

April 1, 2022

Mr. Douglas Krauss, Environmental Programs Manager
City of Hermosa Beach
1315 Valley Drive, Hermosa Beach, CA 90254
submitted via email: dkrauss@hermosabeach.gov

Subject: Report on Solid Waste Market and Services Analysis

Dear Mr. Krauss,

R3 Consulting Group, Inc. (R3) is pleased to submit this report to the City of Hermosa Beach (City) regarding our analysis of the proposal the City received from Athens Services (Athens) to extend its Agreement for Integrated Solid Waste Management Services (Agreement). In conjunction with our analysis of Athens' proposal, R3 also analyzed Athens' current and projected revenues and expenses associated with its business operations in the City and compared current and projected solid waste rates to other cities in the South Bay region.

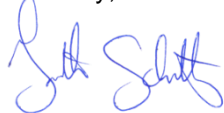
Based on our analysis, we find no reason why the City should not consider negotiating an extension with Athens. The City's solid waste rates are low compared to others in the region, with the City's residential rates being the overall lowest in the South Bay. As a likely result of these low rates, Athens' operations in the City in 2020 and 2021 operated at a loss, with revenues not covering the cost of providing services nor a reasonable profit.

Athens' proposal to extend the Agreement term, provide SB 1383 organics collection and associated services, and increase rates appears to be reasonable. Even after the proposed rate increases over three to five years, and given modest assumptions about how rates in the rest of the South Bay region will increase over time, the City's residential rates are likely to remain below the average of other South Bay cities. Moreover, our analysis indicates that Athens' proposed rate increases would achieve an appropriate level of reasonable operating profit within three to five years while also providing funding for new SB 1383 programs and new payments to the City.

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Thank you for this opportunity to support the City. As you proceed to review this report, we are happy to meet with you via Zoom to discuss its contents and consider revisions, after which we will provide a final report. We also remain contracted and available to support the City as needed in next steps that may include review of a revised proposal from Athens, additional or in person meetings, and support in extension negotiations with Athens. Should you have questions regarding this report or need additional information, please don't hesitate to contact me.

Sincerely,



Garth Schultz | *President*

R3 Consulting Group, Inc.

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Section 1 | Executive Summary

Athens has proposed three options for extending its Agreement with the City for Integrated Solid Waste Management Services, all of which would include provision of services to aid the City's compliance with State Law SB 1383, modification of diversion requirements, and a revision to the annual rate increase methodology. The three options vary only with respect to length of extension, amount and schedule for rate increases, and payments to the City. R3 analyzed Athens current rates, recent financial outcomes, and the projected effects of extension and increases to the City's rates in comparison to other South Bay cities.

The City's residential solid waste rates are currently the lowest in the region, 20%-41% lower than the average of other South Bay cities. Commercial bundled rates (inclusive of garbage, recycling and organic waste) are 8% to 14% below the regional average. As a likely result of these low rates, Athens reports that its expenses exceed revenues for its operations in the City, meaning that current rates do not cover the cost of providing service, with Athens not earning a profit in its City operations.

If the City were to accept any one of Athens' three proposed extension options, residential rates over the next five years are projected to remain 13% to 36% below the average of other South Bay cities. Commercial bundled rates are projected to remain within the normal market expectation for such services, but with comparison to other agencies being difficult to predict due to regulatory changes, and the likelihood that other cities have not yet addressed the requirements of SB 1383. Projections of Athens' future profit achievement via extension and rate increase indicate that that Athens would not begin to earn a profit via its operations in the City until FY 2024-25 at the earliest, and that the resultant profit margins would be within industry norms.

We find no reason why the City should not proceed to negotiate an extension with Athens. With SB 1383 having taken effect January 1, 2022, the City needs to make immediate arrangements to provide organic waste collection services to all solid waste customers, while also securing other SB 1383 programs and services such as those listed in Athens' proposal. Moreover, with the current Agreement being set to expire on June 30, 2023, the City needs to make arrangements for ongoing solid waste management services beyond that date. Given that the City's current rates are very low and are projected to remain comparatively low into the future and given that the City seems to be satisfied with Athens' services and performance, it makes good sense for the City to consider negotiating an extension to the current Agreement.

If extension negotiations are not successful, the City may still proceed to a competitive procurement process for a new solid waste services agreement. However, to protect its interests, we recommend that the City consider securing an option for triggering an up to one-year extension (through June 30, 2024) with Athens at the outset of negotiations. This would be a security measure that would allow the City sufficient time to conduct a competitive procurement process and transition to a new provider, if necessary, upon the conclusion of negotiations.

Section 2 | Cost of Service Analysis

R3 conducted an analysis of Athens' current rate and other revenues in relation to the cost of providing current services. The analysis took into consideration Athens' revenues resulting from current rates charged to City customers and provides a comparison of Athens' operating costs with revenues from City operations.

The analysis covered calendar years (CY) 2020 and 2021 and is based on information contained in Athens' Annual Reports for Fiscal Year (FY) 2019-20 and FY 2020-21 as well as Athens' representations of: total gross revenues; maintenance and street sweeping revenues and expenses (pursuant to a separate contract between the City and Athens); general and administrative (G&A) expenses; contract and franchise fees and payments to the City; and its net income from City operations in both years.

Verification of these figures was beyond the scope of R3's engagement for this analysis, and thus our analysis did not include any verification of figures included in the Annual Reports or Athens' representation of its financial statements for City operations. As a result, all Athens' reported figures were assumed to be true and accurate.

Using these sources of information, R3 prepared estimates and a comparison of gross revenues and expenses for CYs 2020 and 2021. Estimated gross revenues were based on totals provided by Athens', as well as CY annualized residential, commercial and roll-off revenues reported in FY Annual Reports. Estimated expenses were based on overall net income as reported by Athens, as well as rounded figures for maintenance and street sweeping, G&A, and City fees and payments presented by Athens based on its financial statements for City operations.

According to our analysis, Athens incurred a net loss in CY 2020 and CY 2021. As a result of our analysis, we can conclude that current rate revenues in the City are not sufficient to cover Athens' cost of operations, and that in CY 2020 and 2021, Athens made no profit on its City operations.

Section 3 | South Bay Market Comparison

R3 conducted an analysis comparing Athens' rates in the City with other cities in the South Bay region. This analysis compares current rates for FY 2021-22 to other publicly available rates for comparative cities. Our analysis does not make adjustments for differences in agency fees and payments, contract terms and conditions, services provided to the agencies, or other factors that may otherwise result in differences in rates between agencies.

Table 1 below shows that the City's current residential rates are lower than all other comparison cities in the South Bay, with the City's rates being \$2.80 to \$10.73 less per month than the average (not including the City's low rates). For the City's 64-gallon residential rate (to which 58% of residents are subscribed) the rates are 39% less than average.

Table 1: Comparison of Residential FY 2021-22 Rates for South Bay Cities

	20-gal	32/35-gal	64-gal	96-gal
Hermosa Beach	\$ 11.21	\$ 12.37	\$ 17.04	\$ 21.68
Inglewood	N/A	N/A	17.46	N/A
Manhattan Beach	14.01	14.01	18.83	22.37
Redondo Beach	N/A	N/A	22.72	N/A
Hawthorne	N/A	20.45	23.87	27.71
Lawndale	N/A	23.09	27.45	31.80
Rancho Palos Verdes	N/A	26.06	33.54	40.99
Torrance	N/A	N/A	34.10	35.31
Culver City	N/A	N/A	44.21	N/A
Average without Hermosa Beach	14.01	20.90	27.77	31.64
Hermosa Beach Over (Under) Average	(2.80)	(8.53)	(10.73)	(9.96)
Percent Over (Under) Average	(20%)	(41%)	(39%)	(31%)

Likewise, for commercial bundled services inclusive of garbage, recycling, and organic waste, the City's rates are also lower than average, and lowest or nearly lowest for the commercial bundled rate services that we analyzed. As shown in Table 2 on the following page, bundled commercial rates are 8% to 15% lower than the average of other South Bay cities, ranging from \$12.48 to \$33.08 per month cheaper than

the average. It should be noted that rates in Torrance and Rancho Palos Verdes are set based on open market and are thus not available for the purposes of this comparison.

Table 2: Comparison of Commercial FY 2021-22 Rates for South Bay Cities

	1 CY 1/week Garbage; 96-gallon Recycling; 96-gallon Organics	3 CY 1/week Garbage; 96- gallon Recycling; 96-gallon Organics	1 CY 1/week Garbage; 1 CY 1/week Recycling; 96-gallon Organics	3 CY 1/week Garbage; 1 CY 1/week Recycling; 96-gallon Organics
Hermosa Beach	\$139.73	\$198.91	\$148.35	\$207.53
Inglewood	N/A	189.72	189.72	N/A
Culver City	N/A	204.55	N/A	204.55
Manhattan Beach	N/A	219.79	N/A	273.33
Lawndale	148.62	220.40	148.62	220.40
Hawthorne	155.80	235.73	182.20	262.13
Redondo Beach	N/A	242.64	N/A	242.64
Average without Hermosa Beach	152.21	218.81	173.51	240.61
Hermosa Beach Over (Under) Average	(12.48)	(19.90)	(25.16)	(33.08)
Percent Over (Under) Average	(8%)	(9%)	(15%)	(14%)

Section 4 | Proposal Analysis

Rate Analysis

With the findings that Athens' current rates are generally lowest amongst the South Bay cities and are not sufficient to cover the costs of providing services for the City, R3 analyzed Athens' proposed rates pursuant to the increases included in its extension proposal. That analysis found that, via all three of the proposed extension options, Athens' residential rates would remain below the average compared to the other South Bay cities.

This analysis assumes that rates in the other cities (with the exception of Redondo Beach, for which Athens has provide known increases) would increase annually by 4% to 5%. These are conservative annual escalators to account for known rate adjustment terms in agreements between those cities and their service providers, as well as modest expectations for the impacts of inflation. It is possible that rates in the other cities will increase more than we have assumed here; however, for the purposes of this analysis, our conservative assumptions still yield positive finding with respect to projected comparison of the City's rates.

Table 3 on the following page demonstrates the known impact of Athens' proposed options on 64-gallon residential rates compared to estimated rates for the other South Bay cities for the next five years (and with Redondo Beach rates also being actual per Athens, not estimated). As shown in the table, the City's rates would remain 12% to 35% below the average over the next five years, depending on the option.

Table 3: Projection and Comparison of 64-gallon Residential Rates Over Five Years

	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27
Inglewood	\$18.16	\$18.88	\$19.64	\$20.43	\$21.24
Manhattan Beach	19.77	20.76	21.80	22.89	24.03
Hawthorne	24.82	25.82	26.85	27.92	29.04
Hermosa Beach (A/B)	20.15	23.83	28.19	29.17	30.18
Hermosa Beach (C)	19.14	21.50	24.16	27.14	30.51
Redondo Beach	25.48	28.16	29.14	30.16	31.22
Lawndale	28.55	29.69	30.88	32.11	33.40
Rancho Palos Verdes	34.88	36.28	37.73	39.24	40.81
Torrance	35.46	36.88	38.36	39.89	41.49
Culver City	48.63	53.49	54.83	56.20	56.20
Average without Hermosa Beach	29.47	31.25	32.40	33.61	34.68
Hermosa Beach Over (Under) Average (A/B)	(9.32)	(7.42)	(4.21)	(4.44)	(4.50)
Percent Over (Under) Average	(32%)	(24%)	(13%)	(13%)	(13%)
Hermosa Beach Over (Under) Average (C)	(10.33)	(9.75)	(8.25)	(6.46)	(4.17)
Percent Over (Under) Average	(35%)	(31%)	(25%)	(19%)	(12%)

We should note that it is not clear whether other agencies in the South Bay region are fully prepared to meet the requirements of SB 1383 (with the exception of Redondo Beach, which Athens reports is prepared for SB 1383). Given this uncertainty, we have not forecasted increases in rates to account for the impacts of SB 1383, though such impacts may be reflected in comparative rates in the future; if this becomes the case, then the City's rates will compare even more favorably than shown in Table 3.

Rates for bundled commercial service would also likely follow trends similar to residential rates, though with less overall ability for estimation and projection given the likelihood that commercial rates in other South Bay cities will change in response to SB 1383's regulatory requirements. As such, we have not prepared a table comparing bundled commercial rates for the coming five years, as we find that such an analysis would be of little benefit and potentially misleading (because commercial rate structures vary from agency to agency and are expected to change significantly in the coming years with the onset of new fully bundled commercial rates). Full details regarding our analysis and comparison and projections of rates in the South Bay are included as Attachment 1 to this report.

Analysis of Proposed Agreement Terms

As previously noted in this report, all three of Athens's proposed extension options include:

- New programs and services to support the City's compliance with SB 1383, including organic waste collection from all customers as well as provision of route contamination audits, site visits, reporting, and waste characterizations.
- Modification of the diversion requirement in the Agreement from an expectation of 50% diversion of collected tonnages to meeting CalRecycle's requirements pursuant to AB 939.
- Modification of the annual rate adjustment formula to "Trash CPI+1%".

The only differences between the proposals are length of extension term and type and amounts of payments to the City. R3 analyzed the terms of Athens' proposed terms and conditions, and the three options, with findings presented below.

SB 1383 Programs and Services

With respect to the SB 1383 programs and services being proposed by Athens, we find that the general description and Athens' projected costs for those programs and services are appropriate given our experience working with other agencies and the general trends in the Los Angeles area solid waste marketplace. However, if the City decides to proceed to negotiate an extension with Athens, greater detail will be needed regarding the specific SB 1383 programs and services to be provided. Additionally, we recommend that these details include implementation of carts and containers that are compliant with the color and labelling requirements of SB 1383. We have provided an example of a contract amendment that contains such details as Attachment 2 to this report.

Modifications to the Diversion Requirement

Regarding Athens' proposal to modify the diversion requirement to align with the State's measurement of diversion under AB 939 (which we also understand would include measurement of per capita disposal per SB 1016), we can attest that such changes to the diversion requirements are common in today's solid waste marketplace. While the current requirement for Athens to divert (meaning recycle or compost) over 50% of the materials it collects is a good objective, the reality given recent trends in recycling (such as China's National Sword Policy and the resultant changes in acceptable recyclables materials in the marketplace) and packaging (wherein much of the new materials are truly not recyclable) is that even highly developed recycling program may not achieve 50% diversion of collected tonnages.

Agreement terms and conditions that would hold Athens accountable for the City's compliance with AB 939 and other laws are a reasonable substitute for the current diversion requirement; however, should the City proceed to negotiate an extension with Athens, we suggest that the modification to the diversion requirement include compliance with SB 1383, SB 1016, and other relevant State solid waste laws, in addition to AB 939. Additionally, the City may wish to seek indemnity for compliance with these terms.

Modification to the Annual Rate Adjustment Formula

Athens has proposed to change the annual adjustment formula in the Agreement to "Trash CPI+1%". While the specific Trash CPI to be used to meet this proposed has yet to be identified, use of a "Water/Sewer/Trash" (WST) CPI published by the Bureau of Labor Statistics (BLS) is becoming commonplace in solid waste agreements. Such CPIs have historically yielded somewhat higher calculations of annual rate adjustment than a standard CPI or RRI (Refuse Rate Index) such as the one in the City's current Agreement; however, public agencies that have agreed to the WST CPI have generally recognized that the labor, fuel and capital-intensive nature of solid waste collection operations have often yielded increases in costs that exceed standard CPI.

With the likely effects of economic inflation looming on the horizon, it is not clear whether use of a "Trash CPI" +1% is going to be higher or lower than use of the current annual rate adjustment formula. Given projections of lower-than-average rates over the coming five years, we can conclude that application of a "Trash CPI" +1% will not likely result in City rates that approach or exceed the average rates in the South Bay region. However, there is a likely risk of higher-than-normal rate increases in the coming several years by using a "Trash CPI" +1% because of the prospects of inflation.

Analysis of Options

The three extension options proposed by Athens vary by term length and type and amounts of new payments to the City. Via Option A, the length of the Agreement would be extended by 10-years and would include a one-time payment of \$100,000 to the City. This is the overall simplest option available to the City, with the shortest extension term length.

Via Option B, the length of the Agreement would be extended by 10-years plus a 5-year extension subject to being in compliance with the Agreement (effectively a 15-year agreement). This option would transition the length to an annual renewable term if rates are within 10% of industry standard, would include one-time payments (or expenses) of \$50,000, and would also include \$20,000 in annual payments or new

services to the City. This option would yield higher commercial rate increases than Option A (residential rates for the two options are identical) and would also consequently result in a slightly higher projected profit to the company. Importantly, as proposed, this option would commit the City to a future annually renewable term Agreement if rates are within the 10% of industry standard as noted above, leaving no apparent discretion for the City to approve or deny such a change.

Via Option C, the length of the Agreement would be extended by 10-years, and subject to a 10-year rolling annually renewable term thereafter. The City would also receive a one-time payment of \$200,000. The City would have the opportunity to cancel the annually renewable term after the first five years of extension (meaning the minimum term would be 15-years) but would waive its right to 3% of its 10% franchise fee if the option to cancel the renewable term is triggered. This option yields the overall lowest of rate increases in the near term, although residential rates at the end of five years via this option are projected to be higher than the rates that would be realized via Options A or B.

Financial Projections for Proposed Options

Using Athens' proposed rate increases by option, and Athens' reported SB 1383 expenses and City payments, R3 prepared estimated projections of future operating revenues and expenses for Athens' operations in the City through FY 2026-27. Overall, based on our analysis, we conclude that the proposed rate adjustments, SB 1383 expenses, and payments to the City are reasonable within the context of the resultant rates and the resultant likely profit to the company, which we find to be in keeping with industry standard (namely within an 87-92% operating margin of eligible operating expenses). Our analysis found that Option A returned an operating margin of approximately 89% in starting in FY 2024-25, Option B returned 88% (yielding slightly more profit) also in FY 2024-25. Prior to FY 2024-25 for both options, estimated projections show Athens continuing to operate at a net loss for operations in the City. Option C, which has a lower overall increase, returned an operating margin of 92% starting in FY 2026-27, for the lowest overall near-term profit achievement. Via Option C, Athens would continue to operate at a projected loss through FY 2025-26.

Section 5 | Regional Market Trends

R3 has been working in the Los Angeles area and broader California solid waste marketplace for nearly 20 years. In the last three years, we have conducted nine competitive procurements in the southern California marketplace and supported many cities in pursuit of SB 1383 compliance. From that experience, we have developed a keen sense of the trends in solid waste agreements, including best practices in how solid waste agreements have address changes in the industry related to regulatory changes such as SB 1383, the impacts of China's National Sword Policy, changes in post-collection recycling and organics processing markets, changes in the labor and capital markets, and more. From our recent experiences, we can report that:

- Competition for solid waste agreements in the Los Angeles area marketplace is strong.
- In general, rate increases related to SB 1383 have been low, and largely result of longer-term extensions (such as those proposed by Athens).
- Extensions to agreements are often associated with large financial incentive payments to cities.
- Amended agreements typically provide full compliance with SB 1383's cart color and labelling requirements, outreach and education, contamination monitoring and tracking, and associated reporting.
- Rate increases for commercial customers are generally higher than those for residential ratepayers.
- Revisions to prior diversion standards are commonplace, moving away from percentage diversion requirements and towards commitments to deliver all recyclable and organic materials to permitted recovery facilities.
- Access to organic waste processing facilities is limited and therefore highly competitive.
- Annual rate adjustments are trending towards use of CPI or WST with annual caps on rate adjustments.

FY 2021-22 Rates				
	20-gal	32/35-gal	64-gal	96-gal
Hermosa Beach (Current)	\$ 11.21	\$ 12.37	\$ 17.04	\$ 21.68
Manhattan Beach	\$ 14.01	\$ 14.01	\$ 18.83	\$ 22.37
Redondo Beach	N/A	N/A	\$ 22.72	N/A
Hawthorne	N/A	\$ 20.45	\$ 23.87	\$ 27.71
Torrance	N/A	N/A	\$ 34.10	\$ 35.31
Lawndale	N/A	\$ 23.09	\$ 27.45	\$ 31.80
Culver City	N/A	N/A	\$ 44.21	N/A
Inglewood	N/A	N/A	\$ 17.46	N/A
Rancho Palos Verdes	N/A	\$ 26.06	\$ 33.54	\$ 40.99
All City Average	\$ 12.61	\$ 19.20	\$ 26.58	\$ 29.98
Average without Hermosa Beach	\$ 14.01	\$ 20.90	\$ 27.77	\$ 31.64
Hermosa Beach Over (Under) Average	\$ (2.80)	\$ (8.53)	\$ (10.73)	\$ (9.96)
	-20%	-41%	-39%	-31%
Hermosa Beach (A)	\$ 13.25	\$ 14.62	\$ 20.15	\$ 25.69
Over (Under) Average	\$ (0.76)	\$ (6.28)	\$ (7.63)	\$ (5.95)
	-5%	-30%	-27%	-19%
Hermosa Beach (B)	\$ 13.25	\$ 14.62	\$ 20.15	\$ 25.69
	\$ (0.76)	\$ (6.28)	\$ (7.63)	\$ (5.95)
	-5%	-30%	-27%	-19%
Hermosa Beach (C)	\$ 12.59	\$ 13.89	\$ 19.14	\$ 24.39
	\$ (1.42)	\$ (7.01)	\$ (8.63)	\$ (7.25)
	-10%	-34%	-31%	-23%
	20-gal	32/35-gal	64-gal	96-gal
Percentage Subscribers in Hermosa Beach	1%	34%	58%	8%

5-Year Rate Projections - 32/35-Gal					
	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27
Manhattan Beach	\$ 14.71	\$ 15.45	\$ 16.22	\$ 17.03	\$ 17.88
Hermosa Beach (A/B)	\$ 14.62	\$ 17.30	\$ 20.46	\$ 21.17	\$ 21.91
Hermosa Beach (C)	\$ 13.89	\$ 15.61	\$ 17.54	\$ 19.71	\$ 22.15
Hawthorne	\$ 21.27	\$ 22.12	\$ 23.00	\$ 23.92	\$ 24.88
Lawndale	\$ 24.01	\$ 24.97	\$ 25.97	\$ 27.01	\$ 28.09
Rancho Palos Verdes	\$ 27.10	\$ 28.19	\$ 29.31	\$ 30.49	\$ 31.71
Average without Hermosa Beach	\$ 21.77	\$ 22.68	\$ 23.63	\$ 24.61	\$ 25.64
Hermosa Beach Over (Under) Average (A/B)	\$ (7.15)	\$ (5.38)	\$ (3.16)	\$ (3.44)	\$ (3.73)
	-33%	-24%	-13%	-14%	-15%
Hermosa Beach Over (Under) Average (C)	\$ (7.88)	\$ (7.07)	\$ (6.09)	\$ (4.91)	\$ (3.49)
	-36%	-31%	-26%	-20%	-14%

5-Year Rate Projections - 64-Gal					
	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27
Inglewood	\$ 18.16	\$ 18.88	\$ 19.64	\$ 20.43	\$ 21.24
Manhattan Beach	\$ 19.77	\$ 20.76	\$ 21.80	\$ 22.89	\$ 24.03
Hawthorne	\$ 24.82	\$ 25.82	\$ 26.85	\$ 27.92	\$ 29.04
Hermosa Beach (A/B)	\$ 20.15	\$ 23.83	\$ 28.19	\$ 29.17	\$ 30.18
Hermosa Beach (C)	\$ 19.14	\$ 21.50	\$ 24.16	\$ 27.14	\$ 30.51
Redondo Beach	\$ 25.48	\$ 28.16	\$ 29.14	\$ 30.16	\$ 31.22
Lawndale	\$ 28.55	\$ 29.69	\$ 30.88	\$ 32.11	\$ 33.40
Rancho Palos Verdes	\$ 34.88	\$ 36.28	\$ 37.73	\$ 39.24	\$ 40.81
Torrance	\$ 35.46	\$ 36.88	\$ 38.36	\$ 39.89	\$ 41.49
Culver City	\$ 48.63	\$ 53.49	\$ 54.83	\$ 56.20	\$ 56.20
Average without Hermosa Beach	\$ 29.47	\$ 31.25	\$ 32.40	\$ 33.61	\$ 34.68
Hermosa Beach Over (Under) Average (A/B)	\$ (9.32)	\$ (7.42)	\$ (4.21)	\$ (4.44)	\$ (4.50)
	-32%	-24%	-13%	-13%	-13%
Hermosa Beach Over (Under) Average (C)	\$ (10.33)	\$ (9.75)	\$ (8.25)	\$ (6.46)	\$ (4.17)
	-35%	-31%	-25%	-19%	-12%

This is a comparison to show the full monthly cost to commercial accounts that are subscribed to all three commodities

Jurisdiction	1 CY 1/week Garbage; 96 gallon Recycling; 96 gallon Organics	3 CY 1/week Garbage; 96 gallon Recycling; 96 gallon Organics	1 CY 1/week Garbage; 1 CY 1/week Recycling; 96 gallon Organics	3 CY 1/week Garbage; 1 CY 1/week Recycling; 96 gallon
Hermosa Beach	\$ 139.73	\$ 198.91	\$ 148.35	\$ 207.53
Manhattan Beach		\$ 219.79		\$ 273.33
Redondo Beach		\$ 242.64		\$ 242.64
Hawthorne	\$ 155.80	\$ 235.73	\$ 182.20	\$ 262.13
Torrance	Open Market	Open Market	Open Market	Open Market
Lawndale	\$ 148.62	\$ 220.40	\$ 148.62	\$ 220.40
Culver City		\$ 204.55		\$ 204.55
Inglewood		\$ 189.72	\$ 189.72	
Rancho Palos Verdes	Open Market	Open Market	Open Market	Open Market
Average without Hermosa Beach	\$ 152.21	\$ 218.81	\$ 173.51	\$ 240.61
Hermosa Beach	\$ 139.73	\$ 198.91	\$ 148.35	\$ 207.53
Hermosa Beach Over (Under) Average	\$ (12.48)	\$ (19.90)	\$ (25.16)	\$ (33.08)
	-8%	-9%	-15%	-14%

Please note that many of the jurisdictions did not have information on the organics rates available and they are therefore not included in jurisdictions where they could not be located

Residential Rate Projections

Estimated CPI 4.0%

Includes modest estimates for inflation

		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Notes
48	20 Gallon	Hermosa Beach (Option A)	\$11.21	\$13.25	\$15.67	\$18.54	\$19.19	\$19.85
		Hermosa Beach (Option B)	\$11.21	\$13.25	\$15.67	\$18.54	\$19.19	\$19.85
		Hermosa Beach (Option C)	\$11.21	\$12.59	\$14.14	\$15.89	\$17.86	\$20.07
		Manhattan Beach	\$14.01	\$14.71	\$15.45	\$16.22	\$17.03	\$17.88
		Redondo Beach	N/A	N/A	N/A	N/A	N/A	N/A
		Hawthorne	N/A	N/A	N/A	N/A	N/A	N/A
		Torrance	N/A	N/A	N/A	N/A	N/A	N/A
		Lawndale	N/A	N/A	N/A	N/A	N/A	N/A
		Culver City	N/A	N/A	N/A	N/A	N/A	N/A
		Inglewood	N/A	N/A	N/A	N/A	N/A	N/A
		Rancho Palos Verdes	N/A	N/A	N/A	N/A	N/A	N/A
1646	35 Gallon	Hermosa Beach (Option A)	\$12.37	\$14.62	\$17.30	\$20.46	\$21.17	\$21.91
		Hermosa Beach (Option B)	\$12.37	\$14.62	\$17.30	\$20.46	\$21.17	\$21.91
		Hermosa Beach (Option C)	\$12.37	\$13.89	\$15.61	\$17.54	\$19.71	\$22.15
		Manhattan Beach	\$14.01	\$14.71	\$15.45	\$16.22	\$17.03	\$17.88
		Redondo Beach	N/A	N/A	N/A	N/A	N/A	N/A
		Hawthorne	\$20.45	\$21.27	\$22.12	\$23.00	\$23.92	\$24.88
		Torrance	N/A	N/A	N/A	N/A	N/A	N/A
		Lawndale	\$23.09	\$24.01	\$24.97	\$25.97	\$27.01	\$28.09
		Culver City	N/A	N/A	N/A	N/A	N/A	N/A
		Inglewood	N/A	N/A	N/A	N/A	N/A	N/A
		Rancho Palos Verdes	\$26.06	\$27.10	\$28.19	\$29.31	\$30.49	\$31.71
2713	64 Gallon	Hermosa Beach (Option A)	\$17.04	\$20.15	\$23.83	\$28.19	\$29.17	\$30.18
		Hermosa Beach (Option B)	\$17.04	\$20.15	\$23.83	\$28.19	\$29.17	\$30.18
		Hermosa Beach (Option C)	\$17.04	\$19.14	\$21.50	\$24.16	\$27.14	\$30.51
		Manhattan Beach	\$18.83	\$19.77	\$20.76	\$21.80	\$22.89	\$24.03
		Redondo Beach (Option A)	\$22.72	\$25.48	\$28.16	\$29.14	\$30.16	\$31.22
		Redondo Beach (Option B)	\$22.72	\$25.48	\$28.16	\$29.14	\$30.16	\$31.22
		Redondo Beach (Option C)	\$22.72	\$25.48	\$28.16	\$29.14	\$30.16	\$31.22
		Hawthorne	\$23.87	\$24.82	\$25.82	\$26.85	\$27.92	\$29.04
		Torrance	\$34.10	\$35.46	\$36.88	\$38.36	\$39.89	\$41.49
		Lawndale	\$27.45	\$28.55	\$29.69	\$30.88	\$32.11	\$33.40
		Culver City	\$44.21	\$48.63	\$53.49	\$54.83	\$56.20	\$56.20
		Inglewood	\$17.46	\$18.16	\$18.88	\$19.64	\$20.43	\$21.24
		Rancho Palos Verdes	\$33.54	\$34.88	\$36.28	\$37.73	\$39.24	\$40.81
319	96 Gallon	Hermosa Beach (Option A)	\$21.68	\$25.69	\$30.44	\$36.08	\$37.52	\$39.02
		Hermosa Beach (Option B)	\$21.68	\$25.69	\$30.44	\$36.08	\$37.52	\$39.02
		Hermosa Beach (Option C)	\$21.68	\$24.39	\$27.44	\$30.87	\$34.73	\$39.07
		Manhattan Beach	\$22.37	\$23.49	\$24.66	\$25.90	\$27.19	\$28.55
		Redondo Beach	N/A	N/A	N/A	N/A	N/A	N/A
		Hawthorne	\$27.71	\$28.82	\$29.97	\$31.17	\$32.42	\$33.71
		Torrance	\$35.31	\$36.72	\$38.19	\$39.72	\$41.31	\$42.96
		Lawndale	\$31.80	\$33.07	\$34.39	\$35.77	\$37.20	\$38.69
		Culver City	N/A	N/A	N/A	N/A	N/A	N/A
		Inglewood	N/A	N/A	N/A	N/A	N/A	N/A
		Rancho Palos Verdes	\$40.99	\$42.63	\$44.33	\$46.11	\$47.95	\$49.87

Commercial Garbage Rate Projections

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Notes
Cart	Hermosa Beach (Option A)	\$75.03	\$91.41	\$111.36	\$135.67	\$140.42	\$145.34
	Hermosa Beach (Option B)	\$75.03	\$92.04	\$112.90	\$138.50	\$143.25	\$148.36
	Hermosa Beach (Option C)	\$75.03	\$84.78	\$95.81	\$108.26	\$122.33	\$138.24
	Manhattan Beach	\$75.14	\$78.50	\$82.84	\$86.98	\$91.33	\$95.50
	Redondo Beach (Option A)	\$96.91	\$118.87	\$143.84	\$175.24	\$181.37	\$187.72
	Redondo Beach (Option B)	\$96.91	\$118.88	\$145.83	\$178.89	\$185.15	\$191.63
	Redondo Beach (Option C)	\$96.91	\$109.51	\$123.74	\$139.83	\$158.01	\$178.55
	Hawthorne	\$45.73	\$47.33	\$48.99	\$50.70	\$52.48	\$54.31
	Torrance	Open Market					
	Lawndale	\$101.06	\$108.60	\$108.26	\$112.05	\$115.97	\$120.03
1 CY 1/Week	Culver City	\$36.87	\$40.56	\$44.61	\$45.73	\$46.87	\$48.77
	Inglewood						Planned Increase
	Rancho Palos Verdes	Open Market					
	Hermosa Beach (Option A)	\$102.49	\$124.86	\$152.12	\$185.33	\$191.82	\$198.53
	Hermosa Beach (Option B)	\$102.49	\$125.72	\$154.23	\$189.19	\$195.81	\$202.66
	Hermosa Beach (Option C)	\$102.49	\$115.81	\$130.87	\$147.88	\$167.11	\$188.83
	Manhattan Beach	Not Offered					
	Redondo Beach (Option A)	\$124.12	\$151.22	\$184.23	\$224.44	\$232.30	\$240.43
	Redondo Beach (Option B)	\$124.12	\$152.26	\$186.77	\$229.12	\$237.14	\$245.44
	Redondo Beach (Option C)	\$124.12	\$140.26	\$158.49	\$179.09	\$202.37	\$228.68
3 CY 3/Week	Hawthorne	\$51.57	\$84.53	\$87.49	\$90.55	\$93.72	\$97.00
	Torrance	Open Market					
	Lawndale	\$148.62	\$153.82	\$159.21	\$164.78	\$170.54	\$176.51
	Culver City	Not Offered					Planned Increase
	Inglewood						
	Rancho Palos Verdes	Open Market					
	Hermosa Beach (Option A)	\$207.60	\$252.92	\$308.13	\$375.40	\$388.54	\$402.13
	Hermosa Beach (Option B)	\$207.60	\$254.66	\$312.40	\$383.21	\$396.63	\$410.51
	Hermosa Beach (Option C)	\$207.60	\$234.59	\$265.09	\$299.55	\$338.49	\$382.49
	Manhattan Beach	Not Offered					5% cap
1 CY 1/Week	Redondo Beach (Option A)	\$360.12	\$448.78	\$534.51	\$651.19	\$673.99	\$697.57
	Redondo Beach (Option B)	\$360.12	\$441.76	\$541.91	\$664.76	\$688.02	\$713.10
	Redondo Beach (Option C)	\$360.12	\$406.94	\$465.84	\$518.62	\$587.17	\$663.50
	Hawthorne	\$241.45	\$249.90	\$258.65	\$267.70	\$277.07	\$286.77
	Torrance	Open Market					
	Lawndale	\$287.30	\$401.48	\$415.53	\$430.07	\$445.12	\$460.70
	Culver City	Not Offered					Planned Increase
	Inglewood						
	Rancho Palos Verdes	Open Market					
	Hermosa Beach (Option A)	\$161.67	\$196.26	\$238.40	\$288.74	\$296.77	\$310.14
3 CY 1/Week	Hermosa Beach (Option B)	\$161.67	\$197.58	\$241.63	\$295.06	\$305.89	\$319.40
	Hermosa Beach (Option C)	\$161.67	\$182.50	\$206.07	\$232.75	\$262.92	\$297.07
	Manhattan Beach	\$182.12	\$188.60	\$195.20	\$202.03	\$209.10	\$216.42
	Redondo Beach (Option A)	\$208.26	\$250.74	\$294.60	\$358.49	\$315.60	\$326.65
	Redondo Beach (Option B)	\$208.26	\$250.74	\$294.62	\$358.49	\$315.60	\$326.65
	Redondo Beach (Option C)	\$208.26	\$250.74	\$294.62	\$358.49	\$315.60	\$326.65
	Hawthorne	\$161.60	\$167.26	\$173.11	\$179.17	\$185.44	\$191.93
	Torrance	Open Market					
	Lawndale	\$220.40	\$228.11	\$236.10	\$244.36	\$252.91	\$261.77
	Culver City	\$204.55	\$225.01	\$247.51	\$253.69	\$260.04	\$260.04
3 CY 3/Week	Inglewood	\$189.72	\$196.36	\$203.23	\$210.35	\$217.71	\$225.33
	Rancho Palos Verdes	Open Market					
	Hermosa Beach (Option A)	\$337.69	\$411.41	\$501.22	\$610.63	\$632.01	\$654.13
	Hermosa Beach (Option B)	\$337.69	\$414.24	\$508.15	\$623.35	\$645.17	\$667.75
	Hermosa Beach (Option C)	\$337.69	\$381.59	\$431.20	\$487.25	\$550.59	\$622.17
	Manhattan Beach	\$174.99	\$188.11	\$401.70	\$415.75	\$430.31	\$445.37
	Redondo Beach (Option A)	\$488.77	\$595.47	\$725.46	\$883.83	\$914.76	\$946.78
	Redondo Beach (Option B)	\$488.77	\$599.57	\$735.50	\$902.23	\$933.81	\$966.50
	Redondo Beach (Option C)	\$488.77	\$552.31	\$624.11	\$705.24	\$796.93	\$900.53
	Hawthorne	\$481.12	\$498.17	\$515.60	\$533.65	\$552.33	\$571.66
3 CY 3/Week	Torrance	Open Market					
	Lawndale	\$575.23	\$595.36	\$616.20	\$637.77	\$660.09	\$683.19
	Culver City	Not Offered					Planned Increase
	Inglewood						
	Rancho Palos Verdes	Open Market					
	Hermosa Beach (Option A)	\$75.03	\$84.78	\$95.81	\$108.26	\$122.33	\$138.24
	Average without Hermosa Beach	\$71.14	\$76.18	\$81.69	\$87.06	\$92.93	\$99.13
	Hermosa Beach Over (Under) Average	\$3.89	\$8.61	\$14.12	\$21.20	\$29.40	\$39.11
		5%	11%	17%	24%	32%	39%
	Hermosa Beach (Option A)	\$102.49	\$115.81	\$130.87	\$147.88	\$167.11	\$188.83
1 CY 1/Week	Average without Hermosa Beach	\$118.14	\$126.20	\$135.06	\$144.81	\$155.55	\$167.40
	Hermosa Beach Over (Under) Average	-\$15.65	-\$10.39	-\$4.19	\$3.08	\$11.56	\$21.43
		-13%	-8%	-3%	2%	7%	13%
	Hermosa Beach (Option A)	\$207.60	\$234.59	\$265.08	\$299.55	\$338.49	\$382.49
	Average without Hermosa Beach	\$239.82	\$352.77	\$378.00	\$400.80	\$436.45	\$470.32
	Hermosa Beach Over (Under) Average	-\$122.22	-\$118.18	-\$112.92	-\$108.25	-\$97.97	-\$87.83
		-37%	-34%	-30%	-26%	-22%	-19%
	Hermosa Beach (Option A)	\$161.67	\$182.50	\$206.07	\$232.75	\$262.92	\$297.07
	Average without Hermosa Beach	\$194.46	\$209.35	\$224.96	\$232.42	\$240.19	\$247.01
	Hermosa Beach Over (Under) Average	-\$32.79	-\$26.84	-\$18.89	\$0.32	\$22.79	\$50.05
3 CY 1/Week		-17%	-13%	-8%	0%	9%	20%
	Hermosa Beach (Option A)	\$337.69	\$381.59	\$431.20	\$487.25	\$550.59	\$622.17
	Average without Hermosa Beach	\$480.08	\$508.49	\$539.40	\$573.10	\$609.91	\$650.19
	Hermosa Beach Over (Under) Average	-\$142.39	-\$126.90	-\$108.21	-\$85.85	-\$59.32	-\$28.01
		-30%	-25%	-20%	-15%	-10%	-4%
	Hermosa Beach (Option A)	\$337.69	\$411.41	\$501.22	\$610.63	\$632.01	\$654.13
	Average without Hermosa Beach	\$337.69	\$414.24	\$508.15	\$623.35	\$645.17	\$667.75
	Hermosa Beach Over (Under) Average	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Average without Hermosa Beach	\$337.69	\$414.24	\$508.15	\$623.35	\$645.17	\$667.75
	Hermosa Beach Over (Under) Average	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Commercial Recycling Rate Projections

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Notes
Cart	Hermosa Beach (Option A)	\$37.24	\$45.37	\$55.27	\$67.34	\$69.70	\$72.14
	Hermosa Beach (Option B)	\$37.24	\$45.68	\$55.04	\$68.74	\$71.15	\$73.64
	Hermosa Beach (Option C)	\$37.24	\$42.08	\$47.55	\$53.73	\$60.72	\$68.61
	Manhattan Beach	\$37.57	\$39.45	\$41.42	\$43.49	\$45.67	\$47.95
	Redondo Beach (Option A)						5% cap
	Redondo Beach (Option B)						CPI
	Redondo Beach (Option C)						CPI
	Hawthorne	\$25.15	\$26.03	\$26.94	\$27.88	\$28.86	\$29.87
	Torrance	Open Market					CPI
	Lawndale						CPI
1 CY	Culver City	\$17.70	\$19.47	\$21.42	\$21.95	\$22.50	\$23.50
	Inglewood						Planned Increase
	Rancho Palos Verdes	Open Market					CPI
	Hermosa Beach (Option A)	\$45.86	\$55.87	\$68.07	\$82.93	\$85.83	\$88.83
	Hermosa Beach (Option B)	\$45.86	\$56.26	\$69.01	\$84.65	\$87.62	\$90.68
	Hermosa Beach (Option C)	\$45.86	\$51.82	\$58.56	\$66.17	\$74.77	\$84.49
	Manhattan Beach	Not Offered					5% cap
	Redondo Beach (Option A)						CPI
	Redondo Beach (Option B)						CPI
	Redondo Beach (Option C)						CPI
1/Week	Hawthorne	\$51.55	\$53.35	\$55.22	\$57.15	\$59.15	\$61.23
	Torrance	Open Market					CPI
	Lawndale						CPI
	Culver City	Not Offered					Planned Increase
	Inglewood						CPI
	Rancho Palos Verdes	Open Market					CPI
	Hermosa Beach (Option A)	\$92.44	\$112.62	\$137.20	\$167.36	\$173.01	\$179.06
	Hermosa Beach (Option B)	\$92.44	\$113.40	\$139.10	\$170.64	\$176.61	\$182.79
	Hermosa Beach (Option C)	\$92.44	\$104.46	\$118.04	\$133.38	\$150.72	\$170.31
	Manhattan Beach	Not Offered					5% cap
1 CY	Redondo Beach (Option A)						5% cap
	Redondo Beach (Option B)						CPI
	Redondo Beach (Option C)						CPI
	Hawthorne	\$152.79	\$158.08	\$163.61	\$169.33	\$175.26	\$181.40
	Torrance	Open Market					CPI
	Lawndale						CPI
	Culver City	Not Offered					Planned Increase
	Inglewood						CPI
	Rancho Palos Verdes	Open Market					CPI
	3/Week	Hermosa Beach (Option A)	\$71.66	\$87.30	\$106.36	\$129.58	\$134.12
Hermosa Beach (Option B)		\$71.66	\$87.91	\$107.83	\$132.28	\$136.91	\$141.70
Hermosa Beach (Option C)		\$71.66	\$80.98	\$91.50	\$103.40	\$116.84	\$132.03
Manhattan Beach		\$91.11	\$94.30	\$97.60	\$101.02	\$104.55	\$108.21
Redondo Beach (Option A)							5% cap
Redondo Beach (Option B)							CPI
Redondo Beach (Option C)							CPI
Hawthorne		\$102.16	\$105.74	\$109.44	\$113.27	\$117.23	\$121.33
Torrance		Open Market					CPI
Lawndale							CPI
1 CY	Culver City	\$43.21	\$47.53	\$52.28	\$53.59	\$54.93	\$56.93
	Inglewood						Planned Increase
	Rancho Palos Verdes	Open Market					CPI
	Hermosa Beach (Option A)	\$148.33	\$180.71	\$220.36	\$268.22	\$277.61	\$287.32
	Hermosa Beach (Option B)	\$148.33	\$181.96	\$223.21	\$273.81	\$283.39	\$293.31
	Hermosa Beach (Option C)	\$148.33	\$167.61	\$185.40	\$214.02	\$241.85	\$273.29
	Manhattan Beach	\$187.50	\$194.06	\$200.85	\$207.88	\$215.16	\$222.69
	Redondo Beach (Option A)						5% cap
	Redondo Beach (Option B)						CPI
	Redondo Beach (Option C)						CPI
3 CY	Hawthorne	\$304.59	\$315.19	\$326.22	\$337.64	\$349.46	\$361.69
	Torrance	Open Market					CPI
	Lawndale						CPI
	Culver City	Not Offered					Planned Increase
	Inglewood						CPI
	Rancho Palos Verdes	Open Market					CPI
	Hermosa Beach (Option A)	\$37.24	\$42.08	\$47.55	\$53.73	\$60.72	\$68.61
	Average without Hermosa Beach	\$26.81	\$28.32	\$29.93	\$31.11	\$32.34	\$33.44
	Hermosa Beach Over (Under) Average	\$10.43	\$13.76	\$17.62	\$22.62	\$28.38	\$35.17
		39%	49%	59%	73%	88%	105%
1 CY	Hermosa Beach (Option A)	\$45.86	\$55.87	\$68.07	\$82.93	\$85.83	\$88.83
	1/Week	Average without Hermosa Beach	\$51.55	\$53.35	\$55.22	\$57.15	\$59.15

AMENDMENT TO THE REVISED AND RESTATED EXCLUSIVE FRANCHISE
AGREEMENT TO COLLECT, TRANSFER, PROCESS, MARKET, AND DISPOSE OF SOLID
WASTE, RECYCLABLE AND COMPOSTABLE MATERIALS BETWEEN MARIN SANITARY
SERVICE AND THE COUNTY OF MARIN

This AMENDMENT to the Agreement to Collect, Transfer, Process, Market, and Dispose of Solid Waste, Recyclables and Compostable Materials between the COUNTY OF MARIN (COUNTY) and MARIN SANITARY SERVICE (COMPANY) is made and entered into this ____ day of _____, 2022.

WHEREAS, the COUNTY and COMPANY entered into a written agreement on **August 19, 2014, and December 17, 2018** (together the "Agreement") pursuant to which the COMPANY renders Solid Waste, Recyclable Material and Green Waste collection, processing and disposal services to businesses, residents and government institutions in the COUNTY; and

WHEREAS, certain state laws require cities, counties, and special districts providing solid waste collection services to adopt ordinances and take other measures to reduce the amount of organic and recyclable materials deposited in landfills from commercial and residential generators, more specifically the Short-Lived Climate Pollutants Organic Waste Reduction regulations adopted pursuant to Senate Bill 1383 (Statutes of 2016) set forth in the California Code of Regulations (the "SB 1383 Regulations").

WHEREAS, the SB 1383 Regulations require cities, counties, and special districts providing solid waste collection services to, by January 1, 2022, provide certain new programs; and

WHEREAS, pursuant to the terms and conditions of the Agreement, COUNTY and COMPANY met and conferred and have agreed that COMPANY will be responsible for the programs provided for herein; and

WHEREAS, COUNTY and COMPANY mutually desire to amend the Agreement to describe these programs in more detail.

NOW, THEREFORE, it is mutually agreed as follows:

1. Effective Date. This Amendment shall take effect May 1, 2022.
2. Definitions. For purposes of this Amendment, the terms set forth in Exhibit A, attached hereto and incorporated herein, shall have the meanings given to them in such exhibit.
3. Three-Container Organic Waste Collection Services.
 - 3.1. Phased Implementation. COUNTY and COMPANY acknowledge that COMPANY's Organic Waste Collection routes must be expanded to satisfy the requirements of the SB 1383 Regulations, and that new collection trucks must be procured by COMPANY in order to provide such services. Beginning May 1, 2022 all new customers will be provided base level of collection service including Recycling Container, Organics Container and Garbage Container collection service. As soon as practicable, COMPANY shall provide Organic Waste collection service to all of its customers within COUNTY who are subscribed to and pay for Solid Waste collection service, unless (i) the customer is categorically exempted under COUNTY's municipal code from the requirement to subscribe for Organic Waste collection service, or (ii) the customer qualifies for and is granted a State- or COUNTY-issued waiver. COMPANY will work with customers to appropriately size collection containers such that source-separation of all materials is possible

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without any overflow of material, and if any disputes arise or overages occur, the COUNTY will make the final determination on proper container size.

4. Container Colors.

- 4.1. General Requirement. COMPANY shall ensure that each Container that it newly purchases after May 1, 2022 and provides to a customer serviced under the Agreement conforms to the following designations in distinct colors as required or permitted by CalRecycle: Garbage Containers for collection of Solid Waste, Recycling Containers for collection of Recyclable Materials, and Organics Containers for collection of Organic Waste. In addition, COMPANY shall ensure that all Containers it uses to provide such services to customers serviced under the Agreement conform to such color scheme by January 1, 2036.
- 4.2. Specific Material Types. Paper products and printing and writing paper, each as defined in the SB 1383 Regulations, may be placed in either the Recycling Container or the Organics Container. Carpet and textiles may not be placed in either the Recycling Container or the Organics Container.

5. Container Labels.

- 5.1. General Requirement. COMPANY shall ensure that each Container that it newly purchases after May 1, 2022 and provides to a customer serviced under the Agreement shall be labeled or imprinted with language and/or graphics that clearly indicates the primary items accepted and the primary items that are Prohibited Container Contaminants for that Container type. COMPANY may comply with this section by using model labeling provided by CalRecycle.

6. Route Reviews.

- 6.1. General Requirement. At least once annually, beginning in 2022, COMPANY shall conduct a Route Review for each Hauler Route. The number of Containers to review per Hauler Route shall be calculated on the basis of the number of garbage accounts provided service by a specific Hauler Route for one week. For example, "Route A" collects garbage from 250 accounts, 4 days per week for a total of 1,000 accounts per week; include a minimum of 25 accounts for Route Review of "Route A". For each Route Review of a Hauler Route, COMPANY shall inspect at least the following minimum number of Containers but may inspect more if COMPANY deems necessary; and shall inspect all Containers placed for collection (including Recycling Containers, Organics Containers, and Garbage Containers). Each inspection shall involve lifting the Container lid and observing the contents but shall not require COMPANY to disturb the contents or open any bags. COMPANY may select the Containers to be inspected at random, or (if mutually agreed with COUNTY) by any other method not prohibited under the SB 1383 Regulations. For the avoidance of doubt, COMPANY shall not be required to annually inspect every Container on a Hauler Route. COMPANY shall include the results of each Route Review in its next regularly scheduled report to COUNTY, as required by Section 9.

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SERVICE AND THE COUNTY OF MARIN

<u>Route Size (# garbage accounts/ week)</u>	<u>Minimum Number of Containers</u>
Less than 1,500	25
1,500-3,999	30
4,000-6,999	35
7,000 or more	40

- 6.2. Notice of Contamination. If COMPANY observes Prohibited Container Contaminants in a Container during a Route Review comprising ten percent or more of observable container volume, COMPANY shall notify the customer of the violation in writing. The written notice shall include information regarding the requirement to properly separate materials into the appropriate Containers. The notice may be left on the customer's Container, gate, or door at the time the violation is discovered, and/or be mailed, e-mailed, electronically messaged or delivered personally to the customer within 30 days. COMPANY may dispose of the contents of any Container found to contain Prohibited Container Contaminants and may charge a contamination fee not to exceed the fee in Exhibit C. The notice shall be provided in English and Spanish.

7. Compliance Reviews.

- 7.1. General Requirement. At least once annually, beginning in 2022, COMPANY shall review the records of its Commercial and Multi-Family customers in COUNTY that are subscribed for at least two (2) cubic yards per week of combined Solid Waste, Organic Waste and Recyclable Materials service, to determine whether such customers are subscribed for Organic Waste collection service or have an applicable waiver. COMPANY shall include the results of each compliance review in its next regularly scheduled report to COUNTY, as required by Section 9.
- 7.2. Site Visit Requirement. Based on COMPANY's review of the list of customers requiring site visit compiled in accordance with section 7.1 above, COMPANY shall conduct an annual site visit to each Commercial and Multi-Family customer in COUNTY that is determined to not be enrolled in 3-container organic waste collection service and not be eligible for a waiver based on the COUNTY determination, to encourage those businesses to sign up for SB 1383 compliant Organics Waste service and provide educational material about the law's requirements.

8. Education & Outreach.

- 8.1. In, 2022, and annually thereafter, COMPANY shall provide the following to all its customers under the Agreement:
- 8.1.1. Information on the customer's requirements to properly separate materials in appropriate containers.
- 8.1.2. Information on methods for: the prevention of Organic Waste generation, recycling Organic Waste on-site, sending Organic Waste to community composting, and any other local requirements regarding Organic Waste.

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- 8.1.3. Information regarding the methane reduction benefits of reducing the landfill disposal of Organic Waste, and the methods of Organic Waste recovery contemplated by the Agreement.
- 8.1.4. Information regarding how to recover Organic Waste.
- 8.1.5. Information related to the public health and safety and environmental impacts associated with the landfill disposal of Organic Waste.
- 8.2. The above information will be provided, at a minimum, through print and/or electronic media, and may also be provided through workshops, meetings and/or on-site visits.
- 8.3. COMPANY shall provide an educational webpage which includes downloadable copies of all the materials described in Section 8.1, as well as an educational brochure to be provided by COUNTY for edible food recovery outreach.
- 8.4. Educational materials provided pursuant to the above shall be translated into Spanish.
- 8.5. COMPANY shall provide educational materials to customers discovered to be out of compliance with the SB 1383 Regulations requirements and report a list of such customers as well as actions taken to the COUNTY on a periodic basis as required by COUNTY.
9. Waivers. COMPANY shall be responsible for the distribution, collection and evaluation of waiver applications as appropriate and provide the COUNTY a recommendation to accept or deny waiver requests. COMPANY shall develop waiver application forms and shall provide them to COUNTY for COUNTY approval prior to use. COMPANY shall evaluate requests for exemption or waiver from the Act's requirements and provide the COUNTY periodic recommendations and supporting documentation to deny or approve waivers, including a site visit and re-evaluation at least every five years as required by the SB 1383 Regulations.
10. Edible Food Recovery. COMPANY shall provide COUNTY with a list of Tier One commercial edible food generators located in their jurisdiction by June 1, 2022 and annually thereafter. COMPANY shall provide COUNTY with a list of Tier Two commercial edible food generators located within their jurisdiction by January 1, 2024 and annual thereafter.
11. Reporting.
- 11.1. Beginning in, 2022, COMPANY shall provide the following information to COUNTY annually, by February 15 of the year following the reporting year:
- 11.1.1. For information provided by COMPANY pursuant to Section 8 above:
- (a) Copies of all such information (including flyers, brochures, newsletters, invoice messaging, website and social media postings, emails, and other electronic messages).

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- (b) The date the information was disseminated or the direct contact made. For website and social media postings, this shall be the date posted.
- (c) To whom the information was disseminated or the direct contact made. For mass distributions such as mailings or bill inserts, COMPANY may provide the type and number of accounts receiving the information, rather than listing each recipient individually.

11.1.2. For Route Reviews and Compliance Reviews:

- (a) The date the review was conducted.
- (b) The name and title of each person conducting the review.
- (c) A list of the account names and addresses covered by the review.
- (d) For Route Reviews, a description of each Hauler Route reviewed, including COMPANY's route number and a description of the Hauler Route area.
- (e) For Route Reviews, the results of such review (i.e., the addresses where any Prohibited Container Contaminants were found), and any photographs taken.
- (f) For Compliance Reviews, the results of such review (i.e., COMPANY's findings as to whether the customers reviewed are subscribed for Organic Waste collection service, have an applicable waiver, or neither) and any relevant evidence supporting such findings (e.g. account records).
- (g) Copies of any educational materials issued pursuant to such reviews.

11.1.3. Documentation relating to observed Prohibited Container Contaminants, whether observed during Route Reviews or otherwise:

- (a) Copies of the form of each notice issued to customers for Prohibited Container Contaminants, as well as, for each such form, a list of the customers to which such notice was issued, the date of issuance, the customer's name and service address, and the reason for issuance (if the form is used for multiple reasons). This information will also be provided monthly to any other government entity approved by the COUNTY, including but not limited to Zero Waste Marin requests.
- (b) The number of times notices were issued to customers for Prohibited Container Contaminants.
- (c) The number of Containers where the contents were disposed due to observation of Prohibited Container Contaminants.

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- 11.1.4. A description of COMPANY's process for determining the level of Container contamination under the Agreement.
- 11.1.5. Reports to COUNTY on customers discovered to be out of compliance with the SB 1383 Regulations, including a list of the customers, the type of violation, actions taken to educate those customers, and contact information for those customers. Such reports shall be provided periodically as required by COUNTY.
12. Section 18988.1 and 18988.2 Compliance. COMPANY is responsible for delivery of all Solid Waste to properly permitted disposal facilities, transfer stations, recyclable materials processing facilities, organics processing facilities, and C&D processing facilities as listed in Exhibit B. The list may be amended from time to time by COMPANY, subject to COUNTY approval of the amended list. Failure to comply with this provision will result in the levy of any Administrative Charge or Penalty that may be provided in the San Rafael Municipal Code and may result in COMPANY being in default under this Agreement. COUNTY hereby approves delivery of Organic Waste to such facility(ies). COMPANY shall comply with its obligations under this Amendment and the obligations that by operation of law are imposed upon it directly pursuant to Chapter 12 of the SB 1383 Regulations.
13. Future Changes. The parties acknowledge that future changes to this Amendment or the Agreement may be desirable to assist the parties with their respective compliance obligations under the SB 1383 Regulations or subsequent amendments thereto or interpretations thereof. The parties agree to negotiate any such proposed changes in good faith. The foregoing shall not be deemed to limit either party's rights or remedies under the Agreement.
14. Miscellaneous. In the event of any conflict between this Amendment and the Agreement, this Amendment shall govern. Section headings in this Amendment are for convenience only and shall not be used in the interpretation of this Amendment. This Amendment may be executed in counterparts and/or by electronic signature (e.g., DocuSign). As used in this Amendment, "including" and its variants mean "including without limitation."

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IN WITNESS WHEREOF, this Amendment is entered into as of the date first written above.

COUNTY OF MARIN

MARIN SANITARY SERVICE, INC.

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

APPROVED AS TO FORM:

NAME, COUNTY Attorney

ATTEST:

NAME, COUNTY Clerk

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Exhibit A

DEFINITIONS

“Act” means the California Integrated Waste Management Act of 1989 (sometimes referred to as CIWMA or “AB 939”), Public Resources Code § 40000 and following as it may be amended, including but not limited to, the Jobs and Recycling Act of 2011 (AB 341), SB 1016 (Chapter 343, Statutes of 2008 [Wiggins, SB 1016]), the Mandatory Commercial Organics Recycling Act of 2014 (AB 1826), and the Short-Lived Climate Pollutants Bill of 2016 (SB 1383), and as implemented by the regulations of CalRecycle.

“Recycling Container” means a Container for the collection of recyclable materials as defined in the Agreement. The Recycling Container shall be colored as defined in the SB 1383 Regulations.

“Container” means any Cart, Bin or Debris Box.

“Garbage Container” means a Container for the collection of Garbage, which does not include Organic Waste or recyclable materials as defined in the Agreement. The Garbage Container shall be colored as defined in the SB 1383 Regulations.

“Organics Container” means a Container for the collection of Organic Waste and colored as defined in the SB 1383 Regulations. Hardware such as hinges and wheels may be any color.

“Food Waste Container” means a Container for the collection of Commercial Food Waste only and colored as defined in the SB 1383 Regulations.

“Hauler Route” means the designated weekly itinerary or sequence of stops scheduled to be performed by one collection vehicle providing regularly scheduled Solid Waste, Recyclable Material or Organic Waste collection services (not on-call or Bulky Item/Abandoned Waste) within the COMPANY’s collection service area under the Agreement.

“Organic Waste” means wastes comprising material originated from living organisms and their metabolic waste products, including food, green material, landscape and pruning waste, clean unpainted/untreated wood (with no nails, wire, etc.), paper products, and printing and writing paper, but excluding textiles and carpets, manure, biosolids, digestate, sludges, non-compostable paper, Construction & Demolition Debris, and Hazardous Waste. No material shall be considered Organic Waste unless it has been segregated by the customer for separate collection.

“Prohibited Container Contaminants” means any of the following:

(a) Non-Organic Waste placed in the Organics Container, including but not limited to textiles and carpets, manure, biosolids, digestate, sludges, non-compostable paper, Construction & Demolition Debris, and Hazardous Waste;

(b) Organic Waste placed in the Garbage Container that is specifically identified under the Agreement for collection in the Organics Container or Recycling Container;

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(c) Organic Waste placed in the Recycling Container that is specifically identified under the Agreement for collection in the Organics Container. Paper products and printing and writing paper may be considered acceptable and not considered Prohibited Container Contaminants if they are placed in the Recycling Container.

“Route Review” means a visual inspection of Containers along a Hauler Route for the purpose of identifying Prohibited Container Contaminants, which may include mechanical inspection methods such as use of cameras.

“SB 1383 Regulations” means the Short-lived Climate Pollutants (SLCP): Organic Waste Reductions regulations adopted by the California Department of Resources Recycling and Recovery (“CalRecycle”) in 2020 and found in California Code of Regulations Title 14, Division 7, Chapter 12.

For purposes of this Amendment, the following terms (whether or not capitalized) shall have the meanings given to them in the SB 1383 Regulations, unless the context indicates a different meaning was intended: biosolids, digestate, food, non-compostable paper, paper products, printing and writing paper, sludges.

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Exhibit B

FACILITIES

Marin Sanitary Service Transfer Station

1050 Andersen Drive San Rafael CA 94912

Marin Recycling Center

535 Jacoby Street San Rafael CA 94912

Marin Resource Recovery Center

535 Jacoby Street San Rafael CA 94901