

SECOND AMENDMENT TO SOLID WASTE COLLECTION SERVICES AGREEMENT
BETWEEN THE CITY OF SANTA ROSA AND RECOLOGY SONOMA MARIN, DBA
RECOLOGY SANTA ROSA

This Second Amendment to the Solid Waste Collection Services Agreement (“Amendment”) is made and entered into this _____ day of September 2018 (the “Effective Date”), by and between Recology Sonoma Marin d/b/a Recology Santa Rosa, a California corporation (“Contractor”), and the City of Santa Rosa, a municipal corporation (“City”).

RECITALS

A. City and Contractor are parties to that certain Solid Waste Collection Services Agreement dated August 29, 2017 (the “Agreement”).

B. City and Contractor entered into the First Amendment to the Agreement to implement a low-income discount program.

C. City and Contractor wish to further amend the Agreement to change refuse rate index indices; and revise the time period used to determine rate adjustments.

NOW, THEREFORE, the parties agree as follows:

1. Section 4.03.1.1 of the Agreement is hereby amended to read in its entirety as follows:

“4.03.1.1 RRI Adjustment Calculation. The RRI Adjustment shall be the sum of the weighted percentage change in the annual average of each RRI index number between the base year, which shall be the prior preceding year ending June 30, and the preceding year ending June 30 as contained in the most recent release of the source documents listed in **Exhibit 2**, (“Refuse Rate Index”) which is attached to and included in this Agreement. Therefore, the first *Collection Element* rate adjustment effective January 1, 2019 will be based on the percentage changes between the annual average of the RRI indices from July 1, 2016 to June 30, 2017 and the annual average of the RRI indices from July 1, 2017 to June 30, 2018. The RRI shall be calculated using the RRI methodology included in **Exhibit 2**.”

2. Section 4.03.8 of the Agreement is hereby amended to read in its entirety as follows:

“4.03.8 RRI Application and Financial Information. On or before October 1, 2018, CONTRACTOR shall deliver to City financial information for the specific services performed under this Agreement for the period of January 1, 2018 through June 30, 2018. For all subsequent rate adjustment periods, CONTRACTOR shall deliver to the CITY financial information for the specific services performed under this Agreement for the preceding Agreement Year (January 1 through December 31). Such financial information shall be in the format set forth in **Exhibit 2**, or as may be further revised by mutual agreement of CITY and CONTRACTOR from time to time. In addition, CONTRACTOR shall submit to

CITY the index and other data needed to adjust Service Recipient Rates as required by this Section 4.03, CONTRACTOR's calculations of such adjustments, and an updated rate table showing Service Recipient Rates as so adjusted. If CONTRACTOR fails to submit financial information in the required format by October 1, it is agreed that CONTRACTOR shall be deemed to have waived the RRI rate adjustment for that year. CONTRACTOR's failure to provide the financial information shall not preclude CITY from applying the RRI using the prior year's financial data, or pro forma data if no prior year financial data is available, if that application would result in a negative RRI."

3. Exhibit 2 to the Agreement is hereby replaced by Exhibit 2-A to this Amendment.

Except as expressly modified by this Amendment, the Agreement shall remain in full force and effect. In the event of any conflict between this Amendment and the Agreement, this Amendment shall govern. Capitalized terms used but not defined herein shall have the meanings given to them in the Agreement. This Amendment may be executed in counterparts, each of which shall be an original, and all of which together shall constitute one instrument.

IN WITNESS WHEREOF, THE PARTIES ACKNOWLEDGE THAT THEY HAVE READ THIS AMENDMENT, UNDERSTAND IT, AND AGREE TO BE BOUND BY ITS TERMS. EACH PARTY HAS FULL POWER AND AUTHORITY TO ENTER INTO AND PERFORM THIS AMENDMENT, AND THE PERSON SIGNING THIS AMENDMENT ON BEHALF OF EACH HAS BEEN PROPERLY AUTHORIZED AND EMPOWERED TO ENTER INTO THIS AMENDMENT.

[Signature page follows]

Executed as of the day and year first above stated.

City of Santa Rosa,
a municipal corporation

Recology Sonoma Marin,
a California corporation

By: _____

By: _____

Name: _____

Name: Michael J. Sangiacomo

Title: _____

Title: President & CEO

Approved as to form:

Office of City Attorney

Attest:

City Clerk

Exhibit 2-A City of Santa Rosa Collection Element Adjustment Methodology

Exhibit 2-A City of Santa Rosa, CA COLLECTION ELEMENT ADJUSTMENT METHODOLOGY	
Refuse Rate Index (RRI) Financial Statement Format	
<u>Operating Costs</u>	
Labor:	List all administrative, officer, operation and maintenance salary accounts. List payroll tax accounts directly related to the above salary accounts.
Diesel Fuel:	List all diesel fuel costs.
CNG Fuel:	List all CNG fuel costs.
Vehicle Replacement:	List all collection and collection related vehicle depreciation accounts. List all vehicle lease or rental accounts related to collection or collection related vehicles.
Vehicle Maintenance:	List all collection or collection related vehicle parts accounts.
All Other:	List all other expense accounts related to the services provided under this Agreement. This category includes all insurance, including general liability, fire, truck damage, extended coverage and employee group medical and life; rent on property, truck licenses and permits; real and personal property taxes; telephone and other utilities; employee uniforms; safety equipment; general yard repairs and maintenance; office supplies; postage; trade association dues and subscription; advertising; employee retirement or profit sharing contributions; temporary labor; regulatory expenses; overhead allocations; professional services and miscellaneous other expenses.

Exhibit 2-A
City of Santa Rosa, CA
COLLECTION ELEMENT ADJUSTMENT METHODOLOGY

The "Refuse Rate Index" adjustment to the *Collection Element* of the Service Recipient Rates shall be calculated in the following manner:

1. The expenses of providing Collection Services in the Service Area for the designated fiscal period shall be prepared in the format set forth in the RRI Financial Statement Format on the previous page of this Exhibit.
2. The expenses of providing Collection Services in the Service Area shall be broken down into one of the following six cost categories: Labor; Diesel Fuel; CNG Fuel; Vehicle Replacement; Vehicle Maintenance and All Other. Each cost category is assigned a weighted percentage factor on that cost category's proportionate share of the total of the costs shown for all cost categories.
3. The following indices are used to calculate the adjustment for each cost category. The percentage change in each index is calculated based on the percentage change in twelve-month annual averages, from July of the prior year through June of the current year as set forth in the Agreement.

<u>Cost Category</u>	<u>Index</u>
Labor:	Series ID: cis201s000000000i Service-Producing Industries
Diesel Fuel:	California No 2 Diesel Ultra Low Sulfur (0-15 ppm). Currently provided at the following web address: < http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=pet&s=emd_epd2dxl0_pte_sca_dpg&f=m >
CNG Fuel:	PG&E Schedule G-NGV2 – Compressed Gas for Motor Vehicles. Currently provided at the following web address: < http://www.pge.com/notes/rates/tariffs/GRF.SHTML >
Vehicle Replacement:	Series ID: pcu336211336211 truck, bus, car and other vehicles bodies, for sale separately
Vehicle Maintenance:	Series ID: pcu3339243339243 parts and attachments for industrial work trucks
All Other:	Series ID: cuurs49bsa0 not Seasonally Adjusted, All Items, All Urban Consumers (CPI-U) for San Francisco-Oakland-Hayward, California.

The percentage weight for each cost category is multiplied by the change in each appropriate index to calculate a weighted percentage for each cost category. The weighted percentage changes for each cost category are added together to calculate the Refuse Rate Index.