

**EXHIBIT A**

**Second Amendment (“Amendment”) to the Franchise Agreement between the City of Petaluma and Recology Sonoma Marin for Collection, Disposal and Processing Of Mixed Materials, Recyclable Materials And Organic Material And Related Activities.**

The Franchise Agreement between the City of Petaluma (“City”) and Recology Sonoma Marin (“Recology or Contractor”) for Collection, Disposal And Processing Of Mixed Materials, Recyclable Materials And Organic Material And Related Activities entered \_\_\_\_\_ and amended December 27, 2017 (“Franchise Agreement”) is hereby Amended as follows:

A. Each Maximum Service Rate set forth in Exhibit 1 of the Franchise Agreement (as adjusted to date) shall be increased as follows:

- By 7.2%, effective January 1, 2021;
- By 8.8%, effective July 1, 2021; and
- By 6.8%, effective July 1, 2022; or
- By 10%, effective July 1, 2022 (Modified Rate Increase), if City, in its sole discretion, issues a Notice, in accordance with Section 5.3.6 to Contractor prior to June 1, 2022. If City issues a Notice in accordance with Section 5.3.6 after June 1, 2022, Contractor shall be entitled to a Maximum Service Rate Increase of 3.2% in addition to the RRI increase to which the Contractor is otherwise entitled, effective July 1 of the following year.

Such Maximum Service Rate adjustments shall take effect, and Exhibit 1 shall be so amended, automatically and without any further action by either party, upon the ordinance approving this Amendment taking effect, and signature of this Amendment by authorized representatives of the City and Recology, with the exception of the Modified Rate Increase described above and in Section 5.6.3. The Maximum Service Rate adjustments adopted pursuant to this Amendment shall be in addition to, and not in lieu of, any other adjustments required under the Franchise Agreement, including, without limitation the Refuse Rate Index adjustments scheduled to take effect on July 1, 2021 and July 1, 2022.

By way of example, if the Maximum Service Rate for a service as of the date hereof is \$10.00, and each of the 2021 and 2022 Refuse Rate Index adjustments is 3.00%, then, assuming no other adjustments are required under the Franchise Agreement, that Maximum Service Rate would be adjusted to \$10.60 [= \$10.00 \* (1 + .06)] effective January 1, 2021, \$11.98 [= \$10.60 \* (1 + 0.10 + 0.03)] effective July 1, 2021, and \$13.38 [= \$11.98 \* (1 + 0.0869 + 0.03)] effective July 1, 2022.

B. Sections 11.1 and 11.7 of the Franchise Agreement are hereby amended and replaced to read in their entirety as follows, effective retroactively to July 1, 2020. To the extent Contractor overpaid any of the below-mentioned fees during the period since July 1, 2020, Contractor may adjust subsequent fee payments commensurately:

**11.1 Franchise Fees**

In consideration of the exclusive rights provided Contractor herein, Contractor shall pay the following Franchise Fees to the City, effective July 1, 2020:

11.1.1 Contractor shall pay the City a Franchise Fee each month equal to \$102,226. This fee shall be known as the right-of-way franchise fee and is intended to compensate the City for Contractor's use of the City right of way in performing services under the Franchise Agreement.

11.1.2 In addition, Contractor shall make annual additional Franchise Fee payments to the City of \$500,000 on or before September 15<sup>th</sup> of each Agreement year beginning with September 15, 2020. This Franchise Fee is intended to compensate the City for Contractor's privilege of performing exclusive solid waste services in the City pursuant to the Franchise Agreement.

11.1.3 In addition, Contractor shall pay a Franchise Fee to the City each month equal to \$104,986. This fee shall be known as the pavement condition franchise fee and is intended to compensate the City for the impacts on the City's roads during the performance of services under the Franchise Agreement.

The Franchise Fees specified in Sections 11.1.1 and 11.1.3 shall be adjusted annually on July 1, 2023, and each July 1<sup>st</sup> thereafter, by the RRI adjustment percentage, calculated in accordance with Section 10.3 and Exhibit 2. The amount of the fee specified in Section 11.1.2 shall not be annually adjusted.

### **11.7 Contract Administration Fee**

Effective July 1, 2020, Contractor shall pay to the City an annual Contract Administration Fee of \$49,475 for the purpose of covering costs associated with monitoring this Franchise Agreement. The amount of this fee shall be adjusted annually on July 1, 2023, and each July 1<sup>st</sup> thereafter, by the RRI adjustment percentage, calculated in accordance with Section 10.3 and Exhibit 2.

- C. Because as a result of the Franchise Agreement modifications pursuant to this Amendment, Franchise Fees are no longer calculated with respect to Gross Receipts, the words "for purposes of calculating Franchise Fees" are hereby deleted from Section 12.1.2, and the words "Gross Receipts and corresponding" are hereby deleted from Sections 12.2.2.1 and 12.2.3.1.
- D. Section 5 of the Franchise Agreement is hereby amended by adding a new Section 5.3.6 entitled "SB 1383 Short Lived Climate Pollutants Reduction Activities."

Section 5.3.6.1 Notwithstanding any contrary requirements above, Contractor shall provide Organic Materials Collection service to all Commercial and Industrial customers in the Service Territory, except those qualifying for a waiver granted by the City. Commercial and Industrial food composting service shall be provided by Contractor at no additional charge.

Section 5.3.6.2 Contractor shall provide standardized waste collection containers to all customers. The containers shall be the following colors: Grey for garbage, blue for Recycling, and Green for Organic Materials.

Section 5.3.6.3 Contractor shall provide all necessary records to City to demonstrate compliance with SB 1383 requirements.

Section 5.3.6.4 Contractor shall monitor waste collection containers to minimize prohibited contaminants through annual route reviews. Route reviews must include all hauler routes on which a sufficient random sampling of containers are inspected. If contaminants are found, a mailed notice and educational tag on contaminants must be given to the generator. If contamination is found on three consecutive occasions, the City may impose penalties on the generator in accordance with applicable law.

Contractor shall provide, on a monthly basis, Contractor's contamination minimization procedures and information to City and City's designees. Information provided shall include a description of the Contractor's process for measuring contamination, generator name, a description of the route, address, account number, date of audit, person conducting the audit, findings, and relevant photos and/or other evidence, number of route reviews conducted for contamination, number of notices/educational materials that were issued to generators of contamination, and number of containers disposed of as garbage due to contamination.

Section 5.3.6.5 Contractor shall provide education and outreach information to all customers receiving Organics service. Such information shall include how to properly source-separate waste into appropriate containers, how landfill diversion of organic materials produces climate benefits and the methods of organics recovery, the public health and safety and environmental impacts of organics disposed in landfills, and available programs for edible food donations.

Section 5.3.6.6 Contractor shall purchase all equipment necessary to perform all requirements of Section 5.3.6, including waste containers provided to customers and front-loading and side-loading collection vehicles. Contractor shall report to City all additional personnel added as a result of the requirements of Section 5.3.6.

Section 5.3.6.7 Once all programs described in 5.3.6 are permanently and continuously in operation, Contractor may send a written request to City announcing Contractor's compliance with Section 5.3.6. If Contractor sends the notice of compliance to City on or before March 31, 2022, City shall review the evidence of compliance, and City, in its sole discretion upon the satisfactory completion of Section 5.3.6 requirements, may issue a Notice to Contractor, which would entitle Contractor to the modified Rate Increase effective July 1, 2022.

- E. In the event of any conflict between this Amendment and the Franchise Agreement, this Amendment shall govern.

- F. Except as expressly set forth in this Amendment, all terms and conditions of the Franchise Agreement shall remain unmodified and continue in full force and effect. Capitalized terms used but not defined herein shall have the meanings given to them in the Franchise Agreement. This Amendment may be executed in counterparts and by electronic signature by authorized representatives of the City and Recology and such counterparts taken together shall form the complete Amendment between the City and Recology and each electronic facsimile so signed shall be deemed an original.