

**FIRST AMENDMENT TO AGREEMENT FOR SOLID WASTE
HANDLING SERVICES BETWEEN CITY OF YORBA LINDA
AND REPUBLIC WASTE SERVICES OF SOUTHERN
CALIFORNIA, LLC**

This First Amendment (the "Amendment") to the Agreement for Solid Waste Handling Services between the City of Yorba Linda (hereinafter "City") and Republic Waste Services of Southern California, LLC (hereinafter "Contractor") is made and entered so as to be effective as of July 1, 2018.

1. RECITALS

A. City and Contractor have entered that certain Agreement for Solid Waste Handling Services effective as of April 7, 2015 (the "Agreement").

B. Contractor is an affiliate of Republic Services, Inc., a Delaware corporation ("Guarantor"), and Guarantor has entered into a written Guarantee Agreement (the "Guarantee") with City related to Contractor's performance pursuant to the terms of the Agreement.

C. Prior to the Effective Date of the Agreement, the State of California enacted AB 1826, requiring the implementation of mandatory commercial organics recycling at a later date; and, accordingly, the Agreement provides that Contractor shall present a proposed program for the City's approval to comply with AB 1826.

D. The Agreement requires that the parties meet and confer in good faith to arrive at maximum rates to apply to any new program agreed upon to comply with AB 1826.

E. Contractor has proposed a program to enable City to comply with the requirements of AB 1826, and has agreed to implement the program set forth in this Amendment (including without limitation all noted Collection and processing services, outreach and assistance to City with monitoring and reporting) at rates that do not exceed maximum rates set forth herein.

F. City and Contractor wish to amend the Agreement to enable implementation of programs to achieve compliance with AB 1826, and desire to enter this Amendment for the purpose of setting forth their agreements and understandings with respect to these issues, while leaving all other aspects of the Agreement unchanged.

G. Guarantor has reviewed this Amendment and remains willing to apply the Guarantee to Contractor's performance under the Agreement as amended by this Amendment.

2. COVENANTS

Section 1. Amendment to definitions. Section 2 of the Agreement is hereby amended to add the following defined terms:

Organic Waste. “Organic Waste” shall mean Food Waste, Green Waste, landscape and pruning waste, nonhazardous wood waste, and food-soiled paper that is mixed in with food waste.

Organic Waste Processing Facility. “Organic Waste Processing Facility” shall mean a permitted Facility where Organic Waste is sorted, mulched or separated for the purposes of Recycling, reuse or composting.

Section 2. Amendment to Section 8.3 to Add Organic Recycling Services. Section 8.3 of the Agreement is hereby amended to add a new Section 8.3.11.1 which shall read as follows:

8.3.11.1 Organic Waste Recycling Program for Commercial Premises Customers

- (a) Contractor shall offer Organic Waste recycling services to all Commercial Premises (which includes all Multi-Family Dwellings and all City Facilities.) Contractor shall be responsible for ensuring that the Organic Waste recycling services it offers meet the requirements of AB 1826. Contractor shall make available information related to its Organic Waste recycling program and shall promote said program through its website, mailers, brochures, billing inserts, email content, social media, and online announcements.
- (b) Contractor shall be responsible to ensure that all Organic Waste it Collects is delivered to a properly permitted Organic Waste Processing Facility where it is processed in a manner that complies with AB 1826, using methods that are approved by the California Department of Resources, Recycling and Recovery (CalRecycle) so as to ensure the handling of such Organic Waste qualifies for diversion credit.
- (c) Pursuant to Section 8.1.6 of the Agreement, City hereby consents to Contractor commingling Organic Waste Collected in connection with Organic Waste Recycling services provided pursuant to this Amendment with Organic Waste Collected in other jurisdictions. City’s consent to commingling of Organic Waste Collected by Contractor is subject to the provisions of Section 8.1.6.
- (d) Contractor shall offer Organic Waste recycling services at rates based on Container size and service frequency that do not exceed the maximum rates set forth on the attached Exhibit 1. Contractor shall offer Organic Waste Recycling services using either a 2-cubic yard Bin or a 64-gallon Cart, each to be collected one to three times per week. AB 1826 enables CalRecycle to require the implementation of Organic Waste recycling services in 2020 to Customers that generate two-cubic yards or more of Solid Waste per week under certain circumstances. Should that occur, and only if it does, Contractor shall also offer Organic Waste recycling services using a 35-gallon Cart at rates that do not exceed the maximum set forth on the attached Exhibit 1. The maximum rates for Organic Waste recycling services using a 2-cubic yard Bin or a 35-gallon Cart as set forth on Exhibit 1, shall be adjusted from time to time pursuant to the terms of the Agreement commencing July 1 2018. The maximum rate for such services provided in a 64-gallon Cart shall similarly be subject to adjustments pursuant to the terms of the Agreement, commencing July 1, 2019.

(e) On behalf of City, Contractor shall regularly identify opportunities for, barriers to, and incentives for Organic Waste recycling, and shall engage in Customer education and outreach related to Organic Waste recycling, all in a manner that ensures City is in compliance with its related obligations pursuant to AB 1826. The method(s) by which Contractor contacts Customers for these purposes, unless otherwise specified, may be by any reasonable means Contractor desires (which may include direct mail, email, telephone calls, site visits and/or such other methods as Contractor reasonably deems appropriate), provided that such methods result in compliance with all obligations of AB 1826, and any related requirements of CalRecycle.

(f) In the event Contractor encounters a contaminated Organic Waste Container, Contractor shall document the contaminated container using a driver on-board system, forward the message to Dispatch and retain photos of the incident. Contractor shall advise the Customer that the Contractor will return not later than the following business day and will provide typical Solid Waste Collection service for the contaminated Container. In addition, Contractor shall provide the Customer with education materials related to the appropriate items to be placed in the Organic Waste Container. In addition to the monthly rate charged for Organic Waste recycling services, Contractor may charge Customers a Contamination Fee not exceeding that set forth in Exhibit 1 for servicing each contaminated Organic Waste Container.

(g) Contractor shall identify Commercial Premises that create large amounts of Organic Waste, including specifically hotels, business parks, Multi-family Dwelling Customers, and Customers engaged in food service operations (i.e., restaurants, grocery stores, hospitals, corporate cafes, and bakeries.) Once identified, Contractor shall engage in education and outreach efforts, including specifically by providing access to employee training materials, in order to encourage such Customers to utilize Organic Waste recycling services. Contractor shall specifically advise such Customers if they are not in compliance with AB 1826. If necessary for compliance with AB 1826, or if requested by CalRecycle, Contractor shall conduct visual waste audits of Commercial Premises to evaluate the Organic Waste service requirements and service level needs. Contractor shall annually conduct Customer surveys and onsite waste assessments of Commercial Premises Customers subject to the requirements of AB 1826, including those that do not receive Contractor provided Organic Waste recycling, utilize an in-house program, donate edible foods to charitable organizations, and/or recycle Organic Waste using a third party vendor. Contractor shall provide copies of waste assessments performed each quarter until January 2020 or later if requested by CalRecycle or City and submit copies of all waste assessments as part of the annual report to the City in accordance with Section 3 of this Amendment. In the event a Customer which is subject to the requirements in AB 1826 refuses Contractor provided Organic Waste recycling services, and does not report to Contractor that it achieves compliance with AB 1826 through other methods (such as in-house recycling, food donations, or a third party recycling program) Contractor shall provide the City with Customer's name, address, contact information and such other information available to Contractor as may be requested by City or CalRecycle, in a format approved by City, for inclusion with State reporting.

(h) Contractor, with such support from City as may be reasonably necessary, shall perform at least the following outreach to Customers at Commercial Premises:

(i) Initial Direct Mailing Outreach to be performed by Contractor

- Immediately following the approval of this Amendment (i.e., prior to its effective date) Contractor shall prepare a multi-lingual letter regarding the requirements of AB 1826 for City approval. Upon receipt of City approval the letter shall be printed using the City's electronic letterhead and mailed or delivered by Contractor to all Commercial Premises Customers, informing such Customers of the availability of Contractor-provided Organic Waste recycling services and the requirements for compliance with AB 1826. The letter shall note that participation is mandatory under State law for Customers that meet the participation thresholds under AB 1826.

(ii) Initial Direct Mailing Out of Compliance Outreach to be performed by Contractor

- Within 90 days of the approval date of this Amendment (i.e., prior to its effective date), Contractor shall prepare a letter for City approval and mail or deliver it to all Customers who are not in compliance with AB 1826 utilizing Contractor's database. The letter shall explain the requirements of AB 1826, detail the Customer's specific reasons for non-compliance, and explain the annual reporting requirements to CalRecycle. The letter is to be printed using the City's electronic letterhead. Contractor shall concurrently provide City with a list of all Customers in non-compliance with AB 1826 (including but not limited to a contact person, service and billing addresses, phone number, email, account notes and any other information reasonably necessary) as well as all available information relating to any refusal by the Customer to utilize Organic Waste recycling services, in order that such information may be included in reports to CalRecycle.

(iii) Annual Outreach to be performed by Contractor

- Contractor, in coordination with City, shall annually contact all Customers who are not in compliance with AB 1826 and shall explain the requirements of AB 1826, detail the Customer's specific reasons for non-compliance, and explain the annual reporting requirements to CalRecycle. Contractor shall annually provide City with a list of all Customers in non-compliance with AB 1826 (including but not limited to a contact person, service and billing addresses, phone number, email, account notes and any other information reasonably necessary) as well as all available information relating to any refusal by the Customer to utilize Organic Waste recycling services, in order that such information may be included in reports to CalRecycle.

(iv) Contractor shall perform at least the following ongoing outreach efforts:

- Provide Organic Waste recycling information to all Commercial Premises including Step by Step process; guidelines for new employee training; do's and don'ts of separation; signage examples; source reduction suggestions; links to online Contractor and City programs/resources; Good Samaritan Law definition; information on environmentally preferable purchasing policies; and resource list of sustainability programs and toolkits from trade organizations like the National Restaurant Association and US Composting Council Curb to Compost Toolkit and/or government agencies like the EPA toolkit for Reducing Food Waste and Packaging and FTC Guidelines on compostable and degradable claims.
- Provide samples of indoor and outdoor Container options and signage.
- Contact or provide information to help identify Customer's "startup team" to implement the program and provide long term support.
- If necessary or if requested by Customers, conduct, comprehensive, in-house, multi-lingual trainings with kitchen and janitorial staff.
- Follow-up and monitor to ensure successful participation, which shall include visual audits and additional training when necessary.
- Create solutions for the identified challenges and waste stream specifics.
- Connect Customers with food donation programs where applicable in order to, among other things, enable compliance with SB 1383.
- Contractor shall produce, keep current, and provide information to the public on AB 1826 and identification of Commercial Premises affected by the legislation.

Section 3. Amendment to Section 23.2. Section 23.2 of the Agreement entitled Quarterly Reports is amended by addition of the following to the end of existing language, and all other aspects of Section 23.2 remain unchanged:

Commercial Premises Organic Waste Recycling Program Reporting Requirements

Contractor shall provide the following to City on a quarterly basis until January 2020, and annually thereafter, in a format approved by the City:

- The total number of Commercial Premises serviced by the Contractor that meet the thresholds of AB 1826.
- The number of these Customers that:
 - Subscribe to Contractor's Organic Waste recycling service;

- Recycle Organic Waste via an in-house program;
- Donate edible food to charitable organizations;
- Use a third-party vendor for Organic Waste recycling; and,
- Are without a known Organic Waste Recycling program.
- A listing of all contacts with, and copies of all surveys and onsite waste assessments for those Customers that meet the thresholds of AB 1826, but refuse Organic Waste recycling service.
- Contact information for all Commercial Premises (as identified in Contractor's data base) that do not have an Organic Waste recycling program.
- Detailed support documentation for the forgoing as may be reasonably required by City.

SECTION 4. Discretionary Adjustment to "Total: Maximum Rate" for specified commercial related services. In order to compensate for costs associated with the State mandated Organic Waste recycling program, City agrees, pursuant to Section 24.8 of the Agreement, to a discretionary adjustment to the "Total: Maximum Rate" applicable to those commercial related services designated on the attached Exhibit 1 as "Designated Rates". The discretionary adjustment will occur as set forth below:

- (a) Except as noted below, upon the effective date of this Amendment, the "Total: Maximum Rate" applicable to each of the Designated Rates shall be increased by 3.36% (the "Organic Waste Collection Adjustment"). The 3.36% Organic Waste Collection Adjustment shall initially be phased-with two equal increments of 1.68% each. The first Organic Waste Collection Adjustment of 1.68% will be implemented effective July 1, 2018. At that time, the amount of the "Total: Maximum Rate" identified on Exhibit A of the Agreement applicable to each of the Designated Rates will be increased by 1.68% (with this adjustment occurring after applicable adjustments to the Maximum Rates as set forth in Section 24 are made pursuant to the terms of the Agreement.) Thereafter an additional 1.68% increase shall occur to the newly established "Total: Maximum Rate" for the Designated Rates effective on January 1, 2019. Thereafter, the Organic Waste Collection Adjustment will be implemented at the time the annual adjustment to the Service Component and Disposal Component to the maximum rates identified on Exhibit A occurs pursuant to Section 24 of the Agreement. It will be implemented by increasing the amount of the "Total: Maximum Rate" for each of the Designated Rates, after the formulas set forth in Section 24 are applied, by 3.36%.
- (b) Notwithstanding any provision to the contrary, the initial Organic Waste Collection Adjustment applicable to the maximum rate for Collection of Organic Waste in a 64-gallon Cart shall only be adjusted once effective July 1, 2018, rather than being phased in with two adjustments. Hence, the "Total: Maximum Rate" applicable thereto shall be increased by 3.36% effective July

1, 2018. Moreover, the rate adjustment formulas set forth in Section 24 of the Agreement shall not be applied to the maximum rate for Collection of Organic Waste in a 64-gallon Cart until July 1, 2019. Except for this deviation, the provisions hereof applicable to adjustments to the Designated Rates shall apply to the maximum rates for Organic Waste Collection in a 64-gallon Cart.

- (c) In order to take into account increases for processing costs incurred when Organic Waste is delivered to an Organic Waste Processing Facility pursuant to the terms of this Amendment, commencing July 1, 2019 and additional adjustment shall annually occur to the maximum rates associated with the Designated Rates. Specifically, each July 1 the Organic Waste Collection Adjustment set forth above will be adjusted by an amount equal to the percentage arrived at in Column J of the attached Exhibit 2 after applying the formula set forth in Exhibit 2 (the “Discretionary Organic Processing Adjustment.”)
- (d) Effective July 1, 2022, the Organic Waste Collection Adjustment will be further adjusted based on the Rate Adjustment Rebalancing Formula set forth in Exhibit 3 to reflect the actual level of participation in the Organic Waste recycling program. Application of the Rate Adjustment Rebalancing Formula is expected to result in a different factor (i.e., a percent number different [either higher or lower] than the initial 3.36%) to be applied to the “Total: Maximum Rate” when annually calculating the Organic Waste Collection Adjustment. Contractor shall be responsible to provide City all data and documentation requested by the City supporting the number of units (tons, hours, container count) and related calculations necessary to implement the Rate Adjustment Rebalancing Formula set forth in in Exhibit 3. Such data shall include any allocation methods used to allocate tons or hours to the City from Organics Collection routes shared with other cities (i.e., routes in which Organic Waste is commingled as permitted above.)
- (e) If the actual number of tons of Organic Waste Collected as part of the Organic Waste recycling service provided by Contractor in calendar year 2019 or 2020 exceeds the tonnage threshold of 713 tons, then the Rate Adjustment Rebalancing Formula set forth in Exhibit 3 may be accelerated and applied earlier than July 1, 2022, so as to be effective July 1, 2020 or July 1, 2021. Contractor shall have the burden of making a written request to City for this acceleration to occur, and such request must be received on or before March 31, of the year for which acceleration is requested. If accelerated so as to apply in 2020 and/or 2021, the Rate Adjustment Rebalancing Formula will be applied to the Organic Waste Collection Adjustment again on July 1, 2021 and July 1, 2022, as applicable. The Rate Adjustment Rebalancing Formula will not be utilized again after July 1, 2022.
- (f) The Rate Adjustment Rebalancing Formula is designed to take into account processing cost increases at the Organic Waste Processing Facility; and,

hence, in any year in which the Rate Adjustment Rebalancing Formula is applied, the Discretionary Organic Processing Rate Adjustment will not be applied to adjust maximum rates.

Section 5. Amendment to Exhibit A. Exhibit A to the Agreement is hereby replaced in its entirety with the new Exhibit A attached hereto as Exhibit 1. Exhibit 1 hereto reflects the following revisions to Exhibit A to the Agreement:

- (a) Exhibit 1 sets forth the current maximum rates for services as adjusted per the Agreement since the Effective Date.
- (b) Exhibit 1 additionally sets forth new maximum rates to be applicable to Organic Waste Collection services as called for in this Amendment.
- (c) Exhibit 1 reflects a new, lower maximum rate for Commercial Solid Waste Collection services provided by means of a 96-gallon Cart, which was reduced as part of the consideration for entering this Amendment, as well as a new service, and an associated maximum rate, by which 96-gallon manure Carts will be provided at the former 96-gallon Refuse Cart rate.
- (d) Exhibit 1 includes a column designating those services which have been deemed to be Designated Rates for purposes of the discretionary rate adjustment provided herein. It additionally includes columns reflecting the "Organics Waste Collection Adjustment," the "Discretionary Organic Processing Rate Adjustment" and the "Total Rate Maximum Rate After Discretionary Adjustment." These last three columns are blank by design as of the date of the approval of this Amendment, and are intended for use commencing after the discretionary adjustments called for by this Amendment are implemented commencing July 1, 2018.

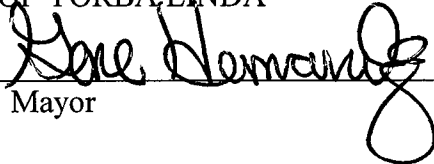
Section 6. Contractor's Future Organic Waste Processing Facility. The processing cost per ton to be used in Exhibit 2 and Exhibit 3 is based on the tipping fee at the CORE Organic Waste Processing Facility in the City of Orange, owned by a party not affiliated with this Amendment. If Contractor develops its own Organic Waste Processing Facility and proposes to use it for processing Organic Waste generated in the City, and provided that Contractor's facility is competitive with market rates, City and Contractor shall meet and attempt to negotiate in good faith an adjustment to the processing cost per ton that reflects the proposed facility's costs, and a method of adjusting the processing cost per ton. The determination of whether such a facility owned by Contractor is competitive with market rates shall be determined by City in its reasonable discretion.

SECTION 7. Exhibit 4. Exhibit 4 entitled "Documentation of the Rebalancing Adjustment Factor" is hereby incorporated for the sole purpose of providing historical reference to the means by which the calculations in Exhibit 3 were arrived at.

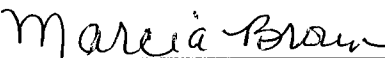
Section 8. Unaffected Provisions Remain in Full Force. All provisions of the Agreement excepting for those expressly amended by this First Amendment, shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the Parties hereto have executed this First Amendment to be effective as of the date and year written above.

CITY OF YORBA LINDA

By: 
Mayor

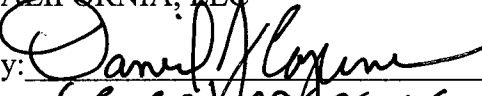
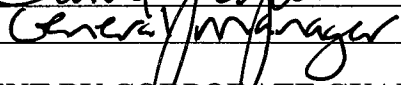
Attest:

By: 
City Clerk

Approved as to form:

By: 
City Attorney

REPUBLIC WASTE SERVICES OF SOUTHERN CALIFORNIA, LLC

By: 
its: 

ACKNOWLEDGEMENT AND CONSENT BY CORPORATE GUARANTOR

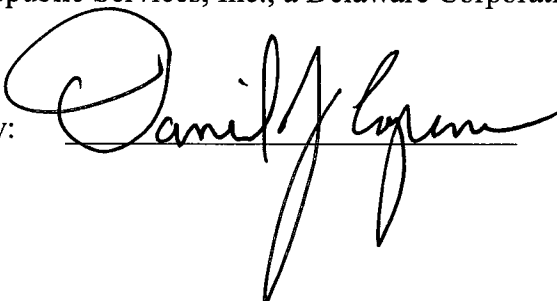
A. Republic Waste Services Of Southern California, LLC hereinafter (“Contractor”) is an affiliate of Republic Services, Inc., a Delaware corporation (“Guarantor”).

B. Guarantor has entered a Corporate Guarantee (the “Guarantee”) related to Contractor’s obligations pursuant to the Agreement, as defined above.

C. Guarantor hereby acknowledges and consents to the provisions of the forgoing Amendment, and agrees that its obligations as set forth in the Guarantee provided as Exhibit C to the Agreement, shall apply equally to the First Amendment set forth above as if fully restated.

GUARANTOR:

Republic Services, Inc., a Delaware Corporation

By: 

CERTIFICATE OF SECRETARY

**RELATING TO THE FIRST AMENDMENT TO
AGREEMENT FOR SOLID WASTE HANDLING SERVICES
WITH THE CITY OF YORBA LINDA
IN THE STATE OF CALIFORNIA**

The undersigned, Secretary of **REPUBLIC WASTE SERVICES OF SOUTHERN CALIFORNIA, LLC**, a Delaware limited liability company (the "Company"), hereby certifies that the following is a true and correct copy of the resolution which was duly adopted by **REPUBLIC SERVICES, INC.**, a Delaware corporation, the sole member of the Company (the "Member") by written consent of the Member on February 24, 2016, that such resolution has not been rescinded, amended or modified in any respect, and is in full force and effect on the date hereof:

RESOLVED, that (i) any individual at the time holding the position of General Manager or Area Director, Finance be, and each of them hereby is, appointed as an Authorized Agent, to act in the name and on behalf of the Company and to include the execution of related documents, in connection with the day-to-day business activities of the Company, and further, that (ii) in addition to the General Manager or Area Director, Finance, any individual at the time holding the position of Area Director, Business Development; Area Director, Operations; or Market Vice President be, and each of them hereby is, appointed as an Authorized Agent to execute any bid and proposal, and if awarded, any related contract for services to be performed by the Company and any bond required by such bid, proposal or contract, all in accordance with the existing Levels of Authority and other relevant policies and procedures.

I further certify that **DANIEL J. CAPENER** holds the title of General Manager and in such capacity has full authority to act in the name and on behalf of the Company as set forth in the foregoing resolution.

WITNESS MY HAND, this 20th day of April, 2018.



Eileen B. Schuler, Secretary

EXHIBIT "A"
CITY OF YORBA LINDA
MAXIMUM RATES FOR SOLID WASTE HANDLING SERVICES
Approved 5/10/2017

Maximum Rates as of July 1, 2017				Maximum Rates After Organics Related Discretionary Adjustment			
Service Component	Disposal Component	Disposal Component Tonnage Basis	Total Maximum Rate	Designated Rate	Organic Waste Collection Adjustment	Discretionary Organic Processing Adjustment	Total Maximum Rate After Discretionary Organic Adjustment
\$	17.36 \$	3.00	0.0895 \$	20.36	no		
\$	4.73 \$	3.00	0.0895 \$	7.73	no		
\$	7.42 \$	3.00	0.0895 \$	10.42	no		
\$	1.73 \$	3.00	0.0895 \$	4.73	no		
\$	19.92 \$	3.00	0.0895 \$	22.92	no		
\$	11.07 \$	-	- \$	11.07	no		
\$	80.91 \$	14.24	0.4252 \$	95.15	no		
\$	130.52 \$	28.49	0.8503 \$	159.01	no		
\$	180.16 \$	42.73	1.2755 \$	222.89	no		
\$	229.78 \$	56.97	1.7006 \$	286.75	no		
\$	279.40 \$	71.22	2.1258 \$	350.61	no		
\$	329.02 \$	85.46	2.5509 \$	414.48	no		
\$	40.11 \$	14.24	0.4252 \$	54.35	no		
\$	88.31 \$	15.55	0.4641 \$	103.86	no		
\$	145.35 \$	31.09	0.9281 \$	176.44	no		
\$	202.37 \$	46.64	1.3922 \$	249.01	no		
\$	259.42 \$	62.18	1.8563 \$	321.60	no		
\$	316.46 \$	77.73	2.3203 \$	394.19	no		
\$	373.49 \$	93.28	2.7844 \$	466.77	no		
\$	48.66 \$	15.55	0.4641 \$	64.21	no		

SINGLE FAMILY DWELLINGS

Standard Rate - Three Carts

Additional Refuse Carts (1st extra)
 Additional Refuse Carts (2 or more)
 Additional Green Waste Carts (each)

Extra Cart Pickups (per pickup)
 Walkout Service (Customers not eligible for free service)

2 cubic yard Bin

1 pickup per week
 2 pickups per week
 3 pickups per week
 4 pickups per week
 5 pickups per week
 6 pickups per week
 Extra pickups

MANURE

2 cubic yard Bin

1 pickup per week
 2 pickups per week
 3 pickups per week
 4 pickups per week
 5 pickups per week
 6 pickups per week
 Extra pickups

3 cubic yard Bin

	Service Component	Disposal Component	Disposal Component Tonnage Basis	Total Maximum Rate	Designated Rate	Organic Waste Collection Adjustment	Discretionary Organic Processing Adjustment	Total Maximum Rate After Discretionary Organic Adjustment
	\$ 128.12	\$ 22.55	0.6732	\$ 150.67	no			
1 pickup per week	\$ 205.01	\$ 42.80	1.2775	\$ 247.80	no			
2 pickups per week	\$ 280.71	\$ 64.20	1.9162	\$ 344.91	no			
3 pickups per week	\$ 356.43	\$ 85.59	2.5549	\$ 442.02	no			
4 pickups per week	\$ 432.15	\$ 106.99	3.1936	\$ 539.14	no			
5 pickups per week	\$ 507.87	\$ 128.39	3.8324	\$ 636.25	no			
6 pickups per week	\$ 54.76	\$ 22.55	0.6732	\$ 77.31	no			
Extra pickups								
96 Gallon Manure Cart								
1 pickup per week	\$ 78.61	na	na	\$ 78.61	no			
2 pickups per week	\$ 157.22	na	na	\$ 157.22	no			
3 pickups per week	\$ 235.83	na	na	\$ 235.83	no			
COMMERCIAL AND MULTI-FAMILY DWELLINGS SERVICES								
96 Gallon Commercial Cart								
1 pickup per week	\$ 16.40	\$ 11.77	0.3512	\$ 28.17	yes			
2 pickups per week	\$ 32.79	\$ 23.54	0.7024	\$ 56.33	yes			
3 pickups per week	\$ 49.22	\$ 35.31	1.0536	\$ 84.53	yes			
2 cubic yard Bin								
1 pickup per week	\$ 110.92	\$ 19.53	0.5828	\$ 130.45	yes			
2 pickups per week	\$ 165.36	\$ 19.53	0.5828	\$ 184.89	yes			
3 pickups per week	\$ 219.82	\$ 19.53	0.5828	\$ 239.35	yes			
4 pickups per week	\$ 274.26	\$ 19.53	0.5828	\$ 293.79	yes			
5 pickups per week	\$ 328.71	\$ 19.53	0.5828	\$ 348.24	yes			
6 pickups per week	\$ 383.15	\$ 19.53	0.5828	\$ 402.68	yes			
Each additional pickups per week	\$ 48.24	\$ 19.53	0.5828	\$ 67.77	yes			
3 cubic yard Bin								
1 pickup per week	\$ 121.55	\$ 21.40	0.6387	\$ 142.95	yes			
2 pickups per week	\$ 189.54	\$ 42.80	1.2775	\$ 232.33	yes			
3 pickups per week	\$ 257.49	\$ 64.20	1.9162	\$ 321.69	yes			
4 pickups per week	\$ 325.48	\$ 85.59	2.5549	\$ 411.07	yes			
5 pickups per week	\$ 393.45	\$ 106.99	3.1936	\$ 500.44	yes			
6 pickups per week	\$ 461.42	\$ 128.39	3.8324	\$ 589.80	yes			
Extra pickups	\$ 45.98	\$ 21.40	0.6387	\$ 67.38	yes			

COMMERCIAL AND MULTI-FAMILY DWELLINGS SERVICES

	Service Component	Disposal Component	Disposal Component Tonnage Basis	Total Maximum Rate	Designated Rate	Organic Waste Collection Adjustment	Discretionary Organic Processing Adjustment	Total Maximum Rate After Discretionary Organic Adjustment
3 cubic yard Recycle Bin								
1 pickup per week	\$ 121.69	\$ -	-	\$ 121.69	yes			
2 pickups per week	\$ 189.79	\$ -	-	\$ 189.79	yes			
3 pickups per week	\$ 257.89	\$ -	-	\$ 257.89	yes			
4 pickups per week	\$ 326.01	\$ -	-	\$ 326.01	yes			
5 pickups per week	\$ 394.11	\$ -	-	\$ 394.11	yes			
6 pickups per week	\$ 462.20	\$ -	-	\$ 462.20	yes			
Extra pickups	\$ 46.12	\$ -	-	\$ 46.12	yes			
3 cubic yard compactor								
1 pickup per week	\$ 162.13	\$ 28.54	0.8519	\$ 190.67	yes			
2 pickups per week	\$ 266.07	\$ 57.08	1.7039	\$ 323.15	yes			
3 pickups per week	\$ 370.04	\$ 85.62	2.5558	\$ 455.66	yes			
4 pickups per week	\$ 474.00	\$ 114.16	3.4078	\$ 588.16	yes			
5 pickups per week	\$ 577.94	\$ 142.70	4.2597	\$ 720.64	yes			
6 pickups per week	\$ 681.88	\$ 171.24	5.1117	\$ 853.12	yes			
Extra pickups	\$ 77.46	\$ 28.54	0.8519	\$ 106.00	yes			
ORGANIC WASTE RECYCLING								
2 yard Organics Bin								
1 pickup per week	\$ 130.45	na	na	\$ 130.45	yes			
2 pickups per week	\$ 184.89	na	na	\$ 184.89	yes			
3 pickups per week	\$ 239.35	na	na	\$ 239.35	yes			
Contamination fee per occurrence	\$ 100.00	na	na	\$ 100.00	yes			
65 Gallon Organics Cart								
1 pickup per week	\$ 43.54	na	na	\$ 43.54	yes			
2 pickups per week	\$ 87.08	na	na	\$ 87.08	yes			
3 pickups per week	\$ 130.61	na	na	\$ 130.61	yes			
Contamination fee per occurrence	\$ 50.00	na	na	\$ 50.00	yes			
35 Gallon Organics Cart								
1 pickup per week	\$ 16.40	\$ 11.77	0.3512	\$ 28.17	yes			
2 pickups per week	\$ 32.79	\$ 23.54	0.0702	\$ 56.33	yes			
3 pickups per week	\$ 49.22	\$ 35.31	1.0536	\$ 84.53	yes			
Contamination fee	na							

PERMANENT ROLLOFF SERVICE

	Service Component	Disposal Component	Disposal Component Tonnage Basis	Total Maximum Rate	Designated Rate	Organic Waste Collection Adjustment	Discretionary Organic Processing Adjustment	Total Maximum Rate After Discretionary Organic Adjustment
Rolloff Box - 15 cubic yard - Demolition (cost per load / 8 ton limit)	\$ 307.12	\$ 204.25	6.0967	\$ 511.37	yes			
Rolloff Box - 30 cubic yard (cost per load / 8 ton limit)	\$ 303.01	\$ 162.77	4.8585	\$ 465.78	yes			
Rolloff Box - 40 yard compactor (cost per load / 8 ton limit)	\$ 362.04	\$ 240.76	7.1869	\$ 602.80	yes			
Rolloff Box - 30 cubic yard - Greenwaste (cost per load / 6 ton limit)	\$ 282.72	\$ 151.86	4.5331	\$ 434.58	yes			
OTHER BIN SERVICES								
Scout or push out service (monthly)								
Per pickup	\$ 55.23	\$ -	-	\$ 55.23	no			
Bin exchange in excess of one per calendar year (any size)	\$ 78.15	\$ -	-	\$ 78.15	no			
Bin relocation	\$ 52.11	\$ -	-	\$ 52.11	no			
Locking bin installation (one time fee)	\$ 90.65	\$ -	-	\$ 90.65	no			
Locking bin surcharge (per pickup frequency)	\$ 2.13	\$ -	-	\$ 2.13	no			
Bin redelivery fee (removed for non-payment)	\$ 78.15	\$ -	-	\$ 78.15	no			
Special access required (key or code)	\$ 10.63	\$ -	-	\$ 10.63	no			
Overload surcharge (per occurrence)	\$ 37.19	\$ -	-	\$ 37.19	no			
Container steam cleaning (in excess of one per calendar year)	\$ 104.20	\$ -	-	\$ 104.20	no			
OTHER ROLLOFF/INDUSTRIAL SERVICES								
Per ton overload surcharge - Refuse	\$ 5.45	\$ 33.50	1.0000	\$ 38.95	no			
Per ton overload surcharge - Greenwaste	\$ 6.18	\$ 33.50	1.0000	\$ 39.68	no			
Relocation fee	\$ 52.11	\$ -	-	\$ 52.11	no			
Stand-by-rate (hourly) - 2 hour minimum	\$ 78.15	\$ -	-	\$ 78.15	no			
Dry run/trip charge	\$ 52.11	\$ -	-	\$ 52.11	no			
Turn around surcharge	\$ 10.63	\$ -	-	\$ 10.63	no			
Saturday collection surcharge (per haul)	\$ 32.31	\$ -	-	\$ 32.31	no			
Heavy truck service (per haul)	\$ 364.73	\$ -	-	\$ 364.73	no			
Mandatory required signature surcharge	\$ 5.32	\$ -	-	\$ 5.32	no			
Steam cleaning (in excess of one (1) free per calendar year)	\$ 104.20	\$ -	-	\$ 104.20	no			

Scout or push out service (monthly)

Per pickup

Bin exchange in excess of one per calendar year (any size)

OTHER BIN SERVICES

Rolloff Box - 15 cubic yard - Demolition (cost per load / 8 ton limit)

Rolloff Box - 30 cubic yard (cost per load / 8 ton limit)

Rolloff Box - 40 yard compactor (cost per load / 8 ton limit)

Rolloff Box - 30 cubic yard - Greenwaste (cost per load / 6 ton limit)

OTHER ROLLOFF/INDUSTRIAL SERVICES

Per ton overload surcharge - Refuse

Per ton overload surcharge - Greenwaste

Relocation fee

Stand-by-rate (hourly) - 2 hour minimum

Dry run/trip charge

Turn around surcharge

Saturday collection surcharge (per haul)

Heavy truck service (per haul)

Mandatory required signature surcharge

Steam cleaning (in excess of one (1) free per calendar year)

	Service Component	Disposal Component	Disposal Component Basis	Total Maximum Rate	Designated Rate	Organic Waste Collection Adjustment	Discretionary Organic Processing Adjustment	Total Maximum Rate After Discretionary Organic Adjustment
BULKY ITEM COLLECTION								
Single Family Dwellings (three (3) pickups per calendar year/10 items per pickup)	\$ -	\$ -	-	\$ -	no			
Single Family Dwellings - Additional pickups above calendar maximum (up to 2 items)	\$ 43.77	\$ -	-	\$ 43.77	no			
Single Family Dwellings - Additional items above maximum of items (per item)	\$ 6.26	\$ -	-	\$ 6.26	no			
Single Family Dwellings Additional Gas Recovery Fee (per item) (does not apply to 3 free pickups)	\$ 43.77	\$ -	-	\$ 43.77	no			
Commercial & Multi-Family Dwellings (up to 2 items)	\$ 46.90	\$ -	-	\$ 46.90	no			
Commercial & Multi-Family Dwellings - Additional items above 2 (per item)	\$ 6.26	\$ -	-	\$ 6.26	no			
Commercial & Multi-Family Dwellings Additional Gas Recovery Charge (per item)	\$ 43.77	\$ -	-	\$ 43.77	no			
TEMPORARY SERVICES								
Temporary Residential Bin - 3 cubic yard (3 day rental)	\$ 67.14	\$ 11.82	0.3528	\$ 78.96	yes			
Initial 3 day rental	\$ 6.69	\$ -	-	\$ 6.69	no			
Each additional day								
Temporary Residential Bin (non-profit organizations) - 3 cubic yard (3 day rental)	\$ 62.72	\$ 11.04	0.3296	\$ 73.76	yes			
Initial 3 day rental	\$ 6.69	\$ -	-	\$ 6.69	no			
Each additional day								
Temporary Construction Bin - 3 cubic yard	\$ 148.18	\$ 26.08	0.7786	\$ 174.26	yes			
1 pickup per week	\$ 218.01	\$ 52.17	1.5573	\$ 270.18	yes			
2 pickups per week	\$ 287.86	\$ 78.25	2.3359	\$ 366.11	yes			
3 pickups per week	\$ 357.71	\$ 104.33	3.1145	\$ 462.04	yes			
4 pickups per week	\$ 427.54	\$ 130.42	3.8931	\$ 557.96	yes			
5 pickups per week	\$ 497.39	\$ 156.51	4.6718	\$ 653.90	yes			
6 pickups per week	\$ 41.28	\$ 26.08	0.7786	\$ 67.36	yes			
Extra pickups								
Temporary Construction Bin - 3 cubic yard	\$ 55.40	\$ 9.50	0.2837	\$ 64.90	yes			
On-call service (each pickup)								

BULKY ITEM COLLECTION
 Single Family Dwellings (three (3) pickups per calendar year/10 items per pickup)
 Single Family Dwellings - Additional pickups above calendar maximum (up to 2 items)
 Single Family Dwellings - Additional items above maximum of items (per item)
 Single Family Dwellings Additional Gas Recovery Fee (per item) (does not apply to 3 free pickups)

Commercial & Multi-Family Dwellings (up to 2 items)
 Commercial & Multi-Family Dwellings - Additional items above 2 (per item)
 Commercial & Multi-Family Dwellings Additional Gas Recovery Charge (per item)

TEMPORARY SERVICES
 Temporary Residential Bin - 3 cubic yard (3 day rental)
 Initial 3 day rental
 Each additional day

Temporary Residential Bin (non-profit organizations) - 3 cubic yard (3 day rental)
 Initial 3 day rental
 Each additional day

Temporary Construction Bin - 3 cubic yard
 1 pickup per week
 2 pickups per week
 3 pickups per week
 4 pickups per week
 5 pickups per week
 6 pickups per week
 Extra pickups

Temporary Construction Bin - 3 cubic yard
 On-call service (each pickup)

	Service Component	Disposal Component	Disposal Component Tonnage Basis	Total Maximum Rate	Designated Rate	Organic Waste Collection Adjustment	Discretionary Organic Processing Adjustment	Total Maximum Rate After Discretionary Organic Adjustment
Temporary Rolloff Box - 15 cubic yard - Demolition (cost per load / 8 ton limit)	\$ 320.84	\$ 213.37	6.3692	\$ 534.21	yes			
Temporary Rolloff Box - 30 cubic yard - Greenwaste (cost per load / 6 ton limit)	\$ 282.72	\$ 151.86	4.5331	\$ 434.58	yes			
Rolloff Boxes Extra Day Charges After 5 Days (per day charge)	\$ 12.41	\$ -		\$ 12.41	no			
Temporary Rolloff Box - 30 cubic yard (cost per load / 8 ton limit)	\$ 289.63	\$ 192.62	5.7496	\$ 482.25	yes			
Temporary Rolloff Box - 15 cubic yard - Clean Concrete/Inert (cost per load / 8 ton limit)	\$ 302.32	\$ 157.24	4.6936	\$ 459.56	yes			
Temporary Rolloff Box - 30 cubic yard - Clean Wood/Drywall (cost per load / 8 ton limit)	\$ 272.23	\$ 141.58	4.2263	\$ 413.81	yes			
Temporary Rolloff Box - 30 cubic yard - Metal (flat rate per haul / 8 ton limit)	\$ 78.15	\$ -	-	\$ 78.15	yes			
Temporary Rolloff Box - 30 cubic yard - Cardboard (flat rate per haul / 8 ton limit)	\$ 125.05	\$ -	-	\$ 125.05	yes			

EXHIBIT 2
Organics Material Processing Component Adjustment
Example Yorba Linda Calculation

Note: This formula is only to be applied if the processing cost per ton for organic waste changes from previous year and if the rebalancing procedure in Exhibit 3 is not implemented that year.

Step 1: Calculate the organics processing price increase per ton by inputting existing and new organic waste cost per ton in blue columns.

Row	Adjustment Factor	A	B	C	D	E
		Existing Organic Waste Processing Cost per Ton	Input Most Recent CPI Adjustment % to Designated Rates	Adjusted Cost per Ton with CPI Adjustment (Column C = Column A x (1 + Column B))	New Organic Waste Cost per Ton effective July 1, 2018	Change in Cost per Ton (Column D - Column C)
1	Organic Waste Processing Cost per Ton	\$ 91.00	3%	\$ 93.73	\$ 100.10	\$ 6.37

Step Two: Determine the sector-wide percentage adjustment to the "Designated Rates" for increases in organic processing costs by entering in Column F the higher of the annual organics tonnage threshold established in Exhibit 4, footnote 6 or the actual organics tonnage processed in the past 12 months. Enter the annual Designated Rate revenue from Contractor in Column I.

Row	Rate Category	F	G	H	I	J
		Higher of Organics Tonnage Threshold or Actual Collected Tonnage ⁽¹⁾	Change In Cost per Ton (From Column E)	Additional Processing Costs (Column F x Column G)	Revenue from Designated Rates from Contractor ⁽²⁾	Total Percent Change to be applied to Designated Rates ((Column H ÷ Column I) + 1) ⁽³⁾
2	Organic Waste Recycling Program	713	\$ 6.37	\$ 4,542	\$ 3,670,000	0.12%

⁽¹⁾ Initial tonnage based on Contractor's 9/26/2017 proposed organics tonnage threshold.

⁽²⁾ Contractor to provide annual rate revenue for the "Designated Rates" shown on Exhibit 1

⁽³⁾ To be applied to the "Designated Rates" at annual rate adjustment by adjusting the Organic Waste Collection Adjustment by the percentage in Column J

Note: This formula is only to be applied if the processing cost per ton for organic waste changes from previous year and if the rebalancing procedures in Exhibit 3 is not implemented.

Any ambiguity between this exhibit and the text of the First Amendment shall be governed by the text of the Amendment.

**EXHIBIT 3
CITY OF YORBA LINDA
Step 1. Calculate the Commercial Organics Program Cost**

Description:

1. Use the table to calculate the updated annual organics program costs by entering data in Columns A, D and E in the highlighted and outlined boxes. See footnotes below for clarification on data entry. Any cell that is not highlighted and outlined is a calculation.
2. Enter most recent CPI adjustment in footnote 4 to automatically import into Rows 2 through 5, Column B.
3. Calculated result on Row 10 will be utilized in Step 3, Row 1 to calculate the rebalancing adjustment.

Row	Cost Category	Unit Cost at Time of last Adjustment (Column A) ⁽¹⁾	Adjustment Method (Column B)	Adjustment % to Unit Cost (Column C)	Updated Cost per Unit (Column D = Column A x (1+Column C))	Actual Number of Units (Column E)	Monthly Cost (Column F = Column D x Column E)
1	Processing - Pass Through	\$ 100.10 /ton ⁽²⁾⁽³⁾	Actual	4.9% ⁽³⁾	\$ 105.00 /ton ⁽³⁾	138 tons/month ⁽⁵⁾	\$ 12,390
2	Collection	\$ 105.78 /hour ⁽²⁾	CPI ⁽⁴⁾	10.0% ⁽⁴⁾	\$ 116.36 /hour	150 hours/month ⁽⁶⁾	\$ 17,454
3	Outreach	\$ 7,298 /year ⁽²⁾	CPI ⁽⁴⁾	10.0% ⁽⁴⁾	\$ 8,027.80 /year	12 months/year	\$ 669
4	Containers - Carts	\$ 0.50 /cart/month ⁽²⁾	CPI ⁽⁴⁾	10.0% ⁽⁴⁾	\$ 0.55 /cart/month	0 carts ⁽⁷⁾	\$ -
5	Containers- Bins	\$ 8.33 /bin/month ⁽²⁾	CPI ⁽⁴⁾	10.0% ⁽⁴⁾	\$ 9.16 /bin/month	50 bins ⁽⁷⁾	\$ 550
6	Subtotal (Sum of R1 through R5)						\$ 31,062
7	Contractor Margin at 10% (R6 x 10%)						\$ 3,106
8	Total Organics Program Monthly Cost (R6+R7)						\$ 34,169
9	Months per Year						12
10	Total Organics Program Annual Cost (R8 x R9)						\$ 410,025

⁽¹⁾ Original Unit Costs are based on the costs used in Exhibit 4 - Documentation of the Rebalancing Adjustment Factor.

⁽²⁾ For initial rebalancing on or before 7/1/2022, unit costs, except for processing costs as described in footnote 3, are initially set as shown in Exhibit 4. Unit Costs to be entered from previous rebalancing Column D Unit Costs in Exhibit 3, Step 1, if an additional rebalancing occurs per the guidelines of the Amendment Section 4.c.

⁽³⁾ Enter most recent organics processing cost per ton used to determine the sector-wide increase from Exhibit 2, Column D. Enter Updated Cost per Unit Category in Column D to automatically calculate the Adjustment % in Column C.

⁽⁴⁾ Use Consumer Price Index for All Urban Customers (CUJURA21SA0). Adjustment to be calculated for 7/1/2022 (or earlier if applied prior to that under Section 4.c of the Amendment). As an example, if the first rebalancing adjustment is calculated for July 1, 2022, then the change in the CPI would be calculated based on the average annual CPI Index for calendar year 2017 compared to the same index for calendar year 2021, a four-year change. Insert CPI adjustment percentage below for automatic calculation.

⁽⁵⁾ Input average monthly tonnage from the most recent 12 months. Tonnage from routes that crossover City boundaries will be allocated to jurisdictions based on container capacity.

⁽⁶⁾ Input average monthly collection hours from the most recent 12 months. Route hours from routes that crossover City boundaries will be allocated to jurisdictions based on container capacity.

⁽⁷⁾ Input most recent available container count.

**EXHIBIT 3
CITY OF YORBA LINDA
Step 2. Calculate the Current Rate Revenues from the Commercial Organics Program**

Description:

1. Enter the most recently available number of customers for each service level provided by Contractor in Column A.
2. Enter the current rates for organics under each service in Column B.
3. Upon data population, the monthly and annual program rate revenue will automatically calculate and be utilized in Step 3.

Step 2 - Calculate the annual rate revenue generated from the commercial organics program.			
Row #	Container Size and Frequency	Number of Customers for Each Service Level (Column A)	Current Rates for Organics Services (Column B)
	2 Yard Bin		
1	1x per week		\$ -
2	2x per week	27	\$ 184.89
3	3x per week		\$ 4,992.03
	Cart Rate		\$ -
4	1x per week		\$ -
5	2x per week		\$ -
6	3x per week		\$ -
7	Sum of Organics Program Monthly Revenue (Sum R1 - R6)		\$ 4,992.03
8	Months per Year		12
9	Annual Organics Program Revenue (R7 x R8)		\$ 59,904.36

EXHIBIT 3
CITY OF YORBA LINDA
Step 3. Calculation of the Difference Between Organics Program Cost and Revenue

Description:

1. Step 3 will automatically calculate by carrying data forward from Steps 1 and 2 to determine the difference between Organics Program Rate Revenue and Costs before applying the commercial sector-wide increase. Row 3 will be utilized in Step 5.

Row #	Line Item	Units	Notes
1	Annual Organics Program Cost	\$ 410,025 /year	From Step 1, Row 10
2	Annual Rate Revenue for Organics	\$ 59,904 /year	From Step 2, Row 9
3	Annual Difference (R1 - R2)	\$ 350,120 /year	Calculation R1 - R2

**EXHIBIT 3
CITY OF YORBA LINDA
Step 4. Calculate the Negotiated Annual Program Costs.**

Description:
1. Step 4 requires input of the most recent commercial and industrial rate revenue provided by Contractor (including the most recent CPI adjustment) and the previously applied sector-wide increase percentages in the highlighted and outlined cells. This step calculates the current negotiated cost of the commercial organics program. Row 5 will be utilized in Step 6.

Row #	Line Item	Units	Notes
1	Total commercial and industrial rate revenue	\$ 3,561,053 /year	For the most recent Fiscal Year.
2	Negotiated % sector-wide increase for commercial and industrial rates	3.3%	For the first rebalancing the percentage is the amount shown in this Exhibit. For subsequent rebalancing use the percentage from Step 7, Row 3.
3	Cumulative Organic Waste processing component adjustments since the most recent rebalancing	0.12%	Cumulative of all sector-wide increases calculated by Exhibit 2 under the Amendment since the last rebalancing.
4	Cumulative negotiated sector-wide % increase (R2 + R3)	3.3%	Calculation R2 + R3
5	Annual Negotiated Costs of Organics Program (R1 x R4)	\$ 124,834 /year	Calculation R1 x R4

EXHIBIT 3
CITY OF YORBA LINDA
Step 5. Calculate the New Funding Requirements

Description:

1. Upon completion of Steps 1-4, Step 5 will automatically calculate the new funding requirement in order to calculate the rebalanced sector-wide adjustment in subsequent steps.

Step 5 - Calculate the new funding requirement for sector-wide adjustment.			
Row #	Line Item	Units	Notes
1	Difference between commercial organics program revenue and costs	\$ 350,120 /year	From Step 3, Row 3 Previously negotiated rebalancing adjustment factor as documented in Exhibit 4. This factor does not change in future rebalancing.
2	Rebalancing adjustment factor	<u>0.92</u>	
3	New Funding Requirement for Rebalanced Sector-wide Adjustment (R1 x R2)	\$ 322,000 /year	

**EXHIBIT 3
CITY OF YORBA LINDA**

Step 6. Calculate the Rebalancing Percentage

Description:

1. Step 6 will automatically calculate the future sector-wide rebalancing percentage to be applied to commercial and industrial rates.

Step 6 - Calculate the future sector-wide rebalancing percentage to be applied to commercial and industrial rates.				
Row #	Line Item	Units	Notes	
1	New funding requirement for rebalanced sector-wide adjustment	\$ 322,000 /year	From Step 5, Row 3	
2	Negotiated cost of organics program	\$ 124,834 /year	From Step 4, Row 5	
3	New funding requirement for new sector-wide adjustment (R1 - R2)	\$ 197,166 /year		
4	Total commercial and industrial rate revenue	\$ 3,901,063 /year	From Step 4, Row 1	
5	Additional Percentage for Rebalancing (R3 ÷ R4)	5.05%	To be applied to the commercial and industrial rates with next annual CPI adjustment.	

**EXHIBIT 3
CITY OF YORBA LINDA**

Step 7. Calculate Cumulative Sector-wide Increase Only if Rebalancing Mechanism is Implemented more than Once

Description:

NOTE: Step 7 will only be used if an additional rebalancing procedure is initiated, carry forward Step 7, Row 3 to Step 4, Row 2 of future rebalancing procedure.

Step 7 - Calculate the future sector-wide rebalancing percentage to be applied to commercial and industrial rates.			
Row #	Line Item	Units	Notes
1	Cumulative negotiated sector-wide increase	3.32%	From Step 4, Row 4
2	Additional percentage for current rebalancing adjustment	<u>5.05%</u>	From Step 6, Row 3
3	Cumulative Sector-wide Increase (R1 + R2)	8.37%	To be implemented in Step 4, Row 2 of future rebalancing procedures.

EXHIBIT 4
CITY OF YORBA LINDA
Documentation of the Rebalancing Adjustment Factor

Step 1 - Calculate Monthly Organics Program Cost		Notes		
Row	Cost Category	Monthly Cost		
	Cost	Number of Units		
1	Processing - pass through	\$ 91.00 /ton ⁽¹⁾	59 tons/month ⁽⁶⁾	\$ 5,369
2	Collection	\$ 105.78 /hour ⁽²⁾	75 hours/month ⁽⁷⁾	\$ 7,934
3	Outreach	\$ 7,326 /year ⁽³⁾	12 months/year	\$ 611
4	Containers - carts	\$ 0.50 /cart/month ⁽⁴⁾	0 carts ⁽⁸⁾	\$ -
5	Containers- bins	\$ 8.33 /bin/month ⁽⁵⁾	30 bins ⁽⁸⁾	\$ 250
6	Subtotal			\$ 14,163
7	Contractor margin at 10%			\$ 1,416
8	Total Organics Program Monthly Cost			\$ 15,579

⁽¹⁾ Cost per ton to take organics to the third party CORE facility in the City of Orange located at 2050 North Glassell Street.
⁽²⁾ Contractor's proposed cost per hour including full-time helper was \$117.33 in spreadsheets provided 5/15/2017 Anaheim collection cost was \$76.23 per hour, and Contractor states vehicle depreciation at \$18.00/hour should be added for a total of \$94.23/hour. The negotiated midpoint = \$105.78 ((\$117.33 + \$94.33) ÷ 2 = \$105.78)
⁽³⁾ Contractor estimated figure includes assumption to provide 3.5 hours of outreach to each of the 30 tier 1 and 2 customers for a total of 105 hours annually at \$39.20 per hour totaling to \$4,116 per year, plus indirect outreach costs of \$3,210 for billing, SGA, and outreach materials.
⁽⁴⁾ \$60.00 depreciated over 10 years = \$0.50/cart/month.
⁽⁵⁾ \$500.00 depreciated over 5 years = \$8.33/bin/month. Container maintenance allowance included by shorter amortization period.
⁽⁶⁾ (713 tons/year ÷ 12 months/year) = 59 tons/month per correspondence dated 9/26/2017.
⁽⁷⁾ 903 hours/year⁽⁸⁾ ÷ 12 months = 75 hours/month
⁽⁸⁾ Per Contractor spreadsheet in response to data request titled "Detail Supporting Calculation."

Step 2 - Estimated Annual Rate Revenue Generated from Charging Organics Equal to Refuse Rates		Notes
Row #	Line Item	Units
1	2 yd. refuse service rate 2x/wk. as of 7/1/2017	\$ 184.89 /month
2	Refuse yards serviced per month	17.3 yds./month ⁽¹⁾
3	Rate per yard	\$ 10.69 /yd.
4	Total organics yards per year	5,636 yds./year ⁽²⁾
5	Annual rate revenue for organics	\$ 60,000 /year

⁽¹⁾ 2 yds. x 2 collections/week = 4 yds./week x 4.33 weeks/month = 17.3 yards/month
⁽²⁾ (713 tons/year x 2,000 lbs/ton) = 1,426,000 lbs/year ÷ 253 lbs/yard (Republic Estimation) = 5,636 yards/year

Step 3 - Calculate the Difference Between Organics Program Revenue and Costs Before Sector-wide Increase		Notes
Row #	Line Item	Units
1	Monthly organics program cost	\$ 15,579 /month
2	Months per year	12 month/year
3	Annual organics program cost	\$ 187,000 /year
4	Annual rate revenue for organics	\$ 60,000 /year
5	Difference	\$ 127,000 /year

Step 4 - Calculate the Rebalancing Adjustment Factor		Notes
Row #	Line Item	Units
1	Total commercial and industrial rate revenue	3,670,000 /year
2	Negotiated % sector-wide increase for commercial and industrial rates	3.2%
3	Annual negotiated costs of organics program	\$ 117,000 /year
4	Difference from Table 3	\$ 127,000 /year
5	Rebalancing Adjustment Factor	0.92

From Annual revenue supplied by Contractor in spreadsheet associated with negotiations data request attached to email dated 8/14/2017
 From Contractor Proposal dated 9/26/2017
 Calculation R1 x R2
 From Step 3, Row 5
 Calculation R3 ÷ R4 (To be used in all future rebalancing)