

## **ATTACHMENT 1 - DEFINITIONS**

Unless the context otherwise requires, capitalized terms used in this Agreement will have the meanings specified in this Attachment.

### **Acceptable Material(s)/ Targeted Recyclable Materials**

“Acceptable Material(s)/Targeted Recyclable Materials” means the following items delivered to the Shoreway Center co-mingled or separated: newspaper (including inserts, coupons, and store advertisements); mixed paper (including office paper, computer paper, magazines, junk mail, catalogs, brown paper bags, office paper, paperboard, paper egg cartons, telephone books, colored paper, construction paper, envelopes, legal pad backings, shoe boxes, cereal and other similar food boxes); chipboard; corrugated cardboard; paper milk cartons; glass containers of any color (including brown, blue, clear, and green glass containers); aluminum (including food and beverage containers and foil; small pieces of scrap metal weighing less than 10 pounds and fitting into the Recyclable Materials collection container (excluding chain, cable, wire, banding, hand tools, and automotive parts); steel, tin or bi-metal containers; plastic containers (i.e., all plastic containers stamped with the Society for the Plastics Industry (SPI) code #1 through #7; and plastics that are not stamped but clearly can be identified as PET, HDPE, and PP). For Single-Family and Multi-Family Premises, Acceptable Recyclable Materials shall also include Used Motor Oil, Used Motor Oil Filters, Household Batteries, and Cell Phones.

### **Act**

“Act” means the California Integrated Waste Management Act of 1989 (AB 939) Public Resources Code, Section 40000 et seq.

### **Affiliate**

"Affiliate" means a Person which is related to Contractor by virtue of direct or indirect ownership interest or common management. An Affiliate includes a Person in which Contractor owns a direct or indirect ownership interest, a Person which has a direct or indirect ownership interest in Contractor and/or a Person which is also owned, controlled or managed by any Person which has a direct or indirect ownership interest in Contractor. Also called “Affiliated Company.”

### **Authority**

“Authority” means the SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY, formed under the California Joint Exercise of Powers Act by the Member Agencies.

### **Agreement**

"Agreement" means this Agreement, including the attachments.

### **Applicable Law**

“Applicable Law” means all federal, State, and local laws, regulations, rules, orders, judgments, decrees, permits, approvals, or other requirements of any governmental agency having jurisdiction over the processing, transportation, and Disposal of Solid Waste, Recyclable Materials, Organic Materials and other materials covered by this Agreement that are in force on the Effective Date and as they may be enacted, issued or amended during the Term.

### **Basic Compensation**

“Basic Compensation” means the payments to Contractor provided by Section 7.03.

### **Board of Directors**

“Board of Directors” means the Authority board of directors.

### **Bunker Program**

“Bunker Program” means the transfer station area and program designated for Self-haul Customers to deposit separated materials for recycling. Materials targeted for the Bunker Program include but are not limited to concrete, dirt, aggregate, carpet and carpet padding.

### **Buyback/Drop-off Center**

“Buyback/Drop off Center” means the area at the Shoreway Center designated to receive Recyclable Materials from Self-Haul Customers for fee or payment. Also called the “Public Recycling Center.”

### **Cell Phones**

“Cell Phones” means all telephones used for mobile or cellular communications including batteries used to power cell phones.

### **Change in Law**

“Change in Law” means any of the following events or conditions which has a material and adverse effect on the performance by the Parties of their respective obligations under this Agreement:

- a. The enactment, adoption, promulgation, issuance, modification, or written change in administrative or judicial interpretation, on or after the Effective Date, of any Applicable Law; or
- b. The order or judgment of any governmental body, on or after the Effective Date, to the extent such order or judgment is not the result of willful or negligent action, error or omission or lack of reasonable diligence of the Authority, or of the Contractor, whichever is asserting the occurrence of a Change in Law; provided, however, that the contesting in good faith or the failure in good faith to contest any such order or judgment shall not constitute such a willful or negligent action, error or omission or lack of reasonable diligence.

### **Collection Contractor**

“Collection Contractor” means the company under contract with one or more Member Agencies to collect Solid Waste, Organic Materials and Recyclable Materials and deliver them to the Shoreway Center.

### **Commencement Date**

“Commencement Date” means the date specified in Section 2.02 when the Contractor is to begin operating the Shoreway Center.

**Construction and Demolition Debris**

"Construction and Demolition Debris" means materials resulting from construction, renovation, remodeling, repair, or demolition operations on any residential, commercial or other structure or pavement. Also called "C&D."

**Contamination**

"Contamination" means materials that are delivered to the MRF and that accompany Acceptable Materials but which are not an Acceptable Material.

**Contractor**

"Contractor" means South Bay Recycling, LLC, a California limited liability company.

**Contractor's Compensation**

"Contractor's Compensation" means the monetary compensation to be received by Contractor in return for providing services in accordance with this Agreement, as described in Article 7.

**Contractor's Proposal**

"Contractor's Proposal" means the proposal submitted by Contractor and received on March 4, 2008 by the Authority in response to the November 1, 2007 Request for Proposals, and certain supplemental written materials (written responses to addenda and written correspondence submitted during the short list negotiation phase between July 25, 2008 and April 22, 2009).

**County**

"County" means the County of San Mateo.

**Day**

"Day" means calendar day unless otherwise specified.

**Designated Disposal Site**

"Designated Disposal Site" means the facility or facilities utilized for the landfill Disposal of Solid Waste, which shall be the Ox Mountain Sanitary Landfill near Half Moon Bay, unless and until the Authority designates a different or additional site.

**Designated Processing Facility(ies)**

"Designated Processing Facility" means one of the off-site facilities designated by the Authority as the location(s) for processing of Construction and Demolition Debris, Plant Materials, Organics and other fractions of the waste stream delivered to the Shoreway Center not delivered to the Designated Disposal Site.

**Disposal**

"Disposal" means the ultimate disposition of Solid Waste by Contractor at the Designated Disposal Site.

**Disposal Agreement**

"Disposal Agreement" means the agreement dated as of January 1, 2005 between the Authority and the operator of the Ox Mountain Sanitary Landfill.

**Diversion**

“Diversion” means the processing and recycling of materials received at the Shoreway Center for purposes other than Disposal.

**Effective Date**

“Effective Date” means the date identified in Section 2.01.

**Electronic Waste (or E-Waste)**

“Electronic Waste” or “E-Waste” means “Covered Electronic Wastes” as defined in Act (Section 42463 of Public Resources Code) including discarded electronic equipment such as, but not limited to, television sets, computer monitors, central processing units (CPUs), laptop computers, and peripherals (e.g., external computer hard drives, computer keyboards, computer mice, and computer printers).

**Environmental Laws**

"Environmental Laws" means all federal and State statutes, County, city and Authority ordinances concerning public health, safety and the environment including, by way of example and not limitation, the Act, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 USC §9601 et seq.; the Resource Conservation and Recovery Act, 42 USC §6902 et seq.; the Federal Clean Water Act, 33 USC §1251 et seq.; the Toxic Substances Control Act, 15 USC §1601 et seq.; the Occupational Safety and Health Act, 29 USC §651 et seq.; the California Hazardous Waste Control Act, California Health and Safety Code §25100 et seq.; the California Toxic Substances Control Act, California Health and Safety Code §25300 et seq.; the Porter-Cologne Water Quality Control Act, California Water Code §13000 et seq.; the Safe Drinking Water and Toxic Enforcement Act, California Health and Safety Code §25249.5 et seq.; as currently in force or as hereafter amended, and all rules and regulations promulgated thereunder.

**Executive Director**

“Executive Director” means the executive director of the Authority.

**Federal**

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

**Food Scraps**

"Food Scraps" means a subset of Organic Materials including: (i) all kitchen and table food waste, and animal or vegetable waste that attends or results from the storage, preparation, cooking or handling of foodstuffs, (ii) paper waste contaminated with Food Scraps, and (iii) biodegradable plastic food service ware.

**Gate Fees**

“Gate Fees” means the amounts, set by the Authority, to be collected from Self-Haul Customers by the Contractor and remitted to the Authority.

**Generator**

“Generator” means any Person whose act or process produces Solid Waste, Recyclable Materials, or Organic Materials, or whose act first causes Solid Waste to become subject to regulation.

**Guarantors**

“Guarantors” means the two corporations which are Members of Contractor and which have guaranteed Contractor’s performance of the Agreement.

**Guaranty**

“Guaranty” means the document to be executed by the Guarantors in the form of Attachment 17.

**Hazardous Substance**

"Hazardous Substance" shall mean any of the following: (a) any substances defined, regulated or listed (directly or by reference) as "Hazardous Substances", "hazardous materials", "Hazardous Wastes", "toxic waste", "pollutant" or "toxic substances" or similarly identified as hazardous to human health or the environment, in or pursuant to (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 USC §9601 et seq. (CERCLA); (ii) the Hazardous Materials Transportation Act, 49 USC §1802, et seq.; (iii) the Resource Conservation and Recovery Act, 42 USC §6901 et seq.; (iv) the Clean Water Act, 33 USC §1251 et seq.; (v) California Health and Safety Code §§25115-25117, 25249.8, 25281, and 25316; (vi) the Clean Air Act, 42 USC §7901 et seq.; and (vii) California Water Code §13050; (b) any amendments, rules or regulations promulgated there under to such enumerated statutes or acts currently existing or hereafter enacted; and (c) any other hazardous or toxic substance, material, chemical, waste or pollutant identified as hazardous or toxic or regulated under any other applicable Federal, State or local Environmental Laws currently existing or hereinafter enacted, including, without limitation, friable asbestos, polychlorinated biphenyls ("PCBs"), petroleum, natural gas and synthetic fuel products, and by-products.

**Hazardous Waste**

"Hazardous Waste" means all substances defined as Hazardous Waste, acutely Hazardous Waste, or extremely Hazardous Waste by the State in Health and Safety Code §25110.02, §25115, and §25117 or in any future amendments to or recodifications of such statutes or identified and listed as Hazardous Waste by the US Environmental Protection Agency (EPA), pursuant to the Federal Resource Conservation and Recovery Act (42 USC §6901 et seq.), all future amendments thereto, and all rules and regulations promulgated there under.

**HHW**

“HHW” means Household Hazardous Waste.

**Holidays**

“Holidays” means New Year’s Day, Thanksgiving Day, and Christmas Day.

**Holiday Trees**

“Holiday Trees” means trees targeted for diversion that were purchased and used in celebration of Christmas and other holidays in December and January.

### **Household Batteries**

“Household Batteries” means disposable or rechargeable dry cells (e.g., A, AA, AAA, B, C, D, 9-volt, button-type) commonly used as power sources for household or consumer products including, but not limited to, nickel-cadmium, nickel metal hydride, alkaline, mercury, mercuric oxide, silver oxide, zinc oxide, nickel-zinc, nickel iron, lithium, lithium ion, magnesium, manganese, and carbon-zinc batteries, but excluding automotive lead acid batteries.

### **Implementation and Operation Plan**

“Implementation and Operation Plan” means Contractor’s plan set forth in Attachment 4.

### **Including**

“Including” means including but not limited to.

### **Infectious Waste**

“Infectious Waste” means biomedical waste generated at hospitals, public or private medical clinics, dental offices, research laboratories, pharmaceutical industries, blood banks, mortuaries, veterinary facilities, and other similar establishments that are identified in State Health and Safety Code Section 25117.5.

### **Liquidated Damages**

“Liquidated Damages” means the amounts owed by Contractor to the Agency for failure to meet specific standards of performance as described in Section 11.07.

### **Materials Marketing Plan**

“Materials Marketing Plan” means Contractor’s plan included in Attachment 11.

### **Materials Recovery Facility (MRF)**

“Materials Recovery Facility” and “MRF” each mean the building at the Shoreway Center where Recyclable Materials are processed, sorted or separated for the purposes of recovering reusable or Recyclable Materials.

### **Member Agencies**

“Member Agencies” means the following jurisdictions: the cities of Belmont, Burlingame, East Palo Alto, Foster City, Menlo Park, Redwood City, San Carlos, and San Mateo; the towns of Atherton and Hillsborough; the County of San Mateo; and the West Bay Sanitary District.

### **Members**

“Members” means the two corporations which own and control the Contractor as of the date of this Agreement. The Members are Community Recycling and Resource Recovery, Inc. and Potential Industries, Inc.

### **Minimum Self-Haul Diversion Guarantee**

“Minimum Self-Haul Diversion Guarantee” means the amount of Self-haul materials that are to be Diverted from total inbound Self-haul tons, as provided in Section 7.08.

**Operating Cost**

"Operating Cost" means those costs actually incurred by Contractor, reasonably necessary to perform under this Agreement, and not otherwise specifically excluded in this Agreement.

**Organic Materials**

"Organic Materials" means materials that will decompose and/or putrefy. Organic Materials include Plant Materials such as green trimmings, grass, weeds, leaves, prunings, branches, dead plants, brush, tree trimmings, dead trees, small wood pieces, other types of organic yard waste, Food Scraps, paper, paper contaminated with Food Scraps, biodegradable plastic food service ware, pieces of unpainted and untreated wood, and pieces of unpainted and untreated wallboard.

**Party(ies)**

"Party(ies)" refers to the Authority and Contractor, individually or together.

**Pass-Through Cost**

"Pass-Through Cost" means a cost to which no element of overhead, administrative expense, or profit is added, such that the specific amount of such cost is included without modification in the calculations or reports prepared in implementing this Agreement.

**Person**

"Person" means any individual, firm, company, association, organization, partnership, corporation, trust, joint venture, the United States, the State, the County, towns, cities, or special purpose districts.

**Plant Materials**

"Plant Materials" means a subset of Organic Materials consisting of grass cuttings, weeds, leaves, prunings, branches, dead plants, brush, tree trimmings, dead trees (not more than six (6) inches in diameter and five (5) feet in length), and similar materials. Plant Materials does not include materials not normally produced from gardens or landscape areas, such as brick, rock, gravel, large quantities of dirt, concrete, sod, non-organic wastes, oil, and painted or treated wood products.

**Previous Contractor**

"Previous Contractor" means the company responsible for operating the Shoreway Center as of the date of this Agreement, i.e., Republic Waste Services, Inc.

**Rates**

"Rates" means the monetary amounts to be charged to Customers by Contractor.

**Rate Year**

"Rate Year" means the twelve-month period, commencing January 1 of one year and concluding December 31 of the same year, for which Contractor's Compensation is calculated.

**Recycling**

"Recycling" means the process of sorting, cleansing, treating and reconstituting materials that would otherwise be disposed of at a landfill for the purpose of returning such materials to the economy in the form of raw materials for new, reused or reconstituted products.

**Recyclable Materials**

"Recyclable Materials" means discarded materials that can be re-used, remanufactured, reconstituted, or recycled.

**Related Party Entity**

"Related Party Entity" means any Affiliate which has a financial transaction with Contractor pertaining to this Agreement.

**Request for Proposals (RFP)**

"Request for Proposals" means the document released by the Authority in November 2007 inviting proposals to operate the Shoreway Center and including the following addenda which Contractor acknowledges receiving: Addendum One, issued November 1, 2007; Addendum Two, issued January 4, 2008; Addendum Three, issued January 25, 2008; Addendum Four, issued January 29, 2008; Addendum Five, issued February 1, 2008; Addendum Six, issued February 29, 2008.

**Residue or Residual**

"Residue" means any unmarketable material that results from the processing of materials received at the MRF.

**Revenue**

"Revenue" means any and all compensation in any form earned by Contractor from the sale or other transfer of Recyclable Materials, Organic Materials and other materials delivered to the Shoreway Center.

**Revenue Guarantee**

"Revenue Guarantee" means the minimum dollar amount identified in Section 7.07 which Contractor is obligated to pay Authority for a Rate Year, irrespective of the amount of Revenue earned in that Rate Year.

**SBWMA**

"SBWMA" means the Authority.

**SBWMA Service Area**

"SBWMA Service Area" means the geographic area within and, where applicable, outside the Member Agencies' combined jurisdictional boundaries wherein the Member Agencies exercise franchising authority for the collection of Solid Waste, Recyclable Materials, and Organic Materials, as those boundaries are currently drawn or as they may be changed through annexations or the addition of new Member Agencies.

**Self-Haul / Self-Haul Customer(s)**

"Self-Haul / Self-Haul Customer(s)" means materials, and Customer(s) that haul these materials to the Shoreway Center, other than the Collection Contractor(s).

**Shoreway Center**

"Shoreway Center" means the Shoreway Recycling and Disposal Center owned by the Authority, located at 225 and 333 Shoreway Road, San Carlos, California. The Shoreway Center contains the Transfer Station and the MRF. The Shoreway Center is also referred to as the "SRDC," "Facility," and "Shoreway Environmental Center."

**Single-Stream Recyclable Materials**

"Single-Stream Recyclable Materials" shall mean Recyclable Materials which have been commingled by the Generator and placed in a container for the purposes of collection.

**Solid Waste**

"Solid Waste" means all putrescible and non-putrescible solid, semisolid, and liquid wastes, as defined in California Public Resources Code Section 40191. For the purposes of this Agreement, "Solid Waste" does not include abandoned vehicles and parts thereof, Hazardous Waste or low-level radioactive waste, medical waste, Source Separated Recyclable Materials, Source Separated Plant Materials, or Source Separated Organic Materials.

**Source Separated**

"Source Separated" means materials which otherwise would become Solid Waste, but which have been segregated by the Generator, such as Recyclable Materials or Organic Materials, for the purpose of reuse, Recycling, or composting, to be collected by the Collection Contractor.

**State**

"State" means the State of California.

**Subcontractor**

"Subcontractor" means a Person which has entered into a contract with the Contractor for the performance of work that is necessary for the Contractor's fulfillment of its obligations under this Agreement.

**Term**

"Term" means the Term of this Agreement.

**Ton (or Tonnage)**

"Ton (or Tonnage)" means a unit of measure for weight equivalent to 2,000 pounds where each pound contains 16 ounces.

**Targeted Recyclable Materials**

"Targeted Recyclable Materials" means Acceptable Material(s).

**Transfer Station**

“Transfer Station” means the building located at the Shoreway Center whose primary purpose is to effect the transfer of Solid Waste from collection vehicles to Transfer Vehicles for more efficient delivery to the Designated Disposal Site.

**Universal Waste (or U-Waste)**

“Universal Waste,” or “U-Waste,” means all wastes defined by Title 22, Subsections 66273.1 through 66273.9 of the California Code of Regulations. These include, but are not limited to, batteries, fluorescent light bulbs, mercury switches, and Electronic Waste.

**Unpermitted Materials**

“Unpermitted Materials” mean wastes or other materials that the Shoreway Center is not permitted to receive, including Hazardous Waste and Hazardous Substances.

**Used Motor Oil**

“Used Motor Oil” means used motor oil from automobiles and other light duty vehicles which are collected from cars at Residential Premises by the Collection Contractor.

**Used Motor Oil Filter**

“Used Motor Oil Filter” means a used motor oil filter from automobiles and other light duty vehicles which is collected from Residential Premises by the Collection Contractor.

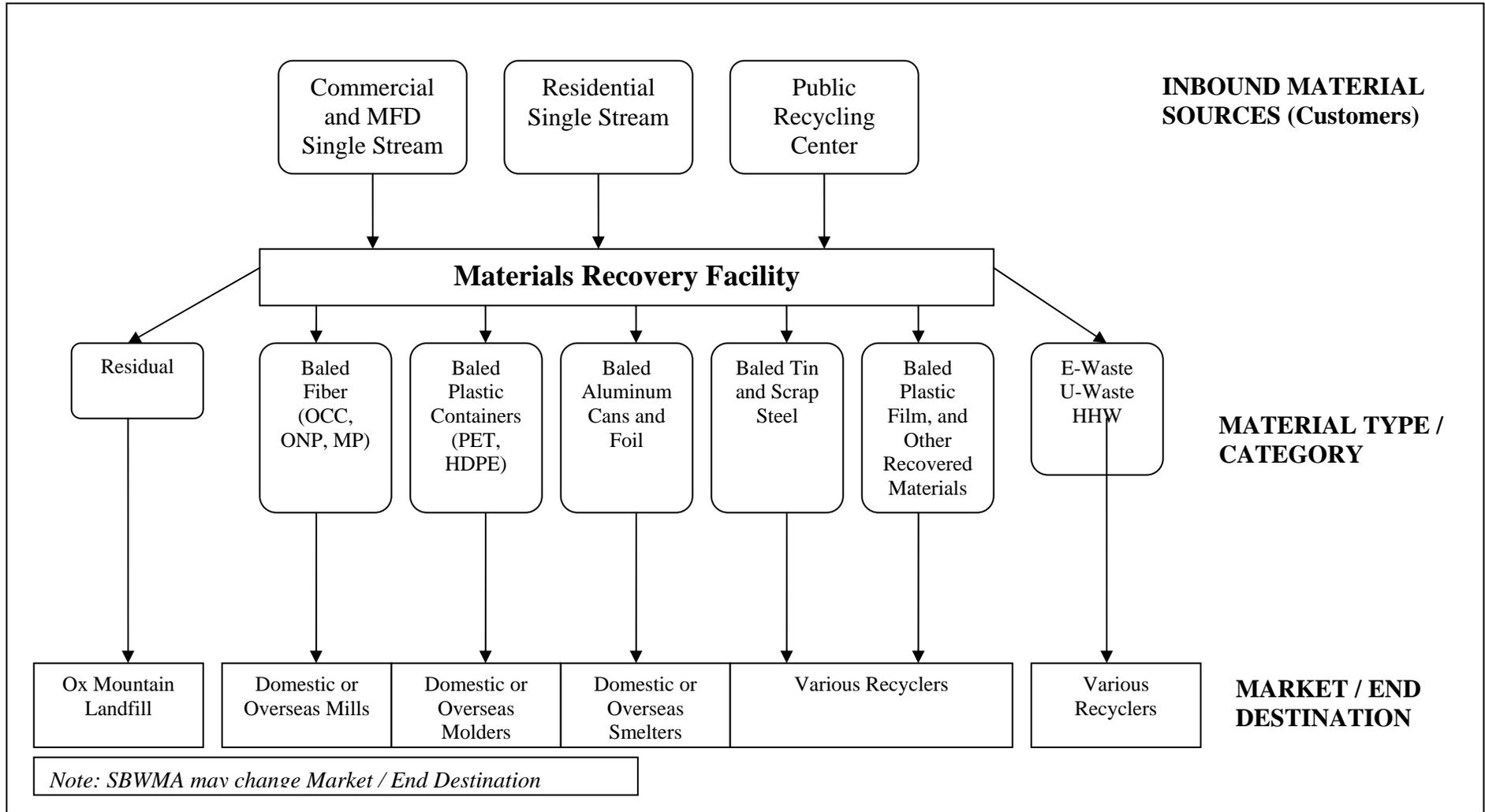
**Transfer Vehicles**

“Transfer Vehicles” mean the truck and trailer units used to transport Solid Waste from the Shoreway Center to the Designated Disposal Site or other material to Designated Processing Facilities.

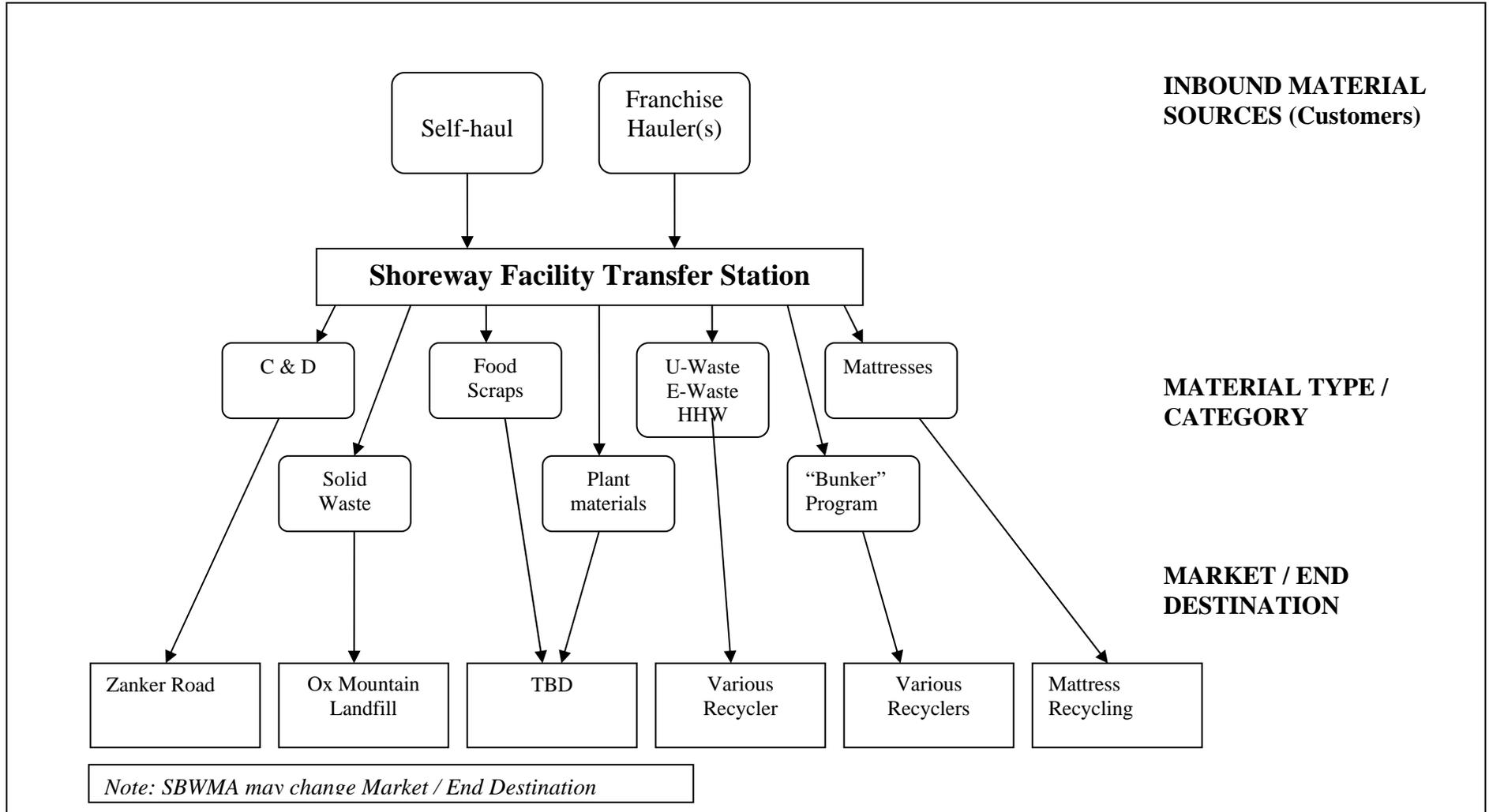
**White Goods**

“White Goods” means refrigerators, stoves, hot water heaters, and similar large appliances.

## Attachment 2-D.2 MRF Materials Flow Diagram



**Attachment 2-D**  
**Shoreway Facility Transfer Station Materials Flow Diagram**



# ATTACHMENT 2E

## Contamination Measurement Methodology: Single Loads

### MEASURED CONTAMINATION LEVELS

The Contractor is expected to successfully process individual loads delivered to the Shoreway Center that do not contain contamination in excess of the following percentages by weight of load.

Table 1

#### Materials Delivered to MRF

• Single Family Residential Targeted Recyclable Materials	15%
• Commercial and Multi-Family Residential Targeted Recyclable Materials	15%

#### Materials Delivered to Transfer Station

• Commercial and Multi-Family Residential Plant Materials	5%
• Commercial Organic Materials	10%
• Single Family Residential Organic Materials	5%

If visual inspection of a load causes Contractor to suspect that it contains contamination in excess of the foregoing levels (Table 1), it may direct that the load be set aside for sampling in accordance with the methodology specified for single load measurement in this Attachment 2-E.

If upon visual inspection of an inbound load, the Contractor believes it exceeds the contamination threshold percentage, it will isolate the load and immediately contact a designated representative from both the Collection Contractor and the Authority prior to conducting any contamination sampling. Representatives of the Collection Contractor and the Authority will be provided the opportunity to inspect the isolated load within four (4) hours of being notified by the Contractor. If the Collection Contractor or the Authority is interested in observing the sampling and testing of the load, the Contractor will schedule time for sampling that is within eight (8) hours of having provided notification.

If the measured contamination level for the load, as determined by the methodology set out in this Attachment 2-E, does not exceed the contamination level above in Table 1, then Contractor (1) shall process the load as required by the Agreement, and (2) shall be responsible for the cost of the contamination measurement procedure.

If a load delivered to the MRF exceeds the 15 percent level above in Table 1, but the Contractor considers it to be salvageable (or if the Authority directs that it be processed), then the Contractor shall process it and will be entitled to the supplementary processing fee provided for in Section 7.06.A for all Tons above the allowable level of contamination.

If a load delivered to the Transfer Station exceeds the maximum contamination level in Table 1 by five percent (5%) or less, then the load shall be processed and Contractor will be entitled to the supplementary processing fee provided for in Section 7.06.B for all Tons above the allowable level of contamination.

If a load delivered to the MRF is determined to contain contamination in excess of the levels specified in Table 1, and is determined by the Authority to be unsalvageable, it is to be delivered to the Designated Disposal Site by the Contractor. For this load, the Contractor will be paid the Transfer Station fee per Section 7.03.A and the Transportation Payment per Section 7.03.C for Solid Waste. The Contractor will not be paid the MRF Fee per Section 7.03.B for this load.

If a load delivered to the Transfer Station exceeds the applicable maximum contamination level above by more than five percent (5%) it is to be delivered to the Designated Disposal Site by the Contractor. For example, if the maximum contamination level is five percent (5%), then a load which contains eleven percent (11%) or more of contamination is to be disposed.

In addition, if the measured contamination level in a load selected by Contractor to be set aside for sampling exceeds the applicable maximum contamination level, then the Authority will be responsible for the cost of the measurement procedure.

## CONTAMINATION MEASUREMENT METHODOLOGY

This Attachment presents the methodology for quantifying the Contamination Level of single load(s) of Recyclable Materials Collected in the Service Area and delivered to the Designated Transfer and Processing Facility by the Collection Contractor.

This Attachment is organized into the following six (6) sections:

1. **Objectives**—describes the purpose of the methodology.
2. **Sampling rationale**—defines which loads will be sampled.
3. **Sampling allocation**—describes the number of samples required to provide a sufficient level of accuracy in findings.
4. **Test procedures**—describes sampling and sorting activities for each load.
5. **Sorting categories**—describes the sorting categories.
6. **Calculations**

Appendices 1 through 3 consist of:

1. *methodology checklist*
2. *sample data collection forms*
3. *equipment list*

### **1. Objectives**

This methodology is designed to estimate the Contamination Level (as a percentage by weight of the entire load) in an individual load from five (5) inbound material types Collected in the Service Area. These material streams are listed below and described further in Section 3.

- Commercial Source Separated and Targeted Recyclable Materials
- Commercial Organic Materials
- Commercial Plant Materials
- Single-Family Targeted Recyclable Materials
- Single-Family Organic Materials

The methodology described herein is intended to produce consistent and statistically reliable estimates of the Contamination Level of individual loads from above material streams. In addition, the methodology is designed to require the minimum necessary organizational time and financial investment.

### **2. Sampling rationale**

Loads may be selected for sampling when observation of the load by AUTHORITY or Facility Operator indicates that it may exceed the allowed Contamination Level. A statistical sampling process will be used to determine the Measured Contamination Level in individual loads.

### **3. Sampling allocation**

Approximately five (5) samples, each weighing approximately one hundred and fifty (150) pounds, are required from an individual load in order to calculate the Measured Contamination Level with a sufficient level of accuracy for every material stream except Commercial Organic Materials. Because of the variability typically found in loads of

Commercial Organic Materials, approximately fifteen (15) samples of two hundred (200) pounds are required for sampling to achieve the specified level of accuracy.

The recommended numbers of samples are based on the following factors:

- 1) An analysis of the composition variability among samples that were sorted during waste characterization studies of similar waste streams and programs in other West Coast communities.
- 2) A agreement on the acceptable level of accuracy.

Table 1 indicates the statistical confidence intervals (error ranges) at the ninety percent (90%) confidence level that are expected to result from characterizing five (5) samples per load, or fifteen (15) samples per load in the case of Commercial Plant Materials.

**Table 1: Samples per Load and Results**

<b>Material stream</b>	<b>Estimated sample weight</b>	<b>Number of samples</b>	<b>Expected statistical error range</b>
Commercial Source-Separated and Targeted Recyclable Materials	150 lbs.	5	4%
Commercial Organic Materials	200 lbs.	15	7%
Commercial Plant Materials	150 lbs.	5	1%
Single-Family Targeted Recyclable Materials	150 lbs.	5	2%
Single-Family Organic Materials	150 lbs.	5	1%

The error ranges shown above shall be interpreted as follows. When the calculation method described below provides the Measured Contamination Level of a load, the estimate will be expressed in terms of percent by weight of the entire load. The error range around the estimate reflects a percent by weight of the entire load. Thus, if the Measured Contamination Level for a given material stream is five percent (5%), plus or minus one percent (1%), then ninety percent (90%) confidence that the Contamination is between four percent (4%) and six percent (6%) of the entire load is achieved.

It is expected that a two (2) person crew can obtain, sort, and weigh five (5) samples in a five (5) to seven (7) hours period.

**4. Test procedures**

Test procedures are broken down in to the following steps, which shall be used by AUTHORITY, or a third party designated by the AUTHORITY.

- Safety training and staff coordination
- Sampling and sorting area designation
- Sample selection
- Sample sorting
- Sample disposal
- Data management

These steps are described in more detail following the definitions of roles. Each step is the responsibility of a specific person or group of people as follows:

- **sampling crew manager**—responsible for selecting samples, working with Operator and the *sampling crew*, quality control, and compliance with Facility regulations.
- **sampling crew**—responsible for sorting samples.
- **facility manager**—responsible for coordinating with the *sampling crew manager*.
- **tipping floor staff**—responsible for identifying loads potentially contaminated beyond the acceptable threshold, creating a designated sampling and sorting area, and ensuring segregation of selected loads in that area.
- **loader operator(s)**—responsible for segregating the selected the load from other loads in the designated sampling and sorting area.

### **Safety training and staff coordination**

When the *sampling crew manager* and the *sampling crew* arrive at the Designated Transfer and Processing Facility they will participate in any required safety training and put on all required personal protective equipment (see the *equipment list* shown in Appendix 3). The *sampling crew manager* will also walk through the process of extracting samples from the designated load with both the *loader operator(s)* and the *tipping floor staff*.

### **Sampling and sorting area designation**

With the input of the *tipping floor staff* and the *loader operator(s)*, the *sampling crew manager* and *sampling crew* will set up in the designated sampling and sorting area near the tipping floor. The sorting area should be in a location near the load to be sampled and from which the loader can safely remove samples after sorting.

### **Sample selection**

Five (5) cells will be randomly selected for sampling using a random number generator for all material streams except commercial organics. Fifteen (15) cells will be selected for the commercial organics material stream.

The *sampling crew manager* will assist the *loader operator* in locating the appropriate cell for each sample using the sample cell map in Figure 1 below.

After the loader has extracted the material in the selected cell, the *sampling crew manager* will guide the loader to a designated tarp. Using visual cues the *sampling crew manager* will ensure the *loader operator(s)* deposits the proper quantity of material on the tarp. A shovel may be used to add material from the bottom of the cell to ensure the sample includes some heavy and small material that the loader bucket cannot collect.

Pulling the tarp is a basic test used to estimate sample weight.<sup>1</sup> If it is determined that a sample is too heavy it may be lightened by removing vertical slices from the sample. If it

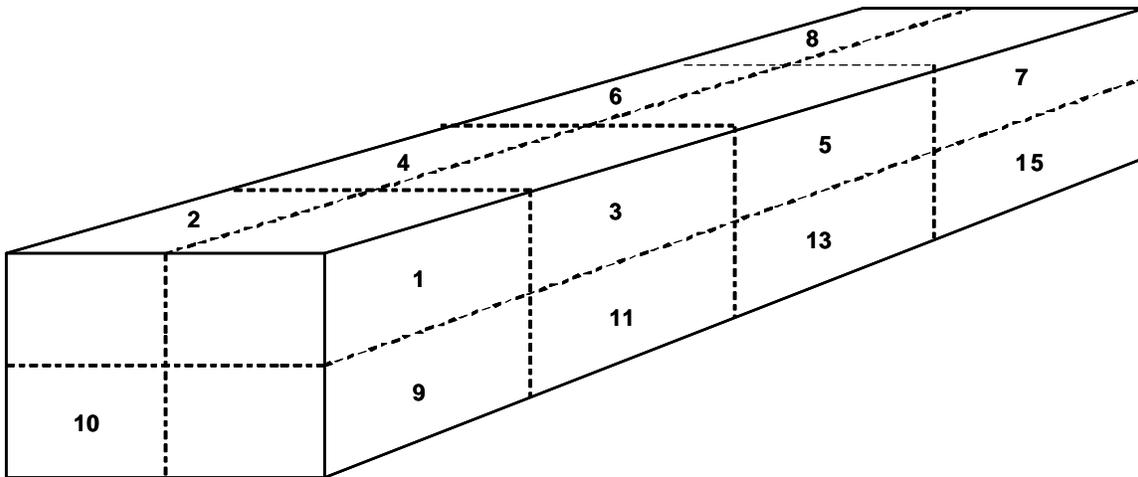
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<sup>1</sup> Samples of Commercial Source-Separated and Targeted Recyclable Materials, Single-Family Targeted Recyclable Materials, and Commercial Plant Materials shall weigh between one hundred and twenty five (125) pounds and one hundred and seventy five (175) pounds. Samples of Commercial Organic Materials and Single-Family Organic Materials shall weigh between one hundred and seventy five (175) pounds and two hundred and twenty five (225) pounds.

is determined that a sample is too light it may be increased by removing or adding more material. It is important to add or remove all material in the slice from the top to bottom, to ensure that both small, heavy, and loose materials and large, light, and bagged materials are added or removed.

Samples can be queued and stored on tarps until sorted but samples must be prevented from mixing with each other and with other material on the tipping floor. The *sampling crew manager* will place a unique sample placard on each sample for a photograph and, if the sample is not immediately sorted, for later identification. The placard is marked with a unique sample identification number and additional information (such as the date) used to identify loads in photographs and correlate load net weights with sample details. Each placard will be coded according to its corresponding sampling population (e.g., 'RSS-1' indicates the first load of Residential single-stream recycling). Each load will be photographed individually with the sample placard visible and legible.

**Figure 1: Sixteen (16) cell grid**



### **Sample sorting**

The sample identification number, as designated by the placard, will be recorded on the tally form (see Appendix 2 for an example of this form.) The sample will be moved into the designated sorting area. Next, the *sampling crew* will sort the Contamination materials, as defined in Appendix 1, out of the load and into sort containers. The *sampling crew* will then weigh the Contamination materials while the *sampling crew manager* records the weights on the tally form. The remainder of the load—all acceptable items—will be put into containers, weighed, and recorded on the tally form. The *sampling crew manager* is responsible for monitoring the homogeneity of material in each container and ensuring the accuracy of the sorting process. At the end of each sampling day the *sampling crew* will comply with any *tipping floor staff* directions regarding cleaning the designated sampling and sorting area and storing sampling and sorting supplies.

### **Sample disposal**

After the weight of all material in each sample is recorded on the tally sheet, the *sampling crew* will move the sorted material to a location where it is safe and convenient for the loader to remove.

### **Data management**

At the end of each sampling day, the *sampling crew manager* will review all forms for accuracy and completeness. Any issues shall be resolved immediately while the day's work is still fresh in the mind. To ensure the tally forms are not lost before inputting the data into an electronic form, copies shall be made of all completed forms and copies will be kept in a place separate from the originals. One copy of the forms will be mailed or hand delivered to the person inputting the data into an electronic form.

The appendices cover calculations, data collection forms, and an equipment list for this study.

## **5. Sorting categories**

All loads identified for sorting shall be sorted and weighed into the following two (2) categories:

- 1) Contamination
- 2) Targeted Recyclable Materials, Source-Separated Targeted Recyclable Materials, Organic Materials, or Plant Materials

## **6. Calculations**

Estimates of Contamination and Targeted Recyclable Materials, Source-Separated Targeted Recyclable Materials, Organic Materials, or Plant Materials will be calculated using a method that gives equal weighting or "importance" to each sample within a given stream. Confidence intervals (error ranges) will be calculated based on assumptions of normality in the composition estimates.

In the descriptions of calculation methods, the following variables will be used:

- $i$  denotes an individual sample.
- $j$  denotes the material type.
- $c_j$  is the weight of the material type  $j$  in a sample.
- $w$  is the weight of an entire sample.
- $r_j$  is the composition estimate for material  $j$  ( $r$  stands for *ratio*).
- $a$  denotes a region of the state ( $a$  stands for *area*).
- $s$  denotes a particular sector or subsector of the waste stream.
- $n$  denotes the number of samples in the particular group that is being analyzed at that step.

### **Estimating the Composition**

The following method will be used to estimate the composition of waste belonging to the Commercial Source-Separated and Targeted Recyclable Materials, Commercial Organic

Materials, Commercial Plant Materials, Single-Family Targeted Recyclable Materials, and Single-Family Organic Materials streams.

For a given stream, the composition estimate denoted by  $r_j$  represents the ratio of the component's weight to the total weight of all the samples in the stream. This estimate will be derived by summing each component's weight across all of the selected samples belonging to a given stream and dividing by the sum of the total weight of waste for all of the samples in that stream, as shown in the following equation:

$$r_j = \frac{\sum_i c_{ij}}{\sum_i w_i} \quad (1)$$

where:

- $c$  = weight of particular component
- $w$  = sum of all component weights
- for  $i = 1$  to  $n$ , where  $n$  = number of selected samples
- for  $j = 1$  to  $m$ , where  $m$  = number of components

For example, the following simplified scenario involves three samples. For the purposes of this example, only the weights of the component *carpet* are shown.

	Sample 1	Sample 2	Sample 3
Weight ( $c$ ) of carpet	5	3	4
Total Sample Weight ( $w$ )	80	70	90

$$r_{Carpet} = \frac{5 + 3 + 4}{80 + 70 + 90} = 0.05$$

To find the composition estimate for the component *carpet*, the weights for that material are added for all selected samples and divided by the total sample weights of those samples. The resulting composition is 0.05, or 5 percent (5%). In other words, 5 percent (5%) of the sampled material, by weight, is *carpet*. This finding is then projected onto the stratum being examined in this step of the analysis.

The confidence interval for this estimate will be derived in two (2) steps. First, the variance around the estimate will be calculated, accounting for the fact that the ratio included two (2) random variables (the component and total sample weights). The variance of the ratio estimator equation follows:

$$\text{Var}(r_j) \approx \left(\frac{1}{n}\right)\left(\frac{1}{\bar{w}^2}\right)\left(\frac{\sum_i (c_{ij} - r_j w_i)^2}{n-1}\right) \quad (2)$$

where:

$$\bar{w} = \frac{\sum_i w_i}{n} \quad (3)$$

(For more information regarding Equation 2, please refer to *Sampling Techniques, 3rd Edition* by William G. Cochran [John Wiley & Sons, Inc., 1977].)

Second, precision levels at the 90 percent (90%) confidence level will be calculated for a component's mean as follows:

$$r_j \pm (z\sqrt{\text{Var}(r_j)}) \quad (4)$$

where  $z$  = the value of the  $z$ -statistic (1.645) corresponding to a 90 percent (90%) confidence level.

## Appendix 1: Methodology checklist

### Roles and responsibilities

- **sampling crew manager**—responsible for selecting samples, working with Facility staff and the sampling crew, quality control, and compliance with Facility regulations.
- **sampling crew**—responsible for sorting samples.
- **Facility manager**—responsible for coordinating with the sampling crew manager, AUTHORITY, and drivers.
- **tipping floor staff**—responsible for identifying loads potentially contaminated beyond the acceptable threshold, creating a designated sampling and sorting area, and ensuring segregation of selected loads in that area.
- **loader operator(s)**—responsible for segregating the selected load from other loads in the designated sampling and sorting area.

### Advanced preparation

- Project manager:*
  - Contact *facility manager*
    - Ask *facility manager* to update the following employees with the sampling plan:
      - Loader operator(s)*
      - Tipping floor staff*
    - Request safety expectations
    - Schedule safety training
    - Ask if there are any circumstances that may affect the study (i.e., weather, animals, site construction, etc.)
  - Obtain safety gear (Appendix 3)
    - Check safety gear
  - Obtain sorting equipment (Appendix 3)
    - Check sorting equipment
  - Print tally sheets (Appendix 2)
    - Print on "Rite in the Rain" all-weather paper
- Sampling crew and sampling crew manager*
  - Review material list
  - Review data collection forms
  - Review unique site requirements

### Arrival at Facility

- Sampling crew:*
  - Arrive at Facility ahead of schedule
  - Participate in any required safety training
  - Don safety gear
- Sampling crew manager:*
  - Arrive at Facility ahead of schedule
  - Reviews logistics and expectations with MRF manager
  - Participate in any required safety training
  - Don safety gear

- **Tipping floor coordination**
  - *Sampling crew manager:*
    - Designate a designated sampling/sorting area on each tipping floor (2) with input from tipping floor staff and loader operator(s), meeting the following criteria:
      - *Loader operator(s)* can visually communicate with sampling crew
      - *Loader operator(s)* can safely remove sorted loads
      - Approximately twenty (20) feet by twenty (20) feet
    - Explain and walkthrough the sampling process with both the *tipping floor staff* and the *loader operator(s)*
      - Explain that samples must be dumped in a clean area, separate from other loads (called a designated dumping area)
      - Explain that the *sampling crew manager* is responsible for identifying the portion of the load that the *loader operator(s)* will sample
      - Explain the appropriate samples size. Samples of Commercial Source-Separated and Targeted Recyclable Materials, Single-Family Targeted Recyclable Materials, and Commercial Plant Materials shall weigh between one hundred and twenty five (125) pounds and one hundred and seventy five (175) pounds. Samples of Commercial Organic Materials and Single-Family Organic Materials shall weigh between one hundred and seventy five (175) pounds and two hundred and twenty five (225) pounds.
        - Explain that the *sampling crew manager* will be responsible for guiding the *loader operator(s)* to the appropriate tarpaulin
  - *Sampling crew:*
    - Set up designated sampling sorting area
      - Sorting table
      - Baskets
      - Digital scale(s)
- **Sample collection**
  - *Tipping floor staff:*
  - *Sampling crew manager:*
    - Direct *loader operator(s)* to pre-selected sampling cell
    - Direct *loader operator(s)* to designated tarpaulin
    - Signal *loader operator(s)* with tipping instructions
    - Pull tarp to test for appropriate sample weight
    - Place placard in the load
    - Photograph load
      - Placard should be visible and legible
    - Wrap and segregate load until ready to sort
  - *Loader operator(s):*
    - Pinch/scoop sample, as directed by the *sampling crew manager*
    - Tip sample on designated tarpaulin, as directed by the *sampling crew manager*
  - *Sampling crew:*
    - May assist *sampling crew manager* at any point
- **Sample sorting**
  - *Sampling crew:*

- Move the sample into the designated sampling/sorting area
- Sort the sample
  - Sort Contamination materials into designated baskets
- Assist the *sampling crew manager* with weighing the baskets
- Assist the *sampling crew manager* with weighing the remainder material
- Sampling crew manager:*
  - Record the sample ID onto the tally sheet
  - Assist the *sampling crew* in moving the sample into the designated sampling/sorting area
  - Sort the sample
    - Sort all Contamination material into designated baskets
  - Weigh baskets containing Contamination materials, and record weights on the tally sheet
    - Ensure homogeneity of materials
  - Weigh remainder material and record weights on the tally sheet
    - Ensure all Contamination materials are removed
- Sample disposal**
  - Sampling crew manager* and *sampling crew:*
    - Dispose of all materials in a designated disposal area
  - Loader operator(s):*
    - Remove disposed materials when it is safe and convenient
- Data management**
  - Sampling crew manager:*
    - Review all forms for accuracy and completeness
      - Tally sheet(s)
  - Project manager:*
    - Check all forms for accuracy and completeness
      - Tally sheet(s)
    - Copy all data forms
      - Store copies separate from the originals
    - Download pictures from camera
    - Provide copies of data for electronic input
    - Ensure data entry is checked for accuracy

**Appendix 2: Data collection forms**

Appendix consists of copies of each of the following two (2) data collection forms:

- sampling placard
- tally sheet

**Figure 2: Example Sampling placard**

Date: \_\_\_\_\_  
Jurisdiction: \_\_\_\_\_

**RSS - 1**

**Cell 13**

Figure 3: Example Tally sheet

South Bayside Waste Management Authority: Contamination Sampling								
<b>CONTAMINANTS</b>	Container 1				DATE:		SAMPLE ID:	
	Container 2				SAMPLING POPULATION:		SAMPLE WEIGHT:	
	Container 3							
	Container 4							
	Container 5							
	Container 6				TIME:		TRUCK NO.:	
	Container 7				LOAD NO.:		CELL NO.:	
	Container 8							
	Container 9							
	Container 10							
<b>ACCEPTABLE</b>	Container 1				<b>NOTES:</b>          			
	Container 2							
	Container 3							
	Container 4							
	Container 5							
	Container 6							
	Container 7							
	Container 8							
	Container 9							
	Container 10							

### **Appendix 3: Equipment list**

Appendix 3 provides a list of equipment necessary for all sampling and sorting activities. Extra safety equipment should be available to ensure the safety of observers or others at the sorting site.

#### **Sorting equipment:**

- Approximately twenty (20) identical sorting containers (e.g. laundry baskets or five (5) gallon buckets)
- square point shovels
- rakes
- push brooms
- digital scale, battery powered (weigh up to two hundred (200) pounds, accurate to one-tenth (1/10) of a pound)
- fifteen (15) to twenty (20) ten (10) foot by twelve (12) foot or similar size tarps
- clipboards
- data collection forms printed on Rite in the Rain paper
- permanent markers
- mechanical pencils
- tape measures
- utility knives, scissors
- duct tape
- ten (10) to fifteen (15) Carts
- ten (10) to fifteen (15) plastic receptacles
- four (4) metal eight (8) foot by twelve (12) foot tables
- one (1) metal work desk with drawer
- erasable placards and markers
- digital camera with extra flash card
- moisture probe
- six (6) special pallets with solid tops
- three (3) six cubic yard Bins
- three (3) three cubic yard Bins

#### **Safety equipment:**

- dust masks (N-95 or better)
- safety glasses
- hearing protection
- steel-toed work boots
- puncture resistant gloves
- glove liners (latex or nitrile)
- leather work gloves
- reflective safety vests (Brite Lime)
- hard hats
- safety/medical kit
- fire extinguisher
- disinfecting soap, paper towels, antiseptic towels
- water
- rubber aprons or Tyvek protective garments

1 **ATTACHMENT 2- F**  
2 **MRF Equipment Acceptance Test Procedures**  
3  
4

5 **General Testing Requirements**

6 The purpose of MRF Equipment Acceptance Test is to verify that the MRF processing  
7 system, as designed and manufactured, is capable of operating at the performance  
8 levels required under the Agreement. The Contractor shall be responsible to perform the  
9 start-up and acceptance test of the MRF processing system to demonstrate compliance  
10 with all requirements of the Equipment Acceptance Test.  
11

12 During Equipment Acceptance Test, the Contractor shall operate the processing system  
13 in accordance with staffing levels specified in Attachment 9, and according to the  
14 specified method of operation described in the Contractor's Implementation and  
15 Operations Plan in Attachment 4. For the purposes of the Equipment Acceptance Test,  
16 the Contractor shall not operate MRF processing system in any manner which is  
17 inconsistent with the Contractor's Implementation and Operations Plan, nor shall the  
18 Contractor utilize additional personnel above and beyond those specified in the  
19 Attachment 9, to achieve the Equipment Acceptance Test. The required sorters must be  
20 properly trained, and work efficiently to achieve industry standard number of sort picks  
21 per minute.  
22

23 **Acceptance Test Process**

24 The Equipment Acceptance Test will be conducted over three (3) consecutive operating  
25 days. The operating day shall be eight (8) hours in duration inclusive of scheduled break  
26 periods (e.g. lunch, break, and scheduled clean-up). The start-time, break-time, end-  
27 time will be predetermined by the Contractor and approved by the Authority. The  
28 processing system run-time during the Equipment Acceptance Test, will be equal to time  
29 the system is running and does not include scheduled break-times. Each operating day,  
30 the Contractor is allowed thirty (30) minutes of unscheduled downtime. Equipment  
31 stoppages that are not equipment related shall not be regarded as system downtime.  
32

33 The following data will be recorded during the Equipment Acceptance Test:

- 34 1. The individual and aggregate weights of all **Process Materials** (product and  
35 residual) generated during the Equipment Acceptance Test.
- 36 2. Start-time, break-time, stop-time, downtime, and total run-time.
- 37 3. Logs of all maintenance, repairs, and adjustments to processing system  
38 performed by the Contractor during each test period.
- 39 4. General observations about the processing system's performance during the  
40 test period.  
41

42 **Process Materials**

43 The Process Materials for the Equipment Acceptance Test shall be commercial and  
44 residential materials as collected by the Collection Contractor within the SBWMA service  
45 area. If the test is conducted prior to SBWMA residential single stream material being  
46 available for the test, the Process Materials will be prepared at the Shoreway facility by:  
47 (i) importing single stream materials from a Bay Area location that has similar  
48 demographics to the SBWMA's area; or (ii) by mixing the collected source separated  
49 fiber and container streams collected from inbound curbside route trucks.  
50

1 Process Materials shall be clean, not have excessive moisture nor be unduly  
2 compacted. Ninety-five percent (95%) by weight of Process Materials shall consist of  
3 Targeted Recyclable Materials consisting of approximately 45% ONP, 15% Mix Paper,  
4 15% OCC, 1.5% Ferrous Metal, 1.5% PET, 1% HDPE natural, 1% HDPE color, 0.5%  
5 Mixed Rigid Plastic, 0.4% Aluminum cans, 12% glass, and 1% mixed metals.

### 6 7 **System Processing Rate**

8 The processing system shall meet the following system processing rates:

- 9 a) System will maintain an average processing rate of  $\geq 30$  tons per hour of  
10 comingled residential single stream Process Material.  
11 b) System will maintain an average process rate of  $\geq 15$  tons per hour of the  
12 comingled commercial single stream Process Material.

13 The hourly processing rate will be determined by dividing the total amount of Process  
14 Material (the aggregate weight all products and residual collected after the run) over the  
15 three (3) day testing period by the total number of run hours.

### 16 17 **Product Quality Test**

18 The Product Quality Test will be conducted simultaneously with the Equipment  
19 Acceptance Test. During the test period all Process Materials shall be processed and  
20 recovered in accordance with the processing system design, and all resulting products  
21 shall be deposited in their designated containers (or bales). At the conclusion of each  
22 operation day, total tonnage of each product type will be recorded.

23  
24 The Authority or designee shall sample each of the recycled products streams from each  
25 of the system outputs according to the procedures specified in Attachment 2-E Materials  
26 Sampling and Testing Procedure. Each of the MRF products must meet or exceed the  
27 Product Quality Standards in Attachment 2-G.

### 28 29 **System Residual Generation**

30 Residual will be collected from all points of generation within the processing system and  
31 be aggregated into a container for sampling. To determine the percentage of Residual  
32 generated by the processing system, the aggregate weight of Residual for the operating  
33 day will be compared to the total tons of Processed Material run for the day. The  
34 Residual shall be less than ten percent (10%) by weight. Less than two percent (2%) by  
35 weight of the residual shall be composed of whole pieces of recyclable material.

36  
37 Materials that fall to the floor can be collected by the Contractor and re-run during the  
38 Equipment Acceptance Test. Any materials remaining on the floor at the conclusion of  
39 the Equipment Acceptance Test will be considered Residual (except for materials that  
40 are delivered to the floor as intended in the processing system design).

### 41 42 **System Acceptance**

43 The processing system shall be deemed to be accepted after it meets the requirements  
44 in this Equipment Acceptance Test. If any individual requirement is not met, then the  
45 processing system will not be accepted until that requirement is met. The Authority may  
46 choose to remove an Equipment Acceptance Test requirement if it determines that an  
47 individual requirement of the Equipment Acceptance Test has no negative economic  
48 impact to the Authority and Contractor. The system may also be accepted by the  
49 authority if after considering all elements of the Acceptance Test criteria, there is not a  
50 net negative economic effect to the Authority and Contractor.

1 **Attachment 2-G**  
2 **Product Quality Standards**  
3

4 The following Product Quality Standards are to be followed by the Contractor at all times to ensure that  
5 there is effective recovery of materials and that quality products are produced by the single-stream  
6 processing system and marketed by the Contractor. All measurements of percentage in the Product  
7 Quality Standards are by weight and the samples for testing the Product Quality Standards (unless  
8 otherwise noted) will be randomly selected from product prepared by the Contractor for sale. The  
9 sampling and testing procedure to determine if the Product Quality Standards have been met by the  
10 Contractor are described in Attachment 2-E, Materials Sampling and Testing Procedure.  
11

12 **ONP and OCC Products**

13 At a maximum, no more than twenty-five percent (25%) of the newspaper (ONP) and old corrugated  
14 containers (OCC) fed into the Processing System will be recovered in the mixed paper product.  
15 Residual will not contain greater than two percent (2%) ONP or OCC products (defined as whole or  
16 intact sheets of fiber and does not include shredded, torn, wet, or soiled paper).

17 **Container Glass Product**

18 Glass product sold by the Contractor will have less than ten percent (10%) non-glass contamination  
19 consisting of fiber and metals of a size less than or equal to two inches (2") measured in any one  
20 direction.  
21

22 **Aluminum Product**

23 At a minimum, ninety-nine and a half percent (99.5%) of the aluminum cans fed into the processing  
24 system shall be recovered as Product and shall contain not more than 0.2% by weight non-aluminum  
25 contamination. Not more than 0.2% by weight of the aluminum cans fed into the processing system  
26 shall be disposed as Residual.  
27

28 **PET Product**

29 At a minimum, ninety-eight (98%) of the PET bottles fed into the process system shall be recovered as  
30 PET product. PET product shall contain less than two percent (2%) contaminants. Not more than one  
31 percent (1%) by weight of PET containers fed into the processing system shall be disposed as  
32 Residual. Dirty, obscured, clumped and interlocked materials; bottles with liquid content in excess of  
33 ten percent (10%); or with labels covering more than fifty (50%) of the bottle will be excluded from  
34 samples taken for determining the Product Quality Standard unless they are otherwise recovered.  
35

36 **HDPE Product**

37 At a minimum, ninety-eight (98%) of the HDPE containers fed into the process system shall be  
38 recovered as HDPE product. HDPE product shall be sorted into natural and colored and each product  
39 shall contain less than two percent (2%) contaminants. Not more than one percent (1%) by weight of  
40 HDPE containers that are fed into the processing system shall be disposed as Residual. Dirty,  
41 obscured, clumped and interlocked materials; bottles with liquid content in excess of ten percent (10%);  
42 or with labels covering more than fifty percent (50%) of the bottle will be excluded from test samples  
43 taken for determining the Product Quality Standard unless they are otherwise recovered.

## ATTACHMENT 2H

### **Contamination Measurement Methodology: Quarterly Sampling**

This Attachment presents the methodology for quantifying the Contamination Level in five (5) distinct Recyclable Materials streams Collected from Service Area by the Collection Contractor.

This Attachment is organized into the following six (6) sections:

1. **Objectives**—describes the purpose of the methodology.
2. **Sampling rationale**—presents key sample groupings for the methodology, based on the Agency and material stream.
3. **Sampling allocation and calendar**—describes the number of samples required to provide a sufficient level of accuracy in findings and outlines a schedule that provides representative and sufficient data to meet quarterly and annual sampling goals.
4. **Field procedures**—describes sampling activities for each sorting day.
5. **Sorting categories**—describes the sorting categories.
6. **Use of the calculation tool**

Appendices 1 through 3 consist of:

1. *methodology checklist*
2. *sample data collection forms*
3. *equipment list*

#### **1. Objectives**

This methodology is designed to estimate the Contamination Level (as a percentage by weight of the entire load) in an individual load from any of five (5) Recyclable Materials streams Collected in the Service Area as follows:<sup>1</sup>

- Commercial Source-Separated and Targeted Recyclable Materials
- Commercial Organic Materials
- Commercial Plant Materials
- Single-Family Targeted Recyclable Materials
- Single-Family Organic Materials

The methodology described herein is intended to produce consistent and statistically reliable estimates of the Contamination Level in the five (5) specified material streams.

---

<sup>1</sup> For the purposes of this methodology, a Contamination material is a material placed in a Recyclable Materials Container that is not an acceptable material for that specific Collection service. An example is an aluminum can placed in an Organic Materials Cart.

In addition, the methodology is designed to require the minimum necessary organizational time and financial investment.

## **2. Sampling rationale**

Load samples shall be collected from each of the five (5) specified material streams. The sampling plan considers the participating AUTHORITY Member Agencies as a single source of materials generation. Material streams originating from the Service Area will be considered as separate sampling populations. A total of forty-eight (48) samples shall be collected from each sampling population to achieve the desired level of statistical accuracy. In certain cases, an individual Agency may be selected for focused sampling when there is reason to believe that material coming from that Agency exceeds the established maximum Contamination Level.

## **3. Sampling allocation and calendar**

Approximately forty-eight (48) samples are required per sampling population to achieve the desired accuracy to reflect the Contamination Levels over a one (1) year timeframe. The forty-eight (48) samples can be sorted in single sampling events; however, this preferred sorting frequency shall reflect collecting and sorting twelve (12) samples in each of four (4) calendar quarters to capture seasonal variations.

The recommended numbers of samples are based on the following factors:

- 1) An analysis of the composition variability among samples that were sorted during waste characterization studies of similar waste streams and programs in other west coast communities.
- 2) An agreement on the acceptable level of accuracy

Table 1 indicates the statistical confidence intervals (error ranges) at the ninety percent (90%) confidence level that are expected to result from characterizing twelve (12) samples per quarter and forty-eight (48) samples per year with respect to each material stream.

**Table 1: Samples per Load and Results**

Material stream	Estimated sample weight	Quarterly samples and results		Annual samples and results	
		Number of samples	Approximate statistical error range	Number of samples	Approximate statistical error range
Commercial Source-Separated and Targeted Recyclable Materials	150 lbs	12	3%	48	1.5%
Commercial Organic Materials	200 lbs	12	8%	48	4% to 5%
Commercial Plant Materials	150 lbs	12	1%	48	0.5%
Single-Family Targeted Recyclable Materials	150 lbs	12	2%	48	1%
Single-Family Organic Materials	150 lbs	12	1%	48	0.5%

The error ranges shown above shall be interpreted as follows. When the calculation method described below provides the Measured Contamination Level in a material stream, the estimate will be expressed in terms of percent by weight of the entire material stream. The error range around the estimate reflects a percent by weight of the entire material stream. Thus, if the Measured Contamination Level in a given material stream is five percent (5%), plus or minus one percent (1%), then ninety percent (90%) confidence that the Contamination Level is between four percent (4%) and six percent (6%) of the total material stream is achieved.

It is expected that a two (2) person crew can collect, sort, and weigh approximately twelve (12) samples in an eight (8) to ten (10) hour period, assuming a constant supply of samples is available. Therefore, two (2) sorters working approximately five (5) days per quarter will collect and sort the desired number of samples to assess all five (5) material streams, assuming there are enough inbound loads during that time period to provide the desired number of samples.

To capture seasonal variations, sampling events will be conducted during each of the four (4) calendar quarters. In addition, sampling events will be scheduled to avoid days during and immediately following major holidays, and will be scheduled within each quarter to match as closely as possible with a single collection cycle for Contractor.

#### **4. Field Procedures**

The field procedures are described in the following nine (9) steps, and shall be followed by the applicable party (i.e., Contractor, Operator, AUTHORITY, or a third party designated by the AUTHORITY).

- Advanced preparation for regularly scheduled testing

- Arrival at Facility for regularly scheduled testing
- Scale house coordination
- Tipping floor coordination
- Load selection
- Sample collection
- Sample sorting
- Sample disposal
- Data management

The above field procedures or steps are described in more detail following the explanation of roles. Each step is the responsibility of a specific person or group of people as follows:

- **sampling crew manager**—responsible for selecting samples, working with Operator and the *sampling crew*, quality control, and compliance with Facility regulations.
- **sampling crew**—responsible for sorting samples.
- **MRF manager**—responsible for coordinating with the *sampling crew manager*.
- **scale house staff**—responsible for selecting vehicles, distributing sample placards, and directing drivers towards the sampling area.
- **tipping house staff**—responsible for identifying loads potentially contaminated beyond the acceptable threshold, creating a designated sampling and sorting area, and ensuring segregation of selected loads in that area.
- **loader operator(s)**—responsible for segregating the selected load from other loads in the designated sampling and sorting area.
- **project manager**—responsible for managing the sampling process.
- **facility manager**—responsible for managing day-to-day operations at the Designated Transfer and Processing Facility
- **Contractor**—responsible for informing the scale house staff of load origin and type and for passing sample placards to the sampling crew manager

### ***Advanced preparation for regularly scheduled testing***

Before each sampling day, the *sampling crew manager* will contact the *MRF manager* and require the *MRF manager* to remind the *scale house staff*, *tipping house staff*, *loader operator(s)*, *Contractor*, and all other affected staff of the sampling plan. The *project manager* will also require the *facility manager* to provide the site's safety standards and disclose if any additional safety training will be required on site. In addition, the *project manager* will obtain and inspect all safety equipment and all sorting equipment (see list of supplies in Appendix 3), and develop and print all daily sampling quotas, vehicle selection sheets, placards, and tally sheets prior to beginning each sampling event. See Appendix 2 for sample forms.

Contractors, AUTHORITY staff and/or third parties will meet all requirements of and receive formal training in the safety requirements of the Facility.

### ***Arrival at Facility for regularly scheduled testing***

The *sampling crew* and *sampling crew manager* will arrive at the Designated Transfer and Processing Facility prior to the agreed upon start time to participate in any required safety training and to put on all required personal protective equipment. Before the start time, the *sampling crew manager* will also cover logistics with the *MRF manager*, as well as any needs and expectations for the study period (regardless of the amount of advance communication conducted.)

### ***Scale house coordination***

The *sampling crew manager* will speak with the *scale house staff* to explain the basic objectives of the study and provide the *scale house staff* with a copy of the vehicle selection sheet, as well as sampling placards to identify selected loads (see Appendix 2 for examples of field forms.) The *sampling crew manager* will ensure the *scale house staff* understands the needs of the study throughout the day, allowing the *scale house staff* to plan for transitions such as scheduled breaks and shift changes. Additionally, the *sampling crew manager* will provide the *scale house staff* with a means of contacting the *sampling crew manager* throughout the day.

The *scale house staff* is responsible for selecting vehicles using the vehicle selection sheet, provided by the *sampling crew manager*. The *scale house staff* will also distribute sampling placards to the *Contractor*.

### ***Tipping floor coordination***

With the input of the *MRF manager* and the *loader operator(s)*, the *sampling crew manager* will determine locations for two (2) designated sampling/sorting areas on or near the tipping floors. There will be one designated sampling/sorting area on the Organic Materials tipping floor and one area on the recyclables tipping floor. These sampling/sorting areas will be in a location in which the *sampling crew* can identify designated loads entering the tipping area, the *loader operator(s)* can visually communicate with the *sampling crew*, and the *loader operator(s)* can safely remove samples after sorting.

Once the *sampling crew manager* has determined the locations, the *sampling crew* will set up the designated sampling/sorting areas. The *sampling crew manager* will then walk through the process of extracting samples from selected loads with both the *loader operator(s)* and the *tipping house staff*.

### ***Load selection***

When a target Collection vehicle arrives at the Designated Transfer and Processing Facility, the *scale house staff* will confirm the material stream and origin of the load (e.g., Single-Family Targeted Recyclable Materials from the north geographic area). The *scale house staff* will copy the sample cell number from the Collection vehicle selection form onto the appropriate sample placard and provide the placard to the driver. A cell number represents the location within a load from which a sample will be extracted and is defined by the map in Figure 1. Additionally, the *scale house staff* will record the load's net weight on the vehicle selection sheet.

The *scale house staff* will instruct the driver to place the placard in a highly visible place at the front of the truck (e.g., on the dashboard), and will direct the driver where to unload.

The placard is the signal to the *sampling crew* that a load selected for sampling has arrived. The placard is marked with a unique sample identification number and additional information used to randomly select cells, identify loads in photographs, and correlate net weights with sample details. Each placard will be coded according to its corresponding sampling population (e.g., 'O-S-01' indicates a load of Single-Family Organic Materials from the south geographic area).

### **Sample collection**

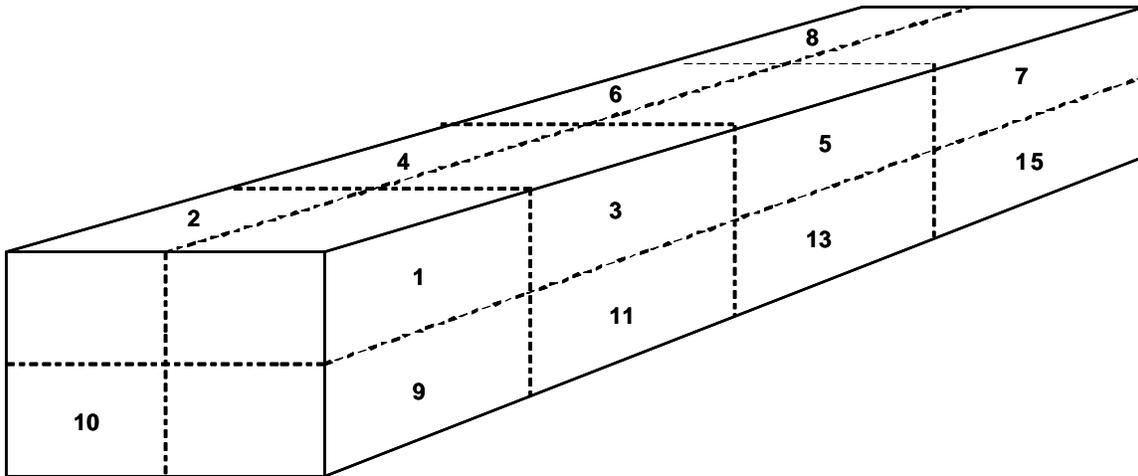
The *tipping house staff* will direct the driver to empty the entire truckload of material in an elongated pile on a designated dumping area. To the extent possible, this area shall be clean and the unloaded material shall be segregated from other loads on the tipping floor. The location of the unloading area may change during any given day.

The *sampling crew manager* will collect the placard from the *Contractor* and, once the load is emptied, will assist the *loader operator(s)* in locating the appropriate cell for the sample, as noted on the sample placard, using the map shown in Figure 1. The *loader operator(s)* will then extract the material in the selected cell. The *sampling crew manager* will guide the *loader operator(s)* to a designated tarpaulin, and will ensure that the proper quantity of material (one-hundred and twenty five (125) to two hundred and twenty five (225) pounds, depending on the material stream) is unloaded on the tarpaulin. A shovel may be used to add material from the bottom of the cell to ensure the sample includes some heavy and small material that the loader bucket failed to collect.

Pulling the tarpaulin taught is a basic test used to estimate sample weight. If it is determined that a sample is too heavy it may be lightened by removing vertical slices from the sample. If it is determined that a sample is too light it may be increased by adding more material. It is important to add or remove all material in the slice from the top to bottom, to ensure that both small, heavy, and loose materials and large, light, and bagged materials are added or removed.

Samples can be queued and stored on tarps until sorted, but samples shall be kept separate. The *sampling crew manager* will place the sample placard on its respective sample for a photograph and, if the sample is not immediately sorted, wrap the sample in its tarpaulin for later sampling. The *sampling crew manager* will photograph each load individually with the sample placard visible and legible.

Figure 1: Sixteen (16) Cell Grid



### **Sample sorting**

The *sampling crew manager* will record the sample identification number, as designated by the placard, on the tally form (see Appendix 2 for an example of this form).

The *sampling crew* will move the sample into the designated sampling/sorting area. The *sampling crew* and the *sampling crew manager* will sort the Contamination materials, as defined in Section 5, out of the load and into designated sort receptacles. The *sampling crew* will then weigh the Contamination materials and the *sampling crew manager* will record the weights on the tally form. The remainder of the load—all acceptable items—will be put into receptacles, weighed, and recorded by the *sampling crew manager* on the tally form.

The *sampling crew manager* is responsible for monitoring the homogeneity of material in each receptacle and ensuring the accuracy of the sorting process. For increased efficiency, the *sampling crew manager* shall be responsible for either pre-programming the scale with the receptacle tare weights, or recording the receptacle tare weights for subtraction later. At the end of each sampling day the *sampling crew* and *sampling crew manager* must comply with any Facility directions regarding cleaning the designated sampling/sorting area and storing sampling and sorting supplies.

### **Sample disposal**

After the weight of all material in each sample is recorded on the tally sheet, the *sampling crew* and the *sampling crew manager* will move the sample to a location where it is safe and convenient for the *loader operator(s)* to remove.

### **Data management**

At the end of each sampling day, the *sampling crew manager*, Contractor and AUTHORITY shall review all forms for accuracy and completeness to ensure timely resolution of any disputes or issues that may arise. The *sampling crew manager* will collect the vehicle selection sheets from the *scale house staff* and ensure that net weights have been recorded for each selected load.

To ensure the vehicle selection and tally forms are not lost before inputting the data into an electronic form, the *sampling crew manager* will make copies of all completed forms

and will keep the copies in a separate place from the originals. The *sampling crew manager* will ensure a copy of the form is delivered within one (1) day to the person inputting the data into an electronic form.

## 5. Sorting categories

All loads identified for sorting shall be sorted and weighed into the following two (2) categories:

- 1) Contamination
- 2) Targeted Recyclable Materials, Source-Separated Targeted Recyclable Materials, Organic Materials, or Plant Materials

## 6. Calculations

Estimates of Contamination and Targeted Recyclable Materials, Source-Separated Targeted Recyclable Materials, Organic Materials, or Plant Materials will be calculated using a method that gives equal weighting or “importance” to each sample within a given stream. Confidence intervals (error ranges) will be calculated based on assumptions of normality in the composition estimates.

In the descriptions of calculation methods, the following variables will be used:

- $i$  denotes an individual sample.
- $j$  denotes the material type.
- $c_j$  is the weight of the material type  $j$  in a sample.
- $w$  is the weight of an entire sample.
- $r_j$  is the composition estimate for material  $j$  ( $r$  stands for *ratio*).
- $a$  denotes a region of the state ( $a$  stands for *area*).
- $s$  denotes a particular sector or subsector of the waste stream.
- $n$  denotes the number of samples in the particular group that is being analyzed at that step.

### ***Estimating the Composition***

The following method will be used to estimate the composition of waste belonging to the Commercial Source-Separated and Targeted Recyclable Materials, Commercial Organic Materials, Commercial Plant Materials, Single-Family Targeted Recyclable Materials, and Single-Family Organic Materials streams.

For a given stream, the composition estimate denoted by  $r_j$  represents the ratio of the component’s weight to the total weight of all the samples in the stream. This estimate will be derived by summing each component’s weight across all of the selected samples belonging to a given stream and dividing by the sum of the total weight of waste for all of the samples in that stream, as shown in the following equation:

$$r_j = \frac{\sum_i c_{ij}}{\sum_i w_i} \quad (1)$$

where:

- $c$  = weight of particular component
- $w$  = sum of all component weights
- for  $i = 1$  to  $n$ , where  $n$  = number of selected samples
- for  $j = 1$  to  $m$ , where  $m$  = number of components

For example, the following simplified scenario involves three samples. For the purposes of this example, only the weights of the component *carpet* are shown.

	Sample 1	Sample 2	Sample 3
Weight ( $c$ ) of carpet	5	3	4
Total Sample Weight ( $w$ )	80	70	90

$$r_{Carpet} = \frac{5 + 3 + 4}{80 + 70 + 90} = 0.05$$

To find the composition estimate for the component *carpet*, the weights for that material are added for all selected samples and divided by the total sample weights of those samples. The resulting composition is 0.05, or 5 percent (5%). In other words, 5 percent (5%) of the sampled material, by weight, is *carpet*. This finding is then projected onto the stratum being examined in this step of the analysis.

The confidence interval for this estimate will be derived in two (2) steps. First, the variance around the estimate will be calculated, accounting for the fact that the ratio included two (2) random variables (the component and total sample weights). The variance of the ratio estimator equation follows:

$$\text{Var}(r_j) \approx \left(\frac{1}{n}\right)\left(\frac{1}{\bar{w}^2}\right)\left(\frac{\sum_i (c_{ij} - r_j w_i)^2}{n-1}\right) \quad (2)$$

where:

$$\bar{w} = \frac{\sum_i w_i}{n} \quad (3)$$

(For more information regarding Equation 2, please refer to *Sampling Techniques, 3rd Edition* by William G. Cochran [John Wiley & Sons, Inc., 1977].)

Second, precision levels at the 90 percent (90%) confidence level will be calculated for a component's mean as follows:

$$r_j \pm \left(z\sqrt{\text{Var}(r_j)}\right) \quad (4)$$

where  $z$  = the value of the  $z$ -statistic (1.645) corresponding to a 90 percent (90%) confidence level.

## Appendix 1: Methodology checklist

### Roles and responsibilities

- **sampling crew manager**—responsible for selecting samples, working with Facility staff and the *sampling crew*, quality control, and compliance with Facility regulations.
- **sampling crew**—responsible for sorting samples.
- **MRF manager**—responsible for coordinating with the *sampling crew manager*, AUTHORITY, and drivers.
- **scale house staff**—responsible for selecting vehicles, distributing sample placards, and directing drivers towards the sampling area.
- **tipping house staff**—responsible for identifying loads potentially contaminated beyond the acceptable threshold, creating a designated sampling and sorting area, and ensuring segregation of selected loads in that area.
- **loader operator(s)**—responsible for segregating the selected load from other loads in the designated sampling and sorting area.
- **project manager**—responsible for managing the sampling process.
- **facility manager**—responsible for managing day-to-day operations at the Designated Transfer and Processing Facility.
- **Contractor**—responsible for informing the scale house staff of load origin and type and for passing sample placards to the sampling crew manager.

### Advanced Preparation

- Project Manager*
  - Contact *MRF manager*
    - Confirm study dates
    - Ask *MRF manager* to update the following employees with the sampling plan:
      - scale house staff*
      - loader operator(s)*
      - tipping house staff*
      - Contractor*
      - Any other affected staff
    - Share study quotas
    - Request expected traffic volumes
    - Request safety expectations
    - Schedule safety training
    - Ask if there are any circumstances that may affect the study (i.e., weather, animals, site construction, etc.)
  - Obtain safety gear (Appendix 3)
    - Check safety gear
  - Obtain sorting equipment (Appendix 3)
    - Check sorting equipment
  - Develop and print daily sampling quotas (Appendix 2)
  - Develop and print vehicle selection sheets (Appendix 2)

- Print tally sheets (Appendix 2)
      - Print on “Rite in the Rain” all-weather paper
  - *Sampling crew and sampling crew manager*
    - Review material list
    - Review field forms
    - Review study requirements
    - Review unique site requirements
    - Review quotas
- **Arrival at Facility**
  - *Sampling crew:*
    - Arrive at Facility ahead of schedule
    - Participate in any required safety training
    - Don safety gear
  - *Sampling crew manager:*
    - Arrive at Facility ahead of schedule
    - Reviews logistics and expectations with MRF manager
    - Participate in any required safety training
    - Don safety gear
- **Scale House Coordination**
  - *Sampling crew manager:*
    - Explain the basic objective of the study to the *scale house staff*
    - Explain the responsibilities of the *scale house staff*
    - Explain the needs of the study despite breaks and shift changes
      - Encourage *scale house staff* to plan transitions for breaks and shift changes
    - Provide *scale house staff* with vehicle selection sheet
    - Discuss expected vehicle traffic
      - Ask *scale house staff* if this is reasonable
    - Provide *scale house staff* with sampling placards
    - Provide *scale house staff* with sampling crew manager’s cell phone number
- **Tipping Floor Coordination**
  - *Sampling crew manager:*
    - Designate a designated sampling/sorting area on each tipping floor (2) with input from tipping floor staff and loader operator(s), meeting the following criteria:
      - *sampling crew* can see selected loads entering the tipping floor area
      - *Loader operator(s)* can visually communicate with sampling crew
      - *Loader operator(s)* can safely remove sorted loads
      - Approximately twenty (20) feet by twenty (20) feet
    - Explain and walkthrough the sampling process with both the *tipping house staff* and the *loader operator(s)*
      - Explain how trucks with placards are samples
      - Explain that samples must be dumped in a clean area, separate from other loads (called a designated dumping area)
      - Explain that the *sampling crew manager* is responsible for collecting the placard and responsible for identifying the portion of the load that the *loader operator(s)* will sample

- Explain that each sample is between one hundred and twenty five (125) and two hundred and twenty five (225) pounds
    - Explain that the *sampling crew manager* will be responsible for guiding the *loader operator(s)* to the appropriate tarpaulin
    - Note: Explanation will need to be repeated for each designated sorting area
  - *Sampling crew:*
    - Set up designated sampling sorting area one
      - Sorting table
      - Baskets
      - Digital scale(s)
    - Set up designated sampling sorting area two
      - Sorting table
      - Baskets
      - Digital scale(s)
- **Sample Collection**
  - *Tipping house staff:*
    - Direct load to a designated dumping area
  - *Sampling crew manager:*
    - Collect placard from *Contractor*
    - Direct *loader operator(s)* to pre-selected sampling cell
    - Direct *loader operator(s)* to designated tarpaulin
    - Signal *loader operator(s)* with tipping instructions
    - Pull tarp to test for appropriate sample weight
    - Place placard in the load
    - Photograph load
      - Placard should be visible and legible
    - Wrap and segregate load until ready to sort
  - *Loader operator(s):*
    - Pinch/scoop sample, as directed by the sampling crew manager
    - Tip sample on designated tarpaulin, as directed by the *sampling crew manager*
  - *Sampling crew:*
    - May assist *sampling crew manager* at any point
- **Sample Sorting**
  - *Sampling crew:*
    - Move the sample into the designated sampling/sorting area
    - Sort the sample
      - Sort Contamination materials into designated baskets
    - Assist the *sampling crew manager* with weighing the baskets
    - Assist the *sampling crew manager* with weighing the remainder material
  - *Sampling crew manager:*
    - Record the sample identification number onto the tally sheet
    - Assist the *sampling crew* in moving the sample into the designated sampling/sorting area
    - Sort the sample
      - Sort Contamination materials into designated baskets
    - Weigh Contamination baskets and record weights on the tally sheet
      - Ensure homogeneity of materials

- Weigh remainder material and record weights on the tally sheet
      - Ensure all Contamination materials are removed
- **Sample Disposal**
  - *Sampling crew manager and sampling crew:*
    - Dispose of all materials in a designated disposal area
  - *Loader operator(s):*
    - Remove disposed materials when it is safe and convenient
- **Data Management**
  - *Sampling crew manager:*
    - Collect vehicle selection sheets from the *scale house staff*
    - Review all forms for accuracy and completeness
      - Vehicle selection sheet(s)
      - Tally sheet(s)
  - *Project Manager*
    - Check all forms for accuracy and completeness
      - Vehicle selection sheets(s)
      - Tally sheet(s)
    - Copy all data forms
      - Store copies separate from the originals
    - Download pictures from camera
    - Provide copies of data for electronic input
    - Ensure data entry is checked for accuracy

## **Appendix 2: Example Data collection forms**

Appendix 2 consists of copies of each of the following three (3) data collection forms

- Collection vehicle selection sheet
- sampling placard
- tally sheet

**Figure 2: Example Collection Vehicle selection sheet**

Vehicle Selection Sheet			Sampling Date: June 25, 2009						
SBWMA: Contamination Sampling			1 <sup>st</sup> Load Arrives At: 9:00:00 AM						
			Notes: Betty working at scale house, helped with sampling before.						
Truck No.	Load No.	ETA	Sampling Population	Sample ID	Sample Cell	Vehicle Type	Number of samples	Net Weight (pounds)	Notes
2238	1	9:00	CSS - N	CSS-1	3	FL	1		
1318	1	9:00	RSS - S	RSS-1	8	FL	1		
1310	1	10:30	CO - E	CO-1	4	FL	1		
2305	2	12:00	CO - W	CO-2	2	FL	1		
1227	1	13:00	CSS - E	CSS-2	1	FL	1		
1313	1	13:00	RO - E	RO-1	9	FL	1		
1308	1	13:30	CGW - N	CGW-1	7	FL	1		
2240	1	14:00	CGW - N	CGW-2	1	FL	1		
2243	2	14:00	RO - W	RO-2	7	FL	1		
1317	2	15:30	CSS - N	CSS-3	2	RO	1		
Multi Sample Loads									
1319	2	15:30	CGW - E	CGW-3&4	6,13	FL	2		
1309	2	15:30	RSS - N	RSS-2&3	9,1	FL	2		
CONTINGENCY SAMPLES									
1316	1	11:30	RSS - N		7	FL	1		
2244	2	11:30	RO - W		14	FL	1		
Any Additional Samples or notes?									

Figure 3: Example Sampling placard

Date: \_\_\_\_\_

Jurisdiction: \_\_\_\_\_

**RSS - 1**

**Cell 13**

Figure 4: Example Tally sheet

South Bayside Waste Management Authority: Contamination Sampling								
<b>CONTAMINANTS</b>	Container 1				DATE:		SAMPLE ID:	
	Container 2				SAMPLING POPULATION:		SAMPLE WEIGHT:	
	Container 3				TIME:	TRUCK NO.:		
	Container 4				LOAD NO.:		CELL NO.:	
	Container 5				NOTES:			
	Container 6							
	Container 7							
	Container 8							
	Container 9							
	Container 10							
<b>ACCEPTABLE</b>	Container 1							
	Container 2							
	Container 3							
	Container 4							
	Container 5							
	Container 6							
	Container 7							
	Container 8							
	Container 9							
	Container 10							

### **Appendix 3: Equipment list**

Appendix 3 provides a list of equipment necessary for all sampling and sorting activities. Extra safety equipment should be available to ensure the safety of observers or others at the sorting site.

#### **Sorting equipment:**

- approximately twenty (20) identical sorting containers (e.g. laundry baskets or five (5) gallon buckets)
- square point shovels
- rakes
- push brooms
- digital scale, battery powered (weigh up to four hundred (400) pounds, accurate to one-tenth (1/10) of a pound)
- spare batteries for the scale
- fifteen (15) to twenty (20) ten (10) foot by twelve (12) foot or similar size tarps
- clipboards
- field forms printed on Rite in the Rain paper
- permanent markers
- mechanical pencils
- tape measures
- utility knives, scissors
- duct tape
- ten (10) to fifteen (15) Carts
- ten (10) to fifteen (15) plastic receptacles
- four (4) metal eight (8) foot by twelve (12) foot tables
- one (1) metal work desk with drawer
- erasable placards and markers
- digital camera with extra flash card
- moisture probe
- six (6) special pallets with solid tops
- three (3) six cubic yard Bins
- three (3) three cubic yard Bins

#### **Safety equipment:**

- dust masks (N-95 or better)
- safety glasses
- hearing protection
- steel-toed work boots
- puncture resistant gloves
- glove liners (latex or nitrile)
- leather work gloves
- reflective safety vests (Brite Lime)
- hard hats
- safety/medical kit
- fire extinguisher
- disinfecting soap, paper towels, antiseptic towels
- water
- rubber aprons or Tyvek protective garments

## ATTACHMENT 3

### GENERAL OPERATING STANDARDS AND PROCEDURES

#### 1. GENERAL OPERATING STANDARDS AND SERVICES TO BE PROVIDED

- A. Inspection of Loads. The Contractor will inspect all inbound materials at the time of dumping to ensure that the load does not contain any hazardous materials or other materials that are not accepted at the Shoreway Center. .
- B. Ownership of Materials. Once the vehicles have dumped and the trucks have left the Shoreway Center, the ownership and responsibility for the proper management of the materials resides with the Contractor. The Contractor remains responsible for the materials until the Designated Disposal Site, Designated Processing Facility, or materials buyers take ownership. The AUTHORITY assumes no ownership or responsibility for the proper management of materials at the Shoreway Center.
- C. Contractor's Use of Premises. Contractor shall use the Shoreway Center only for the processing of Solid Waste, Organic Materials, and Recyclable Materials delivered under this Agreement and for directly related support purposes. The Contractor will not bring-in or cause to be brought-in, other materials to the Shoreway Center without prior written approval of the AUTHORITY.
- D. Tipping Area. Contractor will keep the MRF and transfer station tip areas open and clear of piles to the extent necessary so that safety and material tipping is optimized.
- E. Vehicle Turnaround. Contractor will be required to maintain operating efficiency within the transfer station, MRF and Public Recycling Center to ensure customers and other vehicles are able to dump materials quickly and in accordance with the Vehicle Turnaround Guarantee as described in Article 5.14.
- F. Off-site Impacts. Contractor will operate the Shoreway Center to minimize the off-site impacts (e.g., litter, odor, traffic, noise) of the Shoreway Center operations. Correction of off-site impacts that result from the operations of the Shoreway Center by the Contractor will be the responsibility of the Contractor. Contractor will make every effort to prevent vehicles from stacking onto Shoreway Road. If vehicles stack off the Shoreway Center property, the Contractor is responsible for providing personnel to control traffic and ensure that through-traffic on Shoreway Road is not impeded.
- G. Care of Shoreway Center. Contractor will use the structures and operate the facilities in such a way that minimizes Shoreway Center and equipment wear.
- H. Safety Plan. The Contractor will implement the Safety Plan, included as Attachment 18 (including specific safety protocols for all Shoreway Center workers, drivers of commercial vehicles, customers and site visitors), implement a training program, maintain an on-going schedule for safety review meetings with mandatory attendance by all regular employees (as well as periodic trainings for new-hires or temporary workers), and maintain documentation of the Safety Plan activities.

- I. Additional Materials Processing. The AUTHORITY may want to recycle additional materials beyond those specified in this Agreement. At the request of the AUTHORITY, the Contractor (within 60 days) shall propose a plan for the processing and marketing additional materials targeted for recycling. The plan shall include projected labor, equipment and space requirements, and an analysis of costs and revenues related to the recycling effort. The AUTHORITY may accept, reject or modify any such plan and Contractor shall be entitled to compensation for implementing the plan as agreed to by the Parties.
- J. Coordination with Collection Contractor. Contractor will work closely and coordinate with the Collection Contractor to ensure that on-site traffic flows smoothly and efficiently, that inbound materials are delivered to the proper location on the Shoreway Center property, and that materials delivered to the Shoreway Center are of acceptable quality.
- K. Signage. The AUTHORITY will post signs at the Shoreway Center to control traffic and to inform users of the Shoreway Center of pertinent information (e.g., regulations, hours of operation, material types accepted, rates charged, and a local telephone number to call for information or in case of emergency). Contractor shall maintain and repair these and other on-site signs. Contractor shall not post any signs without the prior written consent of the AUTHORITY.
- L. Traffic Control. Contractor shall be responsible for the safe control and direction of traffic once it enters the Shoreway Center. Contractor will ensure that on-site traffic is controlled and directed so that vehicles move around the site in a safe and efficient manner. Contractor shall make optimal use of queuing lanes and unloading spaces and shall operate and park vehicles so as not to impede on-site traffic flow.
- M. Control of Blowing Debris. Contractor shall sweep daily (1) all areas within the Shoreway Center, and (2) Shoreway Road, collecting all debris in these areas. Debris so collected shall be disposed of at the Shoreway Center.
- N. Vector Control. Contractor shall conduct the operation of the Shoreway Center in such a manner as to ensure that conditions are unfavorable for production of rodents or insects. In the event that rodent or insect activity becomes apparent to the Local Enforcement Agency or the AUTHORITY, supplemental vector control measures shall be initiated by Contractor, as directed by the Local Enforcement Agency and/or the AUTHORITY.
- O. Odor, Dust and Noise Control. Contractor shall control odor and dust at the Shoreway Center by use of installed dust and odor control systems in place at the transfer station.
- P. Fire Control. Prior to commencing operations at the Shoreway Center, Contractor shall submit a fire control/handling plan for the Shoreway Center and obtain approval from the AUTHORITY.
- Q. Personnel. Contractor is required to provide sufficient numbers of qualified and trained staff necessary for operating the Shoreway Center, transporting of materials, recovering and marketing recyclables, and other obligations necessary to operate the Shoreway Center. The initial number of employees and workers dedicated by the Contractor for operations at the Shoreway Center is shown in Attachment 9, Staffing Plan.

There will be at least one employee of the Contractor (or a designated sub-contractor or security company) physically in attendance at the Shoreway Center at all times, whether or not the Shoreway Center is operating or open.

During the hours of 6 a.m. to 5 p.m., seven (7) days a week, there will be a manager or lead worker who is the representative of Contractor on-site. At all other times, there will be a supervisory employee designated as emergency coordinator who will be on-call. Employees who are on-site (and the AUTHORITY staff) will be instructed how to contact this emergency coordinator.

- R. Training of Personnel. Contractor shall provide adequate operational and safety training for all of its employees who are involved in performing operations at the Shoreway Center.
- S. Equipment. Contractor is required to purchase, lease, or otherwise procure, all rolling stock, materials, and supplies necessary for operating the Shoreway Center, transporting solid wastes, recovering and marketing recyclables, and performing all other obligations under this Agreement. All equipment provided by Contractor for use at the Shoreway Center shall be new off-road and on-road rolling stock (i.e., loaders, forklifts and tractor trailers). Six months prior to the commencement of services by the Contractor, the Contractor shall submit to AUTHORITY a list of the equipment for use at the Shoreway Center and in the transfer of materials, including manufacturer, model number, description, etc.
- 1) All equipment shall comply with all applicable federal, state, and local laws, including (1) U.S. Department of Transportation: Federal Motor Vehicle Safety Standards; Federal Motor Carrier Safety Regulations; Interstate Motor Carrier Noise Emissions Standards, (2) U.S. Environmental Protection Agency: Control of Air Pollution from New Motor Vehicles and New Motor Vehicle Engines, and (3) Bay Area Air Quality Management District.
  - 2) All tractors and transfer trailers (individually and in combination) shall comply with the applicable laws. Tractors and transfer trailers shall be painted in a uniform color scheme approved by the AUTHORITY and shall prominently display an AUTHORITY service mark (logo), the design and placement of which are subject to AUTHORITY approval.
  - 3) Contractor shall furnish backup, substitute or replacement equipment necessary to continue uninterrupted operations, transfer and disposal when equipment regularly in service is inoperable or unavailable.
  - 4) Contractor shall use blade guards and rubber tires on all mobile equipment operated in and around the tipping floor of the MRF and transfer station and shall use due care in their operation to avoid damaging the tipping floor.
  - 5) Contractor shall follow manufacturers' guidelines for equipment use and equipment manufacturers warranties. Any costs that arise from voided equipment warranties (voided as a result of the Contractor not providing proper equipment care as specified by the manufacturer) will be the responsibility of the Contractor.
- T. Cleaning. Contractor shall maintain all properties, facilities and equipment used in providing service under this Agreement in a safe, clean, neat and operable condition at all times. Tractors and transfer trailers shall be thoroughly washed

on the exterior at least once every week and thoroughly cleaned with pressurized hot water at least once per year. Building office areas shall be cleaned daily. Work areas within buildings and structures shall be swept daily and washed twice weekly. The refuse transfer truck loading area shall be cleaned and swept at the end of each operating day. Transfer station tunnels will be washed daily and all materials and debris will be cleaned from the tunnels. Tunnel sumps will be maintained so that no standing water is present within the transfer station tunnels. The transfer and MRF buildings shall be thoroughly cleaned inside and out with water at least once per year and once immediately prior to expiration of the Term of this Agreement.

Solid Waste may not be left on the tipping floor for more than 24 hours or as otherwise required by regulatory agencies. Solid Waste shall be removed to the Designated Disposal Site within 48 hours after its delivery to the Shoreway Center or as directed by the LEA. Wastes shall not be disposed of into storm drains, or into sanitary sewers without proper pretreatment that meets regulatory requirements.

- U. Establishment of Vehicles' Tare Weights. Before the commencement of service, Contractor shall provide the AUTHORITY with a copy of its standard methodology for determining tare weights for AUTHORITY's review and approval. Contractor shall modify its standard methodology if requested to do so by AUTHORITY. Before the commencement of service, the Contractor shall weigh each Collection Contractor vehicle, which may be used to deliver Materials to the Shoreway Center, to determine their unloaded ("tare") weights. Vehicles to be weighed include, but are not limited to, front, side and rear loaders, roll-off trucks, street sweepers, recycling trucks, pickup trucks, vans and trucks and trailers. In addition, during the same period of time, Contractor shall weigh each transfer trailer. The tare weight of each vehicle shall be provided to the AUTHORITY and Collection Contractor along with the vehicle number within thirty (30) days after each vehicle is weighed. Contractor shall be responsible for coordinating the weighing of vehicles with AUTHORITY, the Member Agencies and their Collection Contractor.
1. When additional or replacement vehicles are placed into service by the AUTHORITY, other Member Agencies or their Collection Contractor and when the Member Agencies change their Collection Contractor, the Contractor shall promptly weigh such additional and replacement vehicles and the vehicles of the new Collection Contractor and provide the tare weights to the AUTHORITY within thirty (30) days after the vehicles are weighed.
  2. Contractor shall conduct random or specific re-weighing of all vehicles if requested in writing by AUTHORITY of all vehicles delivering materials to the Shoreway Center or delivering materials to the Designated Disposal Site and Processing Facilities. Vehicles shall be reweighed by Contractor, at AUTHORITY's request, within one (1) week after AUTHORITY delivers a written request to do so. Adjusted tare weights shall be furnished to the AUTHORITY within thirty (30) days after re-weighing.

V. Painting. Contractor's vehicles shall be repainted and/or refurbished so that they present an acceptable appearance in the opinion of the AUTHORITY. The frequency of painting shall be on an as-needed basis but no less than once every 4 years. The type of paint, color and method of application shall be submitted to the AUTHORITY for review and approval prior to commencement of repainting work.

W. Maintenance and Repair.

1) AUTHORITY's Obligations. The AUTHORITY shall maintain in good condition the roofs, structural portions and exterior walls (but not plate glass, glass windows, window frames, doors and door frames, which are the responsibility of the Contractor), and paved areas, unless such maintenance and repair becomes necessary in whole or in part due to acts of Contractor, in which case the Contractor shall pay AUTHORITY the reasonable cost of such maintenance or repair.

a) AUTHORITY shall pay for repairs or replacement to stationary equipment when the expense of the repair or replacement (a single item not a combination of items) exceeds a dollar cost (total of labor, parts and materials) over \$10,000. For example, if there is an equipment repair that exceeds \$10,000 in cost (including labor, parts, and materials), the Contractor is to pay for the repair expenses up to \$10,000; and the AUTHORITY shall pay the repair or replacement cost in excess of \$10,000.

b) The AUTHORITY shall repair or replace at its sole expense, if and when necessary, the Shoreway Center tipping floor areas, unless the repair is the result of damage caused by improper use or negligence by the Contractor.

2) Contractor's Obligations. Contractor shall keep and maintain in good, safe condition and repair the Shoreway Center, appurtenances and every part thereof, including without limitation the stationary equipment, such as conveyors, MRF processing equipment, balers, shredders and screens; plumbing and sewage facilities; mechanical, electrical, lighting, heating, ventilating and air conditioning systems; fire and dust suppression systems; fuel storage and dispensing facilities; scales, and all personal property furnished by Contractor including vehicles. Contractor shall repair any damage to any facilities caused by the actions of its employees, subcontractors or other agents.

Contractor shall perform periodic maintenance on all stationary equipment in accordance with applicable manufacturer's specifications and schedules so as to maintain in force any manufacturer's/vendor's warranties. AUTHORITY will assist Contractor in securing manufacturer's/vendor's repair and replacement of equipment due under warranties (if any) provided to AUTHORITY in connection with the purchase of stationary equipment.

Contractor shall be responsible for securing replacement parts (and for maintaining an inventory of spare parts) for all stationary equipment and for facilities which the Contractor is required to maintain and repair. During periods that warranties are in effect for equipment, Contractor shall use only parts supplied by the original equipment manufacturers to replace worn or

damaged parts. Non-OEM parts may only be used after applicable warranties have expired or unless the Contractor obtains in advance written approval to do so from the SBWMA.

The AUTHORITY shall reimburse Contractor for the cost of repairs to the AUTHORITY-owned Harris HRB Centurion baler, unless AUTHORITY performs a full rebuild of the baler prior to the Commencement Date. If the baler is rebuilt by the AUTHORITY, Contractor shall be responsible for necessary repairs consistent with the treatment of new stationary equipment.

- X. Alterations. The Contractor shall not make any alterations to the facilities or equipment owned by AUTHORITY without AUTHORITY's prior written consent. In order to obtain such consent, Contractor shall submit to the AUTHORITY plans and specifications, or other form of description as required by AUTHORITY, prior to commencing any alteration. If Contractor performs any alteration work prior to receiving AUTHORITY approval, AUTHORITY may require Contractor to remove all such work at Contractor's sole expense and restore the Shoreway Center or equipment to its prior condition.
- Y. Wastewater Disposal. The Contractor shall ensure that wastewater collected in the Shoreway Center's sumps (from Solid Waste, wash-down operations, etc.) meets the standards for discharge to the Water Pollution Control Plant.
- Z. Landscape Maintenance. Contractor shall regularly maintain (e.g. water, weed, prune and repair) all landscaped areas within the Shoreway Center property so that they present a neat and attractive appearance to the satisfaction of the AUTHORITY. Contractor shall replace all plant materials (trees, bushes, etc.) which are damaged or killed by Contractor's operations with plant materials of the same type, unless a different type is approved in advance by the AUTHORITY.
- AA. Complaints about Operation of Shoreway Center. All complaints about the operation or maintenance of the Shoreway Center shall be directed to the person designated as General Manager by Contractor. The General Manager shall compile a log of all complaints brought to his or her attention or that of his or her staff, indicating the date and time the complaint was received; the name, address and telephone number of the party making the complaint; and the action taken to address and solve the issue related to the complaint. Each month Contractor shall send to AUTHORITY a copy of the log of complaints for the previous month.
- BB. Tours of Shoreway Center. Contractor will coordinate with the AUTHORITY and work cooperatively to provide community services such as tours, education about recycling and Shoreway Center operations. Upon a request with 24-hour notice by the AUTHORITY, Contractor shall provide tours of the Shoreway Center. Such tours shall not unreasonably disrupt Shoreway Center operations and Contractor shall not be required to conduct such tours more frequently than once per week. AUTHORITY shall not be charged for labor, overhead, overtime, or any other costs associated with any such tours. Contractor shall distribute Shoreway Center brochures to participants on the tours.
- CC. Customer Courtesy. Contractor shall ensure that its employees deal with members of the public in a courteous and professional manner.

- DD. Destruction of Premises. If the Shoreway Center is totally or partially destroyed from a risk covered by insurance in effect at the time, AUTHORITY shall restore the Shoreway Center structures to substantially the same condition immediately prior to destruction, provided that AUTHORITY's obligation hereunder is limited to the amount of insurance proceeds it receives. Such destruction shall not terminate this Agreement. If the Shoreway Center or buildings are totally or partially destroyed by a risk not covered by insurance then in effect, AUTHORITY shall have the election to terminate this Agreement or to restore the premises, such election to be made within a reasonable time after the destruction occurs.
- EE. Records Retention. Contractor will maintain accurate and complete records according to the records retention policy for all Shoreway Center operations. Records shall be made available to the AUTHORITY for purposes of monitoring the Contractor's services.
- Contractor is responsible for maintaining all records related to the reporting requirements, regulatory requirements, financial data, scale transactions, and all other items mentioned in the Agreement. Before the end of the term of the Agreement, the Contractor will transfer the ownership of this information in its entirety to the AUTHORITY.
- FF. Spill Response Plan. Contractor shall provide kits for cleanup of spills of hazardous materials on the Shoreway Center. Contractor shall implement the Spill Response component of the Hazardous Waste Exclusion Program and take all necessary steps to comply with applicable local, State, or Federal regulations.
- GG. Material Composition Study. Contractor shall assist the AUTHORITY in conducting materials composition study of materials delivered to the Shoreway Center. Surveys will be conducted at the AUTHORITY's expense not more frequently than once every quarter. The procedure for the study and the content of the report shall be furnished by the AUTHORITY six weeks prior to conducting the survey. The AUTHORITY will reimburse the Contractor for all direct costs (without profit) for performing the study.

## **2. SCALE HOUSE OPERATION**

- A. During the Shoreway Center receiving hours, the scale house will be continuously attended and the Shoreway Center opened to receive incoming materials.
- B. Contractor will provide all maintenance, calibration, testing and operation of the scales; provide a licensed weigh master for operating the scales; and ensure all scale transactions are recorded through a direct link to a centralized computer recording and billing system for tracking all transactions. All such scales and weighing equipment shall be kept in good and accurate condition operating at the standards of accuracy and reliability specified in Title 4 California Code of Regulations Division 9. Contractor shall request that the California Department of Food and Agriculture, Division of Measurement Standards, inspect all scales and weighing equipment at least once per year. In addition, Contractor shall check the accuracy of scales using appropriate methods (for example by weighing the same load on two scales) when requested by the AUTHORITY, but not more than once per week. If a scale or weighing equipment is found to be measuring inaccurately and the errors are outside the tolerances allowed in Title

- 4 California Code of Regulations, Division 9, Contractor will promptly repair or recalibrate it to ensure accurate operation.
- C. The software proposed for use by the Contractor will meet the approval of the AUTHORITY and must be accessible through an internet connection from off-site locations by authorized AUTHORITY staff.
  - D. After AUTHORITY approval of the software, the Contractor shall be solely responsible for operation of the scale house computers and software.
  - E. The AUTHORITY shall install cameras in the scale house (and other areas of the Shoreway Center). The cost of the installation and maintenance of the cameras shall be borne by the AUTHORITY. Camera equipment and recordings will be maintained by the Contractor and the Contractor will ensure that cameras record all scale house transactions, inbound customer vehicle traffic, and vehicle unloading. All camera views and recordings will be accessible through an internet connection from off-site locations by authorized AUTHORITY staff.
  - F. Contractor shall train its scale house personnel in the proper uses of the scale house weighing and computer system. Contractor will arrange for training to be provided to persons designated by the AUTHORITY.
  - G. Scale house personnel will be trained in customer service and the capabilities of the Shoreway Center so that they can thoroughly and accurately answer customers' questions and provide excellent customer service.
  - H. All inbound self-haul loads will be inspected at the scales before entering and tipping at the Facilities.
  - I. Contractor shall weigh materials delivered by the Member Agencies, and their Collection Contractor and by any other municipalities or their Collection Contractors.
  - J. Scale house attendants will determine the city or other jurisdiction of origin, type, and acceptability of each load delivered. The scales attendants will measure volume (cubic yardage) of self-haul customer loads and the weight of all franchise loads and issue appropriate paperwork and receipts.
  - K. Contractor shall measure the volume of all self-haul materials. If actual weighing of such vehicles becomes legally required under state or federal law, AUTHORITY shall make the necessary changes to the scales, including the potential addition of new scales and scale lanes, to accommodate the weighing efficiently.
  - L. Self-haul customers are to be charged Tip Fees based on the yardage of the delivered Materials. The Contractor will perform the following to ensure that the scale house attendants are providing accurate measurements of Self-haul customer loads:
    - 1) Train all scale house staff in the proper volumetric measurement of inbound loads.
    - 2) Monitor the accuracy of volumetric measurements and calculations on a weekly basis through periodic spot-checks.
    - 3) Document and record monitoring and spot-checks in a Scale Load Audit binder available for inspection by the AUTHORITY.

- M. Contractor shall weigh each loaded vehicle carrying Recyclable Materials from the MRF before it leaves the Shoreway Center.

### **3. TRANSFER STATION OPERATIONS**

- A. The Contractor shall check incoming loads and determine their suitability for recovery through a C&D processing operation. C&D materials targeted for recovery include but are not limited to: wood, roofing materials, drywall, concrete, asphalt, scrap metal, and cardboard.
- B. Contractor shall provide and maintain adequate space and appropriate containers or bunkers/pile areas to ensure that Organic Materials, Inerts, C&D and other Recyclable Materials are kept separate from other materials at the Transfer Station.
- C. The Contractor is required to enforce a no scavenging policy and to prevent scavenging by the Contractor's employees or by visitors to the facilities.
- D. Contractor will coordinate with the Designated Disposal Site and Designated Processing Facilities and will prepare and deliver Material in a condition and form that meets their specifications and receiving requirements. Contractor will remove items prohibited by the Designated Disposal Site or Processing Facility.
- E. Contractor will maintain or expand the Bunker Program for Self-haul customers and will inform Self-haul customers about the program. Contractor will maintain an area of the transfer station tipping floor (or other area designated by the AUTHORITY) for Self-haul customers to self-unload Bunker Program materials including inert materials (e.g., dirt, concrete, asphalt) and other materials as designated by the AUTHORITY. Contractor will inspect and supervise Self-haul customer unloading to ensure that the materials unloaded are clean and contain only materials that are acceptable under the program. Materials diverted through the Bunker Program will count toward the Self Haul Diversion Guarantee.
- F. Contractor will strictly control the self-haul materials so that they are dumped, handled, and transported separately from franchise (weighed) tonnages. If self-haul materials are not diverted, they are not required to be separately weighed out from other Solid Waste.
- G. All Diverted self-haul materials will be weighed and recorded prior to leaving the Shoreway Center or weighed-in and recorded (separately from non-self-haul materials) at a state certified scale located at the Designated Processing Facility. Scale receipts from the Designated Processing Facility scale transactions will be collected, maintained by the Contractor according to the Records Retention Policy.
- H. Contractor will implement a self haul diversion plan per Attachment 19 that fulfills the requirements of the Diversion Guarantee.

### **4. TRANSPORTATION AND SHIPMENT OF MATERIALS**

- A. The AUTHORITY has existing contracts with the following Designated Disposal Site and Designated Processing Facilities: Ox Mountain Sanitary Landfill in Half Moon Bay for disposal, Zanker Road in San Jose for C&D materials processing, and Newby Island Compost facility in Milpitas for the processing of organics

materials including plant material and food scraps. The Contractor will haul to these Designated Disposal and Processing Facilities unless otherwise directed in writing by the AUTHORITY.

- B. The AUTHORITY will provide the Contractor 60 days notice if it intends to redirect Solid Waste, C&D, Organic Materials, Bunker Program Materials to a new Designated Disposal Site or Processing Facility. The Contractor's transportation compensation will be adjusted for any haul cost differential, should the AUTHORITY redirect materials to another site or facility
- C. Contractor will ensure that the transport trailers are compatible with the tippers and operations at the Designated Disposal Site and Designated Processing Facilities.
- D. Contractor must provide sufficient back-up capability (drivers and equipment) in its transfer fleet to minimize disruption during normal business hours due to scheduled preventive maintenance and/or unscheduled equipment breakdown.

## **5. MATERIALS RECOVERY FACILITY OPERATIONS**

- A. The Contractor will process all Targeted Recyclable Materials delivered by the Collection Contractor, by buyback and drop-off center customers and other customers approved by the AUTHORITY.
- B. The Contractor will keep the MRF tipping area open and clear of piles so that material tipping is not hampered and vehicle traffic can safely and efficiently dump loads.
- C. Contractor will inspect all inbound materials at the time of delivery and ensure that loads contain only Targeted Recyclable Materials, other materials permitted to be processed at the MRF and allowable levels of contamination. .
- D. Residue from the MRF sorting operations will be weighed and recorded prior to being transported to the transfer station. The weight of all Residue (and each individual residue load) removed from the MRF shall be recorded. The Contractor will report the Residue generated by the MRF on a monthly basis to the AUTHORITY.
- E. The Residue generated by the Processing System must be below 10%, provided inbound contamination levels are within the 8% commercial and 10% Single Family Residential threshold levels. Any materials that fall to the floor from the Processing System may be reintroduced to the Processing System for reprocessing.
- F. Contractor will transport all Residue to the Designated Disposal Site unless otherwise directed by the Authority. The costs of handling, transporting and disposing of MRF Residue will be the responsibility of the Contractor. The Contractor will not be paid the Transfer Station Fee for Residue handled through the Transfer Station.
- G. The Contractor will sort Recyclable Materials to meet the Product Quality Standards Attachment 2-G.

## **6. MARKETING OF RECYCLABLE MATERIALS**

- A. Contractor has the responsibility to market all Recyclable Materials and maintains ownership of and liability for those materials until there has been a transfer of ownership to a buyer or other third party. All loads rejected by buyers and related claims of buyers shall be the responsibility of the Contractor, unless otherwise specified in Attachment 11-C.
- B. Contractor shall suitably store all Recyclable Materials to protect against theft, deterioration, contamination, fire, and other damage or off-site impacts. Contractor shall insure all Recyclable Materials while in its possession and prior to transfer of title against: fire, theft and other casualty losses.
- C. Contractor shall keep the Recyclable Materials free from liens and other claims of Contractor's creditors.
- D. Contractor shall arrange for all Recyclable Materials delivered to the MRF to be transported within sixty (60) days of receipt unless stockpiling of specific Recyclable Materials on site longer than sixty (60) days is approved by AUTHORITY in writing.
- E. Unless the terms of material purchasing agreements require the purchaser to arrange for delivery, the Contractor shall coordinate delivery and the cost of delivery of Recyclable Materials to purchasers or recipients.
- F. Contractor shall market materials in accordance with the Materials Marketing Plan (Attachment 11-A). . Upon request by the AUTHORITY, the Contractor shall obtain a letter of "Certification of End Use" from the purchaser establishing that the Recyclable Materials sold (or donated) will be/have been recycled or re-used in accordance with the Materials Marketing Plan, Attachment 11-A.
- G. Contractor shall obtain and maintain a California Redemption Certificate and recover all monies available to processors from the State of California Department of Conservation (DOC) for California Redemption Value (CRV) materials processed at the facilities. These monies are to be considered part of the commodity revenues and part of the Revenue Sharing Program between the AUTHORITY and the Contractor described in Section 7.07.
- H. A complete record of all commodity sales transactions shall be kept by the Contractor and shall be submitted for review according to the reporting requirements of the Agreement and/or upon request of the AUTHORITY.

## **7. PUBLIC RECYCLING CENTER OPERATIONS (BUYBACK/DROP-OFF CENTER)**

- A. Contractor shall maintain the Buyback/Drop-off center so that it is clean, organized, convenient, safe and with adequate lighting for public access and use.
- B. Contractor shall provide sufficient dedicated space and convenient storage container arrangements at the Buyback for use by the public.
- C. The hours of operation for this center shall be consistent with the public hours and schedule in effect for the transfer station.
- D. The center must maintain certification by the State as a redemption center and meet all reporting requirements in effect for such redemption centers.

- E. The Contractor shall maintain State-certified scales, payment records, inventory logs, and related items necessary for Public Recycling Center operations, and shall maintain separate documentation and cash accounting for the Public Recycling Center operation.
- F. Contractor is responsible for making customer payments for materials delivered to the Public Recycling Center. Payments for Public Recycling Center transactions shall be made by the Contractor from the recycling area, not from the scale house. Except for cardboard, prices paid at the Public Recycling Center shall be within ten percent (10%), plus or minus, of the average price paid for similar materials purchased in retail qualities from individual customers in similar facilities in San Mateo County. These average prices will be determined as follows: once each quarter the AUTHORITY will conduct a survey of State-certified buy back centers in San Mateo County, soliciting at least three prices being paid for each of the commodities accepted at the Shoreway Public Recycling Center. The lowest price will be eliminated and the arithmetic average of the remaining prices will establish the Index Price for that commodity. Materials accepted at the Buyback Center shall consist of, at a minimum, all Recyclable Materials processed at the MRF and Recyclable Materials accepted under the Collection Contractor's agreements with the Member Agencies.
- G. Recyclable Materials will be processed and marketed by the Contractor and are to be considered part of the MRF tonnage with regards to the limitation on Residue in Section 5 above as well the Revenue Guarantee and the Revenue Share described in Section 7.07 of the Agreement.
- H. Contractor shall provide an area at the Buyback center that will allow users to drop off E-waste and U-waste items. These items shall be consolidated with E-Waste and U-waste delivered by the Collection Contractor from residential routes. The following materials will be accepted at the Drop-off center: used motor oil, used automobile oil filters, anti-freeze, sharps, cooking oil, latex paint, household batteries, cellular phones, fluorescent light bulbs and tubes, household items containing mercury (e.g., thermometers, thermostats), and consumer electronic devices. If the State list of U-waste and E-waste is expanded in the future, the Contractor shall accept these additional materials.
- I. Contractor shall maintain signage at the Facilities giving members of the public appropriate information about the location, operation and pricing of the Public Recycling Center. The text of the signage shall be approved by AUTHORITY prior to its being installed or changed.
- J. The costs incurred for the transportation and processing of E-waste, U-waste and HHW from customers and Member Agencies will be reimbursed by the AUTHORITY as a Pass-through cost.
- K. Hazardous Materials that are segregated from the inbound materials through the Hazardous Waste Exclusion Program (HHWP) shall be stored and handled separately from the Buyback / Drop-off materials and shall be the responsibility of the Contractor.
- L. In order to transition to reverse vending machines (RVM), the Contractor will provide an additional worker full-time for the first three months of operation and part-time for the next three months to train customers on the use and operation of the RVMs.

## **8. ADMINISTRATIVE SERVICES AND REPORTING**

- A. Contractor shall staff an administrative office on-site and provide site management and supervisory staff as necessary to manage and oversee day-to-day recordkeeping, accounting, and operations functions, and to communicate to the public and AUTHORITY during business hours.
- B. Contractor is responsible for cash transactions and shall collect money from self-haul customers and non-Franchise users of the Shoreway Center and shall wire the scale house monies to the AUTHORITY as prescribed. The Contractor is responsible for all cash management at the scale house and shall be liable for any deficiencies in charges and cash collected from tip fees of inbound customers...
- C. Should the AUTHORITY chose to establish customer accounts for Self-haul customers, the collection of accounts payable and bad debt will be the responsibility of the Contractor.
- D. Contractor will provide printed materials, minor site signage, after-hours telephone information service, and other services necessary to keep the public fully aware of the Shoreway Center business hours, acceptable materials, tipping fees, recycling options, and other items related to use of the facilities.
- E. Contractor will be responsive to the requests for information from the AUTHORITY and allow the AUTHORITY complete access to the information related to the operations and management of the Facilities.
- F. Contractor will provide monthly and annual reports to include at a minimum such items as: regulatory compliance and communications with regulatory agencies, staffing levels, tonnage reports and invoices, complaint log entries, and diversion and disposal data by jurisdiction. The Contractor shall provide the Authority and its representatives full and complete access to files and records pertaining to the weighing, billing, and other operations of the Shoreway Facility.

## **9. EMERGENCY PREPAREDNESS**

- A. The Shoreway Center serves many cities and must be prepared to function in the event of a natural disaster. Towards this goal, the Contractor will coordinate with county and city departments and attend meetings related to emergency preparedness efforts.
- B. Prior to the commencement date, Contractor will prepare a Contingency Plan for all aspects of emergency operations including: equipment repair, permanent and temporary worker replacement, earthquake preparedness, and disruptions in shipping of recyclable commodities. The Contingency Plan shall list equipment repair vendors that will be used by the Contractor and include potential off site materials processors that can be used in an emergency.

# South Bay Recycling Implementation and Operations Milestones and Time Line

Interim Operations commence January 1, 2011  
MRF Equipment Installation Complete - December 2010 and  
Transfer Station Construction Complete February 2011

#	Start Date	End Date	Description	10/09	11/09	12/09	1/10	2/10	3/10	4/10	5/10	6/10	7/10	8/10	9/10	10/10	11/10	12/10	1/11	2/11	3/11	4/11	5/11	6/11
1	10/09	to 06/11	Monthly SBWMA project coordination meetings – ongoing	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
2	11/09		Hire General Manager		█																			
3	11/09		Initial Capitalization		█																			
4	11/09	to 12/10	Prepare Time Line for Permit Changes to SBR and work with SBWMA to Complete Permits		█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
5	01/10		Bond Financing for SBR equipment purchases			█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
6	05/10	to 10/09	Fabrication of Trailers					█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
7	06/10	to 06/11	Monthly Allied-Recology project coordination meetings – ongoing																					
8	06/10	to 11/10	Purchase, Deliver, & Test - trucks, loaders, forklifts, reach lift, reverse vending machines																					
9	10/10		Working Capital Funding																					
10	10/10	to 11/10	Interview and Hire MRF Supervisor																					
11	10/10	to 12/10	Interview and Hire Staffing: MRF Mechanic, Technician, Leadman, TS Supervisor, Administration																					
12	11/10	to 12/10	Install and Testing Hardware - Video System, Communications, Scale System, & Networking																					
13	12/10	to 01/11	Training Staffing: Operations, Accounting, Reporting, Cash Control, Scale Operators																					
14	01/11		Hire Drivers & MRF workers, commence TS and MRF interim operations																					
15	12/10	to 01/11	MRF Equipment Testing 2-4 weeks Production and then 1-2 weeks Acceptance Testing																					
16	02/11		MRF Equipment in full commercial production																					
17	03/11		Transfer Station Building Modifications Complete - Begin Self Haul Operation on South Side																					
18	04/11	to 10/11	Install and Implement Full Self-Haul Diversion Program (Optional TS Sort line)																					

## **ATTACHMENT 6**

### **Facility Permits**

The following Facility permits are the responsibility of the SBWMA to obtain and renew, any permit not listed below is the responsibility of the Contractor to obtain and/or renew:

- Solid Waste Facility Permit with the California Integrated Waste Management Board (CIWMB) (SWIS 41-AA-0016)
- City of San Carlos Land Use Permit
- Bay Area Air Quality Management District (BAAQMD) (#11530)
- State Water Resources Control Board Storm Water Discharge Permit (#241100897)
- Facility Fire Permits (City of Redwood City and County of San Mateo)

The following permits are examples of permits that are the responsibility of the Contractor to obtain and renew\*:

- Spray booth permit
- UST and AST permits
- SQG Permit
- Compressed Air Tank permits
- Hazardous Waste Generator Materials Management Permit (San Mateo County EH&S)
- Department of Motor Vehicles Motor Carrier Permit
- Mobil Crane Permit
- Bi-annual Terminal Inspection Permit
- Waste Tire Hauler Permit

\* The above list is not intended to be comprehensive. Additional permits that are identified during the transition of facility operations in 2011 will be added to the above list. A final permit list will be submitted to the Authority by the Contractor within 60 days of the commencement of services by the Contractor.

## **ATTACHMENT 7**

### **HAZARDOUS WASTE EXCLUSION PLAN**

The facility will not intentionally accept or store hazardous wastes, including tires, liquid wastes, sewage sludge, slurries, septic tank pumpings, untreated medical wastes, dead animals, radioactive or special wastes, batteries, oil, paint, compressed gas containers, E-wastes, except for those materials included in approved AUTHORITY collection or drop off programs. To discourage unacceptable loads from entering the facility signs are posted at the Scale House, Self Haul, and Buyback areas which clearly inform drivers of unacceptable waste material types. The hazardous waste random Load Screening Program will help detect and exclude hazardous waste and other unacceptable waste from this facility.

#### **Load Screening Program**

The facility will have personnel on staff to conduct the incoming load screening program. At a minimum, the facility will conduct two (2) random load checks per day at the transfer station. The load check is where an incoming load will be selected (without prior notice) for spreading on the tipping floor, or some suitable area, so that its contents may be thoroughly visually inspected for hazardous waste, e-wastes, questionable waste, and unacceptable items.

The scale house will display a prominent sign stating what wastes are not acceptable, and that all vehicles are subject to random search. Relevant results of load checking / screening will be documented, kept in a log book, the records will be stored onsite. Copies of the load checking records will be kept onsite for one year, and made available for review by inspectors.

In addition to visual load checking, all loaded vehicles crossing the scale will be scanned for radioactive materials using equipment provided by AUTHORITY. Personnel are trained in the recognition of prohibited wastes and the management and reporting procedure thereof as part of their training for Hazardous Materials Handling Procedures. The hazardous material storage areas are located in the transfer station [specific area to be determined once transfer station improvements are determined]. A description of the on site storage areas and additional details of the facility's Load Check Program are included in the Injury, Illness, and Prevention Program (IIPP).

#### **Handling Hazardous Waste**

Any hazardous or unacceptable waste that is found in a customer's load is handled in one of three ways: (1) return waste to customer's vehicle, if safe, and let them take it away; (2) if customer has departed but the generator can be immediately determined, the generator will be contacted and advised to make arrangements to pick up the material immediately; or (3) if the generator cannot be determined, then arrangements will be made with a hazardous waste hauler for proper transportation and disposal within 60 days.

Hazardous wastes will be properly labeled and stored in drums in the Hazardous Materials Storage or containment area. The location of the hazardous material storage area, as well as other details regarding how to handle such materials is found in the Hazardous Materials Handling Procedures.

Storage of hazardous waste on site will not exceed 90 days. All wastes shipped off site will comply with State Manifesting Requirements. The Contractor will attempt to recover the handling, removal, and disposal costs from the generator/transporter of the hazardous materials.

In the MRF the loader operators and pre-sort workers will be trained how to identify and respond to hazardous materials that are inadvertently included in recyclable materials.

Except for materials in the collection contractor's area or delivered to the site by the collection contractor, the Contractor will be responsible for disposal of any prohibited materials (hazardous or suspected hazardous materials, liquid, sludge, radioactive or medical wastes) in accordance with all local, state and federal regulations. The hazardous waste manifests for the wastes from the load checking program and other sources will be kept at the onsite Administrative Office, and are available for review by inspectors during normal business hours.

An entry will also be made in a Special Occurrences Log detailing the handling and removal of hazardous, liquid, special wastes, tires, or compressed gas containers. Incidents involving the receipt of unacceptable materials will be reported monthly to the LEA. In addition, any incidents of illegal hazardous materials disposal will be reported immediately, if applicable, to South Bay Recycling's management and the following agencies: San Mateo County Fire Hazardous Materials Division; and California Highway Patrol.

If a situation arises that cannot be handled by facility personnel, then 911 will be called or another outside emergency agency appropriate for the situation. The LEA will be notified immediately after the appropriate outside emergency agency has been notified. See emergency contacts and agencies list below.

### **Emergency Contacts and Agencies**

#### South Bay Recycling:

John Richardson, Vice President, Cell Phone (818) 266-8682

Dan Domonoske, Vice President, Cell Phone (310) 864-1816

#### LEA:

Emergency 911

#### Also, notify the following agencies:

[to be determined]

## **Control Measures**

If unauthorized wastes are discovered, control measures will be implemented to protect public health, safety and the environment. Prior to isolation, handling or removal of hazardous wastes from the facility, efforts will be made to control dusts, fumes, mists, vapors or gases.

Loads of tires are not accepted at the facility. If a commercial load is tipped at the transfer station that contains tires, the spotter will require that the hauler take the tires back to the generator. If the tires are not discovered until after the hauler has departed but the hauler or generator can be identified, then the tires will be pulled out and stored until the hauler or generator returns to pick them up. If we are unable to determine the hauler or generator, then the tires are pulled out and stored while arranging for transportation and disposal at an approved tire disposal facility. If self-haul vehicles enter and tires are visible at the scale entrance, the customers are advised that the station does not accept tires and they must take the tires with them. If the customer dumps the load and the spotter identifies tires in the load, then the spotter will notify the customer that they must be loaded back on to the customer's vehicle. If the customer departs prior to identifying the tires in the load, then the tires will be separated and stored while arranging for proper transportation and disposal. Occasionally, one or two tires may be discovered on site mixed with the refuse. These are considered miscellaneous and will not be separated out of the refuse.

Compressed gas containers will be removed from waste load when spotted. If a commercial hauler dumps a load that includes a metal discard that may contain compressed gas, the container (refrigerator, air conditioner, gas canister, etc.) is loaded back onto the hauler's vehicle for return to the generator. If the compressed gas container is discovered after the hauler has left but the hauler or generator can be identified, then the item is pulled out and stored until the hauler or generator can return and pick up the item. If facility Contractor cannot determine the hauler or generator, the item will be pulled out and stored until an approved certified recycler can certify the items for disposal. In any of the above the instances, the incident would be recorded in the special occurrence log.

E-wastes (e.g., CRT monitors, etc) will be removed from the waste when spotted, and will be stored in a 6-cy bin located adjacent to the tipping area during daily operations, and moved into the container (provided by the Subcontractor handling E-Waste) for safekeeping prior to removal from facility.

Drivers working for the collection contractor are responsible to: deliver used motor oil collected on routes to the container (provided by the Subcontractor handling waste oil); deposit used motor oil filters collected on routes to the container (provided by the Subcontractor handling used oil filters); deliver batteries and cell phones collected on routes to the container (provided by the Subcontractor handling batteries and cell phones); screen all material collected on routes for hazardous materials and not deliver any hazardous materials to the site.

**ATTACHMENT 8-A**  
**AUTHORITY SUPPLIED EQUIPMENT**

List of Authority Supplied Equipment:

<u>Equipment Description</u>	<u>Quantity</u>	<u>Comments</u>
Main Entry Vehicle Scales	2	
Transfer Station Axle Scales	4	
Remote Commodity Truck Scale	1	
Facility Video Monitoring System	1	(Scale and Site)
E-Waste Storage Container	1	(Provided by vendor)
U-Waste Storage Container	1	(Shed supplied)
Hazardous Waste Storage Containers	1	(Located at transfer station)
Mattress Storage Trailer	1	(Provided by vendor)
Sharps Storage Container	1	(Provided by vendor)
Truck Tipper	1	(Ox Mountain Landfill)
HRB Centurion 200 Baler	1	(Existing baler)
Single-Ram IPS Baler	1	(New baler)
MRF Sort Equipment System	1	(New BHS equipment)
Air Compressors	3	(1 MRF, 1 TS, 1 Vehicle Maint.)
Engine Hoist	1	
Fire Prevention		(Hoses, sprinklers, extinguishers)
Diesel Storage - Dispensing	1	(Shared with Collection Contr.)
Propane Storage – Dispensing	1	
Radioactive Detection Unit	1	(Located at inbound Scale)

“Vendor” means a company supplying recycling and/or disposal services for designated waste streams (e.g., e-waste, u-waste, mattresses, and sharps).

**Attachment 8-B**  
**Contractor Supplied Equipment**

**List of Contractor Provide Equipment:**

<b><u>Equipment Description</u></b>	<b><u>Quantity</u></b>	<b><u>Comments</u></b>
Roll-off tractors	1	
Semi tractors	20	
Trailers	20	(16 walking floors, 4 end dumps)
Loaders	5	(3 MRF, 2 transfer station)
Forklifts	4	
Sweeper	1	
Pickup truck	1	
Man-lift/telescopic boom lift	1	
Rolloff containers	11	
Computers	6	
Safe	1	
Storage containers/bins	39	(for use at facilities and PRC)
Platform scales	2	(for use at PRC)
Reverse vending machines	2	(w/ MRF conveyors)

**Other Items Supplied by Contractor:**

- All maintenance/mechanic tools and equipment.
- Office furniture and communication systems (does not include MRF or transfer station education center, which will be furnished by SBWMA).

**Detailed Description of Contractor Supplied Buy Back Center Equipment:**

- 6 custom collection bins (3 for each reverse vending machine; one each for flint, amber, and green; bins are located inside the reverse vending machine unit).
- 3 custom collection bins (3 “switch” bins for the color sorted glass).
- 1 rolloff (closed top side loading divided bin for color sorted glass from the buyback area; custom collection bins are unloaded into this rolloff using a forklift with a rotator attachment).
- 2 bins (3-yard with plastic lid; right side of public recycling center traffic lane; one on either side of platform scale; one for HDPE color; one for HDPE natural; customers unload weighed material from wire basket into the bins).
- 2 bins (3-yard with plastic lid; left side of public recycling center traffic lane; one on either side of platform scale; one for ONP; one for office pak; customers unload weighed material from wire basket into the bins).
- 1 bin (3-yard with plastic lid; left side of public recycling center traffic lane; customers unload mixed paper directly into the bin).
- 1 bin (3-yard with plastic lid; left side of public recycling center traffic lane; customers unload mixed plastic directly into the bin).
- 15 wire baskets (used for customers to deposit HDPE natural, HDPE color, ONP, office pak, and other materials; each unit to have a pre-established tare weight; customer weighs material then unloads it in appropriate bin).

## ATTACHMENT 9

### CONTRACTOR STAFFING PLAN

**Contractor shall provide the following initial number of employees to operate the Facilities:**

	<u>Total Hrs</u> <u># People</u>	<u>Full Time</u> <u>Equivalent</u>
<b>Management &amp; Administration</b>		
Facility Manager	1	1
Supervisors (MRF, TS, Transport)	3	3
Administrative Clerical	6	6
VRS Supervisors	2	2
<b>Transfer Station Operations</b>		
Scale House Personnel	3.5	3
Spotter/Floor Sorter	4	4
Transfer Truck Drivers	22	20
Loader Operators	6	5
Sorters	10	9
Maintenance Mechanic	2	2
<b>MRF Operations</b>		
Leads	2	2
Spotter/Inspector	2	2
Platform Sorters	22	22
Operators	7.5	7
Buyback Attendant	3	3
Maintenance Mechanic	1	1
PM Technician	1	1
<b>TOTAL STAFF</b>	<b>99</b>	<b>93</b>

Note - The Staffing Plan is based on: (a) cost worksheet submissions of total hours which count overtime hours as additional employees; and (b) San Mateo County Vocational Rehabilitation Services (VRS) providing 22 Clients to work as Sorters in the MRF along with 2 Supervisors (non sorting staff positions) to handle administrative matters.

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**Attachment 10**  
**Liquidated Damages**

The following table lists the events that constitute breaches of the Agreement's standard of performance warranting the imposition of Liquidated Damages. The table describes the incident or event(s) that trigger Liquidated Damages, the method by which occurrences will principally be tracked by Contractor or Authority, and the dollar amount of Liquidated Damages for failure to meet the contractually-required performance.

Authority may require the Liquidated Damages to be paid concurrently with submission of each quarterly report or factor the payment of the Liquidated Damages in establishing Contractor's compensation for the following Rate Year.

Authority intends to suspend imposition of Liquidated Damages for the initial six months of Operations Agreement, provided that Contractor diligently applies its best efforts to minimize the occurrence of events which can result in the imposition of Liquidated Damages. If Contractor does not exert such best efforts, Authority may, after notice to Contractor, end this policy and begin enforcement of the performance standards through Liquidated Damages.

	Event of Non-Performance	Definition of Complaint, Incident, or Event	Tracking Method	Liquidated Damage (LD) Amount
<b>SHOREWAY CENTER OPERATIONS</b>				
1.	Failure to meet Vehicle Turnaround Guarantee (Section 5.14).	Contractor shall operate the Shoreway Center so that: 1. Collection vehicles of Member Agencies and their Collection Contractor are: A) processed through the scale house operation in no more than five (5) minutes per vehicle, measured from the vehicle's entry into the scale house vehicle queue, and B) are able to unload and depart from the Facilities in no more than fifteen (15) minutes from the time they leave the scale house unless a collection vehicle breaks down and causes a traffic back-up beyond the Contractor's control.  2. Self-haul customers do not wait more than fifteen minutes (15) to be processed by the scale and assigned a place to dump.	Information reported quarterly by the Contractor to the SBWMA.	LD of \$100 per vehicle delayed.
2.	Failure to receive vehicles during Operating Hours.	Failure of the Contractor to open the Shoreway Center to users of the Facility during Facility Operating Hours.	Information collected and validated by the SBWMA.	\$1,000 per hour that the Shoreway Center is not open to receive customers.
3.	Failure to remedy a litter complaint within 5 hours of notification.	Failure of the Contractor to cleanup litter that is on-site or is within 1,000 feet of the Shoreway Center property boundary after Contractor has been notified of the problem by the SBWMA, neighbor, customer or Regulatory Agency.	Information collected and validated by the SBWMA or other regulatory bodies.	\$100 per hour that litter remains and is not cleaned up plus any fines levied by other regulatory bodies.
4.	Failure of Contractor to provide excellent customer service.	Failure of Contractor to provide excellent customer services and provide trained employees that can provide information to customers about the Shoreway Center and its operation.	Written, verbal or email complaints from customers of the Shoreway Center documented and verified by the SBWMA.	\$100 per complaint (maximum of one complaint per complainant per month).

	<b>Event of Non-Performance</b>	<b>Definition of Complaint, Incident, or Event</b>	<b>Tracking Method</b>	<b>Liquidated Damage (LD) Amount</b>
<b>RECORDS AND REPORTS</b>				
5.	Timeliness of Submissions of reports to the SBWMA.	Failure to submit any report on time to the SBWMA (any report shall be considered late until such time as a correct and complete report is received by the SBWMA).	Dates recorded by US postal stamp, or by the SBWMA fax or email.	\$500 per day for each calendar day a report is late.
6.	Failure to make records available upon request.	Reports and records collected and retained by the Contractor shall be accessible to the SBWMA or its authorized representatives within 1 business day of making a records request.	SBWMA records request.	\$500 per day for each calendar day that the requested records are not available to the SBWMA.
7.	Failure of the Contractor to notify the SBWMA of intent to use subcontractor(s).	Contractor is to notify the SBWMA anytime that a subcontractor is used to perform the operational requirements of the Agreement.	SBWMA monitoring of Facility and operations.	\$1,000 per incident that the Contractor fails to notify the SBWMA of its intent to use a subcontractor.

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3 **ATTACHMENT 11-A**  
4 **MARKETING PLAN**

5 The Contractor will market materials to foreign or domestic buyers, including  
6 affiliates of the Contractor, to obtain the best long term revenue from the sale of  
7 recyclable materials.

8  
9 The Contractor shall check the qualifications of buyers to understand the  
10 following issues which will be taken into consideration when marketing materials:

11  
12 (a) Actual end use of recovered materials to ensure they are handled in an  
13 environmentally sound manner and used in the creation or manufacture of new  
14 products; and

15  
16 (b) Reliability of buyer as it relates to arranging for pick up in a timely manner,  
17 credit worthiness, claims, and other commercial matters.

18  
19 Within 60 days of the commencement of services, and Quarterly thereafter, the  
20 Contractor will provide the Authority a Material Marketing Report that includes all  
21 information required in the Agreement, including Article 9 Contractors Records  
22 and Reporting and included material quantities, methods of processing, grade of  
23 commodity produced, transportation method, destination, commodity sales price  
24 for all materials recovered and diverted through the MRF.

25  
26 Any materials delivered to the MRF that are not defined as Targeted Recyclable  
27 Materials are considered to be contamination. However, film plastic that is  
28 recoverable through the MRF processing system as described in Attachments 2A  
29 and 2C is included in this Marketing Plan.

30  
31 The Contractor will comply with Commodity Price Assurance Mechanism  
32 (Attachment 11-B) and Moisture Measurement (Attachment 11-C).

## **ATTACHMENT 11-B**

### **COMMODITY PRICE ASSURANCE MECHANISM**

The Authority relies on the Contractor to use its extensive experience in commodity marketing and commercial relationships in both domestic and foreign markets to obtain the best available prices (“Market-high Prices”) for the materials recovered at the Shoreway MRF (“MRF Commodities”).

To ensure that the Contractor is exerting its best efforts to obtain Market-high prices, the Authority will, on a monthly basis, compare the prices at which Contractor has sold MRF Commodities to the market-high price for the same categories of commodities for the same month, as determined by the Authority using either or both of the methodologies described below; the Fiber Commodity Price Assurance Index, or the Market Price Survey. The Authority may select in its discretion, which of the methodologies will be used each month and the Authority may determine Market-high prices using either of the methodologies for different commodities.

Market-high and Contractor-obtained prices will be determined for the following categories

1. Fiber
  - a. OCC
  - b. ONP
  - c. MP
2. Metals
  - a. Aluminum
  - b. Tin
3. Plastics
  - a. PETE
  - b. HDPE Natural
  - c. HDPE Color
  - d. Mixed 3-7
4. Other categories that may be collected by at the MRF

If the average price for sales of MRF commodities in any of these categories is lower than the Market-high price as determined by the Authority’s monthly assessment, Contractor will owe the Authority an amount equal to the difference between the actual monthly average sale price and the monthly average Market-high price multiplied by the number of Tons sold during the month.

#### **A. Fiber Commodity Price Assurance Index:**

Contractor will compile data and perform calculations necessary to allow a comparison, on a monthly basis, between the prices at which Contractor sold three fiber commodities with an established industry index, appropriately adjusted.

Specifically, Contractor will submit a monthly report comparing (1) the average Mean prices (FOB Shoreway Center) for which it sold Old Corrugated Cardboard (OCC #11), Mixed Paper (MP #1), and Old Newspaper (ONP #8) during the previous month with (2) those reported for sales of these commodities for shipment to Asian markets from Los Angeles, as reported in the Official Boards Report (the "Yellow Sheet").

The process to be followed by Contractor in compiling its monthly price comparison report is described below and illustrated on the accompanying Figure 1.

1. Monthly, obtain the Official Board Markets "Yellow Sheet" Export Los Angeles Index during the second week of each month. Record the average "Yellow Sheet" export price (AYSEP) Los Angeles Index less 3% for the following fiber grades: OCC #11 (AYSEP-OCC), Mixed Paper #1 (AYSEP-MP), and ONP #8 (AYSEP-ONP).
2. Monthly, obtain the prevailing Ocean Freight Differential (OFD) from major steam ship lines for ocean freight rates per 40 foot standard export container of wastepaper shipped from Los Angeles/Long Beach Container Yard versus Oakland Container Yard to primary Asian base ports. Convert the OFD per container to OFD per ton by dividing it by 22.5 tons (45,000 lbs).
3. Monthly, obtain the average trucking charge (ATC) from transportation companies (minimum of 3 quotes) for the total of the following services: retrieve a 40 foot standard export shipping container from the Port of Oakland Container Yard, deliver it to Shoreway where it will be loaded and weighed, and then return it to the Port of Oakland Container Yard without incurring demurrage charges. Convert the ATC per container to ATC per ton by dividing it by 22.5 tons (45,000 lbs).
4. Add OFD per ton and ATC per ton to obtain total adjustment.
5. Calculate the index value (IV) of OCC #11 (IVR-OCC), Mixed Paper #1 (IV-MP) and ONP #8 (IV-ONP) by deducting the total adjustment (Step 4) from the AYSEP-OCC, AYSEP-MP, and AYSEP-ONP.
6. Compare the free on board (FOB) average monthly market price mean (MMP) at which SBR sold OCC #11 (MMP-OCC), Mixed Paper #1 (MMP-MP), and ONP #8 (MMP-ONP) to the IV-OCC, IV-MP, and IV-ONP.

If the MMP is equal to or higher than the index value (IV) for each grade then no further action is required. If the MMP is lower than the index value (IV) for any of the grades, then SBR must pay the Authority the difference. . Additionally, the

Contactors shall provide the Authority a written explanation for the difference and a suggested course of action to correct the marketing deficiency within 15 days.

**B. Market Price Survey**

Contractor will sell commodities from the MRF (and Buy Back Center) at or above the prevailing market price for similar materials marketed by other recycling companies in the Bay Area. The Authority will conduct a monthly survey of local (i.e., in the nine-county Bay Area) purchasers and/or sellers of the commodities of the type recovered at the Shoreway MRF and Buy Back Center and marketed by the Contractor. SBWMA shall solicit price quotations from at least three purchasers and/or sellers. The lowest price will be eliminated and the arithmetic average of the remaining prices, as determined by the survey, will establish the Commodity Market Survey Price for that commodity (see example below). In any month during which the Contractor obtains prices less than the Commodity Market Survey Price, the Contractor shall pay the Authority a dollar amount equal to the difference between the average of the actual commodity sales price (for the specific commodity) and the monthly Commodity Market Survey Price for that commodity multiplied by the total tons that were sold during the survey period..

Example:

Buyer/Seller # 1 - \$102/ton

Buyer/Seller #2 - \$100/ton

Buyer/Seller #3 - \$94/ton

(Buyer #3 is eliminated)

Buyer #1 + Buyer #2 = \$202 /2 = \$101/ton

Commodity Market Survey Price = \$101/ton.

**Attachment 11-B  
Figure 1  
Fiber Commodity Price Assurance Worksheet**

**Step #1**

**Cardboard (OCC) #11**

AYSEP-OCC \$ 85.85

**Mixed Paper (MP) #1**

AYSEP-MP \$ 61.60

**Old News Paper (ONP) #8**

AYSEP-ONP \$ 83.91

**Step #2**

OFD per 40' container \$ 150.00  
tons per 40' container 22.50  
OFD per ton \$ 6.67

**Step #3**

ATC per 40' container \$ 260.00  
tons per 40' container 22.50  
ATC per ton \$ 11.56

**Step #4**

OFD per ton \$ 6.67  
ATC per ton \$ 11.56  
Total Adjustment \$ 18.22

**Step #5**

AYSEP-OCC \$ 85.85  
Total Adjustment \$ 18.22  
Index value \$ 67.62

AYSEP-MP \$ 61.60  
Total Adjustment \$ 18.22  
Index value \$ 43.37

AYSEP-ONP \$ 83.91  
Total Adjustment \$ 18.22  
Index value \$ 65.68

**Step #6**

MMP-OCC \$ 71.78  
MMP higher than Index Value? yes

MMP-MP \$ 42.68  
MMP higher than index value? no

MMP-ONP \$ 66.78  
MMP higher than index value? yes

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## ATTACHMENT 11C MOISTURE MEASUREMENT

4 The determination regarding whether or not Excess Moisture is present will be made by  
5 the SBWMA based on a review of information provided by Contractor as follows: (I)  
6 measurements of moisture in inbound loose material; (II) average bale weights for OCC,  
7 ONP and Mixed Paper; and (III) measurements of moisture in sorted/processed  
8 recyclable materials. Out-throw or Prohibitive excess moisture exists only if individual  
9 moisture measurements are at least 3% higher than the average moisture content for  
10 the immediately preceding quarter. The quarterly average moisture content will be  
11 determined by taking weekly moisture samples of each fiber grade (ONP, Mixed paper  
12 and OCC) and averaging them to create average moisture content for each fiber grade  
13 for each quarter. Moisture readings will be taken through the use of a moisture probe  
14 and the moisture testing protocol and test results will be submitted to the Authority by the  
15 Contractor in the Materials Marketing Report. Sampling results that have been approved  
16 by the Authority will determine the quarterly average moisture content which will in turn  
17 be used to determine the excessive moisture content.

19 Out-throw moisture is present when fiber (ONP, OCC, or Mixed Paper) that exceeds the  
20 quarterly average by 3% or more is still usable by paper mills but is subject to quantity  
21 adjustment or downgrade. An invoice adjustment by the end user mill may occur if  
22 moisture exceeds the industry standard. The Operator may request a downgrade if  
23 mechanical MRF sorting effectiveness is compromised when paper is limp or torn  
24 resulting in excessive amounts of paper fiber other than those normally acceptable in a  
25 grade being present in sorted material, such as excessive amounts of OCC or brown  
26 fiber in ONP.

28 (a) If the end user mill provides Operator with adequate claim documentation (photos,  
29 inspection reports, claim calculations) in a timely manner then Contractor will check site  
30 records (pre-shipment probed moisture levels, average bale weights, government rainfall  
31 records) to verify that excess moisture was present when material was prepared for  
32 shipment. If verification exists and Contractor considers the proposed adjustment to be  
33 reasonable, then Contractor will present all documentation to SBWMA for a decision  
34 regarding the proposed adjustment.

36 (b) If excess moisture is present in recyclable materials, and if the source of the  
37 excessive moisture is inbound recyclables delivered to the Shoreway MRF by the  
38 Collection Contractor, and if a mill claim has been or is likely to be the outcome of  
39 excessive moisture, then Contractor will document (report and photos) the situation and  
40 advise SBWMA of the issue along with a recommendation regarding what to do.  
41 SBWMA will decide what action to take, which may include selling the excess moisture  
42 product as a different grade (for example #6 board-mill ONP instead of #7-#8 de-ink  
43 ONP, or Mix Paper instead of OCC, etc.).

45 Prohibitive moisture exists in the unusual event that material streams are so wet that  
46 they are unable to be processed. If excess moisture levels result in material streams  
47 being clumped and wadded such that mechanical screening equipment is unable to  
48 process it, then Contractor will immediately notify SBWMA (email with photos and  
49 explanation) and hold the material awaiting SBWMA decision regarding what to do.

## ATTACHMENT 12-A

### ADJUSTMENT OF CONTRACTOR'S BASIC COMPENSATION FOR RATE YEAR ONE (2011)

#### PART I. INTRODUCTION

This Attachment describes how the Contractor's fees will be adjusted for Rate Year One.

The fees shown in Section 7.03 for Basic Compensation are expressed in dollars per Ton or dollars per Ton/Mile and quoted in April 2009 dollars. In order for these fees to reflect corresponding values for Rate Year One, the fees will be adjusted as described in this Attachment.

The adjustments are illustrated, using hypothetical index levels, in Attachment 12-B. Detailed Cost Forms from the Contractor's Proposal, showing the base Contractor costs and demonstrating the calculation of the Contractor's Cost per Ton and Cost per Ton/Mile, are included in Attachment 12-D. All the Cost Forms included in Attachment 12-D have been updated to reflect costs as of April 2009.

#### PART II. BASIC COMPENSATION

The three elements of Basic Compensation described in Section 7.03 are calculated by multiplying (1) the Transfer Station Fee, (2) the MRF Fee, and (3) the Transportation Fees by the number of Tons processed or Ton/Miles operated, as applicable. Each fee comprises four distinct cost components (and associated profit):

- A. Labor costs
- B. Fuel and Power costs
- C. Depreciation
- D. Other Operating and Maintenance costs

#### Section 1. Determine Percentage Change in Costs

##### Cost Components

The initial step in this process is to determine adjustments or adjustment factors for labor costs, fuel and power costs, depreciation and other operating and maintenance costs. Three of these components, in turn, have sub-components as follows:

- A. Labor Costs
  - 1. Wages for CBA labor;\*
  - 2. Benefits for CBA labor;
  - 3. Workers' compensation insurance (CBA labor);
  - 4. Payroll taxes (CBA labor); and
  - 5. Outside contracted workers from third party sources.

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\* "CBA labor" means employees represented by a union and covered by a collective bargaining agreement (CBA).

- B. Fuel and Power Costs
  - 1. PG&E charges for electricity; and
  - 2. Fuel.
- C. Depreciation
- D. Other Operating and Maintenance Costs
  - 1. Wages and benefits for non-CBA employees plus associated workers' compensation insurance and payroll taxes;
  - 2. Repair and maintenance expenses;
  - 3. Equipment rental expenses;
  - 4. Other vehicle-related expenses (e.g. licensing, taxes);
  - 5. Insurance, safety and claims; and
  - 6. Other general & administrative expense (including wages and benefits for general & administrative employees).

There is one adjustment factor for this (O&M) cost component.

#### Adjustment to costs

- A. Labor
  - 1. Wages: the adjustment to CBA wages will be determined separately for the Transfer Station, for the MRF, and for Transportation. In each case, the 2009 CBA wages will be based on the amounts shown in Form 3G of Contractor's Proposal. Updated wages will be prepared on the Wage and Benefits Worksheet (included in Attachment 12-D) to input wage rates payable under the collective bargaining agreements in place in 2010. There will be no increase in the number of standard or overtime hours used in the calculation.
  - 2. Benefits: the 2009 CBA benefits will be based on the pension and benefit costs in Form 3-G monetized to an hourly dollar amount. Updated benefits, similarly expressed, will be prepared on the Wage and Benefits Worksheet included in Attachment 12-D to input the benefit rates per person as provided by collective bargaining agreements in place in 2010.
  - 3. Workers' compensation insurance: the adjustment factor will be based on the average change to the U.S. Department of Labor, Bureau of Labor Statistics, Private Industry Employment Cost Index for Total All Workers (not seasonally adjusted, total benefits, series no. CIU203000000000A).
  - 4. Payroll taxes: an effective payroll tax rate will be calculated from Contractor's Cost Forms and applied to CBA wages to calculate payroll tax expense. The payroll taxes adjustment factor will be based on changes in federal Social Security, Medicare, and state payroll tax rates in 2009 and those projected to be in effect for Rate Year One. Contractor will submit to SBWMA for approval any adjustment to the effective payroll tax rate. If approved, the adjustment factor will be applied to the effective tax rate and the adjusted effective tax rate will then be used to calculate payroll tax expense.

5. Outside contracted workers from third party sources: the adjustment factor for non-CBA direct contract labor will be based on the average index change\* in the U.S. Department of Labor, Bureau of Labor Statistics, Private Industry Employment Cost Index for Total All workers (not seasonally adjusted, total benefits, series no. CIU2030000000000A).

Base costs in categories described in paragraphs 3 and 5 above will be adjusted as follows: (1) the base costs will be multiplied by the average index change between May 2009 and April 2010 and (2) the result of Step One will again be multiplied by the average index change between May 2009 and April 2010 to arrive at Rate Year One costs. The appropriate index for each cost component is described in paragraphs 3 and 5.

**B. Fuel and Power**

1. The adjustment factor for power will be based on average changes in PG&E rates for electricity (cents per kwhr).
2. The adjustment factor for fuel will be based on the average change in the Producer Price Index #2 Diesel Fuel (PPI). The Percentage Change for the Producer Price Index #2 Diesel Fuel shall be calculated using the U.S. Department of Labor, Bureau of Labor Statistics, Producer Price Index - Commodity Index for #2 diesel fuel (not seasonally adjusted, fuels and related products and power, base date = 8200, Series No. WPU057303).

Base costs per Ton or Ton/mile in categories described in paragraphs 1 and 2 above will be adjusted as follows: (1) the base costs per Ton or Ton/mile will be multiplied by the average change in unit prices of electricity or the average index change for fuel between May 2009 and April 2010 and (2) the result of Step One will again be multiplied by the average change in unit price or average index change between May 2009 and April 2010 to arrive at Rate Year One costs. The appropriate index is described in paragraph 2.

**C. Depreciation**

The adjustment factor for depreciation will be based on the average change in the U.S. Department of Labor, Bureau of Labor Statistics, Producer Price Index Industry Data for motor vehicle body manufacturing, truck, bus, car, and other vehicle bodies, for sale separately (not seasonally adjusted, base date: 8212, series no. pcu3362113362111) between April 2009 and the month the equipment is purchased. Actual cost of purchase will be used if the aggregated actual purchase prices are less than aggregated index-adjusted prices and a new depreciation and interest schedule will be created. Changes in sales or other taxes on capital purchases will be separately adjusted to reflect the actual tax rate at time of purchase. Annual depreciation will be based on a 10 year straight line method.

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\* The term "average index change" in this Attachment 12-A means the percentage change between the simple average of all twelve (or fewer) monthly index levels for one year and the same average for a following year.

D. Other Operating and Maintenance Costs

The adjustment factor for Other Operating and Maintenance Costs, including all sub-components, will be based on eighty percent (80%) of the average index change in the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index – All Urban Consumers, U.S. city average (not seasonally adjusted, all items, base period: 1982-84=100, series no. cuur0000sa). The base costs per Ton or Ton/mile in this category will be adjusted in the same manner as those in other categories that employ an index-based adjustment.

**Section 2. Adjust Transfer Station Fee**

The Transfer Station Fee for 2011 is determined as follows:

- A. Labor: The CBA labor cost component for 2011 will be determined as described in Section 1.A.1 and 2. The CBA workers' compensation for 2011 will be determined as described in Section 1.A.3. The CBA payroll taxes for 2011 will be those determined as described in Section 1.A.4. The sum equals 2011 Transfer Station labor cost component. It is converted to a Cost per Ton based on the fixed factor of 357,725 Tons per year.
- B. Fuel and Power: The Fuel and Power cost component will be calculated by applying the adjustment factors (determined in Section 1.B) to the costs per Ton shown on Form 3-H for fuel and power at the Transfer Station and combining the two together.
- C. Depreciation: The depreciation dollars per Ton amount is a component of the Cost per Ton shown on Form 3-H adjusted by the procedure and subject to the limits described in Section 1.C "Adjustments to Costs - Depreciation."
- D. Other Operating and Maintenance: The Other Operating and Maintenance Cost component will be calculated by applying the adjustment factor (determined in Section 1.D) to the cost per Ton shown on Form 3-H for Other Operating and Maintenance Cost at the Transfer Station.

The Total Transfer Station Operating Cost per Ton is the sum of the above cost per ton of all expense categories: Labor, Fuel and Power, Depreciation, and Other Operation and Maintenance.

The amount of Transfer Station Profit in April 2009 dollars shown on Form 3-H results in an operating ratio of 93.52%. This operating ratio will be applied to total Transfer Station Operating Costs per Ton to arrive at an adjusted Transfer Station profit per ton. The calculation is: (Total Operating Cost per Ton ÷ 93.52%) minus Total Operating Cost per Ton = Profit.

The allowance for profit is not a guarantee that Contractor will earn a particular amount, or any, profit. Actual costs may change at rates different from the adjustment process provided in the Agreement and Contractor may therefore earn more, or less, profit than the dollar amounts shown in Attachments 12-B and 13-B.

The Total Transfer Station Fee expressed on a per Ton basis for 2011 is the sum of the Total Transfer Station Operating Cost per Ton plus Profit per Ton.

### **Section 3. Adjust MRF Fee**

The MRF Fee for 2011 is determined as follows:

A. Labor:

1. The CBA labor cost component for 2011 will be determined as described in Section 1.A.1 and 2. The CBA workers' compensation for 2011 will be determined as described in Section 1.A.3. The CBA payroll taxes for 2011 will be those determined as described in Section 1.A.4. The sum equals the 2011 MRF labor cost component. It is converted to a cost per Ton based on the fixed factor of 74,022 Tons per year.
2. The outside contracted workers cost component for 2011 will be determined as described in Section 1.A.5. It is converted to a cost per Ton based on the fixed factor of 74,022 Tons per year.

B. Fuel and Power: the Fuel and Power cost component will be calculated by applying the same adjustment factors as those used in the Transfer Station Fee Fuel and Power adjustment to the costs per Ton shown on Form 3-I (MRF) for fuel and power.

C. Depreciation: the depreciation dollars per ton amount is a component of the cost per Ton shown on Form 3-I (MRF) for depreciation, adjusted by the same procedure and subject to the limits described in Section 1.C, "Adjustments to Costs – Depreciation."

D. Other Operating and Maintenance: the Other Operating and Maintenance Cost component will be calculated by applying the same adjustment factor used in the Transfer Station Other O&M Cost adjustment to the cost per Ton shown on Form 3-I (MRF).

The Total MRF Operating Cost per Ton is the sum of the above costs per Ton of all expense components: Labor, Fuel and Power, Depreciation, and Other Operation and Maintenance. It is converted to a cost per Ton based on a fixed factor of 74,022 Tons per year.

The amount of MRF Profit in April 2009 dollars shown on Form 3-I results in an operating ratio of 92.87%. This operating ratio will be applied to Total MRF Operating Costs per Ton to arrive at an adjusted MRF profit per ton. The calculation is: (Total Operating Costs per Ton ÷ 92.87%) minus Total Operating Cost per Ton = Profit.

The allowance for profit is not a guarantee that Contractor will earn a particular amount, or any, profit. Actual costs may change at rates different from the adjustment process provided in the Agreement and Contractor may therefore earn more, or less, profit than the dollar amounts shown in Attachments 12-B and 13-B.

E. MRF Residue Cost: the MRF residue cost component is the cost of transporting and disposing of residue from MRF operations and is adjusted annually. The amount included in the 2011 MRF Fee is based on the tonnage estimate in Contractor's Proposal, the 2009 cost of Disposal at Ox Mountain, and the Solid Waste Transportation

Fee per Ton/Mile in the Proposal. The disposal portion is adjusted by the per cent change in disposal rates charged at the Designated Disposal Site. The transportation portion is adjusted by the adjustment to the Solid Waste Transportation Fee per Ton/Mile, as described in Section 4 below.

The actual MRF residue costs based on actual number of tons of residue will be deducted from Contractor's monthly compensation, as incurred, as described in Section 7.08.

The Total MRF Fee for 2011 is the sum of the Total MRF Operating Costs per Ton plus MRF Profit per Ton plus MRF Residue Cost per Ton.

#### **Section 4. Adjust Transportation Fees**

The five Transportation Fees for 2011 are determined as follows:

A separate 2011 cost per Ton/Mile will be calculated for each of the five materials categories (solid waste, inerts, C&D, plant materials, and organic materials (food scraps)). The cost components for each of the material types will be adjusted using the same factor. The cost per Ton/Mile is calculated by dividing the total cost by the total tons delivered to the Designated Disposal Site or the Designated Processing Facility, as appropriate, and by the one way mileage to the Designated Disposal Site or Processing Facility, as determined by the Authority.

- A. Labor: the CBA labor cost component for 2011 will be determined as described in Section 1.A.1 and 2, using Form 3-J. The CBA workers' compensation for 2011 will be determined as described in Section 1.A.3. The CBA payroll taxes for 2011 will be those determined as described in Section 1.A.4. The sum equals 2011 Transportation Labor Costs. It is converted to a Cost per Ton based on a fixed factor of 357,725 Tons per year.
- B. Fuel: the Fuel cost component will be calculated by applying the same adjustment factor as that used in the Transfer Station Fee Fuel adjustment (Section 2.B) to the costs per Ton/Mile shown on Form 3-J for Fuel.
- C. Depreciation: the depreciation dollar per Ton/Mile amounts are components of the cost per Ton/Mile shown on Form 3-J adjusted by the procedure and subject to the limits described in Section 1.C "Adjustments to Costs – Depreciation,"
- D. Other Operating and Maintenance: the Other Operating and Maintenance Cost per Ton/Mile component will be calculated by applying the same factor used in the Transfer Station Other O&M Cost adjustment.

The Total Transportation Operating Cost per Ton/Mile for each material type is the sum of the cost per Ton/mile from the above expense categories: Labor, Fuel, Depreciation, and Other Operation and Maintenance on a cost per Ton/Mile basis.

The average amount of profit in April 2009 dollars shown on Form 3-J results in an operating ratio of 91.9%. This operating ratio will be applied to Total Transportation Costs per Ton/mile to arrive at an adjusted Transportation profit per Ton/mile. The calculation is: (Total Operating Costs per Ton ÷ 91.9%) minus total Operating Cost per Ton – Profit.

The allowance for profit is not a guarantee that Contractor will earn a particular amount, or any, profit. Actual costs may change at rates different from the adjustment process provided in the Agreement and Contractor may therefore earn more, or less, profit than the dollar amounts shown in Attachments 12-B and 13-B.

The total 2011 Transportation Fee for each material type is the sum of the Total Transportation Cost per Ton/mile plus Profit per Ton/mile for each material type.

The one-way miles are set forth in Form 3-J for the Designated Disposal or Processing Facilities.

## Annual Fee Adjustment Process

## Determination of Contractor's Fees for Rate Year One – 2011 (Section 7.04 and Attachment 12-A)

## I. SUMMARY OF YEAR 1 FEE ADJUSTMENTS

	Proposed Amount (2009)	Effective Adjustment Factor	Adjusted Amount (2011)	Unit
1. Transfer Station Fee	\$9.71	0.581	\$5.64	per ton
2. MRF Fee	\$67.36	0.388	\$26.14	per ton
3. Transport Fees				
Solid waste	\$1.01	0.561	\$0.56	per ton mile
Inerts (bunker program materials)	\$1.04	0.521	\$0.54	per ton mile
C&D	\$0.69	0.563	\$0.39	per ton mile
Plant materials	\$0.61	0.544	\$0.33	per ton mile
Organic materials	\$0.74	0.576	\$0.43	per ton mile
4. Supplemental MRF Processing Fee		N.A.	\$25.00	per ton
5. Self Haul Diversion Guarantee		N.A.	\$70.00	per ton
6. MRF Recyclables Revenue Guarantee	\$6,500,000	N.A.	\$6,500,000	per year
Actual based on Contractor proposal				

## II. Determine Percentage Change in Costs (Attachment 12-A, Section 1)

## A. Labor Cost Component Adjustment Factors

1. Wages for CBA labor - When collective bargaining agreements in effect in 2010 are still in effect, use Form 3-G of the Contractor's original proposal to estimate net impact of increased wage rates for represented personnel.

	Transfer Station	MRF	Transport
Annual wages for CBA labor per Form 3-G (original proposal in 2009 dollars)	\$1,261,965	\$1,103,453	\$1,870,669
Updated annual wages for CBA labor Updated annual wages estimate shall be prepared by revising Form 3-G to input the wage rates from CBAs in place in 2010. Note that no changes shall be made to the standard and overtime hours.	\$1,290,091	\$1,140,792	\$1,864,836
Adjustment Factor for Wages Direct Labor	1.022	1.034	0.997
2. Annual Benefits for CBA labor per Form 3-G (original proposal in 2009 dollars)	\$542,168	\$411,151	\$686,345
Updated annual benefits for CBA labor Updated annual benefits estimate shall be prepared by revising Form 3-G to input the wage rates from CBAs in place in 2010.	\$559,167	\$423,561	\$706,575
Adjustment Factor for CBA Labor Benefits	1.031	1.030	1.029

## Annual Fee Adjustment Process

## Determination of Contractor's Fees for Rate Year One – 2011 (Section 7.04 and Attachment 12-A)

	Index	Change
3. Workers Compensation Insurance (CBA Labor)		
Average Index for the 12-month period ending April 2009	109962	
Average Index for the 12-month period ending April 2010	113040	1.028
Use prior year adjustment factor to arrive at 2011 cost adjustment		1.028
Adjustment Factor shall be based on the change in the Index		0.000

Index: U.S. Department of Labor, Bureau of Labor Statistics, Private Industry Employment Cost Index for Total All workers (not seasonally adjusted, total benefits, series no. CIU203000000000A).

	2009	2010	2011
4. Payroll Taxes (CBA Labor)			
Contractor's Effective Tax rate	TS		
Adjustment Factor for payroll taxes shall equal the change in Federal Social Security & Medicare tax rates, state taxes, etc.	7.65%	7.95%	8.20%
Adjustment Factor		1.039	1.031
Total Adjustment Factor			0

	Index	Change
5. Outside Contract Labor Adjustment Factor (for non-CBA direct labor)		
Average Index for the 12-month period ending April 2009	614	
Average Index for the 12-month period ending April 2010	628	1.018
Use prior year adjustment factor to arrive at 2011 cost adjustment		1.018
Adjustment factor for non-CBA Labor Component		0

Index: U.S. Department of Labor, Bureau of Labor Statistics, Private Industry Employment Cost Index for Service-Producing Industries (seasonally adjusted, total compensation, series no. Ecs12102i replaced with cis201s000000000i)

## B. Fuel and Power Cost Component Adjustment Factors

	Rate	Change
1. Power Adjustment		
PG&E rate per KwHr in April 2009	\$0.01100	
PG&E rate per KwHr in April 2010	\$0.01130	1.027
Use prior year adjustment factor to arrive at 2011 cost adjustment		1.027
Adjustment factor for power costs (equals the product of the above values)		0

## Annual Fee Adjustment Process

## Determination of Contractor's Fees for Rate Year One – 2011 (Section 7.04 and Attachment 12-A)

## 2. Fuel Adjustment

Average Index for the 12-month period ending April 2009

Average Index for the 12-month period ending April 2010

Use prior year adjustment factor to arrive at 2011 cost adjustment

Adjustment factor for fuel costs (equals the product of the above values)

Index

Index	Change
170.0	
200.0	1.176
	1.176
	0.000

Index: U.S. Department of Labor, Bureau of Labor Statistics, Producer Price Index - Commodity Index for #2 diesel fuel (not seasonally adjusted, fuels and related products and power, series no. wpu057303).

## C. Depreciation Adjustment Factor (Att. 8.B / Form 3-C Equipment)

Depreciation expense (vehicles, rolling stock)

Average Index for the 12-month period ending April 2009

Average Index for the 12-month period ending April 2010

Adjustment Factor shall be based on the change in the Index up to date of purchase and applied to the Contractors Depreciation Schedule on Form 3-M. Payment will be based on the adjusted Year one expense on Form 3-M or actual purchase price will be used if less than indexed cost

Index

Index	Change
139.4	
142.9	1.025
	0.000

Index: U.S. Department of Labor, Bureau of Labor Statistics, Producer Price Index Industry Data for motor vehicle body manufacturing, truck, bus, car, and other vehicle bodies, for sale separately (not seasonally adjusted, base date: 8212, series no. pcu3362113362111).

## D. Other Operating and Maintenance Cost Component Adjustment Factor

Average Index for the 12-month period ending April 2009 80% of Index Change

Average Index for the 12-month period ending April 2010 80% of Index Change

Use prior year adjustment factor to arrive at 2011 cost adjustment

Adjustment factor for Other O&amp;M Component (equals the product of above values)

Index

Index	Change
212.2	
216.8	1.018
	1.018
	0.000

Index: U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index – All Urban Consumers, U.S. city average (not seasonally adjusted, all items, base period: 1982-84=100, series no. cuur0000sa).

## Annual Fee Adjustment Process

## Determination of Contractor's Fees for Rate Year One – 2011 (Section 7.04 and Attachment 12-A)

## III. Adjust Transfer Station Fee (Attachment 12-A, Section 2)

	Proposed Cost (2009)	Adjustment Factor	Adjusted Cost (2011)	
<b>Labor Component</b>				
Wages for CBA labor	\$1,283,084	1.022	\$1,311,681	
Benefits for CBA labor	\$558,688	1.029	\$575,156	
Workers compensation insurance	\$206,279	0.000	\$0	
Payroll taxes	\$111,664	0.000	\$0	
Total	\$2,159,715	0.874	\$1,886,836	
Tonnage assumed for proposal	357,725 tons per year			
	<b>Cost per Ton</b>		<b>Cost per Ton</b>	
Adjusted labor component (cost per ton)	\$6.04	0.874	\$5.27	
<b>Fuel and Power Component</b>				
Power	\$0.54	-	\$0.00	
Fuel	\$0.44	-	\$0.00	
Total	\$0.98	-	\$0.00	
<b>Depreciation (Att. 8-B / Form 3-C Equipment)</b>				
Depreciation expense (vehicles, rolling stock)	\$0.29	0.000	\$0.00	
<i>need to tie in total depreciation to FormM</i>				
Other O&M Component	\$1.77	0.000	\$0.00	
<b>Total Adjusted Transfer Station Operating Cost / Ton</b>	\$9.08	0.581	\$5.27	
<b>Profit per Proposal Operating Ratio</b>	\$0.63	(0.264)	\$0.37	
Operating ratio (Form 3 - H)	93.5%			
<b>Total Transfer Station Fee / Ton</b>	357,725 tons per year	\$9.71	0.581	<b>\$5.64</b>

## Annual Fee Adjustment Process

## Determination of Contractor's Fees for Rate Year One – 2011 (Section 7.04 and Attachment 12-A)

## IV. Adjust MRF Processing Fee (Attachment 12-A, Section 3)

	Proposed Cost (2009)	Adjustment Factor	Adjusted Cost (2011)
<b>Labor Component</b>			
Wages for CBA labor	\$1,048,544	1.034	\$1,084,024
Benefits for CBA labor	\$446,950	1.029	\$460,125
Workers compensation insurance (CBA)	\$168,573	0.000	\$0
Payroll taxes	\$100,729	0.000	\$0
Subtotal - CBA	\$1,764,796	0.875	\$1,544,149
Outside Contracted Workers	\$956,633	0.000	\$0
Total Labor	\$2,721,429	0.567	\$1,544,149
Tonnage assumed for proposal	74,022 tons per year		
	<b>Cost per Ton</b>		<b>Cost per Ton</b>
Adjusted labor component (cost per ton)	\$36.77	0.567	\$20.86
<b>Fuel and Power Component</b>			
Power	\$3.14	-	\$0.00
Fuel	\$0.96	-	\$0.00
Total	\$4.10	0.000	\$0.00
<b>Depreciation (Att. 8-B / Form 3-C Equipment)</b>			
Depreciation expense (vehicles, rolling stock)	\$1.90	0.000	\$0.00
<b>Other O&amp;M Component</b>			
	\$16.17	0.000	\$0.00
<b>Total Adjusted MRF Operating Cost / Ton</b>	\$58.93	0.354	\$20.86
<b>Profit per Proposal Operating Ratio</b>	\$4.53	0.354	\$1.60
Operating ratio (Form 3 - G)	92.9%		
<b>Total Before Residue</b>	\$63.46		\$22.46
# Tons Residue	6,800 tons per year		
MRF Residue Disposal - adjusted by change in disposal fee	\$3.05	1.02	\$3.11
MRF Residue transportation @ current Transportation Fee rate	\$0.85		\$0.56
<b>Total MRF Fee / Ton</b>	\$67.36	0.388	\$26.14
Actual MRF monthly residue disposal and transportation will be deducted from Contractor Compensation based on actual residue tons at current disposal rate and transportation fee / ton/mile			

Annual Fee Adjustment Process

Determination of Contractor's Fees for Rate Year One – 2011 (Section 7.04 and Attachment 12-A)

V. Adjust Transportation Fees (Attachment 12-A, Section 4)

**Note: The labor components for each of the five transport fees shall be adjusted using the same factor. The factor shall be calculated based on the labor component of the solid waste transfer fee.**

	Proposed Cost (2009)	Adjustment Factor	Adjusted Cost (2011)
Labor Component for Solid Waste Transport Fee			
Wages for CBA labor	\$1,309,584.77	0.997	\$1,305,501.53
Benefits for CBA labor	\$444,675.77	1.029	\$457,782.90
Workers compensation insurance	\$151,103.87	0.000	\$0.00
Payroll taxes	\$110,754.55	0.000	\$0.00
Total	\$2,016,118.96	0.875	\$1,763,284.43
Tonnage assumed for proposal	318,170 tons per year		
Adjusted labor component for solid waste Transport Fee (cost per ton)	\$6.34	0.875	\$5.54

Adjustment factor for the labor components (based on solid waste labor component adjustment) 0.875

Operating Ratio	Proposed Cost per Ton Mile (2009)	Adjustment Factor	Adjusted Cost per Ton Mile (2011)
<b>Solid Waste Transport Fee</b>			
Labor component	\$0.595	0.875	\$0.520
Fuel and Power Component (assumes fuel only)	\$0.075	-	\$0.000
Depreciation (Att. 8-B / Form 3-C Equipment)	\$0.085	-	\$0.000
Other O&M Component	\$0.174	0.000	\$0.000
Total Operating Cost	\$0.927	0.561	\$0.520
Profit per Operating Ratio (Form 3-G)	92.1% \$0.080	(0.035)	\$0.045
Total SW Transportation Fee	\$1.007	0.561	\$0.565
# Miles (one way)	13		
# Tons	260,801		
Total Payment	proof> \$ 3,414,520		

## Annual Fee Adjustment Process

## Determination of Contractor's Fees for Rate Year One – 2011 (Section 7.04 and Attachment 12-A)

	Operating Ratio	Proposed Cost per Ton Mile (2009)	Adjustment Factor	Adjusted Cost per Ton Mile (2011)
<b>Inerts Transport Fee</b>				
Labor component		\$0.567	0.875	\$0.496
Fuel and Power Component (assumes fuel only)		\$0.082	-	\$0.000
Depreciation (Att. 8-B / Form 3-C Equipment)		\$0.084	-	\$0.000
Other O&M Component		\$0.218	0.000	\$0.000
Total Operating Cost		\$0.952	0.521	\$0.496
Profit per Operating Ratio (Form 3-G)	91.3%	\$0.091	(0.044)	\$0.047
Total Inert Transportation Fee		\$1.043	0.521	\$0.544
# Miles (one way)		13		
# Tons		6,317		
Total Payment	proof>	\$ 85,657		
<b>C&amp;D Transport Fee</b>				
Labor component		\$0.405	0.875	\$0.355
Fuel and Power Component (assumes fuel only)		\$0.069	-	\$0.000
Depreciation (Att. 8-B / Form 3-C Equipment)		\$0.048	-	\$0.000
Other O&M Component		\$0.108	0.000	\$0.000
Total Operating Cost		\$0.630	0.563	\$0.355
Profit per Operating Ratio (Form 3-G)	91.6%	\$0.057	(0.025)	\$0.032
Total C&D Transportation Fee		\$0.688	0.563	\$0.387
# Miles (one way)		23		
# Tons		18,918		
Total Payment	proof>	\$ 299,225		
<b>Plant Materials Transport Fee</b>				
Labor component		\$0.351	0.875	\$0.307
Fuel and Power Component (assumes fuel only)		\$0.063	-	\$0.000
Depreciation (Att. 8-B / Form 3-C Equipment)		\$0.044	-	\$0.000
Other O&M Component		\$0.106	0.000	\$0.000
Total Operating Cost		\$0.564	0.544	\$0.307
Profit per Operating Ratio (Form 3-G)	91.8%	\$0.050	(0.023)	\$0.027
Total Plant Material Transportation Fee		\$0.614	0.544	\$0.334
# Miles (one way)		25		
# Tons		61,494		
Total Payment	proof>	\$ 944,381		

## Annual Fee Adjustment Process

## Determination of Contractor's Fees for Rate Year One – 2011 (Section 7.04 and Attachment 12-A)

## Organic Material Transport Fee

Labor component		\$0.439	0.875	\$0.384
Fuel and Power Component (assumes fuel only)		\$0.069	-	\$0.000
Depreciation (Att. 8-B / Form 3-C Equipment)		\$0.044	-	\$0.000
Other O&M Component		\$0.115	0.000	\$0.000
Total Operating Cost		\$0.666	0.576	\$0.384
Profit per Operating Ratio (Form 3-G)	89.5%	\$0.078	(0.033)	\$0.045
Total Organic Material Transportation Fee		\$0.745	0.576	\$0.429
# Miles (one way)		25		
# Tons		10,195		
Total Payment	proof>	\$ 189,846		
		\$190,088		

## 4. Adjust Per-Ton Supplemental MRF Processing Cost (Section 7.06)

	2009 Then- Current Rate Year Cost per Ton	Adjustment Factor	2011 Rate Year Cost per Ton
Per-ton supplemental MRF processing cost	\$25.00	0.354	\$8.85
Adjust by Total MRF Fee adjustment factor (before residue)			

## **ATTACHMENT 12C**

### **MODIFICATION OF BASIC COMPENSATION DURING INTERIM OPERATIONS IN RATE YEAR ONE**

This Attachment describes how the Contractor's compensation shall be determined for the MRF operations and the Transfer Station operations during the period of Interim Operations.

Prior to the Contractor's start of Facility operations services, the Authority will be constructing a new MRF building and installing new MRF sorting equipment, and retrofitting the Transfer Station building. These construction activities may have an impact of a limited duration on full-scale operations necessitating a modification in basic compensation.

#### **MRF Operations**

In the event that the MRF building is not ready to process Recyclable Materials at the start of the Operations Agreement on January 1, 2011; the Authority will need to sort Recyclable Materials through an Off-site Processor. The Contractor will receive Recyclable Materials at the MRF and at the Public Recycling Center, but these materials will require loading into a transfer trailer for shipment to the offsite processor(s). The Contractor will not be required to transport the materials to the offsite processor(s).

During this period of interim operations the Contractor will not receive the MRF Fee provided in Section 7.03(B). Compensation will be on a cost plus 92.87% basis, up to a monthly not-to-exceed payment of \$208,220. Contractor shall submit cost reports and supporting documents such as payroll records to Authority monthly. Interim operations will cease once the equipment installation is complete and the provisions of Section 4.04 are triggered.

#### **Transfer Station Operations**

In the event the Transfer Station building is still undergoing construction activities at the start of the Operations Agreement on January 1, 2011, the Contractor will experience operational impacts that will increase its costs to manage the Transfer Station. Such impacts may include longer operating hours for transportation of materials offsite, additional traffic congestion resulting from all customer vehicles tipping on the north side of the Transfer Station building, and enhanced staffing required for floor sorting and litter control.

In order to compensate the Contractor for such additional costs the Transfer Station Fee provided in Section 7.03(A) will be increased by \$2.27 per Ton during interim operations. Interim operations will cease once the Authority directs the Contractor to begin using the southern portion of the Transfer Station building.

The dollar amounts in this attachment shall be adjusted by a percentage which represents the 100% of the change in the *Index: U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index – All Urban Consumers, U.S. city average (not seasonally adjusted, all items, base period: 1982-84=100, series no. cuur0000sa)* between June 2009 and the month(s) in which the interim operations period ends.

**SBWMA - OPERATIONS AGREEMENT**  
**CBA WAGES & BENEFITS WORKSHEET**

**Attachment 12D**

*example only*

WAGES	BASE 2009 COST				2011 Rates	
	Transfer Station				not actual	
Direct Labor	Standard	Overtime	Hourly Wage Rate	Annual Cost		
Leads	2,080	390	\$ 33.34	85,487	\$ 34.00	87,179
Scale Operator	6,240	1,170	\$ 31.75	244,247	\$ 32.00	246,170
Spotter	4,160	780	\$ 22.10	113,529	\$ 23.00	118,152
Sorter (Transfer Station)	20,800	3,120	\$ 17.10	417,872	\$ 18.00	439,865
TS Operator	10,400	1,560	\$ 33.16	407,170	\$ 33.00	405,206
MRF Operator			\$ 31.75		\$ 32.00	-
Semi-Driver (Transfer Truck)			\$ 34.21		\$ 34.00	-
Maintenance	-	-	\$ 33.36		\$ 34.00	-
PM Technician	-	-	\$ 28.80		\$ 30.00	-
Lead MRF Sorter	-	-	\$ 14.80		\$ 18.00	-
Inspector	-	-	\$ 22.10		\$ 23.50	-
Buyback Attendant			\$ 22.20		\$ 23.60	-
<b>Total</b>	<b>43,680</b>	<b>7,020</b>		<b>1,268,305</b>		<b>1,296,573</b>
<b>% Increase</b>						<b>2.2%</b>

Direct Labor	MRF				2011 Rates	
	Standard	Overtime	Hourly Wage Rate	Annual Cost		
Leads	4,160	-	\$ 33.34	133,442	\$ 34.00	136,084
Scale Operator	-	-	\$ 31.75	-	\$ 32.00	-
Spotter	-	-	\$ 22.10	-	\$ 23.00	-
Sorter (Transfer Station)	-	-	\$ 17.10	-	\$ 18.00	-
TS Operator			\$ 33.16	-	\$ 33.00	-
MRF Operator	14,560	1,456	\$ 31.75	511,529	\$ 32.00	515,557
Semi-Driver (Transfer Truck)			\$ 34.21	-	\$ 34.00	-
Maintenance	2,080	-	\$ 33.36	66,893	\$ 34.00	68,176
PM Technician	2,080	-	\$ 28.80	58,344	\$ 30.00	60,775
Lead MRF Sorter	2,080	-	\$ 14.80	30,784	\$ 18.00	37,440
Inspector	4,160	-	\$ 22.10	127,088	\$ 23.50	135,139
Buyback Attendant	4,576	1,664	\$ 22.20	216,050	\$ 23.60	229,674
<b>Total</b>	<b>69,056</b>	<b>6,656</b>		<b>1,144,130</b>		<b>1,182,845</b>
<b>% Increase</b>						<b>3.4%</b>

Direct Labor	Transport				2011 Rates	
	Standard	Overtime	Hourly Wage Rate	Annual Cost		
Leads	-	-	\$ 33.34		\$ 34.00	-
Scale Operator			\$ 31.75		\$ 32.00	-
Spotter			\$ 22.10		\$ 23.00	-
Sorter (Transfer Station)			\$ 17.10		\$ 18.00	-
TS Operator			\$ 33.16		\$ 33.00	-
MRF Operator			\$ 31.75		\$ 32.00	-
Semi-Driver (Transfer Truck)	45,760	6,344	\$ 34.21	1,766,621	\$ 34.00	1,755,776
Maintenance	2,080	416	\$ 33.36	86,961	\$ 34.00	88,629
PM Technician	2,080	416	\$ 28.80	75,847	\$ 30.00	79,008
Lead MRF Sorter	-	-	\$ 14.80		\$ 18.00	-
Inspector	-	-	\$ 22.10		\$ 23.50	-
Buyback Attendant			\$ 22.20		\$ 23.60	-
<b>Total</b>	<b>49,920</b>	<b>7,176</b>		<b>1,929,429</b>		<b>1,923,413</b>
<b>% Increase</b>						<b>-0.3%</b>

BENEFITS						
Teamsters	/ month		/ hour		2011 Rates	
H&W	\$ 1,361.00	\$ 7.85	\$ 1,412.40	\$ 8.15		
Income Protection	\$ 268.62	\$ 1.55	\$ 257.36	\$ 1.48		
<b>Total H&amp;W</b>	<b>\$ 4.90</b>	<b>\$ 0.03</b>	<b>\$ 5.39</b>	<b>\$ 0.03</b>		
		\$ 9.43		\$ 9.66		2.5%
Pension	\$ 8,008.00	\$ 3.85	\$ 8,386.56	\$ 4.03		4.7%
<b>Total Teamster</b>		<b>\$ 13.28</b>		<b>\$ 13.70</b>		<b>3.1%</b>

**SBWMA - OPERATIONS AGREEMENT**  
**CBA WAGES & BENEFITS WORKSHEET**

Attachment 12D

*example only*

			BASE 2009 COST		2011 Rates	
<b>Mechanics</b>	/ month	/ hour			/ month	/ hour
H&W	\$ 1,100.00	\$ 6.35			\$ 1,104.40	\$ 6.37
Pension	\$ 588	\$ 3.39			\$ 588	\$ 3.39
<b>Total Mechanics</b>		\$ 9.74				\$ 9.77
						0.3%
<b>% Mix (based on hours)</b>	Teamsters	Mechanics				
TS	100%					
MRF	94.5%	5.5%				
Transportation	91.3%	8.7%				
Total H&W, Pension / Hr			\$ 13.28		\$ 13.70	
<b>USE FOR TRANSFER STATION</b>						<b>3.1%</b>
Total Teamster / Mechanics			\$ 13.09		\$ 13.48	
<b>USE FOR MRF</b>						<b>3.0%</b>
Total Teamster / Mechanics			\$ 12.97		\$ 13.35	
<b>USE FOR TRANSPORTATION</b>						<b>2.9%</b>

Attachment 12D, Form 3 - G  
Operations Staffing Worksheet

**South Bay Recycling**

Position	CBA	Total Annual ST and OT hours by Employee Class								Hourly Wage Rate*	Annual Cost - 2009			
		Transfer Station		MRF		Transport		Total			Transfer Station	MRF	Transport	Total
		Standard	Overtime	Standard	Overtime	Standard	Overtime	Standard	Overtime					
<b>Direct Labor</b>														
Leads	T	2,080.0	390.0	4,160.0	0.0	0.0	0.0	6,240.0	390.0	\$ 33.34	\$88,851	\$138,694		\$208,042
Scale Operator	T	6,240.0	1,170.0	0.0	0.0			6,240.0	1,170.0	\$ 31.75	\$253,841	\$0		\$253,841
Spotter	T	4,160.0	780.0	0.0	0.0			4,160.0	780.0	\$ 22.10	\$117,793	\$0		\$117,793
Sorter (Transfer Station)	T	18,720.0	3,120.0	0.0	0.0			18,720.0	3,120.0	\$ 17.10	\$400,140	\$0		\$400,140
MRF Sorter (1)	N			49,920.0	4,576.0			49,920.0	4,576.0	\$ 16.40	\$0	\$931,846		\$931,846
TS Operator	T	10,400.0	1,560.0					10,400.0	1,560.0	\$ 33.16	\$422,458	\$0		\$422,458
MRF Operator	T			14,560.0	1,456.0			14,560.0	1,456.0	\$ 31.75		\$531,622		\$531,622
Semi-Driver (Transfer Truck)	T					41,600.0	6,344.0	41,600.0	6,344.0	\$ 34.21		\$0	\$1,748,678	\$1,748,678
Maintenance	M	0.0	0.0	2,080.0	0.0	3,249.6	0.0	5,329.6	0.0	\$ 33.36		\$69,389	\$108,408	\$177,796
PM Technician	M	0.0	0.0	2,080.0	0.0	0.0	0.0	2,080.0	0.0	\$ 28.80		\$59,904	\$0	\$59,904
Lead MRF Sorter	T	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	\$ 14.80		\$0		\$0
Inspector	T	0.0	0.0	4,160.0	0.0	0.0	0.0	4,160.0	0.0	\$ 22.10		\$91,936		\$91,936
Buyback	T			4,576.0	1,664.0			4,576.0	1,664.0	\$ 22.20		\$156,998	\$0	\$156,998
<b>Total</b>		<b>41,600.0</b>	<b>7,020.0</b>	<b>81,536.0</b>	<b>7,696.0</b>	<b>44,849.6</b>	<b>6,344.0</b>	<b>167,985.6</b>	<b>21,060.0</b>		<b>\$1,283,084</b>	<b>\$1,980,390</b>	<b>\$1,857,086</b>	<b>\$5,101,055</b>

CBA - T (teamster), M (mechanic) N (non-CBA)

Position		Total Annual FTEs by Employee Class				CBA Benefit Costs		
		Transfer Station	MRF	Transport	Total		Per-Person Annual Benefit Cost	Per-Person Annual Pension Cost
<b>Direct Labor</b>								
Leads		1.2	2.0	0.0	3.2			
Scale Operator		3.6	0.0		3.6			
Spotter		2.4	0.0		2.4			
Sorter (Transfer Station)		10.5	0.0		10.5	<b>Teamsters</b>	<b>\$ 19,614</b>	<b>\$ 8,320</b>
MRF Sorter (1)			23.8		23.8			
TS Operator		5.8			5.8	<b>Mechanics</b>	<b>\$ 13,260</b>	<b>\$ 7,056</b>
MRF Operator			7.7		7.7			
Semi-Driver (Transfer Truck)				23.1	23.1			
Maintenance		0.0	1.0	1.0	2.0			
PM Technician		0.0	1.0	1.0	2.0			
Lead MRF Sorter		0.0	0.0	0.0	0.0			
Inspector		0.0	2.0	0.0	2.0			
Buyback		0.0	3.0	0.0	3.0			
<b>Subtotal FTEs</b>		<b>23.4</b>	<b>40.5</b>	<b>25.1</b>	<b>88.9</b>			

Note: excludes non-CBA benefits, payroll tax, workers comp, etc

Attachment 12D, Form 3 - G  
Operations Staffing Worksheet

<b>South Bay Recycling</b>
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Position		Total Annual FTEs by Employee Class			
		Transfer Station	MRF	Transport	Total
<b>Indirect Labor</b>					
Operations Manager		0.0	0.0	0.0	0.0
Supervisors		0.0	0.0	0.0	0.0
Other (specify): _____		0.0	0.0	0.0	0.0
Other (specify): _____		0.0	0.0	0.0	0.0
Other (specify): _____		0.0	0.0	0.0	0.0
<b>Subtotal FTEs</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Position		Total Annual FTEs by Employee Class			
		Transfer Station	MRF	Transport	Total
<b>Management and Administration</b>					
General Manager	G&A	1.0	0.0	0.0	1.0
Operations Manager	Indirect	0.4	0.3	0.3	1.0
Supervisors	Indirect	1.0	1.0	0.0	2.0
Materials Marketing Manager	G&A	0.0	0.0	0.0	0.0
Controller	G&A	0.0	0.0	0.0	0.0
Office Manager	G&A	0.0	0.0	0.0	0.0
Accountant	G&A	0.4	0.3	0.3	1.0
Accountant Assistant	G&A	0.4	0.3	0.3	1.0
EH&S Manager	G&A	0.4	0.3	0.3	1.0
Administrative Assistant	G&A	0.4	0.3	0.3	1.0
Other (specify): <u>Clerk</u>		1.0	0.0	0.0	1.0
Other (specify): <u>AR</u>		0.4	0.3	0.3	1.0
Other (specify): _____		0.0	0.0	0.0	0.0
Other (specify): _____		0.0	0.0	0.0	0.0
Other (specify): _____		0.0	0.0	0.0	0.0
Other (specify): _____		0.0	0.0	0.0	0.0
<b>Subtotal FTEs</b>		<b>5.4</b>	<b>2.8</b>	<b>1.8</b>	<b>10.0</b>
<b>Total FTEs</b>		<b>28.8</b>	<b>43.3</b>	<b>26.9</b>	<b>98.9</b>

**Attachment 12D, Form 3 - H**  
**Transfer Station Operations Costs Worksheet**  
All costs shall be presented in 2009 dollars

<b>South Bay Recycling</b>			
	<b>Transfer Station Receipt and Handling</b>		
	<b>Annual Costs</b>	<b>Cost per Ton</b>	<b>Comment</b>
<b>Labor</b>			
Wages for direct labor - Transfer Station	\$1,283,084		
Benefits for direct labor - Transfer Station	\$558,688		
Workers compensation insurance	\$206,279		Effective Tax Rate:
Payroll taxes	\$111,664		8.70%
Subtotal, Labor	<b>\$2,159,715</b>	<b>\$6.04</b>	
<b>Fuel and Power</b>			
Electricity	\$192,324	<b>\$0.54</b>	
Fuel	158,647	<b>\$0.44</b>	
Subtotal, Fuel and Power	<b>\$350,971</b>	<b>\$0.98</b>	
<b>Depreciation, lease expense (Attach. 8B equipment, only)</b>			
Lease expense - Principal only (vehicles, rolling stock)			
Depreciation expense (vehicles, rolling stock)	88,033		
Depreciation expense (other)	<u>\$16,633</u>		
Subtotal, Depreciation, Lease	<b>\$104,666</b>	<b>\$0.29</b>	
<b>Other O&amp;M</b>			
Indirect labor - wages	\$112,167		
Indirect labor - benefits	\$29,905		
Repair, maintenance (vehicles, rolling stock)	115,995		
Repairs and maintenance (equipment and other)	\$8,806		
Lease/rental expense (misc., office equip, etc)	23,738		
Depreciation expense - Other (non-8B equipment)	-		
Other vehicle-related expenses (licensing, taxes, etc.)	\$1,377		
Insurance, safety, and claims	\$50,903		
G&A - wages	\$122,364		
G&A - benefits	39,483		
General and administrative, other	93,005		
Other (specify): <u>Performance Bond</u>	\$20,394		
Other (specify): <u>Interest on Revolving Line</u>	\$15,295		
Subtotal, Other O&M	<b>\$633,432</b>	<b>\$1.77</b>	
<b>Total Annual Operating Cost</b>	<u>\$3,248,784</u>	<b>\$9.08</b>	
<b>Profit</b>	<b>\$225,000</b>	<b>\$0.63</b>	
Operating Ratio %	<u>93.52%</u>		
<b>Total Annual Costs Before Pass-Through Costs</b>	\$3,473,784	<b>\$9.71</b>	
<b>Transfer Station Estimated Annual Tonnage</b>	<b>357,725</b>	<b>TS Tons Specified by SBWMA</b>	

**Attachment 12D, Form 3 - I**  
**MRF Operations Cost Worksheet**  
All costs shall be presented in 2009 dollars

**South Bay Recycling**

	MRF Operations Costs			Cost/Ton	Comment
	Annual Cost				
	Recyclables Processing	Buyback / Drop Off Center	Total		
Standard Time	27040	4576	31616		
Non CBA Time	37440		37440		
Over Time		1664	1664		
<b>Labor</b>					
Wages for direct labor (CBA) - MRF	\$891,545	\$156,998	\$1,048,544		
Benefits for direct labor (CBA) - MRF	\$363,147	\$83,803	\$446,950		
Wages for direct labor (non-CBA) - MRF	\$956,633	\$0	\$956,633		
Benefits for direct labor (non-CBA) - MRF	\$0	\$0	\$0		
Workers compensation insurance	\$143,332	\$25,240	\$168,573		
Payroll taxes	\$81,182	\$19,547	\$100,729		
Subtotal, Labor	<b>\$2,435,840</b>	<b>\$285,589</b>	<b>\$2,721,429</b>	<b>\$36.77</b>	
<b>Fuel and Power</b>					
Electricity	\$224,894	\$7,445	\$232,339	<b>\$3.14</b>	
Fuel	68,349	\$2,525	\$70,874	<b>\$0.96</b>	
Subtotal, Fuel and Power	<b>\$293,243</b>	<b>\$9,970</b>	<b>\$303,213</b>	<b>\$4.10</b>	
<b>Depreciation, lease expense (Attach. 8B equipment, only)</b>					
Lease expense - Principal only (vehicles, rolling stock)			\$0		
Depreciation expense (vehicles, rolling stock)	129,176	\$11,281	\$140,457		
Depreciation expense (other)	\$0	\$0	\$0		
Subtotal, Depreciation, Lease	<b>\$129,176</b>	<b>\$11,281</b>	<b>\$140,457</b>	<b>\$1.90</b>	
<b>Other O&amp;M</b>					
Indirect labor - wages	\$112,167	\$0	\$112,167		
Indirect labor - benefits	\$29,905	\$0	\$29,905		
Repair and maintenance (vehicles, rolling stock)	389,072	\$0	\$389,072		
Repairs and maintenance (equipment and other)	225,753	\$3,090	\$228,843		
Lease/rental expense (misc., office equip, etc)	23,503	\$510	\$24,013		
Depreciation expense - Other (non-8B equipment)		\$0	\$0		
Other vehicle-related expenses (licensing, taxes, etc.)	\$688	\$688	\$1,377		
Insurance, safety, and claims	\$3,059	\$2,039	\$5,099		
G&A - wages	122,364	\$0	\$122,364		
G&A - benefits	39,483	\$0	\$39,483		
General and administrative, other	\$93,006	\$4,120	\$97,125		
Other (specify): Performance Bond	\$122,364		\$122,364		
Other (specify): _Interest on Revolving Line_	\$12,746	\$12,746	\$25,493		
Subtotal, Other O&M	<b>\$1,174,111</b>	<b>\$23,193</b>	<b>\$1,197,304</b>	<b>\$16.17</b>	
<b>Total Annual Operating Cost</b>	<b>\$4,032,370</b>	<b>\$330,033</b>	<b>\$4,362,402</b>	<b>\$58.93</b>	
<b>Profit</b>	<b>\$285,000</b>	<b>\$50,000</b>	<b>\$335,000</b>	<b>\$4.53</b>	
Operating Ratio %				92.87%	
<b>Total Annual Costs before Residue Disposal Cost</b>	<b>\$4,317,370</b>	<b>\$380,033</b>	<b>\$4,697,402</b>	<b>\$63.46</b>	
<b>MRF Residue - Not Subject to Annual Adjustment (7)</b>					
# Tons of Residue	6,800.0				
Disposal Fees expense (Pd by Authority)	\$225,828	\$0	\$225,828	<b>\$3.05</b>	Contractor to reimburse Authority # Tons x Trans. Cost / ton
Transfer and haul expense	<u>\$62,968</u>	<u>\$0</u>	<u>\$62,968</u>	<b>\$0.85</b>	
Total MRF Residue expense	\$288,796	\$0	<b>\$288,796</b>	<b>\$3.90</b>	
<b>Total Annual MRF Cost Before Pass-Through</b>	<b>\$4,606,166</b>	<b>\$380,033</b>	<b>\$4,986,198</b>	<b>\$67.36</b>	
<b>Annual Estimated Tonnage (Specified by SBWMA)</b>	<b>71,436</b>	<b>2,586</b>	<b>74,022</b>		

**Attachment 12D, Form 3 - J**  
**Transportation Cost Worksheet**  
 All costs shall be presented in 2009 dollars

**South Bay Recycling**

	Solid Waste	Inerts (9)	C&D	Plant Materials	Food Scraps	Total
<b>Straight time</b>	25572	678	2701	8040	1640	<b>49,920</b>
<b>Over time</b>	4160	104	416	1352	312	<b>7,176</b>
<b>Labor</b>						
Wages for Direct Labor	\$1,309,585	\$28,264	\$111,771	\$338,838	\$71,388	<b>\$1,859,846</b>
Benefits for Direct Labor	\$444,676	\$11,871	\$44,925	\$136,853	\$28,248	<b>\$666,572</b>
Workers Compensation Insurance	\$151,104	\$4,183	\$10,297	\$35,148	\$6,237	<b>\$206,968</b>
Payroll Taxes	\$110,755	\$2,390	\$9,453	\$28,657	\$6,038	<b>\$157,291</b>
Subtotal, Labor	<b>\$2,016,119</b>	<b>\$46,708</b>	<b>\$176,445</b>	<b>\$539,496</b>	<b>\$111,911</b>	<b>\$2,890,678</b>
<b>Fuel</b>						
Vehicle Fuel	252,654	\$6,773	\$29,945	\$96,965	\$17,663	<b>\$404,000</b>
Other (specify): _____						<b>\$0</b>
Subtotal, Power	<b>\$252,654</b>	<b>\$6,773</b>	<b>\$29,945</b>	<b>\$96,965</b>	<b>\$17,663</b>	<b>\$404,000</b>
<b>Depreciation, lease expense (Attach. 8B equipment, only)</b>						
Lease exp. - Principal only (vehicles, etc.)						<b>\$0</b>
Depreciation expense (vehicles)	287,315	\$6,958	\$20,838	\$67,734	\$11,229	<b>\$394,074</b>
Depreciation expense (other)	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Subtotal, Depreciation, Lease	<b>\$287,315</b>	<b>\$6,958</b>	<b>\$20,838</b>	<b>\$67,734</b>	<b>\$11,229</b>	<b>\$394,074</b>
<b>Other O&amp;M</b>						
Indirect labor - wages	\$81,780	\$1,980	\$5,931	\$19,280	\$3,196	<b>\$112,167</b>
Indirect labor - benefits	\$21,802	\$529	\$1,583	\$5,121	\$852	<b>\$29,887</b>
Repair and maintenance (vehicles)	182,690	\$5,570	\$12,392	\$57,077	\$11,233	<b>\$268,962</b>
Lease/rental expense (misc., office equip, etc)	1,390	\$103	\$206	\$515	\$103	<b>\$2,317</b>
Depreciation expense - Other (non-8B equipment)	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Other vehicle-related expenses (licensing, taxes)	\$32,426	\$1,351	\$4,053	\$10,809	\$2,702	<b>\$51,342</b>
Insurance, safety, and claims	\$64,853	\$2,957	\$8,362	\$22,127	\$2,957	<b>\$101,256</b>
G&A - wages	89,292	\$2,366	\$6,241	\$20,883	\$3,589	<b>\$122,371</b>
G&A - benefits	28,814	\$771	\$2,000	\$6,729	\$1,170	<b>\$39,483</b>
General and administrative, other	\$67,855	\$1,778	\$4,774	\$15,893	\$2,708	<b>\$93,007</b>
Other (specify): _Performance Bond__	\$14,868	\$367	\$1,081	\$3,508	\$571	<b>\$20,395</b>
Other (specify): _Interest on Revolving Line__	\$2,753	\$204	\$408	\$1,020	\$204	<b>\$4,589</b>
Subtotal, Other O&M	<b>\$588,524</b>	<b>\$17,976</b>	<b>\$47,028</b>	<b>\$162,963</b>	<b>\$29,285</b>	<b>\$845,776</b>
<b>Total Annual Operating Cost</b>	<b>\$3,144,612</b>	<b>\$78,414</b>	<b>\$274,257</b>	<b>\$867,158</b>	<b>\$170,088</b>	<b>\$4,534,528</b>
<b>Profit</b>	<b>\$270,000</b>	<b>\$7,500</b>	<b>\$25,000</b>	<b>\$77,500</b>	<b>\$20,000</b>	<b>\$400,000</b>
Operating Ratio %	92.1%	91.3%	91.6%	91.8%	89.5%	91.9%
<b>Total Annual Cost before Pass-Through costs</b>	<b>\$3,414,612</b>	<b>\$85,914</b>	<b>\$299,257</b>	<b>\$944,658</b>	<b>\$190,088</b>	<b>\$4,934,528</b>
<b>Cost / Ton</b>	\$13.093	\$13.600	\$15.819	\$15.362	\$18.645	
<b>Hauling Assumptions</b>						
Annual Estimated Tonnage	260,801	6,317	18,918	61,494	10,195	<b>357,725</b>
Average Payload (tons/haul)	24.0	22.0	22.0	24.0	22.0	
Annual Number of Hauls	10,867	288	860	2,563	464	<b>15,042</b>
Cost per Haul	\$314	\$298	\$348	\$369	\$410	
Destination	Ox Mountain Landfill	Ox Mountain Landfill	Zanker Rd. C&D Processing	Newby Island Composting	Newby Island Composting	
One-way mileage	13.00	13.00	23.00	25.00	25.00	
Annual one-way mileage	141,271	3,744	19,780	64,075	11,600	<b>240,470</b>
<b>Cost per Ton Mile</b>						<u>Avg. \$ / Ton Mile</u>
Labor Component	\$0.595	\$0.567	\$0.405	\$0.351	\$0.439	\$0.471
Fuel Component	\$0.075	\$0.082	\$0.069	\$0.063	\$0.069	\$0.072
Depreciation	\$0.085	\$0.084	\$0.048	\$0.044	\$0.044	\$0.061
Other O&M Component	\$0.174	\$0.218	\$0.108	\$0.106	\$0.115	\$0.144
Profit	\$0.080	\$0.091	\$0.057	\$0.050	\$0.078	\$0.071
<b>Total Cost per Ton Mile</b>	<b>\$1.007</b>	<b>\$1.043</b>	<b>\$0.688</b>	<b>\$0.614</b>	<b>\$0.745</b>	
Average Cost per Ton Mile						<b>\$0.819</b>

**Attachment 12D, Form 3 - K**  
**Facility Operations - Pass-Through Costs Worksheet (7.09)**  
 All costs shall be presented in 2009 dollars

<b>South Bay Recycling</b>		
	<b>Total Facility Operations</b>	
	<b>Annual Costs</b>	<b>Comment</b>
<b>Disposal of E-waste and U-waste including transportation</b>		
<b>Permit and regulatory fees</b>		
<b>Buyback Customer Payments</b>	\$906,000	
<b>Direct interest expense on Contractor's 8B capital (Yr 1), OR</b>	\$308,120	
<b>Imputed interest expense on leased Contractor's capital (Yr 1)</b>	\$0	
<b>TOTAL PASS-THROUGH COSTS</b>	<b>\$1,214,120</b>	

**Attachment #12D - Form 3 - L**  
**Shoreway Operations Costs - COMPENSATION SUMMARY**

		<b>South Bay Recycling</b>	
		<b>BASE PROPOSAL - 2009 COST</b>	
		<b>Annual Costs</b>	<b>Tonnage</b>
		<b>Cost per Ton</b>	
<b>PAID TO CONTRACTOR</b>			
<b>OPERATING COST</b>			
Transfer Station (3-H)	\$3,473,784	357,725	\$ 9.711
MRF (3-I)	\$4,986,198	74,022	\$ 67.361
Transport (3-J)	\$4,934,528	357,725	\$ 13.794
Total Operating Cost	\$13,394,511	431,747	
<b>MRF RESIDUE DEDUCTION</b>	<b>(\$288,796)</b>		
<b>NET OPERATING PAYMENT</b>	\$13,105,715		
<b>PASS-THROUGH COSTS</b>			
Year One Interest	\$308,120		
Buyback Payments	\$906,000		
Permit and Regulatory fees			
E/U waste disposal			
Total Pass-through Costs	\$1,214,120		
<b>TOTAL CONTRACTOR FEE FOR SERVICE</b>	<b>\$14,319,835</b>		
MRF Equipment Installation Reimbursement (Agreement 7.02)	\$276,462		
<b>TOTAL YEAR 1 PAYMENT TO CONTRACTOR</b>	<b>\$14,596,297</b>		

**Attachment #12D - Form 3 - M  
Debt Service Schedule (Agreement 7.09, 8.03)**

<b>South Bay Recycling</b>
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**Annual Costs of Contractor Supplied Equipment (Agreement 5.09, Form 3-C, and Attach. 8B)**

Year	Financed Purchase - BASE 2009 COST			Adjusted for Capital indexed price change			Comment
	Principi <sup>l</sup> Payment	Interest	Total	Adj. Factor	Financed Purchase - Year One to Year Ten		
					Depreciation	Interest	
Interest Rate %		5.0%			5.0%		
1	\$505,441	\$308,120	\$813,561	-	\$0	\$0	\$0
2	\$531,300	\$282,260	\$813,560	-	\$0	\$0	\$0
3	\$558,483	\$255,077	\$813,560	-	\$0	\$0	\$0
4	\$587,055	\$226,505	\$813,560	-	\$0	\$0	\$0
5	\$617,091	\$196,470	\$813,561	-	\$0	\$0	\$0
6	\$648,662	\$164,898	\$813,560	-	\$0	\$0	\$0
7	\$681,849	\$131,712	\$813,561	-	\$0	\$0	\$0
8	\$716,734	\$96,827	\$813,561	-	\$0	\$0	\$0
9	\$753,403	\$60,158	\$813,561	-	\$0	\$0	\$0
10	\$791,948	\$21,612	\$813,560	-	\$0	\$0	\$0
<b>TOTAL COST</b>	<b>\$6,391,966</b>	<b>\$1,743,639</b>	<b>\$8,135,605</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
# Years		10			10		
Average Interest / Year		\$174,364			\$0		

## ATTACHMENT 13-A

### ADJUSTMENT OF CONTRACTOR'S COMPENSATION FOR RATE YEAR TWO AND THEREAFTER

#### PART I. INTRODUCTION

This Attachment describes how the Contractor's fees will be adjusted for Rate Year Two and all subsequent years.

The fees shown in Section 7.03 for Basic Compensation are expressed in dollars per Ton or dollars per Ton/Mile and will be adjusted to reflect corresponding values for Rate Year One as provided in Attachment 12-A and illustrated in Attachment 12-B. These adjusted fees will then be further adjusted as described in this Attachment for Rate Year Two and each Rate Year thereafter through the end of the Term. The adjustments are illustrated, using hypothetical adjustment factors for Rate Year Two in Attachment 13-B.

#### PART II. BASIC COMPENSATION

The three elements of Basic Compensation described in Section 7.03 are calculated by multiplying (1) the Transfer Station Fee, (2) the MRF Fee, and (3) the Transportation Fees by the number of Tons processed or Ton/Miles operated, as applicable. Each fee comprises four distinct cost components (and associated profit):

- A. Labor costs
- B. Fuel and Power costs
- C. Depreciation
- D. Other Operating and Maintenance costs.

#### Section 1. Determine Percentage Change in Costs

##### Cost Components

The initial step in this process is to determine adjustments or adjustment factors for labor costs, fuel and power costs, depreciation, and other operating and maintenance costs. Three of these components, in turn, have sub-components as follows:

- A. Labor
  - 1. Wages for CBA labor\*;
  - 2. Benefits for CBA labor;
  - 3. Workers' compensation insurance (CBA labor);
  - 4. Payroll taxes (CBA labor); and
  - 5. Outside contracted workers from third party sources
  
- B. Fuel and Power
  - 1. PG&E charges for electricity; and
  - 2. Fuel.

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\* "CBA labor" means employees represented by a union and covered by a collective bargaining agreement (CBA).

C. Depreciation

D. Other Operating and Maintenance Costs

1. Wages and benefits for non-CBA employees plus associated workers' compensation insurance and payroll taxes;
2. Repairs and maintenance expenses;
3. Equipment rental expenses;
4. Other vehicle-related expenses (e.g. licensing, taxes);
5. Insurance, safety and claims; and
6. Other general and administrative expense (including wages and benefits for general & administrative employees).

There is one adjustment factor for this (O&M) cost component.

Adjustment to Costs

A. Labor

1. Wages: the adjustment to CBA wages will be determined separately for the Transfer Station, for the MRF, and for Transportation. In each case, wages will be prepared on the Wage and Benefits Worksheet by inputting the wage rates for the applicable Rate Year payable under the collective bargaining agreements that were in place in 2010 and are still in effect. There will be no increase in the number of standard or overtime hours used in the calculation.
2. (a) Benefits: the CBA benefits cost will be based on the CBA rates for pension and other benefit costs monetized to an hourly dollar amount for the applicable Rate Year. Updated benefits, similarly expressed, will be prepared on the Wage and Benefits Worksheet to input the benefit rates per person for the Rate Year provided by the collective bargaining agreements that were in place in 2010 and are still in effect.  
  
(b) Once the initial expiration date in the collective bargaining agreements that were in place in 2010 has occurred, wages and benefits for all CBA employees will subsequently be adjusted based on annual average changes in the Consumer Price Index using the U.S. Department of Labor, Bureau of Labor Statistics, Private Industry Employment Cost Index for Service-Producing Industries (seasonally adjusted, total compensation, series no. ecs12102i).
3. Workers' compensation insurance: the adjustment factor will be based on the average annual change to the U.S. Department of Labor, Bureau of Labor Statistics, Private Industry Employment Cost Index for Total All workers (not seasonally adjusted, total benefits, series no. CIU2030000000000A).
4. Payroll taxes: an effective payroll tax rate will be established in Rate Year One calculated from Contractor's Cost Forms and applied to CBA wages to calculate payroll tax expense (Payroll Taxes divided by CBA wages). The payroll taxes adjustment factor will be based on changes in federal Social Security, Medicare, and state payroll tax rates effective in the Rate Year. Contractor will submit to SBWMA for approval of any adjustment to the effective payroll tax rate by July 1. If approved, the adjustment factor will be applied to the effective tax rate and the adjusted effective tax rate will then be used to calculate payroll tax expense.

5. Outside contracted workers from third party sources: the adjustment factor for non-CBA direct contract labor will be based on the average index change\* in the U.S. Department of Labor, Bureau of Labor Statistics, Private Industry Employment Cost Index for Total All workers (not seasonally adjusted, total benefits, series no. CIU2030000000000A).

Base costs in categories described in paragraphs 3 and 5 above will be adjusted as follows: (1) For Rate Year Two, the base costs will be multiplied by the average index change between May 2010 and April 2011; (2) For all subsequent years, the current costs will be multiplied by the average index change between May of the prior year and April of the current year. The appropriate index for each cost component is described in paragraphs 3 and 5. Once the collective bargaining agreements in place in 2010 have expired, the wage and benefit costs will also be adjusted by the average index change between May of the prior year and April of the current year. The index to be used for both adjustments is described in paragraph 2(b) on the prior page under "Adjustment to Costs."

#### B. Fuel and Power

1. The adjustment factor for power will be based on the average change in PG&E rates for electricity (cents per kwhr).
2. The Adjustment Factor for fuel will be based on the average per cent change in the Producer Price Index #2 Diesel Fuel (PPI) using the U.S. Department of Labor, Bureau of Labor Statistics, Producer Price Index - Commodity Index for #2 diesel fuel (not seasonally adjusted, fuels and related products and power, base date = 8200, Series No. WPU057303).

Base cost per Ton or Ton/mile in categories described in paragraphs 1 and 2 above will be adjusted as follows: (1) For Rate Year Two, the base cost per Ton or Ton/mile will be multiplied by the average change in unit prices of electricity or the average index change for fuel between May 2010 and April 2011; (2) For all subsequent Years, the current cost per Ton or Ton/mile will be multiplied by the average change in unit price of electricity or the average index change between May of the prior year and April of the current year. The appropriate index is described in paragraph 2.

#### C. Depreciation

There is no price adjustment for depreciation after Rate Year One.

#### D. Other Operating and Maintenance Costs

The Adjustment Factor for Other Operating and Maintenance Costs, including all sub-components, will be based on eighty percent (80%) of the average index change in the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index – All Urban Consumers, U.S. city average (not seasonally adjusted, all items, base period: 1982-84=100, series no. cuur0000sa). The costs per Ton or Ton/mile in this category will be adjusted in the same manner as those in other categories that employ an index-based adjustment.

### **Section 2. Adjust Transfer Station Fee**

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\* The term "average index change" in this Attachment 13-A means the percentage change between the simple average of all twelve (or fewer) monthly index levels for one year and the same average for a following year.

The Transfer Station Fee for 2012 and thereafter is determined as follows:

- A. Labor: The CBA labor cost component for Rate Year Two and each subsequent year will be determined as described in Section 1.A.1 and 2. The CBA workers' compensation for Rate Year Two and each subsequent year will be determined as described in Section 1.A.3. The CBA payroll taxes for Rate Year Two for each subsequent year will be determined as described in Section 1.A.4. The sum equals each year's Transfer Station labor component. It is converted to a Cost per Ton based on the fixed factor of 357,725 Tons per year.
- B. Fuel and Power: The Fuel and Power cost component will be calculated by applying the adjustment factors (determined in Section 1.B) to the cost per Ton for fuel and power at the Transfer Station.
- C. Depreciation: There is no price adjustment for depreciation after Rate Year One.
- D. Other Operating and Maintenance: The Other Operating and Maintenance Cost component will be calculated by applying the adjustment factor (determined in Section 1.D) to the cost per Ton for Other Operating and Maintenance Cost at the Transfer Station.

The Total Transfer Station Operating Cost per Ton is the sum of the costs per ton of the Labor, Fuel and Power, Depreciation, and Other Operation and Maintenance expense categories.

The amount of Transfer Station Profit is based on an operating ratio of 93.52%. This operating ratio will be applied to total Transfer Station Operating Costs per Ton to arrive at the Transfer Station profit per Ton. The calculation is: (Total Operating Cost per Ton ÷ 93.52%) minus Total Operating Cost per Ton = Profit.

The allowance for profit is not a guarantee that Contractor will earn a particular amount, or any, profit. Actual costs may change at rates different from the adjustment process provided in the provided in the Agreement and Contractor may therefore earn more, or less, profit than the dollar amounts shown in Attachment 13-B.

The Total Transfer Station Fee expressed on a per Ton basis for each year is the sum of the Total Transfer Station Operating Cost per Ton plus Profit per Ton.

### **Section 3. Adjust MRF Fee**

The MRF Fee for 2012 and thereafter is determined as follows:

- A. Labor:
  - 1. The CBA labor cost component for Rate Year Two and each subsequent year will be determined as described in Section 1.A.1 and 2. The CBA workers' compensation for Rate Year Two and for each subsequent year will be determined as described in Section 1.A.3. The CBA payroll taxes for Rate Year Two and each subsequent year will be determined as described in Section 1.A.4. The sum equals each year's MRF labor cost. It is converted to a cost per Ton based on the fixed factor of 74,022 Tons per year.
  - 2. The outside contracted workers cost component for Rate Year Two and each subsequent year will be determined as described in Section 1.A.5. It is converted to a cost per Ton based on the fixed factor of 74,022 Tons per year.

- B. Fuel and Power: The Fuel and Power cost component will be calculated by applying the same adjustment factors as those used in the Transfer Station Fee Fuel and Power adjustment to the current year's cost per Ton for fuel and power.
- C. Depreciation: there is no price adjustment for depreciation after Rate Year One.
- D. Other Operating and Maintenance: the Other Operating and Maintenance Cost component will be calculated by applying the same factor used in the Transfer Station Other O&M cost adjustment to the current year's cost per Ton for other operating and maintenance costs.

The Total MRF Operating Cost per Ton is the sum of the costs per Ton of all the Labor, Fuel and Power, Depreciation, and Other Operation and Maintenance expense components.

The amount of MRF Profit is based on an operating ratio of 92.87%. This operating ratio will be applied to Total MRF Operating Costs per Ton to arrive at the MRF profit per Ton.

The allowance for profit is not a guarantee that Contractor will earn a particular amount, or any, profit. Actual costs may change at rates different from the adjustment process provided in the Agreement and Contractor may therefore earn more, or less, profit than the dollar amounts derived from this calculation.

- E. MRF Residue Cost: the MRF residue cost component is the cost of transporting and disposing of residue from MRF operations and is adjusted annually. The disposal portion is adjusted by the per cent change in disposal rates charged at the Designated Disposal Site. The transportation portion is adjusted by the adjustment to the Solid Waste Transportation Fee per Ton/Mile as described in Section 4 below.

The actual MRF residue costs based on actual number of tons of residue will be deducted from Contractor's monthly compensation, as incurred, as described in Section 7.08.

The Total MRF Fee expressed on a per Ton basis for each year is the sum of the Total MRF Operating Costs per Ton plus MRF Profit per Ton plus MRF Residue Cost per Ton.

#### **Section 4. Adjust Transportation Fees**

The five Transportation Fees for 2012 and thereafter are determined as follows:

A separate cost per Ton/mile will be calculated for each of the five materials categories (solid waste, inerts, C&D, plant materials and organic materials). The cost components for each of the material types will be adjusted using the same factor. The cost per Ton/Mile is calculated by adjusting the prior year's cost components by the adjustment factors described below:

- A. Labor: The CBA labor cost component for Rate Year Two and each subsequent year will be determined as described in Section 1.A.1 and 2. The CBA workers' compensation for Rate Year Two and each subsequent year will be determined as described in Section 1.A.3. The CBA payroll taxes for Rate Year Two and each subsequent year will be determined as described in Section 1.A.4. The sum of these four components equals each year's Transportation labor costs. It is converted to a Cost per Ton based on the fixed factor of 357,725 Tons per year.

- B. Fuel: The Fuel cost component will be calculated by applying the same adjustment factors as those used in the Transfer Station Fee Fuel adjustment to the current year's cost per Ton/mile for fuel.
- C. Depreciation: There is no price adjustment for depreciation after Rate Year One.
- D. Other Operating and Maintenance: the Other Operating and Maintenance Cost per Ton/mile component will be calculated by applying the same factor used in the Transfer Station Other O&M cost adjustment to the current year's cost per Ton/mile for other operating and maintenance costs.

The Total Transportation Operating Cost per Ton/mile for each material type is the sum of the costs per Ton/mile of Labor, Fuel and Power, Depreciation, and Other Operation and Maintenance expense components.

The average amount of Transportation Profit is based on an operating ratio of 91.9%. This operating ratio will be applied to Total Transportation Costs per Ton/mile to arrive at the Transportation profit per Ton/mile.

The allowance for profit is not a guarantee that Contractor will earn a particular amount, or any, profit. Actual costs may change at rates different from the adjustment process provided in the Agreement and Contractor may therefore earn more, or less, profit than the dollar amounts derived from this calculation.

The total Transportation Fee for each material type is the sum of the Total Transportation Cost per Ton/mile plus Profit per Ton/mile for each material type.

## Annual Fee Adjustment Process

## Determination of Contractor's Fees for Subsequent Rate Years (Section 7.05 and Attachment 13-A)

## SUMMARY OF ANNUAL FEE ADJUSTMENTS, STARTING YEAR 2

	Current Rate Year Amount (as Previously Calculated) (2011)	Effective Adjustment Factor	Next Rate Year Amount (2012)	Unit of Measure
1. Transfer Station Receipt and Handling Fee	\$9.34	1.046	\$9.77	per ton
2. MRF Recyclables Processing Fee	\$48.36	1.039	\$50.25	per ton
3. Transport Fees				
Solid waste	\$0.81	1.038	\$0.84	per ton mile
Inerts (bunker program materials)	\$0.96	1.036	\$0.99	per ton mile
C&D	\$0.56	1.036	\$0.58	per ton mile
Plant materials	\$0.52	1.036	\$0.54	per ton mile
Organic Materials	\$0.54	1.035	\$0.56	per ton mile
4. Supplemental MRF Processing Cost	\$25.00	1.038	\$25.95	per ton
5. MRF Recyclables Revenue Guarantee	\$6,500,000		\$ 6,500,000	per year

## Determine Percentage Change in Costs (Attachment 13-A, Section 1)

## Labor Cost Component Adjustment Factors (if collective bargaining agreements in effect in July 2010 are still in effect)

Wages for CBA labor - When collective bargaining agreements in effect in 2010 are still in effect, use CBA Wage & Benefit Worksheet (13B.2) to estimate net impact of increased wage rates.

Annual wages for CBA labor per Form 12B for then-current Rate Year (2011)

Updated annual wages for CBA labor for next Rate Year (2012)

Adjustment Factor for Wages for CBA Labor (13B.2)

Benefits for CBA Labor

Adjustment Factor for Benefits

Based on calculation on CBA Wage & Benefit Worksheet (13B.2)

	Transfer Station	MRF	Transport
Annual wages for CBA labor per Form 12B for then-current Rate Year (2011)	\$1,290,091	\$1,281,708	\$1,864,836
Updated annual wages for CBA labor for next Rate Year (2012)	\$1,341,941	\$1,321,933	\$1,919,985
Adjustment Factor for Wages for CBA Labor (13B.2)	1.040	1.031	1.030
Adjustment Factor for Benefits	1.094	1.095	1.095

## Annual Fee Adjustment Process

## Determination of Contractor's Fees for Subsequent Rate Years (Section 7.05 and Attachment 13-A)

## Workers Compensation Insurance (CBA Labor)

Average Index for the 12-month period ending April Prior Year (2010)

539

Average Index for the 12-month period ending April Current Year (2011)

580

Adjustment Factor shall be based on the average change in the Index:

1.076

Index: U.S. Department of Labor, Bureau of Labor Statistics, Private Industry Employment Cost Index for Total All workers (not seasonally adjusted, total benefits, series no. CIU203000000000A).

## Payroll Taxes (CBA Labor)

2011

2012

Contractor's Effective Tax rate - Prior Year (2011)

8.20%

Adjustment Factor for payroll taxes shall equal the change in Federal Social Security &amp; Medicare tax rates

8.20%

8.35%

Adjustment Factor

1.018

## Outside Contract Labor Adjustment Factor (for non-CBA direct labor)

Average Index for the 12-month period ending April Prior Year (2010)

628

Average Index for the 12-month period ending April Current Year (2011)

640

Adjustment Factor shall be based on the average change in the Index:

80% of Index Char 1.015

Index: U.S. Department of Labor, Bureau of Labor Statistics, Private Industry Employment Cost Index for Service-Producing Industries (seasonally adjusted, total compensation, series no. Ecs12102i replaced with cis201s000000000i)

## Fuel and Power Cost Component Adjustment Factors

## Power adjustment

PG&amp;E rate per KwHr in April Prior Year (2010)

\$0.015

PG&amp;E rate per KwHr in April Current Year (2011)

\$0.016

Adjustment factor for power costs

1.067

## Fuel adjustment

Average Index for the 12-month period ending April Prior Year (2010)

275

Average Index for the 12-month period ending April Current Year (2011)

282

Adjustment Factor shall be based on the average change in the Index:

1.025

Index: U.S. Department of Labor, Bureau of Labor Statistics, Producer Price Index - Commodity Index for #2 diesel fuel (not seasonally adjusted, fuels and related products and power, series no. wpu057303).

## Depreciation Adjustment Factor (Att. 8-B / Form 3-C Equipment)

There is no adjustment to depreciation after Rate Year 1

1.000

## Annual Fee Adjustment Process

## Determination of Contractor's Fees for Subsequent Rate Years (Section 7.05 and Attachment 13-A)

## Other Operating and Maintenance Cost Component Adjustment Factor

Average Index for the 12-month period ending April Prior Year (2010)

217

Average Index for the 12-month period ending April Current Year (2011)

222

Adjustment Factor shall be based on the average change in the Index:

80% of Index Change

1.018

Index: U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index – All Urban Consumers, U.S. city average (not seasonally adjusted, all items, base period: 1982-84=100, series no. cuur0000sa).

## 1. Adjust Transfer Station Fee (Attachment 13-A, Section 2)

	Then-Current Rate Year Cost (2011)	Adjustment Factor	Next Rate Year Cost (2012)
<b>Labor Component</b>			
<b>If collective bargaining agreements in effect in 2010 are still in effect:</b>			
Wages for CBA labor	\$1,290,091.08	1.040	\$1,341,940.47
Benefits for CBA labor	\$585,179.97	1.095	\$640,621.87
Workers compensation insurance	\$215,318.47	1.076	\$231,697.06
Payroll taxes	\$103,394.68	1.018	\$105,286.04
Total	\$2,193,984.20	1.057	\$2,319,545.44
Tonnage assumed for proposal	357,725 # tons (fixed)		
Labor component (cost per ton)	\$6.13	1.057	\$6.48
<b>If collective bargaining agreements in effect in 2010 are no longer in effect:</b>			
Labor Component (cost per ton)	80% of Index Change \$6.13	1.015	\$6.23
<b>Fuel and Power Component</b>			
Power	\$0.41	1.067	\$0.44
Fuel	\$0.50	1.025	\$0.52
Total	\$0.91	1.044	\$0.95
Depreciation (Att. 8-B / Form 3-C Equipment)	\$0.24	1.000	\$0.24
No annual adjustment after Year 1			
Other O&M Component	\$2.06	1.018	\$2.10
<b>Total Adjusted Transfer Station Operating Cost</b>	\$9.34	1.046	\$9.77
<b>Profit per Proposal Operating Ratio</b>	\$0.63	1.070	\$0.68
Operating ratio (Form 3 - G)	93.5%		
<b>Total Adjusted Transfer Station Receipt and Handling Fee</b>	\$9.98	1.047	\$10.45

\*Formula may need to be revised to select applicable labor component depending on status of collective bargaining agreements.

**Attachment 13-B  
Annual Fee Adjustment Process**

**FACILITY OPERATIONS AGREEMENT**

*Example for Illustrative Purposes Only*

**Determination of Contractor's Fees for Subsequent Rate Years (Section 7.05 and Attachment 13-A)**

**2. Adjust MRF Processing Fee (Attachment 13-A, Section 3)**

	Then-Current Rate Year Cost (2011)	Adjustment Factor	Next Rate Year Cost (2012)
<b>Labor Component</b>			
<b>If collective bargaining agreements in effect in 2010 are still in effect:</b>			
Wages for CBA labor	\$1,281,708.15	1.031	\$1,321,932.54
Benefits for CBA labor	\$443,768.49	1.095	\$485,812.59
Workers compensation insurance	\$296,210.03	1.076	\$318,741.78
Payroll taxes	\$142,238.34	1.018	\$144,840.26
Total	\$2,163,925.01	1.050	\$2,271,327.16
Tonnage assumed for proposal	74,022 # tons (fixed)		
	<b>Cost per Ton</b>		<b>Cost per Ton</b>
Labor component (cost per ton)	\$29.23	1.050	\$30.68
<b>If collective bargaining agreements in effect in 2010 are no longer in effect:</b>			
Labor Component (cost per ton)	80% of Index Change \$29.23	1.015	\$29.68
<b>Fuel and Power Component</b>			
Power	\$2.16	1.067	\$2.31
Fuel	\$1.39	1.025	\$1.42
Total	\$3.55	1.051	\$3.73
Depreciation / Lease Adjustment Factor (Att. 8-B / Form 3-C Equipment) No annual adjustment after Year 1	\$1.55	1.000	\$1.55
Other O&M Component	\$14.02	1.018	\$14.28
<b>Total Adjusted MRF Operating Cost</b>	\$48.36	1.039	\$50.25
<b>Profit per Proposal Operating Ratio</b>	\$3.71	1.039	\$3.86
Operating ratio (Form 3 - G)	92.87%		
<b>Total Before Residue</b>	\$52.07		\$54.10
MRF Residue Disposal - adjusted by change in disposal fee	\$3.97	1.023	\$4.06
MRF Residue transportation @ current Transportation Fee rate	\$0.88	1.038	\$0.92
<b>Total Adjusted MRF Processing Fee</b>	\$56.92	1.038	\$59.08
Actual MRF monthly residue disposal and transportation will be deducted from Contractor Compensation based on actual residue tons at current disposal rate and transportation fee / ton/mile			

## Annual Fee Adjustment Process

## Determination of Contractor's Fees for Subsequent Rate Years (Section 7.05 and Attachment 13-A)

## 3. Adjust Transportation Fees (Attachment 13-A, Section 4)

Note: The labor components for each of the five transport fees shall be adjusted using the same factor.  
The factor shall be calculated based on the labor component of the solid waste transfer fee.

Then-Current Rate Year Cost (2011)	Adjustment Factor	Next Rate Year Cost (2012)
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## Labor Component for Solid Waste Transport Fee

**If collective bargaining agreements in effect in 2010 are still in effect:**

Wages for CBA labor	\$1,341,268.28	1.030	\$1,380,933.40
Benefits for CBA labor	\$532,191.98	1.095	\$582,613.61
Workers compensation insurance	\$171,955.06	1.076	\$185,035.13
Payroll taxes	\$110,230.48	1.018	\$112,246.89
Total	\$2,155,645.80	1.049	\$2,260,829.04
Tonnage assumed for proposal	<i>must match 12B tons</i> 260,801 # tons (fixed)		

Adjusted labor component for solid waste Transport Fee (cost per ton) \$8.27 1.049

**If collective bargaining agreements in effect in 2010 are no longer in effect:**

Labor Component (cost per ton) *80% of Index Change* \$8.27 1.015

Note: prior year base # will depend on CBA status

Adjustment factor for the labor components (based on solid waste labor component adjustment)\*

\*Formula may need to be revised to select applicable labor component depending on status of collective bargaining agreements.

Then-Current Rate Year Cost per Ton/mile (2011)	Adjustment Factor	Next Rate Year Cost per Ton/mile (2012)
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**Solid Waste Transport Fee**

Labor component	\$0.55	1.049	\$0.57
Fuel and Power Component*	\$0.08	1.025	\$0.08
Depreciation (Att. 8-B / Form 3-C Equipment)	\$0.07	1.000	\$0.07
Other O&M Component	\$0.12	1.018	\$0.12
Total Operating Cost	\$0.81	1.038	\$0.84
Profit per Operating Ratio (Form 3-G)	92.1%	0.003	\$0.07
Total SW Transportation Fee	\$0.88	1.038	<input type="text" value="\$0.92"/>

## Annual Fee Adjustment Process

## Determination of Contractor's Fees for Subsequent Rate Years (Section 7.05 and Attachment 13-A)

**Inerts Transport Fee**

Labor component		\$0.57	1.049	\$0.60
Fuel and Power Component*		\$0.11	1.025	\$0.12
Depreciation (Att. 8-B / Form 3-C Equipment)		\$0.07	1.000	\$0.07
Other O&M Component		\$0.20	1.018	\$0.20
Total Operating Cost		\$0.96	1.036	\$0.99
Profit per Operating Ratio (Form 3-G)	91.3%	\$0.09	0.003	\$0.09
Total Inerts Transportation Fee		\$1.05	1.036	\$1.09

**C&D Transport Fee**

Labor component		\$0.32	1.049	\$0.34
Fuel and Power Component*		\$0.09	1.025	\$0.10
Depreciation (Att. 8-B / Form 3-C Equipment)		\$0.04	1.000	\$0.04
Other O&M Component		\$0.10	1.018	\$0.10
Total Operating Cost		\$0.56	1.036	\$0.58
Profit per Operating Ratio (Form 3-G)	91.6%	\$0.05	0.002	\$0.05
Total C&D Transportation Fee		\$0.61	1.036	\$0.63

**Plant Materials Transport Fee**

Labor component		\$0.30	1.049	\$0.31
Fuel and Power Component*		\$0.09	1.025	\$0.09
Depreciation (Att. 8-B / Form 3-C Equipment)		\$0.04	1.000	\$0.04
Other O&M Component		\$0.10	1.018	\$0.10
Total Operating Cost		\$0.52	1.036	\$0.54
Profit per Operating Ratio (Form 3-G)	91.8%	\$0.05	0.002	\$0.05
Total Plant Material Transportation Fee		\$0.57	1.036	\$0.59

**Organic Materials Transport Fee**

Labor component		\$0.30	1.049	\$0.31
Fuel and Power Component*		\$0.09	1.025	\$0.10
Depreciation (Att. 8-B / Form 3-C Equipment)		\$0.04	1.000	\$0.04
Other O&M Component		\$0.11	1.018	\$0.11
Total Operating Cost		\$0.54	1.035	\$0.56
Profit per Operating Ratio (Form 3-G)	89.5%	\$0.06	0.002	\$0.07
Total Organic Materials Transportation Fee		\$0.61	1.035	\$0.63

\* Adjustment method assumes that Contractor included only fuel costs in the Fuel and Power Component.

**Annual Fee Adjustment Process**

**Determination of Contractor's Fees for Subsequent Rate Years (Section 7.05 and Attachment 13-A)**

**4. Adjust Supplemental MRF Processing Cost (Section 7.06)**

Per-ton supplemental MRF processing cost  
Adjust by Total MRF Fee adjustment factor

Then-Current Rate Year Cost (2011)	Adjustment Factor	Next Rate Year Cost (2012)
\$25.00	1.038	\$25.95

**SBWMA - OPERATIONS AGREEMENT**  
**CBA WAGES & BENEFITS WORKSHEET**

*example only*

<b>BASE 2009 COST</b>				
<b>WAGES</b>				
<b>Transfer Station</b>				
<b>Direct Labor</b>	<u>Standard</u>	<u>Overtime</u>	<u>Hourly Wage Rate</u>	<u>Annual Cost</u>
Leads	2,080	390	\$ 33.34	85,487
Scale Operator	6,240	1,170	\$ 31.75	244,247
Spotter	4,160	780	\$ 22.10	113,529
Sorter (Transfer Station)	20,800	3,120	\$ 17.10	417,872
TS Operator	10,400	1,560	\$ 33.16	407,170
MRF Operator			\$ 31.75	
Semi-Driver (Transfer Truck)			\$ 34.21	
Maintenance	-	-	\$ 33.36	
PM Technician	-	-	\$ 28.80	
Lead MRF Sorter	-	-	\$ 14.80	
Inspector	-	-	\$ 22.10	
Buyback Attendant			\$ 22.20	
<b>Total</b>	<b>43,680</b>	<b>7,020</b>		<b>1,268,305</b>
<b>% Increase</b>				<b>2.2%</b>

<b>2011 Rates</b>	
<i>not actual</i>	Transfer Station
\$ 34.00	87,179
\$ 32.00	246,170
\$ 23.00	118,152
\$ 18.00	439,865
\$ 33.00	405,206
\$ 32.00	-
\$ 34.00	-
\$ 34.00	-
\$ 30.00	-
\$ 18.00	-
\$ 33.00	-
\$ 33.00	-
<b>1,296,573</b>	
<b>2.2%</b>	

<b>2012 Rates</b>	
<i>not actual</i>	Transfer Station
\$ 35.00	89,743
\$ 33.00	253,863
\$ 24.00	123,289
\$ 19.00	464,302
\$ 34.00	417,485
\$ 33.00	-
\$ 35.00	-
\$ 35.00	-
\$ 31.00	-
\$ 19.00	-
\$ 34.00	-
\$ 34.00	-
<b>1,348,683</b>	
<b>4.0%</b>	

<b>MRF</b>				
<b>Direct Labor</b>	<u>Standard</u>	<u>Overtime</u>	<u>Hourly Wage Rate</u>	<u>Annual Cost</u>
Leads	4,160	-	\$ 33.34	133,442
Scale Operator	-	-	\$ 31.75	-
Spotter	-	-	\$ 22.10	-
Sorter (Transfer Station)	-	-	\$ 17.10	-
TS Operator			\$ 33.16	-
MRF Operator	14,560	1,456	\$ 31.75	511,529
Semi-Driver (Transfer Truck)			\$ 34.21	-
Maintenance	2,080	-	\$ 33.36	66,893
PM Technician	2,080	-	\$ 28.80	58,344
Lead MRF Sorter	2,080	-	\$ 14.80	30,784
Inspector	4,160	-	\$ 22.10	127,088
Buyback Attendant	4,576	1,664	\$ 22.20	216,050
<b>Total</b>	<b>69,056</b>	<b>6,656</b>		<b>1,144,130</b>
<b>% Increase</b>				<b>16.2%</b>

<b>MRF</b>	
\$ 34.00	136,084
\$ 32.00	-
\$ 23.00	-
\$ 18.00	-
\$ 33.00	-
\$ 32.00	515,557
\$ 34.00	-
\$ 34.00	68,176
\$ 30.00	60,775
\$ 18.00	37,440
\$ 33.00	189,769
\$ 33.00	321,155
<b>1,328,956</b>	
<b>16.2%</b>	

<b>MRF</b>	
\$ 35.00	140,087
\$ 33.00	-
\$ 24.00	-
\$ 19.00	-
\$ 34.00	-
\$ 33.00	531,668
\$ 35.00	-
\$ 35.00	70,181
\$ 31.00	62,801
\$ 19.00	39,520
\$ 34.00	195,520
\$ 34.00	330,887
<b>1,370,664</b>	
<b>3.1%</b>	

<b>Transport</b>				
<b>Direct Labor</b>	<u>Standard</u>	<u>Overtime</u>	<u>Hourly Wage Rate</u>	<u>Annual Cost</u>
Leads	-	-	\$ 33.34	
Scale Operator			\$ 31.75	
Spotter			\$ 22.10	
Sorter (Transfer Station)			\$ 17.10	
TS Operator			\$ 33.16	
MRF Operator			\$ 31.75	
Semi-Driver (Transfer Truck)	45,760	6,344	\$ 34.21	1,766,621
Maintenance	2,080	416	\$ 33.36	86,961

<b>Transport</b>	
\$ 34.00	-
\$ 32.00	-
\$ 23.00	-
\$ 18.00	-
\$ 33.00	-
\$ 32.00	-
\$ 34.00	1,755,776
\$ 34.00	88,629

<b>Transport</b>	
\$ 35.00	-
\$ 33.00	-
\$ 24.00	-
\$ 19.00	-
\$ 34.00	-
\$ 33.00	-
\$ 35.00	1,807,417
\$ 35.00	91,236

**SBWMA - OPERATIONS AGREEMENT**  
**CBA WAGES & BENEFITS WORKSHEET**

*example only*

BASE 2009 COST				
PM Technician	2,080	416	\$ 28.80	75,847
Lead MRF Sorter	-	-	\$ 14.80	
Inspector	-	-	\$ 22.10	
Buyback Attendant			\$ 22.20	-
<b>Total</b>	<b>49,920</b>	<b>7,176</b>		<b>1,929,429</b>

2011 Rates	
\$ 30.00	79,008
\$ 18.00	-
\$ 33.00	-
\$ 33.00	-
	1,923,413
	<b>-0.3%</b>

2012 Rates	
\$ 31.00	81,641
\$ 19.00	-
\$ 34.00	-
\$ 34.00	-
	1,980,294
	<b>3.0%</b>

**BENEFITS**

**Teamsters**

	/ month	/ hour
H&W	\$ 1,361.00	\$ 7.85
Income Protection	\$ 268.62	\$ 1.55
	\$ 4.90	\$ 0.03
<b>Total H&amp;W</b>		\$ 9.43
Pension	\$ 667.33	\$ 3.85
<b>Total Teamster</b>		\$ 13.28

	/ month	/ hour
H&W	\$ 1,497.10	\$ 8.64
Income Protection	\$ 295.48	\$ 1.70
	\$ 5.39	\$ 0.03
		\$ 10.37
		10.0%
Pension	\$ 8,386.56	\$ 4.03
		4.7%
<b>Total Teamster</b>		\$ 14.40
		8.5%

	/ month	/ hour
H&W	\$ 1,646.81	\$ 9.50
Income Protection	\$ 325.03	\$ 1.88
	\$ 5.93	\$ 0.03
		\$ 11.41
		10.0%
Pension	\$ 9,057.48	\$ 4.35
		8.0%
<b>Total Teamster</b>		\$ 15.76
		9.4%

**Mechanics**

	/ month	/ hour
H&W	\$ 1,100.00	\$ 6.35
Pension	\$ 588	\$ 3.39
<b>Total Mechanics</b>		\$ 9.74

	/ month	/ hour
H&W	\$ 1,104.40	\$ 6.37
Pension	\$ 588	\$ 3.39
		\$ 9.77
		0.3%

	/ month	/ hour
H&W	\$ 1,214.84	\$ 7.01
Pension	\$ 647	\$ 3.73
		\$ 10.74
		10.0%

% Mix (based on hours)	Teamsters	Mechanics
TS	100%	
MRF	94.5%	5.5%
Transportation	91.3%	8.7%

Total H&W, Pension / Hr	\$ 13.28	\$ 14.40
<b>USE FOR TRANSFER STATION</b>		<b>8.5%</b>

Total H&W, Pension / Hr	\$ 15.76
<b>USE FOR TRANSFER STATION</b>	<b>9.4%</b>

Total Teamster / Mechanics	\$ 13.09	\$ 14.15
<b>USE FOR MRF</b>		<b>8.1%</b>

Total Teamster / Mechanics	\$ 15.49
<b>USE FOR MRF</b>	<b>9.5%</b>

Total Teamster / Mechanics	\$ 12.97	\$ 14.00
<b>USE FOR TRANSPORTATION</b>		<b>7.9%</b>

Total Teamster / Mechanics	\$ 15.33
<b>USE FOR TRANSPORTATION</b>	<b>9.5%</b>

## ATTACHMENT 14

### Self-haul Reconciliation Formula

The Self-haul reconciliation formula shall be used to monitor the Contractor's scale operations and to ensure that the Contractor is properly measuring and charging Self-haul customers. The Contractor is to maintain a Self-haul ratio above 2.76 cubic yards per ton.

<b>Self-haul Reconciliation Formula</b>				
Outbound Tons shipped from the transfer station	minus	Inbound tons to the transfer station	Equals	Mass-balance weight of Inbound Self-haul material to the transfer station
Volume of Self-haul (cubic yards)	Divided by	2.76 Self-haul Conversion Ratio	Equals	Calculated tons of inbound Self-haul
Calculated Inbound Self-haul tons	Minus	Mass-balance weight of Self-haul materials	Equals	Tons under / over the Self-haul Conversion Ratio
Tons under the Self-haul Conversion Ratio	Times	Weighted average gate rate for inbound Self-haul materials	Equals	Amount owed the SBWMA by Contractor

**ATTACHMENT 14 - Page 2**

**EXAMPLE OF CALCULATION OF SELF-HAUL RECONCILIATION FORMULA**

			<b><u>NOTES</u></b>
1.	Outbound materials from Transfer Station	437,253 Tons	Includes MRF residue
2.	Less residue from MRF/Buy-Back	(300 Tons)	
3.	Less inbound material weighed at Transfer Station	(300,000 Tons)	Self-haul not weighed
4.	Mass balance weight of inbound self-haul materials	136,953 Tons	
5.	Volume of self-haul materials	369,000 cubic yards	Estimated by Contractor at scale house
6.	Self-haul yards-ton conversion factor	2.76	Conversion factor is fixed and will not change
7.	Calculated weighted of inbound self-haul materials	133,696 Tons	
8.	Difference between calculated weight (Line 7) and mass balance weight (Line 4)	3,257 Tons	
9.	Weighted average gate rate for inbound self-haul materials	\$80/Ton	To be calculated by Authority
10.	Amount due Authority	\$260,560	Contractor owes Authority

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**ATTACHMENT 15**  
**REPORTS TO BE PROVIDED BY CONTRACTOR**

The Contractor shall provide samples of all monthly, quarterly and annual reports to the Authority with in 60 days after commencement of services. The reports will be subject to the approval of the Authority and will include all information required in the Agreement, Article 9 Contractors Records and Reporting.

**ATTACHMENT 16**  
**FAITHFUL PERFORMANCE BOND**

KNOW ALL PERSONS BY THESE PRESENTS, that SOUTH BAY RECYCLING, LLC, hereinafter called the PRINCIPAL, and \_\_\_\_\_, a corporation duly organized under the laws of the State of \_\_\_\_\_ having its principal place of business at \_\_\_\_\_, in the State of \_\_\_\_\_, and authorized to do business as an admitted surety insurer in the State of California and regulated by the California Insurance Commissioner, hereinafter called the SURETY, are held and firmly bound to the South Bayside Waste Management Authority, a joint powers authority in San Mateo County, in the State of California, hereinafter called the OBLIGEE, in the sum of Two Million Dollars (\$2,000,000.00) lawful money of the United States, for the payment of which, well and truly to be made, we bind ourselves, our heirs, executors, administrators and successors, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH THAT:

WHEREAS, the PRINCIPAL has entered into an Agreement dated as of July 23, 2009 with the OBLIGEE for the Operation of the Shoreway Recycling and Disposal Center ("Agreement") and said PRINCIPAL is required under the terms of said Agreement to furnish a bond of faithful performance of said Agreement.

NOW, THEREFORE, if the PRINCIPAL shall well and truly perform and fulfill all of the undertakings, covenants, terms and agreements of said Agreement, and any modification thereto made as therein provided, at the time and in the manner therein specified, then this obligation shall become null and void, otherwise it shall be and remain in full force and virtue.

The SURETY, for value received, hereby agrees that no change, extension of time, alteration or addition to the terms of the Agreement or to the work to be performed thereunder, or the Specifications incorporated therein shall impair or affect its obligations and its bond, and it hereby waives notice of any such change, extension of time, alteration or addition to the terms of the Agreement or the work or the Specifications.

PROVIDED, however, that the SURETY shall not be liable (1) as respects to any obligations related to said Agreement occurring after two (2) years, unless this Bond is extended, (2) as respects to PRINCIPAL'S obligation to procure a replacement performance bond, as provided for in Section 10.03 of the Agreement. This Bond may be extended after \_\_\_\_\_, 2011 in the sole discretion of the SURETY by means of a continuation certificate signed at least ninety (90) days prior to \_\_\_\_\_, 2011 and thereafter at least ninety (90) days prior to the expiration of the Bond as extended.

In the event suit is brought upon this Bond by the OBLIGEE and said OBLIGEE is the prevailing party, the SURETY shall pay, in addition to the sums set forth above, all costs incurred by the OBLIGEE in such suit, including reasonable attorneys' fees to be fixed by the court.

IN WITNESS WHEREOF, the above bounded parties have executed this instrument as of this \_\_\_\_ day of \_\_\_\_\_, 2009, the name and corporate seal of each corporate party being

1 hereto affixed and these presents duly signed by its undersigned representative, pursuant to  
2 authority of its governing body.  
3

4  
5 PRINCIPAL:

6  
7 SOUTH BAY RECYCLING, LLC

8  
9 By Its Board of Managers

10  
11  
12 Name: \_\_\_\_\_  
13 (Appointed By Community Recycling and  
14 Resource Recovery, Inc.)  
15

16  
17 Name: \_\_\_\_\_  
18 (Appointed By Potential Industries, Inc.)  
19

20  
21 SURETY:

22 \_\_\_\_\_  
23

24  
25  
26  
27 By: \_\_\_\_\_  
28 Attorney-In-Fact  
29

30  
31 \* \* \*

32  
33 **Note: To be considered complete, both the principal and surety must sign this**  
34 **performance bond. In addition, the surety's signature must be notarized and a copy of**  
35 **the surety's power of attorney must be attached.**

**CONTINUATION CERTIFICATION**

In consideration of the premium charged,

\_\_\_\_\_ hereby continues in force:

Bond #: \_\_\_\_\_

Dated: \_\_\_\_\_

In the amount of: Two Million dollars (\$2,000,000.00) on behalf of the South Bayside Waste Management Authority, for the period:

Beginning: \_\_\_\_\_

And Ending: \_\_\_\_\_ subject to all terms and conditions of said Bond, PROVIDED that the liability of

\_\_\_\_\_  
(NAME OF SURETY)

shall not exceed in the aggregate the amount above written, whether the loss shall have occurred during the term of said bond or during any continuation or continuations thereof, or partly during said term and partly during any continuation or continuations thereof.

Signed and Sealed: \_\_\_\_\_ (date)

By: \_\_\_\_\_  
Attorney-In-Fact

[ACKNOWLEDGEMENT]

# ATTACHMENT 17

## GUARANTY

THIS GUARANTY (the "Guaranty") is given as of the \_\_\_\_ day of July, 2009, by COMMUNITY RECYCLING AND RESOURCE RECOVERY, INC. AND POTENTIAL INDUSTRIES, INC. (hereafter "Guarantors"), to the SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY, a joint powers authority (hereafter "the Authority").

THIS GUARANTY is made with reference to the following facts and circumstances:

A. South Bay Recycling, LLC is a limited liability company, organized under the laws of the State of California ("Contractor").

B. Community Recycling and Resource Recovery, Inc. is a corporation, organized under the laws of the State of California. Potential Industries, Inc. is a corporation, organized under the laws of the State of California. Community Recycling and Resource Recovery, Inc., and Potential Industries, Inc. are the two members of Contractor.

C. The Authority contemplates entering into an "Agreement for Operation of the Shoreway Recycling and Disposal Center" (hereafter "Agreement"), under which Contractor is to provide specified services to the Authority. A copy of this Agreement is attached hereto and incorporated herein by this reference.

D. It is a requirement of the Agreement, and a condition to the Authority's entering into the Agreement, that Guarantors guaranty Contractor's performance of the Agreement.

E. Guarantors are providing this Guaranty to induce the Authority to enter into the Agreement.

NOW, THEREFORE, in consideration of the foregoing, Guarantors agree, jointly and severally, as follows:

**1. Guaranty of the Agreement.** Guarantors hereby irrevocably and unconditionally guarantee to the Authority the complete and timely performance, satisfaction and observation by Contractor of each and every term and condition of the Agreement which Contractor is required to perform, satisfy or observe. In the event that Contractor fails to perform, satisfy or observe any of the terms or conditions of the Agreement, Guarantors will promptly and fully perform, satisfy or observe them in the place of the Contractor. Guarantors hereby guarantee prompt payment to the Authority of each and every sum due from Contractor to the Authority under the Agreement, as and when due from time to time, and the prompt performance of every other task and duty to be performed by the Contractor under the Agreement.

**2. Guarantors' Obligations Are Absolute.** The obligations of the Guarantors hereunder are direct, immediate, absolute, continuing, unconditional and unlimited and, with respect to any payment obligation of Contractor under the Agreement, shall constitute a guarantee of payment and not of collection, and are not conditional upon the genuineness, validity, regularity or enforceability of the Agreement.

**3. Waivers and Subordination.** The Guarantors shall have no right to terminate this Guaranty or to be released, relieved, exonerated or discharged from their obligations under

it for any reason whatsoever, including, without limitation: (1) the insolvency, bankruptcy, reorganization or cessation of existence of the Contractor; (2) any amendment, modification or waiver of any provision of the Agreement or the extension of its Term; (3) the actual or purported rejection of the Agreement by a trustee in bankruptcy, or any limitation on any claim in bankruptcy resulting from the actual or purported termination of the Agreement; (4) any waiver, extension, release or modification with respect to any of the obligations of the Agreement guaranteed hereunder or the impairment or suspension of any of the Authority's rights or remedies against Contractor; or (5) any merger or consolidation of the Contractor with any other organization, or any sale, lease or transfer of any or all the assets of the Contractor.

The Guarantors hereby waive any and all rights, benefits and defenses under California Civil Code Sections 2809, 2815, 2819, 2845, 2849 and 2850, and all other rights permitted to be waived by Section 2856(a) including, without limitation, the right to require the Authority to (a) proceed against Contractor, (b) proceed against or exhaust any security or collateral the Authority may hold now or hereafter hold, or (c) pursue any other right or remedy for Guarantors' benefit, and agree that the Authority may proceed against Guarantors or either of them for the obligations guaranteed herein without taking any action against Contractor or any other guarantor or pledgor and without proceeding against or exhausting any security or collateral the Authority may hold now or hereafter hold. The Authority may unqualifiedly exercise in its sole discretion any or all rights and remedies available to it against Contractor or any other guarantor or pledgor without impairing the Authority's rights and remedies in enforcing this Guarantee.

The Guarantors hereby waive and agree to waive at any future time at the request of the Authority, to the extent now or then permitted by applicable law, any and all rights which the Guarantors may have or which at any time hereafter may be conferred upon them, by statute, regulation or otherwise, to avoid any of their obligations under, or to terminate, cancel, quit or surrender this Guaranty. Without limiting the generality of the foregoing, it is agreed that the occurrence of any one or more of the following shall not affect the liability of the Guarantors hereunder: (a) at any time or from time to time, without notice to the Guarantors, the time for Contractor's performance of or compliance with any of its obligations under the Agreement is extended, or such performance or compliance is waived; (b) the Agreement is modified or amended in any respect; (c) any other indemnification with respect to Contractor's obligations under the Agreement or any security therefor is released or exchanged in whole or in part or otherwise dealt with; (d) any assignment of the Agreement is effected which does not require the Authority's approval; or (e) any termination or suspension of the Agreement arising by reason of a default by Contractor.

The Guarantors hereby expressly waive diligence, presentment, demand for payment or performance, protest and all notices whatsoever, including, but not limited to, notices of non-payment or non-performance, notices of protest, notices of any breach or default, and notices of acceptance of this Guaranty. If all or any portion of the obligations guaranteed hereunder are paid or performed, Guarantors' obligations hereunder shall continue and remain in full force and effect in the event that all or any part of such payment or performance is avoided or recovered directly or indirectly from the Authority as a preference, fraudulent transfer or otherwise, irrespective of (a) any notice of revocation given by Guarantors or Contractor prior to such avoidance or recovery, or (b) payment in full of any obligations then outstanding.

The Guarantors expressly subordinate and waive their respective rights to subrogation, reimbursement, contribution or indemnity with respect to performance by Guarantors of the obligations of Contractor guaranteed hereby, until such time as the Authority receives payment or performance in full of all such obligations.

4. **Term.** This Guaranty is not limited to any period of time, but shall continue in full force and effect until all of the terms and conditions of the Agreement have been fully performed by Contractor, and Guarantors shall remain fully responsible under this Guaranty without regard to the acceptance by the Authority of any performance bond or other collateral to assure the performance of Contractor's obligations under the Agreement. Guarantors shall not be released of their obligations hereunder so long as there is any claim by the Authority against Contractor arising out of the Agreement based on Contractor's failure to perform which has not been settled or discharged.

5. **No Waivers by Authority.** No delay on the part of the Authority in exercising any rights under this Guaranty or failure to exercise such rights shall operate as a waiver of such rights. No notice to or demand on Guarantors shall be a waiver of any obligation of Guarantors or right of the Authority to take other or further action without notice or demand. No modification or waiver by the Authority of any of the provisions of this Guaranty shall be effective unless it is in writing and signed by the Authority and by Guarantors, nor shall any waiver by the Authority be effective except in the specific instance or matter for which it is given.

6. **Attorney's Fees.** In addition to the amounts guaranteed under this Guaranty, Guarantors agree to pay actual attorney's fees and all other costs and expenses incurred by the Authority in enforcing this Guaranty, or in any action or proceeding arising out of or relating to this Guaranty, including any action instituted to determine the respective rights and obligations of the parties hereunder.

7. **Governing Law; Jurisdiction.** This Guaranty is and shall be deemed to be a contract entered into in and pursuant to the laws of the State of California and shall be governed and construed in accordance with the laws of California without regard to its conflicts of laws rules for all purposes, including, but not limited to, matters of construction, validity and performance. Guarantors agree that any action brought by the Authority to enforce this Guaranty may be brought in any court of the State of California and Guarantors consent to personal jurisdiction over them by such courts. Guarantors appoint the following person as their agent for service of process in California:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

8. **Severability.** If any portion of this Guaranty is held to be invalid or unenforceable, such invalidity shall have no effect upon the remaining portions of this Guaranty, which shall be severable and continue in full force and effect.

9. **Binding on Successors.** This Guaranty shall inure to the benefit of the Authority and its successors and shall be binding upon Guarantors and their successors, including a successor entity formed by a merger or consolidation of the two Guarantors, a transferee of substantially all of their assets, and the shareholders of a Guarantor in the event of its dissolution or insolvency.

10. **Authority.** Guarantors represent and warrant that each has the corporate power to give this guaranty, that its execution of this Guaranty has been authorized by all necessary action under its Articles of Incorporation and by-laws, and that the Person signing this Guaranty on its behalf has the authority to do so.

11. **Notices.** Notice shall be given in writing, deposited in the U.S. mail, registered or certified, first class postage prepaid, addressed as follows:

To the Authority: Executive Director  
South Bayside Waste Management Authority  
610 Elm Street, Suite 202  
San Carlos, CA 94070

With a copy to the Authority Attorney at the same address.

To Guarantors: Community Recycling and Resource Recovery, Inc.

\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

Potential Industries, Inc.

\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

The parties may change the address to which notice is to be sent by giving the other party notice of the change as provided in this Section.

IN WITNESS WHEREOF, Guarantors have executed this Guaranty on the day and year first above written.

COMMUNITY RECYCLING AND RESOURCE POTENTIAL INDUSTRIES, INC.  
RECOVERY, INC.

By: \_\_\_\_\_  
Name: Thomas Fry  
Title: President

By: \_\_\_\_\_  
Name: Tony Fan  
Title: President

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: Secretary

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: Secretary

# **ATTACHMENT 19**

## **Self-Haul Diversion Plan**

South Bay Recycling, LLC (CONTRACTOR) is committed to providing an aggressive and comprehensive diversion program at the Shoreway Recycling & Disposal Center (Shoreway Center). CONTRACTOR's goal will be to exceed the Authority's current diversion baseline percentage, which will provide a significant impact on the reduction of waste volumes.

CONTRACTOR will implement a Self-Haul Diversion Plan with five components to increase the recovery of recyclables and reusable materials, and decrease the volume of disposed solid waste:

- Customer and Shoreway Center Staff Education
- Self-Haul Customer Incentives
- Clean Inert & Other Materials (Bunker Program)
- Presorting Materials
- Mixed C&D Sorting

### **1 Customer and SHOREWAY CENTER Staff Education**

Each self-haul customer entering the Shoreway Center will be greeted by a Scale Operator. The Scale Operators are the first introduction to the facility. CONTRACTOR understands the value in the Scale Operators and will conduct specialized training and work with them to help achieve the goals of the diversion plan. The Scale Operators will be instrumental in identify inbound loads. They will assess materials in each load and direct the self-haul customer to the appropriate area for tipping.

In addition, a strong education program for the self-haul customers will be implemented by encouraging the Scale Operators to identify opportunities for customers to increase diversion with clean source separate loads, C&D mixed loads, organic materials, and other various options. Educating and collaborating with the staff will be the beginning and continued success of the diversion activities and customer relations at the Shoreway Center .

The Scale Operators understand the various materials, the regular customers, the materials that can be split, and will take opportunities to educate the customer on options to increase diversion. CONTRACTOR will also create and distribute a brochure, promoting these programs and opportunities for increasing diversion at Shoreway Center . The brochures will also be distributed and available at planning and building counters throughout San Mateo County.

CONTRACTOR understands the value of the critical assessment skills and knowledge of the Scale Operators, Sorting Staff, and Loader Operators. Regular team staff meetings to improve efficiencies at the scale house, increasing diversion, identify new materials that can be recycled, and sharing of information for overall improvement to the facility and diversion activities.

To maximize diversion CONTRACTOR will designate areas for tipping of specific materials. CONTRACTOR will install large movable signs for easy recognition of the designated areas.

Color tags may also be distributed to customers at the scale to help traffic control staff direct customers to proper tipping area.

CONTRACTOR's philosophy is to encourage a team approach with staff and make changes where necessary to improve the facilities overall operation, increase diversion, and save valuable time and money.

## **2 Self-Haul Customer Incentives**

CONTRACTOR will work with the Authority staff to establish an incentive fee structure for clean inerts. Clean loads should receive a 20 – 25% discount for a real incentive to encourage more clean loads. This goal will encourage customers when possible to keep materials separated to help them save money on tipping fees, which in turn helps increase diversion, reduces sorting requirements, and saves additional transportation costs. The incentive program will ultimately increase diversion and reduce material going to the landfill.

In addition, as a service to customers, Scale Operators will be encouraged to provide customers with savings when customer have split loads of clean materials and allow them to tip in multiple areas. This service will be provided for customers with two distinct material types (e.g. mixed C&D and organic materials).

CONTRACTOR will have designated material types printed on the weight tickets to provide back up for diversion credits needed by contractors to report back to several municipalities that maintain C&D Ordinances. CONTRACTOR will contact each of the Member Agencies and work with the Authority to ensure the Shoreway Center is included on the qualified C&D recycler lists. CONTRACTOR will be happy to work with the Authority to assist in training the Building/Planning Counter Staff of the various services provided at Shoreway Center . Brochures will be developed describing the CONTRACTOR's diversion opportunities and will be available at counters for distribution.

## **3 Clean Inert & Other Materials (Bunker Program)**

CONTRACTOR will maintain designated bunkers or tipping areas for unloading clean source-separated self-haul materials. CONTRACTOR will promote this program through communication with customers by the scale operators. The following materials will unloaded by self-haul and Member Agency customers at a discounted rates with approval from the Authority:

- Clean Dirt
- Concrete
- Asphalt
- Mixed Aggregate Materials
- Clean Wood

CONTRACTOR will continue to evaluate new opportunities to include other Clean Inert Materials. Space constraints are the biggest obstacle. CONTRACTOR continues to evaluate markets and will bring new opportunities to the Authority..

## **4 Presorting Materials**

CONTRACTOR will assign floor sorting staff to self-haul tipping areas within the Transfer Station to presort large materials for diversion. The large items will include metal, white goods, wood, mattresses, reusable items, rigid plastics, and other potential recyclables. Loaders will support the sorting staff by separating loads and removing heavy items for diversion.

During the start-up, CONTRACTOR will presort items as employee safety prevails, which will be based on the various construction projects and space constraints. As additional space becomes available, full presorting of materials will be implemented.

The presorted items will be stored in bunkers, roll-off boxes, trailers, or in designated areas on the Transfer Station floor or outside the building. Reusable items will be stored outside the transfer building in a St. Vincent DePaul container. CONTRACTOR will work with St. Vincent DePaul to train floor sorting staff on quality standards for reusable items. CONTRACTOR may expand presorted items as determined by inbound volumes, markets, and ease of separation.

The presorting is extremely important and will continue after the installation of the processing line inside the Transfer Station, see Section 5, Mixed C&D Sorting.

## **5 Mixed C&D Sorting**

The greatest opportunity for maximizing diversion is separating C&D from the Solid Waste. Mixed C&D material will be identified by the scale operators and tipped in a designated area for sorting. Sorting will be assigned to the C&D tipping areas within the Transfer Station to presort divertible items and remove contaminants before material is loaded and transferred to the off-site C&D processing facility.

During the start-up, CONTRACTOR will sort mixed C&D materials by hand within the Transfer Station with the assistance of a loader operator. The loader operator will spread mixed C&D loads out to help with sorting and continue to push sorted C&D material into a designated pile away from the sorting area. This will maximize the space for sorting the C&D material for transfer. Sorters will focus on removing bags of Solid Waste, non-reusable furniture, individual items over 150 pounds, and material over eight feet long in any two directions. Sorting staff will also be assigned to Solid Waste tipping areas for identification and pulling of C&D material to move into the C&D area.

Floor sorting of C&D material can only achieve a certain level of diversion. CONTRACTOR has proposed to install and operate a processing line inside the Transfer Station. The processing line would allow for expanded capacity and the ability to process Organics, C&D material and divert additional materials. This processing line will be further discussed in 2010 with the Authority for potential implementation after Transfer Station operations have commenced and the Transfer Station building improvements have been completed