) software to track Diversion program implementation and to comply with certain CalRecycle SB 1383 reporting requirements. The City anticipates that much of the customer interaction reporting that is required to be included in the Red/Green listing may no longer be needed when Recyclist is fully implemented. During the evaluation of the functionality and accuracy of reporting of the City’s prospective vendor (Recyclist), Contractor shall track all Customer interactions using both the Red/Green listing and the Recyclist CRM system, as described herein. During the first year of the Term, both reporting systems shall be utilized and evaluated. Upon the City’s satisfaction that Recyclist is comparable to the Red/Green Listing reports provided, a meeting will be held between City and Contractor on or before November 30, 2024 and, at the sole discretion of the City, either one or both of the reporting systems will be utilized for the next calendar year of the Term. This process will be repeated each year of the Term to determine the reporting system(s) to be utilized for the upcoming calendar year. The parties anticipate

that the types, functions and costs of CRM software will continue to evolve over the Term and City may direct Contractor to utilize new, different and/or enhanced CRM reporting system(s) in the future.

City will acquire and own the license for the CRM software and provide access to Contractor. City will inform Contractor at any time it is replacing Recyclist with another CRM system and coordinate with Contractor to switch to the new CRM system.

11.03.B.1 Information to Be Recorded in the Red/Green Tracking Spreadsheet/CRM System. Contractor shall create, maintain and update the Red/Green Tracking Spreadsheet and/or the CRM System as described in Attachment K at least monthly during the Term and more frequently as needed. The purpose of the Red/Green Tracking Spreadsheet and/or CRM System is to document all contacts made with Customers concerning implementation of Diversion programs, and Contractor's completion of the program implementation tasks listed in Section 3.7 of this Attachment B. Each Diversion program that is fully implemented and operating at a Customer's premises shall be coded in green on the spreadsheet and marked on the CRM System. Each Customer premises that does not have each specific required Diversion Program (Collection of Recyclable Materials, Yard Trimmings/Food Scraps, and any other required program(s)) fully implemented and operating as required by this Contract, shall be color-coded in red. Contractor shall make detailed notes in the Red/Green Tracking Spreadsheet and/or CRM System about all Customer contacts (telephone, mail, e-mail, on-site meetings, observations and inspections) and all pertinent information on issues, problems, troubleshooting and solutions concerning program implementation at each Customer's location(s).

The description of the Red/Green Tracking Spreadsheet in Attachment K is the template and format that Contractor shall use to create the electronic version of the Red/Green Tracking Spreadsheet. On or before July 1, 2024, Contractor shall create a complete and up-to-date version of the electronic Red/Green Tracking Spreadsheet that lists all Commercial and Business Establishments and Multifamily complexes in the City. Additionally, all Customer data shall be uploaded to the CRM System by July 1, 2024. The status of each entry's program implementation in the spreadsheet shall be indicated and shall note actions taken and any next steps required for implementation and/or continuation of program operation. All tenants of Commercial and Business Establishments shall be identified and included in the listing as individual line items. For example, a strip mall or plaza may be shown as the Master Account and individual tenants located in the strip mall or plaza would be listed in separate rows. The program implementation status for each of the tenants shall be shown in the spreadsheet on its individual line. Over time, new businesses will open and existing businesses will close or may change locations. As this occurs, Contractor shall notify City of changes made to the Red/Green Tracking Spreadsheet and/or CRM System by noting thereon, the change in location, business, owner/manager, and new contact information. Contractor shall not delete any Customer or business from the Red/Green Tracking Spreadsheet and/or CRM System without written approval by City. Contractor shall add new businesses that open within City and shall note such new additions to the spreadsheet to City in the monthly meetings and shall note the month and year the new business opened, on the spreadsheet and/or CRM System.

11.03.C Reports Listed in Attachment N. Results of Characterization Studies of all Processing Facilities and results of all On-Site Field Container Contamination Audits.

11.04 Inspection by City. The City shall have the right, but not the obligation, to observe and inspect all of the Contractor's operations involved in providing services under this Agreement to determine whether Contractor is performing in accordance with this Agreement and applicable laws and regulations. Contractor shall cooperate fully with such inspections, including inspections and observations of operations at all Processing Facilities. In connection therewith, the City shall have the right to enter any of Contractor's facilities, observe operations for an unlimited amount of time, photograph operations and record by both written and electronic media such observations measurements and quality of Recovered and/or processed materials. Access shall be scheduled during normal business hours and coordinated through the City's designated contract manager, and Contractor's Representative, Contractor's City Liaison, and the facility manager. In the case of observation of waste characterizations and route audits, City shall have access to observe all steps of the protocols and techniques utilized in the sampling process. Such protocols and techniques include, but are not limited to, selection of routes, selection of material from trucks utilizing X and Y sampling protocols as described in Attachment N, actual sampling, weighing of samples and recording of data utilizing data sheets as described in Attachment N. For on-route residential lid flipping, if material is brought to a facility for additional examination or if an alternate sampling protocol is used, the same access described herein for waste characterizations and route audits shall be granted. Contractor shall accommodate early morning and/or late evening access to coincide with

the characterizations, route audits, and lid flipping sampling, and all techniques and protocols associated therewith. City access shall be granted even during high traffic and high-volume times of day at the facility. Appropriate safety precautions and protocols shall be employed.

Where photo-documentation or other media capture is required by City or its agents to verify Contractor's claims and/or reported tonnages, Diversion or other information, such material shall be stored at Contractor's facility in a location secured to Contractor's satisfaction. The City shall have the right to speak with any of Contractor's employees, where it is necessary to obtain clarification or pertinent detail that can best be provided by the employee(s), and to receive a response to any inquiries directed to such employees; and review and make copies (at City's expense) of any and all Contractor's operational and business records related to this Agreement. If City so requests, Contractor shall make specified personnel available to accompany City employees and/or City's agents on inspections. City's access to, and observation of activities and operations at each Processing Facility shall not be restricted or impaired in any way by Contractor.

City may periodically investigate Contractor's financial status to determine Contractor's financial capacity to continue to perform in accordance with this Agreement. Such investigations will be done at the sole expense of City, using such City employees or independent agents as City deems appropriate. Contractor shall cooperate during such investigations and shall make available for inspection such records as the City, or its agents or authorized personnel, may request.

Contractor shall maintain a complete roster of employees providing service under this Agreement. The roster shall contain the name, job classification and such other information as City may require. City will not require that the roster contain social security numbers. The City may inspect the roster, and make a copy thereof at its expense, at any time during business hours. City shall have the right to observe Containers of MSW, Recyclable Materials, Yard Trimmings, Wood, Food Scraps, Construction and Demolition Debris and all other materials for the purpose of conducting waste audits and Contamination audits as needed during the Term.

11.05 Compliance Reporting. Contractor shall submit monthly, quarterly and annual reports to the City documenting the disposition of MSW, Recyclable Materials, Yard Trimmings, Wood, Compost, Food Scraps, and shall format such reports so that they may be used by the City for City's compliance with the reporting requirements of the Act or any other subsequently enacted federal, state or local laws, rules, or regulations governing integrated waste management. Contractor shall also comply with all requirements of AB 901 (PRC Sections 41821.5-41821.8) as it may be amended, and all regulations promulgated thereto, regarding reporting Tons to CalRecycle, the City and other agencies. The aggregation of tonnages permitted by AB 901 shall not alter any of Contractor's reporting requirements in this Agreement. The confidentiality provisions of AB 901 shall not apply to any of Contractor's reports submitted pursuant to this Agreement. All Contractor's reports are subject to audit by City, or by a third-party designated by City. The accuracy of all required reports to be submitted by Contractor are of paramount importance to City. Such reports show how Contractor is tracking and allocating diverted Tons, Disposed Tons, residue Tons and Tons delivered to, and

marketed from, Processing Facilities. The number of Tons diverted and Disposed directly impacts both the City's Diversion rate as calculated by the Act, and the City's costs of Diversion and of compliance with the Act. Therefore, City may take all necessary steps and actions to audit, analyze and review any tonnage discrepancies or any other discrepancies, in Contractor's calculations, allocations, tonnage tracking and submitted documentation and records.

11.05.A Reporting of Multi-Family and Commercial Tons Separately. As described in the definition of Commercial and Business Establishments in Attachment A, Contractor shall report all Tons collected at Multi-Family Dwelling Premises separately from Commercial Tons. This includes but is not limited to, Tons of MSW, Recyclable Materials, Food Scraps, Yard Trimmings, Wood and Construction and Demolition Debris. Contractor may accomplish the separate tracking and reporting of Multi-Family Dwelling and Commercial Tons by any of the following: (i) use on-board scales and weigh each Bin or Cart as it is emptied into the Collection vehicle, record the weight and type of Customer for each lift (Multi-Family Dwelling or Commercial) and report the Tons for each Customer type daily for each route; (ii) perform the density calculations for Commercial and Multi-Family routes described in Attachment N and use the results to allocate Tons collected by weight using separate densities (pounds per cubic yard) measured for Multi-Family and Commercial on a semi-annual basis according to the methodology in Attachment N; or (iii) Collect Multi-Family Dwelling and Commercial Tons on separate routes and report Tons collected for each individual route. In the event that there is a discrepancy between the levels of Contamination observed in on-site field Container Contamination audits of Multi-Family Dwelling or Commercial Containers, versus the level

of Contamination determined by the Processing Facility characterization conducted pursuant to Attachment N, Contractor shall diligently work with City to identify the sources of Contamination and reduce them to the limits required by law in order to comply with the Act. In the event such efforts do not result in agreement between the Contamination levels identified by the on-site field Container Contamination audits and the Contamination levels identified by the Processing Facility characterization, City may direct Contractor to Collect Multi-Family Dwelling and Commercial Tons in separate Collection vehicles or using on-board scales. In such event, the provisions of Section 15.13 and 1407 shall apply.

11.05.B Material Discrepancy in Data Reported.

In the event that City discovers any material discrepancy in Contractor's reported Diversion, Disposal, Tonnages, or any reported data required by this Agreement, City will notify Contractor and Contractor shall have fourteen (14) calendar days to explain or otherwise resolve the discrepancy or discrepancies to the satisfaction of City. If there remains any doubt or question about the accuracy of Contractor's calculations, allocations, documentation or disposition of Tons of MSW, Recyclable Materials, Yard Trimmings, Wood, Food Scraps, Construction and Demolition Debris, Compost, Bioengineered Feedstock (if applicable), Digestate (if applicable) or any other materials, City may undertake a detailed examination of all information, documentation, calculations and other data.

Contractor shall reimburse City's actual costs up to seventy-five thousand dollars (\$75,000) in each calendar year for such analysis, research, and review. Contractor shall cooperate fully with City's efforts and shall provide in a timely manner all additional City-

requested documentation, information, and records (both electronic and hard copy) and shall provide access to all City requested documents and records both of Contractor and of the Processing Facilities used to process Tons Collected in City.

City will invoice Contractor for the actual cost of the additional tonnage and allocation review and Contractor shall pay the invoice within thirty (30) days of receipt. In the event that Contractor fails to pay City's invoice within thirty (30) days of receipt, the liquidated damages listed in Section 15.09 for late payment shall apply.

11.06 Annual Route Audit. Contractor shall conduct an annual audit, during the month of April of each year of this Agreement, of all Collection routes for MSW and Recyclable Materials, Food Scraps, Yard Trimmings, and Wood. The audit shall include, at a minimum: (i) the route number, (ii) identification number of vehicles servicing each route, (iii) number and type of accounts serviced by route and by truck, (iv) number and sizes of Containers collected together with the frequency of Collection by route and by truck, (v) weight of MSW collected, (vi) weights of Single-Material Recyclables, Single Stream Recyclable Materials, Yard Trimmings, Food Scraps, and Wood by route and by truck, (vii) densities for all routes audited in pounds per cubic yard, and (viii) any pertinent operational details. Results of the route audit shall be delivered to City in their entirety, including, but not limited to, maps of routes with each route numbered, survey sheets, logs, route lists, forms used to gather information, and other similar documents, within ten (10) working days of completion of the audit, and in no event later than May 20 of each year of the Term. The initial audit shall be performed in April 2025 with the report due by May 20, 2025. Said audit may be undertaken directly by Contractor or on behalf of

Contractor by another party, but in either event shall be completed at Contractor's sole expense.

11.07 Characterization Studies and In-Field Container Contamination Audits.

Contractor shall conduct the following characterization studies and audits as described in Attachment N:

11.07.A Characterization Studies. Contractor shall conduct characterization studies of the streams of materials being delivered to each Processing Facility using the protocols and at the frequencies described in Attachment N. The first Processing Facility characterization studies shall be conducted during 2024 as described in Attachment N. The characterization study reports shall include the items listed in Attachment N and be submitted to City at the frequencies described therein. City shall have the right to have City staff or City's representatives present during any of the study. Contractor shall give City a minimum of fifteen (15) calendar days written notice of the date and time Contractor shall conduct each study. The characterization studies and the reports on results shall be performed and prepared at Contractor's sole expense.

The results of the characterization study shall be put into use the first day of the month following submittal of the report to the City and approval of the report and allocation method by City, and shall be used to report Tons Diverted and Disposed by each Processing Facility for the City of Laguna Beach in the monthly reports submitted to City pursuant to Attachment K. Such results shall be used to report Tons Diverted and Disposed by each Processing Facility for the City of Laguna Beach until the results of the next characterization study are approved by City. If and when Contractor is required to

report to CalRecycle or any other agency, jurisdiction-specific Tons Diverted and Tons of Residue for each Processing Facility used by Contractor to process City's materials, Contractor shall report using the results of the Processing Facility characterization studies described herein.

11.07.B In-Field Container Contamination Audits. Contractor shall also conduct on-site field Container Contamination audits at Residential, Commercial and Business Establishments, using the protocols and at the frequencies described in Attachment N. The Contamination audit reports shall include the items listed in Attachment N and be submitted to City at the frequencies described therein. In-field Contamination audits shall commence as described in Attachment N. City shall have the right to have City staff or City's representatives present during any of the audits. Contractor shall provide City a schedule and list of locations/routes where audits will be conducted upon City request. The audits and the reports on results shall be performed and prepared at Contractor's sole expense.

11.08 Annual City Review of Contract Audits and Results. Each year of the Term, City shall have the right, but not the obligation, to conduct a review of the procedures used to perform all audits and characterization studies described in Sections 11.05, 11.06 and 11.07 and the results of said audits and studies. If City desires to review the audit and/or study results and/or procedures, City will contact Contractor to schedule a meeting or series of meetings to discuss the procedures and results. At City's sole discretion, Contractor shall change the audit and/or study protocol, timing and frequency as directed by City and shall put such changes into effect with the next audit and/or study. City's

review of audit and study procedures may include review of Contractor and Processing Facility records and on-site visits to Contractor's facilities and Processing Facilities. City's access to, and observation of activities and operations at each Processing Facility shall not be restricted or impaired in any way by Contractor.

11.09 Reporting of Adverse Information. Contractor shall provide the City three (3) copies (one to the Public Works Director, one to the City Manager and one to the City Attorney) of all reports, pleadings, applications, notifications, Notices of Violation, communications or other material relating specifically to Contractor's performance of services pursuant to this Agreement, submitted by Contractor to, or received by Contractor from, the United States, U. S. Environmental Protection Agency, California Environmental Protection Agency, CalRecycle, the Securities and Exchange Commission or any other federal, state or local agency, including but not limited to any federal or state court. Copies shall be submitted to the City simultaneously with Contractor's filing or submission of such materials with said agencies. Contractor's routine correspondence with said agencies need not be submitted to City, but shall be made available to the City promptly upon City's written request.

ARTICLE 12: INDEPENDENT CONTRACTOR

12.01 Contractor an Independent Contractor. In the performance of services under this Agreement, the Contractor shall be, and is, an independent contractor, and is not an agent or employee of the City. Contractor has and shall retain the right to exercise full control over the employment, direction, compensation and discharge of all Persons assisting Contractor in the performance of Contractor's services hereunder. Contractor shall be solely responsible for all matters relating to the payment of its employees, including compliance with social security, withholding and all other regulations governing such matters, and shall be solely responsible for Contractor's own acts and those of Contractor's employees and other agents.

12.02 No Partnership or Joint Venture Created. Nothing in this Agreement shall be construed as creating a partnership or joint venture between the City and Contractor, or as giving the City a duty to supervise or control the acts or omissions of any Person performing services or work under the Agreement.

12.03 No Entitlement to City Benefits. Neither Contractor nor its officers, employees, agents or subcontractors shall be entitled to any retirement benefits, workers' compensation benefits or any other benefits which accrue to any City employees, and Contractor expressly waives any claim it may have to acquire to such benefits. Contractor agrees to defend and indemnify City for any claims brought by Contractor's employees against City for such benefits.

ARTICLE 13. INDEMNITY, INSURANCE, BOND

13.01 General Indemnification. Contractor shall indemnify, defend and hold harmless City, its elected or appointed officials, officers, employees, agents, consultants, volunteers, affiliate, assignees, representatives, attorneys, subsidiaries and affiliated entities and their respective heirs and assigns (collectively "Indemnified Parties") from and against any and all claims (individually a "claim", collectively "claims") including without limitation, claims for bodily injury, death, or damage to property, demands, obligations, damages, actions, causes of action, suits, losses, judgments, fines, penalties, liabilities, costs and expenses (including, without limitation, attorney's fees, disbursements and court costs) of every kind and nature whatsoever which may arise from or be in any way related directly or indirectly to City entering into this Agreement with Contractor, Contractor's breach of its obligations under this Agreement, or Contractor's performance of, or its failure to perform, its obligations under this Agreement. The foregoing indemnity shall not apply to the extent that the Claim is caused by the sole negligence or the willful misconduct of the Indemnified Parties, but shall apply if the Claim is caused by the joint negligence of Contractor and other Persons. Upon the occurrence of any Claim, Contractor, at Contractor's sole cost and expense, shall defend (with attorneys reasonably acceptable to City) the Indemnified Parties. This indemnity shall apply to all claims and liability regardless of whether any insurance policies are applicable. The policy limits shall not act as a limitation upon the amount of

indemnification to be provided by Contractor. Contractor's duty to indemnify and defend shall survive the expiration or earlier termination of this Agreement.

Subject to the scope of this indemnification and upon demand of the City, made by and through the City Attorney, Contractor shall protect City and appear in and defend the Indemnified Parties, in any Claims by third parties, whether judicial, quasi-judicial or administrative, including, but not limited to (i) disputes and litigation over the definition of "Municipal Solid Waste", "Recyclable Materials", "Food Scraps" or "Yard Trimmings," (ii) any claim concerning the validity of City entering into this Agreement or any ordinance or action based thereon, as well as the limits of City's authority with respect to the entering into Agreements, including the process for the approval of Agreements, exclusive or otherwise, (iii) involving the collection of Municipal Solid Waste, arising out of the exercise of this Agreement by Contractor, (iv) claims by other entities disputing the rights and privileges granted by City in this Agreement, or (v) as specified under the provisions of Section 13.05 below concerning Hazardous Waste. City and Contractor agree to confer following any trial as to whether to appeal, or to oppose any appeal.

13.02 Insurance.

13.02.A Types and Amounts of Coverage. Without limiting Contractor's indemnification described in Section 13.01, Contractor shall procure from an insurance company or companies licensed to do business in the State of California and shall maintain in force at all times during the Term at Contractor's sole expense, the types and amounts of insurance listed in this Section 13.02 in a form acceptable to City. If Contractor

maintains higher limits than the minimums listed in this Section 13.02, the City shall be entitled to coverage for the higher limits.

13.02.A.1 Workers' Compensation and Employer's Liability. Contractor shall maintain workers' compensation insurance covering its employees in statutory amounts and otherwise in compliance with the laws of the State of California. Contractor shall maintain employer's liability insurance in an amount not less than One Million Dollars (\$1,000,000) per accident or disease. Contractor shall not be obligated to carry workers compensation insurance if (i) it qualifies under California law and continuously complies with all statutory obligations to self-insure against such risks; (ii) furnishes a certificate of Permission to Self-Insure issued by the Department of Industrial Relations; and (iii) furnishes updated certificates of Permission to Self-Insure periodically to evidence continuous self-insurance.

13.02.A.2 Comprehensive General Liability (and Automobile Liability). Contractor shall maintain comprehensive general liability insurance with a combined single limit of not less than Ten Million Dollars (\$10,000,000) per occurrence and Ten Million Dollars (\$10,000,000) annual aggregate covering all claims and all legal liability for personal injury, bodily injury, death, and property damage, including the loss of use thereof, arising out of, or occasioned in any way by, directly or indirectly, Contractor's performance of, or its failure to perform, services under this Agreement.

The insurance required by this subsection shall include:

- (i) Premises Operations (including use of owned and non-owned equipment);
- (ii) Products and Completed Operations (including protection against liability resulting from use of Recyclable Materials by another Person);
- (iii) Personal Injury Liability with employment exclusion deleted;
- (iv) Broad Form Blanket Contractual with no exclusions for bodily injury, personal injury or property damage (including coverage for the indemnity obligations contained herein);
- (v) Owned, Non-Owned, and Hired Motor Vehicles;
- (vi) Broad Form Property Damage.

The comprehensive general liability insurance shall be written on an "occurrence" basis (rather than a "claims made" basis) in a form at least as broad as the most current version of the Insurance Service Office commercial general liability occurrence policy form (CG0001). If occurrence coverage is not obtainable, Contractor shall arrange for "tail coverage" on a "claims made" policy to protect City from claims filed within four years after the expiration or termination of this Agreement relating to incidents that occurred prior to such expiration or termination. Any excess or umbrella policies shall be on a "following form" basis.

13.02.A.3 Pollution Liability. Contractor shall maintain pollution liability insurance to include onsite, under-site and offsite coverage for bodily injury (including death and mental anguish), property damage, regulatory fines, defense costs and cleanup costs with minimum limits of with limits of Five Million Dollars (\$5,000,000) each loss and Ten Million Dollars (\$10,000,000) in the aggregate covering claims as a result of pollution conditions arising out of its operations under this Agreement. Non-owned Disposal site coverage shall be provided if Contractor is handling, storing or generating

Hazardous Waste or hazardous materials or any material or substance otherwise regulated under environmental laws or regulations.

13.02.A.4 Physical Damage. Contractor shall maintain comprehensive (fire and theft) physical damage insurance covering the vehicles and equipment used in providing service to City under this Agreement, with a deductible or self-insured retention not greater than One Hundred Thousand Dollars (\$100,000). The deductible limit may be increased by City with acceptable proof of self-insurance. Notwithstanding the foregoing, Contractor shall be allowed to self-insure for physical damage to its vehicles provided Contractor provides adequate audited financial information to City and City is reasonably satisfied that Contractor has the financial net worth to cover any losses.

13.02.B Acceptability of Insurers. The insurance policies required by this section shall be issued by an insurance company or companies admitted to do business in the State of California, subject to the jurisdiction of the California Insurance Commissioner, and with a rating in the most recent edition of Best's Insurance Reports of size category VIII or larger and a rating classification of A or better.

13.02.C Required Endorsements. Without limiting the generality of Sections 13.02.A and B, the policies shall contain endorsements making the City and its elected or appointed officers, officials, employees, and agents and volunteers an additional

insured, and shall further contain additional endorsements in substantially the following form:

2. Workers' Compensation and Employers' Liability Policy.

"Thirty (30) days prior written notice shall be given to the City of Laguna Beach in the event of cancellation or non-renewal of this policy. Such notice shall be sent to:

CITY OF LAGUNA BEACH
Office of the City Manager
505 Forest Avenue
Laguna Beach, California 92651
Attention: City Manager

"Insurer waives all right of subrogation against City and its elected or appointed officers, officials, employees, agents and volunteers for injuries or illnesses arising from work performed for City."

3. Comprehensive General Liability Policy; Pollution Liability Policy.

"Thirty (30) days' prior written notice shall be given to the City of Laguna Beach in the event of cancellation, reduction of coverage, or non-renewal of this policy. Such notice shall be sent to:

CITY OF LAGUNA BEACH
Office of the City Manager
505 Forest Avenue
Laguna Beach, California 92651
Attention: City Manager

"This policy shall be considered primary insurance as respects any other valid and collectible insurance maintained by the City of Laguna Beach, including any self-insured retention or program of self-insurance, and any other such insurance shall not be called upon to contribute in any way."

"Inclusion of the City of Laguna Beach as an insured shall not affect the City's rights as respects any claim, demand, suit or judgment brought or recovered against the Contractor. This policy shall protect Contractor and the City in the same manner as though

a separate policy had been issued to each, but this shall not operate to increase the company's liability as set forth in the policy beyond the amount shown or to which the company would have been liable if only one party had been named as an insured."

In addition, all property policies shall contain language, to the extent obtainable on commercially reasonable terms, to the effect that any loss shall be payable notwithstanding any act of negligence of City or Contractor that might otherwise result in the forfeiture of the insurance.

4. Physical Damage Policy.

Notice of cancellation, reduction in coverage or non-renewal, as provided in Section 13.02.

Cross liability endorsement, as provided in Section 13.02.

Waiver of subrogation against City.

13.02.D Delivery of Proof of Coverage. No later than ten (10) calendar days after execution of this Agreement by both parties, Contractor shall furnish City one or more certificates of insurance on a standard ACORD form and required endorsements substantiating that each of the coverages and endorsements required hereunder are in force, in form and substance satisfactory to City. Such certificates shall show the type and amount of coverage, effective dates and dates of expiration of policies and shall be accompanied by all required endorsements. If City requests, copies of each policy, together with all endorsements, shall also be promptly delivered to City in one complete package. Contractor shall furnish renewal certificates to City to demonstrate maintenance of the required coverages throughout the Term. Each year on or before the renewal date for all insurance policies required herein, Contractor shall deliver to City a

new package containing all insurance certificates with all of the required endorsements and copies of all insurance policies required by this Agreement.

The Contractor shall obtain the written consent of the City prior to changing insurers providing insurance under this Agreement, which consent shall not be withheld or delayed unreasonably.

13.02.E Other Insurance Requirements.

1. In the event performance of any service is delegated to a subcontractor, Contractor shall require such subcontractor to provide statutory workers' compensation insurance and employer's liability insurance for all of the subcontractor's employees engaged in the work. The liability insurance required by Subsection 13.02.A.2 shall cover all subcontractors or the subcontractor must furnish evidence of insurance provided by it meeting all of the requirements of this Section 13.02.

2. 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, including those imposed by Section 13.01. If any claim is made by any third Person against Contractor or any subcontractor on account of any occurrence related to this Agreement, Contractor shall promptly report the facts in writing to the insurance carrier and to the City.

3. If Contractor fails to procure and maintain any insurance required by this Agreement, City 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. Alternatively, the City may treat the failure as a Contractor Default, and not subject to any applicable cure period.

4. City is not responsible for payment of premiums for or deductibles under any required insurance coverages.

5. The Parties acknowledge that the market for insurance is subject to unforeseeable events which can affect the amount of coverage needed and pricing therefor. Accordingly, in the event the City determines that the services under this Agreement create an increased or decreased risk of loss to the City, Contractor agrees that the minimum limits of the insurance policies required by this Section may be changed accordingly upon receipt of written notice from the City; provided that Contractor shall have the right to appeal a determination of increased coverage to the City Council of City within ten (10) days of receipt of notice from the City.

13.03 Faithful Performance Bond. Not later than ten days after execution of this Agreement by both parties, Contractor shall file with City a bond securing the Contractor's faithful performance of its obligations under this Agreement. The principal sum of the bond shall be Two Million Dollars (\$2,000,000). The form of the bond shall be as set out in Attachment L. The bond shall be executed as surety by a corporation admitted to issue surety bonds in the State of California, regulated by the California Insurance Commissioner and with a financial condition and record of service satisfactory to City.

The term of the bond shall be not less than twelve (12) months. The bond shall be extended, or replaced by a new bond in the same principal sum, for the same term (i.e., twelve (12) months) and in the same form, annually thereafter. Not less than ninety (90)

days before the expiration of the initial bond, the Contractor shall furnish either a replacement bond or a continuation certificate substantially in the form attached as Attachment M, executed by the surety.

It is the intention of this Section 13 that there be in full force and effect at all times a bond securing the Contractor's faithful performance of the Agreement, throughout its Term.

13.04 Alternative Security. City may, in its sole discretion, allow Contractor to provide alternative security in the amount set forth in Section 13.03, in the form of (a) a prepaid irrevocable standby letter of credit in form and substance satisfactory to City and approved by the City Attorney and issued by a financial institution acceptable to City, or (b) a certificate of deposit in the name of the City with a term satisfactory to City and with a financial institution acceptable to City.

13.05 Hazardous Waste Indemnification.

A. Without regard to any insurance coverage or requirements, and without limiting the above general indemnification obligation in any way, Contractor specifically agrees to and shall, to the maximum extent permitted by law, defend (with counsel acceptable to City) reimburse, indemnify, and hold City and its past and present officers, council members, employees, consultants and agents (hereinafter "Indemnified Parties") harmless from and against any and all claims, actions, liabilities, damages, demands, judgments, losses, costs, liens, expenses, suits, actions, attorneys' fees, consultant fees, penalties and any and all other losses, damages, fees and expenses of whatever kind or nature ("Claims") (including but not limited to response costs,

investigative costs, assessment costs, monitoring costs, treatment costs, cleanup costs, removal costs, remediation costs, and similar costs, damages and expenses) that arise out of or are alleged to arise out of or in any way relate to any action, inaction or omission of Contractor that:

1. Results in any demand, claim, notice, order, or lawsuit, asserting that any Indemnified Party is liable, responsible or in any way obligated to investigate, assess, monitor, study, test, treat, remove, remediate, or otherwise cleanup, any Hazardous Waste (as defined herein); or

2. Relates to material collected, transported, recycled, processed, treated or disposed of by Contractor.

B. Contractor's obligations pursuant to this section shall apply, without limitation, to:

1. Any Claims brought pursuant to or based on the provisions of the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. § 9601 et seq., the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. § 6901 et seq., the California Hazardous Substances Account Act (California Health & Safety Code Sections 25300 et seq.), the California Hazardous Waste Control Laws (California Health & Safety Code Sections 25100 et seq.), the California Porter-Cologne Act (California Water Code Section 13000 et seq.), and any and all amendments and regulations thereto, and any other Federal, State, regional or local environmental statutory or regulatory provision;

2. Any Claims based on or arising out of or alleged to be arising out of the ownership, use, lease, sale, design, construction, maintenance or operation of Contractor of any facility;

3. Any Claims based on or arising out of or alleged to be arising out of the marketing, sale, distribution, storage, transportation, Disposal, processing or use of any materials recovered by Contractor;

4. Any Claims based on or arising out of or alleged to be arising out of any breach of any express or implied warranty, representation or covenant arising out of or in connection with this Agreement.

C. The foregoing indemnity and defense obligations shall apply irrespective of the negligence or willful misconduct of Contractor or any Affiliate of Contractor.

D. For purposes of this Agreement, the term "Hazardous Waste" includes, without limitation, any material or substance which is: (i) petroleum or oil or gas or any direct or derivate product or byproduct thereof; (ii) defined as a "hazardous waste," "extremely hazardous waste" or "restricted hazardous waste" under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140, of the California Health & Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law); (iii) defined as a "hazardous substance" under Section 25316 of the California Health & Safety Code, Division 20, Chapter 6.8 (Hazardous Substance Account Act); (iv) defined as a "hazardous material," "hazardous substance," or "hazardous waste" under Sections 25501(p), (q), and (r) and 25501.1 of the California Health & Safety Code, Division 20,

Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory); (v) defined as a "hazardous substance" under Section 25281 of the California Health & Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances); (vi) "used oil" as defined under Section 25250.1 of the California Health and Safety Code; (vii) asbestos; (viii) listed under Chapter 11 of Division 4.5 of Title 22 of the California Code of Regulations, or defined as hazardous or extremely hazardous pursuant to Chapter 10 of Division 4.5 of Title 22 of the California Code of Regulations; (ix) defined as waste or a hazardous substance pursuant to the Porter-Cologne Act, Section 13050 of the California Water Code; (x) designated as a "toxic pollutant" pursuant to the Federal Water Pollution Control Act, 33 U.S.C. Section 1317; (xi) defined as a "hazardous waste" pursuant to the Federal Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq. (42 U.S.C. § 6903); (xii) defined as a "hazardous substance" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, et seq. (42 U.S.C. § 9601); (xiii) defined as "Hazardous Material" pursuant to the Hazardous Materials Transportation Act, 49 U.S.C. Section 5101, et seq.; (xiv) defined as such or regulated by any "Superfund" or "Superlien" law; (xv) any asbestos or asbestos-containing material; (xvi) any chemical which the Governor has identified as a chemical known to the State to cause cancer or reproductive toxicity pursuant to California Health & Safety Code Section 25249.8; or, (xvii) any other federal, state or local law, statute, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability or standards of conduct concerning Hazardous Materials and/or oil wells and/or underground storage tanks and/or pipelines, as now, or at any time hereafter, in effect. The term "Hazardous Waste" shall also include any and all amendments to the above-

referenced statutory and regulatory provisions made before or after the date of execution of this Agreement. Where there is a conflict in the definitions employed by two or more agencies having jurisdiction over Hazardous Waste, the term "Hazardous Waste" shall be construed to have the broader, more encompassing definition.

E. The provisions of this section shall not terminate or expire, shall be given the broadest possible interpretation and shall survive the expiration or earlier termination of this Agreement.

13.06 Integrated Waste Management Act Indemnification. The parties agree that Contractor's implementation of all programs in Attachment B is vital to the City's compliance with the Act. Therefore, Contractor agrees to indemnify and hold harmless the Indemnified Parties against all fines and/or penalties imposed by CalRecycle and/or the Air Resources Board: (i) based upon Contractor's failure to comply with laws, regulations or permits issued or enforced by CalRecycle, the Air Resources Board or the City; and/or (ii) caused or contributed to by the Contractor's failure to perform its obligations under this Agreement, including, but not limited to, implementation of all programs in Attachment B in the timeframes required. This indemnity obligation is subject to the limitations and conditions in Public Resources Code Section 40059.1, but is enforceable to the maximum extent allowable by that Section. In the event that CalRecycle and/or the Air Resources Board imposes penalties, fees and/or sanctions against City, Contractor shall, in addition to paying the fines and penalties, pay all City's costs and fees for staff time, consultants, attorneys

and all other costs of defending and resolving the issue of CalRecycle and/or the Air Resources Board issuing fines, penalties and/or sanctions against City.

13.07 Intellectual Property Indemnification. Contractor agrees to indemnify, hold harmless and defend the Indemnified Parties against any and all liability, including costs, for infringement of any United States' letters patent, trademark or copyright infringement.

13.08 Notice of Claim. City agrees to provide timely notice to Contractor when the City receives a claim(s) for damages or other liability for which Contractor has provided indemnification pursuant to this Agreement. Contractor shall give City prompt and timely notice of claim(s) made or suit instituted arising out of or resulting from Contractor's performance under this Agreement.

ARTICLE 14: COMPENSATION TO CONTRACTOR AND CONTRACTOR'S CONSIDERATION

14.01 General. Contractor shall perform the services required by this Agreement in consideration for: (i) the right to charge customers the maximum rates set forth on Attachment D as they may be adjusted as provided in this Article, and (ii) the right to retain all revenues, if any, from the sale of Recyclable Materials, Yard Trimmings, Food Scraps, Compost, Wood (including revenue from creation, sale and use of energy) and Construction and Demolition Debris. The revenues received from these two sources shall be the full, entire and complete compensation due to Contractor for all labor, equipment, materials and supplies, taxes, insurance, bonds, overhead, profit and all other things necessary to perform all the services required by this Agreement in the manner and at the times prescribed. City shall not be obligated to make any payments to Contractor under this Agreement, including payments to compensate Contractor for delinquent or uncollectible amounts charged to Customers.

14.02 Initial Maximum Rates. The maximum rates which Contractor may charge for services provided commencing July 1, 2024 shall be those set forth in Attachment D. Rates are established to encourage Commercial and Multi-Family Customers with Centralized Bin Collection service, temporary Bin, temporary Roll Off, permanent Roll Off and Compactor Customers to Divert the largest quantity possible Recyclable Materials, Food Scraps and Yard Trimmings in order to reduce their monthly collection bill, by providing an incentive of fifty-percent (50%) for Diversion of Recyclable Materials, Yard Trimmings and Food Scraps compared with the rate for Disposing of such materials as

MSW. The 50% rate incentive does not apply to Single-family Dwelling Customers with individual Cart service.

In the event Contractor is found to be charging any rate that is not listed in Attachment D, Contractor shall, upon realization of this fact or upon receipt of notification from City, refund all such charges to all affected Customers within thirty (30) days. In the event Contractor has charged a higher rate than the maximum rates listed in Attachment D, the difference between the rate charged and the maximum rate listed in Attachment D shall be refunded. In the event Contractor has charged a lower rate than the maximum rate listed in Attachment D, Contractor shall not charge the Customer for the difference between the rate charged and the City-approved rate; however, Contractor shall notify the Customer and give the Customer the option to continue to receive the service pursuant to the maximum rates listed in Attachment D, or to arrange for a different service or level of service. In such event, Contractor shall assist the Customer in selecting the most cost-effective service level and rate available in Attachment D. Upon City request, Contractor shall provide City with a summary of any and all instances of rates greater than the maximum rates listed in Attachment D being charged, and the refunds or other adjustments made for Customers.

14.03 Annual Rate Adjustments. The maximum rates for services set forth in Attachment D shall be adjusted as of July 1, 2025 and as of July 1 for each ensuing year of the Term (including any extensions pursuant to Section 3.03 and Section 10.01) in accordance with Attachment J. If Contractor bills Customers on a monthly basis, thirty days (30) prior to each annual automatic adjustment, Contractor shall provide written notice of the change in the maximum rates to Customers by printing the amount

(percentage) of the rate adjustment on the Customer's bill (including both electronic and hard copy bills). Said notice shall include language stating that the Agreement between the City and Contractor provides for this annual adjustment. If Contractor bills Customers on a monthly basis, Contractor shall submit the language to be included on the Customer's bill (including both electronic and hard copy bills) for City's approval sixty (60) days prior to each annual automatic adjustment. If Contractor bills Customers on a quarterly basis, ninety days (90) prior to each annual automatic adjustment, Contractor shall provide written notice of the change in the maximum rates to Customers by printing the amount (percentage) of the rate adjustment on the Customer's bill (including both electronic and hard copy bills). Said notice shall include language stating that the Agreement between the City and Contractor provides for this annual adjustment. If Contractor bills Customers on a quarterly basis, Contractor shall submit the language to be included on the Customer's bill (including both electronic and hard copy bills) for City's approval one hundred twenty (120) days prior to each annual automatic adjustment.

14.04 Disposal Charge (Tip Fee) Adjustments. If the tip fee charged at Orange County Landfills (or whatever City designated Disposal Site is then in use) is changed (increased or decreased) for whatever reason including, but not limited to, new or increased taxes or regulatory fees, the Disposal portion of the maximum rates set forth in Attachment D shall be adjusted according to the provisions in Attachment J, Disposal Charges are a pass-through cost and Contractor shall not be entitled to receive or charge any profit, markup, overhead or administrative costs on Disposal Charges.

14.05 Franchise Fee. Contractor and City have engaged in negotiations related to this Agreement including negotiations regarding its value, and Contractor affirmatively

represents to City that the Franchise Fee set forth herein fairly reflects the value of the Agreement to Contractor. Contractor shall pay to City a fee equal to ten percent (10%) of Contractor's Gross Receipts derived from providing service to Commercial and Business Establishments and Multi-Family Dwellings (including all temporary and permanent Bin and Roll off Collection services and all Compactor Collection services provided to Commercial and Business Establishments and Multi-Family Dwellings) pursuant to this Agreement during the entire Term, including any extensions of the Agreement made pursuant to Section 3.03. The Franchise Fee shall be paid to City monthly within thirty (30) days of the end of the calendar month for which the Franchise Fee is paid. The Franchise Fee due hereunder shall apply to any Gross Receipts of Contractor collected after the expiration of the Term that are derived from providing services pursuant to this Agreement. Franchise Fees shall be accompanied by a statement certified by an officer of Contractor attesting to the accuracy of the amounts paid, and setting forth the basis for their calculation in a manner acceptable to City.

Any overpayment to the City, through error or otherwise, shall be offset against the next payment due from Contractor without interest. Acceptance by the City of any payment due under this Section shall not be deemed to be a waiver by the City of any breach of this Agreement, nor shall the acceptance by the City of any such payments preclude the City from later establishing that a larger amount was actually due, or from collecting any balance due to the City. In the event of a dispute between the City and Contractor regarding any amounts due, Contractor shall pay the undisputed portion of the amount claimed by the City as due and notify the City in writing at the time of payment as to any payment that is paid under protest, specifying the basis of its claim of overpayment.

14.06 Administrative Cost Reimbursement. Contractor shall make an annual payment to City in the amount of Four Hundred Twenty-Three Thousand Nine Hundred Dollars (\$423,900.00) to defray its administrative costs related to this Agreement (the "Administrative Cost Reimbursement"). Commencing July 1, 2023 the amount of the Administrative Cost Reimbursement shall be adjusted as shown in Attachment W by the percentage change in the annual average of the Consumer Price Index ("CPI") for All Urban Consumers, CUURS49ASA0 not seasonally adjusted, all items index (CPI-U) – All items in Los Angeles-Long Beach-Anaheim for the twelve (12) month period ending the December immediately prior to the applicable adjustment date. The Administrative Cost Reimbursement shall be due on or before July 1 of each year, commencing on July 1 2024. (Note: the amount of the Administrative Cost Reimbursement shall be adjusted by the CPI listed herein as of July 1, 2023 even though Contractor does not make the first payment of the Administrative Cost Reimbursement until July 1, 2024.) Prior to July 1, 2024 the amount of the Administrative Cost Reimbursement shall again be adjusted by the CPI listed herein and said calculation shall yield the amount of the Administrative Cost Reimbursement payment due to the City on or before July 1, 2024. Thereafter, the Administrative Cost Reimbursement shall be adjusted annually on or before each July 1, as described herein.

If any Administrative Cost Reimbursement is not paid by Contractor within thirty (30) days after the above-stated due date, and in addition to any other remedy provided

by law, Contactor shall pay to City a penalty in an amount equal to ten percent (10%) per month, or portion thereof, of the amount owing until paid.

14.07 Adjustments to Rates in Attachment D Based on City-Directed Changes In Scope of Work. If the City has directed a change in the scope of work under Section 5.13 and either party believes that such change will increase or decrease the costs of providing service, the party which believes the maximum rates listed in Attachment D should be adjusted shall, within thirty (30) calendar days after issuance of the notice of scope change, submit to the other party a proposed adjustment with complete supporting documentation of the cost calculations therein, and the parties shall thereafter meet and discuss the matter. City may request additional documentation, calculations and other information from Contractor in order to analyze information submitted by Contractor, or in order to make its own internal calculations of the cost change. Once the parties have formulated a cost adjustment, the City Council shall review the proposed adjustment and in the City Council's sole discretion, make the determination as to the appropriate amount of the adjustment. Only changes in Contractor's costs will be considered. No adjustment will be made to Contractor's compensation due to loss or reduction in any of the following: (a) Contractor's profits, and/or (b) Contractor's revenues including, but not limited to, Processing Fees at a Contractor-owned and/or Contractor-operated Processing Facility; revenues from sale of Recyclable Materials, Compost, Wood, and/or Processed Construction and Demolition Debris.

NOTE: The work to be performed by Contractor, including the scope of work in Attachment B, includes optional tasks and programs that City, in its sole discretion, may choose to implement during the Term. Contractor's proposal to City during the Request

For Proposal process included costs for said optional tasks and programs (see maximum rates in Attachment D) to be charged to Customers for all of the optional tasks and programs in Attachment B. If City chooses to implement any of those program(s), the provisions of Section 5.13 and this Section 14.07 shall not apply. Instead, the maximum rate(s) for said program(s) shall be adjusted for the passage of time as described in Attachment J,. The revenue from such rates, plus the revenue from sale of any Recyclable Materials, Diverted materials and any other products produced from materials Collected in City shall constitute the full and complete compensation to Contractor for implementing such program(s).

14.08 Other Fees. The City shall have the right to establish other fees and to collect such fees from Contractor, as City deems necessary in City's sole discretion. The amount, time and method of payment will be established similar to that described in Section 14.07. City shall provide Contractor with written notice of the establishment of any new fees along with the corresponding change in the maximum rates in Attachment D and remittance schedule.

ARTICLE 15: DEFAULT AND REMEDIES

15.01 Events of Default. Each of the following shall constitute an event of default ("Contractor Default") hereunder:

A. (i) Contractor fails to perform its obligations under Articles 5, 6, 7 or 8 of this Agreement and the failure to perform is not cured within two (2) business days after receiving notice from the City specifying the breach; or (ii) in the case of any other breach of this Agreement, the breach continues for more than fifteen (15) calendar days after written notice from the City for the correction thereof.

B. There is a seizure or attachment of, or levy affecting possession of, the operating equipment of Contractor, including without limitation, its vehicles, maintenance or office facilities, of such proportion as to substantially impair Contractor's ability to perform under this Agreement, and which is not released, bonded or otherwise lifted within two (2) business days.

C. There is any termination or suspension from any cause (including labor unrest such as strike, work stoppage or slowdown, sickout, picketing, or other concerted job action) of the Contractor's ability to collect MSW, Recyclable Materials, Yard Trimmings, Food Scraps or Construction and Demolition Debris.

D. Contractor files a voluntary case for debt relief under any applicable bankruptcy, insolvency, debtor relief, or other similar law now or hereafter in effect, or consents to the appointment of or taking of possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of Contractor for any part of

Contractor's operating assets or any substantial part of Contractor's operating assets or any substantial part of Contractor's property used to provide service to City pursuant to this Agreement, or makes any general assignment for the benefit of Contractor's creditors, or fails generally to pay Contractor's debts as they become due or takes any action in furtherance of any of the foregoing.

E. A court having jurisdiction enters a decree or order for relief in respect of the Agreement, in any involuntary case brought under any bankruptcy, insolvency, debtor relief, or similar law now or hereafter in effect, or Contractor consents to or fails to oppose any such proceeding, and such proceeding remains undismissed or unstayed for a period of ninety (90) days or any such court enters a decree or order appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Contractor or for any part of the Contractor's operating equipment or assets, or orders the winding up or liquidation of the affairs of the Contractor.

F. Contractor fails to timely furnish an initial bond, or fails to furnish a replacement bond or a continuation certificate of the existing bond prior to expiration of the performance bond, as required by Section 13.03 of the Agreement, or Contractor fails to maintain all required insurance coverages in force at all times. The default shall occur immediately upon such failure without any necessity for notice from City of the breach. City shall have the right to give notice of termination under Section 15.02 immediately upon such default. Notwithstanding any other provision of this Agreement to the contrary,

Contractor shall not be entitled to an opportunity to cure any default comprising the failure to maintain all required insurance and/or the required bond.

G. Contractor fails to provide reasonable assurance of performance required under Section 16.10.

H. A representation or warranty contained in Article 2 proves to be false or misleading in a material respect as of the date such representation or warranty was made.

I. Contractor engages in, or is ostensibly engaging in any fraud or deceit upon City or makes a misrepresentation regarding information provided to City including, but not limited to, falsifying tonnage reports, reports of the results of characterization audits, Contamination audits, Customer Diversion program participation data, Contamination percentages, reports of Diverted Tons, reported implementation (or steps toward implementation) of Diversion programs required by this Agreement or provides information that is materially misleading in any report or documentation provided to the City.

J. Contractor fails to honor any of its indemnity obligations herein.

K. Contractor, or any of its officers, directors or employees is found guilty of any crime related to the performance of this Agreement, or of any crime related to anti-trust activities, illegal transport or Disposal of Hazardous Waste or toxic materials, or bribery of public officials. The term "found guilty" shall be deemed to include any judicial determination that Contractor, or any of Contractor's officers, directors or employees is

guilty as well as any admission of guilt by Contractor or any of Contractor's officers, directors or employees including, but not limited to, the plea of "guilty", "*nolo contendere*", "no contest" and "guilty to a lesser charge".

L. Contractor is found to have violated the Act, any Environmental Law, or any permit, order or rule of any regulatory agency in connection with Contractor's performance of this Agreement and such finding has become final and not subject to further appeal.

M. Contractor empties Containers of properly set out Recyclable Materials or Food Scraps/Yard Trimmings that contain less than twenty-five percent (25%) Contamination into a load of MSW, or transports Recyclable Materials and/or Food Scraps/Yard Trimmings to a Disposal site or other location at which the materials will not be Diverted.

N. Contractor fails to complete the annual brake inspection of each Collection vehicle and to submit Notice of Certification to City no later than May 1 of each year of the Term, as described in Section 8.03.G.

O. The issuance of four (4) or more vehicle, driver/operator or other citations for moving violations (including, but not limited to, exceeding the speed limit, unsafe speed, unsafe driving, reckless driving, running a red light, and unsafe turns) that relate in any way to operations performed pursuant to this Agreement within a twelve (12) month period.

P. Failure of Contractor to adhere to, perform, implement and complete all parts of the Implementation Plan described in Section 5.03 and Attachment C.

Q. Any act or omission by Contractor relative to services to be provided pursuant to this Agreement which violates the terms, conditions or requirements of this Agreement, or the Act, or any law or statute, ordinance, order, directive, rule or regulation issued pursuant to the Act. Any failure to correct or remedy any such violation within the time set in the written notice of violation or, if Contractor cannot reasonably correct or remedy the breach within the time set forth in such notice or in the event Contractor fails to commence to correct or remedy such violation within the time set forth in such notice and fails to diligently effect such correction or remedy thereafter.

15.02 Right to Suspend or Terminate Upon Default.

A. Upon any Contractor Default, City shall have the right to suspend or terminate this Agreement, in whole or in part. Such suspension or termination shall be effective thirty (30) days after City has given notice of suspension or termination to Contractor, except that such notice may be effective immediately if the Contractor Default is one which endangers the health, welfare or safety of the public. Notice may be given orally in person or by telephone to the representative of Contractor designated in or under Section 16.06 (or, if he/she is unavailable, to a responsible employee of Contractor) and shall be effective immediately. Written confirmation of such oral notice of suspension or termination shall be sent by personal delivery, electronic mail, facsimile, or other expedited means of delivery to Contractor within twenty-four (24) hours of the oral

notification. Contractor shall continue to perform the portion of the Agreement not suspended, in full conformity with its terms.

B. City will also have the right to suspend or terminate this Agreement, upon the same notice provisions, if Contractor's ability to perform is prevented or materially interfered with by a cause which excuses nonperformance under Section 16.12, despite the fact that nonperformance in such a case is neither a breach nor default by Contractor.

15.03 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 City to Contractor, the remedy of damages for a breach hereof by Contractor is inadequate, and the City shall be entitled to injunctive relief to require Contractor to perform its obligations herein.

15.04 Use of Contractor Property Upon Default. In the event that Contractor fails to perform any of its obligations under Articles 5, 6, 7 or 8 and fails to perform such work within two (2) business days after notice from City, City shall have the right to use any of Contractor's land, equipment, facilities and other property reasonably necessary for the provision of services hereunder and the billing and collection of fees for those services. The City shall have the right to continue use of such property until other suitable arrangements can be made for the provision of such services, which may include the award of a contract to another service provider.

15.05 Right to Perform. If this Agreement is suspended and/or terminated due to a Contractor Default, City shall have the right to perform and complete, by contract or

otherwise, the work herein or such part thereof as it may deem necessary and to procure labor, equipment, and materials and incur all other expenses necessary for completion of the work and services provided for herein. If such expenses exceed the amounts which would have been payable to Contractor under this Agreement (by and through rates and customer payments for services rendered by Contractor) if such services had been fully performed by Contractor, then Contractor shall pay the amount of such excess to City.

15.06 Payment for Use of Contractor's Property. If the City invokes its rights to use Contractor's land, equipment, facilities, and other property pursuant to Section 15.04, and such use continues after the period of time for which Contractor has already been compensated, Contractor shall be entitled to the reasonable rental value of such property, which shall be offset against the damages due the City as a result of Contractor's Default. Contractor agrees that it will fully cooperate with the City to effect the City's use of such property. The City may immediately engage all or any personnel necessary for the provision of services, including, if the City so desires, employees previously employed by Contractor. Contractor further agrees, if the City so requests, to assist the City in securing the services of any or all management or office personnel employed by Contractor whose skills are reasonably necessary for the continuation of services. The City agrees that it assumes complete responsibility for the proper, normal use of such equipment and facilities while in its possession. Contractor agrees that the City's exercise of its rights under this section: (i) does not constitute a taking of private property for which compensation must be paid; (ii) will not create any liability on the part of the City to Contractor other than the payment of reasonable rental value as provided for in this

subsection; and (iii) does not exempt Contractor from the indemnity provisions of Article 13 which are meant to extend to circumstances arising under this Section.


15.07 Damages. Contractor shall be liable to City for all direct and consequential damages arising out of Contractor's Default. This section is intended to be declarative of existing California law. The City may offset such damages against any sums which would otherwise be due to Contractor.

15.08 City's Remedies Cumulative. City's rights to suspend or terminate the Agreement under Section 15.02, to obtain specific performance under Section 15.03, to cure under Section 15.04 and to perform under Section 15.05 are not exclusive, and City's exercise of one 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 City may have, including a legal action for damages, including incidental, consequential and/or special damages under Section 15.07.

15.09 Liquidated Damages. The parties acknowledge that consistent, courteous and efficient Collection of MSW, Recyclable Materials, Yard Trimmings and Construction and Demolition Debris is of utmost importance and City has considered and relied on Contractor's representations as to its quality of service commitment in entering into this Agreement. The parties further recognize that quantified standards of performance are necessary and appropriate to ensure consistent and reliable service. The parties further recognize that if Contractor fails to achieve the performance standards, City and its residents will suffer damages and that it is and will be impracticable and extremely difficult to ascertain and determine the exact amount of damages that City will suffer. Therefore, the parties agree that the following liquidated damage amounts represent a reasonable

estimate of the amount of such damages considering all of the circumstances existing on the date of this Agreement, including the relationship of the sums to the range of harm to City that reasonably could be anticipated and anticipation that proof of actual damages would be costly or inconvenient. In placing their initials at the places provided, each party specifically confirms the accuracy of the statements made above and the fact that each party had ample opportunity to consult with legal counsel and obtain an explanation of this liquidated damage provision at the time that this Agreement was made.

Contractor Initial Here 

City Initial Here: 

Contractor agrees to pay to City (as liquidated damages and not as a penalty) the amount set forth below, all of which shall be adjusted upward annually using the procedure and calculations set forth in Section 14.03 of the Agreement and Attachment J. Where liquidated damages apply after a specified number of Contractor's failures to comply within a one (1) year period, the one (1) year or annual period shall mean the preceding twelve (12) months including the month in which the most recent failure occurred.

<u>A. Collection Reliability</u>		
1	For each failure to commence service to a new Customer account within seven calendar (7) days after order, for basic level of service including MSW, Recyclable Materials, and co-collected Food Scraps/Yard Trimmings in excess of five (5) such failures annually on or after September 30, 2024.	\$150.00
2	For each failure to collect a Container containing MSW, Recyclable Materials, Food Scraps/Yard Trimmings from a Single Family Dwelling Premises which has been properly set out for Collection, from an established Customer, on the scheduled Collection day, including regular and Saturday service, in excess of one (1) miss per one-thousand (1,000) customers served per week. Failure to Collect a Container of MSW, Recyclable Materials or Food Scraps/Yard Trimmings shall be counted as one (1) miss. Misses shall be calculated on a weekly basis and liquidated damages assessed on a monthly or quarterly basis.	\$100.00 per Container
3	For each failure to collect MSW, Recyclable Materials, Food Scraps/Yard Trimmings which has been properly set out for Collection, from the same Customer on two (2) consecutive scheduled Collection days.	\$150.00
4	For each instance of collecting MSW, Recyclable Materials, or Food Scraps/Yard Trimmings outside of Collection hours described in Section 5.09	\$150.00
5	Failure to deliver new Carts for MSW, Food Scrap/Yard Trimmings at all Single Family Dwellings by September 30, 2024	\$5.00 per home
6	Failure to Collect properly containerized, acceptable HHW from a Residential Premises during the scheduled quarterly Collection period in excess of 5 occurrences annually	\$100 per Residence per day until Collected
<u>B. Collection Quality</u>		
1	For each occurrence of damage to private property which is not corrected to the satisfaction of the property owner within thirty (30) days of the damage and which exceed five (5) such occurrences annually	\$250.00

2	For each failure to properly return any empty Single Family Dwelling Cart in a location at curb or in alley to avoid pedestrian or vehicular traffic impediments or to place the Cart in an upright position, in excess of twenty (20) such occurrences annually	\$50.00/occurrence
3	For each occurrence of discourteous behavior to a Customer:	\$250.00
4	For each occurrence of excessive noise as defined in Section 5.10.B.	\$500.00
5	For each failure to properly tarp a Roll Off Box during transportation of the Box.	\$100 per incident
6	For each failure to clean up MSW, Recyclable Materials, Food Scraps/Yard Trimmings, Wood or other materials dropped, scattered or blown from Carts or Bins, within the prescribed timeframe in Section 5.11.A, in excess of five (5) such failures annually.	\$150.00
7	For each failure to conform to the requirements of Sections 8.03.E.2, Cleaning; 8.03.E.3, Painting; 8.03.E.4, Maintenance; 8.03.G, Brake Inspections; 8.03.K, Operation; 8.04.E, Cleaning, Painting and 8.05.C, Uniforms, which exceed in any or a combination of categories in excess of five (5) such occurrences annually	\$150.00
8	Failure to display Contractor's name and Customer service telephone number on each Collection vehicle	\$100 per incident per day
8	Comingling of Solid Waste with Recyclable Materials and/or Yard Trimmings/Food Scraps in Collection Vehicles except as provided in the event of Contamination (when Contaminated material may be placed in truck with MSW) [Note: Single pass trucks Collect two (2) different types of materials but each material must be kept separated within the body of the vehicle. Failure to keep the materials separated shall constitute a failure incident.]	\$1,000 per incident
9	Disposal of Recyclable Materials, Food Scraps and/or Yard Trimmings in a Disposal Facility except as provided in this Agreement	\$1,000 per incident
10	For each Ton of Yard Trimmings used as Alternative Daily Cover	\$150 per ton

11	For each failure to provide the City with a minimum of 6,000 tons per year of guaranteed capacity for processing Recyclable Materials and Single Material Recyclables at the Clean MRF described in Attachment O.	\$95 per ton of processing capacity not provided
12	For each failure to provide the City with a minimum of 6,000 tons per year of guaranteed capacity for processing Food Scraps and Yard Trimmings at the Facilities described in Attachments P and BB.	\$95 per ton of processing capacity not provided
<u>C. Responsiveness to Customer</u>		
1	For each failure to initially respond to a Customer complaint within eight (8) working hours:	\$100.00
2	For each failure to conform to the litter abatement requirements of Section 5.11.	\$250.00
3	Failure of Contractor to maintain an average hold time of ninety (90) seconds or less as required by Section 9.04C.2.	\$500 per month that 90-second average hold time is exceeded
4	Contractor's use of a "robo" or automated voice return call to a Customer instead of a live customer service representative making the promised return call as described in Section 9.04.C.2	\$500 per incident in excess of 5 incidents within a 12 month period
5	Failure or neglect to resolve a Customer complaint relating to missed Collection within the time set forth in Section 9.05.	\$100.00 per incident per Customer
6	Failure to notify Customers of changes in route days as required in Attachment B, Section 1.	\$500.00 per per occurrence
7	Failure to resolve customer complaint to satisfaction of City within 5 business days	\$500.00 per occurrence
8	Failure to resolve customer complaint such that the Customer calls City to resolve issue.	\$100 per customer call in excess of 5 calls per month
9	For each failure to repair or replace a missing or damaged Cart within 2 business days of request from City or Customer	\$50 per day

10	For each failure to remove graffiti from Carts, or to replace with Carts bearing no graffiti, within 2 business days of request from City or Customer	\$50 per day
11	For each failure to deliver a Roll Off Box to a Customer within forty-eight (48) hours of Customer request.	\$200 plus \$100 per day for each business day the Box is not delivered
12	Failure to have Contractor drivers in uniform identifying them as employees of Contractor	\$100 per incident
<u>D. Timeliness of Submissions to City</u>		
1	Any report required to be submitted to City by Contractor pursuant to this Agreement shall be considered late until such time as a correct and complete report is received by City. Monthly, quarterly and annual reports must contain all information required in Attachment K. All other required reports must contain the information specified in this Agreement. For each business day (excluding weekends and the holidays listed in Section 5.09 of the Agreement) a report is late, the daily liquidated damage amount shall be:	
	1. Monthly report	\$100.00 per day
	2. Quarterly report	\$250.00 per day
	3. Annual report	\$500.00 per day
	4. All other reports	\$100.00 per day
2	Failure to provide records requested by City within 30 days of City request	\$250 per day until completed
3	Failure of Contractor to provide requested access to on-board GPS data or video camera footage within five (5) business days of City request. In the event of a crash/injury/fatality, failure to provide access to on-board GPS data or video camera footage to law enforcement within the timeframe requested by police, sheriff, public safety or other law enforcement.	\$100.00 per day
<u>E. Accuracy of Billing</u>		

1	Each Customer billing for Extra Services in Attachment D that is not prepared in accordance with list of maximum rates in Attachment D:	\$250.00
<u>F. Personnel</u>		
1	Each day after the July 1, 2024 City does not receive services of one (1) Sustainability Coordinator (excluding Coordinator's holiday, vacation and sick leave days) during the Term as required by Section 8.05.H.	\$500.00 per business day
2	Each day after July 1, 2024 during the Term that City does not receive the services of 0.33 FTE City Liaison as required by Section 8.05.I.	\$500 per business day
3	Failure to designate qualified Contractor Representative on or before January 15, 2024 as required by Section 16.07.B.	Fifty dollars (\$50) per business day until completed
4	Failure of Contractor Representative or City Liaison to timely respond to City within 24 hours of a written, email, or telephone request.	Fifty dollars (\$50) per business day until response is received
5	Failure to have a vehicle operator properly licensed.	\$250 per incident per day
<u>G. Vehicles and Equipment</u>		
1	Each day Contractor fails to have in service Alternative Fuel Vehicles as required by Article 8.	\$500.00/vehicle
2	Failure to label Carts with labels, hot stamp, and/or decals as described in Attachment B Sections 1 and 2; and/or failure to provide SB 1383 color-coded Carts and lids as required in Attachment B, Sections 1 and 2.	Fifty dollars (\$50) per cart per business day until corrected
3	Failure to provide all trucks and other vehicles listed in Attachment F (including all required on-board equipment, electronics and technology listed in Agreement Section 7.03H) on or before July 1, 2024. [Exception for Electric Vehicle if extension of time approved by City pursuant to Section 8.03]	One hundred dollars (\$100) per vehicle not placed in service per business day until completed. One hundred Dollars (\$100) per vehicle per business day without the required technology until it is supplied.
4	Failure to install collision avoidance system on any vehicles operating in the City per Section 8.03 by July 15, 2024.	\$250.00 per vehicle per day

5	Failure to distribute a kitchen pail to a Customer that has requested one and is willing to pay the replacement cost.	\$25 per household
H. Diversion Program Implementation, Compliance Reporting and Audits		
1	Each day, after the due date on City invoice, Contractor fails to reimburse City for audit as described in Section 11.05.B.	\$250.00/day
2	Failure to distribute public education materials to all Single Family Dwellings on route within the timeframe specified in Attachment N, Section 1 after finding a twenty-five percent (25%) or higher Contamination rate for that route during waste characterization studies. If the failure continues after the initial assessment of liquidated damages, the liquidated damages are re-assessed for each additional thirty (30) day period the failure continues.	\$5,000/per route
3	Failure to tag and photo-document instances of Contamination encountered during Cart Contamination audits described in Section 2 of Attachment N	\$250/instance of failure to tag/photo-document Contamination
4	Failure to perform required number of waste characterizations per year as described in Attachment N. [Two (2) characterizations per year for each stream: MSW, Recyclable Materials and Food Scraps/Yard Trimmings for total of six (6) characterizations per year.]	\$5,000 per missed characterization
5	Failure to perform required number of Cart Contamination audits per year as described in Attachment N [Four (4) audits per year for each stream: MSW, Recyclable Materials and Food Scraps/Yard Trimmings for total of 12 audits per year].	\$5,000 per missed audit
6	Failure to perform Cart Contamination audits at required number (5%) of Residences for each semi-annual audit as described in Attachment N.	\$50 per household below the 5% requirement in any audit
7	Failure to submit reports on characterizations and Contamination audits within required timeframe in Attachment N.	\$100/report for each day the report is late
8	Failure to notify City of date(s) and time(s) for characterizations and Contamination audits at least 30 days prior to the characterization or audit.	\$250 per day that is less than 30 days

9	Failure of Contractor to “fully implement” one or more of the required Diversion Programs at a Commercial or Business Establishment after thirty (30) day warning notification from City as required in Section 3 of Attachment B. If the failure continues after the initial assessment of liquidated damages, the liquidated damages are re-assessed for each additional thirty (30) day period the failure continues.	\$700 per failure
<u>I. Cooperation with Service Provider Transition</u>		
1	For each day routing information requested by City in accordance with Section 14.13 is received after City established due dates, both for preparation of a request for proposals and for new service providers implementation of service.	\$1,000 per day
2	For each day delivery of keys, access codes, remote controls, or other means of access to Customer carts is delayed beyond 1 day prior to new service provider servicing Customers requiring special access, as described in Section 16.13	\$1,000 per day
3	For delay in not meeting the requirements contained in Section 16.13 in a timely manner, in addition to the daily liquidated damages in Subpart I (“Cooperation with Service Provider Transition”), numbers 1 and 2.	\$25,000
<u>J. Public Education and Outreach</u>		
1	For each failure to provide the residential outreach materials required in Section 5 of Attachment B during the initial six-month start-up of Agreement.	\$2 for each subject matter brochure per household/unit that did not receive the outreach material(s)
2	Failure to produce the commercial educational video as described in Section 5 of Attachment B by July 1, 2025.	\$9,000
3	Failure to produce the residential educational video as described in Section 5 of Attachment B by March 31, 2025.	\$7,000
4	Failure to produce the social media content for distribution via the City social media channels as described in, and by the dates contained in, Section 5 of Attachment B	\$2,000 for each failure to produce the content by the date(s) specified in Section 5, Attachment B

5	For each failure to provide the annual residential outreach materials as described in Section 5 of Attachment B by the dates contained in, Section 5 of Attachment B	\$2 for each subject matter brochure per household/unit that did not receive the outreach material(s)
6	For each failure to provide the annual commercial outreach materials as described in Section 5 of Attachment B by the dates contained in, Section 5 of Attachment B	\$2 for each subject matter brochure per business that did not receive the outreach material(s)
7	For each failure to provide the commercial outreach materials required in Section 5 of Attachment B during the initial six-month start-up of Agreement.	\$2 for each subject matter brochure per business that did not receive the outreach material(s)

City may determine the occurrence of events giving rise to liquidated damages through the observation of its own employees, agents or representatives; through photo-documentation, audio recordings and other records created by Contractor; and/or through information, audio recordings, and photo-documentation provided by Residents, other Persons and/or Customers or through City's investigation of Customer complaints.

Prior to assessing liquidated damages, City shall give Contractor notice of its intention to do so. The notice will include a brief description of the incident(s)/non-performance. Contractor may review (and make copies at its own expense) all non-confidential information in the possession of the City relating to incident(s)/non-performance. Contractor may, within ten (10) days after receiving the notice, request a meeting with the City Manager or his or her designee. Contractor may present evidence in writing and through testimony of its employees and others relevant to the

incident(s)/non-performance. The City Manager or his or her designee will provide Contractor with a written explanation of his or her determination on each incident(s)/non-performance prior to authorizing the assessment of liquidated damages. The decision of the City Manager or his or her designee shall be final.

15.09.1 Amount. The City may assess liquidated damages for each calendar day or event, as appropriate, that Contractor is determined to be liable in accordance with this Agreement.

15.09.2 Payment. Contractor shall pay any liquidated damages assessed by City within ten (10) days after they are assessed.

City's right to recover liquidated damages for Contractor's failure to meet the service performance standards shall not preclude City from obtaining equitable relief for persistent failures to meet such standards nor from terminating the Agreement for such persistent failures.

15.10 No Actions for Damages Against City. Contractor acknowledges that City's approval of this Agreement is a legislative act. No action for damages shall exist in any situation in which Contractor asserts City has failed to comply with any of its obligations hereunder, and Contractor's sole remedy in any such situation shall be to bring a writ of mandate to seek to compel City to comply with its obligations under this Agreement.

ARTICLE 16: OTHER AGREEMENTS OF THE PARTIES

16.01 Compliance with Law; Non-Discrimination. In providing the services required under this Agreement, Contractor shall at all times comply with all applicable laws of the United States, the State of California and City, with all applicable rules and regulations promulgated by federal, state, regional or local administrative and regulatory agencies, now in force and as they may be enacted, issued or amended during the Term and with all permits affecting the services to be provided. Contractor shall not discriminate nor permit discrimination against any Person in a manner prohibited by federal or state law.

16.02 Assignment. Contractor acknowledges that this Agreement involves rendering a vital service to the City's residents and businesses, and that the City has selected Contractor to perform the services specified herein based on: (i) Contractor's experience, skill and reputation for conducting their operations in a safe, effective and responsible fashion, and (ii) Contractor's financial resources to maintain the required equipment and services and to support its indemnity obligations to the City under this Agreement. The City has relied on each of these factors, among others, in choosing Contractor to perform the services to be rendered by Contractor under this Agreement.

16.02.A City Consent Required. Contractor shall not assign its rights or delegate or otherwise transfer its obligations under this Agreement to any other Person (including an Affiliate) without the prior written consent of City. Any such assignment made without the consent of City shall be void and the attempted assignment shall constitute a

Contractor Default. The decision of the City as to whether or not to agree to the assignment shall be final.

16.02.B Assignment Defined. For the purpose of this Section, "assignment" shall include, but not be limited to: (i) a sale, exchange or other transfer to a third party of substantially all of Contractor's assets dedicated to service under this Agreement; (ii) a sale, exchange or other transfer of outstanding common stock of Contractor, to a third party which results in a change of control of Contractor; (iii) any dissolution, reorganization, consolidation, merger, re-capitalization, stock issuance or reissuance, voting trust, pooling agreement, escrow arrangement, liquidation or other transaction which results in a change of ownership or control of Contractor; (iv) any assignment by operation of law, including insolvency or bankruptcy, an assignment for the benefit of creditors, a 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 (v) any combination of the foregoing (whether or not in related or contemporaneous transactions) which has the effect of any such transfer or change of ownership, or change of control of Contractor.

16.02.C Consent Requirements. If Contractor requests City's consideration of and consent to an assignment, City may deny or approve such request in its complete discretion. No request by Contractor for consent to an assignment need be considered by City unless and until Contractor has met the following requirements:

16.02.C.1 Contractor shall undertake to pay City its reasonable expenses for consultants, attorneys' fees and investigation costs necessary to investigate the suitability

of any proposed assignee, and to review and finalize any documentation required as a condition for approving any such assignment;

16.02.C.2 Contractor shall furnish City with audited financial statements of all of the proposed assignee's operations for the immediately preceding three (3) operating years;

16.02.C.3 Contractor shall furnish City with satisfactory proof: (i) that the proposed assignee has at least ten (10) years of solid waste/recycling collection and management experience on a scale equal to or exceeding the scale of operations conducted by Contractor; (ii) that in the last five (5) years, the proposed assignee has not been the subject of any administrative or judicial proceedings initiated by a federal, state or local agency having jurisdiction over its operations due to an alleged failure to comply with federal, state or local laws or that the proposed assignee has provided City with a complete list of such proceedings and their status; (iii) that the proposed assignee conducts its operations in a safe and environmentally conscientious manner, in accordance with sound solid waste and recycling management practices in full compliance with all federal, state and local laws regulating the Collection and Disposal of MSW, Recyclable Materials, Food Scraps, Yard Trimmings and Construction and Demolition Debris and all Environmental Laws; and (iv) of any other information required by City to ensure the proposed assignee can fulfill the terms of this Agreement in a timely, safe and effective manner.

16.03 Subcontracting. Contractor shall not engage any subcontractors to perform any of the services required of it by this Agreement without the prior written consent of City.

Contractor shall notify the City no later than ninety (90) days prior to the date on which it proposes to enter into a subcontract. City may approve or deny any such request in its sole discretion.

Contractor may, in cases of emergency, engage subcontractors for up to seven (7) consecutive calendar days. Contractor shall give prompt notice to City of any such emergency subcontracting and any such engagement must be approved by City in writing if it is to extend beyond seven (7) calendar days, or if Contractor wishes to renew it after an interval of less than thirty (30) calendar days.

16.04 No Affiliated Entity. Contractor will not form or use any Affiliated Entity to perform any of the services or activities which Contractor is required or allowed to perform under this Agreement, other than as a subcontractor approved by City under Section 16.03.

16.05 Contractor's Investigation; No Warranties by City. Contractor has made an independent investigation, satisfactory to it, of the conditions and circumstances surrounding the Agreement and the work to be performed by it, and the Recycling, Source Reduction and other Diversion programs now in effect in the City.

Contractor has carefully reviewed the information in the Request for Proposals and Addenda, if any, and the Source Reduction and Recycling Element adopted by the City under the Act.

While City believes that the information contained in the Request for Proposals and any Addenda is substantially correct, City makes no warranties in connection with this Agreement, including but not limited to the accuracy or completeness of the information contained in the Request for Proposals and Addenda Numbers 1, 2 and 3.

The City also expressly disclaims any warranties, either express or implied, as to the merchantability or fitness for any particular purpose of Recyclable Materials, Yard Trimmings, Wood, Food Scraps, Construction and Demolition Debris and all other materials to be Collected pursuant to this Agreement.

16.06 Notice. All notices, demands, requests, proposals, approvals, consents and other communications which this Agreement requires, authorizes or contemplates shall, except as provided in Section 15.02, be in writing and shall either be personally delivered to a representative of the parties at the address below or be deposited in the United States mail, first class postage prepaid (certified mail, return receipt requested), addressed as follows:

If to City: City Manager
 City of Laguna Beach
 505 Forest Avenue
 Laguna Beach, California 92651

with a copy to the Laguna Beach City Attorney at the same address

If to Contractor: CR&R Incorporated
 11292 Western Avenue
 Stanton, California 90680
 Attn: Julie Barreda, Senior Vice President

A notice given in accordance with this Section may change the address to which communications may be delivered from time to time.

16.07 Representatives of the Parties.

16.07.A Representatives of City. References in this Agreement to “City” shall mean the Laguna Beach City Council and all actions to be taken by City shall be taken by the City Council except as provided below. The City Council may delegate, in writing, authority to the City Manager, and/or to other City officials and may permit such officials, in turn, to delegate in writing some or all of such authority to subordinate officers. Contractor may rely upon actions taken by such delegates if they are within the scope of the authority properly delegated to them.

16.07.B Representative of Contractor. Contractor shall, by the Effective Date, designate in writing a responsible officer who shall serve as the representative of Contractor (“Contractor Representative”) in all matters related to the Agreement and shall inform City in writing of such designation and of any limitations upon his or her authority to bind Contractor. City may rely upon action taken by such designated representative as actions of Contractor unless they are outside the scope of the authority delegated to him/her by Contractor as communicated to City.

16.08 Right to Inspect Contractor Operations. City shall have the right, but not the obligation, to observe and inspect all of the Contractor’s operations under this Agreement. In addition, upon reasonable notice and without interference with Contractor’s operations, City may review and copy any of Contractor’s operational and business records related to this Agreement. If City so requests, Contractor shall make specified personnel

available to accompany City employees on inspections and shall provide electronic copies of records stored in electronic media.

16.09 Maintenance and Review of Records, Submission of Reports. Contractor shall compile, on a daily basis, accurate records of its operations in sufficient detail to allow for accurate determinations of all matters that require periodic determination under this Agreement. City shall have the right during regular business hours to review and make copies of (at City's expense) any documents relevant to this Agreement, including, but not limited to, Contractor's billing and collection records, tonnage reports, diversion records, weight tickets, route lists, maps and records maintained in electronic, magnetic and other media.

Contractor shall prepare and submit complete, accurate and timely reports on forms provided or approved by City as described in Attachment K.

16.10 Right to Demand Assurances of Performance. If Contractor: (i) persistently suffers the imposition of liquidated damages under Section 15.09; (ii) is the subject of any labor unrest including work stoppage or slowdown, sickout, picketing or other concerted job action; (iii) appears in the reasonable judgment of City to be unable to regularly pay its bills as they become due; or (iv) is the subject of a civil or criminal proceeding brought by a federal, state, regional or local agency for violation of an Environmental Law, City may, at its option and in addition to all other remedies it may have, demand from

Contractor reasonable assurances of timely and proper performance of this Agreement, in such form and substance as the City may require.

16.11 Contractor Designated As City's Authorized Recycling Agent. Pursuant to Public Resources Code Section 40105 and California Code of Regulations Title 14, Division 2, Chapter 5, Subchapter 8, City designates Contractor as City's "Authorized Recycling Agent" for purposes of receiving payments for Contractor-Collected Recyclable Materials including but not limited to California Redemption Value payments.

16.12 Force Majeure. Contractor shall not be in default of its obligations under this Agreement in the event, and for so long as, it is impossible or extremely impracticable for it to perform its obligations due to an "act of God" (including, but not limited to, flood, earthquake or other catastrophic events), war, insurrection, riot, or other similar cause not the fault of, and beyond the reasonable control of, the party claiming excuse (each, a "Force Majeure event"). The following are not force majeure events: epidemics, labor unrest, picketing, strikes, work stoppage or slowdown, sickouts or other concerted job actions. A party claiming excuse under this Section must (1) have taken reasonable precautions, if possible, to avoid being affected by the cause, and (2) notify the other party in writing within five (5) calendar days after the occurrence of the event specifying the nature of the event, the expected length of time that the party expects to be prevented from performing, and the steps which the party intends to take to restore its ability to

perform. The party claiming excuse under this Section shall use its best efforts to remedy its inability to perform as quickly as possible.

16.12.A Force Majeure. Contractor shall not be excused from the performance of its obligations under this Agreement except where Contractor's failure to perform is due to a Force Majeure event, as defined in this Agreement.

16.12.B Obligation to Restore Ability to Perform. Any suspension of performance by Contractor pursuant to this Section shall be only to the extent, and for a period of no longer duration than, required by the nature of the event. In the event Contractor claims excuse from any of Contractor's obligations in this Agreement, Contractor shall use its best efforts in an expeditious manner to remedy its inability to perform, and mitigate damages that may occur as result of the event.

16.12.C Notice. Contractor shall deliver to City a written notice of intent to claim excuse from performance under this Agreement by reason of a Force Majeure event. Notice required by this Section shall be given promptly in light of the circumstances, but in any event not later than five (5) calendar days after the occurrence of the Force Majeure event. Such notice shall describe in detail the claimed Force Majeure event, the services impacted by the claimed Force Majeure event, the expected length of time that Contractor expects to be prevented from performing, the steps which Contractor intends to take to restore its ability to perform, and such other information as the City reasonably requests.

16.12.D City's Rights in the Event of Force Majeure. The partial or complete interruption or discontinuance of Contractor's services caused by a Force Majeure event shall not constitute an event of default under this Agreement. Notwithstanding the

foregoing: (i) the City shall have the right to make use of Contractor's facilities and equipment in accordance with Sections 15.04 and 15.06 of this Agreement in the event Contractor is unable to collect and dispose of MSW as required herein and such non-performance is excused by a Force Majeure event; (ii) if Contractor's excuse from performance for reason of Force Majeure continues for a period of thirty (30) calendar days or more, the City shall have the right, in its sole discretion, to immediately terminate this Agreement; and (iii) if Contractor's inability to collect and dispose of MSW continues for fourteen (14) days or more from the date by which Contractor gave or should have given notice under Subsection C above, the City may terminate this Agreement.

16.13 Cooperation During Transition. At the expiration or earlier termination of the Term, Contractor shall cooperate fully with the City to ensure an orderly transition to any and all new service providers. In addition, during the last twelve (12) months of the Term, Contractor shall allow prospective operators to observe its operations and shall make available to City all records and reports required to be submitted by this Agreement for use in the transition including, but to limited to, complete route lists and maps, customer account lists including customer name, address, type and frequency of service, billing information, and number, type and location of all Containers deployed by Contractor within City.

16.14 No Damages for Invalidity of Agreement. If a final judgment of a court of competent jurisdiction determines that this Agreement, or any portion thereof, is illegal or

was unlawfully entered into by the City, neither party shall have any claim against the other for damages of any kind (including but not limited to loss of profits) on any theory.

16.15 Diversion Programs Not Restricted. Nothing in this Agreement shall restrict City's participation or non-participation, or the nature or extent of its participation in, any Recycling and Diversion program(s), developed or operated by City, other agencies, or by one or more residents, businesses, commercial, industrial or retail operators, or other Persons, within City or other jurisdictions.

16.16 Reports as Public Records. The reports, records and other information submitted (or required to be submitted) by Contractor to City are public records within the meaning of that term in the California Public Records Act, Government Code Section 6250 *et seq.* Unless a particular record is exempted from disclosure by the California Public Records Act, it must be disclosed to the public by the City upon request.

ARTICLE 17: MISCELLANEOUS PROVISIONS

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

17.02 Jurisdiction. Any lawsuits between the parties arising out of this Agreement shall be brought and concluded in the courts of 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 Orange County and the exclusive venue is the Superior Court located in Orange County.

17.03 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.

17.04 Parties in Interest. Nothing in this Agreement is intended to confer any rights on any Persons other than the parties to it and their permitted successors and assigns.

17.05 Waiver. The waiver by either party of any breach or violation of any provisions of this Agreement shall not be deemed to be a waiver of any breach or violation of any other provision nor of any subsequent breach or violation of the same or any other provision. The subsequent acceptance by either party of any monies that become due hereunder

shall not be deemed to be a waiver of any pre-existing or concurrent breach or violation by the other party of any provision of this Agreement.

17.06 Attachments. Each of the attachments, identified as Attachments "A" through "KK" is attached hereto and incorporated herein and made a part hereof by this reference.

17.07 Entire Agreement. This Agreement, including the Attachments, represents the full and entire agreement between the parties with respect to the matters covered herein and supersedes all prior negotiations and agreements, either written or oral.

17.08 Section Headings. The article headings 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.

17.09 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.

17.10 Amendment. This Agreement may not be modified or amended in any respect except by a writing signed by the parties.

17.11 Severability. If a court of competent jurisdiction holds any non-material provision of this Agreement to be invalid and unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Agreement which

shall be enforced as if such invalid or unenforceable provision had not been contained herein.

17.12 Costs and Attorneys' Fees. The prevailing party in any action brought to enforce the terms of this Agreement or arising out of this Agreement may recover its reasonable costs expended in connection with such an action from the other party.

17.13 References to Laws. All references in this Agreement to laws, rules, and regulations shall be understood to include such laws, rules, and regulations as they may be subsequently amended or re-codified, unless otherwise specifically provided. In addition, references to specific governmental agencies shall be understood to include agencies that succeed to or assume the functions they are currently performing.

17.14 City's Municipal Code. Contractor is aware of the provisions of City's Municipal Code relating to the Collection and Disposal of solid waste, specifically Chapter 7.16 of the Laguna Beach Municipal Code, including the right of City to amend those provisions. Contractor shall comply with all provisions of Chapter 7.16 as they may be amended.

City may, in its sole discretion, determine whether and in what circumstances enforcement of provisions of the City's Municipal Code relating to the obligation of owners and occupants of Premises to use the services of Contractor is in the public interest. City undertakes no obligation, by virtue of this Agreement, to Contractor to enforce such provisions through civil actions, or termination of other utility services provided by City.

17.15 Non-Discrimination. Contractor shall not discriminate, nor permit any City-approved subcontractor to discriminate, in the provision of services or the employment of Persons engaged in the performance of this Agreement on account of race, color, religion,

sex, age, national origin, ancestry, physical handicap, sexual orientation, marital status or medical condition in violation of any applicable federal, state or local law.

17.16 Guaranty. No later than ten (10) days before the Effective Date of this Agreement, Contractor shall furnish a properly executed Guaranty of its performance under this Agreement, in the form shown on Attachment Z.

This Agreement, consisting of one hundred eighty-nine (189) pages, not including Attachments A through KK shall be executed in two (2) originals.

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

CONTRACTOR

By: 
Clifford R. Ronnenberg, Chairman
and Chief Executive Officer

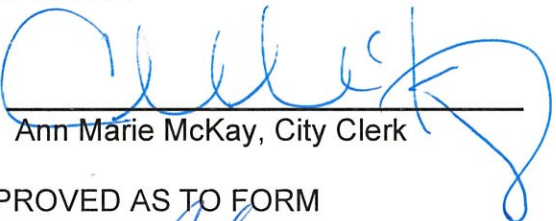
By: 
David Ronnenberg, President

CITY OF LAGUNA BEACH


By: 
MM Shohreh Dupuis, City Manager

ATTEST:

CITY CLERK

By: 
Ann Marie McKay, City Clerk

APPROVED AS TO FORM

By: 
Patrick Munoz, City Attorney

