

**TENTH AMENDMENT
CONSOLIDATED SOLID WASTE COLLECTION
FRANCHISE AGREEMENT FOR THE UNINCORPORATED FORTUNA/FERNDALE,
HOLMES/REDCREST, WEOTT/MYERS FLAT AND GARBERVILLE AREAS OF
HUMBOLDT COUNTY**

This Tenth Amendment to the Consolidated Solid Waste Collection Franchise Agreement for the Unincorporated Fortuna/Ferndale, Holmes/Redcrest, Weott/Myers Flat and Garberville Areas of Humboldt County dated April 26, 2011, by and between the County of Humboldt, a political subdivision of the State of California, hereinafter referred to as "COUNTY," and Recology Humboldt County, a California corporation, hereinafter referred to as "CONTRACTOR," shall be effective as of September 1, 2018.

RECITALS

WHEREAS, on April 26, 2011, COUNTY and CONTRACTOR entered into a Solid Waste Collection Franchise Agreement for the handling and disposal of solid waste and recyclables in the unincorporated Garberville area of Humboldt County (the "Franchise Agreement") for the period of July 1, 2011 to December 31, 2020; and

WHEREAS, COUNTY and CONTRACTOR subsequently amended the Franchise Agreement nine (9) times, by amendments having effective dates of July 1, 2011, January 1, 2012, July 1, 2012, July 1, 2013, July 1, 2014, July 1, 2015, July 1, 2016, July 1, 2017 and July 1, 2018; and

WHEREAS, as part of the July 1, 2018 amendment, COUNTY and CONTRACTOR amended the Franchise Agreement to include the Fortuna/Ferndale, Holmes/Redcrest and Weott/Myers Flat franchise areas; and

WHEREAS, the COUNTY is a party to a Memorandum of Understanding Between the Humboldt Waste Management Authority ("HWMA") and its Member Agencies to Participate in a Recycling Processing and Marketing of Curbside Collected Recyclable Material Proposal dated February 8, 2018 (the "MOU"); and

WHEREAS, pursuant to the MOU, HWMA entered into an Agreement for Recyclable Materials Processing and Marketing Services dated August 7, 2018 with Recology Eel River (the "Processing Agreement"), for the processing of Recyclable Materials collected within the HWMA Member Agencies' franchised areas at the Recology Eel River Samoa Resource Recovery Center (the "MRF"); and

WHEREAS, the Franchise Agreement and State law allow for the adjustment of the Maximum Service Rates which may be charged by CONTRACTOR for the provision of services pursuant to the Franchise Agreement, such as annual index-based adjustments, changes in the franchise fee and/or the recycling percentage, or changes in disposal and/or processing costs; and

WHEREAS, consistent with the MOU, the Processing Agreement and the Franchise Agreement, COUNTY and CONTRACTOR wish to amend the Franchise Agreement to designate the MRF as the Designated Recycling Facility, adjust the Maximum Service Rates charged by CONTRACTOR for the handling and disposal of recyclables to reflect the initial cost of processing at the MRF, as set forth in the Processing Agreement, and provide a mechanism to adjust the Maximum Service Rates charged by CONTRACTOR for the handling and disposal of recyclables on an annual basis to reflect changes in the processing cost under the Processing Agreement.

NOW, THEREFORE, IT IS AGREED as follows:

1. The Maximum Service Rates which may be charged by CONTRACTOR pursuant to Section 14 of the Franchise Agreement shall be as shown in the modified version of Exhibit A – Maximum Service Rates, which is attached hereto and incorporated herein by reference. Such Maximum Service Rates shall supersede and replace all prior Maximum Service Rates set forth in the Franchise Agreement, and all previous amendments thereto, as of the effective date of this Tenth Amendment. If, at the time this Tenth Amendment is entered into, CONTRACTOR has already billed customers under the previous Maximum Service Rates for the period beginning September 1, 2018, then, in a subsequent billing, CONTRACTOR may bill customers for the difference between such rates and the new Maximum Service Rates, with respect to services provided from and after September 1, 2018.
2. Section 10(B) – Adjustment of Recycling Percentage of the Franchise Agreement is hereby amended to read in its entirety as follows:

“**B. Adjustment of Recycling Percentage.** The initial Recycling Percentage is based on the fact that, as of the Reference Date, CONTRACTOR estimates that the total cost of introducing Recyclables collection services as contemplated by this Agreement will result in a seventeen percent (17.0%) increase in CONTRACTOR’s total cost of providing services under this Agreement, compared to the total cost without Recyclables collection services. The parties’ intent in adjusting Gross Receipts by the Recycling Percentage pursuant to Section 10(A) is that no Franchise Fee be paid on a percentage of Gross Receipts equal to such percentage increase. The Recycling Percentage shall be adjusted to reflect the actual percentage increase in CONTRACTOR’s costs attributable to Recyclables collection services (as compared to the total cost without Recyclables collection services), as soon as practicable after CONTRACTOR’s request for such an adjustment. Without limiting the preceding sentence, because the Recycling Percentage has at COUNTY’s request been calculated on the assumption that no fee will be payable by or to CONTRACTOR for processing of Recyclables, if any such fee is introduced (or, after having been introduced, is changed), CONTRACTOR may request an adjustment of the Recycling Percentage to reflect the then-applicable percentage. The parties shall negotiate in good faith to reach agreement on an adjusted Recycling Percentage that gives effect to the foregoing intent. If the parties cannot reach agreement within sixty (60) days, the matter may be submitted to dispute resolution under Section 19 of this Agreement.

3. Section 11(B) – Designated Recycling Facility of the Franchise Agreement is hereby amended to read in its entirety as follows:

“**B. Designated Recycling Facility.** All Targeted Recyclables collected by CONTRACTOR pursuant to this Agreement shall be transported for processing to a facility designated by COUNTY (the “Designated Recycling Facility”), as may be changed from time to time in accordance with subsection C below. As of September 1, 2018, the Designated Recycling Facility is the Recology Eel River Samoa Resource Recovery Center located at 55 Vance Avenue, Samoa, California.”

4. Section 14(B)(2)(d) – Recycling Costs of the Franchise Agreement is hereby amended to read in its entirety as follows:

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d. Recycling Costs. The Recycling Costs component of each Maximum Service Rate shall be adjusted by the percentage change in Processing Costs between the Rate Year and the Current Year. "Rate Year" means the twelve (12) month period commencing on the July 1 Maximum Service Rate adjustment date. "Current Year" means the immediately preceding twelve (12) month period (i.e. the period in which CONTRACTOR makes its submission under Section 14(B)(1) of this Agreement). "Processing Costs" means (i) CONTRACTOR's reasonable good faith projection of the number of tons of Targeted Recyclables to be delivered by CONTRACTOR to the Designated Recycling Facility under this Agreement for the period in question, multiplied by (ii) the per-ton fee payable by CONTRACTOR for processing at the Designated Recycling Facility for the period in question, as determined pursuant to the Agreement for Recyclable Materials Processing and Marketing Services dated August 7, 2018 between the Humboldt Waste Management Authority and Recology Eel River, as amended. CONTRACTOR's projection of Targeted Recyclables tonnage for the Current Year shall use actual data for the months of the Current Year for which actual data are available."

5. The third sentence of the second paragraph of Section 14(C) – Adjustment of Disposal Fees of the Franchise Agreement is hereby amended to read in its entirety as follows:

"In the event of a change in the Disposal Fee, the Disposal Fee component of each Maximum Service Rate which has such a component shall be increased or decreased, as the case may be, by the percentage increase or decrease in such Disposal Fee."

6. Except as modified herein, the Franchise Agreement dated April 26, 2011, as previously amended, shall remain in full force and effect. In the event of a conflict between the provisions of this Tenth Amendment and the original Franchise Agreement, or any prior amendments thereto, the provisions of this Tenth Amendment shall govern. Capitalized terms used, but not defined, herein shall have the meanings given to them in the Franchise Agreement. Unless otherwise expressly indicated, all references herein to sections refer to sections of the Franchise Agreement, as amended.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties hereto have entered into this Tenth Amendment as of the last date indicated below.

RECOLOGY HUMBOLDT COUNTY:


By: 
Michael J. Sangiacomo
President and Chief Executive Officer

Date: 9/6/18

By: 
Cary Chen
Corporate Secretary


Date: 9/6/18

COUNTY OF HUMBOLDT:

By: 
Rex Bohn
Vice Chair, Humboldt County Board of Supervisors

Date: 9/25/18

INSURANCE CERTIFICATES APPROVED:

By: 
Risk Management

Date: 9/21/18

LIST OF EXHIBITS:

Exhibit A – Maximum Service Rates

Recology.
Reviewed by:

Legal

Exhibit A
Maximum Service Rates
For the Unincorporated Fortuna/Ferndale, Holmes/Redcrest,
Weott/Myers Flat and Garberville Areas of Humboldt County
Effective as of September 1, 2018

(see separate sheet(s) attached)

EXHIBIT A: GARBERVILLE, HOLMES, FORTUNA, FERNDALE, WEOTT, MYERS FLAT AREAS FRANCHISE RATES
EFFECTIVE SEPTEMBER 1, 2018

Based on Tipping Fee of: \$136.06
 Based on RCY Processing Fee of : \$69.56

TYPE OF SERVICE	1	2	3	4	5	6	7	8
	LABOR	FUEL	NOS	COMBINED BASE RATE	DISPOSAL FEES	RECYCLING Processing	COMBINED RATE	FREQUENCY OF SERVICE
	One cont.	One cont.	One cont.	One cont.	Actual	3.37%	One cont.	

TABLE 1 Residential and Commercial Cart Rates

20 Gallon Cart	\$8.44	\$0.78	\$4.90	\$14.12	\$6.48	\$0.69	\$21.29 Weekly
30 Gallon Cart	\$12.55	\$1.14	\$7.26	\$20.95	\$9.72	\$1.03	\$31.70 Weekly
40 Gallon Cart	\$16.02	\$1.45	\$9.15	\$26.62	\$12.96	\$1.33	\$40.91 Weekly
64 Gallon Cart	\$19.54	\$1.60	\$10.18	\$31.32	\$20.73	\$1.76	\$53.81 Weekly
96 Gallon Toter	\$25.44	\$2.02	\$12.84	\$40.30	\$29.16	\$2.34	\$71.80 Weekly
OCCASIONAL 30 Gal.	\$4.14	\$0.44	\$2.74	\$7.32	\$1.50	\$0.30	\$9.11 Per pick-up

TABLE 2 Commercial Bin Rates

1.0 CY, 1 time per week	\$45.74	\$3.23	\$20.52	\$69.49	\$65.44	\$4.55	\$139.48 Weekly
2.0 CY, 1 time per week	\$91.78	\$6.49	\$41.25	\$139.52	\$130.88	\$9.12	\$279.51 Weekly
3.0 CY, 1 time per week	\$124.65	\$8.26	\$52.47	\$185.38	\$196.32	\$12.87	\$394.57 Weekly
4.0 CY, 1 time per week	\$157.49	\$10.01	\$63.65	\$231.15	\$261.75	\$16.62	\$509.52 Weekly
6.0 CY, 1 time per week	\$229.60	\$14.26	\$90.69	\$334.55	\$392.63	\$24.52	\$751.70 Weekly

TABLE 3 Debris Box per Load Rates

15 CY	\$226.48	\$18.79	\$119.35	\$364.62	\$226.52	\$19.93	\$611.07 Weekly to 1.515 T
20 CY	\$253.27	\$19.44	\$123.49	\$396.20	\$302.02	\$23.54	\$721.77 Per Pickup to 2.02 T
40 CY	\$420.17	\$28.91	\$183.70	\$632.78	\$604.05	\$41.70	\$1,278.53 Per Pickup to 4.04 T
Over-weight Charge							\$149.52 Per Ton over Limit

**EXHIBIT A: GARBERVILLE, HOLMES, FORTUNA, FERNDALE, WEOTT, MYERS FLAT AREAS FRANCHISE RATES
EFFECTIVE SEPTEMBER 1, 2018**

TABLE 4 CONTAINER RENTAL COSTS

	<u>Previous Rates</u>		<u>New Rates</u>	
	<u>Monthly</u>	<u>Weekly</u>	<u>Monthly</u>	<u>Weekly</u>
1 YARD	\$19.17	\$7.15	\$19.82	\$7.39
2 YARD	\$23.98	\$7.15	\$24.79	\$7.39
3 YARD	\$23.98	\$7.15	\$24.79	\$7.39
4 YARD	\$28.83	\$7.15	\$29.80	\$7.39
6 YARD	\$33.53	\$7.15	\$34.66	\$7.39
15 YARD	\$35.94	\$19.17	\$37.15	\$19.82
20 YARD	\$47.93	\$23.98	\$49.55	\$24.79
40 YARD	\$47.93	\$23.98	\$49.55	\$24.79

TABLE 5 CHARGES FOR SPECIAL SERVICES

PER HOUR FOR ONE (1) MAN AND ONE (1) TRUCK:		\$54.75	
PER CUBIC YARD PICKUP:	1.0 YD:	\$29.17	OR
		\$0.00	PER YD, WHICHEVER IS GREATER
			BASE, + \$0.99
REINSTATEMENT OF SERVICE		\$25.00	
SPECIAL COLLECTION AFTER IMPROPER SET-OUT		\$45.23	
SPECIAL SERVICE FOR BULKY ITEMS & APPLIANCES:			
	\$58.32	PER STOP, PLUS "PASS-THROUGH" COST OF DISPOSAL OR RECYCLING	

TABLE 5 RECYCLING SERVICE \$4.69 per month

GARBERVILLE, HOLMES, FORTUNA, FERNDALE, WEOTT, MYERS FLAT AREAS FRANCHISE RATES

Recycling Processing Fee Increase

Rates Effective 9/1/2018
 Fees Effective 9/6/2018

County Annual Tonnage (per HWMA RFP) 3926

Allocation	<u>RCY Customers</u>	<u>%</u>	<u>Tons</u>
Mid County	3,360	76.4%	2,998
South County	<u>1,040</u>	<u>23.6%</u>	<u>928</u>
Total County	4,400	100.0%	3,926

South County Tonnage 9-6-18 to 6-30-19 758

RCY Processing Fee \$ 69,56

RCY Processing Fees for South County for 9-6-18 to 6-30-18 \$ 52,700

Franchise Fees 9% 5,212

Total RCY Processing Fees for South County for 9-6-18 to 6-30-18 \$ 57,913

South County Projected Annual Revenue \$ 2,069,018

South County Projected Revenue 9-1-18 to 6-30-19 1,717,568

Period Fees % Period Revenues	3.37%
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Projected 2019 Revenue

Monthly Projected Revenue (before RCY Processing) \$ 172,418

Annual Projected Revenue (before RCY Processing) \$ 2,069,018