



CITY OF CERRITOSSM

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AGENDA REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Art Gallucci, City Manager 

INITIATED BY: Robert A. Lopez, Director of Public Works/Water & Power 
Mike O'Grady, Utilities Administrator 

DATE: November 28, 2022

SUBJECT: **REVIEW AND CONSIDERATION OF AN AMENDMENT TO THE INTEGRATED SOLID WASTE MANAGEMENT SERVICES AGREEMENT WITH ATHENS SERVICES PERTAINING TO THE IMPLEMENTATION OF A RESIDENTIAL ORGANIC WASTE COLLECTION PROGRAM AND ASSOCIATED RATE ADJUSTMENTS**

SUMMARY

Senate Bill 1383 (SB 1383), enacted in 2016, requires cities to, among other mandates that will be addressed in this report, implement residential organic waste recycling programs. Over the course of the past several months, staff has worked with the City's franchise waste hauler, Athens Services (Athens), to develop programs that will satisfy the requirements of SB 1383, while maintaining comparatively low solid waste collection rates in the City. The details of the proposed program, as well as the proposed maximum rates that Athens can charge for services in the City, have been memorialized in the proposed "Amendment One to the Integrated Solid Waste Management Services Agreement" (Amendment) attached as Exhibit A to this report.

This report will review the proposed Amendment, and describe program details that, if approved, will assist the City in meeting the mandates of SB 1383.

BACKGROUND

When materials decompose in landfills they emit gases which have been identified as a significant source of greenhouse gas emissions. Organic waste, which includes green waste, food waste and un-waxed food-soiled paper, is among the fastest waste to decompose in landfills. As a result, the decomposition of organic waste generates landfill gases at a faster rate than the decomposition of other materials.

Assembly Bill 1826 (AB 1826), enacted in 2014, required cities to implement commercial organic waste recycling programs and promote their availability to businesses. In response, the Cerritos City Council approved a commercial organic waste recycling program in 2017 as part of the City's current Integrated Solid Waste Management Services Agreement (2017 Agreement). The 2017 Agreement was originally awarded to

CalMet Services (CalMet). However, in March 2022, the Cerritos City Council reviewed, considered and approved CalMet's request to assign the 2017 Agreement to Athens.

While AB 1826 mandated that businesses participate in organic waste recycling programs, the law did not mandate that cities impose non-compliance penalties. Consequently, participation in programs statewide remained low.

Due to low statewide participation in commercial organic waste recycling programs, the State enacted SB 1383, expanding upon the previous legislation, and setting aggressive goals for reducing the volume of organic waste sent to landfills. To accomplish these goals, SB 1383 requires each jurisdiction to take several steps, including:

- adopt an ordinance mandating participation in organic waste recycling programs
- establish a residential organic waste recycling program
- procure an annual quantity of recovered organic waste products

The legislation grants the California Department of Resources, Recycling and Recovery (CalRecycle) the regulatory authority to oversee the implementation of local programs, and the ability to monitor performance and levy penalties against jurisdictions for non-compliance.

In response to these requirements, staff prepared an ordinance establishing organic waste recycling requirements in the City of Cerritos. On November 22, 2021, the Cerritos City Council reviewed, considered and introduced the proposed ordinance. On December 9, 2021, the City Council adopted the ordinance, adding Chapter 6.09 to Title 6 of the Cerritos Municipal Code. The ordinance mandates participation in organic waste recycling and edible food recovery programs, and includes an education period through December 31, 2023. This education period allows businesses adequate time to adjust practices to accommodate the new requirements before the City is required to commence enforcement actions for non-compliance in 2024.

Following the adoption of the ordinance, and the subsequent transition from CalMet to Athens, staff began working with Athens to negotiate program details for the remaining requirements of SB 1383. Staff has recently finalized those negotiations and worked with Athens to formalize the program details in the proposed Amendment.

PROPOSED ORGANIC WASTE RECYCLING PROGRAM

The City's current residential recycling program utilizes a three-cart approach to recycling. Residents place recyclable waste such as paper, plastics and metals into blue carts; recyclable green waste such as grass clippings and plant trimmings into green carts; and all other waste, which cannot be recycled, into black carts. Carts are placed curbside for weekly collection by the City's franchise waste hauler.

While the City's current residential recycling program is effective at diverting green waste from landfilling, SB 1383 requires that organic waste recycling programs accept both green waste and food waste. Consequently, the proposed residential organic waste recycling program re-designates green residential carts as organics recycling carts, and expands the list of targeted waste to be placed into green carts to include both green waste and food waste. A detailed list of targeted organic waste is included in Exhibit 2 of the proposed Amendment, and includes items such as:

- green waste (previously accepted)
- coffee grounds
- fruits and vegetables
- bread, rice and pasta
- cheese and other dairy
- meats and bones
- food-soiled pizza boxes, paper plates, napkins and paper towels
- paper egg cartons

The proposed residential organic waste recycling program will meet the requirements of SB 1383 and provide residents with the opportunity to recycle their organic waste. It should be noted, however, that the concept of accepting food waste for curbside collection is a fairly new concept in the residential waste collection industry, and solutions to potential challenges are still being vetted.

A significant concern with organic waste collection programs is the potential for food waste to generate odors and attract vermin. To address this concern many municipalities recommend that residents freeze their food waste, and place the frozen waste into their organics recycling carts on the morning of collection. As an additional solution, Athens has indicated that food waste will be accepted in clear plastic bags placed in green carts. However, it should be noted that opening and removing clear plastic bags from the organic waste stream slows the processing of waste. If too many bags have to be removed, the cost of providing service increases. Consequently, Athens has requested, and staff has agreed, to only publicize this option to those residents who contact the City directly to express a concern and seek solutions.

Additionally, there are six (6) multi-family housing developments within the City that do not currently have green carts. Staff has been working with the property managers at these developments to identify solutions that best meet each individual development's needs. Potential solutions include distributing green carts to each residence within a development, or placing common area organic waste containers that can be used by each resident within the development.

Commercial Organics Recycling

The City's commercial organic waste recycling program that was included in the 2017 Agreement was limited to accepting green waste, fruits and vegetables, and did not include the animal products and grains that are now required by SB 1383. Consequently, the proposed Amendment will expand the list of allowable food waste that is targeted in the City's current commercial organic waste recycling program to include the complete list of targeted organic waste specified in Exhibit 2.

Compost Events

As an added benefit to residents, Athens will conduct two (2) four-hour compost giveaway events per calendar year in the City. At the events, Athens will provide all staffing and provide compost to Cerritos residents at no charge.

Paper Shredding Events

Athens will arrange and pay for a paper shredding contractor to be present at one on-site paper shredding event in the City per calendar year. At the event, residents will have the opportunity to have documents shredded on-site at no charge.

Procurement

SB 1383 requires cities to procure an annual quantity of recovered organic waste products based upon each city's population. The intent of this requirement is to develop a market for the organic waste that is collected as part of SB 1383 programs.

To address the mandate in Cerritos, the proposed Amendment requires Athens to provide up to 126 tons of compost to the City annually, free of charge. This compost will be used by the City's Parks Division in landscaped areas of City facilities, as well as for the above-mentioned compost giveaway events where residents can receive compost free of charge.

In addition to procuring compost on the City's behalf to meet the requirements of SB 1383, staff worked with Athens to negotiate the procurement of California-derived Renewable Natural Gas (CRNG) for use on all collection routes in the City. Currently, Athens will need 83,325 gallons of CRNG to fuel their collection vehicles on all eleven daily collection routes that serve Cerritos residents and businesses. The use of CRNG on all collection routes in the City, combined with the aforementioned 126 tons of compost, will bring the City into compliance with the procurement requirement of SB 1383 on an annual basis.

While Athens is amenable to procuring the required CRNG for use in the City, as of the date of this report, CRNG is not yet commercially available. Consequently, the proposed Amendment includes a provision that, once CRNG becomes commercially available, the City has the opportunity to direct Athens to procure up to 83,325 gallons of CRNG annually for use in the City. To accomplish this, in November of each year Athens will disclose to the City their cost per gallon of procuring CRNG versus the cost of procuring the fuel that would have otherwise been used on collection routes in the City. Staff will then direct Athens to procure up to 83,325 gallons of CRNG at the City's cost for the following calendar year. The City's cost per gallon will be the difference between Athens' cost of CRNG and Athens' cost of the fuel that would have otherwise been used in the City.

While the cost of CRNG is expected to fluctuate year-to-year, staff anticipates that the total cost of the 83,325 gallons will be approximately \$70,000 annually. Consequently, staff will allocate funds to pay for the CRNG from the franchise fees received from Athens. Franchise fees received from Athens are currently used to subsidize the City's costs attributed to providing trash service within the City.

Public Education

Earlier this year, staff applied for and received \$71,562 in SB 1383 implementation grant funding from CalRecycle. Staff will use these funds to conduct a public education campaign that will inform residents on proper participation in the residential organics

recycling program. This campaign will include direct mail flyers, ads on TV3, website content, and a video produced by the City's in-house video production staff.

By electing to conduct public education utilizing these grant funds, staff was able to eliminate Athens' expense related to public education, which had a direct effect on keeping the proposed maximum monthly residential rate low.

PROPOSED MAXIMUM ALLOWABLE RATES

The 2017 Agreement includes an exhibit titled "Maximum Contractor Rates" (Rate Schedule). The Rate Schedule specifies the maximum rates that Athens can charge its customers in Cerritos. To account for the increasing costs associated with solid waste collection, processing and disposal, the 2017 Agreement includes a provision allowing the contractor to submit an annual request to adjust the Rate Schedule effective July 1 of each year. The formula used to calculate the adjustment is specified in the 2017 Agreement, and takes into account changes in the Consumer Price Index (CPI), along with changes to the posted rates at various facilities in Los Angeles County that are used to process waste collected in Cerritos. It is common in Southern California for cities to set maximum allowable solid waste service rates, and approve annual increases to account for the change in the cost of providing service. The current Rate Schedule in Cerritos has not been adjusted since September 2020.

As part of the recent negotiations with staff, Athens proposed a new Rate Schedule that was adjusted for the additional cost of implementing the proposed residential organic waste recycling program. To assist in reviewing the Rate Schedule proposed by Athens, staff retained the services of R3 Consulting Group, Inc. (R3). R3 has broad experience conducting rate reviews and performing financial and rate structure analysis for municipalities, public utilities and regional authorities. R3 and City staff worked with Athens to ensure that the proposed Rate Schedule was consistent with the rate adjustment methodology included in the 2017 Agreement, and accurately accounted for the increase in cost of implementing the proposed organic waste recycling programs. The mutually-agreed Rate Schedule is included as Exhibit 1 to the Amendment, and includes the rates that staff and R3 concluded accurately represent the increased cost of providing service in Cerritos. The proposed Amendment authorizes Athens to begin charging the new rates on December 1, 2022.

It should be noted that Athens recently entered into agreements with the Los Angeles County Sanitation District (LACSD) to operate both the Puente Hills and Downey recycling facilities. Consequently, future posted rates at these facilities will be set by Athens. Posted rates at each of these facilities are designated in the 2017 Agreement as indices that are used in the annual rate adjustment formula. While Athens' upcoming control of rates at LACSD facilities did not affect the calculations used to determine the Rate Schedule in the proposed Amendment, they will in subsequent years. As a result, staff negotiated with Athens to remove the indices from the formula. Consequently, the proposed Amendment replaces the annual rate adjustment formula in the 2017 Agreement with an adjustment based solely on the CPI, capped at 5% in any given year. If CPI exceeds 5%, or falls below 0%, the excess adjustment, negative or positive, will be carried over to the next year. The proposed Amendment allows for the annual adjustment of the Rate Schedule to be administratively approved by the City Manager.

Such approval is permitted if, and only if, the request by Athens is consistent with the rate adjustment methodology outlined in the proposed Amendment.

RATE SURVEYS

The monthly residential rate included in the current Rate Schedule is \$20.42. The following table summarizes the current monthly residential rates of surrounding cities compared to the monthly residential rate in the proposed Amendment:

<u>City:</u>	<u>Monthly Residential Rate:</u>
Santa Fe Springs	\$31.41
La Mirada	\$27.86
Whittier	\$27.01
Bellflower	\$26.85
Lakewood	\$25.71
Downey (does not include organics)	\$25.67*
Artesia	\$25.16
Cerritos (proposed)	\$23.89
Paramount (does not include organics)	\$22.01*
Norwalk	\$21.36

(*) The monthly residential rates in Downey and Paramount do not yet include the cost of residential organics recycling.

The monthly rate included in the current Rate Schedule for a 3-cubic yard commercial bin emptied once per week is \$151.99. The following table summarizes the monthly commercial rate in surrounding cities compared to the rate for the same service in the proposed Amendment:

<u>City:</u>	<u>Monthly Commercial Rate: 3-Yard Bin, 1 empty/week:</u>
Santa Fe Springs	\$313.18
La Mirada	\$212.66
Bellflower	\$211.88
Artesia	\$210.74
Norwalk	\$206.52
Whittier	\$186.10
Cerritos (proposed)	\$168.71
Downey	\$167.93
Paramount	\$164.39
Lakewood	\$146.50

PROGRAM IMPLEMENTATION

If the proposed Amendment is approved by the Cerritos City Council, Athens will begin processing the contents of residential green carts as organic waste on December 1, 2022. Staff has already developed a public education campaign, and will commence the campaign immediately. The campaign includes direct mail flyers, ads on TV3 and information posted to the City’s website. It also includes a video produced by the City’s

in-house video production staff which will be available on TV3 and the City's online media channels in January.

FISCAL IMPACT

As condition of the 2017 Agreement, Athens pays the City an amount equal to 5% of the gross receipts for providing residential trash service, and 21% of gross receipts for providing commercial trash service in the City. The fees received by the City are used to help pay for the City's costs attributed with providing trash service, such as street rehabilitation, staff time, and the purchase of CRNG in the proposed Amendment.

While the proposed Amendment does not change the method of calculating the franchise fees payable from Athens to the City, the rates in the proposed Amendment may have an impact on the amount of franchise fees that the City receives under the 2017 Agreement. As such, any additional franchise fees that may be received will be allocated toward subsidizing the City's costs attributed to providing trash service.

PUBLIC MEETING NOTICE

While public hearing notices were not required for this item, staff, in an effort to solicit public input, published a notice of public meeting in a local newspaper on November 18, 2022, and November 25, 2022. Notices were also posted at the City's four (4) designated posting boards on November 18, 2022. Public meeting postcards were sent to each residential and commercial property in the City on November 18, 2022.

CONCLUSION

The proposed Amendment with Athens establishes organic waste recycling programs mandated by SB 1383. After careful negotiations by staff, consultation with R3 Consulting Group, and a survey of surrounding cities, staff has concluded that the programs and rates included in the proposed Amendment will satisfy the requirements of SB 1383 at rates that are comparatively low to those of surrounding cities.

The City Attorney has reviewed and approved the proposed Amendment, and Athens has signed the attached copy of the proposed Amendment (Exhibit A) indicating their approval. Select excerpts of the 2017 Agreement that are referenced in the proposed Amendment are included as an exhibit to this report (Exhibit B). A full copy of the 2017 Agreement is available on the City's website and in the Cerritos City Clerk's Office (Exhibit C).

RECOMMENDATION

Staff recommends that the City Council:

1. Review and discuss Amendment One to the Integrated Solid Waste Management Services Agreement with Athens Services; and
2. Authorize the Mayor to execute Amendment One to the Integrated Solid Waste Management Services Agreement with Athens Services;

Exhibit List:

- A. Amendment One to the Integrated Solid Waste Management Services Agreement
- B. Select Excerpts from the 2017 Agreement Referenced in the Proposed Amendment
- C. 2017 Agreement (a full copy of the 2017 Agreement is available on the City's website and in the Cerritos City Clerk's Office)

AMENDMENT ONE TO INTEGRATED SOLID WASTE MANAGEMENT SERVICES AGREEMENT

THIS **AMENDMENT ONE** to the INTEGRATED SOLID WASTE MANAGEMENT SERVICES AGREEMENT ("**Amendment**") is dated as of the 28th day of November, 2022 and is entered into by and between the **CITY OF CERRITOS**, a California charter city and municipal corporation ("**City**"), and **ARAKELIAN ENTERPRISES, INC., d/b/a ATHENS SERVICES**, a California corporation ("**Athens**" and "**Contractor**") on the terms and subject to the conditions set forth herein. The City and Athens shall sometimes hereinafter be referred to collectively as the "**Parties.**"

RECITALS:

- A. On April 13, 2017, the City entered into an Agreement for Integrated Solid Waste Management Services ("**Agreement**") with CalMet Services, Inc.; and
- B. The Agreement became effective on July 1, 2017, and is scheduled to expire on December 31, 2027; and
- C. On December 9, 2021, the City received a request from Athens to approve the assignment of the Agreement from CalMet Services, Inc. to Athens; and
- D. On March 24, 2022, the Cerritos City Council reviewed, considered and approved the assignment of Agreement to Athens, enabling Athens to assume the obligations of the "Contractor" under the Agreement; and
- E. On April 1, 2022, City received notification from Athens that their acquisition of CalMet and CalMet's assets, including the Agreement, had been consummated, effective April 1, 2022; and
- F. Among other requirements, the Agreement requires the Contractor to provide residential and commercial refuse, recycling and green waste collection and processing services within City boundaries; and
- G. The Agreement imposes the maximum rates that Contractor can charge residential and commercial customers within City boundaries for services; and
- H. The Agreement includes provisions for the City to approve annual adjustments to the maximum rates that Contractor can charge residential and commercial customers within City boundaries for services; and
- I. Senate Bill 1383 (stats. 2016, ch. 395) ("**SB 1383**"), enacted in 2016, requires the City to, among other things, implement organics waste recycling programs.

AGREEMENT:

NOW, THEREFORE, based on the foregoing Recitals, which are a substantive part of this Amendment and hereby incorporated herein by reference, the Parties hereby agree to amend the Agreement as follows, effective December 1, 2022 ("**Amendment Effective Date**"):

- 1. Residential Organic Waste Collection. Section 4.3.1 of the Agreement is hereby amended to include, in addition to the collection of "Green Waste" as

defined in Section 1.29 of the Agreement, the collection of source-separated "Organic Waste" as defined in Title 14 of the California Code of Regulations (14 CCR) Section 18982(a)(46) (or successor provision).

2. Commercial Organic Waste Service Rollout. For Commercial generators, as defined under Section 6.09.020 of the Cerritos Municipal Code, Contractor shall collect source separated Organic Waste no less than one (1) time per week. In furtherance of the requirements hereunder, Contractor shall procure and distribute collection containers to Commercial generators, in phases, commencing on the Amendment Effective Date and fully completed no later than July 1, 2023, with Commercial generators producing comparatively high volumes and more tonnage of Organic Waste to be part of the early phases of distribution of Organic Waste Carts. The Commercial generators included in each phase, as well as the service level assigned to each generator, shall be subject to Contractor's delivery to City of a written notice of the same ("Commercial Service Notice"), and City's disapproval, in writing, of that notice within five (5) business days; if City fails to deliver to Contractor disapproval of the Commercial Service Notice within said five (5) business days, City shall be deemed to have approved the Commercial generators in each phase as well as the service level assigned to each generator; if City timely disapproves, in writing, the Commercial Service Notice within said five (5) business days, Contractor shall revise and resubmit a revised Commercial Service Notice with modifications to the Commercial generators included in each phase as well as the service level assigned to each generator. Contractor may adjust the foregoing initial level of service hereunder in accordance with Paragraph 5 of this Amendment.
3. Acceptable Organic Waste Materials. Notwithstanding any provision in the Agreement to the contrary, the Organic Waste materials that are to be accepted for collection in Organic Waste containers for collection of Organic Waste are set forth in Exhibit 2A of this Amendment. Contractor shall also implement the protocols specified in Exhibit 2B to prevent or minimize "Prohibited Container Contaminants" consistent with 14 CCR Section 18984.5(b) in a manner deemed safe by Contractor pursuant to reasonable industry standards.
4. Field Audits; Sustainability Auditor. Contractor shall assign a "Sustainability Auditor" to the City and allocate twelve (12) hours per week of his/her time to conduct field audits of accounts within the City to determine Customer subscription to Organic Waste collection services required in accordance with SB 1383 and the Cerritos Municipal Code. Such audits shall include notification to City via written correspondence (letter/email) of an alleged or actual violation of Section 6.09.030 and/or 6.09.040 (or successor provisions) of the Cerritos Municipal Code, City will determine if there is such a violation, and upon City request, Contractor shall support City in mailing appropriate follow-up written correspondence on behalf of City to account holders.
5. Service Changes. Contractor may reduce or increase any Organic Waste service level, including service frequency and container types, based on inspection, audit, or review at any time, subject to written prior notice of the same delivered to City ("Service Change Notice"), and thereafter the City's review, and City disapproval, in writing, within five (5) business days of the Service Change Notice; if City fails to deliver to Contractor disapproval of the

Service Change Notice within said five (5) business days, City shall be deemed to have approved the reduction or increase of Organic Waste service level, including service frequency and container types; if City timely disapproves, in writing, the Service Change Notice within said five (5) business days, Contractor shall maintain the same Organic Waste service level, including service frequency and container types, that was in place prior to the Service Change Notice. Concurrently with any request submitted by Contractor pursuant to this paragraph 5, Contractor shall submit to City any and all inspection, audit, and/or review reports that Contractor uses in support of its request to reduce or increase any Organic Waste service level. To the extent permitted by law, Contractor may charge fees to cover the costs from the changes to Organic Waste service levels, as specified in Exhibit 1 of the Agreement as may be adjusted pursuant to Section 6.4 of the Agreement.

6. Route Reviews; Waste Evaluations. Section 5.4 of the Agreement shall be amended to add the following paragraphs:

Contractor shall conduct hauler route reviews for "Prohibited Container Contaminants" consistent with 14 CCR Section 18984.5(b) in a manner deemed safe by Contractor pursuant to reasonable industry standards.

Contractor shall conduct waste disposal characterization evaluations that meet the requirements of 14 CCR Section 17409.5.1 with respect to waste delivered to an Contractor-owned or -controlled facility or with respect to information otherwise accessible to Contractor that permits it to perform characterization studies.

The foregoing studies shall be conducted by Contractor upon the request of the City, but no more than once every two (2) years. Contractor shall pay for all cost and expenses for the completion and reporting requirements of such studies.

Upon the completion of any study, Contractor shall delivery to City a copy thereof, in digital format when possible and if not by hardcopy, for any study completed pursuant to this Section 5.4.

7. Multiple Cities Organic Waste Collection Routes. Contractor contracts with multiple jurisdictions to provide Organic Waste Collection services. Subject to City's review and prior written approval, Contractor may collect source separated Organic Waste from multiple cities within one Organic Waste route set by and serviced by Contractor. Contractor shall deliver to City data for estimated and actual tonnage volume from cities within Contractor's proposed one Organic Waste route, days and times of service, and any other information and documentation that City may reasonably request as part of its review and approval. If authorized by City to collect from multiple cities within one Organic Waste route, Contractor shall report to City the City's source separated Organic Waste tonnage, which shall be subject to review and verification by City or City's consultant retained for such purpose. If, subsequent to any review and verification by City or City's consultant, Contractor's report of the City's source separated Organic Waste tonnage is incorrectly reported by one percent (1%) or more, Contractor shall immediately cease and desist from including City in any collection of source separated Organic Waste from multiple cities and shall immediately collect

source separated Organic Waste only from City. Contractor shall continue to have the obligation to report to City the City's Organic Waste tonnage.

8. SB 1383 Call Center. Contractor shall ensure that representatives supporting calls received by Contractor's twenty-four (24) hour call center provided under Section 5.2.1. of the Agreement are qualified to communicate information and respond to Customer inquiries concerning SB 1383.
9. Food Recovery Support Payment. Contractor shall pay to City a sum of \$6,000 per year to support food recovery support programs in the City. Contractor's first payment shall be made within sixty (60) days of the Amendment Effective Date and the second and each subsequent annual payment made within sixty (60) days after September 1 of each year the Agreement, as amended, is in effect.
10. Edible Food Recovery Support. Contractor shall maintain a current list of Tier 1 and Tier 2 Commercial Edible Food Generators in the City, as well as a list of Food Recovery Organizations that provide services within the City. Contractor shall disseminate to each Tier 1 and Tier 2 Commercial Edible Food Generators information about the City's Food Recovery program on an annual basis. For the purposes of this provision, Tier 1 and Tier 2 Commercial Edible Food Generators shall mean "tier one commercial edible food generator" and "tier two commercial edible food generator," respectively, as defined in Section 6.09.020 of the Cerritos Municipal Code. "Food Recovery Organization" shall have the same meaning set forth in Section 6.09.020 of the Cerritos Municipal Code.
11. Paper Shredding Events. Contractor agrees to provide two (2) on-site paper shredding trucks at one 4-hour community paper shredding event per calendar year, at times and location(s) specified by City and agreed upon by Contractor (which shall not be unreasonably withheld or delayed).
12. Compost Events. Contractor shall provide labor for the staffing of two 4-hour compost events annually, at times and location(s) determined by the City and agreed upon by Contractor (which shall not be unreasonably withheld or delayed). At the events, two truckloads of compost of at least 42 tons will be provided free-of-charge to City residents. Labor provided by Contractor shall include one person at an informational booth, one person assisting with traffic flow, and three persons shoveling and filling bags for residents.
13. SB 1383 Procurement. As part of City's efforts to satisfy annual procurement requirements specified 14 CCR Section 18993.1, Contractor shall: (i) provide at least 126 tons of compost or mulch, delivered to location(s) selected by City and agreed upon by Contractor (which shall not be unreasonably withheld or delayed) that will meet the description in 14 CCR Section 18993.1(f)(1); and (ii) provide City with the right to require Contractor to procure, on an annual basis, up to 83,325 Diesel Gallon Equivalent units (gallons) of California-derived Renewable Natural Gas for use in collection vehicles used by Contractor in the City that will meet the description in 14 CCR Section 18993.1(f)(2) ("CRNG"). To implement clause (ii) in the preceding sentence, Contractor shall, no later than November 1 of each year: (a) notify the City of the status of the commercial availability of CRNG for use on collection routes within the City for the following calendar year; and (b)

notify the City of Contractor's cost per gallon of CRNG for the following calendar year; and (c) notify the City of Contractor's cost per gallon of fuel that Contractor would otherwise use on collection routes within the City for the following calendar year, as specified in Section 4.5.3(B) of the Agreement. City shall then have the right, no later than December 15 of each calendar year, to require and direct Contractor to procure up to 83,325 gallons of CRNG at a cost to the City of the difference in Contractor's cost between CRNG and the fuel that Contractor would have otherwise used on the collection routes in the City, payable to contractor no later than March 1 of the calendar year in which the CRNG is allocated for use in the City. If Contractor's cost of CRNG is less than the cost of the fuel that Contractor would otherwise use on collection routes within the City, then Contractor shall use CRNG on all collection routes within the City for the given calendar year at no cost to City up to 83,325 Diesel Gallon Equivalent units unless Contractor elects to use additional CRNG at no cost to City. Contractor acknowledges and agrees this is a material term to this Amendment because the City shall be entitled to receive the associated procurement credits to satisfy 14 CCR Section 18993.1.

14. Program Changes. Contractor's duties with respect to its support of City's compliance of SB 1383 and its regulations are limited to the services expressly set forth herein. Contractor may request a rate adjustment pursuant to Section 6.5 of the Agreement in the event Contractor incurs additional costs, arising from or relating to (i) additional or modified Organic Waste services as directed by City, including but not limited to requirements relating to diversion, facilities, container color, container labelling, waivers, and reporting, or (ii) required due to a change in law. Any request for such rate adjustment shall be governed by Section 6.5 and any other applicable provisions of the Agreement.
15. Revised Rates. Exhibit 1 of the Agreement shall be deleted in its entirety, and shall be amended by Exhibit 1 attached to this Amendment and by the reference integrated herein. All references in the Agreement to Exhibit 1 shall be deemed to refer to Exhibit 1 of this Amendment. The rates specified in Exhibit 1 of this Amendment shall be the maximum rates that Contractor is permitted to charge its Customers in the City effective December 1, 2022.
16. Annual Rate Approval. Section 6.4, inclusive of its subparts at subsections 6.4.1 through and including 6.4.3 and Exhibits 2A through and including 2D of the Agreement, are hereby deleted in their entirety and replaced with the following:

6.4 Method of Adjustment

6.4.1 General

Pursuant to Section 6.3, Contractor may request an adjustment to the maximum rates according to the method and formula described in Section 6.4.2, subject to the review and approval by the City Manager. Such approval of the City Manager is permitted if, and only if, the request by Contractor is consistent with the rate adjustment methodology outlined in the Agreement.

6.4.2 Potential Rate Adjustments/Increases per CPI; Annual Cap

The maximum rates set forth in Exhibit 1 shall be adjusted each July 1st for the term of the Agreement by the percentage increase, if any, in the Consumer Price Index – All Urban Consumers, All Items - Los Angeles-Long Beach-Anaheim, CA ("CPI") from March of the previous calendar year through March of the current calendar year, not to exceed an increase of five percent (5%) per rate year; provided, however, that if the CPI adjustment increase in one calendar year is greater than five percent (5%), then rate adjustments in excess of five percent (5%) in any rate year shall be carried forward and applied to the next rate year to which the rate adjustment (inclusive of any carried-forward balance) does not exceed the five percent (5%) rate year cap ("Rollover"). If the CPI adjustment in one year is less than zero percent (0%), then there shall be no adjustment to rates in that rate year unless there is Rollover to be applied. Upon a rate year with negative rate adjustment without the application of Rollover, the negative rate adjustment shall be applied to offset the next rate year to which the rate adjustment exceeds zero percent (0%).

17. Section Headings. The section headings in this Amendment are for convenience of reference only and are not intended to be used in the construction of this Amendment or to alter or affect its provisions.
18. Defined Terms. Except as expressly specified otherwise in this Amendment, capitalized words and phrases not otherwise defined in this Amendment shall have the same definition and meaning ascribed to them in the Agreement.
19. Interpretation. This Amendment does not and shall not be interpreted to change any term, condition, program, or other detail included in the Agreement unless specifically addressed in this Amendment. Except as specifically and expressly provided in this Amendment, all of the terms, conditions, programs, and other details in the Agreement remain in full force and effect, and binding on the Parties hereto.
20. Entire Amendment. This Amendment and the Agreement contain the entire agreement and understanding between the Parties with respect to the subject matter of this Amendment and supersedes any and all prior or contemporaneous oral and written representations, warranties, agreements, and understandings between the Parties concerning the subject matter of this Amendment.
21. Due Execution. The person(s) executing this Amendment on behalf of a Party hereto warrant(s) that (i) such Party is duly organized and existing; (ii) such person(s) are duly authorized to execute and deliver this Amendment on behalf of said Party; (iii) by so executing this Amendment, such Party is formally bound to the provisions of this Amendment; and (iv) entering into this Amendment does not violate any provision of any other agreement to which said Party is bound.

22. Counterparts. This Amendment may be executed in counterparts, each of which shall be considered an original.

IN WITNESS THEREOF, the Parties hereto have executed this Amendment on the date first above written.

The "City"

CITY OF CERRITOS

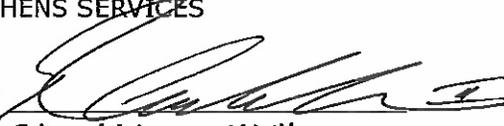
MAYOR

ATTEST:

CITY CLERK

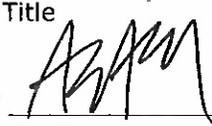
"Athens" and "Contractor"

ATHENS SERVICES

BY 

RON ARAKELIAN III

Executive Officer
Title

BY 

ADAM ARAKELIAN

Executive Officer
Title

EXHIBIT 1
MAXIMUM CONTRACTOR RATES

Following are the maximum contractor rates for September 1, 2022 through June 30, 2023

Residential Services	Maximum Contractor Rate
Cart Service – up to 96 gallons of capacity each: refuse, recycling, and green waste cart(s)	\$23.89 per mo.
Additional 96 gallons of capacity: Refuse Cart(s)	\$9.89 per mo.
Additional 96 gallons of capacity: Recycling Cart(s) Note: Second 96 gallons of capacity free of charge.	\$9.89 per mo.
Additional 96 gallons of capacity: Green Waste Cart(s) Note: Second 96 gallons of capacity free of charge.	\$9.89 per mo.
Extra Empty – Refuse, Recycle or Green Waste	\$16.29
Bulky Item Pickup (Not on pickup day) per pick up not to exceed 5 items	\$45.44
Cart Maintenance Fee (Requires City Approval)	\$96.43
Sharps Collection Container- Gallon size	\$59.72 each
Cart size exchange (multiple exchanges permitted on one trip)	\$24.90 per trip
Cart Customer Special Pickups	No charge
Cart Wheel-Out and Return Service	\$45.63 per mo.

Maximum Monthly Refuse Bin Contractor Rates							
Container Size	Pickups per week						
	1	2	3	4	5	6	7
1 cubic yard	\$115.61	\$195.70	\$278.27	\$363.08	\$450.34	\$539.95	\$655.57
2 cubic yard	\$153.22	\$259.09	\$367.43	\$478.08	\$591.04	\$706.37	\$854.89
3 cubic yard	\$168.71	\$285.42	\$402.10	\$518.77	\$635.46	\$752.21	\$935.08
4 cubic yard	\$199.23	\$351.04	\$502.81	\$654.77	\$809.86	\$964.95	\$1179.11
2 yd compactor	\$275.77	\$466.39	\$661.34	\$860.48	\$1063.85	\$1271.52	\$1538.80
3 yd compactor	\$303.65	\$513.74	\$723.76	\$933.83	\$1143.84	\$1353.94	\$1683.10
Locking bin fee	\$22.04	\$27.54	\$33.04	\$38.62	\$44.15	\$50.15	\$55.19
Roll-out Services	\$46.38	\$105.04	\$139.12	\$185.50	\$231.87	\$278.24	\$510.10

Maximum Monthly Recycling Bin Contractor Rates							
Container Size	Pickups per week						
	1	2	3	4	5	6	7
1 cubic yard	\$64.66	\$109.46	\$155.63	\$203.09	\$251.91	\$302.01	\$366.69
2 cubic yard	\$85.71	\$144.91	\$205.52	\$267.38	\$328.82	\$395.12	\$478.17
3 cubic yard	\$94.34	\$159.61	\$224.89	\$290.18	\$355.46	\$420.71	\$523.01
4 cubic yard	\$111.44	\$196.37	\$281.24	\$366.23	\$452.98	\$539.72	\$659.53
Maximum Monthly Manure Bin Contractor Rates							
Container Size	Pickups per week						
	1						
3 cubic yard	\$402.79						
Maximum Monthly Commercial Organics Rates							
Per Cart Pickups per week							
1x	2x						
\$110.05	\$220.11						

Roll-Off Box and Temporary Bin Charges	Maximum Customer Rates
Commercial Customers	
3-yard Clean-up Bin	\$173.38 per bin pull, disposal included
3-yard Clean-up Bin – Extra Empty	\$66.66 per bin pull, disposal included
Roll-Off (6-ton limit)	\$768.63 per pull, disposal included
Lowboy Roll-Off (6-ton limit)	\$768.63 per pull, disposal included
Residential Customers	
Clean-up Bin	\$92.14 per pull, disposal included
3-yard Clean-up Bin – Extra Empty	\$92.14 per pull, disposal included
Roll-Off Mini (3-ton limit)	\$362.34 per pull, disposal included
Roll-Off (6-ton limit)	\$664.85 per pull, disposal included
Lowboy Roll-Off (6-ton limit)	\$664.85 per pull, disposal included

Extra Services		Maximum Customer Rates		
Copy of Facility Weight Ticket/each		\$3.80		
Copy of Workorder/each		\$3.80		
Dry Run/Dead Run Charge per incident		\$113.42		
Roll-off Box Relocation per incident		\$113.42		
Roll-Off Wash		\$113.97		
Roll-off Inactivity Charge per day		\$52.86		
Cleanup Bin Inactivity Charge per day		\$7.32		
Overweight Fee (tons over limit)		\$106.01		
Commercial Bin Maintenance Fee		\$182.50		
3 Yard Monthly Bin Rental (on-call customers)		\$54.61		
Bin Customer Special Pickups – bulky items and electronic waste (not to exceed 5 items)		\$46.05 per trip		
Maximum Extra Bin Pickup Fee with Lock Lid– per extra pickup based on bin size:	1 yard	2 yards	3 yards	4 yards
	\$82.89	\$91.50	\$100.70	\$109.93
Maximum Extra Bin Pickup Fee – per extra pickup based on bin size:	1 yard	2 yards	3 yards	4 yards
	\$64.50	\$73.70	\$82.91	\$92.14
Emergency Services – One truck, one-man crew		\$146.00 per hour		
Emergency Services – One truck, one-man crew (week-ends, holidays, overtime)		\$257.69 per hour		
Finance Charge – charged to accounts 30 days or more overdue		1.5% per month		
Return payment fee/credit card decline fee		\$34.39		
Maximum Re-Start Fee – charged to an account that was closed (Stop serviced) for non-payment		\$37.86		
Maximum Re-Start Fee – charged to deliver a bin(s) for an account that was closed for non-payment		\$126.21		
Additional Street Sweeping rate per Curb Mile		\$27.64		
Additional Sweeping Services during regular working hours (M-F, 8am-5pm)		\$75.72/hour		
Additional Sweeping Services after regular working hours		\$94.66/hour		

**Amendment Exhibit 2A
LIST OF ACCEPTABLE ORGANIC WASTE MATERIALS**

GREEN WASTE

- Flower and hedge trimmings
- Grass clippings
- Leaves and branches
- Lumber, scrap wood, and plywood (not painted or treated)
- Weeds

FOOD SCRAPS

- Bread, rice, and pasta
- Cheese and dairy
- Coffee grounds and filters
- Fruits and vegetables
- Flowers and herbs
- Meat, bones, and poultry
- Seafood and soft shells
- Pet food (nonmedicated)

FOOD-SOILED PAPER*

- Food-stained paper
- Paper egg cartons
- Paper napkins and kitchen paper towels
- Pizza boxes
- Plates
- To-go boxes (no coating)
- Wood and fiber-based utensils

*Must be 100% fiber-based. No materials with petroleum-based plastic, wax, or bioplastic coating, liner, or laminate.

UNACCEPTED ITEMS

- All plastics
- Cacti, succulents, and yucca
- Compostable plastics (bioplastics)
- Coffee cups and pods
- Fats, oils, and grease
- Food stickers (please remove from items)
- Gloves
- Hard shells (clams, mussels, oysters)
- Medication
- Palm fronds
- Paper napkins and paper towels with cleaning chemicals
- Parchment and wax paper
- Pet waste
- Rocks and soil
- Rubber bands and twist ties
- Tea bags
- Textiles
- Tissues and wet wipes

**Amendment Exhibit 2B
CONTAMINATION PROTOCOLS**

1. First and Second Events. Upon the first and second discoveries of Prohibited Container Contaminants within a given calendar year starting January 1, Contractor will collect the contaminated waste if safe to do so, treat the waste as Solid Waste for handling and billing purposes, and affix a "Contamination Violation Notice" to any container with contaminated waste. Contractor shall also report issuance of any such notices to City. The Contamination Violation Notice will contain instructions on the proper procedures for sorting waste, and Contractor must notify the Customer by phone, by U.S. mail, by email, in person, or by tag of the following: (i) for the third and subsequent discovery of Prohibited Container Contaminants, the Customer may be charged a contamination fee for each contaminated container, and (ii) for the fifth and subsequent discoveries of Prohibited Container Contaminants, the Customer may be charged a contamination fee for each contaminated container, and Contractor may increase the size of the Customer's container or require an additional container(s). Contractor must also contact the Customer by phone, by U.S. mail, by email, in person, or by tag to ensure that the Customer has the appropriate level of service for proper collection of waste.

2. Third and Fourth Events. Upon the third and fourth discoveries of Prohibited Container Contaminants within a given calendar year starting January 1, Contractor will collect the waste in the contaminated container(s) if safe to do so, treat the waste as Solid Waste for handling and billing purposes, and affix a Contamination Violation Notice to the contaminated container. Contractor may also elect to charge the then-maximum contamination fee for the discovery of Prohibited Container Contaminants. For any assessed contamination fee, Contractor must provide digital/visual documentation of Contractor' discovery of Prohibited Container Contaminants to the Customer and City.

3. Five or More Events. Upon each of the fifth and any subsequent discoveries of Prohibited Container Contaminants within a given calendar year starting January 1, Contractor will collect the waste in the contaminated container(s) if safe to do so, treat the waste as Solid Waste for handling and billing purposes, and charge a contamination fee for each event. For any assessed contamination fee, Contractor must provide to the customer and City digital/visual documentation of Contractor' discovery of Prohibited Container Contaminants. Upon five (5) business days' notice to City and the Customer, Contractor may (i) increase the size of the Customer's container, require additional containers for excessive Prohibited Container Contaminants, or increase collection frequency; (ii) impose the then-maximum contamination fee; and/or (iii) provide notice that Contractor has recommended that City commence any applicable code enforcement action against the Customer. City will consult with Contractor and consider, and pursue as applicable, appropriate legal remedies against offending Customers in order to secure discontinuance of the Prohibited Container Contaminants. All City costs of such action shall be recovered from the offending Customers.

4. Disputes. If a Customer disputes, in writing, an assessment of a contamination fee within 30 days of the assessment, Contractor will temporarily halt any such assessment and Contractor may request a ruling by the City Manager to resolve the dispute. A request by Contractor to the City Manager to render a decision on any such dispute must be filed within ten (10) business days of receipt of a Customer's written dispute, and Contractor must include written documentation and digital/visual evidence of ongoing overall problems. Upon receipt of such documentation, the City Manager will rule on the dispute within ten (10) business days, and the City Manager's decision resolving the dispute between the Customer and Contractor will be final.

4.5.3 Vehicles

B. Specifications. All Collection Vehicles used in performance of this Agreement shall use non-diesel alternative fuel such as liquefied natural gas, compressed natural gas or propane. Such vehicles must be registered with the California Department of Motor Vehicles and shall have water-tight bodies designed to prevent leakage, spillage or overflow. At all times during the term of this Agreement, Contractor's Collection vehicles shall comply with South Coast Air Quality Management District Requirements and the California Air Resource Board's emission standards as they may be approved for Refuse removal vehicles, as well as other Federal, State and local laws and regulations that may be enacted during the term of this Agreement.

5.2.1 Local Office

Contractor shall maintain a local office within 15 miles of the City limits. Said office shall be open ("Office Hours"), at a minimum, from 8:00 A.M. to 5:00 P.M., Monday through Friday, exclusive of holidays, as well as any hours in which Collection is scheduled to occur. A responsible and qualified representative of Contractor shall be available during Office Hours, as well as any hours in which Collection is scheduled to occur, for personal communication with the public. Contractor shall have either a representative, a message machine, or an answering service available outside of Office Hours. Calls received outside of Telephone Service Hours shall be responded to on the next business day. Contractor shall provide City with a twenty-four (24) hour emergency number to a live person, not voice-mail.

Contractor shall record Customer complaints regarding Customer service personnel in accordance with Section 5.2.2. Customer service representatives receiving multiple complaints are to be transferred from Customer service duties or disciplined and appropriately trained.

5.4 Waste Generation/Characterization Studies

Contractor acknowledges that City must perform Solid Waste generation and Disposal characterization studies periodically to comply with the requirements of AB 939. Contractor agrees to participate and cooperate with City and its agents and to accomplish studies and data collection and prepare reports, as needed and directed by City, to determine weights and volumes of Solid Waste Collected and characterize Solid Waste generated, disposed, transformed, diverted or otherwise handled/processed, by Customer type (Single Family,

EXHIBIT B

Select Excerpts from the 2017 Agreement Referenced in the Proposed Amendment

Multi-Family, Commercial), to satisfy the requirements of AB 939. Contractor will at its sole expense conduct such a waste generation and characterization study upon request of City, but not more than once every two years.

6.3 Schedule of Future Adjustments

Beginning with the Rate Year starting July 1, 2018 and ending on June 30, 2019 and for all subsequent Rate Years, Contractor may request an annual adjustment to the maximum rates shown in Exhibit 1. The Contractor shall submit its request in writing, to be received by City in Person or via certified mail, by the preceding April 15, and shall be based on the method of adjustment described in Section 6.4. Failure to submit a written request by April 15 shall result in Contractor waiving the right to request such an increase for the subsequent Rate Year.

6.4 Method of Adjustments

6.4.1 General

Pursuant to Section 6.3, the Company may request an adjustment to the maximum rates according to the method described below and the formulas shown in Exhibits 2A, 2B, 2C, 2D, and 2E subject to review and approval of City. All future adjustments are to be effective July 1. The rate adjustment calculations shall be separately performed for Cart rates (Exhibit 2A), Bin rates (Exhibit 2B), and Roll-off Box rates (Exhibit 2C).

6.4.2 Cost Components and Rate Adjustment Indices

The approved rates consist of the following cost components, followed by the initial weightings of each component by waste stream. Each cost component may be adjusted by the change in the corresponding index below. See Section 6.4.3 for detailed rate adjustment procedures.

<u>Cost Component</u>	<u>% of Cost(1)</u>			<u>Rate Adjustment Index</u>	<u>Starting Index</u>
	Cart	Bin	Roll-Off		
Service	75%	65%	55%	Consumer Price Index - All Urban Consumers, All items – Los Angeles – Riverside – Orange County, CA capped at 5% per year, however, that rate adjustments in excess of 5% in any Rate Year, may be carried forward and applied to the next Rate Year which the rate adjustment does not exceed the 5% cap.	CPI as of the January prior to the July 1 when the rate change will take effect. Initial CPI index will be 252.373
Disposal	25%	35%	45%	Weighted index of disposal components as calculated below.	See Exhibit 2E.

(1) Weightings may be adjusted for the rate adjustment following, and based upon results from, each biennial audit per Section 8.2.7.

Components of Disposal Index

The disposal component index is the average disposal cost per ton, calculated using the following disposal components:

Disposal Cost Component	Rate Adjustment Index	Starting Index
Transfer/ Disposal	Actual change in per ton posted gate rate at DART for transfer and disposal of municipal and inert waste.	\$58.39 per ton as of January 2017.
Processing/ Disposal	Actual gate rate at PRR for processed Solid Waste (MRF'd Waste)	\$ \$84.00per ton as of January 1, 2017

Transformation	Actual change in the per ton posted gate rate at the Long Beach SERRF	\$70.00 per ton as of January 1, 2017
Green Waste	Actual change in the per ton posted gate rate at DART for segregated and uncontaminated Green Waste (2)	\$43.50 per ton as of January 1, 2017
Street Sweeping	Actual change in the per ton posted gate rate at DART for transfer and disposal of municipal and inert waste.	\$58.39 per ton as of January 2017.
Food Waste	Actual change in the per ton posted gate rate at Puente Hills MRF for segregated and uncontaminated Food Waste	\$85.00 per ton as of January 1, 2017

The initial disposal component indices for each waste stream (Cart, Bin, Roll-Off Box), are calculated in Exhibit 2E, based upon assumed tonnage levels.

6.4.3 Rate Adjustment

Cart, Bin, Roll-off Box, and rates will be adjusted using the same method, but will be calculated separately due to the differences in the weightings of the cost components for each Customer type, as listed in Section 6.4.2.

Step One – Determination of the Disposal Component Index. The initial disposal component index, as of July 1, 2018, is as calculated in Exhibit 2E. The new index is calculated in Step One of Exhibit A, B, and C, for each adjustment.

Step Two – Calculate the percentage increase or decrease in the service and disposal component indices listed in Section 6.4.2. The increase or decrease in the service component index, the local CPI, will be for the twelve (12) month period ending January 31 prior to the Rate Year anniversary date. The disposal index is based upon the difference between the weighted disposal component based on rates to be in effect as of the July 1 start date of the new rates, as changed from the prior July 1 rates.

Step Three – For rate adjustments prior to the first biennial audit (see Section 8.2.7): Cost components are weighted as listed in Section 6.4.2. **For subsequent rate adjustments:** The relative weightings of the service and disposal cost components will be determined by the most recent biennial audit conducted per Section 8.2.7.

Multiply the percentage changes for each rate adjustment component, as determined in Step One, by that component's weighting as a percentage of total cost.

Step Four – Multiply the weighted permitted percent change from Step Three by the existing maximum Cart, Bin, Roll-Off Box Collection rates to determine the increase or decrease in maximum rates. Then add (subtract) the change in rates to (from) the existing maximum rates to determine the new maximum rates.

Exhibit 2A
Example Rate Adjustment – Cart Rates

Step One: Determine new disposal component index						
			A	B	C	D
Row	Disposal/Processing Facility	Index	Tonnage - 12 Months Ending June 30	Weighted Average (Column A, Rows 1 - 7, / Column A, Row 7)	Gate Fee Per Ton (January 1)	Weighted Cost per Ton
1	Transfer	(1)	9,834.00	41.1%	\$59.39	\$24.38
2	Transformation	(2)	3,744.00	15.6%	\$71.00	\$11.10
3	Green Waste	(3)	6,451.00	26.9%	\$42.50	\$11.45
4	Recyclables Processing	(4)	3,923.00	16.4%	\$0.00	\$0.00
5	Food Waste Processing	(5)	-	0.0%	\$0.00	\$0.00
6	Reserved for future use	(6)	-	0.0%	\$0.00	\$0.00
7	Total Tons		23,952.00	Index - Weighted Cost per Ton		\$46.93
Step Two: Calculate percentage change in indices						
			E	F	G	
Row	Adjustment Factor	Index	Old Index Value	New Index Value	Percent Change in Index ((Column F / Column E) - 1)	
8	Service	(7)	249.789	251.000	0.5%	
9	Disposal		46.63	\$46.93	0.6%	
Step Three: Determine Weighted Change						
			H	I	J	
Row	Adjustment Factor		Component Weighting	Percent Change in Index (from Column G)	Permitted Change in Index	
10	Service	(8)	75.00%	0.5%	0.4%	
11	Disposal		25.00%	0.6%	0.2%	
12	Total		100.00%		0.6%	
Step Four: Apply percentage change to rates						
			K	L	M	N
Row	Rate Category		Current Customer Rate	Total Weighted Percentage Change (from Row 12 Column J)	Rate Increase or Decrease (Column K x Column L)	Adjusted Rate (Column K + Column M)
13	Service		\$ 17.60	0.6000%	0.11	\$ 17.71
14	Extra Refuse Capacity		\$ 7.29	0.6000%	0.04	\$ 7.33

15	Extra Recycling Capacity		\$ 7.29	0.6000%	0.04	\$ 7.33
16	Extra Green Waste Capacity		\$ 7.29	0.6000%	0.04	\$ 7.33
17	Extra Empty - Refuse		\$ 12.00	0.6000%	0.07	\$ 12.07
18	Extra Empty - Recycle		\$ 12.00	0.6000%	0.07	\$ 12.07
19	Extra Empty - Green Waste		\$ 12.00	0.6000%	0.07	\$ 12.07
20	Bulky Item Pickup (not on pick-up d		\$ 33.72	0.6000%	0.20	\$ 33.92
21	Temporary Cart Delivery		\$ 67.44	0.6000%	0.40	\$ 67.84
22	Cart Maintenance Fee		\$ 71.05	0.6000%	0.43	\$ 71.48
23	Cart Exchange		\$ 18.35	0.6000%	0.11	\$ 18.46
24	Cart Wheel-out Service		\$ 33.62	0.6000%	0.20	\$ 33.82

(1)	Posted per ton gate fee at DART for transfer and disposal of municipal and inert waste.					
(2)	Posted per ton gate rate at the Long Beach SERRF Facility for municipal and inert waste.					
(3)	Posted gate rate at DART for segregated uncontaminated green waste.					
(4)	TBD					
(5)	The per ton gate fee charged by LACSD for food processing.					
(6)	This line reserved for the use of future disposal/processing facilities currently unidentified. Additional lines may be added as needed.					
(7)	Consumer Price Index - All Urban Consumers, All Items, Los Angeles - Riverside - Orange County, CA CUURA421SAO					
(8)	The Increase in the Service Component is limited to no more than 5%.					

Exhibit 2B
Example Rate Adjustment – Bin Rates

Step One: Determine new disposal component index						
Row	Disposal/Processing Facility	Index	A Tonnage - 12 Months Ending June 30	B Weighted Average (Column A, Rows 1 - 7, / Column A, Row 7)	C Gate Fee Per Ton (January 1)	D Weighted Cost per Ton
1	Transfer	(1)	10,911.00	49.6%	\$59.39	\$29.45
2	Mixed Waste Processing	(2)	9,011.00	41.0%	\$85.00	\$34.81
3	Recyclables Processing	(3)	-	0.0%	\$0.00	\$0.00
4	Street Sweeping Debris	(1)	2,080.00	9.5%	\$59.39	\$5.61
5	Food Waste Processing	(4)	-	0.0%	\$0.00	\$0.00
6	Reserved for future use	(5)	-	0.0%	\$59.39	\$0.00
7	Total Tons		22,002.00	Index - Weighted Cost per Ton		\$69.87

Step Two: Calculate percentage change in indices					
Row	Adjustment Factor	Index	E Old Index Value	F New Index Value	G Percent Change in Index ((Column F / Column E) - 1)
8	Service	(6)	249.789	251.000	0.5%
9	Disposal		68.88	\$69.87	1.4%

Step Three: Determine Weighted Change					
Row	Adjustment Factor		H Component Weighting	I Percent Change In Index (from Column G)	J Permitted Change in Index
10	Service	(7)	65.00%	0.5%	0.3%
11	Disposal		35.00%	1.4%	0.5%
12	Total		100.00%		0.8%

Step Four: Apply percentage change to rates						
Row	Rate Category		K Current Customer Rate	L Total Weighted Percentage Change (from Row 11 Column J)	M Rate Increase or Decrease (Column K x Column L)	N Adjusted Rate (Column K + Column M)
13	1 yard refuse bin, 1 pickup/week		\$ 84.04	0.8000%	\$ 0.67	\$ 84.71
14	1 yard refuse bin, 2 pickup/week		\$ 142.26	0.8000%	\$ 1.14	\$ 143.40

15	1 yard refuse bin, 3 pickup/week	\$ 202.28	0.8000%	\$ 1.62	\$ 203.90
16	1 yard refuse bin, 4 pickup/week	\$ 263.94	0.8000%	\$ 2.11	\$ 266.05
17	1 yard refuse bin, 5 pickup/week	\$ 327.37	0.8000%	\$ 2.62	\$ 329.99
18	1 yard refuse bin, 6 pickup/week	\$ 392.50	0.8000%	\$ 3.14	\$ 395.64
19	1 yard refuse bin, 7 pickup/week	\$ 476.55	0.8000%	\$ 3.81	\$ 480.36
20	2 yard refuse bin, 1 pickup/week	\$ 111.38	0.8000%	\$ 0.89	\$ 112.27
21	2 yard refuse bin, 2 pickup/week	\$ 188.34	0.8000%	\$ 1.51	\$ 189.85
22	2 yard refuse bin, 3 pickup/week	\$ 267.09	0.8000%	\$ 2.14	\$ 269.23
23	2 yard refuse bin, 4 pickup/week	\$ 347.53	0.8000%	\$ 2.78	\$ 350.31
24	2 yard refuse bin, 5 pickup/week	\$ 429.64	0.8000%	\$ 3.44	\$ 433.08
25	2 yard refuse bin, 6 pickup/week	\$ 513.48	0.8000%	\$ 4.11	\$ 517.59
26	2 yard refuse bin, 7 pickup/week	\$ 621.44	0.8000%	\$ 4.97	\$ 626.41
27	3 yard refuse bin, 1 pickup/week	\$ 122.64	0.8000%	\$ 0.98	\$ 123.62
28	3 yard refuse bin, 2 pickup/week	\$ 207.48	0.8000%	\$ 1.66	\$ 209.14
29	3 yard refuse bin, 3 pickup/week	\$ 292.29	0.8000%	\$ 2.34	\$ 294.63
30	3 yard refuse bin, 4 pickup/week	\$ 377.11	0.8000%	\$ 3.02	\$ 380.13
31	3 yard refuse bin, 5 pickup/week	\$ 461.94	0.8000%	\$ 3.70	\$ 465.64
32	3 yard refuse bin, 6 pickup/week	\$ 546.80	0.8000%	\$ 4.37	\$ 551.17
33	3 yard refuse bin, 7 pickup/week	\$ 679.73	0.8000%	\$ 5.44	\$ 685.17
34	3 yard compactor refuse bin, 1 pickup/week	\$ 220.73	0.8000%	\$ 1.77	\$ 222.50
35	3 yard compactor refuse bin, 2 pickup/week	\$ 373.45	0.8000%	\$ 2.99	\$ 376.44
36	3 yard compactor refuse bin, 3 pickup/week	\$ 526.12	0.8000%	\$ 4.21	\$ 530.33
37	3 yard compactor refuse bin, 4 pickup/week	\$ 678.83	0.8000%	\$ 5.43	\$ 684.26
38	3 yard compactor refuse bin, 5 pickup/week	\$ 831.49	0.8000%	\$ 6.65	\$ 838.14
39	3 yard compactor refuse bin, 6 pickup/week	\$ 984.21	0.8000%	\$ 7.87	\$ 992.08
40	3 yard compactor refuse bin, 7 pickup/week	\$ 1,223.49	0.8000%	\$ 9.79	\$ 1,233.28
41	4 yard refuse bin, 1 pickup/week	\$ 144.83	0.8000%	\$ 1.16	\$ 145.99
42	4 yard refuse bin, 2 pickup/week	\$ 255.18	0.8000%	\$ 2.04	\$ 257.22
43	4 yard refuse bin, 3 pickup/week	\$ 365.50	0.8000%	\$ 2.92	\$ 368.42
44	4 yard refuse bin, 4 pickup/week	\$ 475.97	0.8000%	\$ 3.81	\$ 479.78
45	4 yard refuse bin, 5 pickup/week	\$ 588.71	0.8000%	\$ 4.71	\$ 593.42
46	4 yard refuse bin, 6 pickup/week	\$ 701.45	0.8000%	\$ 5.61	\$ 707.06
47	4 yard refuse bin, 7 pickup/week	\$ 857.13	0.8000%	\$ 6.86	\$ 863.99
48	1 yard recycling bin, 1 pickup/week	\$ 47.00	0.8000%	\$ 0.38	\$ 47.38
49	1 yard recycling bin, 2 pickup/week	\$ 79.57	0.8000%	\$ 0.64	\$ 80.21
50	1 yard recycling bin, 3 pickup/week	\$ 113.13	0.8000%	\$ 0.91	\$ 114.04
51	1 yard recycling bin, 4 pickup/week	\$ 147.63	0.8000%	\$ 1.18	\$ 148.81
52	1 yard recycling bin, 5 pickup/week	\$ 183.12	0.8000%	\$ 1.46	\$ 184.58
53	1 yard recycling bin, 6 pickup/week	\$ 219.54	0.8000%	\$ 1.76	\$ 221.30
54	1 yard recycling bin, 7 pickup/week	\$ 266.56	0.8000%	\$ 2.13	\$ 268.69
55	2 yard recycling bin, 1 pickup/week	\$ 62.30	0.8000%	\$ 0.50	\$ 62.80
56	2 yard recycling bin, 2 pickup/week	\$ 105.34	0.8000%	\$ 0.84	\$ 106.18
57	2 yard recycling bin, 3 pickup/week	\$ 149.39	0.8000%	\$ 1.20	\$ 150.59
58	2 yard recycling bin, 4 pickup/week	\$ 194.37	0.8000%	\$ 1.55	\$ 195.92

59	2 yard recycling bin, 5 pickup/week	\$ 239.03	0.8000%	\$ 1.91	\$ 240.94
60	2 yard recycling bin, 6 pickup/week	\$ 287.22	0.8000%	\$ 2.30	\$ 289.52
61	2 yard recycling bin, 7 pickup/week	\$ 347.60	0.8000%	\$ 2.78	\$ 350.38
62	3 yard recycling bin, 1 pickup/week	\$ 68.58	0.8000%	\$ 0.55	\$ 69.13
63	3 yard recycling bin, 2 pickup/week	\$ 116.03	0.8000%	\$ 0.93	\$ 116.96
64	3 yard recycling bin, 3 pickup/week	\$ 163.48	0.8000%	\$ 1.31	\$ 164.79
65	3 yard recycling bin, 4 pickup/week	\$ 210.94	0.8000%	\$ 1.69	\$ 212.63
66	3 yard recycling bin, 5 pickup/week	\$ 258.39	0.8000%	\$ 2.07	\$ 260.46
67	3 yard recycling bin, 6 pickup/week	\$ 305.83	0.8000%	\$ 2.45	\$ 308.28
68	3 yard recycling bin, 7 pickup/week	\$ 380.19	0.8000%	\$ 3.04	\$ 383.23
69	4 yard recycling bin, 1 pickup/week	\$ 81.01	0.8000%	\$ 0.65	\$ 81.66
70	4 yard recycling bin, 2 pickup/week	\$ 142.74	0.8000%	\$ 1.14	\$ 143.88
71	4 yard recycling bin, 3 pickup/week	\$ 204.44	0.8000%	\$ 1.64	\$ 206.08
72	4 yard recycling bin, 4 pickup/week	\$ 266.22	0.8000%	\$ 2.13	\$ 268.35
73	4 yard recycling bin, 5 pickup/week	\$ 329.28	0.8000%	\$ 2.63	\$ 331.91
74	4 yard recycling bin, 6 pickup/week	\$ 392.34	0.8000%	\$ 3.14	\$ 395.48
75	4 yard recycling bin, 7 pickup/week	\$ 479.43	0.8000%	\$ 3.84	\$ 483.27
75	3 yard Manure Bin	\$ 292.80	0.8000%	\$ 2.34	\$ 295.14
76	3 yard bin rental	\$ 39.70	0.8000%	\$ 0.32	\$ 40.02
77	Commercial Bulky Item Pickup	\$ 33.48	0.8000%	\$ 0.27	\$ 33.75
78	Commercial Cleanup Bin	\$ 126.04	0.8000%	\$ 1.01	\$ 127.05
79	Commercial Cleanup Bin - Extra emp	\$ 48.46	0.8000%	\$ 0.39	\$ 48.85
80	Residential Cleanup Bin	\$ 66.98	0.8000%	\$ 0.54	\$ 67.52
81	Residential Cleanup Bin - Extra emp	\$ 66.98	0.8000%	\$ 0.54	\$ 67.52
82	Cleanup Bin Inactivity Charge per d	\$ 5.32	0.8000%	\$ 0.04	\$ 5.36
83	Locking Bin Fee - 1x week	\$ 16.02	0.8000%	\$ 0.13	\$ 16.15
84	Locking Bin Fee - 2x week	\$ 20.02	0.8000%	\$ 0.16	\$ 20.18
85	Locking Bin Fee - 3x week	\$ 24.02	0.8000%	\$ 0.19	\$ 24.21
86	Locking Bin Fee - 4x week	\$ 28.07	0.8000%	\$ 0.22	\$ 28.29
87	Locking Bin Fee - 5x week	\$ 32.09	0.8000%	\$ 0.26	\$ 32.35
88	Locking Bin Fee - 6x week	\$ 36.46	0.8000%	\$ 0.29	\$ 36.75
89	Locking Bin Fee - 7x week	\$ 40.12	0.8000%	\$ 0.32	\$ 40.44
90	Locking Bin Fee - Extra Pickup	\$ 12.93	0.8000%	\$ 0.10	\$ 13.03
91	Extra Pickup - 1 yard	\$ 46.89	0.8000%	\$ 0.38	\$ 47.27
92	Extra Pickup - 2 yard	\$ 53.58	0.8000%	\$ 0.43	\$ 54.01
93	Extra Pickup - 3 yard	\$ 60.27	0.8000%	\$ 0.48	\$ 60.75
94	Extra Pickup - 4 yard	\$ 66.98	0.8000%	\$ 0.54	\$ 67.52
95	Bin Maintenance Fee	\$ 132.66	0.8000%	\$ 1.06	\$ 133.72
96	Return Payment Fee	\$ 25.00	0.8000%	\$ 0.20	\$ 25.20

97	Emergency Vehicles, 1 man	\$	106.13	0.8000%	\$	0.85	\$	106.98
98	Emergency Vehicles, 1 man, weeke	\$	187.30	0.8000%	\$	1.50	\$	188.80
99	Re-start fee, without bin delivery	\$	62.44	0.8000%	\$	0.50	\$	62.94
100	Re-start fee, with bin delivery	\$	124.88	0.8000%	\$	1.00	\$	125.88

(1)	Posted per ton gate fee at DART for transfer and disposal of municipal and inert waste.							
(2)	Post per ton gate fee at PRR for processing mixed municipal waste.							
(3)	TBD							
(4)	The per ton gate fee charged by LACSD for food processing.							
(5)	This line reserved for the use of future disposal/processing facilities currently unidentified. Additional lines may be added as needed.							
(6)	Consumer Price Index - All Urban Consumers, All Items, Los Angeles - Riverside - Orange County, CA CUURA421SAO							
(7)	The Increase in the Service Component is limited to no more than 5%.							

Exhibit 2C

Example Rate Adjustment – Roll-off Rates

Step One: Determine new disposal component index						
			A	B	C	D
Row	Disposal/Processing Facility	Index	Tonnage - 12 Months Ending June 30	Weighted Average (Column A, Rows 1 - 7, / Column A, Row 7)	Gate Fee Per Ton (January 1)	Weighted Cost per Ton
1	Transfer	(1)	9,784.00	89.4%	59.38	\$53.09
2	Mixed Waste Processing	(2)	212.00	1.9%	85.00	\$1.65
3	Green Waste	(3)	948.00	8.7%	42.50	\$3.68
4	Total Tons		10,944.00	Index - Weighted Cost per Ton		\$58.42
Step Two: Calculate percentage change in indices						
			E	F	G	
Row	Adjustment Factor	Index	Old Index Value	New Index Value	Percent Change in Index ((Column F / Column E) - 1)	
5	Service	(4)	249.789	251.000	0.5%	
6	Disposal		\$57.60	\$58.42	1.4%	
Step Three: Determine Weighted Change						
			H	I	J	
Row	Adjustment Factor		Component Weighting	Percent Change In Index (from Column G)	Permitted Change in Index	
7	Service	(5)	55.00%	0.5%	0.3%	
8	Disposal		45.00%	1.4%	0.6%	
9	Total		100.00%		0.9%	
Step Four: Apply percentage change to rates						
			K	L	M	N
Row	Rate Category		Current Customer Rate	Total Weighted Percentage Change (from Row 9 Column J)	Rate Increase or Decrease (Column K x Column L)	Adjusted Rate (Column K + Column M)
10	Commercial Roll-off (6-ton)		\$ 586.83	0.9000%	5.28	\$ 592.11
11	Commercial Low-Boy		\$ 586.83	0.9000%	5.28	\$ 592.11
12	Residential Roll-off (3-ton)		\$ 276.64	0.9000%	2.49	\$ 279.13
13	Residential Roll-off (6-ton)		\$ 507.60	0.9000%	4.57	\$ 512.17
14	Residential Low-Boy		\$ 507.60	0.9000%	4.57	\$ 512.17

15	Copy of Weight Ticket (ea)		\$ 2.90	0.9000%	0.03	\$ 2.93
16	Copy of Work Order (ea)		\$ 2.90	0.9000%	0.03	\$ 2.93
17	Dry Run Charge		\$ 86.59	0.9000%	0.78	\$ 87.37
18	Box Relocation Charge		\$ 86.59	0.9000%	0.78	\$ 87.37
19	Roll-Off Inactivity Charge/Day		\$ 40.20	0.9000%	0.36	\$ 40.56
20	Wash Roll-Off Box		\$ 87.01	0.9000%	0.78	\$ 87.79
(1)	Posted per ton gate fee at DART for transfer and disposal of municipal and inert waste.					
(2)	Post per ton gate fee at PRR for processing mixed municipal waste.					
(3)	Posted gate rate at DART for segregated uncontaminated green waste.					
(4)	Consumer Price Index - All Urban Consumers, All Items, Los Angeles - Riverside - Orange County, CA CUURA421SAO					
(5)	The Increase in the Service Component is limited to no more than 5%.					

Exhibit 2D

Establishment of Initial Disposal Index as of January 1, 2017

			A	B	C	D
Row	Adjustment Factor	Index	Tonnage - 12 Months Ending June 30	Weighted Average	Gate Fee Per Ton (January 1)	Weighted Cost per Ton
1	Transfer	(1)	9,834.00	41.1%	\$58.39	\$23.97
2	Transformation	(2)	3,744.00	15.6%	\$70.00	\$10.94
3	Green Waste	(3)	6,451.00	26.9%	\$43.50	\$11.72
4	Recyclables Processing	(4)	3,923.00	16.4%	\$0.00	\$0.00
5	Food Waste Processing	(5)	-	0.0%	\$85.00	\$0.00
6	Reserved for future use	(6)	-	0.0%	\$0.00	\$0.00
7	Total Tons		23,952.00	Index - Weight Cost Per Ton		\$46.63
Initial Disposal Index - Commercial Rate Adjustment						
			A	B	C	D
Row	Adjustment Factor	Index	Estimated Tonnage	Weighted Average	Gate Fee Per Ton	Weighted Cost per Ton
8	Transfer	(1)	10,911.00	49.6%	\$58.39	\$28.96
9	Mixed Waste Processing	(7)	9,011.00	41.0%	\$84.00	\$34.40
10	Transformation	(2)	-	0.0%	\$0.00	\$0.00
11	Recyclables Processing	(4)	-	0.0%	\$0.00	\$0.00
12	Street Sweeping Debris	(1)	2,080.00	9.5%	\$58.39	\$5.52
13	Food Waste Processing	(5)	-	0.0%	\$85.00	\$0.00
14	Reserved for future use	(6)	-	0.0%	\$0.00	\$0.00
15	Total Tons		22,002.00	Index - Weight Cost Per Ton		\$68.88
Initial Disposal Index - Roll-Off Rate Adjustment						
			A	B	C	D
Row	Adjustment Factor	Index	Estimated Tonnage	Weighted Average	Gate Fee Per Ton	Weighted Cost per Ton
16	Transfer	(1)	9,784.00	89.4%	\$58.39	\$52.20
17	Mixed Waste Processing	(7)	212.00	1.9%	\$84.00	\$1.63
18	Green Waste	(3)	948.00	8.7%	\$43.50	\$3.77
19	Total Tons		10,944.00	Index - Weight Cost Per Ton		\$57.60

(1)	Posted gate fee at DART for transfer and disposal of municipal and inert waste.			
(2)	Posted gate rate at the Long Beach SERRF Facility for municipal and inert waste.			
(3)	Posted gate rate at DART for segregated uncontaminated green waste.			
(4)	TBD			
(5)	The per ton gate fee charged by LACSD for food processing.			
(6)	This line reserved for the use of future disposal/processing facilities currently unidentified. Additional lines may be added as needed.			
(7)	Post per ton gate fee at PRR for processing mixed municipal waste.			

2017 Integrated Solid Waste Management Services Agreement

An electronic copy of this exhibit is available for download from the City of Cerritos website at www.cerritos.us on the agenda page for the meeting during which this item will be considered.

Additionally, a hard copy of this exhibit is available for public viewing and inspection at the City Clerk's Office between 8:00 a.m. and 5:00 p.m., Monday through Friday, excluding City-observed holidays.