

AGREEMENT BIBLIOGRAPHY

Agreement With:	Republic Waste Services of Southern California, LLC dba Garden Grove Disposal
Agreement Type:	To establish a new residential green waste recycling processing rate to meet AB 1594 requirements
Date Approved:	12 10 2019
Start Date:	12 10 2019
End Date:	See agreement
Contract Amount:	N/A
Comments	File No. S-55.1 Amendment No. 5 Public Works
Insurance Expiration:	N/A



CITY OF GARDEN GROVE OFFICE OF THE CITY CLERK

*Safeguard all official records of the City.
Conduct municipal elections and oversee legislative administration.
Provide reliable, accurate, and timely information to the
City Council, staff, and the general public.*

Steven R. Jones
Mayor

Stephanie Klopfenstein
Mayor Pro Tem - District 5

George S. Brietigam
Council Member - District 1

John R. O'Neill
Council Member - District 2

Thu-Ha Nguyen
Council Member - District 3

Patrick Phat Bui
Council Member - District 4

Kim Bernice Nguyen
Council Member - District 6

December 18, 2019

Republic Waste Services
dba: Garden Grove Disposal
1131 North Blue Gum Street
Anaheim, CA 92806

Attention: Daniel J. Capener, General Manager

Enclosed is a copy of Amendment No. 5 to the Agreement by and between the City of Garden Grove, the Garden Grove Sanitary District, and Republic Waste Services of Southern California, LLC, for a new residential green waste recycling processing rate.

The Amendment was approved by the Garden Grove City Council and by the Garden Grove Sanitary District Board at their meeting held on December 10, 2019.

Sincerely,

Teresa Pomeroy, CMC
City Clerk/Secretary

By: Liz Vasquez
Deputy City Clerk

Enclosure

c: Finance Department
Finance Department/Purchasing
Public Works Department

**AMENDMENT NO. 5
TO AGREEMENT AMONG CITY OF GARDEN GROVE, GARDEN GROVE SANITARY
DISTRICT AND REPUBLIC WASTE SERVICES OF SOUTHERN CALIFORNIA, LLC
dba GARDEN GROVE DISPOSAL
FOR SOLID WASTE HANDLING SERVICES
(RESIDENTIAL AND COMMERCIAL GREEN WASTE PROCESSING)**

This Amendment No. 5 (“Amendment”) to the Agreement for Solid Waste Handling Services is entered into to be effective as of the 10th day of December, 2019, by and among the CITY OF GARDEN GROVE, a municipal corporation, the GARDEN GROVE SANITARY DISTRICT, a subsidiary special district formed and existing pursuant to the Sanitary District Act of 1923, California Health and Safety Code Section 6400 et seq., and REPUBLIC WASTE SERVICES OF SOUTHERN CALIFORNIA, LLC (“Republic”), a Delaware Limited Liability Company dba GARDEN GROVE DISPOSAL. The City and District are hereby collectively referred to as “City.” The City, District and Republic are hereby collectively referred to as the “Parties.”

R E C I T A L S:

A. Effective July 1, 2010, the Parties hereto entered into the Agreement Between City of Garden Grove, Garden Grove Sanitary District and Republic Services of Southern California, LLC dba Garden Grove Disposal for Solid Waste Handling Services (“Agreement”).

B. Pursuant to Section 8.3.4 of the Agreement, Republic is required to design and present a program to the City to comply with any new requirement imposed upon the City or Republic by CalRecycle, or any Federal, State or Local law or regulation, and the Parties are required to meet and confer in good faith to determine a fair and reasonable adjustment to the maximum rates set forth in the Agreement for the implementation of any new program for the collection and processing of any waste material not already covered under the Agreement.

C. In 2014, Governor Brown signed Assembly Bill (AB) 1594 (Williams, Chapter 719, Statutes of 2014), mandating that as of January 1, 2020, the use of green material as alternative daily cover (ADC) at landfills will no longer constitute diversion through recycling and will instead be considered disposal in terms of measuring a jurisdiction’s annual 50 percent per capita disposal rate.

D. Currently, Republic Services delivers green waste collected from the City’s customers to the Orange County Landfill System for use as ADC. The Orange County Landfill System has historically accepted the green waste for use as ADC at no charge to customers. Consequently, the City has determined that with the pending ban on diversion credit for ADC, as outlined in AB 1594, and the negative impact this will have on the City’s state-calculated diversion rate, an alternative final disposition for the City’s green waste is necessary. Final disposition of the green waste will occur at the Agromin composting facility, co-owned by Republic, located in the City of Chino, subsequent to pre-processing of the material at Republic’s CVT Regional Materials Recovery Facility located in the City of Anaheim. The City retains the right, if so desired, under Section 26.1 of the Agreement, Flow Control Option, to have the absolute ability to choose the location for the delivery of green waste, and that the rate paid by the ratepayer will be reduced or increased accordingly if the transportation and processing costs of using such facility are lower or higher than the costs of using the Agromin facility.

F. An amendment to the rate structure of the Agreement is required to incorporate the incremental green waste processing and transportation costs incurred by Republic.

G. The amendment will necessitate a one-time mid-year rate adjustment on January 1, 2020, of \$2.71 per household per month to the service component of the basic residential rate, as shown in Attachment 1 "Detailed Calculations Related to AB 1594 Diversion Compliant Processing" of this amendment including the Franchise Fee per Section 11.3. The amount is based on the calculations as shown in Attachment 1 with the new green waste transportation and processing cost per ton fee of \$82.41 per ton less the current cost per ton of \$37.30 to transfer, process, and dispose of the green waste as ADC. The total cost of \$82.41 per ton includes \$50.50 per ton for composting at the Agromin Facility in the City of Chino.

H. Republic warrants that the proposed tip fee per ton of \$50.50 at the Agromin Facility is the actual cost paid to Agromin upon delivery of green waste materials. Republic warrants that the total cost of \$82.41 per ton is equal to or lower than the amount paid for residential organics processing by any other cities served by the Republic's Anaheim Division. Republic will notify the City in connection with its regular annual rate adjustment effective July 1 of each year if a lower cost option becomes available, or if a lower cost is provided to another jurisdiction served by Republic's Anaheim Division in order to initiate a cost reduction to the City's customers.

I. Pursuant to Recital E of the Agreement, incorporated into the Agreement by reference per Section 1 thereto, the Parties intend that Republic, and not the City, shall be solely responsible for establishing and collecting all charges for Solid Waste Handling Services provided by Republic pursuant to the Agreement.

C O V E N A N T S:

NOW, THEREFORE, for and in consideration of the terms and conditions of this Amendment, the Parties hereby agree as follows:


SECTION 1. The basic residential rate in the "approved Republic Rate Schedule" in Exhibit A of the Agreement is amended and set to \$26.18 commencing January 1, 2020 per Attachment 1 hereto, "Detailed Calculations for AB 1594 Diversion Compliant Processing" which is incorporated herein by reference.

SECTION 2. Except as expressly set forth herein, nothing in this Amendment shall affect or modify any other of the provisions of the Agreement.

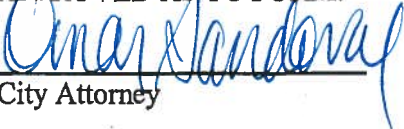
[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the date first above written.

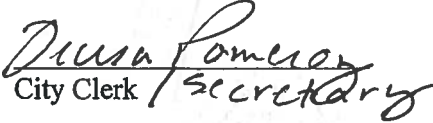
CITY OF GARDEN GROVE

By: 
Scott C. Stiles, City Manager

APPROVED AS TO FORM:


City Attorney

ATTEST:


City Clerk / Secretary

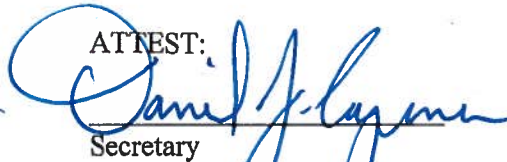
GARDEN GROVE SANITARY DISTRICT

By: 
Scott C. Stiles, General Manager

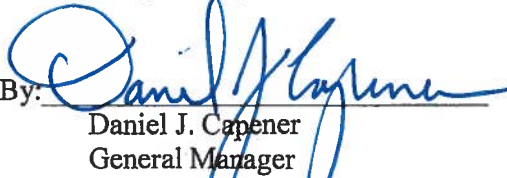
APPROVED AS TO FORM:


General Counsel

ATTEST:


Secretary

**REPUBLIC WASTE SERVICES OF
SOUTHERN CALIFORNIA, LLC dba
GARDEN GROVE DISPOSAL**

By: 
Daniel J. Capener
General Manager

CITY OF GARDEN GROVE
Detailed Calculations for AB 1594 Diversion Compliant Processing

Row	Metric	Rate Buildup for AB 1594 Compliant Program	COMMENTS
1	Total Transfer Cost/Ton	\$ 14.19	From Republic provided Eggleton Quote dated August 29, 2019 for \$14.30 cost per ton to transport allocated to tonnage at 99.2% for \$14.19 per ton.
2	Disposal Cost/Ton to Agromin	\$ 50.50	Tip fee at Agromin.
3	Percentage of each ton to Agromin	99.2%	Upon removal of contamination at the CVT Facility.
4	Total Disposal Cost/Ton	\$ 50.10	Calculation: R2 X R3
5	CVT Processing Cost/Ton (Cleaning/Loading)	\$ 14.84	Verified during HF&H site visit to CVT September 6, 2019.
6	Cost/Ton for Municipal Solid Waste at OC Landfill	\$ 42.58	July 1, 2019 rate per ton to take contamination to OC Landfill at \$35.05 per ton plus \$7.53 per ton for transportation.
7	Percentage of each ton to Landfill	0.8%	Contamination that was removed at the CVT Facility during pre-processing.
8	Residue Cost/Ton	\$ 0.34	Calculation: R6 X R7
9	Subtotal of Cost per Ton Net Disposal Cost	\$ 29.37	Calculation: Sum R1, R5, R8
10	Margin	10%	Margin per Republic's September 4, 2019 submittal.
11	Total Margin Cost per Ton	\$ 2.94	Calculation: R9 X R10
12	Total Cost per Ton to Compost⁽¹⁾	\$ 82.41	Calculation: Sum R1, R4, R5, R8, R11
13	Approximate Annual Green Waste Tons	20,915	Per Republic August 27, 2019 email
14	Percentage to be sent for Composting	100%	Percentage of green waste tons that will be sent for composting.
15	Tons to be Composted	\$ 20,915	Per Republic's August 27, 2019 email.
16	Total Annual Cost for Green Waste Composting	\$ 1,723,535	Calculation: R12 X R15
17	Current Cost Per Ton for Green Waste as ADC ⁽¹⁾	\$ 37.30	Based on City of Anaheim's cost per ton.
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23	Months per Year	12	
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25	Franchise Fee Percentage	7.25%	Per Section 11.3 of the Franchise Agreement
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27	Service Fee Rate Component	\$ 19.27	Per Republic's July 1, 2019 Rate Adjustment Calculations
28	New Service Fee Component	\$ 21.98	Calculation: R26 + R27
29	Landfill Passthrough Rate Component	\$ 4.20	Per Republic's July 1, 2019 Rate Adjustment Calculations
30	New Basic Residential Rate	\$ 26.18	Calculation: R28 + R29

⁽¹⁾ Excludes host city facility fee per ton, which would not impact the net incremental cost as it would be part of both current and proposed costs.

CERTIFICATE OF SECRETARY


RELATING TO AMENDMENT NO. 5 TO AGREEMENT AMONG CITY OF GARDEN GROVE, GARDEN GROVE SANITARY DISTRICT AND REPUBLIC WASTE SERVICES OF SOUTHERN CALIFORNIA, LLC DBA GARDEN GROVE DISPOSAL FOR SOLID WASTE HANDLING SERVICES (RESIDENTIAL AND COMMERCIAL GREEN WASTE PROCESSING) IN THE STATE OF CALIFORNIA

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

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

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

WITNESS MY HAND, this 7th day of November, 2019.



Eileen B. Schuler, Secretary

APPROVAL OF AMENDMENT NO. 5 TO THE AGREEMENT WITH REPUBLIC WASTE SERVICES OF SOUTHERN CALIFORNIA LLC, DBA GARDEN GROVE DISPOSAL FOR NEW GREEN WASTE RECYCLING PROCESSING RATE TO COMPLY WITH STATE LAW RECYCLING MANDATES (Joint Action Item with the Sanitary District.) (F: S-55.1)

It was moved by Council Member Brietigam, seconded by Council Member T. Nguyen that:

Amendment No. 5 to the 2010 Agreement with Republic Waste Services of Southern California LLC, dba Garden Grove Disposal for a new green waste recycling processing rate as required by state law, be approved; and

The City Manager be authorized to execute Amendment No. 5 on behalf of the City, and to make minor modifications as appropriate hereto.

The motion carried by a 7-0 vote as follows:

Ayes: (7) Brietigam, O'Neill, Bui, T. Nguyen, Klopfenstein, K.
Nguyen, Jones
Noes: (0) None

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To: Scott C. Stiles From: William E. Murray
Dept.: City Manager/General Manager Dept.: Public Works
Subject: Approval of Amendment No. 5 to the Agreement with Republic Waste Services of Southern California LLC, dba Garden Grove Disposal for new green waste recycling processing rate to comply with State Law recycling mandates. *(Joint Action Item with the Garden Grove Sanitary District Board.)* Date: 12/10/2019

OBJECTIVE

To obtain approval by the Garden Grove City Council and Garden Grove Sanitary District of Amendment No. 5 to the agreement with Republic Services of Southern California, LLC, dba Garden Grove Disposal for a new residential green waste recycling processing rate as required by state law.

BACKGROUND

Currently, all green waste (yard waste, tree trimmings etc.) is transferred by Republic Services as landfill alternative daily cover (ADC) at the Orange County Landfill system. The Integrated Waste Management Act of 1989 AB 939, allowed jurisdictions to claim ADC as diversion. Assembly Bill (AB) 1594 (Chapter 719, Statutes of 2014) state law requires that as of January 1, 2020, the use of green material as ADC will no longer be considered diversion and will instead be considered disposal in terms of measuring a jurisdiction's annual fifty percent CalRecycle diversion requirement. This is an unfunded mandate. Jurisdictions are required to report to CalRecycle, the state agency that oversees recycling and solid waste, progress toward meeting the requirements of AB 1594. This new law was designed to require the recycling of green waste and help improve air quality by reducing greenhouse gas emissions that are produced in landfills when organic material such as green waste decomposes. Green waste can be recycled as compost or processed through anaerobic digestion. Republic Services proposes to process green waste through composting.

DISCUSSION

In August 2019, Republic Services provided a new green waste recycling residential rate for the City to review. These new rates factored in the tipping fee, transportation costs, transfer costs and contamination costs for this new green waste recycling process, as required by state law. To ensure the rates proposed by Republic Services to process the green waste were fair and reasonable, the City's solid waste consultant, HF&H Consultants, provided a rate review and completed negotiations on behalf of the City. Based on their final review and negotiations, it resulted in a residential rate payer monthly adjustment of approximately \$2.71 per household, effective January 1, 2020. Therefore, Staff recommends the City Council approve the rate adjustment and amendment for the green waste processing that is required in order for the City to remain in compliance with the State's recycling mandates, including AB 1594.

FINANCIAL IMPACT

There is no impact to the General Fund. This new state law is an unfunded mandate.

RECOMMENDATION

It is recommended that the City Council:

- Approve Amendment No. 5 to the 2010 Agreement with Republic Waste Services of Southern California LLC, dba Garden Grove Disposal for a new green waste recycling processing rate as required by state law; and
- Authorize the City Manager to execute the Amendment No. 5 on behalf of the City, and make minor modifications as appropriate thereto.

It is recommended that the Sanitary District Board:

- Approve Amendment No. 5 to the 2010 agreement with Republic Waste Services of Southern California LLC, dba Garden Grove Disposal for a new green waste recycling processing rate as required by state law; and
- Authorize the General Manager to execute Amendment No. 5 on behalf of the Sanitary District, and make minor modifications as appropriate thereto.

By: A.J. Holmon III, Streets/Environmental Manager

ATTACHMENTS:

Description	Upload Date	Type	File Name
Amendment to Agreement	12/3/2019	Agreement	12-10-19_Republic_Svcs_Amendment_No._5_revised.pdf

**AMENDMENT NO. 5
TO AGREEMENT AMONG CITY OF GARDEN GROVE, GARDEN GROVE SANITARY
DISTRICT AND REPUBLIC WASTE SERVICES OF SOUTHERN CALIFORNIA, LLC
dba GARDEN GROVE DISPOSAL
FOR SOLID WASTE HANDLING SERVICES
(RESIDENTIAL AND COMMERCIAL GREEN WASTE PROCESSING)**

This Amendment No. 5 (“Amendment”) to the Agreement for Solid Waste Handling Services is entered into to be effective as of the ____ day of _____, 2019, by and among the CITY OF GARDEN GROVE, a municipal corporation, the GARDEN GROVE SANITARY DISTRICT, a subsidiary special district formed and existing pursuant to the Sanitary District Act of 1923, California Health and Safety Code Section 6400 et seq., and REPUBLIC WASTE SERVICES OF SOUTHERN CALIFORNIA, LLC (“Republic”), a Delaware Limited Liability Company dba GARDEN GROVE DISPOSAL. The City and District are hereby collectively referred to as “City.” The City, District and Republic are hereby collectively referred to as the “Parties.”

R E C I T A L S:

A. Effective July 1, 2010, the Parties hereto entered into the Agreement Between City of Garden Grove, Garden Grove Sanitary District and Republic Services of Southern California, LLC dba Garden Grove Disposal for Solid Waste Handling Services (“Agreement”).

B. Pursuant to Section 8.3.4 of the Agreement, Republic is required to design and present a program to the City to comply with any new requirement imposed upon the City or Republic by CalRecycle, or any Federal, State or Local law or regulation, and the Parties are required to meet and confer in good faith to determine a fair and reasonable adjustment to the maximum rates set forth in the Agreement for the implementation of any new program for the collection and processing of any waste material not already covered under the Agreement.

C. In 2014, Governor Brown signed Assembly Bill (AB) 1594 (Williams, Chapter 719, Statutes of 2014), mandating that as of January 1, 2020, the use of green material as alternative daily cover (ADC) at landfills will no longer constitute diversion through recycling and will instead be considered disposal in terms of measuring a jurisdiction’s annual 50 percent per capita disposal rate.

D. Currently, Republic Services delivers green waste collected from the City’s customers to the Orange County Landfill System for use as ADC. The Orange County Landfill System has historically accepted the green waste for use as ADC at no charge to customers. Consequently, the City has determined that with the pending ban on diversion credit for ADC, as outlined in AB 1594, and the negative impact this will have on the City’s state-calculated diversion rate, an alternative final disposition for the City’s green waste is necessary. Final disposition of the green waste will occur at the Agromin composting facility, co-owned by Republic, located in the City of Chino, subsequent to pre-processing of the material at Republic’s CVT Regional Materials Recovery Facility located in the City of Anaheim. The City retains the right, if so desired, under Section 26.1 of the Agreement, Flow Control Option, to have the absolute ability to choose the location for the delivery of green waste, and that the rate paid by the ratepayer will be reduced or increased accordingly if the transportation and processing costs of using such facility are lower or higher than the costs of using the Agromin facility.

F. An amendment to the rate structure of the Agreement is required to incorporate the incremental green waste processing and transportation costs incurred by Republic.

G. The amendment will necessitate a one-time mid-year rate adjustment on January 1, 2020, of \$2.71 per household per month to the service component of the basic residential rate, as shown in Attachment 1 "Detailed Calculations Related to AB 1594 Diversion Compliant Processing" of this amendment including the Franchise Fee per Section 11.3. The amount is based on the calculations as shown in Attachment 1 with the new green waste transportation and processing cost per ton fee of \$82.41 per ton less the current cost per ton of \$37.30 to transfer, process, and dispose of the green waste as ADC. The total cost of \$82.41 per ton includes \$50.50 per ton for composting at the Agromin Facility in the City of Chino.

H. Republic warrants that the proposed tip fee per ton of \$50.50 at the Agromin Facility is the actual cost paid to Agromin upon delivery of green waste materials. Republic warrants that the total cost of \$82.41 per ton is equal to or lower than the amount paid for residential organics processing by any other cities served by the Republic's Anaheim Division. Republic will notify the City in connection with its regular annual rate adjustment effective July 1 of each year if a lower cost option becomes available, or if a lower cost is provided to another jurisdiction served by Republic's Anaheim Division in order to initiate a cost reduction to the City's customers.

I. Pursuant to Recital E of the Agreement, incorporated into the Agreement by reference per Section 1 thereto, the Parties intend that Republic, and not the City, shall be solely responsible for establishing and collecting all charges for Solid Waste Handling Services provided by Republic pursuant to the Agreement.

C O V E N A N T S:

NOW, THEREFORE, for and in consideration of the terms and conditions of this Amendment, the Parties hereby agree as follows:

SECTION 1. The basic residential rate in the "approved Republic Rate Schedule" in Exhibit A of the Agreement is amended and set to \$26.18 commencing January 1, 2020 per Attachment 1 hereto, "Detailed Calculations for AB 1594 Diversion Compliant Processing" which is incorporated herein by reference.

SECTION 2. Except as expressly set forth herein, nothing in this Amendment shall affect or modify any other of the provisions of the Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the date first above written.

CITY OF GARDEN GROVE

By: _____
Scott C. Stiles, City Manager

APPROVED AS TO FORM:

ATTEST:

City Attorney

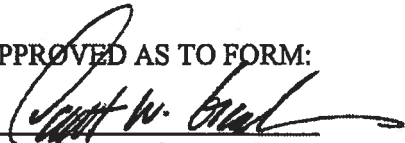
City Clerk

GARDEN GROVE SANITARY DISTRICT


By: _____
Scott C. Stiles, General Manager

APPROVED AS TO FORM:

ATTEST:

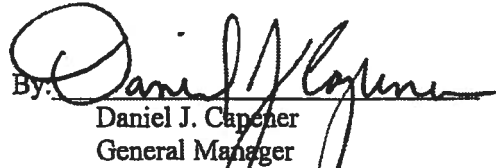


General Counsel



Secretary

**REPUBLIC WASTE SERVICES OF
SOUTHERN CALIFORNIA, LLC dba
GARDEN GROVE DISPOSAL**

By: 

Daniel J. Capener
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CITY OF GARDEN GROVE
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The General Manager be authorized to execute Amendment No. 5 on behalf of the Sanitary District, and make minor modifications as appropriate thereto.

The motion carried by a 7-0 vote as follows:

Ayes: (7) T. Nguyen, Bui, Klopfenstein, K. Nguyen, Jones,
Brietigam, O'Neill
Noes: (0) None

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To:	Scott C. Stiles	From:	William E. Murray
Dept.:	General Manager/City Manager	Dept.:	Public Works
Subject:	Approval of Amendment No. 5 to the Agreement with Republic Waste Services of Southern California LLC, dba Garden Grove Disposal for new green waste recycling processing rate to comply with State Law recycling mandates. (Joint action item with the Garden Grove City Council.)	Date:	12/10/2019

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Currently, all green waste (yard waste, tree trimmings etc.) is transferred by Republic Services as landfill alternative daily cover (ADC) at the Orange County Landfill system. The Integrated Waste Management Act of 1989 AB 939, allowed jurisdictions to claim ADC as diversion. Assembly Bill (AB) 1594 (Chapter 719, Statutes of 2014) state law requires that as of January 1, 2020, the use of green material as ADC will no longer be considered diversion and will instead be considered disposal in terms of measuring a jurisdiction’s annual fifty percent CalRecycle diversion requirement. This is an unfunded mandate. Jurisdictions are required to report to CalRecycle, the state agency that oversees recycling and solid waste, progress toward meeting the requirements of AB 1594. This new law was designed to require the recycling of green waste and help improve air quality by reducing greenhouse gas emissions that are produced in landfills when organic material such as green waste decomposes. Green waste can be recycled as compost or processed through anaerobic digestion. Republic Services proposes to process green waste through composting.

DISCUSSION

In August 2019, Republic Services provided a new green waste recycling residential rate for the City to review. These new rates factored in the tipping fee, transportation costs, transfer costs and contamination costs for this new green waste recycling process, as required by state law. To ensure the rates proposed by Republic Services to process the green waste were fair and reasonable, the City's solid waste consultant, HF&H Consultants, provided a rate review and completed negotiations on behalf of the District. Based on their final review and negotiations, it resulted in a residential rate payer monthly adjustment of approximately \$2.71 per household, effective January 1, 2020. Therefore, Staff recommends the District Board approve the rate adjustment and amendment for the green waste processing that is required in order for the City to remain in compliance with the State's recycling mandates, including AB 1594.

FINANCIAL IMPACT

There is no impact to the City's General Fund. This new state law is an unfunded mandate.

RECOMMENDATION

It is recommended that the Sanitary District Board:

- Approve Amendment No. 5 to the 2010 Agreement with Republic Waste Services of Southern California LLC, dba Garden Grove Disposal for a new green waste recycling processing rate as required by state law; and
- Authorize the General Manager to execute the amendment on behalf of the Sanitary District, and make minor modifications as appropriate thereto.

It is recommended that the City Council:

- Approve Amendment No. 5 to the 2010 Agreement with Republic Waste Services of Southern California LLC, dba Garden Grove Disposal for a new green waste recycling processing rate as required by state law; and
-
- Authorize the City Manager to execute the amendment on behalf of the City, and make minor modifications as appropriate thereto.

By: A.J. Holmon III, Streets/Environmental Manager

ATTACHMENTS:

Description	Upload Date	Type	File Name
Amendment to Agreement	12/3/2019	Agreement	12-10-19_Republic_Svcs_Amendment_No._5_revised.pdf

**AMENDMENT NO. 5
TO AGREEMENT AMONG CITY OF GARDEN GROVE, GARDEN GROVE SANITARY
DISTRICT AND REPUBLIC WASTE SERVICES OF SOUTHERN CALIFORNIA, LLC
dba GARDEN GROVE DISPOSAL
FOR SOLID WASTE HANDLING SERVICES
(RESIDENTIAL AND COMMERCIAL GREEN WASTE PROCESSING)**

This Amendment No. 5 ("Amendment") to the Agreement for Solid Waste Handling Services is entered into to be effective as of the ____ day of _____, 2019, by and among the CITY OF GARDEN GROVE, a municipal corporation, the GARDEN GROVE SANITARY DISTRICT, a subsidiary special district formed and existing pursuant to the Sanitary District Act of 1923, California Health and Safety Code Section 6400 et seq., and REPUBLIC WASTE SERVICES OF SOUTHERN CALIFORNIA, LLC ("Republic"), a Delaware Limited Liability Company dba GARDEN GROVE DISPOSAL. The City and District are hereby collectively referred to as "City." The City, District and Republic are hereby collectively referred to as the "Parties."

R E C I T A L S:

A. Effective July 1, 2010, the Parties hereto entered into the Agreement Between City of Garden Grove, Garden Grove Sanitary District and Republic Services of Southern California, LLC dba Garden Grove Disposal for Solid Waste Handling Services ("Agreement").

B. Pursuant to Section 8.3.4 of the Agreement, Republic is required to design and present a program to the City to comply with any new requirement imposed upon the City or Republic by CalRecycle, or any Federal, State or Local law or regulation, and the Parties are required to meet and confer in good faith to determine a fair and reasonable adjustment to the maximum rates set forth in the Agreement for the implementation of any new program for the collection and processing of any waste material not already covered under the Agreement.

C. In 2014, Governor Brown signed Assembly Bill (AB) 1594 (Williams, Chapter 719, Statutes of 2014), mandating that as of January 1, 2020, the use of green material as alternative daily cover (ADC) at landfills will no longer constitute diversion through recycling and will instead be considered disposal in terms of measuring a jurisdiction's annual 50 percent per capita disposal rate.

D. Currently, Republic Services delivers green waste collected from the City's customers to the Orange County Landfill System for use as ADC. The Orange County Landfill System has historically accepted the green waste for use as ADC at no charge to customers. Consequently, the City has determined that with the pending ban on diversion credit for ADC, as outlined in AB 1594, and the negative impact this will have on the City's state-calculated diversion rate, an alternative final disposition for the City's green waste is necessary. Final disposition of the green waste will occur at the Agromin composting facility, co-owned by Republic, located in the City of Chino, subsequent to pre-processing of the material at Republic's CVT Regional Materials Recovery Facility located in the City of Anaheim. The City retains the right, if so desired, under Section 26.1 of the Agreement, Flow Control Option, to have the absolute ability to choose the location for the delivery of green waste, and that the rate paid by the ratepayer will be reduced or increased accordingly if the transportation and processing costs of using such facility are lower or higher than the costs of using the Agromin facility.

F. An amendment to the rate structure of the Agreement is required to incorporate the incremental green waste processing and transportation costs incurred by Republic.

G. The amendment will necessitate a one-time mid-year rate adjustment on January 1, 2020, of \$2.71 per household per month to the service component of the basic residential rate, as shown in Attachment 1 "Detailed Calculations Related to AB 1594 Diversion Compliant Processing" of this amendment including the Franchise Fee per Section 11.3. The amount is based on the calculations as shown in Attachment 1 with the new green waste transportation and processing cost per ton fee of \$82.41 per ton less the current cost per ton of \$37.30 to transfer, process, and dispose of the green waste as ADC. The total cost of \$82.41 per ton includes \$50.50 per ton for composting at the Agromin Facility in the City of Chino.

H. Republic warrants that the proposed tip fee per ton of \$50.50 at the Agromin Facility is the actual cost paid to Agromin upon delivery of green waste materials. Republic warrants that the total cost of \$82.41 per ton is equal to or lower than the amount paid for residential organics processing by any other cities served by the Republic's Anaheim Division. Republic will notify the City in connection with its regular annual rate adjustment effective July 1 of each year if a lower cost option becomes available, or if a lower cost is provided to another jurisdiction served by Republic's Anaheim Division in order to initiate a cost reduction to the City's customers.

I. Pursuant to Recital E of the Agreement, incorporated into the Agreement by reference per Section 1 thereto, the Parties intend that Republic, and not the City, shall be solely responsible for establishing and collecting all charges for Solid Waste Handling Services provided by Republic pursuant to the Agreement.

COVENANTS:

NOW, THEREFORE, for and in consideration of the terms and conditions of this Amendment, the Parties hereby agree as follows:

SECTION 1. The basic residential rate in the "approved Republic Rate Schedule" in Exhibit A of the Agreement is amended and set to \$26.18 commencing January 1, 2020 per Attachment 1 hereto, "Detailed Calculations for AB 1594 Diversion Compliant Processing" which is incorporated herein by reference.

SECTION 2. Except as expressly set forth herein, nothing in this Amendment shall affect or modify any other of the provisions of the Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the date first above written.

CITY OF GARDEN GROVE

By: _____
Scott C. Stiles, City Manager

APPROVED AS TO FORM:

ATTEST:

City Attorney

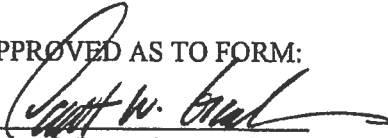
City Clerk

GARDEN GROVE SANITARY DISTRICT

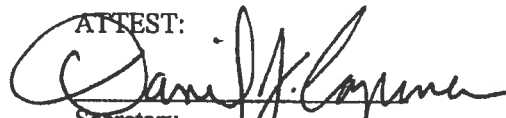
By: _____
Scott C. Stiles, General Manager

APPROVED AS TO FORM:

ATTEST:

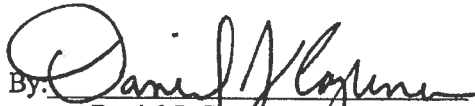


General Counsel



Secretary

**REPUBLIC WASTE SERVICES OF
SOUTHERN CALIFORNIA, LLC dba
GARDEN GROVE DISPOSAL**

By: 

Daniel J. Capener
General Manager

CITY OF GARDEN GROVE
Detailed Calculations for AB 1594 Diversion Compliant Processing

Row	Metric	Rate Buildup for AB 1594 Compliant Program	COMMENTS
1	Total Transfer Cost/Ton	\$ 14.19	From Republic provided Eggleton Quote dated August 29, 2019 for \$14.30 cost per ton to transport allocated to tonnage at 99.2% for \$14.19 per ton.
2	Disposal Cost/Ton to Agromin	\$ 50.50	Tip fee at Agromin.
3	Percentage of each ton to Agromin	99.2%	Upon removal of contamination at the CVT Facility.
4	Total Disposal Cost/Ton	\$ 50.10	Calculation: R2 X R3
5	CVT Processing Cost/Ton (Cleaning/Loading)	\$ 14.84	Verified during HF&H site visit to CVT September 6, 2019.
6	Cost/Ton for Municipal Solid Waste at OC Landfill	\$ 42.58	July 1, 2019 rate per ton to take contamination to OC Landfill at \$35.05 per ton plus \$7.53 per ton for transportation.
7	Percentage of each ton to Landfill	0.8%	Contamination that was removed at the CVT Facility during pre-processing.
8	Residue Cost/Ton	\$ 0.34	Calculation: R6 X R7
9	Subtotal of Cost per Ton Net Disposal Cost	\$ 29.37	Calculation: Sum R1, R5, R8
10	Margin	10%	Margin per Republic's September 4, 2019 submittal.
11	Total Margin Cost per Ton	\$ 2.94	Calculation: R9 X R10
12	Total Cost per Ton to Compost ⁽¹⁾	\$ 82.41	Calculation: Sum R1, R4, R5, R8, R11
13	Approximate Annual Green Waste Tons	20,915	Per Republic August 27, 2019 email
14	Percentage to be sent for Composting	100%	Percentage of green waste tons that will be sent for composting
15	Tons to be Composted	\$ 20,915	Per Republic's August 27, 2019 email.
16	Total Annual Cost for Green Waste Composting	\$ 1,723,535	Calculation: R12 X R15
17	Current Cost Per Ton for Green Waste as ADC ⁽¹⁾	\$ 37.30	Based on City of Anaheim's cost per ton.
18	Tons to be Composted	20,915	From R15
19	Current Cost for Green Waste as ADC	\$ 780,130	Calculation: R17 X R18
20	Annual Incremental Cost to Compost	\$ 943,405	Calculation: R16 - R19
21	Total Residential Single Family Premises	31,143	Based on Republic's 9/4/2019 email.
22	Total Annual Cost to Single Family Premises	\$ 30.29	Calculation: R20 + R21
23	Months per Year	12	
24	Monthly Cost to Single Family Premises	\$ 2.52	Calculation: R22 + R23
25	Franchise Fee Percentage	7.25%	Per Section 11.3 of the Franchise Agreement
26	Monthly Cost With Franchise Fee	\$ 2.71	Calculation: R24 X (1+R25)
27	Service Fee Rate Component	\$ 19.27	Per Republic's July 1, 2019 Rate Adjustment Calculations
28	New Service Fee Component	\$ 21.98	Calculation: R26 + R27
29	Landfill Passthrough Rate Component	\$ 4.20	Per Republic's July 1, 2019 Rate Adjustment Calculations
30	New Basic Residential Rate	\$ 26.18	Calculation: R28 + R29

⁽¹⁾ Excludes host city facility fee per ton, which would not impact the net incremental cost as it would be part of both current and proposed costs.