

Agenda
Rancho Palos Verdes Solid Waste Subcommittee
May 15, 2017
City Hall, 30940 Hawthorne Boulevard
Community Room, 4:00 p.m.

CALL TO ORDER:

ROLL CALL:

FLAG SALUTE:

APPROVAL OF AGENDA:

INTRODUCTIONS:

PUBLIC COMMENTS:

This section of the agenda is for audience comments for items **not** on the agenda.

NEW BUSINESS:

1. Approval of Minutes

Recommendation: Accepting May 27, 2015 Solid Waste Subcommittee Meeting minutes into the record as to form.*

2. CONSIDER AND RECOMMEND APPROVAL OF THE PERFORMANCE AUDIT RESULTS OF EDCO DISPOSAL CORPORATION FOR CALENDAR YEARS 2014, 2015 AND 2016

Recommendation: Review and recommend approval of the results of the performance audit of the City's exclusive residential solid waste hauler EDCO Disposal Corporation (EDCO) for calendar years 2014, 2015 and 2016 to the full Council

3. CONSIDER EDCO DISPOSAL CORPORATION'S RESIDENTIAL SOLID WASTE AND RECYCLING RATE INCREASE REQUEST FOR FY 17-18

Recommendation: Review and recommend to City Council approval of EDCO's Residential Solid Waste and Recycling rate increase request of 2.93% for FY17-18

ADJOURNMENT

**Subcommittee members in attendance at the May 27, 2015 are no longer subcommittee members at the time these minutes are asked to be approved on May 15, 2017.*

American with Disabilities Act: In compliance with the Americans with Disabilities Act of 1990, if you require a disability-related modification or accommodation to attend or participate in this meeting, including auxiliary aids or services, please call the City Clerk's Office at 310 544-5208 at least 48 hours prior to the meeting.

Note: Staff reports are available for inspection at City Hall, 30940 Hawthorne Boulevard during regular business hours 7:30 A.M. to 5:30 P.M. Monday- Thursday and 7:30 A.M. to 4:30 P.M. on Friday.

Materials related to an item on this agenda submitted to the Solid Waste Subcommittee after distribution of the agenda packet are available for public inspection at the front counter of the lobby on the City Hall Administration Building/Public Works at 30940 Hawthorne Boulevard, Rancho Palos Verdes during normal business hours.

Written materials, including emails, submitted to the City are public records and may be posted on the City's website. Accordingly, you may wish to omit personal information from your oral presentation or written materials as it may become part of the public record regarding an agenda item.

You can also view the agenda and staff reports at the City's website:
<http://www.rpvca.gov/772/City-Meeting-Video-and-Agendas>

Minutes
Rancho Palos Verdes Solid Waste Subcommittee
May 27, 2015

The meeting was called to order at 7:22 p.m., by Councilmember Duhovic at City Hall, 30940 Hawthorne Boulevard, Community Room.

The Solid Waste Subcommittee roll call was answered as follows:

PRESENT: Councilman Campbell and Councilman Duhovic.

Also present were: Doug Willmore, City Manager; Michael Throne, Director of Public Works; Lauren Ramezani, Senior Administrative Analyst and Recording Secretary, Public Works; Matt Blackburn, V.P. of UWS; Steve South, EDCO CEO/President, and Efrain Ramirez, EDCO V.P.

FLAG SALUTE:

The Flag Salute was led by Senior Analyst Ramezani.

APPROVAL OF AGENDA:

Senior Analyst Ramezani distributed two items of late correspondence regarding Universal Waste Systems, Inc. (UWS) prior to the meeting. Councilman Duhovic moved, seconded by Councilman Campbell to approve the agenda.

INTRODUCTIONS:

None

PUBLIC COMMENTS: (Audience Comments regarding Items not on the agenda)

None

NEW BUSINESS:

1) Approval of Minutes

Councilman Duhovic moved, seconded by Councilman Campbell to approve the Minutes of the July 21, 2014 Solid Waste Subcommittee Meeting.

2) Contract Extension Discussions with EDCO Disposal Corporation for Residential Solid Waste Services (Supports 2014 City Council Goal of Government Efficiency, Fiscal Control and Transparency)

- a) Reviewed and considered the proposed terms for a residential solid waste contract extension with EDCO Disposal Corporation.

- b) Recommended to the full City Council the terms for a residential solid waste contract extension with EDCO Disposal Corporation.

Senior Analyst Ramezani began the presentation informing the Subcommittee of staff and EDCO's contract extension discussions. There were five items that was tentatively negotiated by City Manager Willmore, Director of Public Works Throne and Senior Analyst Ramezani with EDCO senior management, Steve South, President and Efrain Ramirez, Vice President. The items included: 1) Freezing rates for one year by waiving the EDCO eligible rate adjustment for FY 15/16; 2) Extending the term of EDCO's residential contract until June 30, 2020, with the addition of seven 1-year automatic extensions by mutual consent including annual cancellation options of the extensions; 3) limiting the possibility of future rate hikes by lowering the caps on the disposal and service components of the rate adjustment formula; 4) planning for organics waste recycling; and 5) EDCO agreeing to administer the street sweeping contract. There was an item of late correspondence regarding an agreement reached between EDCO and Universal Waste Systems, Inc. (UWS). EDCO had agreed to acquire UWS' service area pending extension of their agreement and City Council approval.

Councilman Duhovic inquired whether a consultant had assisted the City in the process. Senior Analyst Ramezani explained that Dave Davis from MSW Consultants had been retained to review and comment on the negotiated terms. Councilman Campbell asked questions regarding the rate freeze, and the calculations for the compound saving of \$850,000 to rate payers. It was reported that Mr. Davis and the City's Finance Department had reviewed the compound savings calculations.

The contract extension and the annual extension options cancellation notification was discussed among the Subcommittee members, staff, EDCO representatives and one member of the public. The Subcommittee suggested additional clarification of the cancellation notification process and the annual deadlines in the staff report for Council. After discussing the cancellation notification deadline with Mr. South from EDCO, the Subcommittee agreed with the City Attorney recommendation that the notice of cancellation be required "within 60 days prior to January 1 of each year of the agreement" rather than "within 30 days".

The default provisions were discussed. Director Throne explained that there are existing performance standards and safeguards in the current contract. They are extensive to assure continued quality and reliable service for ratepayers and they would remain unchanged and in full force and effect during the term of the contract. Mr. South concurred that the agreement has one of the highest standards he has seen in the solid waste field for performance and liquidated damages for failure to meet service standards, in addition to the required insurances, faithful performance bond, letter of credit, and default provisions.

The street sweeping administration was discussed and questions answered. Staff explained that there were no mark ups or additional costs to the City. Matt Blackburn, VP of UWS answered questions regarding the assignment of UWS' contract by EDCO. Senior Analyst Ramezani explained staff's recommendation for waiver of the assignment fees and legal costs, and the goal to have a seamless transition. She added that rates, manual backyard unlimited service levels, containers, discounts, special services will remain unchanged. Furthermore, the landslide area would be serviced by smaller trucks to be mindful of the area's pavement condition and road quality. The coastal area's automated service would also remain unchanged.

Councilman Campbell asked about new emerging technology and Councilman Duhovic inquired about the life cycle of the trucks. Mr. South responded that EDCO has a 10 year equipment change or "refresh" policy and going forward EDCO sees itself using Renewable Compressed Natural Gas (R-CNG) trucks which are carbon negative.

Councilman Campbell inquired about the current recycling trends. Mr. South responded that the City's residents are good participants in the recycling program. However, the commodity values of the recyclable material are very depressed. Mr. Blackburn and Mr. South added that the City is fortunate that there the Recycling Rebate in the contract is a fixed amount and does not fluctuate based on commodity value.

Councilmen Campbell and Duhovic mentioned that they had received zero complaints from residents regarding EDCO. They both agreed to the negotiated terms. Councilman Campbell moved to approve staff's recommendation, seconded by Councilman Duhovic.

ADJOURNMENT

Councilman Duhovic adjourned the meeting at 8:14 pm.

**RANCHO PALOS VERDES CITY COUNCIL
SOLID WASTE SUBCOMMITTEE AGENDA REPORT MEETING DATE: 05/15/2017**

AGENDA DESCRIPTION:

Consideration and possible action to hear and recommend approval of the performance audit results of EDCO Disposal Corporation for calendar years 2014, 2015 and 2016

RECOMMENDED SUBCOMMITTEE ACTION:

Consideration and possible action to hear and recommend approval of the results of the performance audit of the City's exclusive residential solid waste hauler EDCO Disposal Corporation (EDCO) for calendar years 2014, 2015 and 2016 to the full Council

FISCAL IMPACT: EDCO is reimbursing the City for the Consultant's auditing costs.

Amount Budgeted:	N/A
Additional Appropriation:	N/A
Account Number(s):	N/A

ORIGINATED BY: Lauren Ramezani, Senior Administrative Analyst *LR*
REVIEWED BY: Terry Rodrigue, Interim Director of Public Works *TR*

ATTACHED SUPPORTING DOCUMENTS:

1. MSW Consultant's Performance Audit Report (A-1)

BACKGROUND AND DISCUSSION:

The City has an exclusive residential solid waste and recycling agreement with EDCO Disposal Corporation (EDCO) which expires on June 30, 2020, and includes seven, one-year extension possibilities, based on mutual consent (FY20-21 to FY26-27).

The EDCO residential agreement includes a "performance audit" section 8.2.6 where in the hauler agrees to reimburse the City for the cost of such an audit up to \$60,000 for the first audit and up to \$25,000 each for subsequent audits every three years. Accordingly, the cost of the audit is accounted for in the waste rates. That results of the first audit covering July 1, 2010 to December 31, 2013 was presented to Council in 2014. This audit is a continuation of the previous audit and covers calendar years 2014, 2015 and 2016.

The scope of the audit is exclusively for residential services, which includes single-family accounts and multi-family bin accounts. The scope does not include any commercial roll off or business bin service which are covered under separate non-exclusive agreements with 7 haulers.

The objectives of the performance audit were to review EDCO's 1) operating, 2) customer service and 3) financial performance. The audit was performed by MSW Consultants which also conducted the prior audit (as a subcontractor).

The residential agreement requires EDCO to meet certain performance standards which are outlined below:

1) Operating

Vehicle Start and Stop Times: EDCO is required to operate its vehicles in the City no earlier than 7:00 a.m. or no later than 7:00 p.m. Monday through Friday. These hours are established to preserve peace and quiet in residential neighborhoods.

Disposal Activities: EDCO is required to dispose of waste collected in the City at permitted disposal or transfer facilities approved by the City.

Dedicated Routes: EDCO is required to collect waste and recyclables in the City using dedicated routes to prevent the commingling of City material with materials from other jurisdictions.

Vehicle Fleet: EDCO is required that all of its RPV route collection vehicles (with the exception of spare trucks, pup trucks, and trucks used to provide scout service) be powered by alternative fuels (i.e., compressed natural gas (CNG) or liquid natural gas (LNG)) and vehicles be maintained in good working condition.

Legal Weight Limit of Vehicles: EDCO is prohibited from loading its vehicles in excess of the manufacturer's recommended weight limit, or in excess of limitations imposed locally or by the State.

CHP Vehicle Inspections: All operators of vehicle fleets in the State are required to have their fleet terminals inspected every two years by the (CHP). These are referred to as 'BIT' inspections. The CHP assigns a rating to the terminal as either 'Satisfactory' or 'Unsatisfactory.' Additionally, EDCO is required, upon request, to provide the City with a copy of the Safety Compliance Report prepared by the California Highway Patrol resulting from the Biennial Inspection of Terminal, and receive a rating of Satisfactory.

Mandatory Commercial Recycling: In 2012 the State adopted AB 341, which requires all businesses with four (4) or more cubic yards of solid waste, and multi-family dwelling complexes with five (5) or more dwelling units, to participate in recycling (e.g., recyclables such as paper, metal, glass, cardboard, etc.). In 2015 the State adopted AB 1826, which requires all businesses, including multi-family complexes, with eight (8) or more cubic yards of organics to participate in organics recycling as of April 1, 2016. However, multi-family complexes with four (4) or fewer units are exempt from AB 1826. EDCO is required to provide recycling service at no additional charge to all its multi-family cart and bin customers, provide greenwaste (organics) collection service to all its multi-family customers with carts, and to cooperate with the City in expanding customer knowledge regarding the need and methods to reduce, reuse and recycle.

Diversion Reports: EDCO is required to divert a minimum of 50% of the material it collects in the City and to submit to the City quarterly and annual reports of the quantity and type of materials it collects in the City.

2) Customer Service

Customer Complaints: EDCO is required to properly document and address all customer complaints. The Company is required to maintain daily logs of complaints for a minimum of three years.

Customer Outreach: EDCO is required to provide public outreach and education to its customers regarding: changes to service, holidays, new programs, special events, etc.

3) Financial

Billing Accuracy: EDCO is allowed to bill its customers up to certain maximum rates. These rates are to be adjusted annually and approved by the City.

Customer Recycling Credits: In January 2013, the recycling rebate was transitioned to a customer recycling credit. These credits are incorporated into the amounts billed to customers.

Insurance, Bond and Letter of Credit: EDCO is required to obtain and maintain insurance, bonds, and letters of credit in relation to the services they provide to the City.

Fees Paid to City: EDCO is required to pay a Collector Fee and an Environmental Programs Fee. The Collector Fee is paid to the City in consideration for the exclusive right to collect waste in the City, and the Environmental Programs Fee is used to support the City's environmental programs.

Accuracy of Previous Rate Adjustments: EDCO is allowed to adjust its rates each year effective on July 1st, per the City approved method based on changes in certain economic indices, and changes in the cost of disposal tipping fees.

WORK PERFORMED FOR AUDIT:

To perform this audit, MSW Consultants obtained and reviewed: a) EDCO's operating records, b) financial records, c) visited EDCO's offices in Signal Hill, and d) conducted field observations of EDCO's operations in the City.

SUMMARY OF FINDINGS- As a result of conducting its performance audit, MSW Consultants found that EDCO had met the requirements of the Agreement in all of the three areas described above. The detailed audit report is attached.

One minor exception was identified:

1. MSW Consultants found that EDCO had overbilled a small number of its single-family customers.

MSW Consultants observed approximately 1,100 single family customer locations in the City. In its review, MSW Consultants found that eight (8), or approximately 0.7%, had a cart that was smaller than the size for which the customer was being billed. For example, a customer with a 64 gallon cart was being billed for a 96 gallon cart.

This minor finding has been reported to EDCO for follow-up and correction. EDCO has indicated that credit will be issued to affected customers, and that it will perform an internal audit and review its single family customers' billing.

FOLLOW-UP ACTION: Staff recommends that EDCO conduct a follow-up audit of its single family customers in the City, and that EDCO share the results of the follow up audit with the City on a timely basis.

ALTERNATIVES:

In addition to the Staff recommendation, the following alternative actions are available for the Subcommittee's consideration:

1. Do not recommend approval of the performance audit to the City Council.
2. Take other action as deemed appropriate by the Subcommittee.



CITY OF RANCHO PALOS VERDES

PERFORMANCE AUDIT OF EDCO DISPOSAL CORPORATION

PREPARED BY



MAY 11, 2017

**PERFORMANCE AUDIT
OF EDCO DISPOSAL CORPORATION
TABLE OF CONTENTS**

1. INTRODUCTION, BACKGROUND AND KEY FINDING	1
1.1 INTRODUCTION AND BACKGROUND	1
1.2 PROCEDURES	2
1.3 AUDIT OBJECTIVES	2
1.4 KEY FINDING	3
2. OPERATIONS	4
2.1 HOURS OF OPERATION	4
2.2 DEDICATED ROUTES	4
2.3 VEHICLE EVALUATION	5
2.4 OVERWEIGHT VEHICLES	6
2.5 BIENNIAL INSPECTION OF TERMINAL	7
2.6 DISPOSAL ACTIVITIES	7
2.7 MANDATORY COMMERCIAL RECYCLING	8
2.8 ACCURACY OF DIVERSION REPORTS	10
3. CUSTOMER SERVICE	11
3.1 CUSTOMER COMPLAINTS	11
3.2 PUBLIC OUTREACH AND EDUCATION	12
4. REVIEW FINANCIAL REQUIREMENTS	14
4.1 BILLING ACCURACY	14
4.2 CUSTOMER RECYCLING CREDITS	15
4.3 INSURANCE, BOND AND LETTER OF CREDIT	16
4.4 FEES PAID TO THE CITY	17
5. PREVIOUS RATE ADJUSTMENTS	19
5.1 PREVIOUS RATE ADJUSTMENTS	19
6. CONCLUSION	21
6.1 CONCLUSION	21

1. INTRODUCTION, BACKGROUND AND KEY FINDING

1.1 Introduction and Background

The City currently arranges for single-family and multi-family residential solid waste collection service through a franchise agreement (Agreement) with EDCO. The City previously had two residential service providers. A small portion of the City (Portuguese Bend) had been served by Universal Waste Systems, Inc. (Universal). In June 2015, with the approval of the City, Universal assigned its residential franchise agreement to EDCO. As a result, EDCO is the exclusive provider of solid waste collection services to single family and multi-family customers in the City.¹

Under the terms of its exclusive residential Agreement with the City, EDCO is allowed to charge its customers rates that were initially set in the Agreement, and have been subsequently adjusted based on disposal costs and certain economic indexes. Under the terms of the Agreement, EDCO is required to meet certain performance criteria. These performance criteria include:

- Operating exclusive routes in the City within certain daily time limits.
- Properly handling, processing, and disposing of specified waste streams (e.g., refuse, recyclables, green waste, etc.).
- Diverting at least 50% of the residential waste it collects in the City from landfills.
- Providing a high level of quality customer service.
- Conducting public education and outreach activities.
- Accurately billing customers.
- Remitting certain fees to the City.
- Meeting specified insurance, bond, and letter of credit requirements.

The Agreement allows the City to conduct periodic audits of EDCO's performance. The scope of the performance audit may include items such as an audit of customer service levels and billing, a verification of the waste diversion rate, and a review of EDCO's compliance with the terms of the Agreement.

¹ The City arranges for *commercial* solid waste collection service through non-exclusive franchise agreements with seven (7) authorized waste haulers, including EDCO. This performance audit is focused solely on EDCO's exclusive residential franchise Agreement.

The Agreement allows the City to audit EDCO at any time, but also stipulates that audits are to be performed every third year. The scope of the audit is determined by the City. EDCO is required to reimburse the City for the cost of the audit. The maximum amount of EDCO's reimbursement is \$60,000 for the first audit, and \$25,000 for subsequent audits.

In 2014, the City retained SCS Engineers (with MSW Consultants serving as subconsultant) to conduct performance audits of both EDCO and Universal. The scope of those audits covered the years from the inception of the Agreements through 2013. The results of those audits found that, with some minor exceptions, both EDCO and Universal had met or exceeded the requirements of their respective agreements.

In February 2017, the City retained our firm, MSW Consultants, to conduct an audit of EDCO's performance. The objectives of this performance audit were determined by the City. The scope of our audit covered EDCO's performance from January 1, 2014 through December 31, 2016. This report describes the audit background, objectives, procedures, and our findings.

1.2 Procedures

Throughout this report, descriptions are included for each of the audit objectives, as well as the procedures performed to achieve those objectives. These procedures were agreed to by the City, and the City is responsible for their sufficiency. This report is intended solely for the use of the City and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

1.3 Audit Objectives

The objectives of this performance audit are outlined in Table 1 on the following page.

Table 1 – Audit Objectives

Objectives
<p>Operations</p> <p>Confirm operation of vehicles in the City is within the daily start and stop times specified in the Agreement.</p> <p>Confirm that EDCO operates dedicated routes in the City.</p> <p>Review the quantity, type, fuel type, year, and condition of the vehicles that EDCO operates in the City to confirm that its fleet meets the requirements of the Agreement.</p> <p>Confirm EDCO has operated its vehicles in the City within the legal weight limit.</p> <p>Confirm that EDCO has received a rating of Satisfactory on its BIT inspections conducted by the CHP.</p> <p>Confirm that waste collected in the City by EDCO was delivered to properly permitted facilities approved by the City.</p> <p>Review EDCO’s performance regarding compliance with AB 341 and AB 1826.</p> <p>Confirm the accuracy of reports submitted by EDCO, and confirm the accuracy of the diversion rates reported by EDCO.</p> <p>Customer Service</p> <p>Confirm that EDCO has properly documented and addressed customer complaints.</p> <p>Ensure EDCO has provided its customers with the required public outreach and education materials in a timely manner, and ensure that the information is complete, aesthetically pleasing, and easy to understand.</p> <p>Financial Requirements</p> <p>Confirm that EDCO has billed only up to the maximum rates allowed in the Agreement.</p> <p>Confirm that EDCO has accurately accounted for the recycling credit.</p> <p>Confirm that EDCO has obtained and maintained the insurance coverage, the performance bond, and letter of credit as required in the Agreement.</p> <p>Confirm that EDCO has accurately paid to the City the Collector Fee and Environmental Programs Fee.</p> <p>Previous Rate Adjustments</p> <p>Confirm that EDCO’s rate adjustments that became effective July 1, 2014 and January 1, 2017 were correctly calculated.</p>

1.4 Key Finding

Based on the procedures in our performance audit, we found that EDCO had met the requirements of the Agreement in all of the areas described above, with the following exception:

- Based on a sample of approximately 1,100 customers, we found that EDCO had overbilled eight (8), or approximately 0.7%, of its single-family customers for the size of their cart.

2. OPERATIONS

2.1 Hours of Operation

Background

Section 4.6.1 of the Agreement requires that EDCO operate its vehicles in the City no earlier than 7:00 a.m. or no later than 7:00 p.m. Monday through Friday, and no earlier than 9:00 a.m. or no later than 5:00 p.m. on Saturdays. These hours are established to preserve peace and quiet in residential neighborhoods.

Objective

Confirm that EDCO's start and end times of collection operations in the City are consistent with the requirements of the Agreement.

Procedures

We observed EDCO's collection route vehicles on April 21, 24 and 26, 2017. We also reviewed EDCO's complaint logs to identify any complaints related to hours of operation.

Finding

We found nothing to indicate that EDCO had operated its vehicles outside the start and stop times outlined in the Agreement.

2.2 Dedicated Routes

Background

Section 4.10 of the Agreement requires EDCO to collect waste and recyclables in the City using dedicated routes to prevent the commingling of City material with materials from other jurisdictions.

Objective

Confirm that EDCO has operated dedicated routes in the City.

Procedures

We reviewed driver route sheets and interviewed company staff regarding dedicated routes.

Findings

EDCO uses automated sideloader vehicles to collect waste from single family and multi-family customers with carts. EDCO uses front-loader vehicles to collect waste from multi-family customers with bins.

We found that EDCO did not comingle any of the automated sideloader routes that it uses to collect waste from single-family customers.

We found that EDCO used the same front-loader collection vehicles to collect refuse from both its non-exclusive commercial customers, and from its exclusive multi-family customers with bin service. We also found that EDCO used a front-loader vehicle used in the City to service two accounts in San Pedro. We found that EDCO used a reasonable method to allocate the weight of the material collected from among its San Pedro customers, non-exclusive commercial customers, and exclusive multi-family residential customers. As a result, we found that this practice of including material from two San Pedro customers had no impact on EDCO's diversion rate in the City.

2.3 Vehicle Evaluation

Background

Section 4.6.3 of the Agreement requires that all of EDCO's route collection vehicles used in the City be powered by alternative fuels (i.e., compressed natural gas (CNG) or liquid natural gas (LNG)). Spare trucks, pup trucks, and trucks used to provide scout service are not required to be powered by alternative fuels. The Agreement further requires EDCO to maintain its vehicles in good working condition.

Objective

Review the quantity, type, fuel type, year, and condition of the vehicles that EDCO operates in the City to confirm that its fleet meets the requirements of the Agreement.

Procedures

We reviewed a list of the vehicles that EDCO uses in the City, including the vehicle number, year, manufacturer, type, and fuel type. We visited EDCO's maintenance facility, reviewed its maintenance procedures, and inspected its vehicles. We observed the condition of its vehicles during our field observations.

Findings

We found that EDCO's route collection vehicles used in the City were powered by compressed natural gas (CNG). We found the vehicles that EDCO used in the City were in good operating condition and met the requirements of the Agreement.

2.4 Overweight Vehicles

Background

Section 4.6.3.E of the Agreement prohibits EDCO from loading its vehicles in excess of the manufacturer's recommended weight limit, or in excess of limitations imposed locally or by the State. The California Vehicle Code prohibits commercial vehicles from being loaded such that the gross vehicle weight exceeds the manufacturer's Gross Vehicle Weight Rating (GVWR). The 'gross vehicle weight' is the total weight of a vehicle, including the weight of the vehicle itself and its payload. The manufacturer's GVWR for most of EDCO's trucks is 30 tons.

Objective

Confirm EDCO has operated its vehicles in the City within the legal weight limit.

Procedures

We obtained a download of EDCO's disposal and processing facility transactions. For each transaction, we compared the gross weight for each load to the maximum GVWR for each corresponding vehicle.

Findings

We found that EDCO had operated its vehicles in the City within the legal weight limit.

2.5 Biennial Inspection of Terminal

Background

All operators of vehicle fleets in the State are required to have their fleet terminals inspected every two years by the California Highway Patrol (CHP). These are referred to as ‘BIT’ inspections (Biennial Inspection of Terminal). The CHP assigns a rating to the terminal as either ‘Satisfactory’ or ‘Unsatisfactory.’

Section 4.6.2.H of the Agreement requires that EDCO, upon request, to provide the City with a copy of the Safety Compliance Report prepared by the CHP resulting from these BIT inspections. If EDCO receives a rating of ‘Unsatisfactory,’ it is in violation of the Agreement and is required to notify the City.

Objective

Confirm that EDCO has received a rating of Satisfactory on its BIT inspections conducted by the CHP.

Procedures

We obtained a copy of EDCO's Safety Compliance Report (BIT inspection report) for the inspection completed by the CHP in July 2015.² We also reviewed a Certificate of Achievement awarded to EDCO by the CHP for having two consecutive Satisfactory BIT inspection ratings since 2012.

Findings

We found EDCO’s maintenance facility (terminal) and fleet had received a rating of ‘Satisfactory’ resulting from its BIT inspection conducted in July 2015.

2.6 Disposal Activities

Background

Section 4.8 of the Agreement requires EDCO to dispose of waste collected in the City at permitted disposal or transfer facilities approved by the City.

² This was the only BIT inspection of EDCO's maintenance facility during the scope of this audit (2014 through 2016). The most recent BIT inspection conducted prior to July 2015 was conducted in April 2012, for which EDCO received a rating of Satisfactory.

Objective

Confirm that waste collected in the City by EDCO was delivered to properly permitted facilities approved by the City.

Procedures

We reviewed EDCO's tonnage tracking system to confirm delivery of each specified waste stream handled by the company, including refuse, recyclables, greenwaste, used oil and filters, and electronic waste. We reviewed (via CalRecycle's Solid Waste Information System) the current regulatory status of each of the facilities to which EDCO delivered material.

Findings

We found that the facilities to which EDCO had delivered material were properly permitted and approved by the City.

2.7 Mandatory Commercial Recycling

Background

In 2012 the State adopted AB 341, which requires all businesses with four (4) or more cubic yards of solid waste, and multi-family dwelling complexes with five (5) or more dwelling units, to participate in recycling (e.g., recyclables such as paper, metal, glass, cardboard, etc.).

In 2015 the State adopted AB 1826, which requires all businesses, including multi-family complexes, with eight (8) or more cubic yards of organics to participate in organics recycling as of April 1, 2016.³ However, multi-family complexes with four (4) or fewer units are exempt from AB 1826.

The obligation of compliance with these laws is currently on the waste generator. Unless a local jurisdiction adopts an ordinance to mandate commercial recycling, it cannot compel businesses or multi-family customers to recycle.

Although local jurisdictions are not directly responsible for their businesses and multi-family complexes to comply with these laws, local jurisdictions are required to provide education

³ As of January 1, 2017, this threshold was lowered to four (4) cubic yards of organic waste. On January 1, 2019, the threshold will be further reduced to four (4) or more yards of *solid waste*. Multi-family complexes with four (4) or fewer dwelling units are exempt from AB 1826.

and outreach to these customers. In addition, local jurisdictions are required to monitor the compliance of their businesses and multi-family complexes.

Sections 4.3.1 and 4.3.2 of the Agreement require EDCO to provide recycling service at no additional charge to all its multi-family cart and bin customers. Section 4.4.1 of the Agreement requires EDCO to provide greenwaste (organics) collection service to all its multi-family customers with carts. However, the Agreement does not require EDCO to provide greenwaste (organics) collection service to multi-family customers with bin service.

Section 5.3 of the Agreement requires EDCO to cooperate with the City in expanding customer knowledge regarding the need and methods to reduce, reuse and recycle.

Objectives

Review EDCO's performance regarding compliance with AB 341 and AB 1826.

Procedures

We reviewed EDCO's list multi-family customers and identified which customers were subject to AB 341 and mandated to participate in recycling service (i.e., customers with either four (4) or more cubic yards per week or five (5) or more dwelling units). We reviewed the type of service that EDCO provided to these customers.

We also discussed with EDCO and the City the outreach that the City had conducted regarding organics recycling for multi-family customers. We also reviewed the materials that EDCO had used to outreach to its multi-family customers regarding recycling and organics recycling.

Findings

We found that EDCO had provided recycling carts to all its multi-family cart and bin customers. As a result, all of its multi-family customers were in compliance with AB 341.

We also found that the City had sent surveys to all multi-family customers regarding organics recycling. Of those customers that responded to the survey, the City determined that they had arranged for organics recycling through their gardeners or landscape contractors. Based on our review of EDCO's customer information and our discussions with City staff, we found that EDCO had fulfilled its contractual obligations related to the City's compliance with AB 341 and AB 1826.

2.8 Accuracy of Diversion Reports

Background

Section 4.3.6 of the Agreement requires EDCO to divert a minimum of 50% of the material it collects in the City. Section 8.3 of the Agreement, requires EDCO to submit to the City quarterly and annual reports of the quantity and type of materials it collects in the City. EDCO has reported to the City that it has achieved the diversion rates shown below in Table 2.

Table 2 - Annual Residential Diversion Rates

Description	2014	2015	2016
Diversion Rate	57.4%	56.1%	54.3%

Objective

Confirm the accuracy of reports submitted by EDCO, and confirm the accuracy of the diversion rates reported by EDCO.

Procedures

We reviewed EDCO's quarterly and annual reports, and verified them for accuracy. We agreed the amounts in the reports to EDCO's tonnage tracking system. We compared the tons reported by EDCO to reports independently obtained from Los Angeles County's Solid Waste Information Management System (SWIMS). We evaluated the reasonableness of EDCO's reported tons by calculating standard industry ratios (average lbs. per home, average lbs. per cubic yard, etc.), and comparing them to industry averages with which we are familiar.

Findings

We found that the reports and the diversion rates submitted by EDCO were accurate.

3. CUSTOMER SERVICE

3.1 Customer Complaints

Background

Sections 5.2.2 and 5.2.3 of the Agreement require EDCO to properly document and address all customer complaints. The Company is required to maintain daily logs of complaints for a minimum of three years. A summary of the number of customer complaints recorded by EDCO is shown below in Table 3.

Table 3 – Customer Complaints

Description	2014	2015	2016
Number of Complaints:			
Resolved in Two Days or More	16	24	22
Resolved in One Day	60	47	64
Resolved on Same Day	497	729	723
Total Complaints	573	800	809
Percent of Complaints:			
Resolved in Two Days or More	2.79%	3.00%	2.72%
Resolved in One Day	10.47%	5.88%	7.91%
Resolved on Same Day	86.74%	91.13%	89.37%
Total Complaints	100.00%	100.00%	100.00%

Objective

Confirm that EDCO has properly documented and addressed customer complaints.

Procedures

We interviewed Company staff to gain an understanding of the customer complaints procedures. We reviewed a representative sample of complaints from EDCO’s complaint logs. The review included the nature of the complaint, the frequency of and type of complaint, the timing of resolution, and customer satisfaction with resolution of the complaint.

Findings

We found that EDCO had properly documented and addressed customer complaints. We also found that most of the complaints received by EDCO were for missed pickups. In the solid waste collection industry, it is common for waste haulers to receive complaints for missed pickups due to customers setting out their carts after the truck has serviced their street. We found that the number of complaints that EDCO received for missed pickups were consistent with what we have observed in the waste collection industry. The average number of complaints per stop are shown below in Table 4.

Table 4 – Complaints per Stop

Description	2014	2015	2016
Number of Customers	11,812	12,248	12,248
Stops per Year (3 stops/week)	1,842,672	1,910,688	1,910,688
Total Annual Complaints	573	800	809
Complaints per Stop	0.031%	0.042%	0.042%

3.2 Public Outreach and Education

Background

Section 5.3 of the Agreement requires EDCO to provide public outreach and education to its customers regarding, but not limited to: services; changes to service (holidays, new programs, etc.); City special events; and other communications and instructional materials.

Objective

Ensure EDCO has provided its customers with the required public outreach and education materials in a timely manner, and ensure that the information is complete, aesthetically pleasing, and easy to understand.

Procedures

We reviewed copies of materials that were distributed to residents, and evaluated them for timeliness, completeness of information, aesthetics, and ease of understanding.

Findings

We found that EDCO had met the requirements of the Agreement. Each piece of public outreach and education material was visually appealing and informative. EDCO had sent flyers and/or informational packets to customers for each major holiday, including those holidays in which services were not affected (e.g., to let customers know that services would occur on the regular collection day).

4. REVIEW FINANCIAL REQUIREMENTS

4.1 Billing Accuracy

Background

Section 5.1 of the Agreement allows EDCO to bill its customers up to certain maximum rates. These rates are to be adjusted annually and approved by the City. The rates for single family customers are based on the size of each customer’s refuse cart. The current rates for the most common level of single family service are shown below in Table 5.

Table 5 – Single Family Customer Rates

Service Description	Monthly Rate	Recycling Credit	Net Monthly Rate	Net Quarterly Rate
Most Single-family Customers				
32 gallon	\$19.78	(\$1.58)	\$18.20	\$54.60
64 gallon	\$25.46	(\$1.58)	\$23.88	\$71.64
96 gallon	\$31.12	(\$1.58)	\$29.54	\$88.62
Former Universal Waste Customers				
32 gallon	\$19.78	(\$1.31)	\$18.47	\$55.41
64 gallon	\$25.46	(\$1.31)	\$24.15	\$72.45
96 gallon	\$31.12	(\$1.31)	\$29.81	\$89.43
Backyard Service	\$61.80	(\$1.31)	\$60.49	\$181.47

Objective

Confirm that EDCO has billed only up to the maximum rates allowed in the Agreement.

Procedures

We obtained an Excel download of EDCO’s single-family and multi-family customers in the City. This included each customer’s name, service address, number and sizes of containers, and type of service. We sorted and analyzed this information, and compared it to the City’s

currently approved rate schedule. We also reviewed historical billing information. We sought to identify any inconsistencies in the data.

Additionally, we conducted field observations of a sample of approximately 1,100 single family customer locations in the City. We compared our observations to the size of cart for which each customer was being billed by EDCO.

Finding

Based on our review, we found that eight (8), or approximately 0.7% of the customers in our sample, had a cart that was smaller than the size for which the customer was being billed. For example, a customer with a 64 gallon cart was being billed for a 96 gallon cart.

EDCO has said that it will contact these eight customers and issue a credit for the amount they were overbilled. Additionally, EDCO has said that it plans to conduct a follow up audit of its single family customers in the City to ensure that they are being properly billed for the size of their cart.

4.2 Customer Recycling Credits

Background

In January 2013, the recycling rebate was transitioned to a customer recycling credit. These credits are incorporated into the amounts billed to customers. As shown above in Table 5, former customers of Universal receive a slightly lower recycling credit.

Objective

Confirm that EDCO has accurately accounted for the recycling credit.

Procedures

We reviewed the billing download and reports from EDCO's billing system to verify that all customers are receiving the correct recycling credit.

Findings

We found that the company had properly accounted for the recycling credit in the amount it billed to customers.

4.3 Insurance, Bond and Letter of Credit

Background

EDCO is required to obtain and maintain insurance, bonds, and letters of credit in relation to the services they provide to the City. Section 9.4 of the Agreement requires EDCO to obtain the insurance coverage shown in Table 8.

Table 6 – Required Insurance Coverages

Type of Coverage		Coverage Limit
General Liability	Aggregate	\$10 million
	Per Occurrence	\$5 million
Auto Liability	Aggregate	\$10 million
	Per Occurrence	\$5 million
Workers Comp	Aggregate	As required by State law
	Per Occurrence	

Section 9.5 of the Agreement requires EDCO to furnish and maintain during the contract term a performance bond in the amount of \$1,750,000.00. The purpose of the performance bond is to guarantee EDCO’s performance of its obligations under the Agreement.

Section 9.6 of the Agreement requires EDCO to furnish and maintain during the contract term an irrevocable letter of credit in the amount of \$250,000.00. The purpose of the letter of credit is to provide the City with a more liquid form of surety to guarantee EDCO’s performance of its contractual obligations.

Objective

Confirm that EDCO has obtained and maintained the insurance coverage, the performance bond, and letter of credit as required in the Agreement.

Procedures

We obtained and reviewed copies of the insurance certificates, performance bond, and letter of credit that EDCO had provided to the City.

We will request copies of the most recent renewals of these documents, and confirm they meet the requirements in the Agreement.

Finding

We found that EDCO had satisfied the insurance, bond, and letter of credit requirements under the Agreement.

4.4 Fees Paid to the City

Background

Sections 3.2.1 and 3.2.2 of the Agreement require EDCO to pay a Collector Fee and an Environmental Programs Fee, respectively. The Collector Fee is paid to the City in consideration for the exclusive right to collect waste in the City. The Environmental Programs Fee is paid to the City and used to support the City's environmental programs.

The amount of these fees were initially set in the Agreement, and have been annually adjusted based on the same percent that customer rates have been adjusted. In 2015, EDCO's Collector Fee and Environmental Programs Fee were both adjusted to account for the amount of these fees that the City had previously received from Universal.

The amount of these fees paid by EDCO and Universal in the last three years are shown below in Table 7

Table 7 – Fees Paid to the City by EDCO

Description	2014	2015	2016
Collector Fee	\$323,227	\$367,646	\$406,350
Environmental Programs Fee	\$125,684	\$132,673	\$136,840
Total	\$448,911	\$500,319	\$543,190

Objective

Confirm that EDCO has accurately paid to the City the Collector Fee and Environmental Programs Fee.

Procedures

We obtained from the City a list of payments received by the City from EDCO. We compared the amounts the City received from EDCO with the payments required in the Agreement.

We reviewed the calculation of the amounts due to the City for the Collector Fee and the Environmental Fee. We obtained information from the City to confirm the payments received by the City. We evaluated those payments to ensure that they complied with the Agreement (and the amendment to the Agreement).

Findings

We found that EDCO had correctly paid its Collector Fees and Environmental Program Fees pursuant to the terms of the Agreement

5. PREVIOUS RATE ADJUSTMENTS

5.1 Previous Rate Adjustments

Background

Section 6.3 of the Agreement allows EDCO to adjust its rates each year effective on July 1st. Section 6.4 of the Agreement sets forth the method by which EDCO may adjust its rates. This method is based on changes in certain economic indices, and changes in the cost of disposal tipping fees. Rates are adjusted each year effective July 1st. Since the inception of the Agreement, EDCO’s rates have been adjusted five times. The historic percent increases in EDCO’s rates since the beginning of the Agreement are shown below in Table 7.

Table 8 – Historic Rate Adjustments

Rate Adjustments Effective:				
July 1, 2011	July 1, 2012	July 1, 2013	July 1, 2014	January 1, 2017
3.70%	2.30%	1.20%	3.60%	1.95%

In 2016, EDCO was scheduled to receive a 1.3% rate increase effective on July 1st. However, the City determined that EDCO’s rates were subject to the notification and public hearing requirements of Proposition 218. As a result, the rate adjustment was rescheduled to January 1, 2017. To account for the delay, EDCO requested that the adjustment percent be increased by 50% (or 65 basis points) to 1.95%. In calculating the rate adjustment that is scheduled for July 1, 2017, the City plans to deduct the additional 65 basis points.

Objective

Confirm that EDCO’s rate adjustments that became effective July 1, 2014 and January 1, 2017 were correctly calculated.

Procedures

We reviewed the rate adjustments that become effective on July 1, 2014 and January 1, 2017. We reviewed them for accuracy and completeness. We confirmed the external data (e.g., CPI, PPI, disposal tip fees, etc.) on which the rate adjustments were based and ensured that EDCO followed the methodology outlined in exhibit 5A of the Agreement. We also considered the

method applied to account for the delay in EDCO's rate adjustment from July 1, 2016 to January 1, 2017.

Findings

We found that the underlying calculations for the rate adjustments that became effective on July 1, 2014 and January 1, 2017 were accurate and in accordance with the methodology outlined in Exhibit 5A of the Agreement.

We found that the increase of 65 basis points to the January 1, 2017 was less than what EDCO could have reasonably requested. To fully account for its lost revenue for half of the fiscal year, EDCO could have requested that rates be adjusted by 2.6% (1.3% X 2, or twice the percent it was due on July 1).

6. CONCLUSION

6.1 Conclusion

Other than the minor number of single family customers that were overbilled for the size of their cart, for the period from January 1, 2014 through December 31, 2016, we found nothing to indicate that EDCO had not fulfilled the terms of its Agreement with the City.

**RANCHO PALOS VERDES CITY COUNCIL
SOLID WASTE SUBCOMMITTEE AGENDA REPORT**

MEETING DATE: 05/15/2017

AGENDA DESCRIPTION:

Consideration and possible recommendation to review EDCO's Residential Solid Waste and Recycling rate increase request for FY 17-18

RECOMMENDED SUBCOMMITTEE ACTION:

- 1) Review and recommend to City Council the approval of EDCO's Residential Solid Waste and Recycling rate increase request of 2.93% for FY17-18

FISCAL IMPACT: If approved by City Council, the City's annual Collector Fee and Environmental Fee would increase by 2.93%.

Amount Budgeted:	N/A
Additional Appropriation:	N/A
Account Number(s):	N/A

ORIGINATED BY: Lauren Ramezani, Senior Administrative Analyst *LR*
REVIEWED BY: Terry Rodrigue, Interim Director of Public Works *TR*

ATTACHED SUPPORTING DOCUMENTS:

- A. Amendment to the Agreement between City of Rancho Palos Verdes and EDCO Disposal Corporation for Residential Solid Waste Management Services (page A-1)
- B. Current FY16-17 and Proposed FY17-18 Rates (page B-1)
- C. Rate Adjustment Formula, Methodology - Table 5-A (page C-1)
- D. Collector and Environmental Fees and Recycling Rebate/Credit (page D-1)

BACKGROUND AND DISCUSSION:

The City has had an exclusive residential solid waste and recycling agreement with EDCO Disposal Corporation (EDCO) since July 1, 2010. This agreement consisted of a seven-year base period, 7/1/2010 to 6/30/2017, plus an extension option of up to 36 months. The Agreement was amended on June 30, 2015 and the contract was extended to June 30, 2020. It also included a seven, one-year extension options based on mutual consent (FY20-21 to FY26-27). In 2015, as part of the contract extension re-negotiation, EDCO waived their eligible 4.2% rate adjustment request for FY15-16.

In November 2016, after a Proposition 218 public notification and hearing process City Council approved a rate increase in accordance with the Rate Adjustment Methodology (RAM) included in the contract. Due to a six month implementation delay the effective date was January 1, 2017 rather than the contractual July 1, 2016 date. Therefore, the

FY 16-17 rate increase of 1.3% was adjusted temporarily to 1.95% (the actual 1.3% rate increase plus a 0.65% [50% representing the 6 months delay] totaling 1.95%).

RATE ADJUSTMENT REQUEST: EDCO is permitted annual rate adjustments based on the RAM criteria as outlined in the Agreement. This RAM includes annual changes to national published price indices and solid waste disposal facilities' gate rates. The formula is found in Section 6.4 and Exhibits 5A, 5B, and 5C of the Agreement, as amended (Attachments A and C). In March 2017 in accordance with the adjustment formula in the Agreement, EDCO requested a rate adjustment of 3.3 % for FY17-18, with the increase effective July 1, 2017. Prop 218 requires that notice be given to customers at least 30 days before the effective date of the adjustment. The public hearing date is set for June 6th, therefore, when the rate adjustment is approved, the 30 day notice would make rates affected after July 6th. Therefore the FY17-18 increase will be effective on August 1st rather than July 1st.

The net rate increase for FY17-18 will be 2.93%. The 2.93% is after adjusting for the 1-month rate implementation delay this year (+0.28%, for the August versus July billing), and reversing the FY16-17 temporary rate adjustment for the 6-month delay (deduction of 0.65%, for the January versus July billing) due to Prop 218 notification requirements [$3.3\%+0.28\%-0.65\%= 2.93\%$]. Current and proposed new rates are provided as Attachment B. There are no additional costs or surcharges added to EDCO's requested rate increase.

Staff and CAA, the City's AB 939 consultant, reviewed the data and calculations provided by EDCO, and found them accurate and per the Agreement (Attachment C). The temporary 0.28% adjustment will be corrected during the next rate adjustment process in FY18-19.

SUBCOMMITTEE: This Subcommittee meeting has been scheduled to provide the Subcommittee members Brooks and Misetich the opportunity to review EDCO's rate adjustment request and the summary of the proposed rates, and its adherence to the rate adjustment formula as set forth in EDCO's Agreement. Staff requests that the Subcommittee recommend bringing this rate adjustment request to the full City Council for consideration and approval.

ALTERNATIVES:

In addition to the Staff recommendation, the following alternative actions are available for the Subcommittee's consideration:

1. Do not approve the fee increase. However, this action would be contrary to the terms of the Agreement.
2. Take other action as deemed appropriate by the Subcommittee.

**AMENDMENT TO AGREEMENT BETWEEN CITY OF RANCHO PALOS VERDES
AND EDCO DISPOSAL CORPORATION FOR RESIDENTIAL SOLID WASTE
MANAGEMENT SERVICES**

THIS AMENDMENT TO EDCO AGREEMENT FOR INTEGRATED SOLID WASTE MANAGEMENT SERVICES ("Amendment") dated as of June 30, 2015, is made and entered into by and between CITY OF RANCHO PALOS VERDES, a California municipal corporation ("City"), and EDCO DISPOSAL CORPORATION, a California corporation ("Contractor"). Collectively, City and Contractor are referred to herein as the "Parties".

RECITALS:

- A. City and Contractor entered into that certain Agreement Between City of Rancho Palos Verdes and EDCO Disposal Corporation for Residential Solid Waste Management Services Service dated on or about November 24, 2009 ("EDCO Agreement"). All capitalized terms not otherwise defined in this Amendment shall have the meanings specified in the EDCO Agreement.
- B. Pursuant to the EDCO Agreement, Contractor was granted the exclusive right and privilege to provide Solid Waste and Recyclable Materials Handling Services at Residential Premises within Service Area 1.
- C. City and Universal Waste Systems, Inc., a California corporation ("UWS") entered into that certain Agreement Between City of Rancho Palos Verdes and Universal Waste Systems Inc. for Residential Solid Waste Management Services dated on or about May 5, 2009 ("UWS Agreement"). Pursuant to the UWS Agreement, UWS was granted the exclusive right and privilege to provide Solid Waste and Recyclable Materials Handling Services at Residential Premises within Service Area 2.
- D. Contractor and UWS have informed City that they have entered into an agreement whereby Contractor would acquire all rights of UWS under the UWS Agreement, and have requested that City approve the assignment of the UWS Agreement to Contractor.
- E. Contractor has requested an extension of the term of the EDCO Agreement, and the Parties have mutually agreed upon the conditions for such an extension.
- F. As an inducement to City to extend the term of the EDCO Agreement and approve the assignment of the UWS Agreement, Contractor has offered to freeze all rates in both Service Area 1 and Service Area 2 until July 1, 2016,
- G. Contractor and City desire to amend the EDCO Agreement to extend the term and make other changes, approve the assignment of the UWS Agreement to Contractor, and incorporate Service Area 2.

NOW, THEREFORE, in consideration of the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, City and Contractor do hereby agree as follows:

1. The foregoing Recitals are incorporated herein this reference.
2. This Amendment shall become effective upon the occurrence of the following conditions precedent:
 - (a) Approval of this Amendment by the City Council of the City of Rancho Palos Verdes;
 - (b) Receipt by City of evidence reasonably satisfactory to the City Attorney that UWS has assigned its rights and obligations under the UWS Agreement to Contractor, and that Contractor has assumed those rights and obligations; and
 - (c) Receipt by City of evidence reasonably satisfactory to the City Manager that the insurance and performance security provided by EDCO pursuant to Sections 9.4, 9.5, and 9.6 of the EDCO Agreement are current, and apply to both Service Area 1 and Service Area 2.
3. City hereby approves the assignment of the UWS Agreement to Contractor, subject to the terms and conditions of this Amendment. The transfer fee and cost reimbursement required by Section 12.5 of the UWS Agreement are hereby waived.
4. The UWS Agreement is hereby terminated, and is of no further force or effect. The EDCO Agreement is hereby amended to include Service Area 2. All references to "Service Area 1" in the EDCO Agreement are hereby revised to read "Service Area 1 and Service Area 2".
5. A map depicting Service Area 2 is attached hereto, and is hereby added to the EDCO Agreement as Exhibit 8.
6. Contractor shall commence Solid Waste and Recyclable Materials Handling Services in Service Area 2 on July 1, 2015. Contractor shall provide curbside collection service, in accordance with Section 4.2.1 of the EDCO Agreement, in the areas depicted as Area A and Area B on Exhibit 8. Contractor shall provide manual backyard Collection, in accordance with Sections 4.14, 4.16, and 4.17 of the EDCO Agreement, in the areas depicted as Area C and Area D on Exhibit 8.
7. Article 1 of the EDCO Agreement is hereby revised to add the definition of Service Area 2, as follows:

“1.62.5 Service Area 2

“Service Area 2” means that area of the City identified in Exhibit 8 of this Agreement.”
8. Section 2.4 of the EDCO Agreement is hereby revised to read as follows:

“2.4 Term of Agreement

The term of this Agreement shall commence on July 1, 2015 and expire June 30, 2020 (the “Term”), subject to extension or termination as herein provided. Commencing January 1, 2020 and every year thereafter for a maximum of seven renewals, automatic one year extensions shall be applied to the Term so that the Term of the Agreement shall remain between six (6) months and eighteen (18) months. If all of the automatic extensions take place, the Term shall expire on June 30, 2027.

Commencing January 1, 2020, should either Party desire that the automatic one year renewal and extension provision be terminated, such Party may give the other Party written notice of such termination within sixty (60) days prior to January 1 of any year of the Agreement. Such notice will terminate the automatic one year renewal and extension provision, and the Agreement shall remain in effect for the balance of the term then outstanding. By way of example only: the Term shall be extended by one year commencing July 1, 2020, unless within sixty (60) days prior to January 1, 2020, either Party provides notice to the other Party terminating the extension.”

9. Section 2.5 of the EDCO Agreement is hereby deleted.
10. For the period commencing July 1, 2015, the Collector Fee shall be \$135,450.00 per quarter. Thereafter, the Collector Fee shall be adjusted as provided in Section 3.2.1 of the EDCO Agreement. The Parties acknowledge that this amount reflects the addition of Service Area 2 to the EDCO Agreement.
11. For the period commencing July 1, 2015, the Environmental Programs Fee shall be \$34,210.00 per quarter. Thereafter, the Environmental Programs Fee shall be adjusted as provided in Section 3.2.2 of the EDCO Agreement. The Parties acknowledge that this amount reflects the addition of Service Area 2 to the EDCO Agreement.
12. For the period commencing July 1, 2015, the Recycling Rebate shall be \$74,000.00 per quarter. Thereafter, the Recycling Rebate shall be adjusted as provided in Section 3.2.3 of the EDCO Agreement. The Parties acknowledge that this amount reflects the addition of Service Area 2 to the EDCO Agreement.
13. Section 4.4.5 (Organics Recycling Plan) is added to Section 4.4 of the EDCO Agreement, as follows:

“4.4.5 Organics Recycling Plan

Contractor shall provide City a plan for the implementation of organics waste recycling at Residential Premises for City’s evaluation and consideration no later than June 30, 2019. City shall be under no obligation to implement the plan and retains the right to modify or consider implementation at a later date.

At a minimum, Contractor shall identify the following elements for City consideration: projected participation rates among generators, projected recovery rates at processing facility, increased overall diversion benefit to City, public education component, program sustainability factors, financial implications and proposed implementation schedule. Contractor shall take into account any change of law that would impact the Plan.”

14. All references to “Cart” in Subsection 4.6.4.2 of the EDCO Agreement are hereby revised to read “Cart and Contractor-provided manual service Container”.
15. Article 4 of the EDCO Agreement is hereby revised to add the following sections, all of which apply only to Service Area 2:

“4.14 Manual Backyard Refuse Collection

Contractor shall Collect Refuse from Customer-provided Containers once per week from Single-Family Customers and Multi-Family Customers without Bin service in the areas depicted as Area C and Area D on the map attached hereto as Exhibit 8. The Collection location for manual service shall be Customer’s back or side yard, or other location that is not visible from the street. These Customers shall be “Manual Collection Customers.” The number of Containers is not limited.

4.15 Portuguese Bend Beach Club Litter Containers

Contractor shall Collect and Dispose of Solid Waste and Recyclables from litter containers placed at the beach property for no more than the maximum rate identified in the approved rate schedule. Under this EDCO Agreement, Contractor is required to provide this Collection service if requested, but does not have the exclusive right to provide this service, and the Portuguese Bend Beach Club may negotiate with other haulers for this service.

4.16 Recyclable Materials Collection for Manual Collection Customers

Contractor shall Collect Recyclable Materials from Contractor-provided 32-gallon Containers with unattached lids and without wheels, placed at the same Collection location as Customer-provided Refuse Containers, once per week from Manual Collection Customers. Recyclable Materials Collected shall be the same as those Collected from Cart Customers. Contractor shall provide a sufficient number of Containers to each Customer to meet each Customer’s individual needs.

4.17 Green Waste Collection for Manual Collection Customers

Contractor shall Collect Green Waste from Contractor-provided 32-gallon wheeled Containers with unattached lids, as well as unlimited Green Waste tied and bundled as set forth in Section 4.4.1 above, placed at the same Collection location as Customer-provided Refuse Containers, once per week from Manual

Collection Customers. Contractor shall provide a sufficient number of Containers to each Customer to meet each Customer's individual needs.

4.18 Brush Clearing Events

Contractor shall provide and service sufficient Roll-Off Boxes up to twice per year to each homeowners' association for the purpose of brush clearing. Timing and placement of Containers to be mutually agreed upon between Contractor and each homeowners' association."

16. The maximum rates approved for the Rate Year commencing July 1, 2014 for Service Area 1 and Service Area 2 are attached hereto as **Exhibits A and B**, respectively.

Notwithstanding Article 6 of the EDCO Agreement and Article 6 of the UWS Agreement, Contractor will freeze the City approved July 1, 2014 rates through June 30, 2016 for both Service Area 1 and Service Area 2. In calculating the July 1, 2016 rate adjustment formula, there will be no retroactive recovery of the freeze. The July 1, 2016 rate adjustments will be based only on the most recent twelve month indexes (i.e. January 1, 2015 to December 31, 2015) available at that time.

17. Paragraphs (2) and (3) of Section 6.4.2 of the EDCO Agreement are hereby revised to read as follows:

"(2) Annual increase in total disposal component (including Green Waste) in any one year shall be limited to no more than 8%, with non-permitted increases permitted to be applied to any subsequent year's increase to the extent the annual increase does not exceed 8%.

(3) Annual increase in disposal component exclusive of disposal at the Orange County Landfill System is limited to no more than 8%, with non-permitted increases permitted to be applied to any subsequent year's increase to the extent the annual increase does not exceed 8%."

18. Section 6.4.3 of the EDCO Agreement is hereby revised to read as follows:

"6.4.3 Rate Adjustment Steps

All rates will be adjusted using the same methodology and cost component weightings. See Exhibits 5A, 5B and 5C.

Exhibit 5A, Step One - Calculate Percentage Change in Indices. Calculate the percentage increase or decrease in each index listed in Section 6.4.2. The increase or decrease in the published indices for fuel, equipment and all other (CPI, less food and energy) will be the change in the average annual published index between the calendar year ended the December prior to the Rate Year anniversary date and prior calendar year.

Example disposal component calculations are included in Exhibit 5B and Exhibit 5C:

Exhibit 5B, Step 1: Determine the average disposal cost per ton for non-Orange County Landfill disposal.

Exhibit 5B, Step 2: Determine whether the change in the cost per ton of non-Orange County Landfill disposal exceeds the maximum allowable increase of 8%. If so, reduce the new non-Orange County Landfill disposal index to reflect no more than an 8% increase.

Exhibit 5B, Step 3: Weight the cost at the Orange County Landfill System and non-Orange County Landfill cost based upon percentage of tonnage directed to each (subject to a 50% minimum to be assumed directed to the Orange County Landfill System).

Exhibit 5B, Step 4: Determine whether the change in the total Disposal Component exceeds the maximum allowable overall increase 8%. If so, reduce the new disposal index to reflect no more than an 8% increase. The resulting Average Cost Per Ton in Column P on Row 12 of Exhibit 5B will be the New Index Value used in Exhibit 5A.

There may be multiple landfills used, and therefore multiple gate rates for which to calculate the percentage change, which shall be weighted by the number of tons disposed at each landfill. The change in Landfill and Green Waste Disposal indices shall be based upon the change between the per ton gate rates as of the effective date of the rate adjustment and 12 months prior. For example, the rate adjustment effective July 1, 2011 will reflect the change in the gate rate from July 1, 2010 to July 1, 2011. There shall be no adjustment for changes in disposal rates prior to July 1, 2010. See Exhibit 5C to calculate the July 1, 2010 disposal component baseline for the July 1, 2011 rate adjustment.

Exhibit 5A, Step Two

i. **Component Weightings:** The first rate adjustment cost components as a percentage of service component costs and of total costs are provided in Section 6.4.2 above, with subsequent components calculated in Step Four of the rate adjustment example in Exhibit 5A. For Exhibit 5A, Step Two of each subsequent rate adjustment, use the cost components recalculated in Step Four during the previous rate adjustment.

ii. **Service Component.** Multiply the percentage changes for each rate adjustment service component by that component's weighting as a percentage of the service component and add these resulting percentages together to get the service component weighted change to the rates, subject to the service component increase cap. The annual change to the service component, calculated on row 11 of Exhibit 5, is capped at no more than a four percent (4%) increase per year. If the increase in any one year is higher than four percent (4%), the percentage

increase not permitted may be added to any subsequent year's increase to the extent that a subsequent increase is below four percent (4%).

iii. Disposal Component.

The change in the disposal component is equal to the calculation on Row 5 of Exhibit 5A, Column C.

iv. Combined Rate Adjustment. Multiply the permissible percentage changes for the combined service component and the disposal component, as determined on rows 13 and 14 in column G of the example rate adjustment calculation in Exhibit 5A, by the cost component weightings for the service and disposal components.

Exhibit 5A, Step Three - Multiply the total weighted percent change from Step Two by the existing Customer rates to calculate the increase or decrease to the maximum rates. Add the rate increase or decrease to the existing rates to derive the newly adjusted rates.

Exhibit 5A, Step Four - Recalculate weightings for the following year based upon these changes.”

19. Section 6.4.4 of the EDCO Agreement is hereby revised to read as follows:

“6.4.4 Government Fees

New or increased Federal, State or locally imposed per ton disposal fee surcharges are excluded from the 8% per year disposal component increase caps.”

20. **Section 4.5.7** (Street Sweeping Contract Management) is hereby added to Section 4.5 of the EDCO Agreement, as follows:

“4.5.7 Street Sweeping Contract Management

Commencing July 1, 2015, or such later date as may be directed by City’s Director of Public Works, and for the term of this Agreement thereafter, Contractor shall provide contract management services of City street sweeping services in accordance with the current requirements specified by City at no additional cost to City.

Street sweeping services shall be provided through a street sweeping service provider engaged by City. In the event of (i) default of the street sweeping contract that is not the result of the negligence or willful act of Contractor, and/or (ii) termination of street sweeping services that is not the result of the negligence or willful act of Contractor, such default or termination shall not be cause for default and/or termination of this Agreement.

Contractor shall initially provide contract management services under a street sweeping agreement between City and Joe's Sweeping AKA Nationwide Environmental Services, dated May 19, 2009, as amended by those certain First, Second, and Third Amendments dated July 1, 2012, July 1, 2013, and July 1, 2014 (as amended the "Joe's Street Sweeping Agreement") until it's expiration, at no additional cost to City. A copy of the Joe's Street Sweeping Agreement is attached hereto as Exhibit C and incorporated herein by this reference.

Prior to expiration of the Joe's Street Sweeping Agreement, City shall select a qualified street sweeping service provider to perform street sweeping services of city streets and contract with such provider following the expiration of the Joe's Street Sweeping Agreement. City shall assign the contract to the Contractor for contract management. The Joe's Street Sweeping Agreement and any successor agreement entered into by City and a street sweeping service provider, are referred to herein as the "Street Sweeping Agreement".

Contractor shall ensure that street sweeping services are provided in accordance with terms and conditions specified by City. Contractor shall be responsible for all inquiries on street sweeping through its customer service call center and shall ensure that all matters are promptly corrected to the satisfaction of City.

Contractor shall coordinate street sweeping services with City's Code Enforcement Division to enforce parking regulations related to street sweeping activities, as directed by City's Director of Public Works.

Contractor shall deliver an annual report to City on the number of linear miles swept, amount of street sweeping debris collected and disposed, and other pertinent statistics as may be required by the Director of Public Works.

Contractor shall be responsible for supervising the street sweeping service provider to ensure the street sweeping service provider performs street sweeping services to the highest level possible and properly disposes of street sweeping debris in a lawful manner. Contractor shall ensure that all terms and provisions in the Street Sweeping Agreement are maintained.

On or before the 10th day of each month, Contractor will invoice City for street sweeping services performed during the preceding month by the street sweeping service provider. Each invoice shall also itemize the additional street sweeping services performed during the preceding month, by hour, and the actual costs incurred for processing of collected sweepings and water. There shall be no additional fees added by Contractor for contract management other than those requested by the street sweeping service provider.

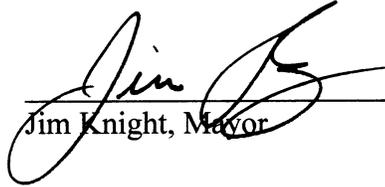
City shall pay each invoice within thirty (30) days after receipt, except such amounts as City may in good faith dispute, which amounts City may withhold until resolution of the dispute. Payment of any disputed amounts shall be made within ten (10) days following resolution of the dispute.

Contractor shall remit appropriate payment to the street sweeping service provider in accordance with the terms of Street Sweeping Agreement."

21. No further Changes. Except as expressly modified by this Amendment, the EDCO Agreement remains in full force and effect without modification or impairment.
22. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date and year first above written.

CITY OF RANCHO PALOS VERDES,
a California municipal corporation



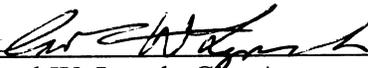
Jim Knight, Mayor

ATTEST:



Carla Morreale, City Clerk

APPROVED AS TO FORM:
Richards, Watson & Gershon



Carol W. Lynch, City Attorney

EDCO DISPOSAL CORPORATION.,
a California Corporation

By: Edward Brown

Its: CO-CHAIR

By: Jordan Brown

Its: CO-CHAIR

Exhibit A

MAXIMUM RATES FOR SERVICE AREA 1

IN EFFECT UNTIL JUNE 30, 2016

Exhibit 4 City of Rancho Palos Verdes - Area 1 EDCO

Rates Effective 7/1/2015 (No Change from 2014)

EDCO SINGLE-FAMILY RATES

Monthly Cart Service			
One each Refuse,			
Refuse Cart Size:	35-gallon	64-gallon	96-gallon
Standard Service	\$19.40	\$24.97	\$30.52
Additional Refuse Cart	\$6.67	\$8.90	\$11.13
Additional Recycling Cart	Free	Free	Free
Additional Green Waste Cart (above three)	\$2.23	n/a	\$4.45
Other Cart Rates and Services (Charged in			
Backyard Service - per			\$6.86
Pup Service - per home			\$5.72
Backyard and Pup			\$9.14
Senior Rate Reduction			10%
Low-Income Rate			5%
Annual Payment Rate			5%
Additional Special			\$5.56
Overage Pickup for Automated Cart			
Additional Bulky Item			\$27.82
Cart Exchange (after free-			\$16.69
Cart Re-delivery Fee (if			\$27.82
Re-Start Fee - after			\$16.69

* Including all fees retained by, or paid to, City.

Monthly Bin Rates							
Container Size	Pickups						Extra Pickups
	1	2	3	4	5	6	
2-yard	\$86.49	\$120.53	\$154.57	\$171.59	\$222.68	\$237.30	\$61.68
3-yard	\$120.57	\$154.61	\$188.67	\$222.72	\$273.75	\$284.55	\$71.96
3-yard w/ compactor	\$241.12	\$309.23	\$377.30	\$445.42	\$547.52	\$569.06	\$143.94
4-yard	\$137.65	\$171.62	\$222.72	\$273.79	\$333.57	\$354.53	\$82.25
4-yard w/ compactor	\$275.29	\$343.27	\$445.44	\$547.59	\$664.86	\$709.07	\$166.73
6-yard	\$171.70	\$230.32	\$273.80	\$324.89	\$377.57	\$394.73	\$123.38
Recycling bin/cart	No charge						

Other Bin Service Rates -						
Bin Service	Pickups					
	1	2	3	4	5	6
Locking Bin Service	\$6.86	\$9.14	\$10.28	\$11.42	\$13.72	\$14.85
Scout Vehicles	\$28.56	\$50.27	\$71.96	\$93.68	\$115.38	\$137.08
Bin Push-Out Service (35 feet or further)	\$47.99	\$85.68	\$117.66	\$145.08	\$177.07	\$211.33

Exhibit 4 City of Rancho Palos Verdes - Area 1 EDCO

Rates Effective 7/1/2015 (No Change from 2014)

Additional Service Charges	Rate Per Service
Bin Cleaning Per Bin	\$50.05
Bin Overage Clean-up (following one written)	\$22.24
Additional Bulky Item pickups (in excess of three)	\$27.82
Emergency Service Rates - one crew and one	\$94.55

Recycling Rebate (Fixed)	Rebate per Unit Per Month	
Single Family	\$1.58	(No Change/ Rate adjusted per Section 3.2.3 only)
Multi-Family	\$1.58	(No Change/ Rate adjusted per Section 3.2.3 only)

Fees	
Collector	\$506,065
Environmental	\$127,906
Recycling Rebate (Fixed)	Note 1

Note 1: Rebated directly to Customers Effective 1/1/2013

Exhibit B

MAXIMUM RATES FOR SERVICE AREA 2

IN EFFECT UNTIL JUNE 30, 2016

Exhibit 4 City of Rancho Palos Verdes - Area 2 UWS

FY 15-16 Effective 7/1/2015 (No Change from 2014)

Single-Family Maximum not to Exceed Rates

Monthly Manual Service Rates			
Backyard Service for refuse, recycling, and green waste *- per home per month		\$60.62	
Manure 32-gal customer-provided can (per can per month)		\$22.04	
Monthly Automated Cart Service Rates			
One each Refuse, Recycling, and Green Waste Cart, rate based upon Refuse Cart size:			
Refuse Cart Size:	35-gallon	64-gallon	96-gallon
Standard Service, based on refuse cart size	\$19.40	\$24.97	\$30.52
Additional Refuse Cart	\$6.67	\$8.90	\$11.13
Additional Recycling Cart	free	free	free
Additional Green Waste Cart (over three carts)	\$2.23	n/a	\$4.45
Other Cart Rates and Services (Charged in Addition to Monthly Cart Service Rates)			
Backyard Service - per home per month, all cart sizes		\$6.62	
Senior Rate Reduction		10%	
Low-Income Rate Reduction		5%	
Annual Payment Rate Reduction		5%	
Additional Special Overage Pickup for Automated Cart Customers (in excess of two pickups per year), per pickup		\$5.56	
Additional Bulky Item pickups (in excess of three free pickups per dwelling unit per year), per item		\$27.82	
Cart Exchange (after free-exchange period), per request		\$16.69	
Cart Re-delivery Fee (if carts are pulled for non-payment, one charge for redelivery of all carts)		\$27.82	
Re-Start Fee - after voluntary suspension of service, if carts have not been pulled, per re-start		\$16.69	

Exhibit 4 City of Rancho Palos Verdes - Area 2 UWS

FY 15-16 Effective 7/1/2015 (No Change from 2014)

Multi-Family

FY 15-16 Effective 7/1/2015 (No Change from 2014)

Following are the not to exceed rates for July 1, 2015 through June 30, 2016:

Monthly Bin Rates							
Container Size	No. Pickups per week						Extra Pickups
	1	2	3	4	5	6	
2-yard	\$76.06	\$106.03	\$135.46	\$150.63	\$194.87	\$224.56	\$16.53
3-yard	\$105.83	\$135.49	\$165.22	\$194.91	\$240.55	\$270.41	\$27.56
4-yard	\$120.74	\$150.38	\$194.96	\$240.59	\$290.67	\$336.80	\$38.58
Manure 3-yard	\$137.76						\$27.56
Recycling bin/cart	No charge						

Other Bin Service Rates - Per Month						
Bin Service	No. Pickups per week					
	1	2	3	4	5	6
Locking Bin Service	\$7.84	\$9.79	\$11.16	\$12.54	\$13.91	\$15.29
Scout Vehicles	\$29.03	\$49.85	\$70.25	\$90.85	\$111.48	\$132.10
Bin Push-Out Service (35 feet or further)	\$44.04	\$78.40	\$105.85	\$133.33	\$160.81	\$188.30

Additional Service Charges	Rate Per Service
Portuguese Bend Beach Club - beach litter container collection per month (not to exceed)	\$2,204.13
Bin Cleaning Per Bin	\$27.56
Bin Overage Clean-up (following one written warning) Per Clean Up	\$27.56
Additional Bulky Item pickups (in excess of three free pickups per dwelling unit per year) Per Item	\$27.56
Emergency Service Rates - one crew and one collection truck (Per Hr)	\$93.67

Proposed Fees FY 15-16	Amount
Collector	\$35,735
Environmental	\$8,930
Recycling Rebate	\$0

Rebate offered to customers as of 1/1/2013. No change.

Exhibit C

JOE'S SWEEPING AGREEMENT, AS AMENDED

Exhibit C

CITY OF RANCHO PALOS VERDES

CONTRACT FOR:

STREET SWEEPING SERVICES FISCAL YEAR 2009/10-2010/11-2011/12

THIS AGREEMENT is made and entered this Nineteenth day of May, 2009, by and between the CITY OF RANCHO PALOS VERDES, hereinafter referred to as "City" and NATIONWIDE ENVIRONMENTAL SERVICES DIV. OF JOE'S SWEEPING, INC., hereinafter referred to as "Contractor."

WITNESSETH:

WHEREAS, Contractor and Contractor's Surety are providing the bonds attached hereto and incorporated by this reference, and

WHEREAS, City desires to contract with Contractor to perform the services detailed in this contract, including the Proposal, and

WHEREAS, Contractor has represented that it is fully qualified to assume and discharge such responsibility,

NOW, THEREFORE, the parties hereto do agree as follows:

1. **Scope of Services.** City hereby employs Contractor to perform the work and provide the services and materials for the project identified as: STREET SWEEPING SERVICES FISCAL YEAR 2009/10-2010/11-2011/12 as described in these Plans and Specifications, attached hereto and incorporated herein by this reference, including miscellaneous appurtenant work. Such work shall be performed in a good and workmanlike manner, under the terms as stated herein and in these Plans and Specifications, and in accordance with the latest edition of the Joint Cooperative Committee, Southern California Chapters of the American Public Works Association and the Associated General Contractors of America, document entitled "Standard Specifications." In the event of any conflict between the terms of this agreement and any of the above-referenced documents, the terms of this agreement shall be controlling.
- 1a. **Term:** The contract shall commence on July 1, 2009 and shall continue in full force and effect through and including June 30, 2012 unless earlier termination as provided in Section 5 herein. The contract may be extended to three (3) additional one year terms by mutual consent of both parties.
2. **Compensation.** In consideration of the services rendered hereunder, Contractor shall be paid according to the prices as submitted on the Bid Sheet of the Proposal, attached hereto as a part of these Plans and Specifications and in accordance with the Special Provisions.
3. **Independent Contractor.** It is specifically understood and agreed by all parties hereto that Contractor is, for the purposes of this Agreement, an independent contractor and not an employee of the City. Accordingly, Contractor shall not be deemed the City's employee for any purpose whatsoever. Contractor shall not incur or have the power to incur any debt, obligation or liability whatever for or against City.
4. **Assignment.** This agreement may not be assigned by Contractor, in whole or in part, without the prior written consent of City.

5. Termination. This Agreement may be canceled by City at any time without penalty upon thirty- (30) days' written notice. In the event of termination without fault of Contractor, the City shall pay Contractor for all services rendered prior to date of termination, and such payment shall be in full satisfaction of all services rendered hereunder.

6. Workers' Compensation Insurance. California Labor Code Sections 1860 and 3700 provide that every contractor will be required to secure the payment of compensation to its employees. In accordance with the provisions of California Labor Code Section 1861, the Contractor hereby certifies as follows:

"I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for workers' compensation or to under take self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this contract."

7. Dispute Resolution. This contract is subject to the provision of Article 1.5 (commencing at Section 20104) of Division 2, Part 3 of the California Public Contract Code regarding the resolution of public works claims of less than \$375,000. Article 1.5 mandates certain procedures for the filing of claims and supporting documentation by the contractor, for the response to such claims by the contracting public agency, for a mandatory meet and confer conference upon the request of the contractor, for mandatory non-binding mediation in the event of litigation is commenced, and for mandatory judicial arbitration upon the failure to resolve the dispute through mediation. This contract hereby incorporates the provisions of Article 1.5 as though fully set forth herein.

8. Suit, Recovery of Attorney Fees & Costs. Should either party bring any action to protect or enforce its rights hereunder, the prevailing party in such action shall be entitled to recover, in addition to all other relief, its reasonable attorney fees and court costs.

9. Insurance Requirements. The Contractor shall at all times, during the term of this contract, carry, maintain and keep in full force and effect, a policy or policies of (1) general liability insurance with an insurance company admitted to write insurance in California, or carriers with a rating of, or equivalent to, A:VII by A. M. Best & Company to, and approved by, the Director of Public Works and City Attorney, within minimum limits of One Million Dollars (\$1,000,000.00) combined single limit coverage with an aggregate of Two Million Dollars (\$2,000,000.00) against any injury, death, loss or damage as a result of wrongful or negligent acts or omissions by the Contractor, its officers, employees, agents, and independent contractors in performance of services under this Agreement; (2) automotive liability insurance with a minimum combined single limits coverage of One Million Dollars (\$1,000,000.00) with an aggregate of Two Million Dollars (\$2,000,000.00); and (3) worker's compensation insurance as required by law. The Contractor shall at all times during the term of this contract carry, maintain and keep in full force and effect a policy or policies of Workers' Compensation insurance and shall provide to the City evidence of such coverage in the form set forth herein. The City, its officers, employees, attorneys, and volunteers shall be named as additional insured on the policy (ies) as to comprehensive general liability, property damage, and worker's compensation coverages.
 1. All insurance policies shall provide that the insurance coverage shall not be non-renewed, canceled, reduced, or otherwise modified (except through addition of additional insured to the policy) by the insurance carrier without the insurance carrier giving the City thirty (30) day's prior written notice thereof. The Contractor agrees that it will not cancel, reduce or otherwise modify said insurance coverage.

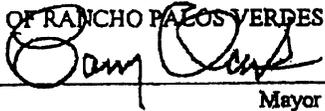
2. The Contractor agrees that if it does not keep the aforesaid insurance in full force and effect, and such insurance is available at a reasonable cost, the City may take out the necessary insurance and pay the premium thereon, and the repayment thereof shall be deemed an obligation of the Contractor and the cost of such insurance may be deducted, at the option of the City, from payments due the Contractor.
3. The Contractor shall submit to the City (1) insurance certificates indicating compliance with the minimum worker's compensation insurance requirements above, and (2) insurance policy endorsements above, not less than one (1) day prior to beginning of performance under this Agreement. Endorsements must be executed on the City's appropriate standard forms entitled "Additional Insured Endorsement," copies of which are attached hereto.
4. Upon the request of the Director of Public Works, or his authorized representative, the Contractor shall provide written notice to the Director of Public Works indicating all litigation and claims (past, current, or anticipated) between the Contractor and any claimants that may affect the aggregate insurance coverage.

10. Licensed in accordance with the City of Rancho Palos Verdes:

License No. 09 00003274 Date Issued: 2/12/09

IN WITNESS WHEREOF, the parties hereto have executed the within Agreement the day and year first above written.

CITY OF RANCHO PALOS VERDES

By: 
Mayor

ATTEST:

By: 
City Clerk

CONTRACTOR:

By: 

Never Samuelian May 29, 2009
Printed Name Date



**First Amendment to Agreement between
The City of Rancho Palos Verdes and
Nationwide Environmental Services div. of Joe's Sweeping, Inc.**

This agreement is the first amendment to the Street Sweeping Maintenance Services between the City of Rancho Palos Verdes ("CITY") and Nationwide Environmental Services div. of Joe's Sweeping, Inc. ("CONTRACTOR"), dated May 19, 2009 ("Original Agreement"). This first amendment is effective as of July 1, 2012 and is being made to extend the term of the Agreement for one year.

Section 1. 1a. Term: of Agreement is hereby amended to read as follows:

"This Agreement shall commence on July 1, 2012 and shall expire on June 30, 2013, unless sooner terminated pursuant to Section 5 of this Agreement. Additionally, there are two (2) one-year options to renew the Agreement for FY 2013-2014 and 2014-2015 with the mutual written consent of both parties."

Section 2. Except as expressly amended by this amendment to the Original Agreement, Section 1 Scope of Services; and all other provisions of the Agreement shall remain in full force and effect as written in the Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first above written.

CITY OF RANCHO PALOS VERDES
("CITY")

By: *Anthony Mestel*
Mayor

ATTEST:

By: *Carla Morreale*
City Clerk

NATIONWIDE ENVIRONMENTAL SERVICE
div. OF JOE'S SWEEPING, INC.

("CONTRACTOR")

Signature: *Ani Samuelian*

Printed Name: Ani Samuelian

Title: Vice President



**Second Amendment to Agreement between
the City of Rancho Palos Verdes and Nationwide
Environmental Services Div. of Joe's Sweeping, Inc.**

This agreement is the second amendment ("Second Amendment") to the street sweeping services agreement between the City of Rancho Palos Verdes ("City") and Nationwide Environmental Services Div. of Joe's Sweeping, Inc. ("Contractor"), dated May 19, 2009 ("Agreement"). The first amendment, which was effective July 1, 2012, extended the term of the Agreement for one year. This Second Amendment is effective as of July 1, 2013, and is being made to extend the term of the Agreement for one year more year.

Section 1. Section 1a of the Agreement is hereby amended to read as follows:

Term of Contract. This Agreement shall commence on July 1, 2009 and shall terminate on June 30, 2014, unless sooner terminated pursuant to Section 5 of this Agreement. Additionally, there is one (1) one-year option to renew the Agreement for fiscal year 2014-2015 with the mutual written consent of both parties."

Section 2. Section 2 of the Agreement is hereby amended to read as follows:

Compensation. In consideration of the services rendered hereunder, City shall pay Contractor a not to exceed amount of one hundred and seventy thousand dollars (\$170,000.00) each fiscal year in accordance with the prices reflected on the Bid Sheet of the Proposal, which is attached hereto as Exhibit "A" and incorporated herein by this reference."

Section 3. Section 9(1) of the Agreement is hereby amended to read as follows:

"All insurance policies shall provide that the insurance coverage shall not be cancelled or modified (except through addition of additional insured to the policy) by the insurance carrier without the insurance carrier giving the City thirty (30) days prior written notice thereof. Additionally, Contractor shall provide notice to the City within three business days if it receives a cancellation or policy revision notice from the insurer. Contractor agrees that it will not cancel, reduce or otherwise modify said insurance coverage."

Section 4. Section 9(3) of the Agreement is hereby amended to read as follows:

The Contractor shall submit to the City: (1) copies of the entire insurance policy for all required insurance; (2) insurance certificates indicating compliance with the minimum workers' compensation insurance requirements above, and (3) insurance policy endorsements above, not less than one (1) day prior to beginning of performance under this Agreement. Endorsements must be executed on the City's appropriate standard forms titled "Additional Insured Endorsement," copies of which are attached hereto.

Section 5. Section 10 of the Agreement is hereby added to read as follows:

"Notice. Except as otherwise required by law, any payment, notice or other communication authorized or required by this Agreement shall be in writing and shall be deemed received on (a) the day of delivery if delivered by hand or overnight courier service during City's regular business hours or (b) on the third business day following deposit in the United States mail, postage prepaid, to the addresses listed below, or at such other address as one party may notify the other:

To CITY:

Les M. Jones II, Interim Public Works Director
City of Rancho Palos Verdes
30940 Hawthorne Blvd.
Rancho Palos Verdes, CA 90275

To CONTRACTOR:

Never Samuelian
Nationwide Environmental Services Div. of Joe's Sweeping, Inc.
11914 Front Street
Norwalk, CA 90650"

Section 6. The Attachment titled "Indemnification and Hold Harmless Agreement and Waiver of Subrogation and Contribution" is hereby amended to read as stated in Exhibit B, which is attached hereto and incorporated herein by this reference.

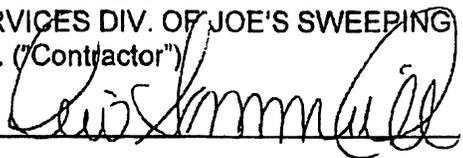
Section 7. Except as expressly amended by this amendment to the Agreement, all of the other provisions of the Agreement shall remain in full force and effect as written in the Agreement.

[Signatures on next page.]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date and year written below.

Dated: April 30, 2013

NATIONWIDE ENVIRONMENTAL SERVICES DIV. OF JOE'S SWEEPING INC. ("Contractor")

By: 

Printed Name: Ani Samuelian

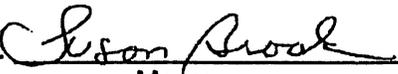
Title: vice President

By: 

Printed Name: Suzy Samuelian

Title: Corporate Secretary

CITY OF RANCHO PALOS VERDES ("City")

By: 

Mayor

ATTEST:

By:  5/22/13

City Clerk



**Third Amendment to Agreement between
the City of Rancho Palos Verdes and Nationwide
Environmental Services Div. of Joe's Sweeping, Inc.**

This agreement is the third amendment ("Third Amendment") to the street sweeping services agreement between the City of Rancho Palos Verdes ("City") and Nationwide Environmental Services Div. of Joe's Sweeping, Inc. ("Contractor"), dated May 19, 2009 ("Agreement"). The first amendment, which was effective July 1, 2012, extended the term of the Agreement for one year. The second amendment, which was effective July 1, 2013, likewise extended the term of the Agreement for one year. This Third Amendment is in effect as of September 16, 2014, and is being made to extend the term of the Agreement for one more year.

Section 1. The name of the Contractor is hereby amended from "Nationwide Environmental Services Div. of Joe's Sweeping, Inc." to "Joe's Sweeping, Inc. d/b/a Nationwide Environmental Services."

Section 2. Section 1a of the Agreement is hereby amended to read as follows:

Term of Contract. This Agreement shall commence on July 1, 2009, and shall terminate on June 30, 2015, unless sooner terminated pursuant to Section 5 of this Agreement."

Section 3. Section 10 of the Agreement is hereby amended to read as follows:

Notice. Except as otherwise required by law, any payment, notice or other communication authorized or required by this Agreement shall be in writing and shall be deemed received on (a) the day of delivery if delivered by hand or overnight courier service during City's regular business hours or (b) on the third business day following deposit in the United States mail, postage prepaid, to the addresses listed below, or at such other address as one party may notify the other:

To CITY:

Michael Throne, Public Works Director
City of Rancho Palos Verdes
30940 Hawthorne Blvd.
Rancho Palos Verdes, CA 90275

To CONTRACTOR:

Never Samuelian
Joe's Sweeping, Inc.
11914 Front Street
Norwalk, CA 90650"

Section 4. The following Section 11 is hereby added to the Agreement:

"Licensed in accordance with the City of Rancho Palos Verdes under "Nationwide Environmental Services," license number 3274-14, which was issued on January 9, 2014.

Section 5. The following Section 12 is added to the Agreement:

"Fictitious Business Name Statement. Joe's Sweeping, Inc. has provided to the City a copy of its Fictitious Business Name Statement to utilize the name Nationwide Environmental Services. This Fictitious Business Name Statement was filed with the County of Los Angeles on November 10, 2009, and thus will expire on November 9, 2014. The Contractor shall file a new Fictitious Business Name Statement with the County of Los Angeles before November 9, 2014 and shall immediately provide the City with a copy of the new filed Fictitious Business Name Statement, marked by the County of Los Angeles, or the City shall have the discretion to immediately terminate the Contract."

Section 6. Contractor shall obtain new faithful performance and payment bonds to cover the period of time from September 16, 2014 through June 30, 2015, each in an amount that is not less than the total compensation amount of this Third Amendment; in lieu of a new faithful performance bond, Contractor may submit proof from the surety company that the existing faithful performance bond has been extended for duration of the new term. All bonds must be submitted using the required forms, which are attached hereto and incorporated herein by this reference, or in any other form approved by the City Attorney."

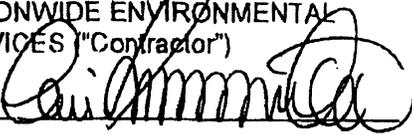
Section 7. Except as expressly amended by this amendment to the Agreement, all of the other provisions of the Agreement shall remain in full force and effect as written in the Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Third Amendment as of the date and year written below.

[Signatures on next page]

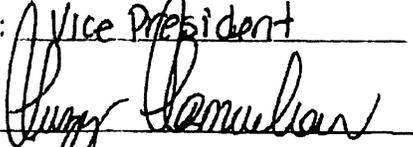
Dated: September _____, 2014

JOE'S SWEEPING, INC. d/b/a
NATIONWIDE ENVIRONMENTAL
SERVICES ("Contractor")

By: 

Printed Name: Ani Samuelian

Title: Vice President

By: 

Printed Name: Suzy Samuelian

Title: Secretary

CITY OF RANCHO PALOS VERDES
("City")

By: 
Mayor

ATTEST:

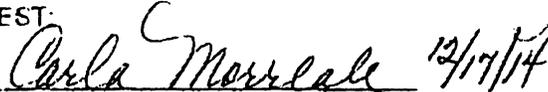
By:  12/17/14
City Clerk

Exhibit 8

MAP DEPICTING SERVICE AREA 2

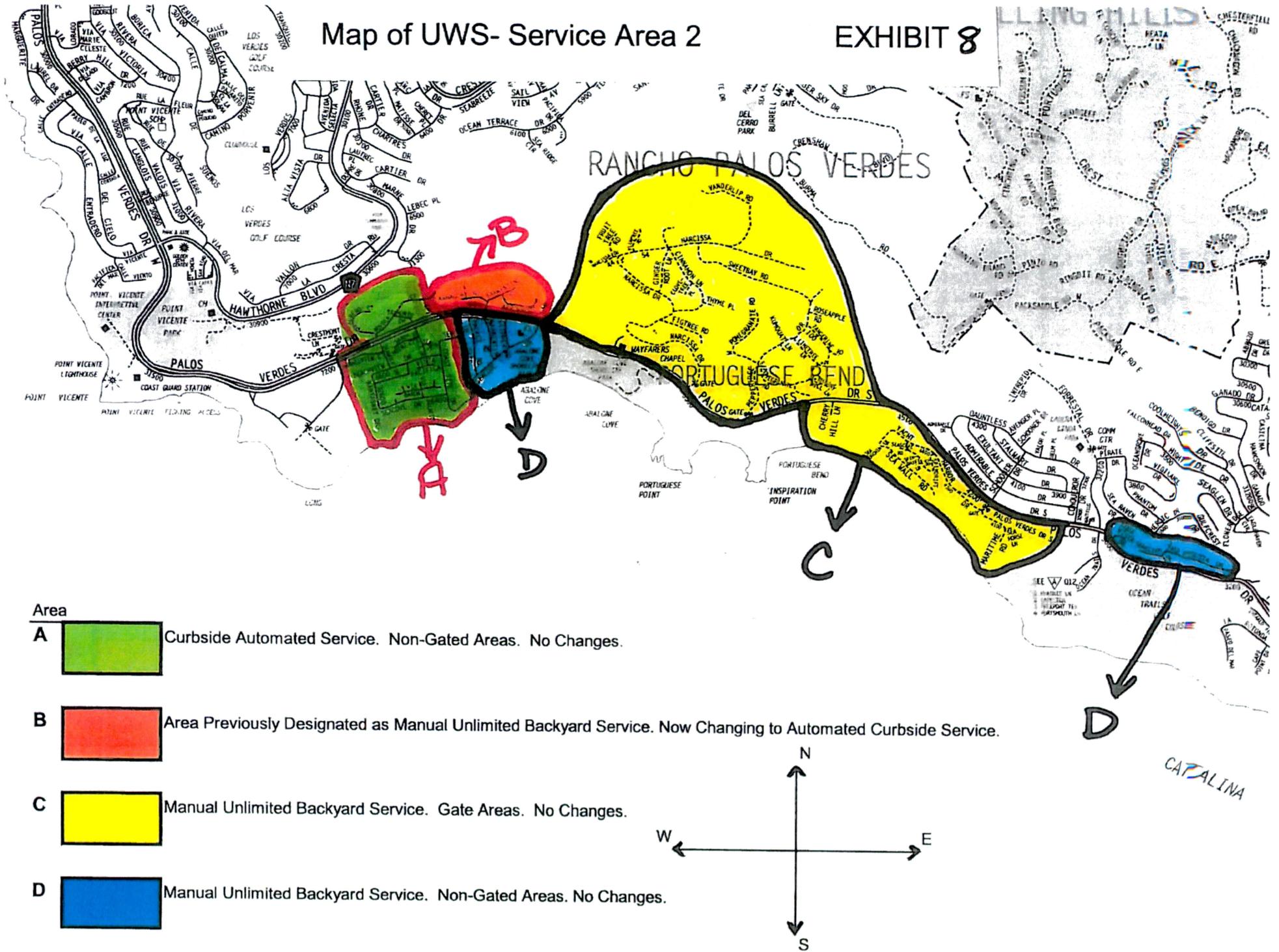
RECEIVED
City of Rancho Palos Verdes

JUL 8 2015

PUBLIC WORKS DEPARTMENT

Map of UWS- Service Area 2

EXHIBIT 8



INTERNATIONAL FIDELITY INSURANCE COMPANY
(Home Office: Newark, New Jersey)
2999 Oak Road, #820, Walnut Creek, CA 94597

RECEIVED
City of Rancho Palos Verdes

OCT 24 2016

CONTINUATION-PREMIUM BILLING NOTICE

PUBLICWORKSDEPARTMENT

Principal-Name & Address

EDCO Disposal Corporation
6670 Federal Blvd.
Lemon Grove, CA 91945-1392

Bond No.: 472111

Continuation Effective Date

From: November 11, 2016
To: November 11, 2017

Obligee

City of Rancho Palos Verdes
30940 Hawthorne Blvd.
Rancho Palos Verdes, CA 90275-5391

Agent:

International Fidelity Insurance Company
One Newark Center
Newark, NJ 07102-5207

Bond Amount

\$1,750,000.00

Premium Billing

\$ 19,950.00

- Continuation Certificate Not Required
 Continuation Certificate Required And Is Described Below

CONTINUATION CERTIFICATE

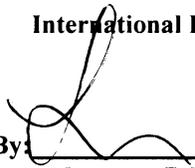
It is hereby agreed that the captioned numbered Bond is continued in force in the above amount for the period of the continued term stated above and is subject to all the covenants and conditions of said Bond.

This continuation shall be deemed a part of the original Bond, and not a new obligation, no matter how long the Bond has been in force or how many premiums are paid for the Bond, unless otherwise provided for by statute or ordinance applicable.

In witness whereof, the company has caused this instrument to be duly signed, sealed and dated as of the above "continuation effective date".

International Fidelity Insurance Company

Signed and Sealed this 4th Day of October, 2016

By: 

Lawrence F. McMahon / Attorney-in-Fact

No Signature Needed Where Continuation Certificate Is Not Required

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT Civil Code § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document, to which this certificate is attached, and not the truthfulness, accuracy or validity of that document.

STATE OF CALIFORNIA

County of San Diego



On OCT 04 2016 before me, Janice R. Martin, Notary Public,
Date Insert Name of Notary exactly as it appears on the official seal

personally appeared Lawrence F. McMahon
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/~~is~~ subscribed to the within instrument and acknowledged to me that he/~~she/it~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

Signature [Handwritten Signature]
Signature of Notary Public Janice R. Martin



Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of the form to another document.

Description of Attached Document

Title or Type of Document: _____

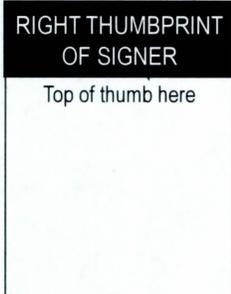
Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer is Representing: _____

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer is Representing: _____

POWER OF ATTORNEY

INTERNATIONAL FIDELITY INSURANCE COMPANY ALLEGHENY CASUALTY COMPANY

ONE NEWARK CENTER, 20TH FLOOR NEWARK, NEW JERSEY 07102-5207

KNOW ALL MEN BY THESE PRESENTS: That INTERNATIONAL FIDELITY INSURANCE COMPANY, a corporation organized and existing under the laws of the State of New Jersey, and ALLEGHENY CASUALTY COMPANY a corporation organized and existing under the laws of the State of Pennsylvania, having their principal office in the City of Newark, New Jersey, do hereby constitute and appoint

JAMES D. CASTLE, LAWRENCE F. MCMAHON

San Diego, CA.

their true and lawful attorney(s)-in-fact to execute, seal and deliver for and on its behalf as surety, any and all bonds and undertakings, contracts of indemnity and other writings obligatory in the nature thereof, which are or may be allowed, required or permitted by law, statute, rule, regulation, contract or otherwise, and the execution of such instrument(s) in pursuance of these presents, shall be as binding upon the said INTERNATIONAL FIDELITY INSURANCE COMPANY and ALLEGHENY CASUALTY COMPANY, as fully and amply, to all intents and purposes, as if the same had been duly executed and acknowledged by their regularly elected officers at their principal offices.

This Power of Attorney is executed, and may be revoked, pursuant to and by authority of the By-Laws of INTERNATIONAL FIDELITY INSURANCE COMPANY and ALLEGHENY CASUALTY COMPANY and is granted under and by authority of the following resolution adopted by the Board of Directors of INTERNATIONAL FIDELITY INSURANCE COMPANY at a meeting duly held on the 20th day of July, 2010 and by the Board of Directors of ALLEGHENY CASUALTY COMPANY at a meeting duly held on the 15th day of August, 2000:

"RESOLVED, that (1) the President, Vice President, Chief Executive Officer or Secretary of the Corporation shall have the power to appoint, and to revoke the appointments of, Attorneys-in-Fact or agents with power and authority as defined or limited in their respective powers of attorney, and to execute on behalf of the Corporation and affix the Corporation's seal thereto, bonds, undertakings, recognizances, contracts of indemnity and other written obligations in the nature thereof or related thereto; and (2) any such Officers of the Corporation may appoint and revoke the appointments of joint-control custodians, agents for acceptance of process, and Attorneys-in-fact with authority to execute waivers and consents on behalf of the Corporation; and (3) the signature of any such Officer of the Corporation and the Corporation's seal may be affixed by facsimile to any power of attorney or certification given for the execution of any bond, undertaking, recognizance, contract of indemnity or other written obligation in the nature thereof or related thereto, such signature and seals when so used whether heretofore or hereafter, being hereby adopted by the Corporation as the original signature of such officer and the original seal of the Corporation, to be valid and binding upon the Corporation with the same force and effect as though manually affixed."

IN WITNESS WHEREOF, INTERNATIONAL FIDELITY INSURANCE COMPANY and ALLEGHENY CASUALTY COMPANY have each executed and attested these presents on this 22nd day of July, 2014.



STATE OF NEW JERSEY
County of Essex

ROBERT W. MINSTER
Chief Executive Officer (International Fidelity Insurance Company) and President (Allegheny Casualty Company)



On this 22nd day of July 2014, before me came the individual who executed the preceding instrument, to me personally known, and, being by me duly sworn, said he is the therein described and authorized officer of INTERNATIONAL FIDELITY INSURANCE COMPANY and ALLEGHENY CASUALTY COMPANY; that the seals affixed to said instrument are the Corporate Seals of said Companies; that the said Corporate Seals and his signature were duly affixed by order of the Boards of Directors of said Companies.

IN TESTIMONY WHEREOF, I have hereunto set my hand affixed my Official Seal, at the City of Newark, New Jersey the day and year first above written.



A NOTARY PUBLIC OF NEW JERSEY
My Commission Expires April 16, 2019

CERTIFICATION

I, the undersigned officer of INTERNATIONAL FIDELITY INSURANCE COMPANY and ALLEGHENY CASUALTY COMPANY do hereby certify that I have compared the foregoing copy of the Power of Attorney and affidavit, and the copy of the Sections of the By-Laws of said Companies as set forth in said Power of Attorney, with the originals on file in the home office of said companies, and that the same are correct transcripts thereof, and of the whole of the said originals, and that the said Power of Attorney has not been revoked and is now in full force and effect.

IN TESTIMONY WHEREOF, I have hereunto set my hand this **OCT 04 2016** day of

MARIA BRANCO, Assistant Secretary

City of Rancho Palos Verdes - Area 1
EDCO SINGLE-FAMILY RATES

Current Rates Effective 1/1/17

Monthly Cart Service Rates			
One each Refuse, Recycling, and Green Waste Cart, rate based upon Refuse Cart size:			
Refuse Cart Size:	35-gallon	64-gallon	96-gallon
Standard Service	\$19.78	\$25.46	\$31.12
Additional Refuse Cart	\$6.80	\$9.07	\$11.35
Additional Recycling Cart	Free	Free	Free
Additional Green Waste Cart (above three)	\$2.27	n/a	\$4.54
Other Cart Rates and Services (Charged in Addition to Monthly Cart Service Rates)			
Backyard Service - per home per month, all cart sizes	\$6.99		
Pup Service - per home per month, all cart sizes	\$5.83		
Backyard and Pup Services - per home per month, all cart sizes	\$9.32		
Senior Rate Reduction	10%		
Low-Income Rate Reduction	5%		
Annual Payment Rate Reduction	5%		
Additional Special Overage Pickup for Automated Cart Customers (in excess of two pickups per year)	\$5.67		
Additional Bulky Item pickups (in excess of three free pickups per dwelling unit per year)	\$28.36		
Cart Exchange (after free-exchange period)	\$17.02		
Cart Re-delivery Fee (if carts are pulled for non-payment, one charge for redelivery of all carts)	\$28.36		
Re-Start Fee - after voluntary suspension of service, if carts have not been pulled	\$17.02		

* Including all fees retained by, or paid to, City.

Proposed Rates
FY 17-18 Effective 8/1/2017

Monthly Cart Service Rates			
One each Refuse, Recycling, and Green Waste Cart, rate based upon Refuse Cart size:			
Refuse Cart Size:	35-gallon	64-gallon	96-gallon
Standard Service	\$20.36	\$26.21	\$32.03
Additional Refuse Cart	\$7.00	\$9.34	\$11.68
Additional Recycling Cart	Free	Free	Free
Additional Green Waste Cart (above three)	\$2.34	n/a	\$4.67
Other Cart Rates and Services (Charged in Addition to Monthly Cart Service Rates)			
Backyard Service - per home per month, all cart sizes	\$7.19		
Pup Service - per home per month, all cart sizes	\$6.00		
Backyard and Pup Services - per home per month, all cart sizes	\$9.59		
Senior Rate Reduction	10%		
Low-Income Rate Reduction	5%		
Annual Payment Rate Reduction	5%		
Additional Special Overage Pickup for Automated Cart Customers (in excess of two pickups per year)	\$5.84		
Additional Bulky Item pickups (in excess of three free pickups per dwelling unit per year)	\$29.19		
Cart Exchange (after free-exchange period)	\$17.52		
Cart Re-delivery Fee (if carts are pulled for non-payment, one charge for redelivery of all carts)	\$29.19		
Re-Start Fee - after voluntary suspension of service, if carts have not been pulled	\$17.52		

* Including all fees retained by, or paid to, City.

Increase eff 7/1/17	3.30%
Reverse Prop 218 Adj 2016	-0.65%
Adjust for 1 month delay (eff 8/1/17)	0.28%
Total % Incr Eff. 8.1.17	2.93%

City of Rancho Palos Verdes - Area 1
EDCO SINGLE-FAMILY RATES
MULTI- FAMILY RATES

Proposed Rates

Increase eff 7/1/17

3.30%

MULTI- FAMILY RATES

Monthly Bin Rates							
Container Size	Pickups per week						Extra Pickups
	1	2	3	4	5	6	
2-yard	\$88.18	\$122.88	\$157.58	\$174.94	\$227.02	\$241.93	\$62.88
3-yard	\$122.92	\$157.62	\$192.35	\$227.06	\$279.09	\$290.10	\$73.36
3-yard w/ compactor	\$245.82	\$315.26	\$384.66	\$454.11	\$558.20	\$580.16	\$146.75
4-yard	\$140.33	\$174.97	\$227.06	\$279.13	\$340.07	\$361.44	\$83.85
4-yard w/ compactor	\$280.66	\$349.96	\$454.13	\$558.27	\$677.82	\$722.90	\$169.98
6-yard	\$175.05	\$234.81	\$279.14	\$331.23	\$384.93	\$402.43	\$125.79
Recycling bin/cart	No charge						

Monthly Bin Rates							
Container Size	Pickups per week						Extra Pickups
	1	2	3	4	5	6	
2-yard	\$90.76	\$126.48	\$162.20	\$180.07	\$233.67	\$249.02	\$64.72
3-yard	\$126.52	\$162.24	\$197.99	\$233.71	\$287.27	\$298.60	\$75.51
3-yard w/ compactor	\$253.02	\$324.50	\$395.93	\$467.42	\$574.56	\$597.16	\$151.05
4-yard	\$144.44	\$180.10	\$233.71	\$287.31	\$350.03	\$372.03	\$86.31
4-yard w/ compactor	\$288.88	\$360.21	\$467.44	\$574.63	\$697.68	\$744.08	\$174.96
6-yard	\$180.18	\$241.69	\$287.32	\$340.94	\$396.21	\$414.22	\$129.48
Recycling bin/cart	No charge						

Other Bin Service Rates - Per Month						
Bin Service	Pickups per week					
	1	2	3	4	5	6
Locking Bin Service	\$6.99	\$9.32	\$10.48	\$11.64	\$13.99	\$15.14
Scout Vehicles	\$29.12	\$51.25	\$73.36	\$95.51	\$117.63	\$139.75
Bin Push-Out Service (35 feet or further)	\$48.93	\$87.35	\$119.95	\$147.91	\$180.52	\$215.45

Other Bin Service Rates - Per Month						
Bin Service	Pickups per week					
	1	2	3	4	5	6
Locking Bin Service	\$7.19	\$9.59	\$10.79	\$11.98	\$14.40	\$15.58
Scout Vehicles	\$29.97	\$52.75	\$75.51	\$98.31	\$121.08	\$143.84
Bin Push-Out Service (35 feet or further)	\$50.36	\$89.91	\$123.46	\$152.24	\$185.81	\$221.76

Additional Service Charges	Rate Per Service
Bin Cleaning Per Bin	\$51.03
Bin Overage Clean-up (following one written warning) Per Clean Up	\$22.67
Additional Bulky Item pickups (in excess of three free pickups per dwelling unit per year) Per Item	\$28.36
Emergency Service Rates - one crew and one collection truck (Per Hr)	\$96.39

Additional Service Charges	Rate Per Service
Bin Cleaning Per Bin	\$52.53
Bin Overage Clean-up (following one written warning) Per Clean Up	\$23.33
Additional Bulky Item pickups (in excess of three free pickups per dwelling unit per year) Per Item	\$29.19
Emergency Service Rates - one crew and one collection truck (Per Hr)	\$99.21

Recycling Rebate (Fixed)	Rebate per Unit Per Month
Single Family	\$1.58
Multi-Family	\$1.58

(No Change/ Rate adjusted per Section 3.2.3 only)

(No Change/ Rate adjusted per Section 3.2.3 only)

Recycling Rebate (Fixed)	Rebate per Unit Per Month
Single Family	\$1.58
Multi-Family	\$1.58

(No Change/ Rate adjusted per Section 3.2.3 only)

(No Change/ Rate adjusted per Section 3.2.3 only)

Fees	
Collector	\$515,933
Environmental	\$130,401
Recycling Rebate (Fixed)	Note 1

Note 1: Rebated directly to Customers Effective 1/1/2013

Fees	
Collector	\$531,050
Environmental	\$134,221
Recycling Rebate (Fixed)	Note 1

Note 1: Rebated directly to Customers Effective 1/1/2013

City of Rancho Palos Verdes - Area 2 (former UWS Area)

Current Rates Effective 1/1/17

Monthly Manual Service Rates			
Backyard Service for refuse, recycling, and green waste *- per home per month	\$61.80		
Manure 32-gal customer-provided can (per can per month)	\$22.47		
Monthly Automated Cart Service Rates			
One each Refuse, Recycling, and Green Waste Cart, rate based upon Refuse Cart size:			
Refuse Cart Size:	35-gallon	64-gallon	96-gallon
Standard Service, based on refuse cart size	\$19.78	\$25.46	\$31.12
Additional Refuse Cart	\$6.80	\$9.07	\$11.35
Additional Recycling Cart	free	free	free
Additional Green Waste Cart (over three carts)	\$2.27	n/a	\$4.54
Other Cart Rates and Services (Charged in Addition to Monthly Cart Service Rates)			
Backyard Service - per home per month, all cart sizes	\$6.99		
Senior Rate Reduction	10%		
Low-Income Rate Reduction	5%		
Annual Payment Rate Reduction	5%		
Additional Special Overage Pickup for Automated Cart Customers (in excess of two pickups per year), per pickup	\$5.67		
Additional Bulky Item pickups (in excess of three free pickups per dwelling unit per year), per item	\$28.36		
Cart Exchange (after free-exchange period), per request	\$17.02		
Cart Re-delivery Fee (if carts are pulled for non-payment, one charge for redelivery of all carts)	\$28.36		
Re-Start Fee - after voluntary suspension of service, if carts have not been pulled, per re-start	\$17.02		

Proposed Single-Family Maximum(Not to Exceed) Rates FY 17-18 Effective 8/1/2017

Monthly Manual Service Rates			
Backyard Service for refuse, recycling, and green waste *- per home per month	\$63.61		
Manure 32-gal customer-provided can (per can per month)	\$23.13		
Monthly Automated Cart Service Rates			
One each Refuse, Recycling, and Green Waste Cart, rate based upon Refuse Cart size:			
Refuse Cart Size:	35-gallon	64-gallon	96-gallon
Standard Service, based on refuse cart size	\$20.36	\$26.21	\$32.03
Additional Refuse Cart	\$7.00	\$9.34	\$11.68
Additional Recycling Cart	free	free	free
Additional Green Waste Cart (over three carts)	\$2.34	n/a	\$4.67
Other Cart Rates and Services (Charged in Addition to Monthly Cart Service Rates)			
Backyard Service - per home per month, all cart sizes	\$7.19		
Senior Rate Reduction	10%		
Low-Income Rate Reduction	5%		
Annual Payment Rate Reduction	5%		
Additional Special Overage Pickup for Automated Cart Customers (in excess of two pickups per year), per pickup	\$5.84		
Additional Bulky Item pickups (in excess of three free pickups per dwelling unit per year), per item	\$29.19		
Cart Exchange (after free-exchange period), per request	\$17.52		
Cart Re-delivery Fee (if carts are pulled for non-payment, one charge for redelivery of all carts)	\$29.19		
Re-Start Fee - after voluntary suspension of service, if carts have not been pulled, per re-start	\$17.52		

Increase eff 7/1/17	3.30%
Reverse Prop 218 Adj 2016	-0.65%
Adjust for 1 month delay (eff 8/1/17)	0.28%
% Increase Eff. 8.1.17	2.93%

EXHIBIT 4

Multi-Family

Current Rates Effective 1/1/17

Monthly Bin Rates							
Container Size	No. Pickups per week						
	1	2	3	4	5	6	Extra Pickups
2-yard	\$77.54	\$108.10	\$138.10	\$153.57	\$198.67	\$228.94	\$16.85
3-yard	\$107.89	\$138.13	\$168.44	\$198.71	\$245.24	\$275.68	\$28.10
4-yard	\$123.09	\$153.31	\$198.76	\$245.28	\$296.34	\$343.37	\$39.33
Manure 3-yard	\$140.45						\$28.10
Recycling bin/cart	No						

Other Bin Service Rates -						
Bin Service	No.					
	1	2	3	4	5	6
Locking Bin Service	\$7.99	\$9.98	\$11.38	\$12.78	\$14.18	\$15.59
Scout Vehicles	\$29.60	\$50.82	\$71.62	\$92.62	\$113.65	\$134.68
Bin Push-Out Service (35 feet or further)	\$44.90	\$79.93	\$107.91	\$135.93	\$163.95	\$191.97

Additional Service Charges	Rate Per Service
Portuguese Bend Beach Club - beach litter	\$2,247.11
Bin Cleaning Per Bin	\$28.10
Bin Overage Clean-up (following one written	\$28.10
Additional Bulky Item pickups (in excess of three	\$28.10
Emergency Service Rates - one crew and one	\$95.50

Current Rates Effective 1/1/17	Area 2	Area 1	Total Area 1 2	Per Qtr
Collector	\$36,432	\$515,933	\$552,365	\$552,365 \$ 138,091
Environmental	\$9,104	\$130,401	\$139,505	\$139,505 \$ 34,876
Recycling Rebate	\$0			

EXHIBIT 4

Multi-Family

PROPOSED MAXIMUM (Not to Exceed) RATES

FY 17-18 Effective 8/1/2017

Monthly Bin Rates							
Container Size	No. Pickups per week						
	1	2	3	4	5	6	Extra Pickups
2-yard	\$79.81	\$111.27	\$142.15	\$158.07	\$204.49	\$235.65	\$17.34
3-yard	\$111.05	\$142.18	\$173.38	\$204.53	\$252.43	\$283.76	\$28.92
4-yard	\$126.70	\$157.80	\$204.58	\$252.47	\$305.02	\$353.43	\$40.48
Manure 3-yard	\$144.57						\$28.92
Recycling bin/cart	No charge						

Other Bin Service Rates -						
Bin Service	No. Pickups					
	1	2	3	4	5	6
Locking Bin Service	\$8.22	\$10.27	\$11.71	\$13.15	\$14.60	\$16.05
Scout Vehicles	\$30.47	\$52.31	\$73.72	\$95.33	\$116.98	\$138.63
Bin Push-Out Service (35 feet or further)	\$46.22	\$82.27	\$111.07	\$139.91	\$168.75	\$197.59

Additional Service Charges	Rate Per Service
Portuguese Bend Beach Club - beach litter container	\$2,312.95
Bin Cleaning Per Bin	\$28.92
Bin Overage Clean-up (following one written warning)	\$28.92
Additional Bulky Item pickups (in excess of three free	\$28.92
Emergency Service Rates - one crew and one collection	\$98.30

FY 17-18 Effective 8/1/2017	Area 2	Area 1	Total Area 1 2	Per Qtr
Collector	\$37,499	\$531,050	\$568,549	\$568,549 \$ 142,137
Environmental	\$9,371	\$134,221	\$143,592	\$143,592 \$ 35,898
Recycling Rebate	\$0			

Rate Adjustment Formula and Methodology FY 17-18

The City has a specific rate adjustment methodology (RAM), which was prepared by the City's procurement consultant and was approved by the City Council when the EDCO agreement was approved initially in November 2009, was re-approved in June 2015 when the contract extension was approved, and most recently in December 2016 when it went through a Proposition 218 public hearing and notification process and a five year rate adjustment methodology was approved. The RAM outlines the acceptable cost variables and national approved indices, and provides detailed guidelines on how future rate adjustments are calculated. This helps calculation accuracy, while it also protects the City from sudden rate spikes. Similar methodologies are used by various cities in their recent solid waste franchise agreements.

1) **Disposal Cost Component:** EDCO's disposal cost increases are based on the percentage changes at the county owned disposal facilities for calendar year 2016. To increase accuracy, a weighted average of the various disposal facilities' rate changes is calculated and used in the RAM formula. A straight average is not used because different facilities are used for disposal of trash and processing green waste. To derive the weighted average, the percentages of where each commodity (trash and green waste) was delivered to, and the quantity taken to each facility are considered. The total weighted average disposal cost component changed from \$31.01 to \$33.07 per ton between 7/1/2016 and 7/1/2017. This change is reflected in the following table:

Disposal Facility	Gate Rate \$ Change/ton	Gate Rate % Change/ton
Puente Hills Transfer station - Green Waste	\$43.50/ton to \$43.50/ton	No Change 0%
County of Orange * -Solid Waste	\$27.00/ton to \$27.53/ton	2%
Southeast Resource Recovery Facility (SERRF)- Long Beach waste to energy facility	\$65.00/ton to \$75.00/ton	15.4%
Total Disposal Cost Component	\$31.01/ton to \$33.07/ton (Weighted Average)	6.6% (Exhibit 5A, Row 14G)

* EDCO has a importation agreement for the next decade with the County of Orange which helps stabilize landfill disposal rates. Additionally, EDCO's Recycling & Transfer Facility in Signal Hill accepts and transfers all of the trash collected from the City by EDCO to alternative disposal sites.

2) **Service/Collection Cost Component:** EDCO's service/collection cost increases are based on calendar year 2016 and reflect the percentage of increases/decreases in several national indices from the U.S. Department of Labor, Bureau of Labor Statistics. These selected indices were specifically chosen because they are tailored to solid waste collection operations. A weighted average of the various service/collection changes is calculated and used in the RAM formula. The national indices include:

(US Dept. of Labor) Index /Commodity	% Change in 2016
Consumer Price Index (CPI)	Increased 2.2%
Producer Price Index (PPI) for Fuel- Natural Gas *	(Decreased 9.1%)
PPI for heavy-Duty Truck Manufacturing	Increased 1.97%
Hourly Labor Costs **	Increased 2.9%
Total Weighted Average Service/Collection Component	Increase of 1.8% (See Exhibit 5A, Row 13G)

* There was a reduction in fuel costs between 2015 and 2016.

** Based on previously contract approved labor rates

Approximately 32% of EDCO's overall costs are related to disposal costs which increased 6.6% in 2016. Approximately 68% of EDCO's overall costs are related to service/collection costs which increased 1.8% in 2016. Therefore, EDCO's total weighted residential rate adjustment, reflecting both disposal and service cost components is 3.3%. (See attached Table labeled Exhibit 5A, Row 24 G).

The net increase for FY 17-18 will be 2.93%. The 2.93% is after adjusting for the 1-month billing delay this year (August versus July billing, or +0.28%), and the 6-month delay last year (January versus July billing, or -0.65%) due to Prop 218 notification requirements [$3.3\% + 0.28\% - 0.65\% = 2.93\%$]. Examples of EDCO's proposed maximum rates for FY 17-18 are listed below:

Service Level	Current Maximum Monthly Rates FY 16-17	Proposed Increase in Maximum Monthly Rates FY 17-18	Proposed Maximum Monthly Rates FY 17-18	Proposed Maximum Monthly Rates for Seniors (10% discount) FY 17-18
Single-family (one trash cart)				
Curbside 35-gallon	\$19.78	\$0.58	\$20.36	\$18.32
Curbside 64-gallon	\$25.46	\$0.75	\$26.21	\$23.59
Curbside 96-gallon	\$31.12	\$0.91	\$32.03	\$28.83
Backyard Manual Unlimited (former UWS customers)	\$61.80	\$1.81	\$63.61	\$57.25

Multi-family accounts would have a similar proposed increase Maximum of 2.93%. For example, the Maximum on the rate for a 3-yard bin picked up twice a week would increase by \$4.62/mo. from \$157.62/mo. to \$162.24.

EDCO Disposal Corporation

EXHIBIT 5A

RATE ADJUSTMENT FORMULA - Effective 8/1/2017*

Step One: Calculate percentage change in indices

Row	Adjustment Factor	Index	A Old Index Value (prior year's "New Index") 2016	B New Index Value 2017	C Percent Change In Index ((Column B/ Column A) -1)
Service Component					
1	Labor (hrly rate)	(1)	23.90	24.60	2.9%
2	Fuel (Natural Gas)	(2)	106.3	96.6	-9.1%
3	Equipment	(3)	142.1	144.9	2.0%
4	All Other	(4)	242.247	247.602	2.2%
5	Disposal Component	(5)	\$31.01	\$ 33.07	6.6%

Step Two: Determine components

Row	Adjustment Factor	D Cost Component Weighted as a % of Component Total (6)	E Percent Change In Index (from Column C)	F Total Weighted Change (Column D x E)	G Total Weighted Change, Subject to Increase Cap
Service Component					
9	Labor	31.3%	2.9%	0.9%	
10	Fuel	4.9%	-9.1%	-0.4%	
11	Equipment	21.6%	2.0%	0.4%	
12	All Other	42.2%	2.2%	0.9%	
13	Service Sub-Total	100.0%		1.8%	1.8% (7)
14	Disposal Sub-Total	100%	6.6%	6.6%	6.6% (8)
Total Rate Adjustment					
22	Service	68.3%	1.8%	1.2%	1.2%
23	Disposal	31.7%	6.6%	2.1%	2.1%
24	Total Rate Adjustment	100.0%			3.3%

Step Three: Apply percentage change to sample rates

Row	Rate Category	H Existing Customer Maximum Rate FY 2016/17	I Total Weighted Percentage Change (Row 13, Column F)	J Rate Increase or Decrease (Column H x Column I)	K Adjusted Max. Rate (Column H + Column J) FY 2017/18
20	Residential Service - 64 gal	\$ 25.29	3.3%	\$ 0.83	\$ 26.12
21	Additional Refuse Cart	\$ 9.02	3.3%	\$ 0.30	\$ 9.32
22	3 Yd Bin, 1x week	\$ 122.14	3.3%	\$ 4.03	\$ 126.17
23	3 Yd Bin 2x week	\$ 156.62	3.3%	\$ 5.17	\$ 161.79
24	Extra Pick-up - 2 yd	\$ 62.48	3.3%	\$ 2.06	\$ 64.54
25	Extra Bulky Item	\$ 28.18	3.3%	\$ 0.93	\$ 29.11
26	Extra Bin Cleaning	\$ 50.70	3.3%	\$ 1.67	\$ 52.37

Step Four: Re-weight cost components

Row	Adjustment Factor	Index	L Cost Component Weighting (Column D)	M Percent Change as Applied to Rate Adjustment (Column E)	N Increase in Cost Components (Column L x Column M)	O Cost Component Increased (Column L + Column N)	P Cost Components Reweighted to Equal 100% (To be used for FY 2017/18)
27	Labor	(1)	31.3%	2.9%	0.9%	32.2%	31.6%
28	Fuel	(2)	4.9%	-9.1%	-0.4%	4.5%	4.4%
29	Equipment	(3)	21.6%	2.0%	0.4%	22.0%	21.6%
30	All Other	(4)	42.2%	2.2%	0.9%	43.1%	42.4%
31	Service Sub-Total		100.0%			101.8%	100.0%
38	Service Component		68.3%	1.8%	1.2%	69.5%	67.3%
39	Disposal Component		31.7%	6.6%	2.1%	33.8%	32.7%
40	Total		100.0%			103.3%	100.0%

- (1) Driver A/B rate from Agreement between local haulers and Package and General Utility Drivers Local Union 396, International Brotherhood of Teamsters.
 - (2) Producer Price Index, WPU 0531 not seasonally adjusted, Fuels and related products and power, natural gas - average annual change. (Preliminary numbers used in March)
 - (3) Producer Price Index, PCU336120336120, Heavy duty truck manufacturing - average annual change (Preliminary numbers used in March).
 - (4) Consumer Price Index for All Urban Consumers (CUUR0000SA0L1E), all items less food and energy index - U.S. city average - average annual change.
 - (5) As determined in Exhibit 5B.
 - (6) This column comes from Column P of the previous year's rate adjustment worksheet.
 - (7) Service component change is limited to 4% in any one year with carryover to subsequent years
 - (8) Total disposal increase in 2017 of 6.6% did not exceed the 8% cap.
- * one month rate implementation delay due to Prop 12 notification.

Collector and Environmental Fees, Recycling Rebate/Credit FY17-18

The City receives a Collector Fee and an Environmental Fee. Per EDCO's agreement, the fee amounts are fixed annual amounts, and could automatically get adjusted when the rates are adjusted. These fees are incorporated in the monthly rates, and are not separate line-items.

Collector Fee:

EDCO's current Collector Fee is the fixed annual amount of \$552,365. If the rate adjustment request is approved, the Collector Fee increases by 2.93% (or ~\$16,185) for a FY17-18 total of \$569,000.

The Collector Fee is deposited into two funds: 1) General Fund, and 2) Waste Reduction Fund. The residential and arterial streets' wear and tear due to truck traffic is addressed through the General Fund programmed projects such as the annual residential overlay, slurry seal, arterial rehabilitation, and ongoing pothole, curb and gutter repairs. The administration of EDCO's contract, assisting with customer service questions and concerns, implementing ongoing Citywide recycling and waste reduction activities, organizing special events, and complying with State mandates and preparing annual reports are paid through the restricted Waste Reduction Fund. Staff plans to maintain the current percentage allocation of the Collector Fee between the General Fund and Waste Reduction Fund for FY17-18. (See below)

Collector Fee Fund Allocation	Current Percentage FY16-17	Proposed Percentage FY17-18	Proposed Amount (rounded) FY17-18
General Fund- Various	75%	75%	\$427,000
Waste Reduction Fund	25%	25%	\$142,000
Total (\$ rounded)	100%	100%	\$569,000

Environmental Fee:

EDCO's current Environmental Fee is the fixed annual amount of ~\$139,500, which is deposited 100% into the Storm Water Quality Program of the General Fund and it supports sweeping of residential and arterial streets, servicing trashcans at bus shelters, and assisting in NPDES/storm water quality program implementation and compliance. If approved, the FY17-18 Fee would also increase by 2.93% (or ~\$4,100) for a total of ~\$143,600. Staff recommends maintaining the current percentage allocation for FY17-18.

Recycling Rebate/Credit:

Until 2013, the City received an annual recycling rebate of \$280,000 from EDCO. The funds were deposited into the City's Recycling Fund for use on median improvement projects and/or median maintenance, and Beautification Grants. However, since 2013 at the direction of City Council those amounts are refunded back to customers in their billing statements as a "Recycling Credit or Rebate". EDCO would continue to provide their existing customers with the City Council approved recycling rebate/credit of \$1.58/month/customer/unit. The customers in the former UWS area would continue also to receive their Council approved recycling rebate/credit of \$1.31/month/customer/unit. The minor difference (\$0.27/mo.) is due to the difference in the ratio of the number of former UWS customers to its contractual annual recycling revenue due to the City, as compared to EDCO's.

For FY17-18 there will be no change in the amount of the recycling credit, since there has been no change in the California Redemption Value of containers.