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**STUDY SESSION AGENDA**  
234 N. Second Avenue, Covina, California  
Covina Library Community Room  
**Tuesday, August 16, 2016**

**CITY COUNCIL/SUCCESSOR AGENCY TO THE COVINA  
REDEVELOPMENT AGENCY/COVINA PUBLIC FINANCING  
AUTHORITY/COVINA HOUSING AUTHORITY  
FINANCE ADVISORY COMMITTEE  
JOINT MEETING—STUDY SESSION  
5:00 p.m.**

**CALL TO ORDER**

**ROLL CALL**

Council/Agency/Authority Members: Walter Allen III, Peggy A. Delach, John C. King, Mayor Pro Tem/Vice Chair Jorge A. Marquez and Mayor/Chair Kevin Stapleton

Finance Advisory Committee Members: Claudia Casasola, Mark Cook, Diane Fonseca, Kay Manning, Tom Melendrez, Vice-Chair Geoff Cobbett, and Chair Rich Jett

**PUBLIC COMMENTS**

*To address the Council/Agency/Authority please complete a yellow speaker request card and give it to the City Clerk/Agency/Authority Secretary. Your name will be called when it is your turn to speak. Those wishing to speak on a LISTED AGENDA ITEM will be heard when that item is addressed. Those wishing to speak on an item NOT ON THE AGENDA will be heard at this time. State Law prohibits the Council/Agency/Authority Members from taking action on any item not on the agenda. Individual speakers are limited to five minutes each.*

**COUNCIL/AGENCY/AUTHORITY COMMENTS**

*Council/Agency/Authority Members wishing to make any announcements of public interest or to request that specific items be added to future Council/Agency/Authority agendas may do so at this time.*

**CITY MANAGER COMMENTS**

## NEW BUSINESS

### **NB 1. Utility Users Tax Ballot Measure.**

*Report:* [Utility Users Tax Ballot Measure](#)

Staff Recommendation:

Direct staff to prepare the resolutions or ordinances necessary for the City Council to approve the placement of a measure extending the City's Utility Users Tax on the March 2017 ballot.

### **NB 2. Residential and Commercial Solid Waste Services – Proposed Rate Structure for the Period of July 1, 2016 through June 30, 2019 (FY 2017 through FY 2019).**

*Report:* [Residential and Commercial Solid Waste Services Proposed Rate Structure](#)

Staff Recommendation:

Review and discuss the proposed residential and commercial refuse collection services rate structure for the period of July 1, 2016 through June 30, 2019 (FY 2016-17 through FY 2018-19).

## ADJOURNMENT

The Covina City Council/Successor Agency to the Covina Redevelopment Agency/Covina Public Financing Authority/Covina Housing Authority will adjourn to its next regular meeting of the Council/Agency/Authority scheduled for Tuesday, August 16, 2016, at 6:30 p.m. for closed session and at 7:30 p.m. for open session in the Council Chamber, 125 East College Street, Covina, California, 91723.

Any member of the public may address the Council/Agency/Authority during both the public comment period and on any scheduled item on the agenda. Comments are limited to a maximum of five minutes per speaker unless, for good cause, the Mayor/Chairperson amends the time limit. Anyone wishing to speak is requested to submit a yellow Speaker Request Card to the City Clerk; cards are located at the City Clerk's desk.

MEETING ASSISTANCE INFORMATION: In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office at (626) 384-5430. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

If you challenge in court any discussion or action taken concerning an item on this agenda, you may be limited to raising only those issues you or someone else raised during the meeting or in written correspondence delivered to the City at or prior to the City's consideration of the item at the meeting.

The Covina City Clerk's Office does hereby declare that, in accordance with California Government Code Section 54954.2(a), the agenda for the Tuesday, August 16, 2016, meeting was posted on August 11, 2016, on the City's website and near the front entrances of: 1) Covina City Hall, 125 East College Street, Covina; and 2) Covina Public Library, 234 N. Second Avenue, Covina.

MATERIALS RELATED TO AN ITEM ON THIS AGENDA, AND SUBMITTED TO THE CITY COUNCIL AFTER PUBLICATION OF THE AGENDA, ARE AVAILABLE TO THE PUBLIC IN THE CITY CLERK'S OFFICE AT 125 E. COLLEGE STREET, COVINA.



# CITY OF COVINA

## STUDY SESSION REPORT

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**MEETING DATE:** August 16, 2016

**TITLE:** Utility Users Tax Ballot Measure

**PRESENTED BY:** Anita Agramonte, Finance Director

**RECOMMENDATION:** Direct staff to prepare the resolutions or ordinances necessary for the City Council to approve the placement of a measure extending the City's Utility Users Tax on the March 2017 ballot

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### **BACKGROUND:**

The City of Covina Utility User Tax (UUT) was originally implemented in 1992 with the adoption of Ordinance 92-1780. The UUT is charged on telephone, electricity, natural gas and water services. Over the years, there have been changes to the ordinance including rate increases, rate decreases, extensions, amendments and a sunset. The UUT rate has fluctuated between 5.5% and 8.25% over the years, and is currently set at 6%.

In 1999, in accordance with proposition 218, voters approved extending the tax for ten years. In 2004, Ordinance No, 04-1899 was adopted and amended Chapter 3.14 of the Covina Municipal Code (CMC) to clear up ambiguous language and clarify the existing regulations with respect to imposition and collection of the UUT. This ordinance also established a more clear definition of the telephone users tax. In 2008, voters again approved an extension of the UUT setting a new sunset date in March 2019.

On December 15, 2015, the City Council held a joint study session with Finance Advisory Committee (FAC). During that meeting, Council and FAC discussed several aspects of the existing UUT that will sunset on March 16, 2019. Direction was given to the FAC to meet and discuss the various alternatives available to the City. On December 21, 2015, the FAC met and discussed the potential impact on the General Fund and loss of service should the City lose \$5.0 million in revenue annually. The FAC unanimously agreed to recommend to the City Council that an effort be made to extend the UUT. At the March 30, 2016 FAC meeting, the committee directed staff to put the UUT on the agenda for the next meeting so the issue could be discussed. The FAC's desire for Council consideration of the UUT was reiterated at the last FAC meeting on August 9, 2019.

The UUT generates approximately \$5.0 million in General Fund revenues annually to be utilized for general City services including Police, Fire, Public Works, Parks, Library and Recreation, as well as General Administration services. The UUT represents about 15% of total General Fund revenues.

### **DISCUSSION:**

With the sunset of the UUT on the horizon, and considering the magnitude of this revenue stream to the City's General Fund, as well as the profound impact that the potential loss of this

revenue may have on City services, staff is recommending the renewal of the UUT prior to its sunset date. In accordance with Proposition 218, in order for the City to pursue extending the UUT or modifying the tax or its rate, a majority vote of the City Council as well as a majority vote of Covina voters is required prior to March 16, 2019. Customarily, these types of measures are presented to the voters concurrent with City Council elections. Accordingly the City would have the opportunity to present a measure in March 2017 or in March 2019. Should the City consolidate elections with Los Angeles County, the November 2018 election would become an option instead of March 2019. Nonetheless, a more prudent approach would suggest moving forward with a measure on March 2017.

Should the City decide to proceed with a ballot measure, this would also provide the Council the opportunity to consider potential modifications to the current UUT. Alternatively, the Council may choose a ballot measure renewing the UUT with no modifications to the current terms and provisions.

Potential modifications for consideration include:

- Consider extending or eliminating the sunset clause.
- Consider raising or eliminating the current maximum cap provisions.
- Revise Language to capture more modern technology that was not originally included when the UUT was first implemented.
- Raise or lower the percentage UUT charged.

To place a UUT measure on the ballot for the March 7, 2017 election, the City Council will be required to adopt all the necessary resolutions to add the measure to the ballot no later than December 9, 2016, however, an earlier date of October 17, 2016 is suggested. The date that the City council calls the election will then determine the time line for filing arguments and impartial analysis.

**FISCAL IMPACT:**

The UUT generates approximately \$5.0 million annually, which equates to 15% of the City's General Fund revenues. If this tax is not extended (allowed to lapse or is not extended via the ballot), significant cuts to all city services, including public safety, will be needed to continue operating with a balanced budget.

The cost of placing a measure on the March 2017 election is included in the City Clerk's election budget.

**CEQA (CALIFORNIA ENVIRONMENTAL QUALITY ACT):**

Not applicable.

Respectfully submitted,



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Anita Agramonte  
Finance Director

**ATTACHMENTS:**

None.



# CITY OF COVINA

## STUDY SESSION REPORT

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**MEETING DATE:** August 16, 2016

**TITLE:** Residential and Commercial Refuse Collection Services – Proposed Rate Structure for the Period of July 1, 2016 through June 30, 2019 (FY 2016-17 through FY 2018-19)

**PRESENTED BY:** Siobhan Foster, Director of Public Works

**RECOMMENDATION:** Review and discuss the proposed residential and commercial refuse collection services rate structure for the period of July 1, 2016 through June 30, 2019 (FY 2016-17 through FY 2018-19).

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### **BACKGROUND:**

The City's current residential and commercial refuse collection service rates have been in effect since July 1, 2013 and have not been adjusted in accordance with the rate adjustment formula contained in Exhibit B of the Amended and Restated Exclusive Franchise Agreement by and between the City of Covina and Arakelian Enterprises, Inc. (Athens Services), as approved by the City Council on February 15, 2011. This is due to lengthy negotiations with Athens Services regarding post-Puente Hills Landfill disposal options and related items. The Amended and Restated Exclusive Franchise Agreement required Athens Services to propose a new disposal site for City waste prior to the closure of Puente Hills on October 31, 2013 and that Athens Services and the City meet and confer to discuss the disposal site recommendation and rate.

Due to the complexity of the matters involved and staff changes at Athens Services and in the City, the post-Puente Hills disposal issues took a significant amount of time to resolve and delayed two regular July 1<sup>st</sup> Consumer Price Index-related (CPI) rate adjustments (FY 2014-15 and FY 2015-16). While a third CPI adjustment for July 1, 2016 has also been delayed, the proposed rate structure will be retroactive to July 1, 2016. At this juncture, it is necessary to adjust the refuse rate structure that has been in place since July 1, 2013 to reflect changes in the local landfill industry and rate adjustments required by the Amended and Restated Exclusive Franchise Agreement.

### **DISCUSSION:**

The attached City of Covina Agenda Report on this topic details the proposed residential and commercial refuse collection services rate structure for the period of July 1, 2016 through June 30, 2019 (FY 2016-17 through FY 2018-19).

Following City Council review of the proposed rate structure at this City Council Study Session, the Department of Public Works will be seeking City Council consideration of the following recommendations during the regularly scheduled August 16, 2016 City Council meeting:

1. Conceptually approve the residential and commercial refuse collection services rate structure for the period of July 1, 2016 through June 30, 2019 (FY 2016-17 through FY 2018-19) as outlined in this report;
2. Authorize the initiation of the State-mandated public hearing process to increase residential and commercial refuse collection service fees as outlined in Attachment F;
3. Set a public hearing on October 18, 2016 regarding the proposed refuse collection fee increases; and
4. Adopt Resolution No. 16-7513 establishing procedures for the conduct of a public hearing relating to the proposed increase to refuse collection service charges increase.

**FISCAL IMPACT:**

The fiscal impact associated with the printing, mailing, and publication of the public notices for the State-mandated public hearing process to increase residential and commercial refuse collection service fees as outlined in Attachment F is approximately \$7,150. Sufficient funding is included in the approved FY 2016-17 Department of Public Works budget (account nos. 6200-5580-53300, 6200-5580-53540, and 6200-5580-53590).

The proposed FY 2016-17 refuse revenues are included in the approved FY 2016-17 City of Covina budget. The revenue budget for the Franchise Fee totals \$575,000 (account no. 1010-0000-40880) and the Integrated Waste Management Fee totals \$712,000 (account no. 6200-5580-46315). Additionally, a one-time revenue of \$150,000 is included in the approved FY 2016-17 City of Covina budget (account no. 1010-2000-43290) for Athens Services reimbursement to the City for the staff, legal, and consultant costs associated with the lengthy negotiations between the parties pertaining to the analysis of disposal options related to the closure of the Puente Hills Landfill.

**CEQA (CALIFORNIA ENVIRONMENTAL QUALITY ACT):**

The proposed increase to the residential and commercial refuse rates are determined to be statutorily exempt from CEQA per Section 15273 (Rates, Tolls, Fares, and Charges). Under Section 15273 (a), CEQA does not apply to the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, or other charges by public agencies which the public agency finds are for the purpose of:

1. Meeting operating expenses, including employee wage rates and fringe benefits;
2. Purchasing or leasing supplies, equipment, or materials;
3. Meeting financial reserve needs and requirements;
4. Obtaining funds for capital projects necessary to maintain service within existing service areas; or
5. Obtaining funds necessary to maintain such intra-city transfers as are authorized by city charter. (This provision is non-applicable, as Covina is not a Charter City).

Respectfully submitted,

  
Siobhan Foster  
Director of Public Works

**ATTACHMENT:**

Attachment A: August 16, 2016, City of Covina Agenda Report Re: Residential and Commercial Refuse Collection Services – Proposed Rate Structure for the Period of July 1, 2016 through June 30, 2019 (FY 2016-17 through FY 2018-19)



# CITY OF COVINA

## AGENDA REPORT

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- MEETING DATE:** August 16, 2016
- TITLE:** Residential and Commercial Refuse Collection Services – Proposed Rate Structure for the Period of July 1, 2016 through June 30, 2019 (FY 2016-17 through FY 2018-19)
- PRESENTED BY:** Siobhan Foster, Director of Public Works
- RECOMMENDATION:**
- 1) Conceptually approve the residential and commercial refuse collection services rate structure for the period of July 1, 2016 through June 30, 2019 (FY 2016-17 through FY 2018-19) as outlined in this report;
  - 2) Authorize the initiation of the State-mandated public hearing process to increase residential and commercial refuse collection services fees as outlined in Attachment F;
  - 3) Set a public hearing on October 18, 2016 regarding the proposed refuse collection fee increases; and
  - 4) Adopt Resolution No. 16-7513 establishing procedures for the conduct of a public hearing relating to the proposed increase to refuse collection services charges increase.
- 

### **BACKGROUND:**

On October 5, 2010, the City Council reviewed the solid waste disposal options that were expected to be available to the City after the closure of Puente Hills Landfill in 2013. The City Council directed the Department of Public Works to return to the City Council with a report on possible alternative disposal opportunities available in partnership with the City's licensed solid waste hauler, Arakelian Enterprises, Inc. (Athens Services), in light of Athens' acquisition of American Organics (a composting facility) and its planned construction of a new materials recovery facility (MRF) in Irwindale.

As requested by the City Council, the Department of Public Works conferred with Athens Services regarding the City's projected disposal and diversion needs. The City asked that Athens propose alternatives to assist Covina in achieving the following objectives:

- Reduce waste processing, transportation, disposal, and diversion costs;
- Improve residential refuse account customer service and stabilize refuse rates;
- Improve the community's financial stability;
- Support the City's efforts to comply with state solid waste mandates, including required construction and demolition debris recycling; and

- Facilitate appropriate disposal of solid waste to minimize the detrimental impact of improper disposal on the environment.

On November 2, 2010, the City Council reviewed and approved a proposal from Athens Services in concept and directed the Department of Public Works to draft amendments to the Refuse Collection Exclusive Franchise Agreement to reflect the proposal.

On February 15, 2011, the City Council reviewed and approved the Amended and Restated Exclusive Franchise Agreement with Arakelian Enterprises, Inc. (Athens Services), with the recommendation to include the authority for staff to work with the service provider to make any non-substantive changes and advise the City Council of such changes. Exhibit B of the Amended and Restated Exclusive Franchise Agreement specifies the Rate Adjustment for the services provided under the Agreement.

In summary, each of the rates provided by the Agreement contains a Service Component and a Disposal Component. The Service Component includes the costs of collection and hauling of all refuse, including recyclable materials and green waste for all customers. The Disposal Component shall be based on the per ton costs incurred by Athens Services for disposal of all refuse, processing of recyclable materials at Athens Services' MRF (which costs are defined on a per ton basis as the "MRF Gate Fee"), and for its disposal of green waste.

The Service Component will automatically be adjusted each July 1<sup>st</sup> in proportion to the increase or decrease in the cost of living as determined by the percentage change in the CPI for the previous period of January through January for All Urban Consumers in the Los Angeles/Anaheim/Riverside area. City staff reviewed all proposed rate increases solely for validity of the submitted data and, upon verification of data, approved the new Service Component rates.

The Disposal Component will automatically be adjusted in proportion to the increase or decrease in disposal costs as determined by the percentage change in the MRF Gate Fee. As soon as the information is available, Athens Services shall submit documentation to the City Manager with evidence of the net change in disposal costs. The City will review the documentation in connection with the net change in disposal costs solely for validity of the submitted data and, upon verification of data, approve the new Disposal Component rates. The net change in disposal costs will be added to, or subtracted from, the Disposal Component of the maximum rates to be effective the next billing cycle once approved by the City Council.

The Agreement also allows Athens Services the opportunity to request a Special Rate Adjustment when circumstances beyond the control of Athens Services impose or generate extraordinary costs in the performance of the Agreement. For each request, Athens Services must prepare a schedule documenting the extraordinary costs. The City will then review Athens Services' request and, in the City's sole judgment, make the final determination on the adjustment.

Between the date of execution of the Amended and Restated Exclusive Franchise Agreement and the closure of the Puente Hills Landfill, on October 31, 2013, Athens Services was required to evaluate cost-effective disposal sites to be utilized upon the closure of the Puente Hills Landfill. Prior to the closure of the Puente Hills Landfill, Athens Services was required to propose its disposal site recommendation to the City for residue from the MRF and provide the Disposal Component of the rate. Athens Services and the City met and conferred to discuss Athens Services' disposal recommendation and rate.

Key provisions of the Amended and Restated Exclusive Franchise Agreement are outlined in Attachment C to this report. As a result of the approval of the Amended and Restated Exclusive Franchise Agreement, residential refuse rates decreased, as shown below, for the period of March 1, 2011 through June 30, 2011.

**Table 1 – Sampling of Monthly Residential Rates, March 1, 2011 through June 30, 2011**

Service Level	Previous Rate	New Rate	(Savings)/Cost
90 Gallon (Basic)	\$25.62	\$25.14	(\$0.48)
60 Gallon (Townhomes & Condominiums)	\$23.37	\$23.16	(\$0.21)
30 Gallon (Verified low-income senior citizens)	N/A	\$21.18	(\$4.44)

On May 17, 2011, the City Council introduced Ordinance 11-1994, setting the City’s refuse collection rates for residential, commercial, and industrial refuse customers for FY 2011-12, effective July 1, 2011.

On June 7, 2011, the City Council conducted a public hearing on the City's proposed refuse rates for the period of July 1, 2011 through June 30, 2012 (FY 2011-12) and making automatic adjustments to the proposed rates in future years by the change in CPI or 3%, whichever is greater. Following the public hearing, the City Council adopted Ordinance 11-1994, setting refuse rates for the period of July 1, 2011 through June 30, 2012 and making automatic adjustments to the proposed rates in future years by the change in CPI or 3%, whichever is greater.

For illustrative purposes, the rates approved by the City Council for the period of July 1, 2011 through June 30, 2012 (FY 2011-12), established the residential rates shown below.

**Table 2 – Sampling of Monthly Residential Rates, July 1, 2011 through June 30, 2012**

Service Level	Previous Rate	New Rate	(Savings)/Cost
90 Gallon (Basic)	\$25.14	\$25.50	\$0.36
60 Gallon (Townhomes & Condominiums)	\$23.16	\$23.51	\$0.35
30 Gallon (Verified low-income senior citizens)	\$21.18	\$21.52	\$0.34

Section 2 of Ordinance No. 11-1994 provides, pursuant to Government Code, Sections 53756 and 53739, such rates shall be automatically adjusted each fiscal year, beginning in FY 2012-13 (July 1, 2012) and ending in FY 2015-16 (June 30, 2016), by a factor equal to (i) CPI, or (ii) three percent (3%), whichever is greater, without further action on the part of the City Council. The City is required by State law, however, to notify residents of any such increases.

Subsequently, on June 6, 2013, the Department of Public Works informed the Covina City Council and the City Manager via Inter-Office Memorandum of a refuse rate increase effective July 1, 2013 (FY 2013-14). The memorandum explains that on June 1, 2013, and in accordance with State law and Section 2 of Ordinance No. 11-1994, the City of Covina Schedule of Refuse Rates Effective July 1, 2013 was mailed to all Covina residential and commercial refuse customers as an insert with the June Athens Services’ refuse bills. The memorandum and rate sheets are contained in Attachment E to this report.

The rates were calculated in accordance with Exhibit B of the Amended and Restated Exclusive Franchise Agreement and automatically adjusted per Ordinance No. 11-1994, Section 2 and reflect adjustments of 1.96% for CPI and 1.19% for the MRF Gate Fee.

Athens Services and the Department of Public Works developed and verified the rate calculations, which resulted in the following residential rates.

**Table 3 – Sampling of Monthly Residential Rates, July 1, 2013**

Service Level	Previous Rate	New Rate	(Savings)/Cost
90 Gallon (Basic)	\$25.50	\$27.05	\$1.55
60 Gallon (Townhomes & Condominiums)	\$23.51	\$24.94	\$1.43
30 Gallon (Verified low-income senior citizens)	\$21.52	\$22.82	\$1.30

The refuse rates reflected in Table 3 above and Attachment E to this report have remained in effect since July 1, 2013 due to lengthy negotiations between Athens Services regarding post-Puente Hills Landfill disposal options and other related items. The Amended and Restated Exclusive Franchise Agreement required Athens Services to propose a new disposal site for City waste prior to the closure of Puente Hills on October 31, 2013 and that Athens Services and the City met and conferred to discuss the disposal site recommendation and rate.

On September 4, 2013, Athens Services representatives met with the City Manager and the Department of Public Works to present three options available to the City for waste disposal after the closure of Puente Hills. Athens Services asserted that the best option was for the City to accept an initial 10% rate increase and annual CPI adjustments to provide Covina customers refuse rate stability and ensure that the City will meet the State’s diversion mandate. The City believed it had additional, more beneficial options beyond those presented by Athens Services and initiated the process to procure a consultant to assist staff in evaluating its options.

On October 8, 2013, Athens Services followed up with a letter reiterating the three options and requesting a 10% rate increase. Similar letters were sent to most or all of Athens Services franchised cities and cited an increase in gate rates at the Puente Hills Transfer Station and additional transportation expenses for disposing of waste at the San Bernardino County Landfill System as justification for the 10% increase.

The City responded that after the closure of Puente Hills, its waste was to be hauled to the San Bernardino County Landfill System at the disposal rates negotiated by Athens Services in its agreement with San Bernardino County. The letter requested additional information to support the requested rate increase and specifically stated that no adjustment to customer rates was authorized by the City at that time.

In December 2013, the City learned from businesses that Athens had increased the per ton disposal rate they were being charged. The City reaffirmed to Athens Services that the increase was not authorized by the City and the overcharge was to be reimbursed to the affected commercial customers. Athens Services asserted that it was passing through the increase in disposal rates as specified in the Agreement. The City Attorney sent Athens a letter on April 4, 2014 explaining how their proposed rate increase was contrary to the rate adjustment and post-Puente Hills disposal site and rate language contained in the Agreement.

On January 21, 2014, the City Council authorized the City Manager to enter into a Professional Services Agreement with HF&H Consultants, LLC (HF&H) for analysis of rate increases requested by Athens Services for waste disposal, and approved Resolution No. 14-7211 amending the FY 2013-14 budget to allocate \$80,000 from Environmental–Waste Management reserve funds for the consulting services.

On July 21, 2015, the City Council authorized the City Manager to execute a subsequent Professional Services Agreement with HF&H for waste management consulting services and adopted Resolution No. 15-7378, amending the FY 2015-16 budget to reflect the carryover of \$46,745.33 in unexpended FY 2014-15 funds previously appropriated for waste management consulting services.

Since January 2014, HF&H has analyzed data, provided reports, and met with Athens Services and City representatives with the objective of reviewing transportation, processing, and tipping fees associated with Athens Services disposal of City waste at the San Bernardino County Landfill System, calculating the CPI adjustments that were to be applied annually per the Amended and Restated Exclusive Franchise Agreement, and comparing the new rates based on these calculations with the increase being requested by Athens Services.

HF&H conducted an initial analysis using monthly tonnage reports provided to the City by Athens Services and solid waste industry data regarding transfer, transportation, and disposal costs. While conducting its analysis, HF&H found that Athens had obtained reduced per ton disposal rates at Puente Hills Landfill from 2011 to 2013 that had not been passed through to the City, as required by the Exclusive Franchise Agreement.

On July 7, 2014, these findings were shared with Athens Services. Athens Services challenged some of the industry standards and assumptions used in the analysis and argued that the lower disposal rate paid at Puente Hills was not due to Covina customers because Athens Services had assumed higher costs for transporting waste from other jurisdictions to Puente Hills to obtain the volume discount. The City then requested that Athens provide its cost factors related to its Covina operations so that HF&H could proceed to calculate the ongoing impact of redirecting waste from Puente Hills to the San Bernardino County Landfill system based on Athens Services own data.

Between July 2014 and present, Athens Services and City representatives continued to work through the items outlined above and reached a tentative resolution in June 2016. Due to the complexity of the matters involved and staff changes at Athens Services and in the City, the post-Puente Hills disposal issues took a significant amount of time to resolve and delayed two regular July 1<sup>st</sup> rate adjustments (FY 2014-15 and FY 2015-16). While a third CPI adjustment for July 1, 2016 has also been delayed, the proposed rate structure will be retroactive to July 1, 2016. At this juncture, it is necessary to adjust the refuse rate structure that has been in place since July 1, 2013 to reflect changes in the local landfill industry and rate adjustments required by the Amended and Restated Exclusive Franchise Agreement.

#### **DISCUSSION:**

The proposed residential and commercial refuse rate adjustment is comprised of several factors and reflects the resolution of the long-standing items between Covina and Athens Services, including the following:

1. Deferred CPI adjustments – Deferred CPI adjustments for July 1, 2014 and July 1, 2015 must be implemented pursuant to Exhibit B of the Amended and Restated Exclusive Franchise Agreement. The adjustments are 0.77% for July 1, 2014 and (0.06%) for July 1, 2015, for a cumulative adjustment of 0.71%.
2. Residential account billing services – Year 4 (FY 2014-15) of the cost for Athens Services, provided residential account billing services, must be implemented pursuant to the Amended and Restated Exclusive Franchise Agreement, as explained in detail in Attachment C to this report. This equates to a onetime, 1% residential rate increase for the period of July 1, 2016.

3. Customer rebate for disposal costs – Athens Services will rebate Covina customers \$941,000 for disposal costs between October 2011 and October 2013, during which time Athens Services paid a discounted rate for disposal at Puente Hills prior to closure of the landfill. The rebate amount must be adjusted to reflect compensation owed to Athens Services by the City and costs incurred by Athens Services during this time between July 1, 2014 and present, including:
  - Deferred July 1, 2014 and July 1, 2015 deferred CPI increases totaling \$99,658;
  - Proportionate share of Athens Services costs for accumulating a higher tonnage necessary to receive the discounted rate at Puente Hills Landfill between October 2011 and 2013 estimated to be \$150,000; and
  - Final installment due to Athens Services for assumption of residential account billing services for the period of July 1, 2014 to June 30, 2016, which equates to \$48,750. The calculation is based on 9,233 residential accounts x \$0.22/month for 24 months.

These adjustments reduce the credit amount to \$642,592 or an 8.87% credit applied to each monthly invoice for the one-year billing period of July 1, 2016 to June 30, 2017, as depicted below.

**Table 4 – Proposed Customer Credit Reimbursement, July 1, 2016 through June 30, 2017**

Item	Description	Adjustment (\$)
1	Disposal gate rate savings (Oct 2011 to Oct 2013)	941,000
2	July 1, 2014 deferred CPI	(48,194)
3	July 1, 2015 deferred CPI	(51,464)
4	Accumulated costs to achieve disposal gate rate savings (Oct 2011 to Oct 2013)	(150,000)
5	Final installment for Athens to provide residential billing services (Jul 2014 to Jun 2016)	(48,750)
Total – Customer Credit Reimbursement (to be issued from Jul 2016 to Jun 2017)		642,592
Annual Covina net revenue		7,248,431
Total – Credit reimbursement % on invoice (to be issued from Jul 2016 to Jun 2017)		8.87%

4. Reimbursement for city costs – Athens Services will reimburse the City’s General Fund \$150,000 for staff, legal, and consultant costs associated with the negotiations with Athens Services pertaining to cost-effective disposal sites to be utilized upon the closure of the Puente Hills Landfill. Athens Services must remit payment to the City upon City Council adoption of the proposed refuse rate structure.
5. Post-Puente Hills Landfill disposal option – During a time of change in the local landfill industry, Athens Services secured a long-term landfill contract with the County of San Bernardino. The Disposal Component language in the Amended and Restated Exclusive Franchise Agreement entitles Covina to be charged the rates Athens Services negotiated with San Bernardino County to operate the San Bernardino County Landfill System. Under the terms of Athens Services agreement with San Bernardino County, Athens Services is able to dispose of waste at a cost of \$29.04/ton plus annual CPI adjustments for the ten-year contract period (contract expires in 2023 and extension negotiations are underway) provided Athens Services delivers 800,000 tons per year to the Landfill System.

In exchange for use of this disposal option, Covina proposes to grant Athens Services a one-time Special Rate Adjustment of 3.4% to compensate Athens Services for the increased transportation and additional processing costs associated with taking Covina’s waste to the San Bernardino County Landfill System, rather than Puente Hills Landfill post-closure. The City, at its sole discretion, may grant a Special Rate Adjustment when circumstances beyond the control of Athens Services impose or generate extraordinary costs in the performance of the Agreement.

6. California Paid Sick Leave Law and Los Angeles County minimum wage increases - Athens Services is incurring undue financial hardship associated with the California Paid Sick Leave Law and Los Angeles County minimum wage increases that affect Athens Services MRF employees. The City, at its sole discretion, may grant a Special Rate Adjustment when circumstances beyond the control of Athens Services impose or generate extraordinary costs in the performance of the Agreement. The California Paid Sick Leave Law (AB 1522, operative January 1, 2015, and as amended in AB 304 effective July 13, 2015) requires employers to provide and allow employees to use at least 24 hours or three days of sick leave per year. Los Angeles County minimum wage increases will increase hourly wages from \$9 to \$15/hour by 2020. The City reviewed adjustment requests of 0.05% and 1.22% for the Paid Sick Leave Law and minimum wage increases to residential and commercial rates, respectively, and determined that a one-time increase of 0.80% is merited.

Residential Rate Adjustment

Table 5 summarizes the proposed adjustments to residential rates effective July 1, 2016 (FY 2016-17), based on the items outlined above.

**Table 5 – Proposed Adjustments to Residential Rates Effective July 1, 2016**

Item	Description	Adjustment
1	Deferred Jul 2014 and Jul 2015 CPI adjustment	0.71%
2	Final installment for Athens to provide residential billing services (Jul 2016 and forward)	1.0%
3	One-time incremental transportation/processing costs for San Bernardino County Landfill System contract	3.40%
4	One-time minimum wage and CA Paid Sick Leave Law	0.80%
5	July 1, 2016 annual rate adjustment for CPI (Jan 2015 to Jan 2016)	3.10%
	Subtotal – Residential Rate Adjustment	9.01%
	Credit reimbursement % on invoice (to be issued from Jul 2016 to Jun 2017)	(8.87%)
	Net – Residential Rate Adjustment for FY 2016-17 *	0.14%

\* Prior to application of 6% franchise fee and Integrated Waste Management Fee

Commercial Rate Adjustment

Table 6 summarizes the proposed adjustments to commercial rates effective July 1, 2016 (FY 2016-17), based on the items outlined above.

**Table 6 – Proposed Adjustments to Commercial Rates Effective July 1, 2016**

Item	Description	Adjustment
1	Deferred Jul 2014 and Jul 2015 CPI adjustment	0.71%
2	One-time incremental transportation/processing costs for San Bernardino County Landfill System contract	3.40%
3	One-time minimum wage and CA Paid Sick Leave Law	0.80%
4	July 1, 2016 annual rate adjustment for CPI (Jan 2015 to Jan 2016)	3.10%
	Subtotal – Commercial Rate Adjustment	8.01%
	Credit reimbursement % on invoice (to be issued from Jul 2016 to Jun 2017)	(8.87%)
	Net – Commercial Rate Adjustment for FY 2016-17 *	(0.86%)

\* Prior to application of 6% franchise fee and Integrated Waste Management Fee

**Refuse Rate Adjustment Calculation**

The proposed residential and commercial rates for July 1, 2016 through June 30, 2017 (FY 2016-17), were calculated by applying the adjustment percentages shown above to the July 1, 2013 to June 30, 2014 (FY 2013-14) rates that were approved by the City Council on June 7, 2011. The adjustment percentages are being applied to the two components of the residential and commercial refuse rates, the Service Component and Disposal Components, as outlined in Exhibit B of the Amended and Restated Exclusive Franchise Agreement, consisting of a 9.01% increase to residential rates and an 8.01% increase to commercial rates. This calculation determines the net FY 2016-17 refuse rates for each service level.

Following this calculation, two City fees, the Franchise Fee and Integrated Waste Management Fee, are applied to net refuse rates to determine the proposed total rate.

1. Franchise Fee – A 6% Franchise Fee is applied to the net rate or sum of the Service Component and Disposal Component plus the Franchise Fee for each service level. The Franchise Fee is a fee for the privilege of using city streets and of the franchise itself. The fee for each customer class is shown on Attachment F.

While no increase to the 6% Franchise Fee is proposed, the fees will be applied to the rate structure for 90 gallon recycling (blue) and 90 gallon green waste (green) barrels in FY 2016-17 and beyond. These franchise fees were inadvertently not applied to these customer classes in the July 1, 2013 through June 30, 2014 (FY 2013-14) rate structure.

2. Integrated Waste Management Fee – The Integrated Waste Management Fee (IWMF) is also applied to the net rate or sum of the Service Component and Disposal Component for each service level. The proposed refuse rate structure reflects adjustments to the Integrated Waste Management Fee to support the City’s approved FY 2016-17 budget. IWMF provides funding for the City’s compliance with the State’s AB 939 mandate, including hazardous materials responses and disposal, recycling programs, personnel costs, overhead, and a contingency for supplementary programs if the waste diversion rate drops. The Integrated Waste Management Fee for each customer class is shown on Attachment F.

As a best management practice, the City plans to conduct thorough analyses of the Franchise and Integrated Waste Management Fees prior to the expiration of the proposed rate structure on June 30, 2019.

For illustrative purposes, the proposed residential rates for FY 2016-17 (the period of July 1, 2016 through June 30, 2017) are shown below. This is prior to the application of the 8.87% monthly credit adjustment to customer accounts for the twelve month period of July 1, 2016 through June 30, 2017.

**Table 7 – Sampling of Monthly Residential Rates, July 1, 2016 through June 30, 2017\***

Service Level	Previous Rate	New Rate	(Savings)/Cost
90 Gallon (Basic)	\$27.05	\$29.89	\$2.84
60 Gallon (Townhomes & Condominiums)	\$24.94	\$27.68	\$2.74
30 Gallon (Verified low-income senior citizens)	\$22.82	\$25.44	\$2.62

*\* Prior to application of 8.87% monthly credit adjustment to customer accounts for the twelve month period of July 1, 2016 through June 30, 2017*

**AB 1826 (Mandatory Commercial Organics Recycling)**

The proposed commercial rate structure includes costs for organics recycling for the first time. AB 1826 requires cities to implement an organics waste recycling program for commercial businesses to recycle organics and green waste, including food scraps. The law provides for a phased implementation, as outlined below:

- April 1, 2016: businesses generating eight (8) cubic-yards or more of organics waste on a weekly basis must arrange for organics waste recycling services;
- January 1, 2017: businesses generating four (4) cubic-yards or more of organics waste on a weekly basis must arrange for organics waste recycling services; and
- January 1, 2019: businesses generating four (4) cubic-yards or more of solid waste on a weekly basis must arrange for organics waste recycling services.

To minimize costs associated with this mandate, Athens Services will be providing 96 gallon automated containers to commercial customers and service the containers as part of its residential green waste routes. To lessen the cost of the organics container, commercial customers should be able to downsize in other service areas.

To educate the City’s commercial customers about the requirements of AB 1826, Athens Services completed a waste assessment of commercial accounts in December 2015 to identify businesses that will require organics recycling as large generators beginning on April 1, 2016 and those whose service requirement will begin on January 1, 2017. Athens Services is meeting one-on-one with large generators to educate them about the new requirements and discuss service options. The City is also planning additional outreach to these customers.

**Proposition 218**

Residential and commercial refuse fees and all property-related fee increases are subject to the procedural and substantive requirements of voter approved Proposition 218. Specifically, Proposition 218 requires, for residential and commercial refuse fees, that a written notice be mailed to the owner or utility account holder of each parcel upon which the fee will be imposed and that a public hearing be conducted not less than 45 days after mailing the notice. If written protests against the fee increase are not presented by a majority of parcels, the City Council may approve the fee increase. If written protests against the proposed fee are received by a majority of parcels, the City may not impose the fee increase.

The Department of Public Works recommends the City Council approve the initiation of the Proposition 218-required public hearing process to increase residential and commercial refuse

fees. As such, a notice of public hearing will be mailed no later than September 1, 2016, advising affected parcel owners of the proposed residential and commercial refuse collection fee increases. Pursuant to Government Code Section 53755, the notice will be mailed to the regular billing address and to the record owner of each parcel. A copy of the Notice of Public Hearing can be found in Attachment F.

Notice of these adjustments will also be included with the residential and commercial refuse fee public hearing scheduled for October 18, 2016, for information only.

#### Procedures for the Conduct of a Public Hearing Relating to a Proposed Increase to Refuse Collection Service Charges

The City is proposing an increase to its refuse collection service charges. Proposition 218 was approved by the California Voters in 1996 and added Articles XIIC and XIID to the California Constitution. Article XIID imposes substantive and procedural requirements to impose or increase property-related fees, such as the proposed refuse collection service charges.

As relevant here, the City Council must hold a noticed public hearing on the proposed increase to the refuse collection service charges. At the public hearing, the City Council must consider all protests or objections to the proposed refuse collection service charges. At the conclusion of the public hearing, the City Council must tabulate the written protests against the proposed refuse collection service charges and determine if a majority protest exists.

A majority protest will exist if written protests have been presented, and not withdrawn, by the record owners or customers of record of a majority of the parcels subject to the charges. If a majority protest exists, the City Council cannot adopt the proposed refuse collection service charges. If a majority protest does not exist, the City Council may adopt the refuse collection service charges.

The City Council is being asked to consider a resolution establishing “Procedures for the Conduct of a Public Hearing Relating to Proposed Increase to Refuse Collection Service Charges” (the “Procedures”). The Procedures govern the conduct of a public hearing and the submission and tabulation of written protests in connection with the City Council’s consideration of the proposed increase to refuse collection service charges, in compliance with the requirements of Proposition 218.

#### Duration of Rate Structure

The proposed rate structure will be in effect from July 1, 2016 through June 30, 2019, covering FY 2016-17, FY 2017-18, and FY 2018-19. Pursuant to Government Code, Sections 53756 and 53739, such rates shall be automatically adjusted each fiscal year, beginning in FY 2017-18 (July 1, 2017) and ending in FY 2018-19 (June 30, 2019), by a factor equal to CPI without further action on the part of the City Council. In addition, the City Council may amend these rates by ordinance, resolution, or minute action, in accordance with applicable law.

#### **FISCAL IMPACT:**

The fiscal impact associated with the printing, mailing, and publication of the public notices for the State-mandated public hearing process to increase residential and commercial refuse collection service fees as outlined in Attachment F is approximately \$7,150. Sufficient funding is included in the approved FY 2016-17 Department of Public Works budget (account nos. 6200-5580-53300, 6200-5580-53540, and 6200-5580-53590).

The proposed FY 2016-17 refuse revenues are included in the approved FY 2016-17 City of Covina budget. The revenue budget for the Franchise Fee totals \$575,000 (account no. 1010-0000-40880)

and the Integrated Waste Management Fee totals \$712,000 (account no. 6200-5580-46315). Additionally, a one-time revenue of \$150,000 is included in the approved FY 2016-17 City of Covina budget (account no. 1010-2000-43290) for Athens Services reimbursement to the City for the staff, legal, and consultant costs associated with the lengthy negotiations between the parties pertaining to the analysis of disposal options related to the closure of the Puente Hills Landfill.

**CEQA (CALIFORNIA ENVIRONMENTAL QUALITY ACT):**

The proposed increase to the commercial and residential refuse rates are determined to be statutorily exempt from CEQA per Section 15273 (Rates, Tolls, Fares, and Charges). Under Section 15273 (a), CEQA does not apply to the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, or other charges by public agencies which the public agency finds are for the purpose of:

1. Meeting operating expenses, including employee wage rates and fringe benefits;
2. Purchasing or leasing supplies, equipment, or materials;
3. Meeting financial reserve needs and requirements;
4. Obtaining funds for capital projects necessary to maintain service within existing service areas; or
5. Obtaining funds necessary to maintain such intra-city transfers as are authorized by city charter. (This provision is non-applicable, as Covina is not a Charter City).

Respectfully submitted,



Siobhan Foster  
Director of Public Works

**ATTACHMENTS:**

Attachment A: Amended and Restated Exclusive Franchise Agreement, Approved by City Council on February 15, 2011 (Item NB 2)

Attachment B: City of Covina Staff Report, Item NB 2, February 15, 2011 (w/o attachments)

Attachment C: Provisions of Amended and Restated Exclusive Franchise Agreement, Approved by City Council on February 15, 2011 (Item NB 2)

Attachment D: City of Covina Staff Report, Item PH 1, June 7, 2011

Attachment E: June 6, 2013, Inter-Office Memorandum Re: Refuse Rate Increase Effective July 1, 2013 with City of Covina Schedule of Refuse Rate Effective July 1, 2013

Attachment F: Notice of Public Hearing on Proposed Increase in Refuse Collection Services Rates

Attachment G: Residential and Commercial Refuse Rate Survey conducted March 2016

Attachment H: Resolution No. 16-7513

**AMENDED AND RESTATED EXCLUSIVE FRANCHISE  
AGREEMENT BY AND BETWEEN CITY OF COVINA  
AND ARAKELIAN ENTERPRISES, INCORPORATED**

THIS FRANCHISE AGREEMENT, made this 15th day of February in the year 2011 by and between the CITY OF COVINA, a municipal corporation duly organized and existing under the Constitution and Laws of the State of California ("CITY"), and ARAKELIAN ENTERPRISES, INCORPORATED, a California corporation ("CONTRACTOR") dba Athens Services.

WITNESSETH:

WHEREAS, the CONTRACTOR provided non-exclusive refuse collection services to the CITY from 1985 through 1992 and then began providing exclusive refuse collection services to all commercial, industrial, and residential units in the CITY on January 1, 1993; and

WHEREAS, such services have been provided under a series of franchise agreements; and

WHEREAS, the CITY and CONTRACTOR desire to supersede all prior franchise agreements through execution of this Franchise Agreement;

NOW, THEREFORE, the CITY and CONTRACTOR agree as follows:

ARTICLE I. DEFINITIONS

Section 1.01 AB 939 - "AB 939" shall include (i) the California Integrated Waste Management Act of 1989 which requires cities to reduce the amount of waste disposed by 25% by 1995 and 50% by the year 2000 through a variety of programs including promotion of source reduction, recycling, and composting and (ii) the Solid Waste Per Capita Disposal Measurement Act.

Section 1.02 Barrel - A receptacle with a capacity of 60 to 90 gallons, in colors blue, black and green provided by CONTRACTOR.

Section 1.03 Bin - Metal or plastic receptacle designed to be lifted and emptied mechanically for use at Residential, Commercial and Industrial Units.

Section 1.04 Broker - An individual or group of individuals that act as an agent or intermediary between the seller and buyers of Recyclable Materials. Normally, they do not take physical possession of the materials.

Section 1.05 Bulky Waste - Stoves, refrigerators, water tanks, washing machines, furniture and other waste materials other than Construction and Demolition Waste, Hazardous Waste or Stable Matter with weights or volumes greater than those allowed in Barrels.

Section 1.06 Bundle - Tree, shrub and brush trimmings which are securely tied together forming an easily handled package not exceeding four feet in length or 35 lbs. in weight.

Section 1.07 City - City of Covina, California.

Section 1.08 Commercial Refuse - All Bulky Waste, Garbage, Rubbish and Stable Matter originating from stores, business offices, commercial warehouses, hospitals, educational, health care, military, and correctional institutions, non-profit research organizations, and government offices. Commercial Refuse does not include construction and demolition waste.

Section 1.09 Commercial Unit - A site zoned for a commercial business and which generates Commercial Refuse.

Section 1.10 Construction and Demolition Waste - Waste building materials resulting from construction, remodeling, repair or demolition operations.

Section 1.11 Contract Documents - This Franchise Agreement, the Contract Performance Bond, Insurance Certificates and any addenda or changes to the foregoing documents agreed to by the CITY and the CONTRACTOR including Exhibit A – Schedule of Rates, Exhibit B – Rate Adjustment, Exhibit C – Recyclable Materials to be Collected, Exhibit D – Green Waste Materials to be Collected, Exhibit E – Street Sweeping Services, Exhibit F – AB 939 Reporting Quantities, and Exhibit G – Sort Line Analysis.

Section 1.12 Contractor - The person, corporation or partnership performing Refuse collection and disposal under this Franchise Agreement with the CITY.

Section 1.13 Dealer – A person or firm who purchases Recyclable Materials, processes them to meet consumer standards, and transports them to the market.

Section 1.14 Disposal Site - A Refuse depository including but not limited to sanitary landfills, transfer stations, material recovery facilities, and incinerators, permitted or approved to receive Residential and Commercial Refuse from governmental bodies and agencies having jurisdiction and requiring such licenses, permits or approvals.

Section 1.15 End User – Firms or individuals that purchase Recyclable Materials for use as feedstock to replace the use of virgin raw materials.

Section 1.16 Franchise Agreement - This Contract Document which grants the CONTRACTOR an exclusive franchise for Residential and Commercial Refuse, Green Waste and Recyclables collection in the City of Covina.

Section 1.17 Garbage - Every accumulation of waste (animal, vegetable and/or other matter) that results from the preparation, processing, consumption, dealing in, handling, packing, canning, storage, transportation, decay or decomposition of meats, fish, fowl, birds, fruits, grains or other animal or vegetable matter (including, but not by way of limitation, all putrescible or easily decomposable waste animal or vegetable matter which is likely to attract flies or rodents); except (in all cases) any matter included in the definition of Bulky Waste, Construction and Demolition Waste, Hazardous Waste, Rubbish or Stable Matter.

Section 1.18 Green Waste - Yard waste and landscape debris such as grass clippings, leaves, weeds, tree trimmings and other plant materials separated from Residential, Commercial and Industrial Refuse.

Section 1.19 Green Waste Container - A receptacle used by Producers to separate Green Waste from Residential Refuse.

Section 1.20 Green Waste Processing Center - Center which accepts Green Waste for the purpose of organically breaking it down to create a compost material or for alternate use as an approved waste diversion under AB 939.

Section 1.21 Hazardous Waste - Any chemical, compound, mixture, substance or article which is designated by the United States Environmental Protection Agency or appropriate agency of the State to be "hazardous" as that term is defined by or pursuant to Federal or State law.

Section 1.22 Industrial Refuse - All Garbage, Rubbish, Bulky Waste, and Stable Matter originating from mechanized manufacturing facilities, factories, refineries, construction and demolition projects, and publicly operated treatment works.

Section 1.23 Industrial Unit - A site zoned for an industrial business and which generates Industrial Refuse.

Section 1.24 Landfill - A disposal facility or part of a facility where solid waste is placed in or on land, for which there exists a current Solid Waste Facility Permit issued by the local enforcement agency and concurred by the California Integrated Waste Management Board.

Section 1.25 Material Recovery Facility - A facility that is permitted to receive shipments of mixed waste, refuse and commingled Recyclable Materials; a facility that performs sorting, baling, and waste transfer functions.

Section 1.26 Nondisposal Facility - All solid waste facilities required to obtain a permit pursuant to Article 1 of Chapter 3 of Part 4, of the Public Resources Code (commencing with Section 44001) except a disposal facility or a transformation facility.

Section 1.27 Producer - An occupant of a Residential, Commercial or Industrial Unit who generates Refuse, Recyclable Materials, or Green Waste.

Section 1.28 Recyclable Materials - Materials such as metal, aluminum, glass, paper and plastic, or other materials which can be used for constructive purposes rather than depositing them into a landfill.

Section 1.29 Recycling Container - A receptacle used by Producers to separate Recyclable Materials from Residential, Commercial and Industrial Refuse

Section 1.30 Recycling Processing Centers - Facilities, such as buyback centers and Material Recovery Facilities that receive shipments of Recyclable Materials and process, sort, separate, and bale Recyclable Materials.

Section 1.31 Recycling Services - Collection of Recyclable Materials or Green Waste that is separated by the Producer and placed into a Recycling Container or Green Waste Container and transported to a Recycling Processing Center or Green Waste Processing Center.

Section 1.32 Residential Refuse - Garbage, Rubbish, Bulky Waste, and Stable Matter generated from single family or multiple family dwellings.

Section 1.33 Residential Unit - A site occupied by a building which is zoned for residential occupation and whose occupants generate Residential Refuse.

Section 1.34 Residue – Material contained in the Recyclable Materials stream, which remains after all Recyclable Materials have been removed.

Section 1.35 Reuse – The ability to use a product, which might otherwise enter the waste stream, more than once in its same form and for the same purpose (e.g., a soft drink bottle is reused if it is returned to and refilled by the bottle company).

Section 1.36 Rubbish - All waste wood, wood products, tree trimmings, grass cuttings, dead plants, weeds, leaves, dead trees or branches thereof, chips, shavings, sawdust, printed matter, paper, pasteboard, rags, straw, used and discarded mattresses, used and discarded clothing, used and discarded shoes and boots, combustible waste pulp and other products such as are used for packaging, or wrapping crockery and glass, ashes, cinders, floor sweepings, mineral or metallic substances, and any and all other waste materials not included in the definition of Bulky Waste, Construction and Demolition Waste, Garbage, Hazardous Waste, Stable Matter, or Special Wastes.

Section 1.37 Secondary Materials – Any Recyclable Material that is removed or diverted from the waste stream and used in place of a primary or raw material in the manufacturing of a product.

Section 1.38 Special Wastes - Flammable waste, containerized waste (e.g., a drum, barrel, portable tank, box, pail, etc.), waste transported in large containers, liquid waste, sewage sludge, waste from pollution control processes, residue and debris from the cleanup of a spill or release of chemical substances, commercial products, contaminated soil, dead animals, waste water, explosive substances, radioactive materials, infectious waste, hazardous materials, and medical waste.

Section 1.39 Stable Matter - All manure and other waste matter normally accumulated in or about a stable, or any animal, livestock or poultry enclosure, and resulting from the keeping of animals, poultry or livestock.

## ARTICLE II. EXCLUSIVE FRANCHISE AGREEMENT

### Section 2.01 Grant of Exclusive Franchise

This Franchise Agreement grants an exclusive right as provided herein and pursuant to Covina City Council Resolutions 87-4866 and 89-5063, Chapter 8.08 of the Covina Municipal Code and to future amendments to Chapter 8.08 (hereinafter, 'Chapter 8.08') and California

Public Resources Code Section 40059(a) (1) to ARAKELIAN ENTERPRISES, INC., dba Athens Services, a California corporation (CONTRACTOR) for collection, processing, transportation, and disposal of Residential Refuse, Commercial Refuse and Industrial Refuse within the City of Covina.

The grant of this exclusive right shall extend to the collection and transportation of Recyclable Materials and Green Waste generated by Residential, Commercial and Industrial Units, except as otherwise provided herein.

#### Section 2.02 Scope of Franchise: Exclusions

The franchise granted to CONTRACTOR shall be exclusive except as to the following categories of Refuse, Recyclable Materials and Green Waste listed in this Section 2.02. The granting of this franchise shall not preclude the categories of Solid Waste, Recyclable Materials and Green Waste listed below from being delivered to and collected and transported by others in the manner specifically described, provided that every Residential, Commercial and Industrial Unit within the City shall be required to maintain service equivalent to other similar residences, commercial establishments or industrial facilities:

- (a) Green Waste and other compostables removed from a premises by a gardening, landscaping, or tree trimming contractor as an incidental part of a total service offered by that contractor rather than as a hauling service;
- (b) By-products of sewage treatment, including sludge, grit and screenings;
- (c) Hazardous Waste;
- (d) Individual Residential, Commercial and Industrial Units may sell or donate Recyclable Materials separated or removed from Residential, Commercial and Industrial Refuse, as applicable, or may compost Green Waste, subject to applicable federal and state laws, rules and regulations; provided, however, that no consideration may be paid to any entity other than CONTRACTOR for collecting, processing or transporting such Recyclable Materials or as a consulting fee for recycling services. A discount or reduction in price for collection, disposal and/or recycling services for any form of unsegregated or segregated Residential, Commercial or Industrial Refuse is not a sale or donation of Recyclable Materials; and
- (e) A construction contractor may utilize its own trucks and employees to remove building materials from a construction site; provided that such construction contractor must deposit such building materials at CONTRACTOR's MRF facility and achieve a 50% diversion rate. Contractors not utilizing their own trucks and employees or not achieving 50% diversion, must contract for service with CONTRACTOR.

#### Section 2.03 Franchise Area Defined

The Franchise Area granted by this Franchise Agreement shall be all residential, commercial, industrial, and construction premises located in the City of Covina and may be subject to change pursuant to Chapter 8.08.

Section 2.04 Annexation Covered by Existing Franchise

The exclusive right granted to the CONTRACTOR through this Franchise Agreement extends to any territory annexed to the CITY hereafter except to the extent that collection within such territory so annexed would be unlawful or violate the legal rights of another person. The exclusive right in each annexed territory shall commence ninety (90) days after each such annexation is completed, unless the CITY determines otherwise.

Section 2.05 Acceptance; Waiver

CONTRACTOR agrees to be bound by and comply with all the requirements of Chapter 8.08 and this Franchise Agreement. CONTRACTOR waives CONTRACTOR's right to challenge the terms of this Franchise Agreement and Chapter 8.08 under Federal, State or local law, administrative regulation, or individual agreements with Producers as such laws, regulations, or Producer agreements existing as of the date of execution of this Franchise Agreement. CONTRACTOR waives any right or claim to serve the CITY or any part of the CITY under any prior grant of franchise, contract provision, license or permit issued or granted by any governmental entity including any right under Section 49520 of the Public Resources Code.

Section 2.06 Scope of Work

The intention of this Franchise Agreement is to cover all services being provided by CONTRACTOR as of the effective date hereof. The work under this Franchise Agreement shall consist of the items contained in the Franchise Agreement, including all the supervision, materials, equipment, labor and all other items necessary to complete said work in accordance with the Contract Documents.

ARTICLE III. RESIDENTIAL COLLECTION

Section 3.01 Residential Refuse Collection

- (a) CONTRACTOR shall provide curbside collection service for the collection of Residential Refuse to each Residential Unit one (1) time per week. Barrels shall be placed at curbside not before twenty-four (24) hours prior to the scheduled collection day (but before 6:00 a.m.) and removed within twenty-four (24) hours after the collection day.
- (b) The CONTRACTOR shall provide, at no additional charge, special collection of Bulky Waste and Bundles of Green Waste upon request of any customer; provided however, that CONTRACTOR shall not be required to make more than 70 such special collections per day.
- (c) Collection of Residential Refuse from multi-family units shall be provided either on a basis equivalent to curbside or alley single family service, or will be provided to central location(s) throughout a multi-family residential complex. Collection of Residential Refuse contained in Barrels at a central location(s) may be subject to a rate different than single family collection rates and limited to multi-family complexes with 3 or fewer

units. These rates are set forth in Exhibit A and will be adjusted in accordance with Exhibit B.

**Section 3.02 Location of Barrels, Bulky Waste Items and Bundles of Green Waste for Collection**

Each Barrel, Bulky Waste Item and Bundle of Green Waste shall be placed at curbside for collection. Curbside refers to that portion of right-of-way adjacent to paved or traveled CITY roadways (including alleys). Barrels, Bulky Waste and Bundles of Green Waste shall be placed as close to the roadway as practicable, against the curb, without interfering with or endangering the movement of vehicles or pedestrians. When construction work is being performed in the right-of-way, Barrels, Bulky Waste Items and Bundles of Green Waste shall be placed as close as practicable to an access point for the collection vehicle. CONTRACTOR may decline to collect any Barrel, Bulky Waste Item and Bundle of Green Waste not so placed, or that is contaminated, and shall place a notice on any item not collected explaining the reason for non-collection.

**Section 3.03 Automated Refuse, Green Waste, and Recycling Service**

The CONTRACTOR shall provide automated refuse, green waste, and recycling collection service for Residential Units using Barrels to dispose of refuse, and shall not impose any fee or charge for Barrel delivery except as provided herein. The program consists of the following responsibilities:

- (a) CONTRACTOR shall supply and distribute to each Residential Unit one black, 90-gallon Barrel for the collection of Residential Refuse, one blue, 90-gallon Barrel for the collection of Recyclable Materials and one green, 90-gallon Barrel for the collection of Green Waste. As an alternative, low income Residential Unit customers, as determined by the City, can elect to receive a black 30-gallon or 60-gallon Barrel for the collection of Residential Refuse. In the event, however, that more than five percent (5%) of the Residential Unit customers in City request 30-gallon or 60-gallon Barrels, CONTRACTOR and CITY will meet and confer to agree upon pricing for additional 30-gallon and 60-gallon Barrels above the five percent threshold. Condominium units and other multi-family units receiving Barrel service on a door-to-door basis, shall be provided, at the customer's option, with either two 60-gallon Barrels, one black, one blue and one 90-gallon green or three 90-gallon Barrels, provided that the Barrel size and number to be distributed to multi-family complexes of 3 or fewer units will be determined jointly by CONTRACTOR and CITY working with the owners and occupants of these complexes of 3 or fewer units. Other multi-family complexes of 4 or more units requiring collection service at a central location(s) shall be assessed on an individual basis and be provided with Bins to meet their individual needs.
- (b) CONTRACTOR shall provide automated curbside collection service for the collection of Residential Refuse, Green Waste and Recyclable Materials to each Residential Unit one (1) time per week. Barrels shall be placed at curbside not before twenty-four (24) hours prior to scheduled collection day (but before 6:00 a.m.) and removed within twenty-four (24) hours after collection day.

- (c) The CONTRACTOR shall collect the Recyclable Materials which are identified in Exhibit C. The CITY shall have the right to initiate an amendment to this listing of materials. CITY and CONTRACTOR shall mutually agree on the amended list of materials to be collected with both parties also agreeing on arrangements to educate customers about the added materials, how collection of these materials is to be accomplished, and any additional collection charges for the added materials. CONTRACTOR shall collect the additional materials pursuant to mutual agreement on these points.
- (d) Upon collection of Recyclable Materials, CONTRACTOR shall transport said materials to one of CONTRACTOR's facilities or to a subcontracted facility licensed to receive and process such materials and equipped to process such materials in an effort to obtain the diversion rate provided in this Franchise Agreement.
- (e) CONTRACTOR shall collect Green Waste which is identified in Exhibit D. The CITY shall have the right to initiate an amendment to this listing of materials. The CITY and CONTRACTOR shall mutually agree on the amended list of materials to be collected with both parties also agreeing on arrangements to educate the customers about the added materials, how collection of these materials is to be accomplished, and any additional collection charges for the added materials. CONTRACTOR shall collect the additional materials pursuant to mutual agreement on these points.
- (f) Upon collection of Green Waste, CONTRACTOR shall transport said materials to Puente Hills Landfill for use by the landfill as alternative daily cover (ADC) unless it is beyond the CONTRACTOR's ability to do so. It is the responsibility of the CONTRACTOR to notify the CITY within thirty (30) days after there is any indication that the Disposal Site or Green Waste Processing Center may not be accessible to the CONTRACTOR for deposit of Green Waste collected from Covina. Upon closure of the Puente Hills Landfill, Green Waste shall be processed and composted by CONTRACTOR at one of its facilities. The disposal rate for Green Waste processed at CONTRACTOR's facilities shall be between the average to lowest price per ton charged for comparable processing at CONTRACTOR's facilities.
- (g) CONTRACTOR shall provide Barrel rollout service for disabled customers at no charge. These customers shall be defined as persons who qualify and receive a written letter from their physician indicating that they are physically unable to roll out Barrels used for Residential Refuse, Green Waste, and Recyclable Materials collection. CONTRACTOR shall provide free manual roll out services for this category of residents due to their physical limitations. For customers not qualified for free roll out service, CONTRACTOR shall provide roll out service to those who order and agree to pay for such service. The monthly charge for such services is set forth in Exhibit A of this Franchise Agreement. The following conditions shall apply to all pay roll out services:
  - (i) Barrels must be accessible and any debris surrounding Barrels will not be picked up by CONTRACTOR's personnel.

- (ii) Roll out service shall be available at rates specified in Exhibit A for Barrels located fifty (50) feet or less from truck pick-up point (it is understood that this distance will cover the majority of households requesting this service).
- (iii) Rates for roll out service as established in Exhibit A shall be subject to a rate adjustment pursuant to Exhibit B.
- (h) If any Barrel is not used by the customer in the manner specified by the automated collection program, the CONTRACTOR shall use a bilingual (English, Spanish) red tag to advise the customer of proper use.
- (i) CITY and CONTRACTOR shall work together to prevent the frequent change in number and size of Barrels issued to one Residential Unit or to a multi-family complex. This may involve the application of a fee for Barrel delivery. The amount of the fee, and criteria for its application, must be approved by the CITY prior to it being applied.

#### ARTICLE IV. COMMERCIAL AND INDUSTRIAL COLLECTION

##### Section 4.01 Service Provided

At a minimum, CONTRACTOR shall offer and provide upon request to all Residential, Commercial and Industrial Units, Barrel collection service at least one (1) time per week, and Bin collection service in Bin size capacities of one-and-a half (1.5) cubic yards, two (2) cubic yards and three (3) cubic yards, and collection service to each customer for each Bin size at a frequency of one (1) time per week, two (2) times per week, three (3) times per week, four (4) times per week, five (5) times per week, and six (6) times per week. Up to thirty (30) cubic yard Roll-Off Bin service shall also be provided upon request. All Producers shall have a right to change Bin sizes and frequency of service upon thirty (30) days notice and CONTRACTOR shall provide such service and adjust the customer rate to correspond with the service level changes according to the rates established in this Franchise Agreement. If a multi-family complex of 3 or fewer units elects to have Barrel collection service, the rate will be established in accordance with other rates as set forth in Exhibit A or as otherwise modified.

##### Section 4.02 Location of Bins for Collection

CONTRACTOR shall provide Bins for Residential, Commercial and Industrial Units whenever customers request their use, and shall not impose any fee or charge for delivery of such Bins, other than in connection with temporary or roll-off services. Each Bin shall be placed in an accessible, outside location on a hard surface according to individual agreement. CONTRACTOR may decline to collect Refuse in Bins not so placed.

##### Section 4.03 Material Recovery Facility Processing

- (a) The CONTRACTOR will process the entire commercial and industrial waste stream through its Material Recovery Facility (MRF).
- (b) The CONTRACTOR will provide a monthly report in the form attached hereto as Exhibit F within forty-five (45) days after the end of each month.

- (c) The rates for processing the commercial and industrial waste stream through the CONTRACTOR'S MRF, which include collection, processing, transportation and disposal, are attached to this Franchise Agreement as Exhibit A.

## ARTICLE V. RECYCLING SERVICES

### Section 5.01 Scope of Services

- (a) Upon receipt of Recyclable Materials, CONTRACTOR shall perform sorting and baling functions appropriate to ensure that the Recyclable Materials recovered are segregated into marketable units. That is, CONTRACTOR shall process Recyclable Materials such that the materials are in a form desirable to recycling Dealers, Brokers and End Users as Secondary Materials or that can be Reused.
- (b) After CONTRACTOR performs sorting and baling functions, CONTRACTOR shall market or sell Recyclable Materials to Dealers, Brokers and End Users as Secondary Materials or as Reuse materials or items. CONTRACTOR shall not knowingly allow any of its employees, agents or buyers such as Dealers, Brokers, or End Users to dispose of any of the CITY's Recyclable Materials as Residential Refuse into a Landfill.
- (c) CONTRACTOR shall ensure that all Residential Refuse and Residue, which may be inadvertently discarded by Residential Unit occupants along with Recyclable Materials, is properly disposed of at a Landfill in accordance with all state and local laws and regulations.
- (d) It is the intention of CONTRACTOR to provide processing and disposal services for Recyclable Materials collected from Residential Units; Hazardous Wastes are excluded from the scope of work included in this Franchise Agreement.
- (e) The CITY and the CONTRACTOR may make additions to the Scope of Services as noted in this Section 5.01 by mutual written agreement only.

### Section 5.02 Standards of Performance

CONTRACTOR and CITY agree as follows:

- (a) During the term of this Franchise Agreement, adequate facility processing capacity shall be available to accommodate the CITY's generation of Recyclable Materials.
- (b) CONTRACTOR shall strictly observe and protect the rights of privacy of the residents of the CITY, and shall use commercially reasonable efforts to comply with all applicable laws and regulations concerning privacy. That is, information on Recyclable Materials which identifies individual CITY residents shall not be revealed to any person, governmental unit, private agency, or company, unless upon the authority of a court of law, by statute, or upon valid authorization of the CITY's resident.
- (c) The reports provided pursuant to Section 11.03 on amount of Recyclable Materials recovered by CONTRACTOR from the CITY shall be based on accurate samples of the

CITY's Recyclable Materials loads. Loads are to be sampled and reported to the CITY at least one time per year or more frequently if requested by CITY. CONTRACTOR is required to notify the CITY of the time and location of the sampling thirty (30) days in advance and shall accommodate the CITY's involvement in the sampling process if requested.

## ARTICLE VI. COLLECTION AT CITY FACILITIES

### Section 6.01 Service Provided

- (a) CONTRACTOR shall provide free of charge collection services for all Refuse (Residential, Commercial and Industrial as defined herein) for all CITY facilities (including by way of example, but not limited to, City Hall, City Yard, Parks, Police and Fire Building, Library, Recycle Center, Joslyn Center, Girl Scout House and CITY street receptacles) and shall provide necessary Bins as required, free of charge, in accordance with a collection schedule to be established by CITY's City Manager or his designee.
- (b) CONTRACTOR shall provide free of charge collection of separated green waste at CITY's Maintenance Yard. CONTRACTOR shall report to the CITY where the materials are taken and the tonnage of the materials. This information shall be reported to the CITY with the information as required in Section 8.01.
- (c) CONTRACTOR shall provide free of charge up to thirty-five (35) Bins annually to the CITY to be used as directed by the CITY for communitywide and neighborhood clean up events to be held in the CITY at various times throughout the year scheduled at least two weeks prior to the date such Bins are needed.
- (d) CONTRACTOR shall provide an annual contribution of ten thousand dollars (\$10,000) towards a project in the CITY as directed by the CITY that shall promote beautification or cleanliness in the CITY.

## ARTICLE VII. BULKY WASTE COLLECTION

CONTRACTOR shall collect Bulky Waste and Bundles from Residential Units (including multifamily Residential Units) at curbside on an on-call basis and free of charge, and deliver these materials to Nondisposal Facilities, Materials Recovery Facilities, or Recycling Processing Centers for recovery of Recyclable Materials when it is reasonable to do so; otherwise the materials will be delivered to a Disposal Site. The following conditions shall apply:

### Section 7.01 Customer Service

- (i) Bulky Waste and Bundles are to be collected on a Residential Unit's regularly scheduled collection day or, in the case of a multifamily Residential Unit with Bin service, on the residential collection day for the residential district in which the multifamily Residential Unit is located; (ii) CONTRACTOR is to be notified by customer twenty-four (24) hours in advance that items need to be collected; otherwise items will be collected the following regularly scheduled collection day; (iii) the number of pick-ups per day shall be limited to seventy (70) and the items

per household shall be limited to a volume equivalent to approximately two (2.0) cubic yards. Customers requesting Bulky Waste or Bundle collection on an excessively frequent basis, e.g., weekly or biweekly, shall not be continually serviced.

**Section 7.02 Restrictions**

(i) CONTRACTOR may use trucks used to service the City of West Covina and shall be allowed to commingle Bulky Waste items or Bundles collected in West Covina with Bulky Waste items and Bundles collected in the City of Covina; (ii) Section 10.02(c) of this Franchise Agreement shall apply to the collection of Bulky Waste and Bundles from Residential Units with tonnage of these materials reported based on a daily distribution of number of pick-ups, Covina vis-a-vis West Covina; (iii) No pick-ups beyond that allowed through this section shall be provided by CONTRACTOR.

**Section 7.03 Reporting**

CONTRACTOR shall report to the CITY the number of monthly pick-ups and the amount of Bulky Waste and Bundles disposed of on a monthly basis pursuant to Section 11.01 of this Franchise Agreement.

**Section 7.04 Compliance With Applicable Laws**

CONTRACTOR shall comply with the metallic discards legislation, Assembly Bill 1760, in handling of Bulky Waste items. CONTRACTOR shall also use commercially reasonable efforts to be in material compliance with all other applicable laws, regulations, and/or orders promulgated, adopted, or enforced by any governmental agency.

**ARTICLE VIII. CONSTRUCTION WASTE AND DEMOLITION DEBRIS**

CONTRACTOR shall provide for the collection, transportation, processing and disposal of Construction and Demolition Waste collected from projects occurring on private property. CONTRACTOR shall provide such containers, bins, impoundments or vehicles as agreed with the Customer. The processing rate per ton will be between the average to lowest cost for comparable processing charged by CONTRACTOR in Los Angeles County.

**ARTICLE IX. STREET SWEEPING SERVICES**

CONTRACTOR shall sweep CITY streets in accordance with the specifications set forth in Exhibit E attached hereto and incorporated by this reference. CITY shall pay to CONTRACTOR the fees for all street sweeping services in accordance with Exhibit A attached hereto and incorporated by this reference.

**ARTICLE X. OPERATION**

**Section 10.01 Hours of Operation**

Collection of Refuse shall not start before 6 a.m. or continue after 6 p.m. on the same day. Exceptions to collection hours shall be effected only upon the mutual agreement of the

CITY and CONTRACTOR, or on a one-time basis when CONTRACTOR reasonably determines that an exception is necessary in order to complete collection on an existing collection route due to unusual circumstances.

Section 10.02 Routes of Collection

Collection routes shall be established by the CONTRACTOR for the following Producers: (1) Residential Units disposing of Residential Refuse using Barrels and Bundles; (2) Residential Units discarding Recyclable Materials using Barrels; (3) Residential Units discarding Green Waste using Barrels and (4) Residential, Commercial and, Industrial Units using Bins to dispose of Refuse.

- (a) For Residential Units receiving Barrel collection service, CONTRACTOR shall designate geographic areas within the CITY limits and identify households, by street address, to be served within the designated areas as well as the service frequency and day of week of service. Each route so designated shall be assigned to specified collection vehicles which will be identified by number. CONTRACTOR has submitted a map and the route information, as specified herein, and shall continue to do so either at the request of the CITY or when there are major changes in such information in order to denote changes in geographical areas served, households served and any changes in collection vehicle assignments. CONTRACTOR shall provide this information separately for Refuse collection routes and Recycling Service routes. CONTRACTOR may be forced to reroute trucks or use trucks from one route to service another route due to circumstances outside the control of the CONTRACTOR.
- (b) CONTRACTOR shall establish collection routes for Residential Units, Commercial Units, and Industrial Units receiving Bin service, separately from Residential Barrel service customers. Each route so designated shall be assigned to specified collection vehicles which will be identified by number. For all Bin routes, the customer name, address, frequency of service, and size of Bin for each Bin shall be reported to the CITY. CONTRACTOR shall submit this information in order to denote changes in truck assignments and other route information. The information to be provided shall be formatted similarly as in the following example:

MONDAY

Route 1, Truck 46

<u>Truck #</u>	<u>Day</u>	<u>Customer</u>	<u>Address</u>	<u>Frequency</u> <u>Week</u>	<u>Bin Sz</u> <u>Yds</u>
46	Mon	Customer A	St Address	5	3.0
46	Mon	Customer B	St Address	3	3.0
46	Mon	Customer C	St Address	1	1.5

Route 2, Truck 47

<u>Truck #</u>	<u>Day</u>	<u>Customer</u>	<u>Address</u>	<u>Frequency</u> <u>Week</u>	<u>Bin Sz</u> <u>Yds</u>
47	Mon	Customer D	St Address	5	3.0
47	Mon	Customer D	St Address	5	3.0
47	Mon	Customer E	St Address	1	1.5

Route 3, Truck 46

<u>Truck #</u>	<u>Day</u>	<u>Customer</u>	<u>Address</u>	<u>Frequency</u> <u>Week</u>	<u>Bin Sz</u> <u>Yds</u>
46	Tue	Customer A	St Address	5	3.0
46	Tue	Customer F	St Address	3	3.0
46	Tue	Customer G	St Address	1	1.5

Route 4, Truck 47

<u>Truck #</u>	<u>Day</u>	<u>Customer</u>	<u>Address</u>	<u>Frequency</u> <u>Week</u>	<u>Bin Sz</u> <u>Yds</u>
47	Tue	Customer D	St Address	5	3.0
47	Tue	Customer D	St Address	5	3.0
47	Tue	Customer H	St Address	1	1.5

A listing of all commercial Barrel and Bin customers with routine or regular monthly service shall be provided to the CITY upon request. For each Bin customer, bin size and frequency of service shall be provided. One of the purposes of this information will be to comply with AB 939.

- (c) Specified and identified collection vehicles containing Residential Refuse from Barrel service customers are not to collect Refuse from Residential Units, Commercial Units, or Industrial Units, using Bins to dispose of their Refuse, and vice versa. Any collection by route assigned vehicles of any Refuse, Residential or otherwise, not within the CITY'S jurisdiction is prohibited under this Franchise Agreement.
- (d) CONTRACTOR shall cooperate with the CITY on establishing separate routes serving Residential Units, Commercial Units and Industrial Units, for the purpose of reporting disposal amounts from these categories of Producers. As a fallback measure, the disposal weights from these Producers may be calculated on the basis of volume.
- (e) CITY reserves the right to reasonably change the configuration of any route. The CONTRACTOR shall cooperate and give written notice to the affected Refuse customers of any changes by the CITY or the CONTRACTOR. One truck may service multiple routes due to the volume of residential refuse or green waste collected on a particular day.

### Section 10.03 Holidays

The following shall be holidays for purposes of this Franchise Agreement:

New Year's Day  
Memorial Day  
Independence Day  
Labor Day  
Thanksgiving Day  
Christmas Day

CONTRACTOR may decide to observe any or all of the above mentioned holidays by suspension of collection service on the holiday, but such decision in no manner relieves CONTRACTOR of its obligation to provide collection service at least once per week. In the event that CONTRACTOR elects to suspend collection service on any holiday, CONTRACTOR shall provide service on the following day, and shall not impose any fee or charge for overfilled Bins for such postponed collection.

### Section 10.04 Public Access and Service Complaints

- (a) CONTRACTOR's office hours shall be, at a minimum, from 8:00 a.m. to 5:00 p.m., Monday through Friday, and 8:00 a.m. to 12:00 p.m. noon on Saturday. A representative of CONTRACTOR shall be available during office hours for communication with the public at CONTRACTOR's principal office. In the event that a customer complaint cannot be rectified during normal business hours over the telephone, a representative of CONTRACTOR shall agree to meet with the customer at a location agreeable to CONTRACTOR and the customer which is located within the CITY. Notwithstanding the foregoing, any CITY facility shall be deemed to be agreeable to CONTRACTOR for purposes of this paragraph. Normal office hours telephone numbers shall either be a local or toll free call.
- (b) All customer complaints shall be directed to CONTRACTOR. CONTRACTOR shall record all complaints received by mail, by telephone, or in person (including date, name, address of complainant, and nature of complaint). CONTRACTOR shall use its best efforts to resolve all complaints by close of business of the second business day following the date on which such complaint is received. Service complaints may be investigated by the City Manager or the City Manager's designee. If the complaint cannot be resolved by the City Manager's designee, the matter may be referred to the City Manager for review.
- (c) CONTRACTOR shall maintain records listing the date of customer complaints, the customer, describing the nature of the complaint or request, and when and what action was taken by the CONTRACTOR to resolve the complaint. All such records shall be maintained for a period of one year and shall be available for inspection by CITY. CONTRACTOR shall prepare monthly summaries of customer complaints. The summaries shall be available and delivered upon request to the City Manager or the City Manager's designated representative.

#### Section 10.05 Collection Equipment

- (a) The CONTRACTOR shall provide an adequate number of vehicles for regular collection services. All vehicles shall be registered with the Department of Motor Vehicles of the State of California, shall be kept clean, safe, and in good repair and shall keep all collected materials covered during transportation. Such vehicles shall be kept and maintained free from any leaks, including, without limitation, leaks of hydraulic oil, brake fluid, engine oil, fuel, or transmission fluid. Each vehicle shall have clearly visible on each side the identity and telephone number of the CONTRACTOR. All regular collection vehicles utilized in the CITY shall be painted a uniform color and shall have the words COVINA DISPOSAL prominently painted on two sides of the vehicle. All Bins shall be painted a uniform color also, and repainted, repaired, and/or cleaned as necessary to avoid the production of offensive odors or a dilapidated or rusted appearance.
- (b) During the term of this Franchise Agreement, CONTRACTOR shall not introduce into service in Covina vehicles previously used elsewhere that are not "alternative-fuel heavy-duty vehicles" or "pilot-ignition heavy-duty vehicles," as those terms are defined in Rule 1193 adopted by the South Coast Air Quality Management District, as it may be amended. Notwithstanding the foregoing, CONTRACTOR may use vehicles not meeting the criteria in the preceding sentence on a temporary basis, not to exceed thirty (30) days. In providing services under this Agreement, CONTRACTOR shall comply in all respects with: (i) Rule 1193; (ii) the "Final Regulation Order" adopted by the California Air Resources Board regarding diesel particulate matter control measures for solid waste collection vehicles, including all implementing regulations, as they may be amended; and (iii) all other applicable rules, statutes, orders, or other forms of mandate issued or adopted by a government agency with jurisdiction over air quality. Upon request from CITY, CONTRACTOR shall provide records of all collection vehicles in service in Covina, including fuel source and engine and chassis numbers. In addition to any indemnification obligations set forth elsewhere in this Agreement, CONTRACTOR shall defend, indemnify, and hold harmless CITY against any fines, penalties, losses, or claims arising out of CONTRACTOR's failure to comply with this paragraph.

#### Section 10.06 Office

The CONTRACTOR shall maintain an office or such other facilities through which it can be contacted within a reasonable distance to provide local service. It shall be equipped with sufficient telephones and shall have a responsible person in charge from 8:00 a.m. to 5:00 p.m. on regular collection days. CONTRACTOR shall provide fifteen (15) days notice in accordance with Section 20.13 prior to any changes of office location or mailing address.

#### Section 10.07 Hauling

- (a) In order to prevent drainage into the storm drain system and to prevent litter from entering streets and storm drains and comply with the National Pollutant Discharge Elimination System (NPDES) Municipal Permit, refuse hauled by the CONTRACTOR

shall be so contained, tied or enclosed that leaking, spilling or blowing onto the streets, alleys, roadways, and gutters is reasonably prevented.

- (b) CONTRACTOR shall not cause or permit the private property or CITY streets or property to be littered with trash or other debris because of CONTRACTOR's activities under this Franchise Agreement. CONTRACTOR shall clean up any such trash or debris in the immediate vicinity of any Barrel, Bin and/or storage area that results from collection services under this Franchise Agreement. In the event of repeated litter not caused by CONTRACTOR directly, CONTRACTOR shall first notify the customer and, if litter continues, CONTRACTOR may request the CITY's assistance to rectify the situation.

#### Section 10.08 Disposal

All Refuse collected for disposal by the CONTRACTOR shall be hauled to CONTRACTOR-selected Disposal Sites. The charge for disposal shall be included in the rate set forth in this Franchise Agreement for each Residential, Commercial and industrial Unit serviced by the CONTRACTOR.

#### Section 10.09 Notification

The CONTRACTOR shall notify all Commercial and Industrial Producers about complaint procedures, bin rates, regulations, and day(s) for scheduled Refuse collection. The CONTRACTOR shall also notify all Residential Refuse Producers about complaint procedures, residential rates and days for scheduled Refuse collection.

#### Section 10.10 Point of Contact

All dealings, contacts, etc., between the CONTRACTOR and the CITY shall be directed by the CONTRACTOR to CITY'S City Manager or his or her designee and by the CITY to CONTRACTOR'S Executive Vice President.

#### Section 10.11 Impoundment of Unauthorized Bins

In the event an unauthorized provider of solid waste services sets out Bins anywhere in the CITY, in violation of the exclusivity provision set forth in Article 2.00 of this Franchise Agreement, the CITY may delegate to CONTRACTOR the authority to remove and impound such Bins upon terms to be agreed upon by the CITY and CONTRACTOR at such time. CONTRACTOR agrees to indemnify and hold CITY harmless against all claims and causes of action arising out of CONTRACTOR's failure to comply with CITY's Municipal Code in connection with impounding any such Bins.

#### Section 10.12 Food Waste Pilot Program

CONTRACTOR shall initiate a commercial food waste pilot program for the disposal or composting of food waste from restaurants and other commercial food service businesses located in the CITY. Prior to the initiation of such program, the CITY and CONTRACTOR shall agree upon the terms of the pilot program. At the conclusion of the pilot program, CITY and

CONTRACTOR shall meet and confer regarding the continuation and/or expansion of the program.

## ARTICLE XI. REPORTING AND ROUTE AUDITING

### Section 11.01 Monthly Reports of Disposal

- (a) In order to comply with AB 939, related laws and regulations, to properly manage waste reduction programs, the CONTRACTOR shall provide monthly reports by the 20th of each month following the reporting month on the amount of waste collected, diverted, and disposed from all Barrel and Bin service customers, including (1) Residential Units with Barrel service, (2) Residential Units, Commercial Units and industrial Units with Bin service. The information provided for each category of customers shall reflect the Disposal Site destination point where the Refuse was taken and disposed. The tonnage will be included in this monthly report and will be totaled for each category of refuse customer. This report shall be formatted as set forth in Exhibit F attached hereto.
- (b) The refusal, failure, or neglect of the CONTRACTOR to file any of the reports required or the inclusion of any material false or misleading statement or representation made knowingly by the CONTRACTOR in such report is prohibited under this Franchise Agreement.

### Section 11.02 Route Auditing

In order to verify reports of disposal amounts collected by CONTRACTOR from each designated route, the CITY shall be entitled to conduct an audit of any designated route upon demand. The audit demand will be made by the CITY by telephone forty-eight (48) hours prior to the regularly scheduled collection day of the designated route. Telephone notice shall be followed by written notice and facsimile transmission (FAX) to the CONTRACTOR. The audit demand shall entitle the CITY to conduct a physical route audit of any or all designated routes for the purposes of verifying customers served, disposal amounts collected, and any other information as may be deemed necessary and beneficial to the CITY or Producers including identification of excess service. The standard route audit will include minimally: (1) verification that the collection vehicle is empty when beginning the route; (2) verification of the addresses which are served by the designated collection vehicle; (3) verification of the landfill to which the refuse is taken; and (4) the quantity of refuse in tons collected from the designated route.

### Section 11.03 Reporting on Processing Costs and Recyclable Materials Value

CONTRACTOR shall provide to the CITY a monthly report which reflects (1) a breakdown of the type of Recyclable Materials recovered from the CITY; (2) the total pounds (lbs.) of each Recyclable Materials type; (3) the value of each Recyclable Materials type on a per ton basis (the California Redemption Value (CRV) for all appropriate commodity items shall also be included in the commodity market value on a per ton basis); (4) the total value of each Recyclable Materials type based on the number of pounds recovered; (5) the total value of all Recyclable Materials recovered (Gross Commodity Market Proceeds); and (6) the amount of the Residue and the cost to handle and dispose of this material. The report shall provide CITY with the net monthly revenue/cost for processing the total amount of Recyclable Materials processed

through CONTRACTOR's Material Recovery Facility. The report shall be due to the CITY by the twenty-fifth (25<sup>th</sup>) day of the month following the reporting month. The report shall be formatted similarly to the one that appears in Exhibit G.

## ARTICLE XII. COMPLAINTS AND PERFORMANCE REVIEW

### Section 12.01 Resolution of Disputed Customer Complaints

- (a) The CONTRACTOR shall notify all new customers of the complaint arbitration procedure set forth below at the time they apply for or are provided service.
- (b) A customer dissatisfied with CONTRACTOR's decision regarding a complaint may ask the CITY to review the complaint. To obtain this review, the customer must request CITY review within thirty (30) days of receipt of CONTRACTOR's response to the complaint or within forty-five (45) days of submitting the complaint to the CONTRACTOR, if the CONTRACTOR has failed to respond to the complaint. The CITY may extend the time to request its review for good cause.
- (c) Before reviewing the complaint, the City Manager shall refer it to the CONTRACTOR. If the CONTRACTOR fails to cure the complaint within ten (10) days, the City Manager shall review the customer's complaint and determine if further action is warranted. The City Manager may request written statements from the CONTRACTOR and customer, and/or oral presentations.
- (d) The City Manager shall determine if the customer's complaint is justified, and if so, what remedy, if any, shall be imposed. The remedy under this section shall be limited to a rebate of customer charges related to the period of breach of any of terms of this Franchise Agreement or a penalty of up to \$100.00 for any single event or series of related events, or any actual damages, provided that the CITY's remedies shall not be so limited to the extent that the customer's complaint reveals a material breach of this Franchise Agreement by CONTRACTOR.
- (e) The City Manager may delegate these duties to a designee. The decision of the City Manager or his designee shall be final on any matter under Five Thousand Dollars (\$5,000.00). In the event of a decision on a matter awarding Five Thousand Dollars (\$5,000.00) or more, CONTRACTOR may seek review pursuant to Section 12.04.

### Section 12.02 Review of Performance, Quality of Service, and Franchise Compliance

- (a) At CITY's sole option, within ninety (90) days of the anniversary of the effective date of this Franchise Agreement, and each year thereafter throughout the term of the Franchise Agreement, CITY may hold a public hearing at which the CONTRACTOR shall be present and shall participate, to review the CONTRACTOR's performance and quality of service. The reports required by this Franchise Agreement regarding customer complaints shall be utilized as the basis for review. In addition, any customer may submit comments or complaints during the review meetings, either orally or in writing, and these shall be considered,

- (b) Within thirty (30) days after the conclusion of the public hearing, CITY shall issue a report with respect to the adequacy of performance and quality of service. If any noncompliance with the franchise is found, CITY may direct CONTRACTOR to correct the inadequacies in accordance with Sections 12.03 and 12.04.

Section 12.03 Imposition of Damages or Termination

- (a) If the City Manager determines that CONTRACTOR's performance pursuant to this Franchise Agreement has not been in conformity with reasonable industry standards which are obtainable in similar cities in Southern California, the provisions of this Franchise Agreement, the requirements of Chapter 8.08, including but not limited to, cooperating with the CITY and providing information to allow the CITY to comply with AB 939 (as to the waste stream subject to this Franchise Agreement) or any other applicable Federal, State, or local law or regulation, including but not limited to the laws governing transfer, storage or disposal of Special Wastes, the City Manager may advise CONTRACTOR in writing of such deficiencies. The City Manager may, in such written instrument, set a reasonable time within which correction of all such deficiencies is to be made. Unless otherwise specified, a reasonable time for correction shall be sixty (60) days from the receipt by the CONTRACTOR of such written notice. The City Manager shall review the CONTRACTOR's response and refer the matter to the City Council or decide the matter and notify the CONTRACTOR of that decision, in writing. A decision or order of the City Manager shall be final and binding on CONTRACTOR if the CONTRACTOR fails to file a "Notice of Appeal" with the City Manager within thirty (30) days of receipt of the City Manager's decision. Within ten (10) working days of receipt of a Notice of Appeal, the City Manager shall refer the appeal to the City Council for proceedings in accordance with Section 12.03, or refer the matter to a hearing officer as provided in Section 12.04.
- (b) The City Council, in such case, shall set the matter for hearing. The City Council shall give CONTRACTOR, and any other person requesting the same, fourteen (14) days written notice of the time and place of the hearing. At the hearing, the City Council shall consider the report of the City Manager indicating the deficiencies, and shall give the CONTRACTOR, or its representatives and any other interested person, a reasonable opportunity to be heard.
- (c) Based on the evidence presented at the public hearing, the Council shall determine by Resolution whether the Franchise Agreement should be terminated or liquidated damages imposed. If, based upon the record, the City Council determines that the performance of CONTRACTOR is in breach of any material term of this Franchise Agreement or constitutes a material violation of any provision of any applicable Federal, State, or local statute or regulation as it directly relates to refuse/recycling operations in the CITY, the City Council, in the exercise of its sole discretion, may terminate the Franchise Agreement or impose liquidated damages, as defined below. The decision of the City Council shall be final and conclusive, subject to referral by CITY or by CONTRACTOR of the matter for an administrative hearing pursuant to Section 12.04. CONTRACTOR's performance under this Franchise Agreement is not excused during the period of time

prior to the City Council's final determination as to whether such performance is deficient.

- (d) The right of termination or to impose liquidated damages is in addition to any other rights of CITY upon a failure of CONTRACTOR to perform its obligations under this Franchise Agreement.
- (e) The CITY further reserves the right to terminate CONTRACTOR's franchise or impose liquidated damages in the event of any of the following:
  - (i) If the CONTRACTOR practices, or attempts to practice, any fraud or deceit upon the CITY as determined pursuant to administrative hearing procedures set forth herein.
  - (ii) If the CONTRACTOR becomes insolvent, unable, or unwilling to pay its debts, or upon listing of an order for relief in favor of CONTRACTOR in a bankruptcy proceeding.
  - (iii) If the CONTRACTOR fails to provide or maintain in full force and effect the worker's compensation, liability, indemnification coverage, or cash bonds as required by the Franchise Agreement.
  - (iv) If the CONTRACTOR willfully violates any orders or rulings of any regulatory body having jurisdiction over the CONTRACTOR relative to this Franchise Agreement, provided that the CONTRACTOR may contest any such orders or ruling by appropriate proceedings conducted in good faith, in which case no breach of the franchise shall be deemed to have occurred.
  - (v) If the CONTRACTOR ceases to provide services as required under this Franchise Agreement over all or a substantial portion of its Franchise Area for a period of seven (7) days or more, for any reason within the control of CONTRACTOR.
  - (vi) If the CONTRACTOR willfully fails to make any payments required under the Franchise Agreement and/or refuses to provide CITY with required information, reports, and/or test results in a reasonable timely manner as provided in the Franchise Agreement.
  - (vii) Any other act or omission by the CONTRACTOR which materially violates the terms, conditions, or requirements of this Franchise Agreement, Chapter 8.08, as it may be amended from time to time or any order, directive, rule, or regulation issued thereunder and which is not corrected or remedied within the time set in the written notice of the violation or, if the CONTRACTOR cannot reasonably correct or remedy the breach within the time set forth in such notice, if the CONTRACTOR should fail to commence to correct or remedy such violation within the time set forth in such notice and diligently effect such correction or remedy thereafter.
- (f) Liquidated Damages

- (i) The CITY finds, and the CONTRACTOR agrees, that as of the time of the execution of this Franchise Agreement, it is impractical, if not impossible to reasonably ascertain the extent of damages which shall be incurred by the CITY as a result of a material breach by CONTRACTOR of its obligations under this Franchise Agreement. The factors relating to the impracticability of ascertaining damages include, but are not limited to, the fact that: (1) substantial damage results to members of the public who are denied services or denied quality or reliable service; (2) such breaches cause inconvenience, anxiety, frustration, and deprivation of the benefits of the Franchise Agreement to individual members of the general public for whose benefit this Franchise Agreement exists, in subjective ways and in varying degrees of intensity which are incapable of measurement in precise monetary terms; (3) that services might be available at substantially lower costs than alternative services, and the monetary loss resulting from denial of services or denial of quality or reliable services is impossible to calculate in precise monetary terms; and (4) the termination of this Franchise Agreement for such breaches, and other remedies are, at best, a means of future correction and not remedies which make the public whole for the past breaches.
- (ii) Accordingly, the City Council may, in its discretion, assess liquidated damages not to exceed the sum of Seven Hundred and Fifty Dollars (\$750.00) per day, for each calendar day that service is not provided by CONTRACTOR, except for service interruptions beyond control of CONTRACTOR, in accordance with this Franchise Agreement as noticed by CITY. The amount of the liquidated damages shall be increased by the past year's consumer price index for the Los Angeles-Anaheim-Riverside Area on April 1 and effective July 1 of each year. In addition, the Council may order the assessment against the performance bond required by Section 18.01, the termination of the Franchise Agreement or both and shall have a maximum limit of Fifty Thousand Dollars (\$50,000).
- (iii) The CITY finds, and the CONTRACTOR acknowledges and agrees, that the above described liquidated damages provisions represent a reasonable sum in light of all the circumstances. Said liquidated damages sums shall be applicable to each calendar day of delay during which CONTRACTOR has been found by the City Council to be in material default pursuant to this Section. The CONTRACTOR shall pay any liquidated damages assessed by the City Council within ten (10) days after they are assessed and upon payment, such assessment shall be in lieu of any actual damages.

#### Section 12.04 Administrative Hearing Procedures

- (a) Should CONTRACTOR contend that the CITY is in breach of this Franchise Agreement, it shall file a request with the City Manager for an administrative hearing on the allegation.
- (b) If either the City Manager, the City Council, or CONTRACTOR refers a matter to a hearing officer, or if the CONTRACTOR should allege a breach of the franchise by the CITY, CITY and CONTRACTOR shall mutually agree on a hearing officer. If agreement is not reached within twenty (20) working days of the filing of the allegation

of breach, then CONTRACTOR shall select the hearing officer from a list of three potential hearing officers who are retired California Superior Court judges or Appellate Court justices, none of whom are related to the parties, prepared by the City Manager and approved by the City Council.

- (c) The hearing shall be conducted according to California Code of Civil Procedure Section 1280, et seq. The exclusive venue shall be in Los Angeles County, California. A hearing officer to whom a matter is referred shall have the authority to (i) order the CITY or the CONTRACTOR to undertake remedial action to cure the breach and to prevent occurrence of similar breaches in the future; (ii) assess damages and/or levy a penalty upon the CONTRACTOR consistent with the terms of this Franchise Agreement; or (iii) find there has been no breach. If the hearing officer finds there has been no breach, such a decision precludes the CITY from conducting a default hearing. For any occurrence or series of related occurrences, the penalty may be up to Five Thousand Dollars (\$5,000.00). The amount of penalty shall be reasonably related to the seriousness of the breach of the Franchise Agreement.
- (d) The party losing the hearing shall be liable for the hearing officer's fees.
- (e) Any failure of the CONTRACTOR to comply with the hearing officer's order shall be deemed a material breach of the Franchise Agreement, and may be grounds for termination of the Franchise Agreement.
- (f) The hearing officer shall commence the hearing within thirty (30) days of selection unless the parties and the hearing officer otherwise agree. Any party to the hearing may issue a request to compel reasonable document production from the other party. Disputes concerning the scope of document production and enforcement of document requests shall be subject to agreement by the parties, or if agreement is not reached within twenty (20) days of that document request, then by disposition by order of the hearing officer. Any such document request shall be subject to the propriety right and rights of privilege of the parties, and the hearing officer shall adopt procedures to protect such rights. Except as may be otherwise specifically agreed by the parties, no other form of pretrial discovery shall be available to the parties; provided that if either party notifies the hearing officer that a material violation of the franchise or rights in connection therewith is claimed by either party, the provisions of Code of Civil Procedure Section 1283.05 shall apply.
- (g) Neither party may communicate separately with the hearing officer after the hearing officer has been selected. All subsequent communications between a party and a hearing officer shall be simultaneously delivered to the other party. This provision shall not apply to communications made to schedule a hearing or request a continuance.
- (h) Until final judgment is entered from the hearing officer proceeding under the foregoing provisions and the time for appeal or other post-judgment petition has expired, the imposition or enforcement of any penalties or sanctions provided in the Franchise Agreement and related to the subject matter of the hearing shall be stayed. The hearing officer may modify or cancel any proposed penalties or sanctions upon a finding that the

party subject thereto acted with substantial justification or if the interests of justice so require.

- (i) The measure of damages for any fraud or deceit practiced or attempted by CONTRACTOR on CITY is the amount specified in section 12.03(f) Liquidated Damages and said amount shall run from the date of the fraud or deceit (as found by the hearing officer) until the date of hearing officer's decision.
- (j) Any party to a hearing may petition the Superior Court in Los Angeles County, California to confirm, correct, or vacate the award. Any proceedings on appeal shall be in accordance with California Code of Civil Procedures § 1294 and 1294.2.

ARTICLE XIII. EFFECTIVE DATE

The effective date of this Franchise Agreement shall be March 1, 2011.

ARTICLE XIV. NONDISCRIMINATION

The CONTRACTOR shall not discriminate against any person because of race, sex, age, creed, color, religion or national origin.

ARTICLE XV. INDEMNITY

Section 15.01 Indemnification of City

The CONTRACTOR shall defend and indemnify, save harmless, and exempt the CITY, its officers, agents, servants, and employees from and against any and all suits, actions, legal proceedings, claims, demands, damages, costs, expenses, and attorneys' fees incident to any work done in the performance of this Franchise Agreement, except with respect to handling or transportation of Special Waste, arising out of a willful or negligent act or omission of the CONTRACTOR, its officers, agents, servants and employees; provided, however, that the CONTRACTOR shall not be liable for any suits, actions, legal proceedings, claims, demands, damages, costs, expenses and attorneys' fees to the extent arising out of a willful or negligent act or omission of the CITY, its officers, agents, servants and employees.

Section 15.02 Special Waste Indemnification

CONTRACTOR shall indemnify, defend with counsel approved by CITY, and hold harmless CITY and its officers, employees, servants and agents from and against all costs, expenses, losses, liabilities, judgments, fines, penalties, claims, causes of action and administrative proceedings arising directly from, or directly attributable to, the handling or transportation of Special Waste from the time that it is collected by CONTRACTOR until the time that it is deposited by CONTRACTOR at a Disposal Site, except that if the Special Waste is knowingly collected by CONTRACTOR then until the time that it is lawfully deposited by CONTRACTOR at a Disposal Site. The foregoing indemnity is intended to operate as an agreement pursuant to Section 107(e) of the Comprehensive Environmental Response, Compensation and Liability Act, "CERCLA", 42 U.S.C. Section 9607(e), and California Health

and Safety Code Section 25364, to defend, protect, hold harmless and indemnify CITY from liability to the extent specifically provided in this section.

#### Section 15.03 Indemnification of Contractor

The CITY shall defend, indemnify, save harmless and exempt the CONTRACTOR, its officers, agents, servants and employees from and against any and all suits, actions, legal proceedings, claims, demands, damages, costs, expenses and attorneys' fees arising out of or resulting in any way from a willful or negligent act or omission of the CITY, its officers, agents, servants or employees; provided, however, that the CITY shall not be liable for any suits, actions, legal proceedings, claims, demands, damages, costs, expenses and attorneys' fees arising out of or resulting in any way from a willful or negligent act or omission of the CONTRACTOR, its officers, agents, servants or employees.

#### Section 15.04 AB 939 Indemnification

CONTRACTOR agrees to protect, defend, indemnify, and hold harmless CITY against any fines imposed by the California Department of Resources Recycling and Recovery or its successor due to the failure of CITY to divert from landfills at least fifty percent (50%) of the CITY's entire waste stream, or such lesser percentage equal to the landfill diversion goals imposed on local governments by the California Department of Resources Recycling and Recovery as it may be amended from time to time provided that CITY's failure to accomplish the landfill diversion goals imposed by AB 939 is not due to any negligent or willful act of CITY.

Should the State Legislature or the California Department of Resources Recycling and Recovery alter the material requirements of AB 939 by increasing the amount of refuse that local jurisdictions must divert from landfills or transformation, then the CITY and CONTRACTOR shall meet and confer to discuss CONTRACTOR's recycling and other waste diversion efforts to seek to achieve compliance with AB 939, or any succeeding legislation through programs and at rates mutually agreed upon by CONTRACTOR and CITY. The CITY, subject to the provisions of applicable law and available resources, shall lend its full support and cooperation to CONTRACTOR's recycling efforts.

#### ARTICLE XVI. LICENSES AND TAXES

The CONTRACTOR shall obtain all licenses and permits (other than the license and permit granted by the Franchise Agreement) and promptly pay all taxes required by the CITY and any other governmental entity.

#### ARTICLE XVII. TERM OF THIS FRANCHISE AGREEMENT

The term of this Franchise Agreement shall be for a period of twenty (20) years commencing on March 1, 2011 provided, however, on each March 1, the term of this Franchise Agreement shall be extended one (1) year, so that the full term of the Franchise Agreement shall remain twenty (20) years. Within 15 business days after each such extension, CONTRACTOR shall pay CITY Two Hundred Thousand Dollars (\$200,000) for such extension ("Extension Fee").

Notwithstanding the foregoing paragraph, should either party desire that said one-year extension provision be terminated, such party shall give the other party written notice of intent to terminate at least one hundred and twenty (120) days prior to, and written notice of termination at least sixty (60) days prior to any March 1. During the sixty (60) day period following the notice of intent to terminate, the parties shall meet and negotiate in good faith at the request of either party; the CITY shall be represented by the City Manager or by other persons designated by the City Manager. If the notice of termination is given, it shall terminate the one-year extension provision, and the Franchise Agreement shall remain in full force and effect for the balance of the term then outstanding. In the case of termination, an effective date of October 19<sup>th</sup> shall be used to coincide with the original effective date of this contract. If the one-year extension provision is terminated, the CONTRACTOR shall no longer be obligated to pay the Extension Fee.

#### Section 17.01 Rate Guarantee

The CITY's rates for residential and commercial refuse, recycling and green waste collection services will be between the average to the lowest for comparable cities receiving the same or similar services from an exclusive franchisee in the following areas: Los Angeles and Orange Counties. That portion of the rate that is used to compensate the CONTRACTOR for collection service will be the basis for comparison. For residential services, costs for collection of recyclables and green waste will be considered. Disposal costs, billing charges, CITY fees and other miscellaneous fees will not be part of the rate comparison.

For purposes of this Section, the CITY and CONTRACTOR agree to limit the number of comparable cities to not more than twenty (20) but not less than ten (10), and use reasonable means in determining which cities are comparable, considering such factors as exclusive franchisee provided services, types of services, government subsidies, distance to landfills, rate effectiveness periods and length of contract term.

This survey will be conducted by CITY staff as directed by City Council between January 1 and July 1, and not more than every two years. The CITY and the CONTRACTOR shall agree on the cities to be used for the comparison. If the CITY and the CONTRACTOR do not agree on comparable cities in Los Angeles and Orange counties, the sample area shall be extended to include cities in San Bernardino and Riverside counties.

This section of the Franchise Agreement shall not be used to increase rates, only to lower them if they are found to not meet the guarantee provided in the first paragraph of this Section. If any of Covina's rates are found to be above the average, then Covina's rate(s) shall be set at a level equal to the average of the survey cities' rates for the comparable service(s). The new rate(s) shall be effective upon agreement of CITY and CONTRACTOR.

If the CONTRACTOR does not agree with the survey method and results, the CONTRACTOR may select a consultant approved by the CITY to check and verify the results. The CONTRACTOR must present the consultant's findings within 60 days of the CITY's approval of the consultant to the City Council. The City Council may take action to certify the CITY staff survey results or the consultant's results. The City Council certification of the results shall be final and shall serve as the basis for the rate comparison and any rate reductions. The

CITY shall pay consultant costs if the City Council certifies the consultant's findings and if CITY staff survey results are found to be in error; otherwise CONTRACTOR shall pay consultant costs.

If the CONTRACTOR does not approve of a lowering of the rate(s) based on the City Council certified survey results, and within 30 days of the CITY's approval of the contract amendment setting forth new rate(s), then the rate(s) shall not be lowered and the CITY's sole remedy shall be the termination of the automatic one-year extension of the term of this Franchise Agreement in Section 14.00 and a reduction of the remaining term of this Franchise Agreement to five (5) years from the date of termination. The CITY shall provide a notice of termination to the CONTRACTOR in writing if the CONTRACTOR does not approve of a lowering of the rate(s) within 30 days pursuant to this section, and this notice shall fulfill all the requirements in this Franchise Agreement to terminate the automatic one-year extension in Article XVII.

ARTICLE XVIII. INSURANCE

The CONTRACTOR shall at all times during the Franchise Agreement maintain in full force and effect Employer's Liability, Worker's Compensation, Public Liability and Property Damage insurance, including contractual liability coverage for the provisions of Article XV. All insurance shall be by insurers with a Best rating of "A-" or better and for policy limits listed herein. Policy amounts shall be adjusted by amount equal to change in Consumer Price Index not more frequently than every three (3) years. CONTRACTOR agrees to furnish the CITY certificates of insurance or other evidence satisfactory to the CITY to the effect that such insurance has been procured and is in force. Each such policy shall name CITY and its elected officials, officers and employees as additional insured. CONTRACTOR shall notify CITY if it receives any notice from an insurer issuing any policy of insurance required herein that the policy of insurance has been, is, or will be canceled, terminated, rescinded, expired or reduced below the limits required herein and CONTRACTOR is unable or unwilling to replace such insurance prior to the effective date of cancellation, termination, rescission, reduction or expiration. CONTRACTOR shall provide such notice no later than seventy-two (72) hours after receiving notice from the insurer if the effective date of cancellation, termination, rescission, reduction or expiration will occur within that period. Otherwise, such notice shall be provided no later than seventy-two (72) hours prior to such effective date. The certificates shall contain substantially the following express obligation:

"This is to certify that the policies of insurance described herein have been issued to the insured for whom this certificate is executed and are in force at this time. In the event of cancellation or material change in a policy affecting the certificate holder, thirty (30) days prior written notice will be given the certificate holder."

For the purpose of the Franchise Agreement, the CONTRACTOR shall carry the following types of insurance in at least the limits specified below:

<u>Coverages</u>	<u>Limits of Liability</u>
Worker's Compensation	Statutory

Employer's Liability	\$1,000,000
Bodily Injury Liability (except Automobile)	\$1,000,000 each person \$2,000,000 aggregate
Automobile Bodily Injury Liability	\$5,000,000 each occurrence
Automobile Property Damage Liability	\$1,000,000 each occurrence
Excess Umbrella Liability	\$7,000,000 each occurrence \$7,000,000 aggregate

Each insurance policy with respect to public liability insurance may provide for a self-insured retention of an amount of \$300,000, with the result that the CONTRACTOR is its own insurer to that extent. CONTRACTOR shall maintain access to sufficient sources of funds to pay claims within the self-insured retention amount.

ARTICLE XIX. BOND

Section 19.01 Performance Bond

- (a) The CONTRACTOR will be required to furnish a corporate surety bond, an irrevocable letter of credit, time certificate of deposit, or savings passbook as security for the performance of this Franchise Agreement. Said security shall be in the amount of Two Hundred Thousand Dollars (\$200,000.00).
- (b) Premium for the bond(s) described above shall be paid by the CONTRACTOR. A certificate from the surety showing that the bond premiums are paid in full shall accompany the bond.
- (c) The surety on the bond shall be a duly authorized corporate surety company authorized to do business in the State.
- (d) CITY may draw upon the bond to collect liquidated damages imposed pursuant to this Franchise Agreement.

Section 19.02 Power of Attorney

Attorneys-in-fact who sign performance bonds or contract bonds must file with each bond a certified and effectively dated copy of their power of attorney.

ARTICLE XX. BASIS AND METHOD OF PAYMENT

Section 20.01 Rates

The maximum Residential, Commercial and Industrial Unit refuse collection rates chargeable by CONTRACTOR are specified in Exhibit A attached hereto and made a part hereof. The configuration of certain driveways may force the CONTRACTOR to provide manual collection that is more costly than automated collection. These addresses will be charged a rate that is twice the single family rate.

#### Section 20.02 Adjustment to Rates

The rates set forth in Exhibit A shall automatically be adjusted pursuant to the terms of Exhibit B attached hereto and made a part hereof on July 1<sup>st</sup> of each year. CONTRACTOR shall provide CITY with notice of the new rates at least ninety (90) days prior to such date.

#### Section 20.03 Service Additions

The CITY may request the CONTRACTOR to provide additional services during the term of this Franchise Agreement which are not included in the existing scope of work. The CONTRACTOR shall provide reasonable and responsive proposals to the CITY on how such services are to be provided and state the cost for service additions. Additional service items shall be incorporated into this Franchise Agreement through an appropriate amendment. If the configuration of services provided through this Franchise Agreement is significantly altered through the addition of new services, the CITY and CONTRACTOR may mutually agree to change the methods for modifying rates. For services not listed in this Franchise Agreement which the CONTRACTOR currently provides, desires to provide or has been requested to provide, the CONTRACTOR shall make applications to the CITY to provide service and modify the Franchise Agreement.

#### Section 20.04 Rates and Adjustments for Recycling Services

- (a) Monthly Fee. For performing the recycling services rendered under this Franchise Agreement, CONTRACTOR shall be entitled to a fee payable monthly ("Monthly Fee") and reimbursement of processing and disposal costs. The fee and costs shall be calculated as follows:

(1) CONTRACTOR shall calculate the total sales proceeds from all sales of Recyclable Materials by CONTRACTOR, including CRV, for the applicable month ("Gross Commodity Market Proceeds") and report Gross Commodity Market Proceeds to CITY as part of the report required in Section 11.03. CONTRACTOR's Monthly Fee shall be equal to twenty percent (20%) of the Gross Commodity Market Proceeds.

(2) From Gross Commodity Market Proceeds less the Monthly Fee, CONTRACTOR shall subtract an amount equal to CONTRACTOR's costs for processing the entire tonnage of Recyclable Materials taken to CONTRACTOR's Material Recovery Facility ("Processing Cost") and the cost of transferring and disposing Residue at a Landfill or other similar suitable facility ("Disposal Costs"). The remaining amount shall be called "Net Commodity Market Proceeds" and shall be paid entirely to the CITY. (For an example of this calculation, see Exhibit G.)

(3) The baseline cost information, which will be applicable during the first year of this Franchise Agreement, shall be as follows:

Processing Cost	<b>\$47.04 per ton</b>
Disposal Costs	<b>\$60.87 per ton</b>
Landfill Fee)	<b>\$38.26 per ton</b>
Transfer Cost	<b>\$22.61 per ton</b>

- (b) Recycling Services Rate Adjustments. The Processing Cost as shown in Section 20.04(a) shall be adjusted up or down depending upon changes in the Consumer Price Index (CPI) for All Urban Consumers (all items) for the Los Angeles-Anaheim-Riverside Area with the years 1982-84 = 100 as published by the U.S. Department of Labor Bureau of Labor Statistics. The base for computing the rate adjustment will be the January index figure each year.

As soon as possible after the rate modification index date, CONTRACTOR shall send to CITY a comparative statement setting out (1) the index value for the index date; (2) the index value on the rate modification index date; (3) the net percentage change; and (4) the increase or decrease in the Processing Cost which may be charged for the ensuing year commencing on July 1.

That portion of the Disposal Costs which is attributed to the Residue transfer cost, Section 20.04(a), shall also be subject to an annual CPI adjustment as described above for Processing Cost adjustment.

The CONTRACTOR shall be entitled to a rate adjustment for that portion of Disposal Costs attributed to Landfill cost. CONTRACTOR shall be responsible for submitting sufficient information to the CITY to justify Disposal Costs increases due to changed Landfill costs. Rate adjustments for Landfill cost shall be allowed on a "pass through" basis.

#### Section 20.05 Billing

- (a) CONTRACTOR shall submit statements to and collect from all Residential Units on a quarterly basis in advance for all curbside collection services provided by CONTRACTOR.
- (b) CONTRACTOR shall submit statements to and collect from all Commercial, Industrial, and Residential Units on a monthly basis in advance for all bin collection services provided by CONTRACTOR.
- (c) At the time of request, CONTRACTOR shall submit statements to and collect from all Commercial, Industrial, and Residential Units for temporary services.

- (d) Payment terms for all customers are net thirty (30) days and are considered delinquent thereafter. Late fees at 1.5% per month will be assessed on all delinquent balances.

Section 20.06 Payment to CONTRACTOR for Billing Services

In consideration of CONTRACTOR providing residential billing services, CONTRACTOR shall incorporate into the service component of the residential rates set forth on Exhibit A attached hereto an amount equal to \$0.22 per month per customer (the "Billing Fee"). On each of the first, second and third anniversaries of the date of this Franchise Agreement, the Billing Fee will be increased by \$0.22 per month such that the Billing Fee will be equal to \$0.44, \$0.66 and \$0.88 per month immediately following the first, second and third anniversaries of this Franchise Agreement, respectively.

Section 20.07 Recycling Services Payments to CITY

Payments in connection with Recycling Services under this Franchise Agreement to the CONTRACTOR or to the CITY shall be made in accordance with the following:

- (a) For each month during the term of this Franchise Agreement, if Gross Commodity Market Proceeds received by CONTRACTOR are less than the total of CONTRACTOR's Processing Cost and Disposal Costs, CONTRACTOR shall submit an invoice to CITY with the monthly report as required by Section 11.03, requesting payment by CITY to CONTRACTOR in the amount of said Processing Cost and Disposal Costs that is not otherwise satisfied by Gross Commodity Market Proceeds. CITY shall promptly process the invoice and pay to CONTRACTOR the amount of said Processing Cost and Disposal Costs that is not otherwise satisfied by Gross Commodity Market Proceeds.
- (b) For each month during the term of this Franchise Agreement, if Gross Commodity Market Proceeds received by CONTRACTOR are more than the total of CONTRACTOR's Monthly Fee, Processing Cost, and Disposal Costs (and there are therefore Net Commodity Market Proceeds for that month), CONTRACTOR shall remit payment to the CITY in the appropriate amount as set forth in Section 20.04(a), at the time and along with the monthly report as required by Section 11.03.
- (c) For each month during the term of this Franchise Agreement, if Gross Commodity Market Proceeds received by CONTRACTOR are less than the total of CONTRACTOR's Monthly Fee, Processing Cost, and Disposal Costs (and there are therefore negative Net Commodity Market Proceeds for that month), CONTRACTOR shall receive a Monthly Fee equal to twenty percent (20%) of the total of the Gross Commodity Market Proceeds less Processing Cost and Disposal Costs, and CONTRACTOR shall remit the remaining balance to the CITY.

Section 20.08 Franchise Fee

As consideration for this Franchise Agreement and the rights granted herein, CONTRACTOR shall pay to CITY a fee equivalent to six percent (6%) of the gross amount of all monies for services pursuant to this Franchise Agreement collected by CONTRACTOR from

Residential, Commercial and Industrial Units within the CITY serviced by CONTRACTOR or any subsidiary, parent company, division, affiliate, partnership or joint venture of CONTRACTOR. This fee shall be applied to disposal cost increases when they occur such that CONTRACTOR's revenues are not affected and will be calculated on a monthly basis and shall be paid to CITY by CONTRACTOR within fifteen (15) days after the end of the month in which the monies were collected.

#### Section 20.09 Delinquent and Closed Accounts

If delinquent payments (as described in Section 20.05(d)) are not received within thirty (30) days, CONTRACTOR shall discontinue service and refer the respective premise to the CITY for public nuisance abatement proceedings, which CITY may decide whether to initiate in its sole and absolute discretion. A notice/warning of a pending stop service will be prepared by CONTRACTOR and delivered to the delinquent account owner and premise no less than seventy-two (72) hours prior to the service stoppage. If full payment by delinquent customer is not made to CONTRACTOR within fifteen (15) days after referral to the CITY for code enforcement purposes, the account may be cancelled by CONTRACTOR.

### ARTICLE XXI. MISCELLANEOUS PROVISIONS

#### Section 21.01 Transferability of Franchise Agreement

No assignment of the Franchise Agreement or any right accruing under this Franchise Agreement shall be made in whole or in part by the CONTRACTOR without the express written consent of the CITY, which consent shall not be unreasonably withheld; in the event of any assignment, the assignee shall assume the liability of the CONTRACTOR. Transfer of CONTRACTOR'S stock between the Arakelian family members is exempt from obtaining written consent of the CITY, unless such a transfer results in a significant management or service impact on the CONTRACTOR. If a contemplated stock transfer results in the current management being transferred to new family members the CONTRACTOR shall notify the CITY and receive the CITY's written consent prior to the actual transfer of stock.

#### Section 21.02 Books and Records

- (a) CITY shall have the right, at all reasonable times, to inspect and audit CONTRACTOR's books and records pertaining to CONTRACTOR's revenues and CITY fees collected by CONTRACTOR. If, as a result of any such audit or inspection, it is determined that CONTRACTOR has under reported collections from Commercial, Industrial or Residential accounts, or collections of Integrated Waste Management Fees, CONTRACTOR shall remit to CITY the amount of franchise fee attributable thereto and shortfall in Integrated Waste Management Fees that is due to CITY. If the amount of franchise fee or Integrated Waste Management Fees paid to CITY is five percent (5%) or more underpaid on an annualized basis, CONTRACTOR shall pay CITY's cost of inspection and audit and remit delinquent amounts plus interest at the prime rate plus 3%. If audit reveals that no underpayment occurred, or that the underpayment was less than five percent (5%) of actual reported revenues and fee receipts, CITY shall bear sole

expense of audit and inspection with the CONTRACTOR remitting to CITY delinquent amounts plus interest at the prime rate.

- (b) If the audit reveals that CONTRACTOR overpaid CITY and that overpayment was less than five percent (5%) of actual reported revenues and fee receipts, CITY shall bear the expense of audit and inspection with CONTRACTOR withholding delinquent amounts from payments otherwise due to CITY, without interest. If the audit reveals that CONTRACTOR overpaid CITY and that overpayment was more than five percent (5%) of actual reported revenues and fee receipts, CONTRACTOR shall bear the expense of audit and inspection with the CONTRACTOR withholding delinquent amounts from payments otherwise due to CITY. Any excess reimbursed to CONTRACTOR shall be limited to ten percent (10%) of fees or revenues collected by CITY from CONTRACTOR after deducting the cost of the audit. Audits shall be limited to CONTRACTOR's books and records going back three (3) years preceding the date when the audit is commenced.

#### Section 21.03 Promotional Signage

CONTRACTOR shall cooperate with the CITY in allowing educational and promotional signage to be placed on collection vehicles serving the City of Covina. The CONTRACTOR shall not subject the CITY to any charges. The CITY shall pay any cost associated with the purchase and installation of such signage.

#### Section 21.04 Personnel

No employee of the CONTRACTOR shall continue to be so employed on any work under this Franchise Agreement who is found to be intemperate, troublesome, disorderly, inefficient, or otherwise objectionable, as determined by the City Manager or his designee, or who is convicted of any felony, or any offense consisting of driving while intoxicated, during the term of this Franchise Agreement.

#### Section 21.05 Ownership and Disposal of Refuse, Recyclables and Green Waste

Once Refuse, Recyclable Materials or Green Waste are placed by the Producer in a Bundle, Barrel, or Bin for collection, ownership of the materials shall transfer to the CONTRACTOR.

#### Section 21.06 Waiver

No acquiescence, failure or neglect of the CITY to insist on strict performance of any or all of the terms hereof shall be considered to constitute a waiver of any term or condition of the Franchise Agreement or any performance required thereunder, or of any remedy, damage or other liability arising out of such refusal, neglect or inability to perform at any time, nor shall the same affect in any manner any bond deposited by the CONTRACTOR.

#### Section 21.07 Default

CONTRACTOR shall not be considered in default hereunder if its performance has been prevented by acts of God, riot, war, or events beyond control of CONTRACTOR, provided that strikes or labor unrest shall not be considered events beyond control of CONTRACTOR. In the event this Franchise Agreement is terminated per Section 12.03 CITY shall have the right to utilize CONTRACTOR's equipment (trucks, bins and barrels) for refuse collection services in CITY for a period of ninety (90) days from the date of termination provided that CONTRACTOR is adequately compensated. In the event of default, all equipment shall remain property of CONTRACTOR. Equipment may be sold to the CITY at a mutually agreed upon price.

#### Section 21.08 Standards for Collection

The CONTRACTOR shall use its best efforts to ensure that no material, debris, rubbish, or liquids leak, fall or spill in handling. When any such leak or spill occurs, the CONTRACTOR shall immediately pick up the material and clean the area from the effect of such leak, and the material that fell or was spilled. If after notification, such clean up is not made, the City Manager or his designee may have this done and deduct such costs from any payment due the CONTRACTOR.

#### Section 21.09 Care and Handling of Barrels

All Barrels as herein defined, shall be replaced upright in the same location as the Barrel was placed for collection. CONTRACTOR shall be responsible for repairing or replacing damaged Barrels at no charge to the customer.

The CONTRACTOR shall not be required to service, dump or maintain any bins, roll-off containers, drop-off Barrels or other similar commercial containers which are not under the CONTRACTOR's ownership or control.

#### Section 21.10 Care of Contractor's Containers

The CONTRACTOR shall provide bins, drop-off bodies, and other containers which are clean, free of dents, and in a good state of repair. Routine maintenance shall be performed on all such containers and bins at least annually.

Users shall be responsible to keep these containers in a general state of cleanliness between such routine maintenance periods.

The CONTRACTOR shall maintain records on the maintenance schedules of these containers and provide these dates to the CITY upon request for any particular one.

#### Section 21.11 Performance Standard

The CONTRACTOR agrees that its performance of each of the provisions of this Franchise Agreement shall be to the reasonable industry standards set by the City Manager or his designee to ensure cleanliness, health, and sanitation in the collecting, handling and disposal of such rubbish with the CITY. All work shall be done in a thorough and workmanlike manner.

Section 21.12 Fees and Gratuities Prohibited

The CONTRACTOR shall not, nor shall he permit any agent, employee or subcontractor employed by him to request, solicit, demand, or accept, either directly or indirectly, any compensation or gratuity for the collection of Residential, Commercial and Industrial Refuse, Green Waste and Recycling Materials as herein defined, except such compensation as may herein be provided by this Franchise Agreement or as herein permitted.

Section 21.13 Notices

Notices given pursuant to the provisions of the Franchise Agreement between the CITY and the CONTRACTOR shall be given by United States Postal Service, postage prepaid, addressed as follows

(a) City Manager  
City of Covina  
125 East College Street  
Covina, CA 91723-2199

(b) CONTRACTOR, at its local office, as designated in writing by the CONTRACTOR.

In the alternative, notices may be given by personal service of such written notice by one party to the other. Notices shall be deemed given as of the time of personal service, or as of the time of deposit of the same in the course of transmission by the United States Postal Service.

Section 21.14 Time of the Essence

Time shall be of the essence of this Contract.

Section 21.15 Amendments to Franchise Agreement

This Franchise Agreement may be amended only by written amendment signed by the parties hereto. No oral amendments, agreements or understandings shall amend or alter any of the provisions hereof.

Section 21.16 Scope of Agreement

This Franchise Agreement, along with the exhibits hereto, contains the entire agreement of the parties.

Section 21.17 Proposition 218

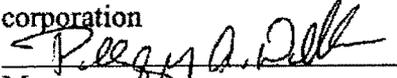
The parties agree that the rates to be charged by CONTRACTOR to customers are set by CONTRACTOR as a private contractor in the market place. The CITY's role with respect to rate setting is to establish rate ceilings for the protection of customers given the exclusive status afforded CONTRACTOR by this Franchise Agreement and given the nature of the services it is to provide. Accordingly, the parties agree that this Franchise Agreement shall be construed to maintain the status of the rates CONTRACTOR chooses to charge its customers as privately-

established rates and not as property-related fees within the scope of Article XIII D of the California Constitution or taxes within the scope of Articles XIII A and XIII C of the California Constitution, provided that the parties recognize and acknowledge that neither party can control whether and how this Franchise Agreement is interpreted by a court of competent jurisdiction. Furthermore, the parties agree that the CITY may, out of an abundance of caution, agree to comply with the notice and hearing requirements of Proposition 218. In the event that the CITY decides to comply with such provisions, it shall do so promptly in order to ensure that such compliance is complete, including holding any protest hearing, no later than the rate adjustment date of July 1.

IN WITNESS WHEREOF, the parties hereto have caused this Franchise Agreement to be executed on the date first written above by their respective officers on their behalf duly authorized.

"CITY"

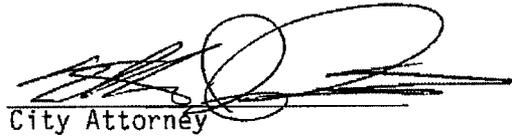
CITY OF COVINA, a Municipal corporation

  
Mayor

ATTEST

  
City Clerk

APPROVED AS TO FORM:

  
City Attorney

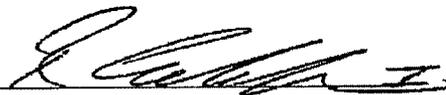
"CONTRACTOR"

ARAKELIAN ENTERPRISES, INC.,  
A California corporation

By: 

Name: Ron Arakelian, Jr.

Title: Chairman of the Board

By: 

Name: RON ARAKELIAN III

Title: Executive Officer

**EXHIBIT A**  
**CITY OF COVINA**  
Schedule of Rates Effective March 1, 2011

		New Service Comp	New Disposal Comp	New Net Rate	6% Franchise Fee	Waste Mgmt Fee	New Total Rate	Basic Service Rate
<b>RESIDENTIAL</b>								
90 Gallon Black Barrel Service		10.38	3.79	14.17	0.90	1.93	17.00	25.14
60 Gallon Black Barrel Service		10.38	2.53	12.91	0.82	1.29	15.02	23.16
30 Gallon Black Barrel Service		10.38	1.27	11.65	0.74	0.65	13.04	21.18
90 Gallon Green Barrel Service		3.96	1.40	5.36	-	-	5.36	
90 Gallon Blue Barrel Service		2.78	-	2.78	-	-	2.78	
Additional 90 Gallon Black		10.16	3.79	13.95	0.89	1.93	16.77	
Additional 90 Gallon Green		3.96	1.40	5.36	-	-	5.36	
Additional 90 Gallon Blue		2.78	-	2.78	-	-	2.78	
Manual or Backyard Service		34.24	10.38	44.62	1.81	3.86	50.28	
Roll-Out Service		15.41	-	15.41	-	-	15.41	
<b>COMMERCIAL</b>								
1.5YD - First Bin	1X	63.60	22.21	85.81	5.48	6.16	97.45	
	2X	101.10	44.43	145.53	9.29	12.31	167.13	
	3X	138.57	66.64	205.21	13.11	18.47	236.78	
	4X	176.10	88.85	264.95	16.92	24.63	306.50	
	5X	213.59	111.06	324.65	20.73	30.79	376.17	
	6X	262.45	133.28	395.73	25.27	36.94	457.94	
1.5YD - Each Additional Bin	1X	50.11	22.21	72.32	4.62	6.16	83.10	
	2X	80.09	44.43	124.52	7.95	12.31	144.78	
	3X	108.59	66.64	175.23	11.19	18.47	204.89	
	4X	138.58	88.85	227.43	14.52	24.63	266.58	
	5X	168.58	111.06	279.64	17.86	30.79	328.29	
	6X	206.91	133.28	340.19	21.73	36.94	398.86	

2YD - First Bin	1X	73.09	29.62	102.71	6.56	8.21	117.48
	2X	112.09	59.23	171.32	10.94	16.42	198.68
	3X	151.14	88.85	239.99	15.32	24.63	279.94
	4X	190.17	118.47	308.64	19.70	32.84	361.18
	5X	229.21	148.09	377.30	24.08	41.05	442.43
	6X	281.82	177.70	459.52	29.33	49.26	538.11
2YD - Each Additional Bin	1X	58.08	29.62	87.70	5.60	8.21	101.51
	2X	88.11	59.23	147.34	9.40	16.42	173.17
	3X	119.61	88.85	208.46	13.31	24.63	246.40
	4X	149.65	118.47	268.12	17.12	32.84	318.08
	5X	181.16	148.09	329.25	21.03	41.05	391.33
	6X	223.34	177.70	401.04	25.61	49.26	475.91
3YD - First Bin	1X	80.65	44.43	125.08	7.99	12.31	145.38
	2X	123.90	88.85	212.75	13.59	24.63	250.97
	3X	167.12	133.28	300.40	19.18	36.94	356.52
	4X	210.32	177.70	388.02	24.78	49.26	462.06
	5X	253.59	222.13	475.72	30.38	61.57	567.67
	6X	309.26	266.55	575.81	36.77	73.89	686.47
3YD - Each Additional Bin	1X	64.17	44.43	108.60	6.94	12.31	127.85
	2X	98.40	88.85	187.25	11.96	24.63	223.84
	3X	132.57	133.28	265.85	16.98	36.94	319.77
	4X	166.80	177.70	344.50	22.00	49.26	415.76
	5X	201.07	222.13	423.20	27.03	61.57	511.80
	6X	244.73	266.55	511.28	32.65	73.89	617.82
30YD Standard Roll-off (C&D dump)		254.02	Actual Cost	254.02	6% of service + disposal	30.73	Tons based #
30YD C&D Roll-off (C&D dump)		393.31	Actual Cost	393.31	6% of service + disposal	30.73	Tons based #
3 Yard Temporary Bin		140.00		140.00	8.94	2.84	151.78
Commercial Barrel		25.09	11.86	36.95	2.36	3.28	42.59
Sweeper Service		12.78	2.41	15.19			15.19

## EXHIBIT B

### TO COVINA EXCLUSIVE FRANCHISE AGREEMENT

#### RATE ADJUSTMENT

Each of the rates provided by this Agreement consists of a Service Component and a Disposal Component.

The Service Component includes the costs of collection and hauling of all Refuse, including Recyclable Materials and Green Waste for all customers according to the terms set forth in this Agreement.

The Disposal Component shall be based on the per ton costs incurred by CONTRACTOR for disposal of all Refuse, processing of Recyclable Materials at CONTRACTOR's MRF (which costs are defined on a per ton basis as the "MRF Gate Fee") and for its disposal of Green Waste.

#### **Rate Adjustment Formula**

The Service Component will automatically be adjusted each July 1st in proportion to the increase or decrease in the cost of living as determined by the percentage change in the Consumer Price Index ("CPI") for the immediately previous twelve month period (February through January) for All Urban Consumers in the Los Angeles/Anaheim/Riverside area, or an equivalent index approved by mutual agreement in the event the CPI as described above is no longer published. CITY staff shall review all proposed rate increases solely for validity of the submitted data and, upon verification of data, approve the new Service Component rates.

The Disposal Component will automatically be adjusted in proportion to the increase or decrease in disposal costs as determined by the percentage change in the MRF Gate Fee. As soon as the information is available, CONTRACTOR shall submit documentation to the City Manager with evidence of the net change in disposal costs. CITY staff shall review the documentation in connection with the net change in disposal costs solely for validity of the submitted data and, upon verification of data, approve the new Disposal Component rates. The net change in disposal costs will be added to or subtracted from the Disposal Component of the maximum rates to be effective the next billing cycle after written notification to the CITY. CONTRACTOR agrees it will not be entitled to any increase in the Disposal Component due to an increase in the MRF Gate Fee other than due to the occurrence of one or more of the following: (1) an adjustment in the non-disposal portion of the MRF Gate Fee directly proportional to the percentage change in the CPI, as described above, and (2) an increase in the Puente Hills Landfill tipping fee for residue from the MRF.

Between the date of this Franchise Agreement and the closure of the Puente Hills Landfill, estimated to be at the end of 2013, CONTRACTOR shall evaluate cost-effective Disposal Sites to be utilized upon the closure of the Puente Hills Landfill. Prior to the closure of the Puente Hills Landfill, CONTRACTOR shall propose its recommendation to CITY of the Disposal Site for disposal of residue from the MRF and the Disposal Component of the rate in connection

therewith. CONTRACTOR and CITY shall meet and confer to discuss the CONTRACTOR's disposal recommendation and rate.

### **Special Rate Adjustment**

In the event circumstances beyond the control of CONTRACTOR impose or generate extraordinary costs in the performance of the Agreement, CONTRACTOR may petition CITY to determine if an adjustment in compensation is warranted to avoid undue financial hardship on CONTRACTOR. For each request, CONTRACTOR shall prepare a schedule documenting the extraordinary costs. Such request shall be prepared in a form acceptable to CITY with support for assumptions made by CONTRACTOR in preparing the estimate of extraordinary costs. CITY shall review CONTRACTOR's request and, in CITY's sole judgment, make the final determination on the adjustment.

## EXHIBIT C

### TO COVINA EXCLUSIVE FRANCHISE AGREEMENT

#### RECYCLABLE MATERIALS TO BE COLLECTED

Aluminum Cans	Magazines
Aseptic Packaging (Drink Boxes, milk cartons)	Metal Coat Hangers
Brochures	Newspaper
Cardboard	Paper
Cardboard egg cartons	Paper tubes
Cardboard 12-soda container boxes	Phone Books
Cereal boxes (inside liner removed)	All recyclable plastics (#1 to #7)
Computer paper	Plastic bags
Coupons	Plastic bottles
Glass bottles and jars	Plastic plates/cups/utensils
Glass cosmetic bottles	Plastic wrap
Junk mail	Styrofoam
Kleenex boxes	Tm Cans
Laundry bottles	Used envelopes
Ledger boxes	Wrapping paper
	Yogurt containers

**EXHIBIT D**

**TO COVINA EXCLUSIVE FRANCHISE AGREEMENT**

**GREEN WASTE MATERIALS TO BE COLLECTED**

All materials accepted by area landfills as alternative daily cover (ADC):

Brush  
Tree Trimmings  
Grass  
Leaves

Palm fronds will not be accepted with green waste.

## EXHIBIT E

### TO COVINA EXLUSIVE FRANCHISE AGREEMENT

#### STREET SWEEPING SERVICES

#### ARTICLE I. SERVICE DESCRIPTION

Section 1.01 The Contractor agrees to perform the Service as follows: Conduct a complete Street Sweeping Service in designated areas of the City.

- (a) The Service consists of Contractor sweeping and/or cleaning public streets (including curbed medians) and paved alleys, including furnishing of water and disposal of all debris, and other incidental and appurtenant work necessary for the proper completion of this service.
- (b) The Contractor shall receive payment only for those actual curb miles swept.
- (c) The Contractor will supply the City with a list of all Subcontractors that will aid the Contractor in completion of this service. This list will be in compliance with the California Public Contract Code, Section 4104.

Section 1.02 For the purpose of carrying out the service, the Contractor shall perform the work delineated below.

- (a) The Contractor shall sweep and/or clean twice per month, all public streets, paved alleys and curbed medians within the City to the standards specified in this Contract.
- (b) All sweeping shall be done between the hours of 3:00 a.m. and 11:00 a.m., with the exception of the following: Covina Downtown sweeping including Shopper's Lane shall be completed prior to 7:00 a.m. on Monday, Wednesday, and Friday. Prospero Park sweeping shall be completed after 9:00 a.m. every Tuesday and Azusa Avenue will be swept every Tuesday.
- (c) Sweeping shall consist of one pass at a speed not to exceed six (6) miles per hour; and, while sweeping, water, supplied by Contractor, will be used to minimize dust. The word sweeping shall define an operation and the method shall be limited to the use of a power broom or vacuum street sweeper.
- (d) Curbed areas that cannot be swept with street sweeping equipment approved by the State of California, such as, but not limited to, narrow cul-de-sacs, median noses and portions of left turn pockets, shall be hand cleaned to the City's satisfaction, or the Contractor will be ordered by the City to redo those areas not swept or done to the established standards at the Contractor's own expense.

- (e) The Contractor has sole responsibility of furnishing all necessary water pertaining to this service. Contractor is responsible for utilizing a City of Covina fire hydrant and obtaining water from only City of Covina fire hydrants. A map of City owned fire hydrants has been provided to Contractor and is available from the City at Contractor's request.
- (f) Debris will be deposited at the City Yard in a designated area. The debris will be disposed of by the City.
- (g) The Contractor shall maintain at least one sweeper on 24-hour availability for emergencies as determined by the City. The Contractor shall provide such emergency service on a one hour response, or other directed time frame, as specified by the City. Failure to meet the specified response deadline shall result in the Contractor's forfeiture of payment for that service.

## ARTICLE II. PAYMENT

Section 2.01 The City agrees to pay the Contractor in accordance with the following:

- (a) Curb Miles (CM) or each portion thereof shall be paid at the rate set forth on Exhibit A to the Franchise Agreement and such rate shall be adjusted as set forth on Exhibit B to the Franchise Agreement.
- (b) Emergency Response shall be paid at the rate of eighty five dollars (\$85.00) each hour, for one-hour response.
- (c) The Contractor shall receive payment only for those actual curb miles swept, or actual hours performing work in an emergency response.
- (d) The unit price to be paid shall be full compensation for the items of work and all appurtenant work, including (but not limited to) furnishing all labor, equipment, tools, materials, maintenance, supervision, incidentals, and paying of all water fees.
- (e) Whenever any portion of the work is performed by the City at the Contractor's request, or at City determination upon notification to Contractor, the cost thereof shall be charged against the Contractor, and will be deducted from any amount due or becoming due from the City.
- (f) Whenever immediate action is required to prevent impending injury, death, property damage, or whenever precautions which are the Contractor's responsibility have not been taken and are reasonably expected to be taken, the City may, after reasonable attempt to notify the Contractor, cause such precautions to be taken. The City shall charge the cost thereof against the Contractor, or will deduct such cost from any amount due or becoming due from the City. City action or inaction under such circumstances shall not be construed as relieving the Contractor from liability.

Section 2.02 Measurement for payment of this Contract will be as follows:

- (a) The basis of measurement and payment shall be by the curb mile - or portion thereof. On streets and highways it shall be measured toward the center of the right of way from and parallel to the curb face. Measurement of medians will be continuous and no deduction will be made for left turn pockets or intersecting streets.
- (b) Improved alleys will be measured as 2 curb miles per mile of length.
- (c) Additional sweeps that require the total width of the street to be swept shall be measured on the basis of width of street in feet divided by five to determine curb miles per mile of length.

Section 2.03 Payment to the Contractor shall be requested in the following manner:

- (a) The Contractor shall submit claim for payment within the first five (5) work days, to the City every month for work completed during the previous month. The claim shall enumerate the scheduled curb miles swept monthly, as shown on an attached tachometer tape, and additions or deletions ordered by the City or its representatives. The claim, when submitted by the Contractor, shall constitute legal certification that the work claimed for payment was completed in accordance with the terms of the Franchise Agreement.
- (b) Payment will be made within thirty (30) days after receipt of a claim by the City. Payment shall not be construed to be acceptance of any of the work.

### ARTICLE III. PERFORMANCE

Section 3.01 The Contractor shall perform all work necessary to complete the contract in a satisfactory manner established by the City and shall furnish all necessary equipment, tools, labor, materials, supervision, maintenance, incidentals, and water. Water will be purchased from the City of Covina. The meters will be read and billed monthly.

Section 3.02 The primary objective of street sweeping is to remove all leaves, paper, dirt, rocks, glass, bottles, cans, and other debris to ensure free flow of water in the gutter and to maintain streets in a state of cleanliness. The City will make the final determination as to whether the work has been satisfactorily completed and will order the Contractor to redo areas not swept at all or not done to the satisfaction of the City.

Section 3.03 All debris and refuse collected by the Contractor shall become City property. Contractor shall dispose of all refuse and debris collected during sweeping operations at the designated area in the City Yard.

Section 3.04 The City shall monitor the Contractor's work in order to measure objective standards set forth in this agreement, such as compliance with all terms and conditions of said Contract, change order rate, cleanliness of swept streets and alleys and performance of subcontractor.

- (a) Only competent workers shall be employed for this work. Any person employed, who is found to be incompetent, intemperate, troublesome, disorderly or otherwise objectionable, or who fails or refuses to perform the work properly and in an acceptable manner, shall be immediately removed from the work site by the Contractor and not be re-employed for work under this contract.

Section 3.05 In order to facilitate the Contractor's ability to receive both written and verbal directions from City staff, at all times during the term of this Franchise Agreement, Contractor shall ensure that at least one member of any crew assigned to perform the work under this Franchise Agreement shall have the ability to speak both English and the language spoken by the majority of individuals composing the crew (e.g., Spanish, Chinese, etc.).

Section 3.06 The Contractor shall be responsible for the protection of public property and shall exercise due caution to avoid damage to such property. All property damage resulting from the Contractor's street sweeping operations shall be repaired at the Contractor's expense and to the satisfaction of the City. Contractor is required to submit a written report of said damages to the City on the same day damages occur and a written follow-up report submitted to the City as Contractor completes repair of damages.

Section 3.07 The Contractor's street sweeping operations shall cause no unnecessary public inconvenience. The access rights of the public shall be considered at all times.

Section 3.08 Changes in the work, either additions or deletions, shall be made in the following manner:

- (a) Changes requested in writing by the Contractor, which do not materially affect the work and which are not detrimental to the work or to the interests of the City, may be granted by the City to facilitate the work, when approved in writing by the City. If such changes are granted, they shall be made at a reduction in cost or at no additional cost to the City. Nothing herein shall be construed as granting a right to the Contractor to demand acceptance of such changes.
- (b) The City may change the plans, character of the work, quantity of work, or scope of the work, provided the total arithmetic dollar value of all such changes, both additive and deductive, does not change the then existing rate by more than ten percent (10%). Should it become necessary to exceed this limitation, the change shall be by a written amendment to the Franchise Agreement. If changes do not result in an adjustment to the then existing rate by more than ten percent (10%), both parties may agree to proceed with the change by written Change Order as specified below.
  - (i) Change Orders shall be in writing and state the dollar value of the change or establish method of payment, and, when negotiated prices are involved, shall provide for the Contractor's signature indicating acceptance.
  - (ii) The City may, without Council approval, order changes in work that do not exceed ten percent (10%), as stated in the above paragraph.

- (c) Changes resulting from schedule disruption, such as, but not limited to inclement weather, holiday or observance, fire, flood, parade, public gathering, riot or other natural or unanticipated occurrence, will be implemented by the City, possibly requiring the Contractor to sweep affected areas prior to the next sweeping schedule. As such, this cleaning will be performed by the Contractor at the delineated rate in effect at the time and will not be considered additional cleaning as defined above.
  - (i) When sweeping area is not swept due to holiday or observance, the subject sweeping area shall, when ordered by the City, be swept within two (2) working days of the regularly scheduled cleaning day without interruption in the regular sweeping schedule. Any such requested sweeping shall be performed by the Contractor at the curb mile price in effect at the time and shall not be considered additional sweeping.
  - (ii) In the event the Contractor is prevented from completing the sweeping as provided in the approved schedule because of reasons other than holidays, or observation, it will be required to complete the sweeping services so deferred within two (2) calendar days without interruption in the regular sweeping schedule.
- (d) One or limited time only work will be classified as "extra work" when the City determines that it is not covered by the then existing rates. Payment for extra work will be made at a price agreed upon between the City and the Contractor or, when the price cannot be agreed upon, the City will pay for the extra work based on the accumulation of actual cost.
- (e) The Contractor shall notify the City in writing of any changed conditions promptly upon discovery. Upon investigation, if the City determines the conditions are changed and will materially increase or decrease the costs of any portion of the work, a Change Order will be issued, upon agreement between the Contractor and the City, adjusting the compensation for such portion of the work. If both parties are unable to reach agreement, the City may direct the Contractor to proceed.
  - (i) If the City determines that the conditions of which it has been notified do not justify an adjustment in compensation, the Contractor will be so notified in writing. This notice shall advise the Contractor of its obligation to notify the City, in writing, if the Contractor disagrees.
  - (ii) If the Contractor disagrees with such determination, it may submit a written notice of potential claim to the City before commencing the disputed work, and in no terms will the Contractor be excused on account of that disagreement from any scheduled work provided for by this Franchise Agreement, but shall proceed with all work to be performed under the Franchise Agreement. However, the Contractor shall retain any and all rights provided either by the Franchise Agreement or by law which pertains to the resolution of disputes and protests between the contracting parties. All "disputed work" shall be brought forth to and decided upon by the City Council.

#### ARTICLE IV. WORK SCHEDULE

Section 4.01 A complete schedule of sweeping has been submitted to the City. The schedule shall include the curb miles of street, alleys and medians to be swept daily as well as the daily starting time. Also, a route map has been submitted as part of the schedule, showing streets, alleys and medians swept each day by the Contractor. The Contractor shall indicate the daily sweeping route on the maps in an appropriate and understandable manner that is acceptable to the City. Changes in the schedule for the convenience of the Contractor will require written approval by the City prior to being included in the work. The City reserves the right to require the Contractor to sweep specific areas on specified days and at specified times of the day. The following guidelines will generally be applicable:

- (a) Sweeping of streets that have posted parking restrictions specified for street sweeping shall only be swept during the posted day and hours.
- (b) Areas shall not be swept on the same day refuse pickup is scheduled. Sweeping shall be scheduled the day after refuse pickup. The Contractor shall be responsible for determining when refuse pickups are scheduled. City will provide refuse pickup schedule.
- (c) All sweeping shall be accomplished between the hours of 3:00 a.m. and 11:00 a.m. with the exception of Downtown Covina including Shopper's Lane sweeping to be completed prior to 7:00 a.m.
- (d) Arterials shall not be swept during peak traffic hours.

Section 4.02 To minimize public inconvenience, the Contractor shall diligently pursue the work to comply with the approved sweeping schedule. If, as determined by the City, the Contractor fails to pursue the work to the extent that the above purpose is not being accomplished, the Contractor shall, upon orders from the City, immediately take steps necessary to fully accomplish said purpose. All costs of pursuing the work as described herein shall be included in the current rate. Should the Contractor fail to take the necessary steps to fully accomplish said purpose, after orders of the City to do so, the City may suspend the work in whole or in part, until the Contractor takes said steps. If this should exceed 10 days, the City shall engage alternative means to provide this service. The Contractor will be responsible for all costs in excess of the amount it would have been entitled to if it had provided the service.

#### ARTICLE V. SUSPENSION OF WORK

Suspension of work and/or work performed by others will be executed in the following manner:

Section 5.01 If the Contractor fails to commence street sweeping work on the date specified, to execute the street sweeping work in the manner and at such locations as specified, or fails to maintain a street sweeping work program which will ensure the City's interest, a written notice by the City will be served upon the Contractor demanding satisfactory compliance with the terms of this Exhibit. If the Contractor does not comply with such notice within five (5) days after receiving it, or after starting to comply, fails to continue, the City may exclude it from the work

site and complete the street sweeping work by alternative means. Any cost incurred by the City due to use of alternative means will not relieve the Contractor from liability or any cost incurred in excess of what would have been paid to Contractor if Contractor had performed the street sweeping work.

Section 5.02 The street sweeping work may be suspended in whole or in part when determined by the City that the suspension is necessary in the interest of the City. The Contractor shall comply immediately with any written order of the City suspending street sweeping work. Such suspension shall be without liability to the Contractor on the part of the City except as otherwise specified above. If street sweeping work is suspended through no fault of the City, all expenses and losses incurred by the Contractor during such suspensions shall be borne by the Contractor.

#### ARTICLE VI. CONTRACTOR'S EQUIPMENT

Section 6.01 The Contractor shall furnish and maintain in good and safe condition all equipment as required for the proper execution of the street sweeping services. Such equipment shall meet all requirements of applicable ordinances and laws. The City may reject any piece of street sweeping equipment not meeting these requirements.

Section 6.02 The Contractor shall provide adequate sweeping and pickup equipment and a disposal truck properly maintained mechanically and in appearance. Sweepers shall be equipped with a tachograph. The Contractor shall provide backup street sweeping equipment adequate to ensure completion of scheduled work in the event scheduled equipment is down mechanically, to resweep an unsatisfactory area or to provide any additional sweeps ordered by the City. All street sweeping vehicles shall be clearly marked with the Contractor's name and telephone number prominently displayed for purposes of identification.

Section 6.03 Tachograph charts shall be U.S. 65 Part No. 840-0009/068287 or City approved equal. The tachograph charts shall provide the following information:

- (a) The name of the sweeper operator and the equipment identification number;
- (b) The date and the time of day of starting and finishing;
- (c) Total number of miles traveled by sweeper;
- (d) Deadhead miles (broom up); distance and speed during which sweeping did not take place;
- (e) Sweeper miles (broom down); distance and speed traveled by sweeper during sweeping; and
- (f) Time period when the sweeper was not in motion.

#### ARTICLE VII. RECORDKEEPING

Section 7.01 In addition to other data filed with the City by the Contractor, the Contractor shall file a report with the City enumerating the following information for the previous month:

- (a) Curb miles swept each day;
- (b) Scheduled curb miles swept and areas missed;
- (c) Scheduled curb miles swept and areas swept;
- (d) When missed areas were swept;
- (e) Number of complaints received each day;
- (f) Reasons scheduled sweeping was not done or completed as scheduled;
- (g) Waste Tonnage Summary; and
- (h) Tachograph charts for each day of sweeping.

**EXHIBIT F**  
**TO COVINA EXCLUSIVE FRANCHISE AGREEMENT**

**City of Covina**  
**AB 939 Reporting Quantities**  
**For the Month Ending July 31, 2010**

**Waste Disposal Summary in Tons**

Facility	Residential	Green Waste	Commercial	Industrial	Total
	Rubbish				Tonnage
Puente Hills Landfill	938.07	627.30	-	177.24	1,742.61
Athens Transfer	41.58	-	-	389.65	431.23
Innovative Waste	-	-	-	-	-
Downey Area Recycle & Transfer	-	-	-	-	-
Nu-Way	-	-	-	224.00	224.00
American Waste	-	-	-	-	-
Athens MRF	202.82	-	1,658.73	-	1,861.55
<b>Total Tonnage</b>	<b>1,182.47</b>	<b>627.30</b>	<b>1,658.73</b>	<b>790.89</b>	<b>4,259.39</b>

**Diversion Summary in Tons**

Office/Computer Paper	-	-	14.87	-	14.87
Newsprint	-	-	24.70	-	24.70
Glass	6.63	-	5.91	-	12.54
Cardboard	18.96	-	70.12	-	89.08
Ferrous (Iron/Steel)	4.38	-	32.91	-	37.29
Aluminum	0.61	-	2.04	-	2.65
Plastics	13.91	-	17.06	-	30.97
Yard Waste	8.52	627.30	486.26	-	1,122.08
Mixed Paper	128.25	-	58.44	-	186.69
Concrete	-	-	6.55	224.00	230.55
Non-Disposed Tonnage	-	-	-	-	-
Transformation	-	-	191.10	-	191.10
	181.26	627.30	909.95	224.00	1,942.52

Diversion 45.61%

## EXHIBIT G

### TO COVINA EXCLUSIVE FRANCHISE AGREEMENT

#### City of Covina: Sort Line Analysis

For the Month Ending July 31, 2010

Inbound Tons	202.82
Conversion to pounds	x 2,000
Weight in pounds:	405,640 lbs.

Commodity	Characterization % Commodity Weight (lbs.)	Market Value Per Ton	Market Value Per Commodity
	(a)	(b)	((a) / 2000) * (b)
ONP	36.65%		
Weight	148,667	\$150.14	\$11,160.44
OCC	9.35%		
Weight	37,927	\$158.76	\$3,010.67
Sorted Office	3.21%		
Weight	13,021	\$165.00	\$1,074.24
Mixed Paper	23.37%		
Weight	94,798	\$121.30	\$5,749.50
Aluminum Cans	0.30%		
Weight	1,217	\$3,400.00	\$2,068.76
Glass-3 Mix	1.27%		
Weight	5,152	\$64.00	\$164.85
Glass-3 Mix Non CRV	2.00%		
Weight	8,113	\$0.00	\$0.00
HDPE- Natural	1.66%		
Weight	6,734	\$525.00	\$1,767.58
HDPE- Color	0.46%		
Weight	1,866	\$430.00	\$401.18
PETE	0.80%		
Weight	3,245	\$1,730.00	\$2,807.03
Other Plastic	3.94%		
Weight	15,982	\$104.67	\$836.43
Tin Cans	1.44%		
Weight	5,841	\$92.00	\$268.70
Tin Serap	0.72%		
Weight	2,921	\$188.09	\$274.67
Wood	1.32%		
Weight	5,354	(\$5.00)	(\$13.39)
Green Waste	2.88%		
Weight	11,682	(\$19.95)	(\$116.53)
<b>SUBTOTAL</b>	<b>89.37%</b> <b>362,520</b>		<b>\$29,454.12</b>

Residue Weight	10.63% 43,120	(\$60.87)	(\$1,312.39)
Total %	100%		
Total Weight	405,640		\$28,141.73

Gross Sales	\$ 29,454.13
Proc. Share (20%)	\$ (5,890.83)
Handling Fees	\$ (9,540.65)
Landfill Fees	\$ (1,312.40)
Net to City	\$ 12,710.25

<input checked="" type="checkbox"/> Approved by vote <u>44, Low No</u>
<input type="checkbox"/> Not approved by vote _____
<input type="checkbox"/> Continued to _____
<input type="checkbox"/> Adopted Resolution No. _____
<input type="checkbox"/> Introduced/Adopted Ordinance No. _____

**CITY OF COVINA**  
**AGENDA ITEM COMMENTARY**

**MEETING DATE:** February 15, 2011

**ITEM NO.:** NB 2

**STAFF SOURCE:** Daryl Parrish, City Manager *DP*  
 Steve Henley, Director of Public Works  
 Kalieh Honish, Assistant Director of Public Works *KH*  
 Vivian Castro, Environmental Services Manager

**ITEM TITLE:** Approval of Amended and Restated Exclusive Franchise Agreement – Arakelian Enterprises, Inc.

**STAFF RECOMMENDATION**

Approve the Amended and Restated Exclusive Franchise Agreement – Arakelian Enterprises, Inc. subject to any substantive changes directed by the City Council and any non-substantive changes made by the City Manager and City Attorney.

**FISCAL IMPACT**

If the Amended and Restated Exclusive Franchise Agreement (proposed EFA) with Athens Services is approved, City accounts would be impacted as follows for the specified year(s):

- One-time cash payment of \$2,000,000 to be placed in account 1010-0000-00-40880 in 2010-11.
- Annual cash payments of \$200,000 to be placed in account 1010-0000-00-40880 in 2010-11 and yearly thereafter as long as proposed rolling term remains in effect.
- Decrease expenditures in 6200-5560-00-52150 and decrease customer payments in 6200-5560-00-46310 by \$1,853,390.00 in 2011-12 and thereafter, resulting in a net of zero in 6200-5560-00 as a result of transferring residential waste collections and payment function to Athens Services.
- Decrease expenditures in 6200-5580-00-52160 by \$887,080 and decrease customer payments in 6200-5580-00-46320 and 46325 by \$313,570 and \$541,080, respectively, in 2011-12 and yearly thereafter, as a result of transferring residential recycling collections and payment function to Athens Services.
- Decrease expenditures in 6200-5580-00-52155 in 2010-11 by \$30,000 and \$68,000 in 2011-12 and yearly thereafter due to elimination of Commerce Refuse to Waste charges.
- Increase funds in 6200-5580-00-46360 by \$10,000 for 2010-11 and yearly thereafter for City beautification and cleanliness projects.
- Decrease revenues in 6200-5580-00-41990 by \$90 for 2011-12 and yearly thereafter due to decrease in fee-for-service recycling permits issued.
- Decrease revenues in 6200-5580-00-46375 by \$500 in 2010-11 and yearly thereafter due to the elimination of the refuse service restoration fee.

## **BACKGROUND**

On October 5, 2010, the Council reviewed the solid waste disposal options that are expected to be available to the City after the closure of the Puente Hills Landfill in 2013. It was noted that existing options were likely to increase the cost of transporting and disposing of the City's municipal waste, green waste, and construction and demolition debris after the closure of the Puente Hills Landfill in 2013.

At that time, the Council directed staff to look into and report on possible alternative disposal opportunities available in partnership with the City's licensed solid waste hauler, Arakelian Enterprises, Inc. (Athens Services), in light of Athens' acquisition of American Organics (a composting facility) and its planned construction of a new materials recovery facility (MRF) in Irwindale. As requested by the City Council, staff conferred with Athens Services regarding the City's projected disposal and diversion needs. The City asked that Athens propose alternatives to help Covina achieve the following goals:

- Reduce waste processing, transportation, disposal and diversion costs.
- Improve residential refuse account customer service and stabilize refuse rates.
- Improve the community's financial stability.
- Support the City's efforts to comply with state solid waste mandates, including required construction and demolition debris recycling.
- Facilitate appropriate disposal of solid waste to minimize the detrimental impact of improper disposal on the environment.

The result of those discussions was a proposal by Athens Services that was presented at the November 2 Council Meeting. Council approved the proposal in concept and directed staff to draft amendments to the Refuse Collection Exclusive Franchise Agreement to reflect the proposal. Those amendments are contained in Exhibit A, "Amended and Restated Exclusive Franchise Agreement – Arakelian Enterprises, Inc."

### ***PROVISIONS OF THE AMENDED AND RESTATED EXCLUSIVE FRANCHISE AGREEMENT***

The existing refuse agreement provides Athens Services an exclusive franchise for the collection, processing, transportation and disposal of residential refuse and commercial refuse within Covina. This agreement is for an eight year rolling term. The exclusive franchise does not currently include collection of recyclable materials, green waste or hazardous waste from commercial and industrial units.

The processing of residential recyclables is currently under a separate year-to-year contract entitled "Agreement for Processing Residential Commingled Recyclable Materials By and Between City of Covina and Arakelian Enterprises, Inc."

The proposed Amended and Restated Exclusive Franchise Agreement differs from the existing agreement in the following aspects.

#### ***Major Provisions***

- Extends rolling term provision of contract from current eight years to twenty years.

- Incorporates street sweeping into the Exclusive Franchise Agreement with provisions for CPI and landfill rate adjustments. The current street sweeping contract is a three year contract with up to two, one-year optional extensions. The contract is in its second extension and expires June 30, 2011. Under the existing contract, the per curb mile rate is \$15.19 with an average of 763 miles per month, averaging \$11,500 per month. Athens estimates that this curb mile rate is 30% under the market rate. By incorporating the street sweeping contract into the Amended and Restated Exclusive Franchise Agreement, it would become part of the twenty year rolling term. In addition, under the current contract, Athens may request, but the City is not required to provide, CPI adjustments. Under the new agreement, the \$15.19 per curb mile rate is broken down into service and disposal components. The service component would be adjusted annually July 1 by CPI and the disposal component by the percentage change in the MRF gate fee.
- Incorporates the processing of residential recyclables into the Exclusive Franchise Agreement. Currently, the Agreement for Processing Residential Commingled Recyclable Materials is a separate contract that can be terminated with thirty days written notice.
- Extends the exclusive franchise to the collection of commercial and industrial recyclables.
- Eliminates third party recycling except as permitted by law (including hazardous waste haulers). For 2010-11, there are five fee-for-service recyclers permitted in Covina.
- Eliminates the “true-up” provisions and replaces the rate adjustment formula with one that is based on annual Consumer Price Index (CPI) changes and actual tipping fees.
- Provides for a mandatory minimum service level for residences, commercial and industrial facilities.

***Impact on Diversion Options***

- Athens will provide weekly residential recycling pickup without increasing service fees. This will facilitate recycling for residents and will increase the City’s diversion rate.
- Athens will provide for composting of green waste at Athens Services’ American Organics facility at a rate between the lowest to average for comparable processing.
- Athens will establish a pilot food waste composting program.
- Athens will provide C&D processing and recycling services through the Athens C&D MRF, resulting in 80% diversion, at a rate that is between the lowest to average for comparable processing.
- Athens will indemnify the City for the state-mandated 50% diversion rate or equivalent.

***Impact on Appropriate Disposal***

- Athens will provide free multi-family bulky waste pick up. Residential multi-family customers are currently required to pay \$25 for the first item and \$15 for additional bulky items to be picked up by Athens. In some cases, apartment renters will illegally dump these items in the public right-of-way to avoid paying the fee. By providing bulky item pickup at no additional cost to all residential customers, staff expects illegal dumping to decrease, thus reducing the burden on Streets Division staff and improving the City’s appearance.
- Athens will provide 35 roll-offs annually for City clean-up events. By providing clean-up events throughout the City, staff expects illegal dumping to decrease, thus reducing the burden on Streets Division staff and improving the City’s appearance.

- Athens to provide an annual contribution of \$10,000 to City for projects that promote beautification and cleanliness in Covina.

***Impact on Residential Account Customer Service***

- Athens to provide residential billing on a quarterly basis, in advance. Athens will charge residential customers a billing fee in according to a schedule to be phased in over four years as follows:

Year 1	\$0.22 per residential account, per month
Year 2	\$0.44 per residential account, per month
Year 3	\$0.66 per residential account, per month
Year 4	\$0.88 per residential account, per month
Subsequent years	Adjust by CPI

The 2010-11 refuse rates were calculated to include a residential billing fee of \$0.67 per month. With Athens taking over residential billing, for 2010-11, the monthly billing fee will be reduced to \$0.22 per month. Monthly refuse rates for residential basic service customers will, therefore, drop \$0.48 to \$25.14. For the average residential customer, this amounts to \$5.76 in savings a year.

- In addition to handling all refuse billing, Athens will handle all refuse customer service and street sweeping customer service inquiries via the existing phone number, (626) 336-6100.
- Residential customers will be able to pay bills with credit cards under Athens' billing.

***Impact on Community's Financial Stability***

- Athens will provide a cash payment to the City in the amount of \$2,000,000.
- Athens will provide annual payments to the City in the amount of \$200,000 as long as the proposed 20 year rolling term of the Exclusive Franchise Agreement remains in effect.

***CHANGES IMPACTING COVINA REFUSE CUSTOMERS***

Covina refuse customers will be impacted by the Amended and Restated Exclusive Franchise Agreement in the following manner:

**Residential Customers**

***Rate Changes***

Due to a decrease in the billing fee to be charged by Athens for residential service, residential refuse rates will decrease as follows:

	Current Rate	Proposed Rate	Savings
90 Gallon Basic Service	\$ 25.62	\$ 25.14	\$ 0.48 per month / \$ 5.76 per year
60 Gallon Basic Service for Townhomes and Condos	\$ 23.37	\$ 23.16	\$ 0.21 per month / \$2.52 per year
30 Gallon Basic	N/A	\$ 21.18	\$ 4.44 per month /

Service for Low Income Seniors (as determined by City)			\$ 53.28 per year (compared to 90 gallon basic service)
Multifamily residential bulky item pick-up	\$ 25.00 for first item, \$ 15.00 per additional items	Free	\$ 25.00 minimum savings per pick up.
3 CY Temporary Bin	\$ 174.44	\$ 151.78	\$ 22.66 savings per bin

Rates will continue to be adjusted once a year on July 1 of each year.

***Service Changes***

The proposed amendments will provide the following service level benefits to Covina residents:

- Weekly residential recyclables pick up. Currently, recyclables are serviced only once every two weeks.
- Bulky item pick-ups for multifamily residential units will be provided at no additional cost.
- There will be a 30 Gallon Barrel Option for low income seniors as determined by the City.

***Billing and Customer Service Changes***

- The billing cycle will change from retroactive two month billing to advance quarterly billing.
- Currently the City accepts cash and check payments only. With Athens taking over residential billing, credit card payments will be accepted for residential accounts.
- All customer service requests and billing inquiries for refuse and street sweeping will be made directly to Athens Services through the existing customer service phone number, (626) 336-6100. Customers wishing to make in person or cash payments will still have the option of taking those payments to City Hall.

***Construction and Demolition (C&D) Recycling***

Under the current contract, residential (and commercial and industrial customers) can use permitted recyclers as long as waste is only hauled and disposed of by Athens. The proposed EFA extends the exclusive franchise to construction and demolition waste recycling. Only household hazardous waste (including electronic waste) haulers, construction contractors and landscape gardeners under specified conditions will be allowed to haul in the City. These will still be required to obtain a Fee-for-Service permit from the City.

**Commercial and Industrial Customers**

Commercial and Industrial customers will not experience changes other than the expansion of the EFA to provide for exclusive C&D recycling as noted above.

**RELEVANCE TO THE STRATEGIC PLAN**

By proposing to partner with Athens Services to provide alternative, cost-controlled solid waste disposal and diversion capabilities, this item supports the City’s goals of enhancing financial stability and becoming an environmentally sustainable community.

**EXHIBITS**

A. Resolution 11-6933.

<b>REVIEW TEAM ONLY</b>	
City Attorney: <u>MA</u>	Finance Director: <u>DL</u>
City Manager: <u>P</u>	Other: _____

Attachment C –  
Provisions of Amended and Restated Exclusive Franchise Agreement, Approved by City  
Council on February 15, 2011

Term of Franchise Agreement – the term of the Franchise Agreement is for a period of 20 years, commencing on March 1, 2011, provided, however, on each March 1, the terms of the Franchise Agreement shall be extended by one year, so that the full term of the Franchise Agreement will remain 20 years. Within 15 days of each annual extension, Athens Services must pay the City an Extension Fee of \$200,000. The previous term was an eight-year rolling term.

Street Sweeping – incorporates street sweeping into the Amended and Restated Exclusive Franchise Agreement with provisions for annual adjustments to the service rate component in proportion to the Consumer Price Index (CPI) and disposal costs as determined by the percentage change in Materials Recovery Facility (MRF) Gate Fee. Previously, the Street Sweeping Contract with Athens Services was a separate agreement

Processing of Residential Recyclables – incorporates the processing of residential recyclables into the Amended and Restated Exclusive Franchise Agreement. Previously, the Agreement for Processing Residential Comingled Recyclable Materials was a separate contract with Athens Services that could be terminated with 30 days written notice.

Residential Recycling Service – includes weekly residential recycling service without increasing service fees. This adjustment from bi-weekly to weekly service is intended to increase the City’s diversion rate.

Multi-family Bulky Waste Collection – Athens began providing free multi-family bulky waste pick to reduce the incidence of illegal dumping in our community. Residential multi-family customers were previously required to pay \$25 for the first item and \$15 for additional bulky items to be picked up by Athens Services.

Beautification Projects – Athens Services to provide an annual contribution of \$10,000 to the City for projects that promote beautification and cleanliness in the Covina.

Residential Account Billing Services – Athens Services to provide residential billing on a quarterly basis, in advance. Athens Services will charge residential customers a billing fee in according to a schedule to be phased in over four years as follows:

Rate Year	Amount
Year 1 (2011-12)	\$0.22/residential account/month
Year 2 (2012-13)	\$0.44/residential account/month
Year 3 (2013-14)	\$0.66/residential account/month
Year 4 (2014-15)	\$0.88/residential account/month
Subsequent years	Adjust by CPI

With Athens Services assuming responsibility for residential billing, the monthly billing fee was reduced by approximately \$0.48/residential account/month, resulting in a Year 1 (2011-12) savings of \$5.76 for the average residential customer.

Service Concerns – in addition to assuming responsibility for all refuse billing services, Athens Services will handle all refuse and street sweeping customer service inquiries via the existing phone number, (626) 336-6100.

Community Financial Stability – Athens Services will provide a one-time cash payment to the City in the amount of \$2 million upon execution of the Amended and Restated Exclusive Franchise Agreement. Athens Services will provide annual payments to the City in the amount of \$200,000 as long as the proposed 20 year rolling term of the Exclusive Franchise Agreement remains in effect. Athens Services will also provide a \$10,000 annual contribution toward a project directed by the City that promotes beautification and cleanliness of the City.

30-Gallon Container Option – there will be a 30-gallon container option for low income residential unit customers, as determined by the City.

<input checked="" type="checkbox"/> Approved by vote	4-1, 1010 No
<input type="checkbox"/> Not approved/Denied by vote	_____
<input type="checkbox"/> Continued to	_____
<input type="checkbox"/> Adopted Resolution No.	_____
<input checked="" type="checkbox"/> Introduced/Adopted Ordinance No.	11-1994

**CITY OF COVINA**  
**AGENDA ITEM COMMENTARY**

**DATE:** June 7, 2011 **ITEM: PH 1**

**STAFF SOURCE:** Daryl Parrish, City Manager *DP*  
 Steve Henley, Director of Public Works *SH*  
 Kalieh Honish, Assistant Director of Public Works  
 Vivian Castro, Environmental Services Manager

**ITEM TITLE:** Public Hearing on Proposed Refuse Rates and Adoption of Ordinance No. 11-1994, Adjusting City of Covina July 1, 2011 – June 30, 2012 Refuse Rates.

**STAFF RECOMMENDATION**

City Council to:

- a) Conduct a public hearing on the City’s proposed refuse rates for the period of July 1, 2011 through June 30, 2012 and making automatic adjustments to the proposed rates in future years by the change in Consumer Price Index or 3%, whichever is greater.
- b) If it is determined that a majority protest does not exist, adopt **City Ordinance No. 11-1994**, setting refuse rates for the period of July 1, 2011 through June 30, 2012 and making automatic adjustments to the proposed rates in future years by the change in Consumer Price Index or 3%, whichever is greater.

**FISCAL IMPACT**

\$5224.00, the total cost of preparing, printing and mailing the notices to all refuse rate payers, was included in the 2010-11 Environmental Services budget in account 6200-5580-00-53300.

If the proposed refuse rate adjustment is approved, City accounts would be impacted as follows in the 2011-12 budget year:

- Increase of approximately \$7,251.93 over 2010-11 budget year amount in 1010-0000-00-40880 as a result of 6% franchise fee being applied to the increased service and disposal components of the proposed 2011-12 refuse rates.
- The Integrated Waste Management Fee (IWMF) applied to each rate will remain the same in 2011-12 as in 2010-11. However, due to additional refuse customers being identified through an Athens audit, the IWMF revenues (6200-5580-00-46315) in the proposed 2011-12 budget (\$650,000) is slightly higher than those in the approved 2010-11 budget (\$645,760).

**BACKGROUND**

On February 15, 2011, the Covina City Council approved the Amended and Restated Exclusive Franchise Agreement between the City of Covina and Arakelian Enterprises, Incorporated (Agreement). In both the prior and new Agreements, refuse rates are to be adjusted annually

every July 1. Therefore, a refuse rate increase would have occurred July 1 under the prior Agreement as well.

The changes in the new Agreement that directly affect rates pertain to billing changes and a new refuse rate adjustment formula:

- Athens Services took over the billing for residential refuse accounts, which resulted in a decrease in the cost of residential refuse billing that was passed down to customers as specified below.
- The “True-Up” formula that was in the prior agreement was replaced by the simplified formula specified in Exhibit D (Exhibit B of the Agreement). The new rate adjustment methodology is discussed in greater detail in the following section.

Per the prior and new Agreement, refuse rates are to be adjusted July 1 of every year. Subsequent sections of this report explain how the new rates were calculated.

#### **PROPOSITION 218 NOTICE OF PROPOSED REFUSE RATE**

Under Proposition 218 and AB 1260, local agencies are required to follow three procedures prior to increasing fees for these services. In brief, these three procedures are:

- Identifying the properties that would be affected by the proposed increase(s)
- Mailing a notice to the owners/tenants of the affected properties explaining the amount of the increase, the reason for the increase and setting a time, date and location of a “majority protest” hearing; and
- Conducting a majority protest hearing and only implementing fee increases if a written majority protest is not realized.

As required by Proposition 218 and Assembly Bill 1260, a Notice of Public Hearing (Notice, Exhibit H) was mailed to all refuse customers at least 45 days in advance of the June 7, 2011 public hearing on the proposed refuse rate increase. Per the attached proof of mailing in Exhibit I, 10,795 notices were mailed on April 15, 2011, in advance of the required April 23, 2011 deadline.

If it is determined that a majority protest does not exist, the Council may adopt Ordinance No. 11-1994 (Exhibit G), setting refuse rates for the period of July 1, 2011 through June 30, 2012 and making automatic adjustments to the proposed rates in future years by the change in Consumer Price Index or 3%, whichever is greater.

#### **REFUSE RATE ADJUSTMENT CALCULATION**

On March 30, 2011, Athens Services provided City staff the proposed refuse rates for July 1, 2011-June 30, 2012. The proposed rates were calculated by applying the formula in Exhibit D (Exhibit B of the Agreement) to the March 1, 2011 – June 30, 2011 rates in Exhibit C (Exhibit A of the Agreement) that were approved by the City Council on February 15, 2011. Staff reviewed the proposed rates and independently verified that the rates were calculated in accordance with the formula specified in the Agreement. Refuse rates consist of two components, a Service Component and a Disposal Component, and two City fees, the Franchise Fee and the Integrated Waste Management Fee (IWMF).

**Consumer Price Index**

The Agreement states that the Service Component of refuse rates is to be automatically adjusted each July 1 in proportion to the increase or decrease in the cost of living as determined by the percentage change in the Consumer Price Index (“CPI”) for the immediately preceding twelve month period (February through January) for All Urban Consumers in the Los Angeles/Anaheim /Riverside area.

That information was obtained from the United States Department of Labor, Bureau of Labor Statistics website and is attached in Exhibit A. The January 2010 CPI was 224.610 and the January 2011 CPI was 228.652, resulting in a CPI increase of 1.80%.

**MRF Gate Fee**

The Disposal Component of refuse rates is to be adjusted automatically in proportion to the change in the MRF Gate Fee. Because the Puente Hills landfill tipping fee did not increase, the MRF Gate Fee was only adjusted by CPI as detailed in Exhibit B.

**Billing Fee**

Per the Agreement, Athens is billing Covina refuse customers on a quarterly basis, in advance. As part of the Service Component, Athens is charging residential customers a billing fee according to a schedule to be phased in over four years as follows:

Year 1 (2011)	\$0.22 per residential account, per month
Year 2 (2012)	\$0.44 per residential account, per month
Year 3 (2013)	\$0.66 per residential account, per month
Year 4 (2014)	\$0.88 per residential account, per month
Subsequent years (2015 +)	Adjust by CPI

The billing fee will remain the same for July 1, 2011 - June 30, 2012 as it is for March 1, 1011 - June 30, 2011 (\$.22/month), so no adjustment was made to the Service Component other than the aforementioned CPI adjustment.

**Integrated Waste Management Fee**

This fee is used by the City to pay for costs related to compliance with the State’s AB 939 diversion mandate, including hazardous materials responses and disposal, recycling programs, staff salaries and overhead and a contingency for supplementary programs if the waste diversion rate drops. A portion of this fee also pays for street sweeping, a service that typically follows trash pick-up days in order to sweep up any spillage. The IWMF will provide approximately \$650,000 to fund these activities in 2011-12.

**Franchise Fee**

A franchise fee is applied to services provided and is used to administer the contract and pay for wear and tear on City streets caused by disposal trucks. The franchise fee represents 6% of the sum of the service fee, disposal/processing fee, billing fee and the franchise fee itself for each customer class. The franchise fee calculation is detailed in Exhibit F.

**CONCLUSION**

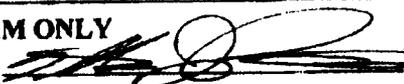
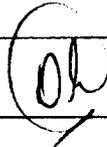
If a majority protest does not exist, the Council should adopt the proposed rates. Based on staff review of the information provided by Athens, the proposed rates, as calculated by Athens Services and contained in Exhibit E, are valid.

**RELEVANCE TO THE STRATEGIC PLAN**

By adjusting refuse rates as specified by the Amended and Restated Exclusive Franchise Agreement, this item supports the City's goals of becoming an environmentally sustainable community and enhancing financial stability.

**EXHIBITS**

- A. Consumer Price Index
- B. Covina MRF Gate Fee Calculation
- C. Exhibit A of the Amended and Restated Exclusive Franchise Agreement between the City of Covina and Arakelian Enterprises, Incorporated - City of Covina Schedule of Rates Effective March 1, 2011 – June 30, 2011.
- D. Exhibit B of the Amended and Restated Exclusive Franchise Agreement between the City of Covina and Arakelian Enterprises, Incorporated – Rate Adjustment
- E. Proposed City of Covina Schedule of Rates Effective July 1, 2011 – June 30, 2012.
- F. Franchise Fee Calculation
- G. Ordinance No. 11-1994
- H. Notice of Public Hearing on Proposed Increase in Refuse Collection, Disposal, and Recycling Collection Service Rates
- I. Mailing Transaction Receipt for Notice of Public Hearing

<b>REVIEW TEAM ONLY</b>
City Attorney:  Finance Director: 
City Manager:  Other: _____

# EXHIBIT A

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## Databases, Tables & Calculators by Subject

FONT SIZE: - +

Change Output Options: From:  To:  **GO**

include graphs

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Data extracted on: April 14, 2011 (4:48:11 PM)

### Consumer Price Index - All Urban Consumers

**Series Id:** CUURA421SA0  
**Not Seasonally Adjusted**  
**Area:** Los Angeles-Riverside-Orange County, CA  
**Item:** All items  
**Base Period:** 1982-84=100

Download: .xls

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2001	174.2	175.4	176.2	176.6	177.5	178.9	178.3	178.4	178.8	178.3	178.1	177.1	177.3	176.5	178.2
2002	178.9	180.1	181.1	182.2	182.6	181.9	182.2	183.0	183.4	183.7	184.0	183.7	182.2	181.1	183.3
2003	185.2	186.5	188.2	187.6	186.4	186.3	186.3	186.9	188.2	187.8	187.1	187.0	187.0	186.7	187.2
2004	188.5	190.1	191.5	191.9	193.3	193.7	193.4	193.1	194.5	196.3	196.9	195.2	193.2	191.5	194.9
2005	195.4	197.4	199.2	201.1	201.5	200.7	201.4	203.1	205.8	206.9	205.6	203.9	201.8	199.2	204.5
2006	206.0	207.5	208.5	210.5	212.4	211.1	211.4	211.9	212.9	211.4	211.1	210.6	210.4	209.3	211.6
2007	212.584	214.760	216.500	217.845	218.596	217.273	217.454	217.330	217.697	218.696	219.943	219.373	217.338	216.260	218.416
2008	220.918	221.431	223.606	224.625	226.651	229.033	229.886	228.484	227.449	226.159	222.229	219.620	225.008	224.377	225.638
2009	220.719	221.439	221.376	221.693	222.522	223.906	224.010	224.507	225.226	225.264	224.317	223.643	223.219	221.943	224.495
2010	224.610	224.620	225.483	225.916	226.438	225.877	225.991	226.373	226.048	226.794	225.941	226.639	225.894	225.491	226.298
2011	228.652	229.729													

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EXHIBIT B  
**ARAKELIAN ENTERPRISES, INC.**  
**COVINA MRF GATE FEE**  
**EFFECTIVE JULY 2011**

	<u>7-1-10 Rate</u>	<u>0.00% Landfill Increase</u>	<u>1.21% CPI Increase</u>	<u>7-1-11 Rate</u>
DISPOSAL COST	28.70	0.00		28.70
NONDISPOSAL PORTION	<u>42.26</u>		<u>0.51</u>	<u>42.77</u>
GATE FEE	70.96	0.00	0.51	71.47
PRIOR YEAR GATE FEE				<u>70.96</u>
INCREASE				<u><u>0.72%</u></u>

DETAIL:

NEW LANDFILL RATE (PUENTE HILLS)	38.26
PREVIOUS LANDFILL RATE (PUENTE HILLS)	38.26
INCREASE	0.00%

JAN 2011 CPI	228.652
APR 2010 CPI	225.916
INCREASE	1.21%

EXHIBIT C

EXHIBIT A  
CITY OF COVINA

Schedule of Rates Effective March 1, 2011

		New Service Comp	New Disposal Comp	New Net Rate	6% Franchise Fee	Waste Mgmt Fee	New Total Rate	Basic Service Rate
<b>RESIDENTIAL</b>								
90 Gallon Black Barrel Service		10.38	3.79	14.17	0.90	1.93	17.00	25.14
60 Gallon Black Barrel Service		10.38	2.53	12.91	0.82	1.29	15.02	23.16
30 Gallon Black Barrel Service		10.38	1.27	11.65	0.74	0.65	13.04	21.18
90 Gallon Green Barrel Service		3.96	1.40	5.36	-	-	5.36	
90 Gallon Blue Barrel Service		2.78	-	2.78	-	-	2.78	
Additional 90 Gallon Black		10.16	3.79	13.95	0.89	1.93	16.77	
Additional 90 Gallon Green		3.96	1.40	5.36	-	-	5.36	
Additional 90 Gallon Blue		2.78	-	2.78	-	-	2.78	
Manual or Backyard Service		34.24	10.38	44.62	1.81	3.86	50.28	
Roll-Out Service		15.41	-	15.41	-	-	15.41	
<b>COMMERCIAL</b>								
1.5YD - First Bin	1X	63.60	22.21	85.81	5.48	6.16	97.45	
	2X	101.10	44.43	145.53	9.29	12.31	167.13	
	3X	138.57	66.64	205.21	13.11	18.47	236.78	
	4X	176.10	88.85	264.95	16.92	24.63	306.50	
	5X	213.59	111.06	324.65	20.73	30.79	376.17	
	6X	262.45	133.28	395.73	25.27	36.94	457.94	
1.5YD - Each Additional Bin	1X	50.11	22.21	72.32	4.62	6.16	83.10	
	2X	80.09	44.43	124.52	7.95	12.31	144.78	
	3X	108.59	66.64	175.23	11.19	18.47	204.89	
	4X	138.58	88.85	227.43	14.52	24.63	266.58	
	5X	168.58	111.06	279.64	17.86	30.79	328.29	
	6X	206.91	133.28	340.19	21.73	36.94	398.86	

2YD - First Bin	1X	73.09	29.62	102.71	6.56	8.21	117.48
	2X	112.09	59.23	171.32	10.94	16.42	198.68
	3X	151.14	88.85	239.99	15.32	24.63	279.94
	4X	190.17	118.47	308.64	19.70	32.84	361.18
	5X	229.21	148.09	377.30	24.08	41.05	442.43
	6X	281.82	177.70	459.52	29.33	49.26	538.11
2YD - Each Additional Bin	1X	58.08	29.62	87.70	5.60	8.21	101.51
	2X	88.11	59.23	147.34	9.40	16.42	173.17
	3X	119.61	88.85	208.46	13.31	24.63	246.40
	4X	149.65	118.47	268.12	17.12	32.84	318.08
	5X	181.16	148.09	329.25	21.03	41.05	391.33
	6X	223.34	177.70	401.04	25.61	49.26	475.91
3YD - First Bin	1X	80.65	44.43	125.08	7.99	12.31	145.38
	2X	123.90	88.85	212.75	13.59	24.63	250.97
	3X	167.12	133.28	300.40	19.18	36.94	356.52
	4X	210.32	177.70	388.02	24.78	49.26	462.06
	5X	253.59	222.13	475.72	30.38	61.57	567.67
	6X	309.26	266.55	575.81	36.77	73.89	686.47
3YD - Each Additional Bin	1X	64.17	44.43	108.60	6.94	12.31	127.85
	2X	98.40	88.85	187.25	11.96	24.63	223.84
	3X	132.57	133.28	265.85	16.98	36.94	319.77
	4X	166.80	177.70	344.50	22.00	49.26	415.76
	5X	201.07	222.13	423.20	27.03	61.57	511.80
	6X	244.73	266.55	511.28	32.65	73.89	617.82
30YD Standard Roll-off (+ dump)		254.02	Actual Cost	254.02	6% of service + disposal	30.73	Tons based
30YD C&D Roll-off (+ dump)		393.31	Actual Cost	393.31	6% of service + disposal	30.73	Tons based
3 Yard Temporary Bin		140.00		140.00	8.94	2.84	151.78
Commercial Barrel		25.09	11.86	36.95	2.36	3.28	42.59
Sweeper Service		12.78	2.41	15.19			15.19

## EXHIBIT D

### EXHIBIT B

#### TO COVINA EXCLUSIVE FRANCHISE AGREEMENT

##### RATE ADJUSTMENT

Each of the rates provided by this Agreement consists of a Service Component and a Disposal Component.

The Service Component includes the costs of collection and hauling of all Refuse, including Recyclable Materials and Green Waste for all customers according to the terms set forth in this Agreement.

The Disposal Component shall be based on the per ton costs incurred by CONTRACTOR for disposal of all Refuse, processing of Recyclable Materials at CONTRACTOR's MRF (which costs are defined on a per ton basis as the "MRF Gate Fee") and for its disposal of Green Waste.

##### **Rate Adjustment Formula**

The Service Component will automatically be adjusted each July 1st in proportion to the increase or decrease in the cost of living as determined by the percentage change in the Consumer Price Index ("CPI") for the immediately previous twelve month period (February through January) for All Urban Consumers in the Los Angeles/Anaheim/Riverside area, or an equivalent index approved by mutual agreement in the event the CPI as described above is no longer published. CITY staff shall review all proposed rate increases solely for validity of the submitted data and, upon verification of data, approve the new Service Component rates.

The Disposal Component will automatically be adjusted in proportion to the increase or decrease in disposal costs as determined by the percentage change in the MRF Gate Fee. As soon as the information is available, CONTRACTOR shall submit documentation to the City Manager with evidence of the net change in disposal costs. CITY staff shall review the documentation in connection with the net change in disposal costs solely for validity of the submitted data and, upon verification of data, approve the new Disposal Component rates. The net change in disposal costs will be added to or subtracted from the Disposal Component of the maximum rates to be effective the next billing cycle after written notification to the CITY. CONTRACTOR agrees it will not be entitled to any increase in the Disposal Component due to an increase in the MRF Gate Fee other than due to the occurrence of one or more of the following: (1) an adjustment in the non-disposal portion of the MRF Gate Fee directly proportional to the percentage change in the CPI, as described above, and (2) an increase in the Puente Hills Landfill tipping fee for residue from the MRF.

Between the date of this Franchise Agreement and the closure of the Puente Hills Landfill, estimated to be at the end of 2013, CONTRACTOR shall evaluate cost-effective Disposal Sites to be utilized upon the closure of the Puente Hills Landfill. Prior to the closure of the Puente Hills Landfill, CONTRACTOR shall propose its recommendation to CITY of the Disposal Site for disposal of residue from the MRF and the Disposal Component of the rate in connection

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therewith. CONTRACTOR and CITY shall meet and confer to discuss the CONTRACTOR's disposal recommendation and rate.

**Special Rate Adjustment**

In the event circumstances beyond the control of CONTRACTOR impose or generate extraordinary costs in the performance of the Agreement, CONTRACTOR may petition CITY to determine if an adjustment in compensation is warranted to avoid undue financial hardship on CONTRACTOR. For each request, CONTRACTOR shall prepare a schedule documenting the extraordinary costs. Such request shall be prepared in a form acceptable to CITY with support for assumptions made by CONTRACTOR in preparing the estimate of extraordinary costs. CITY shall review CONTRACTOR's request and, in CITY's sole judgment, make the final determination on the adjustment.

**CITY OF COVINA**  
 Schedule of Rates Effective July 1, 2011  
 EXHIBIT A

**EXHIBIT E**

Jan 2010 CPI:	224.610
Jan 2011 CPI:	228.652
CPI Increase:	1.80%
July 1, 2010 Covina MRF Gate Fee:	70.96
July 1, 2011 Covina MRF Gate Fee:	71.47
Gate Fee Increase:	0.72%

		<u>New Service Comp</u>	<u>New Disposal Comp</u>	<u>New Net Rate</u>	<u>6% Franchise Fee</u>	<u>Waste Mgmt Fee</u>	<u>New Total Rate</u>
<b>RESIDENTIAL</b>							
90 Gallon Standard Service		17.43	5.22	22.65	0.92	1.93	25.50
60 Gallon Standard Service		17.43	3.95	21.38	0.84	1.29	23.51
30 Gallon Standard Service		17.43	2.68	20.11	0.76	0.65	21.52
Additional 90 Gallon Black		10.34	3.82	14.16	0.90	1.93	16.99
Additional 90 Gallon Green		4.03	1.41	5.44	-	-	5.44
Additional 90 Gallon Blue		2.83	-	2.83	-	-	2.83
Manual or Backyard Service		34.86	10.45	45.31	1.84	3.86	51.01
Roll-Out Service		15.69	-	15.69	-	-	15.69
<b>COMMERCIAL</b>							
1.5YD - First Bin	1X	64.74	22.37	87.11	5.56	6.16	98.83
	2X	102.92	44.75	147.67	9.43	12.31	169.41
	3X	141.06	67.12	208.18	13.29	18.47	239.94
	4X	179.27	89.49	268.76	17.15	24.63	310.54
	5X	217.43	111.86	329.29	21.02	30.79	381.10
	6X	267.17	134.24	401.41	25.62	36.94	463.97
1.5YD - Each Additional Bin	1X	51.01	22.37	73.38	4.68	6.16	84.22
	2X	81.53	44.75	126.28	8.06	12.31	146.65
	3X	110.54	67.12	177.66	11.34	18.47	207.47
	4X	141.07	89.49	230.56	14.72	24.63	269.91
	5X	171.61	111.86	283.47	18.09	30.79	332.35
	6X	210.63	134.24	344.87	22.01	36.94	403.82
2YD - First Bin	1X	74.41	29.83	104.24	6.65	8.21	119.10
	2X	114.11	59.66	173.77	11.09	16.42	201.28
	3X	153.86	89.49	243.35	15.53	24.63	283.51
	4X	193.59	119.32	312.91	19.97	32.84	365.72
	5X	233.33	149.15	382.48	24.41	41.05	447.94
	6X	286.89	178.98	465.87	29.74	49.26	544.87
2YD - Each Additional Bin	1X	59.13	29.83	88.96	5.68	8.21	102.85
	2X	89.70	59.66	149.36	9.53	16.42	175.31
	3X	121.76	89.49	211.25	13.48	24.63	249.37
	4X	152.34	119.32	271.66	17.34	32.84	321.84
	5X	184.42	149.15	333.57	21.29	41.05	395.91
	6X	227.36	178.98	406.34	25.94	49.26	481.54
3YD - First Bin	1X	82.10	44.75	126.85	8.10	12.31	147.26
	2X	126.13	89.49	215.62	13.76	24.63	254.01
	3X	170.13	134.24	304.37	19.43	36.94	360.74
	4X	214.10	178.98	393.08	25.09	49.26	467.43
	5X	258.15	223.73	481.88	30.76	61.57	574.21
	6X	314.83	268.47	583.30	37.23	73.89	694.42
3YD - Each Additional Bin	1X	65.32	44.75	110.07	7.03	12.31	129.41
	2X	100.17	89.49	189.66	12.11	24.63	226.40
	3X	134.96	134.24	269.19	17.18	36.94	323.31
	4X	169.80	178.98	348.78	22.26	49.26	420.30
	5X	204.69	223.73	428.41	27.35	61.57	517.33
	6X	249.13	268.47	517.60	33.04	73.89	624.53
30YD Standard Roll-off (+ dump)		258.59	Tons Based #	258.59	6% of net	30.73	Tons Based #
30YD C&D Roll-off (+ dump)		400.39	Tons Based #	400.39	6% of net	30.73	Tons Based #
3 Yard Temporary Bin		142.52	-	142.52	9.10	2.84	154.46
Commercial Barrel		25.54	11.95	37.49	2.39	3.28	43.16
Sweeper Service		13.01	2.43	15.44	-	-	15.44

EXHIBIT F

	A	B	C	D	E	F	G	H
1	<b>FRANCHISE FEE CALCULATION TABLE</b>							
2	* Totals in the final Proposed City of Covina Schedule of Rates Effective July 1, 2011 - June 30, 2012 were							
3	rounded so may be lower or higher by \$0.01.							
4	<b>RESIDENTIAL SERVICE</b>							
5			Coll + Disp (1)	FF(2)	Coll + Disp + FF ON BLACK BARREL ONLY	Percent Check	IWMF	TOTAL *
6	90 GAL BASIC		22.66	0.92	15.308	6.00%	1.93	25.51
7	60 GAL BASIC		21.39	0.84	13.957	6.00%	1.29	23.52
8	30 GAL BASIC		20.12	0.76	12.606	6.00%	0.65	21.53
9	Add Black		14.16	0.90	15.064	6.00%	1.93	16.99
10	Add Green		5.44		5.440		0	5.44
11	Add Blue		2.83		2.830		0	2.83
12	Manual/Backyard		45.32	1.84	30.617	6.00%	3.86	51.02
13	Rollout		15.69		15.690		0	15.69
14								
15	<b>COMMERCIAL SERVICE</b>							
16								
17	Service		Coll + Disp	FF	Coll + Disp + Fr	Percent Check	IWMF	TOTAL
18	1.5 CY Commercial Bins							
19	1.5 Cubic Yard						X-Factor:	0.063827345
20	1 Day/Week		87.11	5.56	92.67	6.00%	6.16	98.83
21	2 Days/Week		147.67	9.43	157.10	6.00%	12.31	169.41
22	3 Days/Week		208.18	13.29	221.47	6.00%	18.47	239.94
23	4 Days/Week		268.76	17.15	285.91	6.00%	24.63	310.54
24	5 Days/Week		329.29	21.02	350.31	6.00%	30.79	381.10
25	6 Days/Week		401.41	25.62	427.03	6.00%	36.94	463.97
26	2nd 1.5 CY Commercial Bins							
27	1.5 Cubic Yard							
28	1 Day/Week		73.38	4.68	78.06	6.00%	6.16	84.22
29	2 Days/Week		126.28	8.06	134.34	6.00%	12.31	146.65
30	3 Days/Week		177.66	11.34	189.00	6.00%	18.47	207.47
31	4 Days/Week		230.56	14.72	245.28	6.00%	24.63	269.91
32	5 Days/Week		283.47	18.09	301.56	6.00%	30.79	332.35
33	6 Days/Week		344.87	22.01	366.88	6.00%	36.94	403.82
34								
35	2 CY Commercial Bins							
36	2 Cubic Yard							
37	1 Day/Week		104.24	6.65	110.89	6.00%	8.21	119.10
38	2 Days/Week		173.76	11.09	184.85	6.00%	16.42	201.27
39	3 Days/Week		243.35	15.53	258.88	6.00%	24.63	283.51
40	4 Days/Week		312.92	19.97	332.89	6.00%	32.84	365.73
41	5 Days/Week		382.49	24.41	406.90	6.00%	41.05	447.95
42	6 Days/Week		465.87	29.74	495.61	6.00%	49.26	544.87
43	2nd 2 CY Commercial Bins							
44	2 Cubic Yard							
45	1 Day/Week		88.96	5.68	94.64	6.00%	8.21	102.85
46	2 Days/Week		149.35	9.53	158.88	6.00%	16.42	175.30
47	3 Days/Week		211.25	13.48	224.73	6.00%	24.63	249.36
48	4 Days/Week		271.67	17.34	289.01	6.00%	32.84	321.85
49	5 Days/Week		333.58	21.29	354.87	6.00%	41.05	395.92
50	6 Days/Week		406.34	25.94	432.28	6.00%	49.26	481.54
51								
52	3 CY Commercial Bins							
53	3 Cubic Yard							
54	1 Day/Week		126.85	8.10	134.95	6.00%	12.31	147.26
55	2 Days/Week		215.62	13.76	229.38	6.00%	24.63	254.01
56	3 Days/Week		304.37	19.43	323.80	6.00%	36.94	360.74
57	4 Days/Week		393.09	25.09	418.18	6.00%	49.26	467.44
58	5 Days/Week		481.88	30.76	512.64	6.00%	61.57	574.21
59	6 Days/Week		583.30	37.23	620.53	6.00%	73.89	694.42
60	2nd 3 CY Commercial Bins							
61	3 Cubic Yard							
62	1 Day/Week		110.07	7.03	117.10	6.00%	12.31	129.41
63	2 Days/Week		189.66	12.11	201.77	6.00%	24.63	226.40
64	3 Days/Week		269.20	17.18	286.38	6.00%	36.94	323.32
65	4 Days/Week		348.78	22.26	371.04	6.00%	49.26	420.30
66	5 Days/Week		428.42	27.34	455.76	6.00%	61.57	517.33
67	6 Days/Week		517.60	33.04	550.64	6.00%	73.89	624.53
68								
69	30CY Standard Roll-off (+dump)	Tons Based #	6% of Tons Based #	Tons Based #	6.00%	30.73	Tons Based #	
70	30CY C&D Roll-off (+dump)	Tons Based #	6% of Tons Based #	Tons Based #	6.00%	30.73	Tons Based #	
71	3 CY Temporary Bin	142.52	9.10	151.62	6.00%	2.84	154.46	
72	Commercial Barrels	37.49	2.39	39.88	6.00%	3.28	43.16	
73	Sweeper Service	15.44		15.44	0.00%	0	15.44	

EXHIBIT G

ORDINANCE NO. 11-1994

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF COVINA, CALIFORNIA SETTING THE CITY'S REFUSE COLLECTION RATES FOR RESIDENTIAL, COMMERCIAL AND INDUSTRIAL CUSTOMERS, FOR 2011-2012, EFFECTIVE JULY 1, 2011.**

**WHEREAS**, the City of Covina ("City") operates a municipal solid waste and refuse collection system that transports and disposes of all solid waste and refuse collected from residential, commercial and industrial customers within the City, via an exclusive franchise agreement ("Franchise Agreement") with Athens Services/Covina Disposal; and

**WHEREAS**, due to increases in (i) the Material Recovery Facility (MRF) gate fees charged to the City as a result of landfill disposal costs ("tipping fees"), (ii) State-mandated AB 939 recycling and diversion compliance costs, (iii) other operational costs in providing refuse collection services, as well as (iv) the annual percentage increase in the Consumer Price Index, all Urban Consumers, for the Los Angeles-Anaheim-Riverside Statistical Area, as determined by the United States Department of Labor Statistics, or its successor ("CPI"), the current level of refuse collection service rates and charges (hereinafter collectively referred to as "rates") is insufficient to recover the total costs of providing said services; and

**WHEREAS**, the City prepared a Cost Report analyzing the City's revenue requirements and the rate structure that should be adopted to proportionately allocate the costs of providing refuse service to its residential, commercial and industrial customers; and

**WHEREAS**, a copy of the Cost Report is on file with the City Clerk and by this reference is made a part of the record of these proceedings; and

**WHEREAS**, the Franchise Agreement allows for increases in refuse collection rates due to increasing costs, as outlined more particularly above; and

**WHEREAS**, based upon the data contained in the Cost Report, the City proposes to increase its refuse collection rates in accordance with California Health & Safety Code, Section 5471 in an amount that corresponds to the amount necessary for the collection, conveyance, recycling and disposal of solid waste via the City's Franchise Agreement with Athens Services/Covina Disposal. Therefore, the City Council finds, with respect to the revenue derived from the increased rates, that (1) there is a reasonable relationship between the use of the rates increased herein and the services for which they are imposed; (2) the revenue derived from the increased rates does not exceed the amount necessary to provide the services; (3) the increased rates shall not be used for any purpose other than that for which the rates are imposed, including but not limited to, refuse pick-up, street sweeping, transportation and disposal, facilities and equipment maintenance, capital projects and financing, and billing and account management; (4) the increased rates do not exceed the proportional cost of the services attributable to each customer; and (5) the increased rates are not levied for general governmental purposes; and

**WHEREAS**, pursuant to California Proposition 218 (Calif. Constitution, Article XIIIID, Section 6) and California Assembly Bill 1260 (Calif. Government Code, Section 53755) at least 45 days prior to the hearing on this Ordinance, the City has mailed, postage prepaid, a notice of the public hearing on the proposed refuse rate increase to the address to which the City customarily mails the refuse service bill, for each identified parcel upon which the increased rates are being proposed; and

**WHEREAS**, said notice identified: (1) the amount of the increased rate to be charged; (2) the basis upon which the rate increase was calculated; (3) the reason for the rate increase; and (4) the date, time, and location for the public hearing on the rate increase; and

**WHEREAS**, on June 7, 2011, at 7:30 p.m., the City Council conducted a duly noticed public hearing at which time all those wishing to be heard were afforded an opportunity to be heard, and at which time the City Council considered any and all written protests concerning the proposed refuse rates; and

**WHEREAS**, the City did not receive written protests from a majority of the identified parcels that would be subject to the proposed rates; and

**WHEREAS**, all other prerequisites to the adoption of this Ordinance have occurred.

**NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF COVINA HEREBY ORDAINS AS FOLLOWS:**

**Section 1.** Based on the written and verbal evidence presented to the City Council, the amounts of the refuse collection service rates, as set forth in Exhibit "A", attached hereto and incorporated by reference herein, are hereby approved and adopted by the City Council of the City of Covina, by not less than a two-thirds vote pursuant to Government Code, Section 5471. The refuse collection service rates set forth herein shall become effective July 1, 2011.

**Section 2.** Pursuant to Government Code, Sections 53756 and 53739, such rates shall be automatically adjusted each fiscal year, beginning in Fiscal Year 2012-2013 (July 1, 2012) and ending in Fiscal Year 2015-2016 (June 30, 2016), by a factor equal to (i) CPI, or (ii) three percent (3%), whichever is greater, without further action on the part of the City Council. In addition, the City Council may amend these rates by ordinance, resolution or minute action, in accordance with applicable law.

**Section 3.** This Ordinance supersedes and voids all prior ordinances, resolutions, and other Council actions, which are inconsistent with its terms, including all prior ordinances and resolutions establishing or amending water rates.

**Section 4.** Pursuant to Section 21080(b)(8) of the Public Resources Code, and Section 15273(a) of the Guidelines for the Implementation of the California Environmental Quality Act ("CEQA"), further review under CEQA is not required because the City Council

action increasing refuse collection rates is for the purpose of (i) meeting refuse collection operating expenses, (ii) purchasing or leasing supplies, equipment, or materials for the refuse collection services, and (iii) obtaining funds for capital projects necessary to maintain refuse collection service. The City Clerk is hereby directed to file a Notice of Exemption with the County Clerk within five (5) days following the date of this Resolution.

**Section 5.** This Ordinance shall become effective thirty (30) days from and after its final passage.

**Section 6.** The City Clerk shall certify to the passage and adoption of this Ordinance; shall cause the same to be entered in the Book of Resolutions of the City of Covina; and shall make a record of the passage and adoption thereof in the records of the proceedings of the City Council of said City in the minutes of the meeting at which the same was passed and adopted.

**Section 7.** If any section, sub-section, sentence, clause, phrase or portion of this Resolution is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the Resolution. The City Council hereby declares that it would have adopted the Resolution and each section, sub-section, sentence, clause, phrase or portion thereof, irrespective of the fact that any one or more sections, sub-sections, sentences, clauses, phrases or portions to be declared invalid or unconstitutional.

Passed, approved and adopted this 7th day of June, 2011.

\_\_\_\_\_  
John C. King, Mayor  
City of Covina, California

ATTEST:

\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney

Ordinance No. 11-1994  
Page 4 of 4

I, \_\_\_\_\_, City Clerk of the City of Covina, California, do hereby certify that the foregoing ordinance is the actual resolution adopted by the City Council and was passed and adopted at a regular meeting of said City Council on the 7th day of June, 2011, by the following vote to wit:

AYES:  
NOES:  
ABSENT:

\_\_\_\_\_  
City Clerk of the City of Covina



**CITY OF COVINA**  
**Notice of Public Hearing on Proposed Increase in**  
**Refuse Collection, Disposal, and Recycling Collection Service Rates**

**Tuesday, June 7, 2011 at 7:30 p.m.**  
**City of Covina Council Chambers, 125 E. College Street, Covina, CA 91723**

**Reason for Public Hearing:** The Covina City Council will hold a public hearing on the above date and time to consider adoption of an ordinance increasing rates for residential and commercial solid waste collection, recycling and disposal services in order to off-set the increased costs of providing such services. On February 15, 2011, the City Council approved an extension of its existing refuse collection franchise agreement ("Agreement") with Covina Disposal. The extension of the Agreement will assist the City in controlling its long-term solid waste collection, recycling and disposal costs. However, annual rate increases to keep up with landfill costs, any pass-through fees charged by other agencies, state-mandated refuse and diversion activities, operational costs and the Consumer Price Index will continue to be charged. This notice is being provided to you 45 days in advance of the public hearing as a refuse customer of record.

**Public Hearing Process:** All Covina refuse customers of record are invited to attend this public hearing. The Covina City Council will hear and consider all materials and testimony as well as all written protests against the proposed rate increases. At the close of the public hearing, the City Council may adopt new refuse rates if written protests against the proposed increases are not presented by a majority of identified parcels upon which the proposed rates are to be charged. If adopted, the proposed rates shall become effective July 1, 2011.

**Basis for Rate Increases:** The proposed rate increases are due to the increase in (a) the Material Recovery Facility (MRF) gate fees charged to the City as a result of landfill disposal costs ("tipping fees"), (b) AB 939 refuse recycling and diversion compliance costs required by the State of California, (c) other operational costs in providing refuse collection and diversion services, as well as (d) the annual percentage increase in the Consumer Price Index, all Urban Consumers, for the Los Angeles-Anaheim-Riverside Statistical Area, as determined by the United States Department of Labor Statistics, or its successor. ("CPI"). The bases for the proposed rate increases are more particularly analyzed in that certain Staff Report prepared by the City ("Cost Report"). The Cost Report is on file at the Covina City Clerk's Office and may be reviewed there by any interested person. Revenues derived from the refuse service rates are used solely for defraying costs incurred in providing efficient, convenient and comprehensive refuse collection services and to ensure continued compliance with State law, including but not limited to, refuse pick-up, street sweeping, transportation and disposal, facilities and equipment maintenance, capital projects and financing, and billing and account management.

**How will the proposed rate increases affect my refuse bill?** By way of example, the current residential monthly refuse bill for Basic Residential Service (1-90 gal. black-refuse, 1-90 gal. blue-recyclables, and 1-90 gal. green-yard waste) is \$25.14 and would increase to \$ 25.50. The current monthly commercial rate for a 3.0 cubic yard bin serviced one time per week is \$145.38 per month and would increase to \$ 147.26 (See "**Current and Proposed Refuse Rates**" charts on the back of this page). The rates shall thereafter increase annually, beginning July 1, 2012, by CPI or three percent (3%), whichever is greater, without conducting another noticed public hearing.

**To protest the proposed rate increases, you must submit a written protest:** To oppose the proposed rate increases, you must submit a written protest, even if you plan to attend the public hearing. Your written protest must be actually received (not postmarked) by the Covina City Clerk prior to the close of the public hearing. **Oral, telephonic and e-mail protests will not be accepted.** You must sign the protest and include: 1) your name; 2) your street address and assessor's parcel number(s); 3) your Covina Disposal refuse service account number; and 4) whether you are a residential and/or commercial customer. Please identify on the front of the envelope that the enclosed letter is for the "2011 Refuse Rate Increase Public Hearing". You may mail or deliver your written protest in person to: City of Covina, Office of the City Clerk, 125 E. College Street, Covina, CA.

If you have any questions regarding this notice, please contact the Environmental Services Section at (626) 384-5480.

**Proposed July 1, 2011 – June 30, 2012 Refuse Rates on Back**

**CITY OF COVINA**

**Current (March 1, 2011 – June 30, 2011) and Proposed (July 1, 2011 – June 30, 2012) Refuse Rates**

<b>RESIDENTIAL (per month)</b>			
<b>Service Type</b>		<b>3/1/11 - 6/30/11 Monthly</b>	<b>7/1/11 – 6/30/12 Monthly</b>
90 Gallon Basic Service (90 gal black-refuse, 90 gal green-yard waste, 90 gal blue-recyclables).		25.14	25.50
60 Gallon Service (condominiums & townhouses only; 60 gal black-refuse, 90 gal green-yard waste, 90 gal blue-recyclables).		23.16	23.51
30 Gallon Service (verified low-income seniors only; 30 gal black-refuse, 90 gal green-yard waste, 90 gal blue-recyclables).		21.18	21.52
Additional 90 Gallon Black-Refuse Barrel		16.77	16.99
Additional 90 Gallon Green-Yard Waste Barrel		5.36	5.44
Additional 90 Gallon Blue-Recyclables Barrel		2.78	2.83
Manual or Backyard Service		50.28	51.01
Roll-Out Service		15.41	15.69
<b>COMMERCIAL</b>			
<b>Bin</b>	<b>Service per Week</b>	<b>3/1/11 - 6/30/11 Monthly</b>	<b>7/1/11 – 6/30/12 Monthly</b>
1.5 Cubic Yard, first bin	1	97.45	98.83
	2	167.13	169.41
	3	236.78	239.94
	4	306.50	310.54
	5	376.17	381.10
	6	457.94	463.97
1.5 Cubic Yard, each additional bin	1	83.10	84.22
	2	144.78	146.65
	3	204.89	207.47
	4	266.58	269.91
	5	328.29	332.35
	6	398.86	403.82
2.0 Cubic Yard, first bin	1	117.48	119.10
	2	198.68	201.28
	3	279.94	283.51
	4	361.18	365.72
	5	442.43	447.94
	6	538.11	544.87
2.0 Cubic Yard, each additional bin	1	101.51	102.85
	2	173.17	175.31
	3	246.40	249.37
	4	318.08	321.84
	5	391.33	395.91
	6	475.91	481.54
3.0 Cubic Yard, first bin	1	145.38	147.26
	2	250.97	254.01
	3	356.52	360.74
	4	462.06	467.43
	5	567.67	574.21
	6	686.47	694.42
3.0 Cubic Yard, each additional bin	1	127.85	129.41
	2	223.84	226.40
	3	319.77	323.31
	4	415.76	420.30
	5	511.80	517.33
	6	617.82	624.53
30 Cubic yard (CY) Roll-Off	N/A	\$254.02 service component + \$30.73 Integrated Waste Management Fee (IWMI) <sup>2</sup> + tons based disposal and franchise fees	\$258.59 service component + \$30.73 IWMI <sup>2</sup> + tons based disposal and franchise fees
30 CY Construction & Demolition Recycling Roll-Off	N/A	\$393.31 + 30.73 IWMI <sup>2</sup> + tons based franchise fee	\$400.39 + 30.73 IWMI <sup>2</sup> + tons based franchise fee
Temporary 3 CY Bin	1	151.78	154.46
Commercial Barrel Rate	1	42.59	43.16
Sweeper Service (subsumed into refuse rates)	N/A	15.19 per curb mile	15.44 per curb mile

## EXHIBIT I

4:11:29 PM

<b>Company Detail</b>	
Company Name	T T MAILING SERVICE
Address	575 E EDNA PL COVINA, CA 91723-1311
Contact Name	LUPE CARRILLO
Phone Number	(626)916-6607
Profit Indicator	P
<b>PS Form 3607R - Mailing Transaction Receipt</b>	
Permit Holder Permit Number	113
Permit Holder Permit Type	PI
Permit Holder CRID	4253704
Mailing Agent Name	
Mailing Agent Permit Number & Type	
Mail Owner Name	CITY OF COVINA
Mail Owner Permit Number & Type	83848 GH
Customer Reference ID	
CAPS Transaction Number	N/A
Class of Mail	First-Class Mail
Processing Category	Letters (may include Cards)
Postage Statement ID	110187033
Mailing Group ID	93925027
Mailer Provided Mailing Date	04/15/2011
Total Pieces	10,795 pcs.
Weight of a single-piece	0.0250 lbs.
Total Weight	269.8750 lbs.
Total Number of Containers	19
Additional Postage	
Total Postage	\$ 3,667.37
Transaction Date	04/15/2011
Transaction Number	201110518112245M0
Transaction Adjusted?	No
Person authorizing adjustment	
Name	
Phone Number	
Accepted at	COVINA BMEU - 91722-9998
Cost Center	051854-0755
Acceptance Site Mailer ID	
Clerk Initials	DYC
Statement Certification Date	04/15/2011

Exhibit I, Page 1 of 1

<https://www.uspspostalone.com/PostageProcessingWeb/placardReceiptDistribute.do?placa...> 4/15/2011



**CITY OF COVINA**  
**Notice of Public Hearing on Proposed Increase in**  
**Refuse Collection, Disposal, and Recycling Collection Service Rates**

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**CITY OF COVINA**

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<b>Bin</b>	<b>Service per Week</b>	<b>3/1/11 - 6/30/11 Monthly</b>	<b>7/1/11 – 6/30/12 Monthly</b>
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Commercial Barrel Rate	1	42.59	43.16
Sweeper Service (subsumed into refuse rates)	N/A	15.19 per curb mile	15.44 per curb mile

**CITY OF COVINA  
AFFIDAVIT OF POSTING**

*State of California*        )  
*County of Los Angeles* )ss.  
*City of Covina*            )

I, Catherine M. LaCroix, Deputy City Clerk of the City of Covina, California, do hereby certify that I caused to be posted as listed below:

**JUNE 7, 2011 PUBLIC HEARING NOTICE REGARDING PROPOSED REFUSE,  
DISPOSAL AND RECYCLING RATES**

POSTED on May 16, 2011, in the following location:

THE PUBLIC BULLETIN BOARD AT THE FRONT ENTRANCE TO CITY HALL

DATED THIS 16th DAY OF May, 2011.

  
Catherine M. LaCroix, Deputy City Clerk



**NOTICE TO COVINA CITIZENS  
REGARDING NEW ORDINANCE(S)**

**NO(S). 11-1994**

On June 7, 2011, the Covina City Council adopted the following Ordinance(s) by the following votes:

Ordinance No. 11-1994: Setting the City's refuse collection rates for residential, commercial and industrial customer for the period of July 1, 2011 through June 30, 2012, effective July 1, 2011

<b>AYES:</b>	<b>ALLEN, DELACH, KING, STAPLETON</b>
<b>NOES:</b>	<b>LOW</b>
<b>ABSTAIN:</b>	<b>NONE</b>
<b>ABSENT:</b>	<b>NONE</b>

A certified copy of the full text of each ordinance is posted in the City Clerk's office located at 125 East College Street, Covina, California.

Kay Manning, City Clerk

**CITY OF COVINA**  
**AFFIDAVIT OF POSTING AND PUBLISHING**

*State of California*        )  
*County of Los Angeles* )ss.  
*City of Covina*            )

I, Catherine M. LaCroix, Deputy City Clerk of the City of Covina, California, do hereby certify that I caused to be posted and published, as listed below:

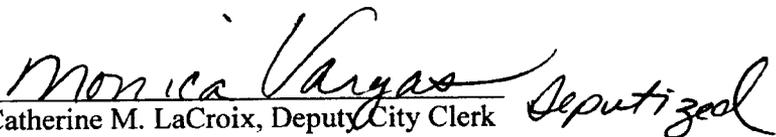
**ADOPTED ORDINANCE NO. 11-1994**

PUBLISHED in the SAN GABRIEL VALLEY EXAMINER on the following date:  
Thursday, June 16, 2011

POSTED on Wednesday, June 8, 2011 in the following location:

THE PUBLIC BULLETIN BOARD AT THE FRONT ENTRANCE TO CITY HALL

DATED THIS 8th DAY OF June, 2011.

  
Catherine M. LaCroix, Deputy City Clerk *Deputized*

**PROOF OF PUBLICATION  
(201 5.5 C.C.P.)**

STATE OF CALIFORNIA  
County of Los Angeles

I am a citizen of the United States and a resident of the county aforesaid. I am over the age of eighteen years, I am not a party to the above-entitled matter. I am the principal clerk of the printer of the SAN GABRIEL VALLEY EXAMINER, an adjudicated newspaper of general circulation distributed in the San Gabriel Valley. The notice, of which the annexed is a true printed copy, has been published in each regular and entitled issue of said newspaper and not any supplement thereof on the following dates to wit:

JUNE 16, 2011

I declare under penalty of perjury that the foregoing is true and correct.

Executed in the City of Glendora,  
Los Angeles County, California  
this 17th day of JUNE, 2011.



(Signature)

**NOTICE TO COVINA CITIZENS  
REGARDING NEW ORDINANCE(S)  
NO(S). 11-1994**

On June 7, 2011, the Covina City Council adopted the following Ordinance(s) by the following votes:  
Ordinance No. 11-1994: Setting the City's refuse collection rates for residential, commercial and industrial customer for the period of July 1, 2011 through June 30, 2012, effective July 1, 2011.

AYES: ALLEN, DELAON, KING, STAPLETON  
NOES: LOW  
ABSTAIN: NONE  
ABSENT: NONE

A certified copy of the full text of each ordinance is posted in the City Clerk's office located at 125 East College Street, Covina, California.

/s/ Kay Manning, City Clerk  
Publish in the San Gabriel Valley Examiner on June 16, 2011. #CF08



**NOTICE TO COVINA CITIZENS  
REGARDING PROPOSED ORDINANCE(S)**

**NO(S). 11-1994**

On June 7, 2011, the Covina City Council will consider adopting the following Ordinance(s):

Ordinance No. 11-1994: Setting the City's refuse collection rates for residential, commercial and industrial customer for the period of July 1, 2011 through June 30, 2012, effective July 1, 2011.

A certified copy of the full text of each ordinance is posted in the City Clerk's office located at 125 East College Street, Covina, California.

Catherine M. LaCroix  
Deputy City Clerk

**CITY OF COVINA**  
**AFFIDAVIT OF POSTING AND PUBLISHING**

*State of California*        )  
*County of Los Angeles* )ss.  
*City of Covina*            )

I, Catherine M. LaCroix, Deputy City Clerk of the City of Covina, California, do hereby certify that I caused to be posted and published, as listed below:

**Summary of Ordinance No. 11-1994**

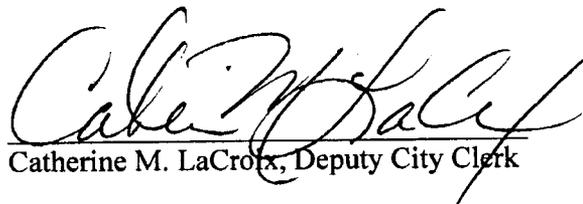
PUBLISHED in the SAN GABRIEL VALLEY EXAMINER on the following date:

Thursday, June 7, 2011

POSTED on Wednesday, May 18, 2011 in the following location:

THE PUBLIC BULLETIN BOARD AT THE FRONT ENTRANCE TO CITY HALL

DATED THIS 18th DAY OF May, 2011.

  
Catherine M. LaCroix, Deputy City Clerk

**PROOF OF PUBLICATION  
(201 5.5 C.C.P.)**

STATE OF CALIFORNIA  
County of Los Angeles

I am a citizen of the United States and a resident of the county aforesaid. I am over the age of eighteen years, I am not a party to the above-entitled matter. I am the principal clerk of the printer of the SAN GABRIEL VALLEY EXAMINER, an adjudicated newspaper of general circulation distributed in the County of Los Angeles. The notice, of which the annexed is a true printed copy, has been published in each regular and entitled issue of said newspaper and not any supplement thereof on the following dates to wit:

JUNE 2, 2011

I declare under penalty of perjury that the foregoing is true and correct.

Executed in the City of Glendora, Los Angeles County, California this 3rd day of JUNE 2011.

  
\_\_\_\_\_  
(Signature)

**NOTICE TO COVINA CITIZENS  
REGARDING PROPOSED ORDINANCE(S)  
NO(S). 11-1994**

On June 7, 2011, the Covina City Council will consider adopting the following Ordinance(s):

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A certified copy of the full text of each ordinance is posted in the City Clerk's Office located at 125 East College Street, Covina, California.

/s/ Catherine M. LaCroix, Deputy City Clerk

Publish in the San Gabriel Valley Examiner on June 2, 2011. #CF01



May 16, 2011

City of Covina,

RECEIVED BY  
COVINA CITY CLERK

11 MAY 17 PM 1:27

Covina, Calif. 91723

My husband, James E. Owen, and I, Carol Thompson Owen oppose the rate increase on refuse collection, disposal and recycling collection.

Sincerely,

Carol Thompson Owen

James E. Owen

534 St. Hepner Ave.

Covina, Calif. 91723

Assessor's parcel number

8444 028 032 10 000

Disposal refuse account number 2

414711-000

We are residential customers

City of Covina  
Office of City Clerk  
125 E. Colton St.

CITY OF INDUSTRY, CA 917

16 MAY 2011 PM 1:1



May 30, 2011

To: Whom it may concern:

This is in protest to the proposed increase in the trash rates, especially the 3% yearly increase.

I am a widow living on Social Security and a small annuity.

With the large increase in water rates, the trash increase last fall, and now the trash again, this is too much! Social Security has not gone up in over two years and probably won't go up this next year.

Please reconsider these increases.

Sincerely,

Judith L. Harrington

JUDITH L. HARRINGTON

ASSESSOR PARCEL # 8492.021-011

569 N. HEATHDALE AVE  
COVINA, CA, 91722



569 N Heathdale Ave  
Covina, CA 91722

OFFICE OF INDUSTRY CONTROL

31 MAY 2011 PM 4 L



RECEIVED BY  
COVINA CITY CLERK

11 JUN - 1 AM 10:25

City of Covina  
Office of the City Clerk  
125 E. College St.  
Covina, CA 91722

I protest an increase in our refuse, disposal and recycling fees. We just had an increase not long ago along with water rates.

Most of us elderly customers have not had an increase in our income the last 2 years and cannot keep having increases in everything with no increases in our income so I am protesting as tho I don't think it will do any good, you do what you want without regards to our dilemma anyway.

Jennie Spangler  
465 W. Center St.

assessor's parcel number: 8444-004-014  
Covina disposal acct. no.: 415710-000

11 APR 26 AM 11:50

RECEIVED BY  
COVINA CITY CLERK

PROTESTING PROPOSED RATE INCREASES IN REFUSE COLLECTION,  
DISPOSAL, AND RECYCLING COLLECTION SERVICES CITY OF COVINA

I oppose the proposed rate increases.

- 1) Name: Cathy Wiliams
- 2) Street address 853 N. Citrus Avenue, Covina, CA 91723, Assessor's ID #  
8431-001-019
- 3) Refuse acct # 414292-000
- 4) Residential

Signature Cathy Williams Date: 6/6/2011

RECEIVED BY  
COVINA CITY CLERK  
11 JUN - 6 PM 3: 22

PROTESTING PROPOSED RATE INCREASES IN REFUSE COLLECTION,  
DISPOSAL, AND RECYCLING COLLECTION SERVICES CITY OF COVINA

I oppose ~~the~~ the proposed rate increases.

1) Name: Olga Lederer

2) Street address: 861 N. citrus Avenue, <sup>COVINA,</sup> CA 91723, Assessor's ID # 8431001018~~(0000)~~  
Tract No. 16016 (Ex of St) Lot 66

3) Refuse acct # 414291-000.

→ 8431001018

4) Residential

Signature: Olga Lederer 6/6/2011

RECEIVED BY  
COVINA CITY CLERK  
11 JUN -6 PM 3:23

WE PROTEST THE PROPOSED INCREASE IN  
REFUSE COLLECTION, DISPOSAL, AND RECYCLING  
COLLECTION SERVICE RATES.

John M. Danell      Jennie L. Farrell  
142 S. WATERBURY AVE  
COVINA, CA.  
91722

ASSESSOR'S PARCEL NUMBER      8442 004 006  
COVINA DISPOSAL NUMBER      41555 - 000  
RESIDENTIAL CUSTOMER

RECEIVED BY  
COVINA CITY CLERK  
11 JUN - 6 AM 10:14

RECEIVED BY  
COVINA CITY CLERK  
11 MAY 11 PM 2:07

Yang Liu  
1406 N. Eastbury Ave.  
Covina, CA 91722  
Assessor's ID no.# 8408006005  
Covina Disposal A/C no.# 413792-000  
Tel: (626) 465-6726  
[yangliu3508@hotmail.com](mailto:yangliu3508@hotmail.com)

April 25, 2011

Office of City Clerk,  
Notice of Public Hearing on Proposed Increase  
City of Covina Council Chambers  
125 E. College Street,  
Covina, CA 91723

Re: 2011 Refuse Rate Increase Public Hearing

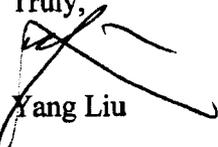
Dear City of Covina Councils and Clerk,

As the resident of city of Covina, resides in the above address. I disagree for the increase on disposal rates. This will be our only time to protest since the increase will be annually after July 1, 2012 by CPI or 3%. It is quite a lot increase for the disposal charge, and increasing it annually. The cost of living went up a lot, gas, food, housing utilities... now even the disposal; it is very difficult for home owner to maintain all the price increasing since there is no increasing on our salary.

We are not happy with this increase; especially it is going to be annually. We are afraid we will not be able afford the disposal service if it keep increasing like this.

Appreciate your time and consideration for our request,

Truly,

  
Yang Liu

April 27, 2011

RECEIVED BY  
COVINA CITY CLERK

11 APR 28 AM 11:19

City of Covina  
Office of the City Clerk  
125 E College St  
Covina, CA 91723

Subject: Proposed Refuse Collection, Disposal, and Recycling  
Rate Increase

To Whom It May Concern:

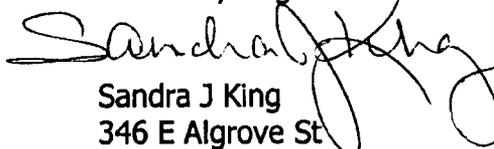
This is my letter in protest of the proposed increase of the Refuse Collection, Disposal, and Recycling Collection Service Rates.

The city keeps raising these rates, but nothing is improving. We, the people, can't continue to bail out the badly run cities, the badly run state, or the badly run country.

In our first bill from Covina Disposal, they stated, and were very proud of the fact that their fees had actually decreased and then less than a month later you send the residents a notification of an increase in the rates. I had heard we were actually getting a rate freeze for a few years.

You're doing this because you KNOW the required number of people will not send in a letter of protest. They may show up for the meeting, but you know darn well they didn't read the entire note. You include that information way down in the letter because you know they won't read that far. Clever...and deceiving.

"We are pleased to announce that your monthly service payment has decreased while at the same time your residential recycling service has doubled to every week." What a joke.



Sandra J King  
346 E Algrove St  
Covina, CA 91723-2608  
APN: 8445013005  
Covina Disposal Acct #: 411489-000  
Residential Customer

RECEIVED BY  
COVINA CITY CLERK  
11 APR 27 PM 12:25

Property Owner: Tatushan Corp

Property Address: 433 N Vincent Ave. Covina

Assessor ID No.: 8435 033 017 10 000

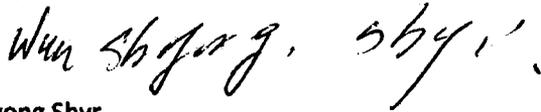
Covina Disposal Account No.: 22182-000

Commercial Property

To City of Covina:

As a property owner, we have not raised the rent for our tenants for a couple years now. The economy is still recovering, and we have accommodated our renters by not raising their rents because of the downturn in the economy. Business is still slow and to raise rates at times like this is the worst thing the city can do to hurt the local business owner. We hope the city will accommodate us as we have accommodated our tenants. Thank you.

Sincerely yours,



Wuu Shyong Shyr

Tatushan Corp

RECEIVED  
CITY CLERK  
11 APR 26 PM 5:11

4/22/2011

Dean Cook

City of Covina  
Office of the City clerk  
125 E. College St.  
Covina, Ca. 91723

**Office of the City Clerk,**

Re: Written Protest

Please accept this letter of protest and opposition to the proposed 'refuse' rate increases.



Dean Cook  
567 W. Puente St. #1  
Covina, Ca. 91722

Service Acct. # 104-0135-00-00 Residential Service  
APN # 8443 016 058 10 000

4/19/11

RECEIVED BY  
COVINA CITY CLERK

11 APR 26 AM 11:51

To City of Covina Council Chambers:

The purpose of this letter is in response to the Notice of Public Hearing Hearing on Proposed Increase in Refuse Collection, Disposal, and Recycling Collection Services Rates to protest against the rate increases.

Thank you.

Esther Diaz

*Esther Diaz*

1254 Heritage Way

Covina, CA 91724

Assessor's Parcel No: 8401 036 009 10 000

Covina Disposal Acct No: 409765-000

Residential Customer

April 18, 2011

RECEIVED BY  
COVINA CITY CLERK  
11 APR 21 PM 1:13

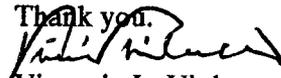
City of Covina  
Office of the City Clerk  
125 E. College St.,  
Covina, CA 91723

2011 Refuse Rate Increase Public Hearing

Dear friends at Covina City Hall:

I'm writing to oppose the proposed rate increase that will be the subject of a public hearing on June 7, 2011 at 7:30 pm at Council Chambers.

Thank you.



Vivencio L. Vinluan

Vivencio L. Vinluan  
1328 E. Puente St.  
Covina, CA 91724  
Assessor's Parcel Number : Tract # 23838 Lot 3

Office of the City Clerk  
City Council Members  
City of Covina  
125 E. College Street  
Covina, California

RECEIVED BY  
COVINA CITY CLERK

April 20, 2011

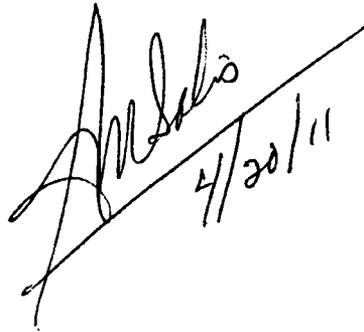
11 APR 21 PM 12:15

Attn: City Clerk

WOW! First a 20 Year Contract with (Athens) Covina Disposal.  
NOW! Rate Increases NO! NO! RATE INCREASES !!!!NO!

Alfred Solis  
570 North Houser Drive  
Covina, California 91722

Assessors Parcel # Tract#18687 Lot 29  
Covina Disposal Acct # 415820-000  
Residential Customer



A handwritten signature, likely of Alfred Solis, is written over a diagonal line. To the right of the signature, the date "4/20/11" is written.

City of Covina

April 18, 2011

RECEIVED BY  
COVINA CITY CLERK  
11 APR 21 AM 10:37

Re: 2011 Refuse Rate Increase Public Hearing

From: Garth L Tams  
445 E. Nubia St.  
CovinaCA. 91722

Assessor's I D # 8406 014 002

Refuse Service Account # 408553-000

Residential Customer

I received the notice of Public hearing on proposed increase in refuse collection fees and I was surprised because I thought we were going to get a decrease in our bills based on the new contract. But that isn't why I'm writing. The letter indicates the rates are going up due to various increases in operating costs plus a CPI increase of 3%. It seems to me since the CPI increase is based on increases in operating costs that including it in with the actual increases you are doubling up. I also don't understand why there is a minimum of 3% CPI, why a minimum ? I don't plan on being in the area on June 7 so I won't be able to attend the meeting. I would appreciate an answer to my questions.

Garth L. Tams

RECEIVED BY  
COVINA CITY CLERK  
11 APR 21 AM 10:06

April 18, 2011

City of Covina:

I have been a resident of Covina ( in the same house for over 32 years, )I voted to keep the city utility tax to help the city, my thing is, there is only my wife and I and so there is not much waste, our black can doesn't need to go out but every three weeks, my gray recycle is the one we use the most because we recycle all our paper, cardboard and plastic, our green waste for our yard waste is hardly ever used because we use the clippings for our compost which we use for our garden, so I kind of think it is unfair for me to pay for services I'm not using however if I must I'll say the rise of the service is not excessive and will pay it.

Respectfully ,



2011 Refuse Rate Increase Public Hearing  
City of Covina- Office of the City Clerk  
125 E. College Street  
Covina, Ca. 91722

RECEIVED BY  
COVINA CITY CLERK  
11 APR 21 AM 10:06

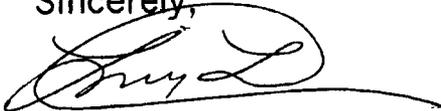
To Whom It May Concern:

I am writing to protest the rate increase on my refuse bill. As a Covina resident, I am appalled by the fact that the city is trying to, yet again, squeeze out more money from its residents. Shame on Covina leaders for trying to force Covina citizens to pay for their shortcomings.

My information is as follows:

1. Name: Lily Ly (home owner)
2. Address: 143 S. Leaf Ave., Covina, CA. 91722  
Assessor's Parcel Number: 8442004009
3. Covina Disposal Refuse account #: 104-4600-01-00
4. Status: Residential Customer

Sincerely,



Lily Ly  
Concerned Covina Citizen

April 16, 2010

To whom it may concern,

We are opposed to any rate increases on refuse or any utilities! Enough is Enough! You can not keep increasing rates! With the new billing we have to pay two months in advance. For a lot of us it is hard to pay for one month. Now you want an increase?! Use the utility tax money you got the idiots to pass.

Gerald and Mary Jane Bradley

*Gerald Bradley*  
*Mary Jane Bradley*

Gerald Bradley  
636 E. Tudor St.  
Covina, CA 91722  
Parcel #022  
Acct #416320-000  
Residential

RECEIVED BY  
COVINA CITY CLERK  
11 APR 21 AM 10:07

RECEIVED BY  
COVINA CITY CLERK

11 JUN -7 PM 2:48

Joseph Denham Andrews  
728 So. Barranca Ave  
Covina, CA 91723

June 7, 2011

Lot 3 of Tract No. 17501, in the City of Covina, County of Los Angeles, State of California as per map recorded in Book 427, pages 9 and 10 of Maps, in the office of the County Recorder of said County.  
Covina Disposal Refuse service account number: 414242-000

This is a letter of protest to the proposed 2011 Refuse Rate Increase

Last year, the city council approved a 3.8% increase in water usage that was unnecessary and unreasonable, especially in the current state of the economy. Excuse me, did I say 3.8%? No, that's not correct. **It was a 38% increase!** I will repeat; any increase in any billing at the current state of our economy in most unnecessary and unreasonable. A 4%, a 6%, or even an 8% increase would have been most difficult for your constituency to swallow, but 38%? That's ludicrous, there is no justification for such an increase. I attended the council meetings and I don't feel you adequately justified such an astronomical increase.

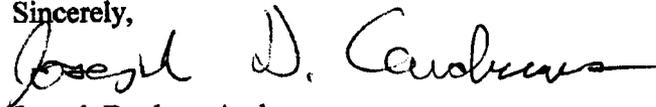
Now you want to increase our refuse rate. Sure, at least this time, it's a more palatable increase; but over the next few years, the increases are exponential. By 2014, our rates will be intolerable.

Please, stop and think about what you are doing to this city. Drop the proposal to increase the refuse rates and rethink and reduce our water rates.

I have lived here in Covina since I was two years old when my parents moved here from Whittier in February of 1956. I am a schoolteacher and I can't afford the rates that you have approved in the last year. I'm sure most of your constituents are in the same situations as I am, or worse.

Wait until the economy improves before you propose these backbreaking increases.

Sincerely,



Joseph Denham Andrews

City of Covina

125 E. College Street

Covina, CA 91723

Attn: Covina City Clerk

RE: Refuse Rate Increase Public Hearing

RECEIVED BY  
COVINA CITY CLERK  
11 JUN -7 PM 2:36

June 6, 2011

Dear Covina City Council Members,

The lower refuse rates that you trumpeted about surely did not last long. My household is **opposed to the proposed rate increase** that you will be charging us after your hearing.

Thank you for counting my vote **against** the Refuse Collection, Disposal, and Recycling Collection Services Rates.

Sincerely,



E. Murphy

821 West Edna Place

Covina, CA 91722

The Assessor's Parcel ID # is: 8432 012 029 Tract # 18642 lot 34

The Covina Disposal refuse service account number is: 414120-000

We are a RESIDENTIAL customer.

**Jodie Porter**  
216 S. Citrus St., #167  
West Covina, CA 91791

RECEIVED BY  
COVINA CITY CLERK  
11 JUN - 7 PM 1:40

June 7, 2011

City of Covina  
Office of the City Clerk  
125 E. College St.  
Covina, CA 91723

Subject: Disposal Rate Increase Public Hearing

To the City Clerk:

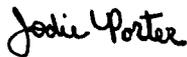
Please register a vote against the proposed Covina Disposal rate increase on my behalf. This increase does not seem fair immediately after the signing of the long-term contract between the City of Covina and Covina Disposal.

I own the following residential rental property in the city:

1359 N. Heathdale Ave., Covina, CA 91722  
APN: 8408-008-012

Thank you for the opportunity to respond.

Sincerely,



Jodie Porter



**David & Laurie McIntosh**

1149 E. Meadow Wood Dr., Covina, CA 91724  
(626) 332-6700 Direct Line / (626) 966-0081 FAX  
e-mail: davemac@verizon.net

June 7, 2011

City of Covina  
Office of the City Clerk  
125 E. College Street  
Covina, CA 91723

RECEIVED BY  
COVINA CITY CLERK  
11 JUN - 7 PM 1:40

**RE:** Notice of Public Hearing on Proposed Increase in  
Refuse Collection, Disposal, and Recycling Collection Service Rates

To Whom It May Concern:

As Covina residents with full or partial ownership interest in one personal residence, one commercial, and three residential rental properties in Covina, we strongly object to the proposed disposal rate increases. With the ink barely dry on the 20-year contract with Covina Disposal, it is difficult to "stomach" a proposed increase in such a short time period.

We are a "mom and pop" team who provide affordable housing and affordable commercial leasing at our rentals in Covina. All of our tenants are struggling to pay their rents in a timely fashion; thus, it is a huge burden on renters when rent increases are imposed due to raises in utility services.

In consideration of small business owners and in consideration of city rental residents, we urge the City Council to REJECT the adoption of new disposal rates and related fees to help keep the City of Covina positioned as a more affordable, housing-friendly community.

The following is a list of properties we represent:

- |   |                   |             |
|---|-------------------|-------------|
| 362 & 362 1/2 W. Center St., Covina, CA 91723<br>Account Number: 415756-000 | APN: 8444-006-009 | Residential |
| 1149 E. Meadow Wood Drive, Covina, CA 91724<br>Account Number: 416778-000   | APN: 8447-023-074 | Residential |
| 4937 N. Farber Ave., Covina, CA 91724                                       | APN: 8404-012-013 | Residential |
| 1186 Lyman Ave., Covina, CA 91724   | APN: 8401-017-019 | Residential |
| 138-140 E. College St., Covina, CA 91723                                    | APN: 8445-009-003 | Commercial  |

Regards,

David McIntosh, Laurie McIntosh

RECEIVED BY  
COVINA CITY CLERK

11 JUN -6 PM 4: 44

June 3, 2011

City of Covina  
Office of the City Clerk  
125 E. College Street  
Covina, CA .

Dear Sir or Madam:

My name is Francisco De Guzman, and I am protesting **against** the proposed rate increases for residential and commercial solid waste collection, recycling and disposal services. I **oppose** all proposed rate increases.

Here is my information:

**Name:** Francisco De Guzman

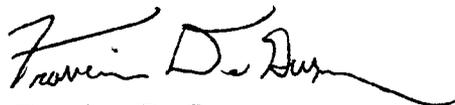
**Address:** 977 N Darfield Ave, Covina, CA 91724

**Assessor Parcel Number:** 8403-016-041

**City of Covina Refuse Service Account Number:** 734-3858-00-00

I am a **residential customer**.

Sincerely,



Francisco De Guzman

CITY OF COVINA

INTER-OFFICE MEMORANDUM

TO: MEMBERS, COVINA CITY COUNCIL  
DARYL PARRISH, CITY MANAGER

FROM: KALIEH HONISH, INTERIM PUBLIC WORKS DIRECTOR  
VIVIAN CASTRO, ENVIRONMENTAL SERVICES MANAGER

DATE: JUNE 6, 2013

SUBJECT: REFUSE RATE INCREASE EFFECTIVE JULY 1, 2013

On February 15, 2011 the Covina City Council approved the Amended and Restated Exclusive Franchise Agreement by and Between City of Covina and Arakelian Enterprises, Incorporated (the Agreement). Exhibit B of the Agreement specifies the Rate Adjustment for services provided under the Agreement.

On June 7, 2011 the City Council approved Ordinance No. 11-1994. Section 2 of the Ordinance provides that refuse rates shall be automatically adjusted each fiscal year, beginning in Fiscal Year 2012-2013 (July 1, 2012) and ending in Fiscal Year 2015-2016 (June 30, 2016), by a factor equal to (i) CPI, or (ii) three percent (3%), whichever is greater, without further action on the part of the City Council.

The City is required by state law, however, to notify residents of the increase. On June 1, 2013 the attached City of Covina Schedule of Refuse Rates Effective July 1, 2013 was mailed to all Covina residential and commercial refuse customers as an insert with the June Athens refuse bills.

The rates were calculated in accordance with Exhibit B of the Agreement and automatically adjusted per Ordinance No. 11-1994, Section 2. Staff from Athens Services and Covina Environmental Services verified the rate calculation.

attachment: City of Covina Schedule of Refuse Rates Effective July 1, 2013

**NOTICE: CITY OF COVINA**  
**Schedule of Refuse Rates Effective July 1, 2013, EXHIBIT A**

Below is the City of Covina refuse rates effective July 1, 2013. The refuse rates are being automatically adjusted in accordance with Ordinance No. 11-1994, Section 2, which provides that refuse rates shall be automatically adjusted each fiscal year, beginning in Fiscal Year 2012-2013 (July 1, 2012) and ending in Fiscal Year 2015-2016 (June 30, 2016), by a factor equal to (i) CPI, or (ii) three percent (3%), whichever is greater, without further action on the part of the City Council.

\* Please note that due to rounding, in these cases the New Rate may differ from the individual components by +/- \$0.01

Jan 2012 CPI: 233.441  
 Jan 2013 CPI: 238.015  
 CPI Increase: 1.96%  
 MRF Gate Fee Increase: 1.19%

<b>RESIDENTIAL</b>		<b>New Service Component</b>	<b>New Disposal Component</b>	<b>New Net Rate</b>	<b>6% Franchise Fee</b>	<b>Waste Management Fee</b>	<b>New Total Rate</b>
90 Gallon Standard Service		18.58	5.35	23.94	0.98	2.13	27.05*
60 Gallon Standard Service		18.58	4.06	22.64	0.90	1.40	24.94
30 Gallon Standard Service		18.57	2.75	21.32	0.81	0.68	22.82*
Additional 90 Gallon Black		10.77	3.92	14.68	0.94	2.13	17.75*
Additional 90 Gallon Green		4.19	1.45	5.64	-	-	5.64
Additional 90 Gallon Blue		2.95	-	2.95	-	-	2.95
Manual or Backyard Service		36.73	10.73	47.46	1.96	3.11	52.53
Roll-Out Service		16.33	-	16.33	-	-	16.33
<b>COMMERCIAL: Bin Size in Cubic Yards</b>	<b>Times/Week</b>						
1.5 First Bin	1	67.38	22.95	90.33	5.77	6.28	102.38
	2	107.13	45.92	153.05	9.78	12.55	175.38
	3	146.83	68.87	215.70	13.78	18.83	248.31
	4	186.61	91.82	278.42	17.78	25.11	321.31
	5	226.32	114.78	341.10	21.79	31.38	394.26
	6	278.09	137.74	415.83	26.56	37.66	480.05
1.5 Each Additional Bin	1	53.10	22.95	76.05	4.86	6.28	87.18
	2	84.86	45.92	130.78	8.35	12.55	151.69
	3	115.06	68.87	183.93	11.75	18.83	214.51
	4	146.84	91.82	238.66	15.24	25.11	279.01
	5	178.63	114.78	293.41	18.74	31.38	343.53
	6	219.24	137.74	356.98	22.80	37.66	417.44
2 First Bin	1	77.46	30.61	108.07	6.90	8.37	123.34
	2	118.77	61.22	179.99	11.50	16.74	208.22
	3	160.16	91.82	251.97	16.09	25.11	293.18
	4	201.51	122.43	323.94	20.69	33.47	378.10
	5	242.88	153.03	395.91	25.29	41.84	463.04
	6	298.63	183.64	482.27	30.80	50.21	563.29
2 Each Additional Bin	1	61.86	30.61	92.47	5.91	8.37	106.74
	2	93.36	61.22	154.58	9.87	16.74	181.19
	3	126.74	91.82	218.55	13.96	25.11	257.62
	4	158.57	122.43	280.99	17.95	33.47	332.42
	5	191.96	153.03	344.99	22.04	41.84	408.87
	6	236.66	183.64	420.30	26.85	50.21	497.36
3 First Bin	1	85.46	45.92	131.38	8.39	12.55	152.33*
	2	131.29	91.82	223.11	14.25	25.11	262.47
	3	177.09	137.74	314.83	20.11	37.66	372.60
	4	222.85	183.64	406.50	25.96	50.21	482.67*
	5	268.71	229.55	498.27	31.83	62.76	592.86*
	6	327.71	275.46	603.17	38.53	75.32	717.01*
3 Each Additional Bin	1	68.00	45.92	113.92	7.28	12.55	133.74
	2	104.26	91.82	196.08	12.52	25.11	233.71
	3	140.48	137.74	278.21	17.77	37.66	333.64
	4	176.75	183.64	360.39	23.02	50.21	433.62
	5	213.06	229.55	442.62	28.27	62.76	533.65
	6	259.32	275.46	534.78	34.16	75.32	644.26
30YD Standard Roll-off (+ dump)		269.16	ton-based	269.16 +	ton-based	17.57/ton	ton-based
30YD C&D Roll-off (+ dump)		416.77	ton-based	416.77 +	ton-based	17.57/ton	ton-based
3 Yard Temporary Bin		148.35	-	148.35	9.48	2.90	160.73
Commercial Barrel		26.58	12.26	38.84	2.48	3.33	44.66
Sweeper Service		13.54	2.49	16.03	-	-	16.03



**CITY OF COVINA**  
**Notice of Public Hearing on Proposed Increase in**  
**Residential and Commercial Refuse Collection Service Rates Tuesday, October 18, 2016 at 7:30 p.m.**  
**City of Covina Council Chambers, 125 E. College Street, Covina, CA 91723**

**Reason for Public Hearing:** The Covina City Council will hold a public hearing on the above date and time to consider adoption of a resolution increasing rates for residential and commercial refuse collection services. This notice is being provided to you pursuant to Section 6 of Article XIII D of the California Constitution (Proposition 218) and Section 53755 of the Government Code which require that a notification be sent 45 days in advance of the public hearing, to the address to which the City customarily mails the refuse service bill, for each identified parcel upon which any new or increased refuse rate or charge is being proposed ("customer of record"). You have been identified as a customer of record.

**Public Hearing Process:** All Covina customers of record for refuse service are invited to attend this public hearing. The Covina City Council will hear and consider all materials and testimony concerning these matters, as well as, all written protests against the proposed rate increases. At the close of the public hearing, the City Council will be authorized to adopt new refuse rates and related fees if written protests against the proposed increases are not presented by a majority of identified parcels upon which the proposed rates are to be imposed. If the proposed rates and fees are adopted, the increases will be effective retroactive to July 1, 2016.

**Basis for Rate Increases:** The request for the proposed rate increase is based upon the City's refuse collection franchise agreement with Athens Services ("Franchise Agreement"). The Franchise Agreement provides for increases in refuse rates due to following: (a) the Service Component will automatically be adjusted each July 1<sup>st</sup> in proportion to the increase or decrease in the cost of living as determined by the percentage change in the Consumer Price Index ("CPI") for the previous period of January through January for All Urban Consumers in the Los Angeles/Anaheim/Riverside area, (b) the Disposal Component will automatically be adjusted in proportion to the increase or decrease in disposal costs as determined by the percentage change in the MRF Gate Fee, (c) changes in AB 939 refuse recycling and diversion compliance costs, and (d) changes in other operational costs in providing refuse collection services. The Franchise Agreement also permits Special Rate Adjustments when circumstances beyond the control of Athens Services impose or generate extraordinary costs in the performance of the Agreement. The proposed rate increase includes a 3.4% Special Rate Adjustment for the increased transportation and additional processing costs associated with taking Covina's waste to the San Bernardino County Landfill System, rather than Puente Hills Landfill post-closure, and a 0.80% Special Rate Adjustment for impacts associated with the California Paid Sick Leave Law and Los Angeles County minimum wage increases. In addition to the information provided in this notice, the bases for the rate adjustments are detailed in the Agenda Report prepared by the City. The Agenda Report is on file at the City Clerk's Office at 125 E. College Street, Covina, CA and may be reviewed there by any interested person. Revenues derived from the refuse service rates and fees are used solely for the purpose of defraying costs incurred in providing efficient refuse collection services and to ensure continued compliance with State law, including but not limited to, refuse pick-up, transportation and disposal. As required by California Government Code Section 66016, the City has prepared a report that provides data indicating amount of cost, or estimated cost, to provide integrated waste management services and the revenue sources anticipated to provide such services. A copy of the report will be available at the office of the City Clerk on or about October 7, 2016.

**How will the proposed increase affect my refuse and recycling bill?** By way of example, the current residential monthly refuse bill for Basic Service (1-90 gal. black-refuse, 1-90 gal. blue-recyclables, and 1-90 gal. green-yard waste) is \$27.05 per month. If the rate adjustment is approved, the new rate will be \$29.89. The current commercial rate for a 3.0 cubic yard bin serviced one time per week is \$152.33 per month. If the rate adjustment is approved, the new rate will be \$165.25 (See "Proposed Refuse Rates" chart on the back of this page). The refuse collection rate and related fees shall thereafter be increased in Fiscal Year 2017-18 (July 1, 2017) and Fiscal Year 2018-19 (July 1, 2018), by a factor equal to the then-applicable increase in CPI (defined above) without conducting another noticed public hearing.

**To protest the proposed rate increases, you must submit a written protest:** If you oppose any of the proposed rate increases, your protest must be submitted in writing to be considered, even if you plan to attend the Public Hearing. Your written protest must be actually received (not postmarked) by the City Clerk of the City of Covina prior to the close of the public hearing. **Oral, telephonic, and e-mail protests will not be accepted.** The protest must be signed by you and include: 1) your name; 2) your street address and assessor's parcel number(s); 3) your City of Covina refuse service account number; and 4) an indication of whether you are a residential and/or commercial customer. Please identify on the front of the envelope, whether mailed or submitted in person, that the enclosed letter is for the "Refuse Rate Increase Public Hearing". You may mail or deliver your written protest to: City of Covina, City Clerk's Office, 125 E. College Street, Covina, CA 91723. The City of Covina is required to follow the "majority protest" procedures outlined in the State Constitution, as approved by California voters through Proposition 218.

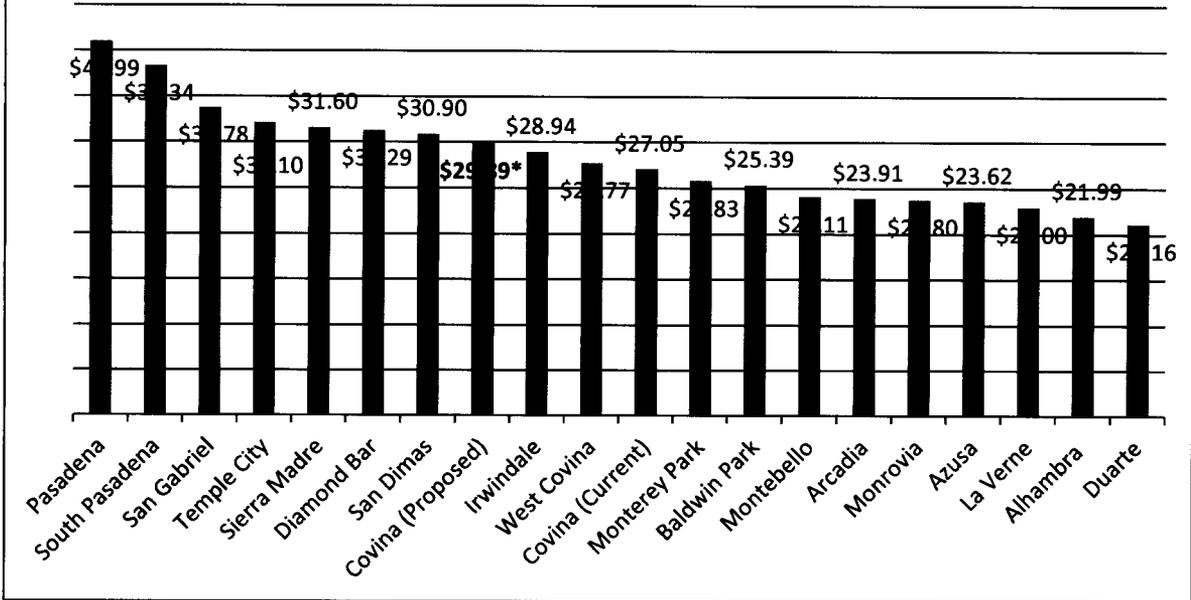
If you have any questions regarding this notice, please contact the Department of Public Works at (626) 384-5480.

**CITY OF COVINA – Schedule of Refuse Rates Effective July 1, 2016**

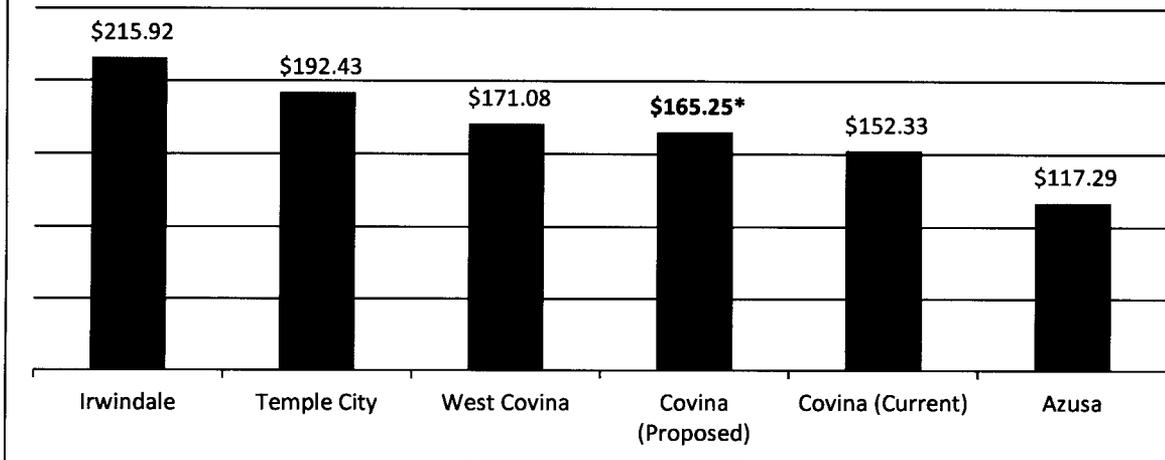
Below is the City of Covina refuse rates effective July 1, 2016. Refuse rates are automatically adjusted each fiscal year, beginning in FY 2016-17 (July 1, 2016) and ending in FY 2018-19 (June 30, 2019), by the annual adjustment based on CPI, without further action on the part of the City Council.

RESIDENTIAL		New Service Component	New Disposal Component	New Net Rate	6% Franchise Fee	Waste Management Fee	New Total Rate
90 Gallon Standard Service		20.26	5.83	26.09	1.67	2.13	29.89
60 Gallon Standard Service		20.26	4.43	24.68	1.58	1.42	27.68
30 Gallon Standard Service		20.26	3.00	23.25	1.48	0.71	25.44
Additional 90 Gallon Black		11.74	4.27	16.01	1.02	2.13	19.16
Additional 90 Gallon Green		4.57	1.58	6.15	0.39	-	6.54
Additional 90 Gallon Blue		3.22	-	3.22	0.21	-	3.43
Manual or Backyard Service		40.04	11.70	51.74	3.30	4.27	59.31
Roll-Out Service		17.80	-	17.80	1.14	-	18.94
<b>COMMERCIAL</b>	<b>Times/Week</b>						
1.5 Cubic Yards (First Bin)	1	72.78	24.79	97.57	6.23	7.15	110.94
	2	115.71	49.60	163.31	10.55	14.30	190.16
	3	158.69	74.39	232.98	14.87	21.45	269.30
	4	201.56	99.17	300.73	19.20	28.60	348.53
	5	244.45	123.97	368.42	23.52	35.75	427.69
	6	300.37	148.77	449.14	28.67	42.90	520.71
1.5 Cubic Yards (Ea. Additional Bin)	1	57.35	24.79	82.14	5.24	7.15	94.53
	2	91.66	49.60	141.26	9.02	14.30	164.57
	3	124.28	74.39	198.66	12.68	21.45	232.79
	4	158.60	99.17	257.78	16.45	28.60	302.83
	5	192.94	123.97	316.91	20.23	35.75	372.89
	6	236.80	148.77	385.57	24.61	42.90	453.09
2 Cubic Yards (First Bin)	1	83.66	33.06	116.73	7.45	9.53	133.71
	2	128.28	66.12	194.41	12.41	19.06	225.88
	3	172.99	99.17	272.16	17.37	28.59	318.13
	4	217.65	132.24	349.89	22.33	38.12	410.34
	5	262.33	165.29	427.62	27.30	47.65	502.57
	6	322.55	198.35	520.90	33.25	57.18	611.33
2 Cubic Yards (Each Additional Bin)	1	66.81	33.06	99.88	6.38	9.53	115.78
	2	100.84	66.12	166.96	10.66	19.06	196.68
	3	136.89	99.17	236.07	15.07	28.59	279.72
	4	171.27	132.24	303.51	19.37	38.12	361.00
	5	207.34	165.29	372.62	23.78	47.65	444.06
	6	255.62	198.35	453.97	28.98	57.18	540.12
3 Cubic Yards (First Bin)	1	92.31	49.60	141.90	9.06	14.29	165.25
	2	141.81	99.17	240.98	15.38	28.58	284.94
	3	191.27	148.77	340.05	21.71	42.87	404.62
	4	240.70	198.35	439.05	28.02	57.16	524.23
	5	290.23	247.94	538.17	34.35	71.45	643.97
	6	353.96	297.52	651.48	41.58	85.74	778.81
3 Cubic Yards (Each Additional Bin)	1	73.45	49.60	123.04	7.85	14.29	145.19
	2	112.61	99.17	211.79	13.52	28.58	253.88
	3	151.73	148.77	300.51	19.18	42.87	362.56
	4	190.91	198.35	389.26	24.85	57.16	471.26
	5	230.13	247.94	478.06	30.51	71.45	580.03
	6	280.09	297.52	577.62	36.87	85.74	700.22
30YD Standard Roll-off (+ dump)		290.72	-	290.72	18.56	17.63/ton	ton-based
30YD C&D Roll-off (+ dump)		450.15	-	450.15	28.73	17.63/ton	ton-based
3 Yard Temporary Bin		160.23	-	160.23	10.23	14.29	184.75
Commercial Barrel		28.71	13.24	41.95	2.68	3.20	47.83
Sweeper Service		14.62	2.69	17.31	-	-	17.31
Organics – Primary 96 gallon cart	1	-	-	104.54	6.67	2.13	113.34
	2	-	-	182.51	11.65	4.26	198.42
	3	-	-	260.49	16.63	6.39	283.51
	4	-	-	338.47	21.60	8.52	368.59
	5	-	-	416.45	26.58	10.65	453.68
	6	-	-	494.43	31.56	12.78	538.77
Organics- Additional 96 gallon cart	1	-	-	88.63	5.66	2.13	96.42
	2	-	-	155.20	9.91	4.26	169.37
	3	-	-	221.79	14.16	6.39	242.34
	4	-	-	288.36	18.41	8.52	315.29
	5	-	-	354.95	22.66	10.65	388.26
	6	-	-	421.54	26.91	12.78	461.23
Compactor Haul		-	-	269.16	17.18	-	286.34
Compactor Disposal/Ton		-	-	100.00	6.38	17.63	124.01

## Residential Refuse Rate Survey March 2016



## Commercial Refuse Rate Survey (3 cubic yard bin, serviced once per week)



*\*Please Note: Proposed residential and commercial rates shown above do not include application of an 8.87% monthly credit adjustment to customer accounts for the twelve month period of July 1, 2016 through June 30, 2017.*

**RESOLUTION NO. 16-7513**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COVINA ADOPTING PROCEDURES IN CONNECTION WITH PROPOSED REFUSE COLLECTION SERVICE CHARGES INCREASE**

**WHEREAS**, Article XIID of the California Constitution and the Proposition 218 Omnibus Implementation Act (Government Code Section 53750, *et seq.*) (the "Implementation Act") impose certain procedural and substantive requirements for imposing new or increased property-related fees and charges, as defined in Article XIID ("Charges"), including the requirement to conduct a public hearing and majority protest proceedings for consideration of Charges; and

**WHEREAS**, neither Article XIID of the California Constitution nor the Implementation Act provide specific guidance for the conduct of the public hearing and majority protest proceedings; and

**WHEREAS**, City Council desires to adopt procedures for the conduct of its public hearings and majority protest proceedings for consideration of Charges which are consistent with Article XIID and the Implementation Act.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COVINA, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:**

**SECTION 1.** In accordance with Article XIID and the Implementation Act, the City Council hereby approves the Procedures for the Conduct of a Public Hearing Relating to a Proposed Increase to Refuse Collection Service Charges, as set forth in Attachment A, attached hereto and incorporated herein by reference (the "Procedures").

**APPROVED and PASSED** this \_\_ day of \_\_\_\_\_, 20\_\_.

City of Covina, California

BY: \_\_\_\_\_  
KEVIN STAPLETON, Mayor

ATTEST:

\_\_\_\_\_  
SHARON F. CLARK, Chief Deputy City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
CANDICE K. LEE, City Attorney

**CERTIFICATION**

I, Sharon F. Clark, Chief Deputy City Clerk of the City of Covina, do hereby certify that Resolution No. 16- was duly adopted by the City Council of the City of Covina at a regular meeting held on the \_\_\_ day of \_\_\_\_\_, 20 \_\_, by the following vote:

AYES:           COUNCIL MEMBERS:  
NOES:           COUNCIL MEMBERS:  
ABSTAIN:       COUNCIL MEMBERS:  
ABSENT:        COUNCIL MEMBERS:

Dated:

\_\_\_\_\_  
SHARON F. CLARK, Chief Deputy City Clerk

ATTACHMENT A

PROCEDURES FOR THE CONDUCT OF A PUBLIC HEARING  
RELATING TO A PROPOSED INCREASE TO REFUSE COLLECTION SERVICE  
CHARGES

(See attached)

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**PROCEDURES FOR THE CONDUCT OF A  
PUBLIC HEARING RELATING TO PROPOSED  
REFUSE COLLECTION SERVICE CHARGES**

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*The following Procedures have been adopted by the City Council of the City of Covina for the purpose of conducting a public hearing required by Article XIII D of the California Constitution for consideration of the proposed increase to refuse collection service charges (the "Proposed Increase").*

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A. Definitions

1. “Customer of Record” means the person whose name appears on the City’s records as the person who contracted for, and became obligated to pay for, refuse collection service for the Identified Parcel.
2. “Identified Parcel” means the parcel to which the Proposed Increase will apply.
3. “Proposed Increase” means a proposed increase to a charge for refuse collection service.
4. “Record Owner” means the owner of an Identified Parcel whose name and address appears on the last Los Angeles County equalized secured property tax assessment roll (the “Assessment Roll”), or in the case of any public entity, the State of California, or the United States, means the representative of that public entity at the address of that entity known to the City.

B. Notice of the Public Hearing on the Proposed Increase

1. Notice of the public hearing on the Proposed Increase shall be sent, postage prepaid, by first class mail at least forty-five (45) days prior to the date set for the public hearing, to the Customer of Record and to the Record Owner, if such person or entity is not the same as the Customer of Record.
2. “Record Owner” means the owner of an Identified Parcel whose name and address appears on the last Los Angeles County equalized secured property tax assessment roll (the “Assessment Roll”), or in the case of any public entity, the State of California, or the United States, means the representative of that public entity at the address of that entity known to the City.
3. Failure of any person to receive notice shall not invalidate the proceedings.

C. Eligibility to File a Protest

1. Any Customer of Record or Record Owner may file a written protest against the Proposed Increase.
2. If the owner of any Identified Parcel is not shown on the Assessment Roll, such owner may file a protest for such parcel by filing with the City Clerk a proxy from the Record Owner in a form satisfactory to the City Attorney or evidence of ownership satisfactory to the City Attorney. Any such proxy or evidence must be received by the City Clerk prior to the conclusion of the public hearing..

3. When a Customer of Record is, or an Identified Parcel is held by, a partnership, as community property, in joint tenancy, or as a tenancy in common, any partner, spouse, joint tenant, or tenant in common, as the case may be, may file a protest for such parcel.
4. An executor, administrator, or guardian may file a protest for an Identified Parcel on behalf of the estate it represents. If such representative is shown on the Assessment Roll as paying taxes and assessments levied against the parcel, that fact shall establish the right of such representative to file the protest. If such representative is not shown on the Assessment Roll, the representative must file with the City Clerk written documentation satisfactory to the City Attorney establishing the legal representation. Any such documentation must be filed with the City Clerk prior to the conclusion of the public hearing.
5. When a Customer of Record is, or an Identified Parcel is held by, a corporation or unincorporated association, a protest may be filed by any person authorized in writing by the board of directors or trustees or other managing body thereof to take such actions. The corporation or unincorporated association must file with the City Clerk written authorization satisfactory to the City Attorney. Any such written authorization must be filed with the City Clerk prior to the conclusion of the public hearing.

D. Submission of Written Protests

1. Written protests may be mailed (via U.S. mail) to the City Clerk at City Hall or delivered in person to the City Clerk at City Hall or at the public hearing.
2. To be counted, each written protest must: (i) clearly state opposition to the Proposed Increase, (ii) identify the property covered by the protest and (iii) include an original signature (no copies) of the Customer of Record or Record Owner that is filing the written protest with respect to the Identified Parcel
3. No protest received after the close of the public hearing shall be counted in determining the existence of a majority protest. The last pick up by the City Clerk of protests mailed or delivered to City Hall will occur at 5:00 p.m. on the date scheduled for the public hearing. To ensure that protests which are mailed or delivered to City Hall are received by the City Clerk prior to the close of the public hearing, such protests must be received by the City Clerk at City Hall prior to 5:00 p.m. on the date scheduled for the public hearing. The City Clerk shall endorse on each written protest the date it is filed with the City. The City Clerk shall identify any protests which are received after the close of the public hearing.

4. Written protests may be withdrawn in writing at any time before the conclusion of the public hearing by the person who submitted the written protest.
5. For purposes of determining whether a majority protest exists, only one protest for each Identified Parcel will be counted.
6. Prior to the commencement of the public hearing, all written protests submitted shall be kept secret and confidential.
7. After the City Council opens the public hearing, all written protests shall be considered public records.

E. Conduct of the Public Hearing; Determination of A Majority Protest

1. At the time, date and place fixed for the public hearing, the City Council shall:
  - (i) Hear a staff presentation pertaining to the Proposed Increase;
  - (ii) Hear all persons interested in the matter of the Proposed Increase; and
  - (iii) Receive all written communications regarding the Proposed Increase.
2. The public hearing may be continued from time to time, as the City Council determines is necessary to complete its consideration of the Proposed Increase.
3. If the City Council determines at the close of the public hearing that written protests have been presented, and not withdrawn, by the Record Owners or Customers of Record of a majority of the Identified Parcels, the agency shall not impose the fee or charge. (i.e., there is a majority protest), the Proposed Increase shall not be approved.
4. If the City Council determines at the close of the public hearing that there is not a majority protest, the City Council may adopt by a two-thirds vote of the members of the City Council an ordinance imposing the Proposed Increase.