



Notice of Regular Meeting
Oceano Community Services District - Board of Directors Agenda
WEDNESDAY, JUNE 8, 2022 – 6:00 P.M.
Oceano Community Services District Board Room
1655 Front Street Oceano, CA

All items on the agenda including information items, may be deliberated. Any member of the public with an interest in one of these items should review the background material and request information on the possible action that could be taken.

All persons desiring to speak during any Public Comment period are asked to fill out a "Board Appearance Form" to submit to the Board Secretary prior to the start of the meeting. Each individual speaker is limited to a presentation time of THREE (3) minutes per item. Persons wishing to speak on more than one item shall limit their remarks to a total of SIX (6) minutes. This time may be allowed between items in one-minute increments up to three minutes. Time limits may not be yielded to or shared with other speakers.

1. CALL TO ORDER
2. ROLL CALL
3. FLAG SALUTE
4. AGENDA REVIEW
5. PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA

This public comment period provides an opportunity for members of the public to address the Board on matters of interest within the jurisdiction of the District that are not listed on the agenda. If a member of the public wishes to speak at this time, Public comment is limited to three (3) minutes.

6. SPECIAL PRESENTATIONS & REPORTS:

A. STAFF REPORTS:

- i. Sheriff's South Station - Commander Jay Wells
- ii. FCFA Operations - Chief Steve Lieberman
- iii. Operations – Utility System Manager Tony Marraccino
- iv. OCSD General Manager – Will Clemens

B. BOARD OF DIRECTORS AND OUTSIDE COMMITTEE REPORTS:

- i. Vice President Villa
- ii. Director Gibson
- iii. President White
- iv. Director Austin
- v. Director Montes

C. PUBLIC COMMENT ON SPECIAL PRESENTATIONS AND REPORTS:

This public comment period provides an opportunity for members of the public to address the Board on matters discussed during Special Presentations and Reports. If a member of the public wishes to speak at this time, Public comment is limited to three (3) minutes.

7. CONSENT AGENDA ITEMS:

Public comment Members of the public wishing to speak on consent agenda items may do so when recognized by the Presiding Officer. If a member of the public wishes to speak at this time, Public comment is limited to three (3) minutes.

- A. Review and Approval of Minutes for the Special Meeting of May 20, 2022
- B. Review and Approval of Minutes for the Regular Meeting of May 25, 2022
- C. Review of Cash Disbursements
- D. Consideration of a recommendation to receive and file a report on charges and delinquencies and to set a public hearing for July 13, 2022 to authorize collection on 2022-23 property tax bills

- E. Approval of a Resolution Authorizing Application for State Revolving Fund Financing, and a CEQA Exemption, for the Water CIP Upgrade Projects
- F. Approval of a Resolution Consolidating the District's Biennial Election with the November 8, 2022, Consolidated General Election and the attached Notice to the County Elections Official on the Elective Offices to be Filled, Map of District Boundaries, and Payment of Candidate Statement of Qualifications

8. BUSINESS ITEMS:

Public comment Members of the public wishing to speak on business items may do so when recognized by the Presiding Officer. If a member of the public wishes to speak at this time, Public comment is limited to three (3) minutes.

- A. Introduction of a proposal by South County Sanitary Service Inc. (SCSS) to increase solid waste and recycling rates by 21.03%, to provide for notices to be sent pursuant to Article XIID of the California Constitution, to set a public hearing for July 27, 2022, approve a budget adjustment from Garbage Fund Reserves up to \$55,000 for SCSS's solid waste retroactive charges from May 2022, and to approve the Second Amendment to the Solid Waste, Recyclable Materials, ND Organics Materials Collection Franchise Agreement with SCSS
- B. 2022 Committee Assignments

9. HEARING ITEMS:

Public comment Members of the public wishing to speak on hearing items may do so when recognized by the Presiding Officer. If a member of the public wishes to speak at this time, Public comment is limited to three (3) minutes.

10. RECEIVED WRITTEN COMMUNICATIONS: May 29, 2022, Email - Charles Varni

11. LATE RECEIVED WRITTEN COMMUNICATIONS:

12. FUTURE AGENDA ITEMS:

13. FUTURE HEARING ITEMS: FY 2022-23 Preliminary Budget Hearing - June 22, 2022

14. CLOSED SESSION:

15. ADJOURNMENT:

This agenda was prepared and posted pursuant to Government Code Section 54954.2. Agenda is posted at the Oceano Community Services District, 1655 Front Street, Oceano, CA. Agenda and reports can be accessed and downloaded from the Oceano Community Services District website at www.oceanocsd.org

ASSISTANCE FOR THE DISABLED If you are disabled in any way and need accommodation to participate in the Board meeting, please call the Clerk of the Board at (805) 481-6730 for assistance at least three (3) working days prior to the meeting so necessary arrangements can be made.



Oceano Community Services District

Summary Minutes

Special Meeting Saturday, May 20, 2022 – 3:00 P.M.

Location: OCSD BOARD ROOM

1. **CALL TO ORDER:** at approximately 3:00 p.m. by President White
2. **ROLL CALL:**
Board members present: President White, Vice President Villa, Director Austin, and Director Gibson
Staff present: General Manager Will Clemens and Business and Accounting Manager Carey Casciola.
Jeff Minnery, Legal Counsel (phone)
3. **FLAG SALUTE:** led by President White
4. **CLOSED SESSION:** None

| 5. BUSINESS ITEMS: | ACTION: |
|---|--|
| Appointment to fill the vacancy on the Board of Directors | <p>After a staff report by Will Clemens, General Manager and presentations by the three candidates; April Dury, Gary Hamel, and Steve Montes for the current at-large board vacancy, an opportunity for public comment, and Board and staff discussion a motion was made by Director Gibson to select Steve Montes, with a second from Director Austin and a 4-0 roll call vote.</p> <p>Director Montes was sworn in by Will Clemens, General Manager.</p> |
| PUBLIC COMMENT: | |
| April Dury | In support of a bi-lingual board member and asked if the other candidates can provide continuity after this at-large term ends. |

6. **ADJOURNMENT:** at approximately 3:45 p.m.



Oceano Community Services District

Summary Minutes

Regular Meeting Wednesday, May 25, 2022 – 6:00 P.M.

Location: OCSD BOARD ROOM

1. **CALL TO ORDER:** at approximately 6:00 p.m. by President White

2. **ROLL CALL:**

Board members present: President White, Vice President Villa, Director Gibson and Director Montes.
Staff present: General Manager Will Clemens, Business and Accounting Manager Carey Casciola and Jeff Minnery, Legal Counsel.

Absent: Director Austin

3. **FLAG SALUTE:** led by President White

4. **AGENDA REVIEW:** Agenda accepted as presented.

5. **PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA:**

| | |
|---------------|--|
| Charles Varni | Advised that Cycle 6 of the Active Transportation Program Grant Proposal was denied by the County Public Works Dept because a needs assessment is recommended for other areas in the county. SLOCOG has committed to pursue the grant in Cycle 7 in approximately 2 years. Discussed the County's payments for fire and lighting in other areas of the County. |
|---------------|--|

6. **SPECIAL PRESENTATIONS & REPORTS:**

A. STAFF REPORTS:

- i. **Sheriff's South Station** – Commander Jay Wells – Absent
- ii. **FCFA** - Chief Steve Lieberman – Absent
- iii. **Operations** - Utility Systems Manager - Tony Marraccino
Lopez is at 27.8% full which is 13,729 AF
State Water 35 AF (YTD 135 AF) / Pumped 19 AF in April
15 Work orders / 10 USAs / 13 Customer Service Calls / 4 After Hours Call Outs / 1 SSO
Continuing with daily, weekly, and monthly samples & rounds
Participated in the SLO Farmers Market for the 2022 Public Works Week
1st round of FOG (Fats Oils Greases) complete
Replaced the OCSD light pole on Hwy 1
Repaired driveway at Depot
Completed weed abatement at an OCSD owned basin
Meter reads, re-reads, comment codes and leak notifications complete
Main break on 4th street repaired on a two-inch line
Interviews for Utility Operator I position complete, candidates in review
Continuing with trash/ 4 tickets through Ready 311 app
- iv. **OCSD General Manager – Will Clemens**
Basin located at 21st & Wilmar was transferred to the District in 1983 by mistake. We are looking into the County taking it or possibly selling it.
Welcomed the District's newest Board Member, Director Montes.
June preview/items coming up: SCS Inc franchise amendment to fulfill all SB1383 requirements; Prop 218 solid waste rate increase; Countywide Water Action Team desalination feasibility study.

B. BOARD OF DIRECTORS AND OUTSIDE COMMITTEE REPORTS:

- i. Vice President Villa – reported on the 5/12/2022 & 5/19/2022 Oceano Advisory Council (OAC)
- ii. Director Austin – Absent
- iii. President White – reported on the 05/18/2022 South San Luis Obispo County Sanitation District (SSLOCSO) meeting and the 05/20/2022 Five Cities Fire Authority Board Meeting (FCFA).

- iv. Director Gibson – reported on the 05/06/2022 State Water Subcontractors Advisory Committee and the 05/19/2022 Zone 3 Advisory Committee meeting.
- v. Director Montes – None

C. PUBLIC COMMENT ON SPECIAL PRESENTATIONS AND REPORTS:

| | |
|---------------|---|
| Charles Varni | Provided information and comments on the airport project and retention basin. |
|---------------|---|

| 7. CONSENT AGENDA: | ACTION: |
|--|--|
| <ul style="list-style-type: none"> a. Review and Approval of Minutes for the Regular Meeting of April 27, 2022 b. Review and Approval of Minutes for the Special Meeting of April 30, 2022 c. Review of Cash Disbursements d. Adoption of Plans and Specifications and Authorization of Advertisement for Construction Bids for the Hwy 1/Alleyway at 19th Street Waterline Replacement Project (Contract No. 2022-01) | <p>After an opportunity for public comment, Board and staff discussion, Director Gibson made a motion to approve consent agenda items as presented with a second from Director Montes and a 4-0 roll call vote. Director Austin - Absent</p> <p>Public Comment: None</p> |

| 8A BUSINESS ITEMS: | ACTION: |
|---|--|
| Presentation by One Cool Earth regarding their "Earth Genius" program at Oceano Elementary School | <p>After a presentation by One Cool Earth's Maria Kelly and Evie Kinkade, an opportunity for public comment, Board and staff discussion, this item was received and filed.</p> <p>Public Comment: None</p> |

| 8B BUSINESS ITEMS: | ACTION: |
|---|--|
| Workshop on the 2022-2023 Budget with Board Direction as deemed appropriate | <p>After an opportunity for public comment, Board and staff discussion, Director Gibson made a motion to set June 22, 2022, as the date for the public hearing the adoption of the 2022-2023 Preliminary Budget with a second from Director Villa and a 4-0 roll call vote. Director Austin - Absent</p> <p>Public Comment: None</p> |

- 9. **HEARING ITEMS:** None
- 10. **RECEIVED WRITTEN COMMUNICATIONS:** None
- 11. **LATE RECEIVED WRITTEN COMMUNICATIONS:** None
- 12. **FUTURE AGENDA ITEMS:** Board direction was given to review Board of Director's Committee Assignments and remove written items from future agenda items list.
- 13. **FUTURE HEARING ITEMS:** None
- 14. **CLOSED SESSION:** None
- 15. **ADJOURNMENT:** Approximately 7:20 p.m.



Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

PHONE(805) 481-6730 FAX (805) 481-6836

Date: June 8, 2022

To: Board of Directors

From: Carey Casciola, Business and Accounting Manager

Subject: Agenda Item #7(C): Recommendation to Review Cash Disbursements

Recommendation

It is recommended that your board review the attached cash disbursements:

Discussion

The following is a summary of the attached cash disbursements:

| Description | Check Sequence | Amounts |
|--|----------------|---------------|
| Disbursements: | 59558 - 59589 | |
| Regular Payable Register - paid 05/25/2022 | 59568 - 59589 | \$ 391,763.40 |
| | | |
| Subtotal: | | \$ 391,763.40 |
| Reoccurring Payments for Board Review (authorized by Resolution 2020-06): | | |
| Payroll Disbursements - PPE 05/21/2022 | N/A | \$ 29,284.27 |
| Mechanics Bank Visa Card Online Payment - paid 5/24/2022 | N/A | \$ 1,039.68 |
| | | |
| Reoccurring Utility Disbursements - paid 05/25/2022 | 59558 - 59564 | \$ 1,467.59 |
| Reoccurring Health Disbursements - paid 05/25/2022 | 59565 - 59567 | \$ 10,227.73 |
| | | |
| Subtotal: | | \$ 42,019.27 |
| Grand Total: | | \$ 433,782.67 |

Other Agency Involvement

N/A

Other Financial Considerations

Amounts are within the authorized Fund level budgets.

Results

The Board's review of cash disbursements is an integral component of the District's system of internal controls and promotes a well governed community.

COMPANY: 99 - POOLED CASH FUND
 ACCOUNT: 1-1001-000 POOLED CASH OPERATING
 TYPE: All
 STATUS: All
 FOLIO: All

CHECK DATE: 0/00/0000 THRU 99/99/9999
 CLEAR DATE: 0/00/0000 THRU 99/99/9999
 STATEMENT: 0/00/0000 THRU 99/99/9999
 VOIDED DATE: 0/00/0000 THRU 99/99/9999
 AMOUNT: 0.00 THRU 999,999,999.99
 CHECK NUMBER: 059568 THRU 059589

| ACCOUNT | --DATE-- | --TYPE-- | NUMBER | -----DESCRIPTION----- | ----AMOUNT---- | STATUS | FOLIO | CLEAR DATE | |
|------------|-----------|----------|--------|--------------------------------|----------------|---------|-------|------------|---|
| CHECK: | | | | | | | | | |
| 1-1001-000 | 5/25/2022 | CHECK | 059568 | ADAMSKI MOROSKI MADDEN CUMBERL | 5,548.00CR | OUTSTND | A | 0/00/0000 | LEGAL SERVICES |
| 1-1001-000 | 5/25/2022 | CHECK | 059569 | ARAMARK | 179.40CR | OUTSTND | A | 0/00/0000 | UNIFORMS |
| 1-1001-000 | 5/25/2022 | CHECK | 059570 | BURDINE PRINTING | 452.07CR | OUTSTND | A | 0/00/0000 | U/B LATE NOTICE, MAIL & POSTAGE, ENVELOPES |
| 1-1001-000 | 5/25/2022 | CHECK | 059571 | BURKE AND PACE OF ARROYO GRAND | 15.86CR | OUTSTND | A | 0/00/0000 | OPERATING SUPPLY |
| 1-1001-000 | 5/25/2022 | CHECK | 059572 | BRENT SARKISON DBA CALTEC COMP | 30.00CR | OUTSTND | A | 0/00/0000 | MONTHLY STD BKUP |
| 1-1001-000 | 5/25/2022 | CHECK | 059573 | CANNON | 7,952.75CR | OUTSTND | A | 0/00/0000 | USDA PRELIM ENGR RPT, CIP-PROP 1 SWGP. CIP-HWY1/ALLEYWAY TO 19TH |
| 1-1001-000 | 5/25/2022 | CHECK | 059574 | CARQUEST AUTO PARTS | 7.53CR | OUTSTND | A | 0/00/0000 | VEHICLE SUPPLY |
| 1-1001-000 | 5/25/2022 | CHECK | 059575 | CLINICAL LAB OF SAN BERNARDINO | 640.00CR | OUTSTND | A | 0/00/0000 | WATER SAMPLES |
| 1-1001-000 | 5/25/2022 | CHECK | 059576 | FAMCON PIPE & SUPPLY, INC. | 418.28CR | OUTSTND | A | 0/00/0000 | SYSTEM PARTS |
| 1-1001-000 | 5/25/2022 | CHECK | 059577 | FIVE CITIES FIRE AUTHORITY | 284,537.00CR | OUTSTND | A | 0/00/0000 | JPA-QUARTERLY PMT |
| 1-1001-000 | 5/25/2022 | CHECK | 059578 | GSI WATER SOLUTIONS, INC. | 5,148.15CR | OUTSTND | A | 0/00/0000 | NCMA 2021 ANNUAL REPORT |
| 1-1001-000 | 5/25/2022 | CHECK | 059579 | J.B. DEWAR, INC. | 241.90CR | OUTSTND | A | 0/00/0000 | FUEL |
| 1-1001-000 | 5/25/2022 | CHECK | 059580 | MARRACCINO, ANTHONY | 100.00CR | OUTSTND | A | 0/00/0000 | REIM CLASS A PHYSICAL |
| 1-1001-000 | 5/25/2022 | CHECK | 059581 | MINER'S ACE HARDWARE, INC. | 176.15CR | OUTSTND | A | 0/00/0000 | SUPPLIES, SYSTEM PARTS, SMALL TOOL |
| 1-1001-000 | 5/25/2022 | CHECK | 059582 | PETTY CASH | 44.28CR | OUTSTND | A | 0/00/0000 | USPS CERTIFIED TAX ROLL-GARBAGE |
| 1-1001-000 | 5/25/2022 | CHECK | 059583 | PRO-TECH LANDSCAPE MANAGEMENT, | 410.00CR | OUTSTND | A | 0/00/0000 | LANDSCAPING |
| 1-1001-000 | 5/25/2022 | CHECK | 059584 | R&R ROLL-OFF LLC | 566.13CR | OUTSTND | A | 0/00/0000 | BULK GARBAGE |
| 1-1001-000 | 5/25/2022 | CHECK | 059585 | SLO CO DEPT OF PUBLIC WORKS | 83,876.35CR | OUTSTND | A | 0/00/0000 | STATE WATER |
| 1-1001-000 | 5/25/2022 | CHECK | 059586 | SLO CO PUBLIC HEALTH DEPT. | 544.40CR | OUTSTND | A | 0/00/0000 | BACKFLOW SERVICES |
| 1-1001-000 | 5/25/2022 | CHECK | 059587 | TYLER TECHNOLOGIES | 262.50CR | OUTSTND | A | 0/00/0000 | PROFESSIONAL SERVICES |
| 1-1001-000 | 5/25/2022 | CHECK | 059588 | USA BLUEBOOK | 273.38CR | OUTSTND | A | 0/00/0000 | SYSTEM PARTS AND SUPPLIES |
| 1-1001-000 | 5/25/2022 | CHECK | 059589 | WATER SYSTEMS CONSULTING, INC. | 339.27CR | OUTSTND | A | 0/00/0000 | NCMA STAFF EXTN SVCS FY 21-22 |

COMPANY: 99 - POOLED CASH FUND
 ACCOUNT: 1-1001-000 POOLED CASH OPERATING
 TYPE: All
 STATUS: All
 FOLIO: All

CHECK DATE: 0/00/0000 THRU 99/99/9999
 CLEAR DATE: 0/00/0000 THRU 99/99/9999
 STATEMENT: 0/00/0000 THRU 99/99/9999
 VOIDED DATE: 0/00/0000 THRU 99/99/9999
 AMOUNT: 0.00 THRU 999,999,999.99
 CHECK NUMBER: 059568 THRU 059589

ACCOUNT --DATE-- --TYPE-- NUMBER -----DESCRIPTION----- ----AMOUNT--- STATUS FOLIO CLEAR DATE

TOTALS FOR ACCOUNT 1-1001-0

| | | |
|----------------|--------|--------------|
| CHECK | TOTAL: | 391,763.40CR |
| DEPOSIT | TOTAL: | 0.00 |
| INTEREST | TOTAL: | 0.00 |
| MISCELLANEOUS | TOTAL: | 0.00 |
| SERVICE CHARGE | TOTAL: | 0.00 |
| EFT | TOTAL: | 0.00 |
| BANK-DRAFT | TOTAL: | 0.00 |

TOTALS FOR POOLED CASH FUND

| | | |
|----------------|--------|--------------|
| CHECK | TOTAL: | 391,763.40CR |
| DEPOSIT | TOTAL: | 0.00 |
| INTEREST | TOTAL: | 0.00 |
| MISCELLANEOUS | TOTAL: | 0.00 |
| SERVICE CHARGE | TOTAL: | 0.00 |
| EFT | TOTAL: | 0.00 |
| BANK-DRAFT | TOTAL: | 0.00 |

Payroll Summary Report
Board of Directors - Agenda Date June 8, 2022

| | (*) | |
|--|--------------------|--------------------|
| Gross Wages | 5/7/2022 | 5/21/2022 |
| Regular | \$25,258.63 | \$25,227.88 |
| Overtime Wages | \$615.56 | \$614.18 |
| Stand By | \$450.00 | \$350.00 |
| | <u>\$26,324.19</u> | <u>\$26,192.06</u> |
| Cell Phone Allowance | \$75.00 | \$0.00 |
| Total Wages | <u>\$26,399.19</u> | <u>\$26,192.06</u> |
| | | |
| Disbursements | | |
| Net Wages | \$19,862.66 | \$19,680.56 |
| State and Federal Agencies | \$4,426.04 | \$4,399.10 |
| CalPERS - Normal | \$5,079.57 | \$5,079.57 |
| SEIU - Union Fees | \$125.04 | \$125.04 |
| Total Disbursements processed with Payroll | <u>\$29,493.31</u> | <u>\$29,284.27</u> |
| | | |
| Health (Disbursed with reoccurring bills) | \$5,877.28 | \$5,877.28 |
| | | |
| Total District Payroll Related Costs | <u>\$35,370.59</u> | <u>\$35,161.55</u> |

(*) Previously reported in prior Board Meeting packet - provided for comparison.

Oceano Community Services District
 Mechanics Bank Visa Card

A/P Visa Card Disbursement

| Date | Transaction Name | Amount | Description | GL Account # |
|------------|--|------------|-------------------------|---------------|
| 04/19/2022 | DEBIT NRG 203-366-1 | (\$44.72) | OFFICE EXPENSE | 01-5-4100-200 |
| 04/19/2022 | DEBIT BOTANICAL PAPERWORKS WINNIPEG | (\$182.95) | OFFICE EXPENSE | 01-5-4100-200 |
| 04/19/2022 | DEBIT FRGN TRANS FEE-BOTANICAL PAPERWO | (\$3.65) | OFFICE EXPENSE | 01-5-4100-200 |
| 04/18/2022 | DEBIT INTUIT *QuickBooks Onl CL.INTUIT | (\$50.00) | PERMITS, FEES LICENSES | 01-5-4100-248 |
| 04/08/2022 | DEBIT AMZN Mktp US*1A8YW5ZK1 Amzn.com/ | (\$296.00) | OFFICE EXPENSE | 01-5-4100-200 |
| 04/07/2022 | DEBIT AMZN Mktp US*1H2TS2HJO Amzn.com/ | (\$33.99) | OFFICE EXPENSE | 01-5-4100-200 |
| 04/06/2022 | DEBIT MSFT * E0400I4BZS msbill.in | (\$12.50) | PERMITS, FEES LICENSES | 01-5-4100-248 |
| 04/06/2022 | DEBIT MSFT * E0500IB00I MSBILL.IN | (\$39.13) | PERMITS, FEES LICENSES | 01-5-4100-248 |
| 04/04/2022 | DEBIT ZOOM.US 888-799-9666 WWW.ZOOM. | (\$46.74) | OFFICE EXPENSE | 01-5-4100-200 |
| 04/04/2022 | DEBIT INDEED 203-564-2 | (\$330.00) | JOB ADVERTISING EXPENSE | 01-5-4100-283 |

Total ACH - 5/24/2022 (\$1,039.68)

06/08/2022 Board Meeting - Mechanics Visa Card Online Payment -
 paid 05/24/2022 **\$1,039.68**

COMPANY: 99 - POOLED CASH FUND
 ACCOUNT: 1-1001-000 POOLED CASH OPERATING
 TYPE: All
 STATUS: All
 FOLIO: All

CHECK DATE: 0/00/0000 THRU 99/99/9999
 CLEAR DATE: 0/00/0000 THRU 99/99/9999
 STATEMENT: 0/00/0000 THRU 99/99/9999
 VOIDED DATE: 0/00/0000 THRU 99/99/9999
 AMOUNT: 0.00 THRU 999,999,999.99
 CHECK NUMBER: 059558 THRU 059564

| ACCOUNT | --DATE-- | --TYPE-- | NUMBER | -----DESCRIPTION----- | ----AMOUNT--- | STATUS | FOLIO | CLEAR DATE | |
|-----------------------------|-----------|----------|--------|--------------------------------|---------------|------------|-------|------------|---------------------------|
| CHECK: | | | | | | | | | |
| 1-1001-000 | 5/23/2022 | CHECK | 059558 | MAP COMMUNICATIONS, INC. DBA A | 284.73CR | OUTSTND | A | 0/00/0000 | ANSWERING SVC |
| 1-1001-000 | 5/23/2022 | CHECK | 059559 | CHARTER COMMUNICATIONS | 150.00CR | OUTSTND | A | 0/00/0000 | INTERNET - COMMUNICATIONS |
| 1-1001-000 | 5/23/2022 | CHECK | 059560 | COASTAL COPY, INC. | 230.05CR | OUTSTND | A | 0/00/0000 | COPIES/MAINTENANCE |
| 1-1001-000 | 5/23/2022 | CHECK | 059561 | DE LAGE LANDEN FINANCIAL SERVI | 150.15CR | OUTSTND | A | 0/00/0000 | COPIER LEASE |
| 1-1001-000 | 5/23/2022 | CHECK | 059562 | DIGITAL WEST NETWORKS, INC. | 401.31CR | OUTSTND | A | 0/00/0000 | PHONES |
| 1-1001-000 | 5/23/2022 | CHECK | 059563 | SO CAL GAS | 140.64CR | OUTSTND | A | 0/00/0000 | UTILITY |
| 1-1001-000 | 5/23/2022 | CHECK | 059564 | STANLEY CONVERGENT SECURITY SO | 110.71CR | OUTSTND | A | 0/00/0000 | WELLS AND FIRE MONITOR |
| TOTALS FOR ACCOUNT 1-1001-0 | | | | CHECK | TOTAL: | 1,467.59CR | | | |
| | | | | DEPOSIT | TOTAL: | 0.00 | | | |
| | | | | INTEREST | TOTAL: | 0.00 | | | |
| | | | | MISCELLANEOUS | TOTAL: | 0.00 | | | |
| | | | | SERVICE CHARGE | TOTAL: | 0.00 | | | |
| | | | | EFT | TOTAL: | 0.00 | | | |
| | | | | BANK-DRAFT | TOTAL: | 0.00 | | | |
| TOTALS FOR POOLED CASH FUND | | | | CHECK | TOTAL: | 1,467.59CR | | | |
| | | | | DEPOSIT | TOTAL: | 0.00 | | | |
| | | | | INTEREST | TOTAL: | 0.00 | | | |
| | | | | MISCELLANEOUS | TOTAL: | 0.00 | | | |
| | | | | SERVICE CHARGE | TOTAL: | 0.00 | | | |
| | | | | EFT | TOTAL: | 0.00 | | | |
| | | | | BANK-DRAFT | TOTAL: | 0.00 | | | |

COMPANY: 99 - POOLED CASH FUND
 ACCOUNT: 1-1001-000 POOLED CASH OPERATING
 TYPE: All
 STATUS: All
 FOLIO: All

CHECK DATE: 0/00/0000 THRU 99/99/9999
 CLEAR DATE: 0/00/0000 THRU 99/99/9999
 STATEMENT: 0/00/0000 THRU 99/99/9999
 VOIDED DATE: 0/00/0000 THRU 99/99/9999
 AMOUNT: 0.00 THRU 999,999,999.99
 CHECK NUMBER: 059565 THRU 059567

| ACCOUNT | --DATE-- | --TYPE-- | NUMBER | -----DESCRIPTION----- | ----AMOUNT---- | STATUS | FOLIO | CLEAR DATE | |
|-----------------------------|-----------|----------|--------|--------------------------------|----------------|-------------|-------|------------|---------------------------|
| CHECK: | | | | | | | | | |
| 1-1001-000 | 5/25/2022 | CHECK | 059565 | ANTHEM BLUE CROSS | 8,866.36CR | OUTSTND | A | 0/00/0000 | EMPLOYEE INSURANCE |
| 1-1001-000 | 5/25/2022 | CHECK | 059566 | PRINCIPAL LIFE INSURANCE COMPA | 1,305.16CR | OUTSTND | A | 0/00/0000 | EMPLOYEE INSURANCE |
| 1-1001-000 | 5/25/2022 | CHECK | 059567 | TASC -CLIENT INVOICES | 56.21CR | OUTSTND | A | 0/00/0000 | FSA ADM FEE |
| TOTALS FOR ACCOUNT 1-1001-0 | | | | CHECK | TOTAL: | 10,227.73CR | | | |
| | | | | DEPOSIT | TOTAL: | 0.00 | | | |
| | | | | INTEREST | TOTAL: | 0.00 | | | |
| | | | | MISCELLANEOUS | TOTAL: | 0.00 | | | |
| | | | | SERVICE CHARGE | TOTAL: | 0.00 | | | |
| | | | | EFT | TOTAL: | 0.00 | | | |
| | | | | BANK-DRAFT | TOTAL: | 0.00 | | | |
| TOTALS FOR POOLED CASH FUND | | | | CHECK | TOTAL: | 10,227.73CR | | | |
| | | | | DEPOSIT | TOTAL: | 0.00 | | | |
| | | | | INTEREST | TOTAL: | 0.00 | | | |
| | | | | MISCELLANEOUS | TOTAL: | 0.00 | | | |
| | | | | SERVICE CHARGE | TOTAL: | 0.00 | | | |
| | | | | EFT | TOTAL: | 0.00 | | | |
| | | | | BANK-DRAFT | TOTAL: | 0.00 | | | |



Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

Date: June 8, 2022

To: Board of Directors

From: Celia Ruiz, Account Administrator

Via: Carey Casciola, Business and Accounting Manager

Subject: **Agenda Item #7D:** Consideration of a recommendation to receive and file a report on charges and delinquencies and to set a public hearing for July 13, 2022 to authorize collection on 2022-23 property tax bills

Recommendation

It is recommended that your Board receive and file a report on charges and delinquencies and to set a public hearing for July 13, 2022, to authorize collection on 2022-23 property tax bills.

Discussion

By approving the staff recommendations, the District will follow the 2022/2023 tax roll timeline provided by the County Auditor/Controller/Treasurer/Tax Collector (ACTTC). This is the eleventh year the District will participate in placing delinquent accounts and other charges on property tax bills. Each year a number of ratepayers fail to pay for services the District provides. State law enables the District to collect delinquent charges on property tax bills. Along with the attached report of delinquent charges, staff has attached the 2022/2023 tax roll timeline and a sample letter the District sent to the customers.

This year there were no delinquent water bills added to property tax bills as the District received \$34,625 from the CA State Water Board's Water and Wastewater Arrearages Program for utility bills that were outstanding during the COVID-19 pandemic. The District's Franchise agreement with South County Sanitary Services (SCSS) allows for the SCSS to also place their delinquent bills on the property tax bills. Property owners will be noticed that the last date to pay their delinquent solid waste bill is June 30, 2022. Any payments made on or before June 30th will be deleted from the list prior to submitting to the County ACTTC. Notices of the public hearing will be published in the Tribune per Government Code Section 61115(b) and 6066.

Other Agency Involvement

County of San Luis Obispo ACTTC Office will be collecting the delinquent bills with property taxes.



Other Financial Considerations

The County adds a charge for collection to the property tax bill. As a result, the District is not charged County costs.

Results

Coordination with the County on delinquent accounts is cost effective, ensures that customers do not pay for services provided to other customers, and promotes a well-governed community.

Attachments:

- Tax roll 2022-23 tax roll timeline
- Sample of letter sent to customers – Solid Waste
- Delinquent Sanitary Service List
- Public hearing notice

2022/23 TAX ROLL PROCEDURES

| | |
|------------------|--|
| 05/02/22 | PREPARE and MAIL LETTERS |
| 05/05/22 | MAIL NOTICE OF PUBLIC HEARING TO PROPERTY OWNERS & PROVIDE TO TRIBUNE WITH DIRECTION FOR PUBLICATION |
| 4th week of June | FIRST NEWSPAPER NOTICE FOR PUBLIC HEARING ON 7/13 REGULAR MEETING PER GOVERNMENT CODE SECTION 61115(b) AND 6066 |
| 06/30/22 | GARBAGE PAYMENT DUE |
| 07/05/22 | COMPLETE DRAFT AGENDA MATERIAL FOR 7/13 REGULAR MEETING |
| 1st week of July | SECOND NEWSPAPER NOTICE FOR PUBLIC HEARING ON 7/13 REGULAR MEETING PER GOVERNMENT CODE SECTION 61115(b) AND 6066 |
| 07/07/22 | COMPLETE FINAL AGENDA MATERIAL FOR 7/13 REGULAR MEETING (RESOLUTION) |
| 07/13/22 | BOARD OF DIRECTORS MEETING: NOTICE OF PUBLIC HEARING |
| 07/20/22 | RESOLUTION CONFIRMING THE CHARGES AGAINST PROPERTY OWNERS WITH REPORT AND SUBMIT TO COUNTY AUDITOR |
| 08/01/22 | FINAL FUND PROOF SUBMISSION TO SLO COUNTY FOR ROLL YEAR 2022/23 |
| 08/15/22 | FINAL DEADLINE FOR ALL DIRECT CHARGE FUNDS TO BE SIGNED APPROVED AND RETURNED TO THE AUDITOR-CONTROLLER'S OFFICE |

Parcel #:
000-000-000

Owner Name
Address
City, State Zip Code

Regarding Service Address:
0000 Street
OCEANO, CA 93445

Dear Customer:

County records show that you are, and at all times referenced herein have been, the recorded owner of the property listed above. Your account for this service address is past due for garbage service provided by SOUTH COUNTY SANITARY.

Please be advised that if the charges specified in this letter are not paid in full and received (post marks do not count) by South County Sanitary by 5:00 p.m. on June 30, 2022, then the amount of the charges, penalties, and delinquencies may be filed with the County Auditor to be placed on the parcel's property tax bill for collection.

Your current amount due is \$ 0.00.

Therefore, please accept this letter as a demand for immediate payment.

The OCSD Board of Directors will hold a public hearing at their regular meeting of July 13, 2022, starting at 6:00 p.m. located at 1655 Front Street, Oceano, CA The hearing will provide you with the opportunity to testify and present to the Board of Directors any objections or protests to the charges and/or their collection on the parcel's property tax bill.

If you have any questions, or need additional information, please feel free to call me at (805) 481-6730. Please see the reverse side of this letter for a copy of the notice published in the newspaper pursuant to Government Code Sections 61115(b) and 6066.

Sincerely,

Oceano Community Services District
Celia Ruiz, Account Administrator III

SANITARY CUTOMERS

| <u>Cust No.</u> | <u>Customer Name</u> | <u>Parcel No.</u> | <u>Total</u> |
|-----------------|----------------------|-------------------|-----------------|
| 3103690 | LOPEZ, JOSEPH C | 062-102-020 | 441.64 |
| 3013715 | KARBER, CAROL | 061-021-010 | 282.94 |
| 3018258 | ALVES, EVA | 062-282-050 | 266.54 |
| 10128932 | DUNN, JAMES | 062-116-030 | 230.20 |
| 10096925 | RAMIREZ, MARIA | 062-089-020 | 222.14 |
| 10118693 | THORNHILL, GREG | 062-115-006 | 157.20 |
| | | | 1,600.66 |



**NOTICE OF PUBLIC HEARING
BEFORE THE OCEANO COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS**

NOTICE IS HEREBY GIVEN that the Board of Directors of the Oceano Community Services District will conduct a Public Hearing on Wednesday, July 13, 2022, starting at 6:00 pm, at the office located at 1655 Front Street, Oceano, CA. The purpose of the hearing is to consider adoption of a resolution to place delinquent water, sewer, garbage, and other charges on 2022-23 property tax bills for collection. Interested persons may protest or object to the report identifying each property and the amount of the delinquent bill(s). The report can be reviewed at the District office or at www.oceanocsd.org.

If you have any questions or would like more information regarding the items described in this notice, please contact the District Office at (805) 481-6730.



Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

Date: June 8, 2022

To: Board of Directors

From: Will Clemens, General Manger

Subject: **Agenda Item #7(E):** Approval of a Resolution Authorizing Application for State Revolving Fund Financing, and a CEQA Exemption, for the Water CIP Upgrade Projects

Recommendation

It is recommended that the Board:

1. Approve the attached Resolution Authorizing Application for State Revolving Fund Financing
2. Find that the Project is exempt from Section 21000 et seq. of the California Public Resources Code (CEQA) and direct the General Manager to sign the Notice of Exemption and file with the County Clerk/Recorder.

Discussion

Over the past few years, the District has been developing the Water Resource Reliability Program (WRRP). The program has been funded by Proposition 84 and Proposition 1 grant funding obtained from the State's Integrated Regional Water Management (IRWM) program. As a regional collaboration, the local IRWM efforts are conducted under the auspices of a Memorandum of Understanding with the County of San Luis Obispo. The County's plan is available at:

[https://www.slocounty.ca.gov/Departments/Public-Works/Forms-Documents/Committees-Programs/Integrated-Regional-Water-Management-\(IRWM\)/IRWM-Plan/2019-IRWM-Plan/2019-IRWM-Plan.pdf](https://www.slocounty.ca.gov/Departments/Public-Works/Forms-Documents/Committees-Programs/Integrated-Regional-Water-Management-(IRWM)/IRWM-Plan/2019-IRWM-Plan/2019-IRWM-Plan.pdf).

Grants to date have funded the development of the WRRP and design of 12 Capital Improvement Projects. The current round of Prop 1 Implementation Grant funding will fund the construction of the first two Capital improvement projects 1-1 & 1-9. These are waterline replacements in Highway 1 between 19th Street and Front Street and the Alleyway between Beach Street and 21st Street.

The District is also pursuing additional Prop 1 grants, Community Project Grants, CDBG grants and USDA funding to complete all of the identified projects. The State Water Board also has grant and loan funding available for such projects through its State Revolving Fund (SRF) program. This item would authorize application to complete design efforts on the remaining CIP projects utilizing the SRF program if needed.



Other Agency Involvement

The State Water Board (SWB) is the funding agency.

Financial Considerations

The District has obtained technical assistance funding through the SWB to prepare this application which is being done by the California Rural Water Association at no cost to the District. It is now necessary to approve a resolution of application and to approve the attached CEQA Notice of Exemption for filing with the County Clerk/Recorder.

Results

Pursuing financing and project implementation supports a well-governed, healthy, and livable community.

Attachments:

- Resolution 2022-07
- CEQA Notice of Exemption

AUTHORIZING RESOLUTION/ORDINANCE

RESOLUTION NO: _____

WHEREAS _____
(insert appropriate findings)

RESOLVED BY THE _____ OF THE
(insert name of Governing Board of the Entity)
_____ (the "Entity"), AS FOLLOWS:
(insert Entity name)

The _____ (the "Authorized Representative") or designee is
(insert Title of Authorized Representative)

hereby authorized and directed to sign and file, for and on behalf of the Entity, a Financial Assistance Application for a financing agreement from the State Water Resources Control Board for the planning, design, and construction of _____ (the "Project").
(insert Project Name)

This Authorized Representative, or his/her designee, is designated to provide the assurances, certifications, and commitments required for the financial assistance application, including executing a financial assistance agreement from the State Water Resources Control Board and any amendments or changes thereto.

The Authorized Representative, or his/her designee, is designated to represent the Entity in carrying out the Entity's responsibilities under the financing agreement, including certifying disbursement requests on behalf of the Entity and compliance with applicable state and federal laws.

CERTIFICATION

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the _____ held
(insert name of Governing Board of the Entity)

on _____.
(Date)

(Name, Signature, and Seal of the Clerk or Authorized Record Keeper of the Governing Board of the Agency)

Notice of Exemption

Appendix E

To: Office of Planning and Research
P.O. Box 3044, Room 113
Sacramento, CA 95812-3044

County Clerk
County of: _____

From: (Public Agency): _____

(Address)

Project Title: _____

Project Applicant: _____

Project Location - Specific:

Project Location - City: _____ Project Location - County: _____

Description of Nature, Purpose and Beneficiaries of Project:

Name of Public Agency Approving Project: _____

Name of Person or Agency Carrying Out Project: _____

Exempt Status: (check one):

- Ministerial (Sec. 21080(b)(1); 15268);
- Declared Emergency (Sec. 21080(b)(3); 15269(a));
- Emergency Project (Sec. 21080(b)(4); 15269(b)(c));
- Categorical Exemption. State type and section number: _____
- Statutory Exemptions. State code number: _____

Reasons why project is exempt:

Lead Agency
Contact Person: _____ Area Code/Telephone/Extension: _____

If filed by applicant:

1. Attach certified document of exemption finding.
2. Has a Notice of Exemption been filed by the public agency approving the project? Yes No

Signature: _____ Date: _____ Title: _____

Signed by Lead Agency Signed by Applicant

Authority cited: Sections 21083 and 21110, Public Resources Code.
Reference: Sections 21108, 21152, and 21152.1, Public Resources Code.

Date Received for filing at OPR: _____



Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

Date: June 8, 2022

To: Board of Directors

From: Carey Casciola, Business and Accounting Manager

Subject: **Agenda Item 7(F): Approval of a Resolution Consolidating the District's Biennial Election with the November 8, 2022, Consolidated General Election and the attached Notice to the County Elections Official on the Elective Offices to be Filled, Map of District Boundaries, and Payment of Candidate Statement of Qualifications**

Recommendation

It is recommended that the Board:

1. Approve a Resolution Consolidating the District's Biennial Election with the November 8, 2022, Consolidated General Election and direct the President to Execute.
2. Approve the attached Notice to County Elections Official on the Elective Offices to be Filled, Map of District Boundaries, and Payment of Candidate Statement of Qualifications and direct the General Manager to execute and submit to the County Elections Official with the attached executed Resolution

Discussion

Attached is correspondence from the Office of the County Clerk Recorder, Elaina Cano, that provides instructions for the District to consolidate its biennial election with the election to be held on Tuesday November 8, 2022. The attached updated District map will be submitted. The notice also provides that candidates will need to pay for the printing and handling of their Statement of Qualifications pursuant to Elections Code 10509.

Other Agency Involvement

County of San Luis Obispo Clerk-Recorder.

Other Financial Considerations

The County will charge the District a share of the elections cost, which is included in the Preliminary Budget for Fiscal Year 2022/23 in the estimated amount of \$8,000.



Oceano Community Services District

Board of Directors Meeting

Results

Consolidating the District's election with the County election will save District ratepayers and promotes a well-governed community.

Attachments:

- Resolution Consolidating the District's Biennial Election with the November 8, 2022, Consolidated General Election
- Correspondence from the Office of the County Clerk & Notice to County Elections Official
- District Boundary Map

OCEANO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2022-___

REQUESTING CONSOLIDATION OF THEIR BIENNIAL
ELECTION WITH THE NOVEMBER 8, 2022,
CONSOLIDATED GENERAL ELECTION

WHEREAS, the Oceano Community Services District (“OCSD”) has called an election to be conducted on November 8, 2022, for this district pursuant to the Uniform District Election Law commencing with Elections Code § 10500; and

WHEREAS, pursuant to Elections Code § 10555, said election may be consolidated with any other election pursuant to Part 3 (commencing with Section 10400); and

WHEREAS, the Board of Directors requests the San Luis Obispo County Board of Supervisors consolidate OCSD’s General Election with the Statewide General Election or any other election which may be held on the same day;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors as follows: The Board of Supervisors of the San Luis Obispo County is hereby requested to consolidate the General District Election of this District to be held on November 8, 2022, all other elections held on the same date. This request is made pursuant to Elections Codes § 10555 and 10400, et seq. The OCSD agrees to reimburse, upon presentation of a bill, the County of San Luis Obispo in full for services performed relating to this election.

Upon motion of _____,
seconded by _____, and on the following roll call vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAINING:

the foregoing Resolution is hereby adopted this ___ day of _____, 2022.

President of the Board of Directors

ATTEST:

Secretary for the Board of Directors

(SEAL)

APPROVED AS TO FORM AND LEGAL EFFECT:

Jeffrey A. Minnery
District Counsel

By: _____



COUNTY OF SAN LUIS OBISPO
OFFICE OF THE CLERK-RECORDER

Elaina Cano - County Clerk Recorder

Melissa Lile - Deputy Director-Registrar

Melanie Foster - Deputy Director-Clerk-Recorder

May 6, 2022

Oceano Community Services District
P.O. Box 599
Oceano, CA 93485

Dear District Secretary:

Pursuant to California Elections Code Section 1303(b), your district's biennial election will be held on Tuesday, November 8, 2022. In connection with this election the items listed below must be acted upon by the district board of directors and submitted to our office by the deadlines set in accordance with the enclosed Calendar of Events.

1. Notice to County Elections Official - Elective Offices to be Filled (enclosed)
2. A map of your district's boundaries (even if they have not changed)
3. A resolution by the board of directors requesting consolidation with the November 8, 2022, Consolidated General Election (sample enclosed)

To prepare for the nomination period, Items 1 and 2 above must be filed with our office by **Friday, July 1, 2022**. Item 3 above shall be filed with our office no later than **Friday, August 12, 2022**; however, if possible, it would be appreciated if your resolution could be submitted by July 22, 2022. If you are planning on putting a measure on the ballot, along with the offices to be filled, please contact our office immediately.

Included is a list of the terms which are to be filled at the upcoming election according to our records. Please review your district's information and notify us immediately if this information is incorrect.

Thank you in advance for your cooperation for providing the required information in a timely manner.

Sincerely,

A handwritten signature in cursive script that reads "Elaina Cano".



**NOTICE TO COUNTY ELECTIONS OFFICIAL
ELECTIVE OFFICES TO BE FILLED, MAP OF DISTRICT BOUNDARIES,
PAYMENT OF CANDIDATE STATEMENT OF QUALIFICATIONS**

Elections Code §§10509,10522

Name of District

TO THE COUNTY ELECTIONS OFFICIAL OF SAN LUIS OBISPO COUNTY:

1. Notice is hereby given that the elective offices of the district to be filled at the Consolidated General Election on November 8, 2022, are as follows:

| NUMBER OF DIRECTORS TO BE ELECTED | TERM OF OFFICE |
|--|-----------------------|
| _____ | Four Year Term |
| _____ | Two Year Term |

Name of Elected officials whose term will be expiring.

2. The qualifications of a nominee and of an elective office of the district are as follows:

SHALL BE A REGISTERED ELECTOR RESIDING IN THE DISTRICT

3. Pursuant to Elections Code§10522, a map showing the boundaries of the district is attached.

Have the boundaries changed since 2020?

YES_____ **NO**_____

4. Please indicate whether the DISTRICT or the CANDIDATE will pay for the printing and handling of the Statement of Qualifications, per Elections Code §13307

DISTRICT _____ **CANDIDATE** _____

Signed:_____ Dated:_____

Print Name and Title:_____

Plan 202

Oceano Community Services District 2021/22 Transition to Division-Based Elections

Total Population Deviation: 8.7%

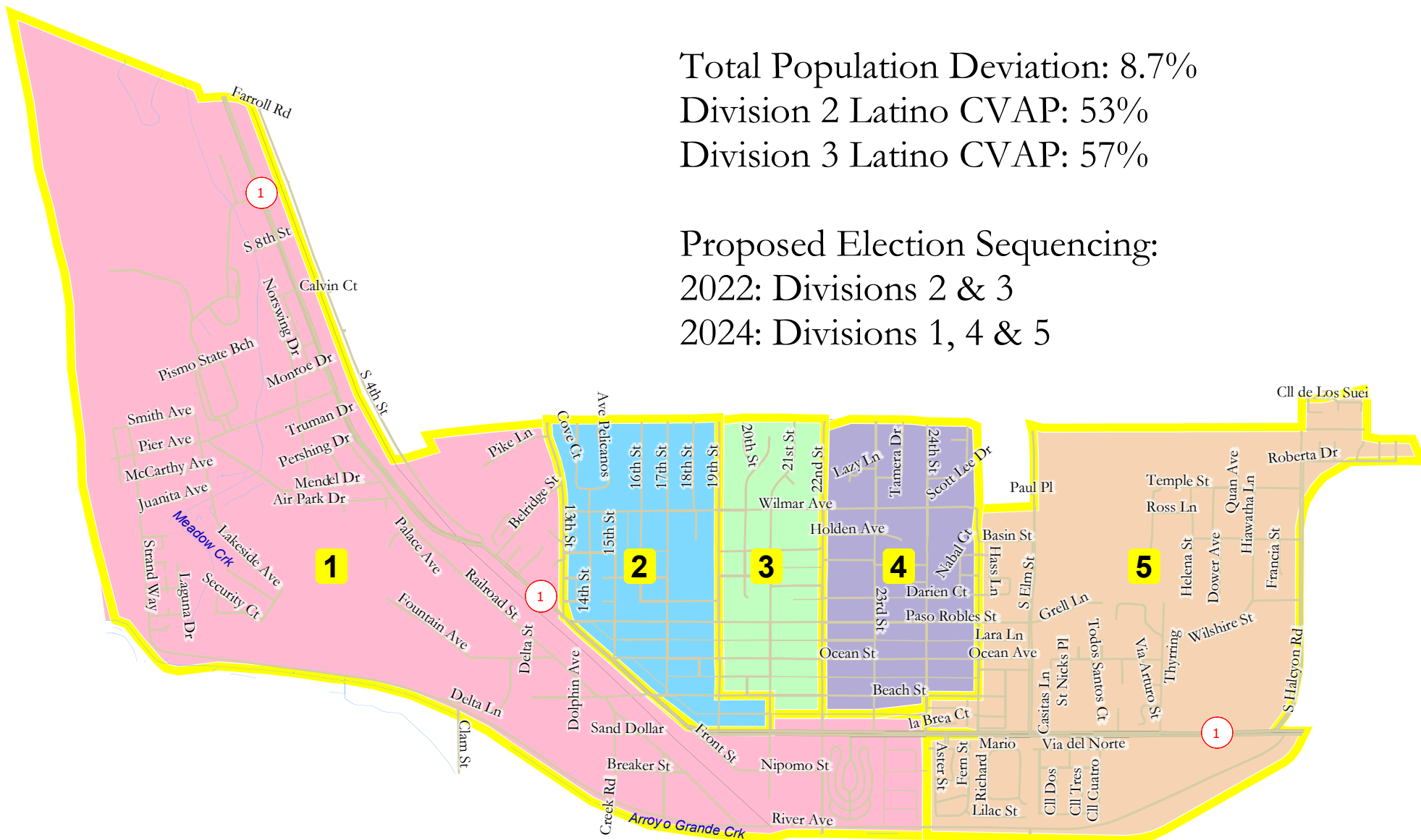
Division 2 Latino CVAP: 53%

Division 3 Latino CVAP: 57%

Proposed Election Sequencing:

2022: Divisions 2 & 3

2024: Divisions 1, 4 & 5





Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

Date: June 8, 2022

To: Board of Directors

From: Carey Casciola, Business and Accounting Manager

Subject: **Agenda Item 8(A):** Introduction of a proposal by South County Sanitary Service Inc. (SCSS) to increase solid waste and recycling rates by 21.03%, to provide for notices to be sent pursuant to Article XIIID of the California Constitution, to set a public hearing for July 27, 2022, approve a budget adjustment from Garbage Fund Reserves up to \$55,000 for SCSS's solid waste retroactive charges from May 2022, and to approve the Second Amendment to the Solid Waste, Recyclable Materials, ND Organics Materials Collection Franchise Agreement with SCSS.

Recommendation

It is recommended that your Board:

1. Provide for the attached notice to be mailed by the South County Sanitary Service Inc.
2. Set a public hearing for July 27, 2022, pursuant to Article XIIID of the California Constitution
3. Approve a Budget Adjustment of \$55,000 from Garbage Fund Reserves for the SCSS solid waste retroactive charges from May 2022
4. Approve the second amendment to the Solid Waste, Recyclable Materials, ND Organic Materials Collection Franchise Agreement with SCSS

Discussion

South County Sanitary Service Inc. (SCSS) provides Solid Waste, Recycling, Green Waste and Organics Material collection services for the community of Oceano pursuant to the July 14, 2010, franchise agreement. Article 8 of the agreement addresses SCSS's compensation and rates. SCSS submitted a rate increase application in October 2021, but due to the complexity of issues impacting the rate increase, the application was amended on February 18, 2022. The final rate increase of 21.03%, which is illustrated in the following table, is 2.32% less than the original 23.35% increase proposed last October.



Oceano Community Services District

Board of Directors Meeting

| Single Family Residential Rates (Monthly) | | | |
|---|---------------|---------------|---------------|
| Container Size (Gallons) | 32 | 64 | 96 |
| Current Rate | \$14.98 | \$21.56 | \$42.19 |
| Requested Rate | \$18.13 | \$26.09 | \$51.06 |
| Increase | \$3.15 | \$4.53 | \$8.87 |

The following is a summary of the primary components of the requested increase, which are explained in greater detail in the attached report by William C. Statler:

- 8.05% increase for depreciation.
- 7.71% increase for investments in food and green waste recycling.
- 2.41% increase for insurance.
- 1.06% increase for gas and oil.

Article 8 of the franchise agreement provides for an annual rate review, and that any proposed rate increases are reviewed “in accordance with the procedures described in the ‘City of San Luis Obispo Rate Setting Process and Methodology Manual for Integrated Solid Waste Management Rates’ dated June 1994.” The communities of Arroyo Grande, Grover Beach, Oceano, Nipomo and Pismo Beach performed a rate review with William C. Statler at the expense of SCSS and have agreed with other surrounding municipalities in the area to move forward with updating the rate setting manual since the last two rate applications were delayed because of issues that were not included in the manual from 1994. Matters like Prop 218 and SB 1383 will be addressed in the new rate setting manual. Updating the rate setting manual to address timeline issues is important because when delays occur the hauler can include retroactive costs which are normally passed down to the customers. The attached revised rate application includes a 12.62% increase for the time period of May – July 2022 where the hauler is requesting retroactivity. Subsequently, staff has proposed to use Garbage Fund reserves to cover the retroactivity for Oceano customers, rather than pass that additional increase on to customers. This is similar to how the Board approved Resolution 2020-02 to reduce franchise fees paid by SCSS to the District from 10% to 5% to lower Oceano residents solid waste bills. The three-month retroactivity would result in approximately a \$55,000 reduction to District reserves and includes the increased fees charged by IWMA beginning July 1, 2022.

Article 8.2 of the franchise agreement provides that “Collection Rates” are “those established by Resolution adopted by the Board.” The public hearing recommended for July 27, 2022, will include a resolution for your Board’s consideration. The hearing will be conducted in accordance with Article XIID (Proposition 218).



At this time, the proposed recommendations are limited in order to formally initiate the rate setting process, which the District is compelled to initiate under the terms of the franchise agreement.

Lastly, On December 8, 2021, the District passed Ordinance 2021-02 to comply with AB 939, AB 341, AB 1826, and SB 1383 and established new regulatory requirements for the District, haulers, solid waste facilities, to support the state-wide organic waste disposal reduction targets. The attached second amendment to the Franchise Agreement updates the agreement for definitions of terms, services, public outreach, payments to the Integrated Waste Management Authority to comply with new regulations, and reporting requirements.

Other Agency Involvement

Neighboring cities that also have franchise agreements with SCSS have conducted similar reviews and will also be holding public hearings in accordance with Proposition 218.

Other Financial Considerations

The District receives franchise fee income of approximately \$50,000 per year and landfill savings fees of approximately \$8,900 from SCSS. These fees are used to sponsor community clean up events and deal with illegal dumping activities throughout the community.

Results

Initiating the rate review process and holding a hearing on July 27, 2022, is consistent with the franchise agreement with SCSS. Proposition 218 promotes transparency in rate setting efforts and helps to promote well governed communities.

Attachments:

- a. Solid Waste Rate Review prepared by William Statler
- b. The base rate application received from SCSS
- c. Memorandum by Willam C. Statler on May 2, 2022
- d. Revised Rate Increase Request from SCSS on May 31, 2022
- e. The notice prepared by SCSS to be sent by SCSS pursuant to Article XIID of the California State Constitution
- f. Second Amendment to the Franchise Agreement with SCSS

South County Sanitary Service
SOLID WASTE RATE REVIEW

For the Communities of

Arroyo Grande
Grover Beach
Oceano
Pismo Beach

March 2022



William C. Statler

Fiscal Policy ■ Financial Planning ■ Analysis ■ Training ■ Organizational Review

South County Sanitary Service
Solid Waste Rate Review
March 2022

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APPENDIX

- A. Base Year Rate Request Application from South County Sanitary Service
- B. HZI Greenwaste Digester Cost Analysis

William C. Statler

Fiscal Policy ■ Financial Planning ■ Analysis ■ Training ■ Organizational Review

South County Sanitary Service **SOLID WASTE RATE REVIEW**

*For the Communities of Arroyo Grande, Grover Beach,
Oceano and Pismo Beach*

REPORT PURPOSE

On October 20, 2021, South County Sanitary Service (SCSS) submitted a *Base Year* rate increase application to be effective January 1, 2022 to the Cities of Arroyo Grande, Grover Beach and Pismo Beach and the Oceano Community Services District (CSD). However, due to complexity, concerns with pending rate increases by the Integrated Waste Management Authority (IWMA) and significant subsequent reviews and information exchanges, a revised application was submitted on February 18, 2022.

The final application is the focus of this report in reviewing the SCSS rate increase request in accordance with adopted Franchise Agreement provisions regarding rate increase applications and to make rate recommendations to these four agencies as appropriate.

SUMMARY OF FINDINGS AND RECOMMENDATIONS

In its final application, SCSS is requesting a rate increase of 22.19% in the cities of Arroyo Grande, Grover Beach and Pismo Beach; and 21.03% for the Oceano CSD (the difference is due to a 5% franchise fee rate in the Oceano CSD versus 10% in the other agencies). This compares with an initial rate request of 24.65% for three agencies (and 23.35% in the Oceano CSD). As discussed in greater detail below, all of the concerns that surfaced in the iterations and further analysis that followed in addressing issues with proposed costs for 2022 have been resolved.

There are two key differences between the initial and revised application:

Joint Agency Review

SCSS provides similar services to each of these agencies under formally approved franchise agreements that regulate rates and establish procedures for considering rate increases.

Because the financial information for SCSS is closely related for these four agencies, this report jointly reviews rate requests and provides recommendations for each of them.

Solid Waste Rate Review

- Greenwaste processing costs have been reclassified as “pass-through” costs: while costs may be recovered, no profit is allowed on them.
- IWMA fees have been excluded from the fee analysis. These are approved by a separate agency and will be charged separately on customer bills.

Key cost drivers in this review include the following, which account for almost 90% of the cost increases since 2020 (last audited financial statements):

| 2022 Cost Increase from 2020 | | | |
|------------------------------|-------------|------------|--------------|
| | Amount | % of Total | Rate Impact* |
| Depreciation | 998,708 | 36% | 8.05% |
| Greenwaste | 956,783 | 35% | 7.71% |
| Insurance | 298,612 | 11% | 2.41% |
| Gas and Oil | 131,422 | 5% | 1.06% |
| Total Key Drivers | 2,385,525 | 87% | 19.23% |
| Other Costs | 367,275 | 13% | 2.96% |
| Total | \$2,752,800 | 100% | 22.19% |

Findings

- **Complete Application.** With its revised application, SCSS has fully provided the supporting documentation required for rate requests under the Franchise Agreements in Arroyo Grande, Oceano, Pismo Beach and Grover Beach. The revised application (Appendix A) has been correctly prepared.
- **High Level of Service at a Reasonable Cost.** SCSS provides a broad level of high-quality services to these four agencies—including garbage, recycling and green waste collection and disposal as well as hauler-provided “waste wheeler” containers for all three services—at very competitive rates compared with many other communities. In fact, even with the recommended rate increase, rates in these four agencies will be among the lowest of those surveyed. In short, South County communities have the best of both worlds: high quality services at a low cost (compared with other communities).
- **“Trigger Option.”** As discussed in greater detail below, the rate increase exceeds the cost of living threshold that “triggers” the option of terminating the Franchise Agreements within nine months after rate approval.
- **Need for Updated Rate-Setting Methodology.** The rate-setting process is based on the City of San Luis Obispo’s *Rate Setting Process and Methodology Manual for Integrated Solid Waste Management Rates* (Rate Manual) adopted in 1994. In short, with very minor modifications, this approach has been in place for almost 30 years. Because of several complex issues that surfaced in the 2019 rate review that had not been encountered in the past in using this rate-setting methodology (most notably corporate overhead, greenwaste and materials recovery facility (MRF) costs as well as rate structure concerns), I recommended updating the Rate Manual before the next *Base Year* review. This has not occurred, and accordingly, this review is based on the current methodology.

However, the need for an update is even greater now: along with the 2019 concerns, new issues have surfaced in this review. As discussed in greater detail below, these include depreciation amortization period, interim rate reviews, cost allocation methodologies, accounting for disposal costs, timeframe for submitting and reviewing applications and trigger option.

- **Delayed Rate Implementation.** In the past, there has been no consideration of delayed rate implementation. However, the Rate Manual does provide for this if there is a delay of more than 120 days after application if it is “no fault of the franchise hauler.” Given the initial October 20, 2021 submittal date, this would indicate rate approval by March 1. However, there are three factors that mitigate this 120-day period:
 1. When the 120-day period was set, the understanding at the time was that Proposition 218 45-day notice and protest requirements did not apply to approval of private company solid waste rates. However, since then many agencies have determined that these provisions are applicable to approval of rates by companies like SCSS. This alone conceptually adds 45 days to the review process.
 2. Review was delayed pending consideration of rate increases by the IWMA and their possible impact on SCSS rates. These new rates were not adopted by the IWMA until March 9, 2022. Moreover, it was subsequently determined that since these rates are set by the IWMA – and not the franchising agencies – that they did not affect agency rate-setting. (As noted above, this resulted in a revised application from SCSS on February 18, 2022).
 3. While SCSS has been very responsive in following-up on requests for supporting data, the scope and complexity of the 2022 application has been significantly greater, and subsequently taken longer, than envisioned in the Rate Manual.

About Proposition 218 Notices

Not all agencies prepare and issue “Proposition 218” notices for private sector solid waste rate increases. However, for those that do, the notice sets the maximum amount that rates can be increased at the public hearing: rates can be approved at lesser amounts without re-noticing. However, agencies cannot adopt higher rates – even if they only apply to a few customers – without another 45-day re-noticing. As such, it is recommended that the notices reflect the rates requested by SCSS.

In accounting for these factors, I recommend that delayed rate implementation apply for any rates with a May 1, 2022 effective date. In short, while these delays were “no fault” of SCSS, they were not the fault of the agencies, either. That said, SCSS believes the delayed rate implementation start period should be March 1, 2022.

Where delayed rate implementation is applicable, the following temporary rate increases would be required depending on whether the delayed rate implementation start period is March 1 or May 1. (Note: The added rate increase goes up for each month of delay to be recovered while the amortization period is shortened.) Under either start date, rates would be reset in January 2023 to the “core rate” for the Interim Year adjustment.

Temporary Delayed Implementation Rate Increase*

| Effective Date | Start Period | | | |
|----------------|--------------|--------|----------------|--------|
| | Oceano CSD | | Other Agencies | |
| | March 1 | May 1 | March 1 | May 1 |
| May 1 | 5.26% | 0.00% | 5.55% | 0.00% |
| June 1 | 9.01% | 2.63% | 9.51% | 3.17% |
| July 1 | 14.02% | 7.01% | 14.80% | 7.40% |
| August 1 | 21.03% | 12.62% | 22.19% | 13.32% |
| September 1 | 31.55% | 21.03% | 33.29% | 22.19% |

* Ends December 31, 2022

It should be noted that while the report recommends a May 1 start date for delayed rate implementation, a reasonable case could be made for an even later start date (such as June 1 or July 1) based on the mitigation factors discussed above.

Lastly, several of these review timeframe factors are not unique to the 2022 review. Accordingly, the application submittal and review schedule should be considered in the Rate Manual update.

Rate Recommendations

It is recommended that cities of Arroyo Grande, Grover Beach and Pismo Beach adopt rate increases of 22.19%; and 21.03% in the Oceano CSD.

As discussed below, this rate increase significantly exceeds the cost of living threshold that triggers the option of terminating the Franchise Agreements within nine months after rate approval. However, it is important to note that this “trigger” calculation does not limit the allowable rate increase that SCSS may request (or limit the amount that agencies may approve) under the methodology set forth in the Franchise Agreements.

Cost of Living “Trigger” Option. Along with establishing the rate review methodology, Section 8.3 of the Franchise Agreements provides that if the rate increase request compared with the rate in effect at the date of the agreement exceeds the cumulative cost of living increase from that same date, each agency has the *option* of terminating the agreement at any time within nine months following approval of the requested rate increase (assuming it was submitted in accordance with the rate-setting methodology).

This provision was subsequently amended in 2016 allowing for an added increase based on landfill rate increases (“weighted” for their proportion of total costs). It is important to note that other than a waiver for greenwaste cost increases in 2011, no other adjustments (including other pass-through costs) are allowed under the Franchise Agreements. As detailed later in this report, the calculated threshold limit is significantly less than the proposed rate increase.

Rate Summary for Single Family Residential Customers

Table 1 summarizes the proposed monthly rates for single family residential (SFR) customers. As reflected in this summary, given the significant cost drivers facing SCSS, the increases will be modest under the proposed rate increase. For example, for collection of a 32-gallon garbage container (the most common SFR service level) as well as separate waste wheelers for recycling and green waste, the proposed monthly rate will increase by about \$3.80 on average for the four agencies.

BACKGROUND

On October 20, 2021, SCSS submitted a *Base Year* rate increase to be effective January 1, 2022. As noted above, due to several complex issues, a revised application was submitted on February 18, 2022. This application was prepared in accordance with the rate review process and methodology formally set forth in its Franchise Agreements with Arroyo Grande, Grover Beach, Oceano and Pismo Beach.

In establishing a rate-setting process and methodology, each of these Franchise Agreements specifically reference the City of San Luis Obispo’s *Rate Setting Process and Methodology Manual for Integrated Solid Waste Management Rates*. This comprehensive approach to rate reviews was adopted by San Luis Obispo in 1994 and establishes detailed procedures for requesting rate increases and the required supporting documentation to do so. It also sets cost accounting standards and allowable operating profit ratios.

As noted above, the financial information for Arroyo Grande, Grover Beach, Oceano and Pismo Beach is closely related. For this reason, these four agencies jointly contracted with William C. Statler (who has extensive experience in evaluating rate requests in accordance with the adopted methodology) on October 6, 2022 to evaluate SCSS’s rate increase application.

This is the seventh *Base Year* analysis performed under this rate-setting methodology. The first was prepared in September 2001; second in August 2004; the third in August 2007; the fourth in December 2012; September 2015; and the last one in April 2019. As discussed below, several *Interim Year* rate reviews have prepared since then.

Table 1. Single Family Residential Rates

| | Container Size (Gallons) | | |
|---------------------------------|--------------------------|---------|---------|
| | 32 | 64 | 96 |
| Current | | | |
| Arroyo Grande | \$19.46 | \$25.29 | \$31.13 |
| Grover Beach | 17.65 | 23.85 | 30.03 |
| Oceano | 14.98 | 21.56 | 42.19 |
| Pismo Beach | 17.31 | 34.63 | 51.94 |
| Proposed | | | |
| Arroyo Grande | 23.78 | 30.90 | 38.04 |
| Grover Beach | 21.57 | 29.14 | 36.69 |
| Oceano | 18.13 | 26.09 | 51.06 |
| Pismo Beach | 21.15 | 42.32 | 63.47 |
| Increase: Proposed Rates | | | |
| Arroyo Grande | 4.32 | 5.61 | 6.91 |
| Grover Beach | 3.92 | 5.29 | 6.66 |
| Oceano | 3.15 | 4.53 | 8.87 |
| Pismo Beach | 3.84 | 7.69 | 11.53 |

Franchise Agreement Summary

Historically, each agency has had its own approach to determining service levels and adopted differing Franchise Agreements accordingly. While these became similar beginning in 1999, in 2008 the Cities of Arroyo Grande, Grover Beach and Pismo Beach adopted renewed franchise agreements, followed by the Oceano Community Service District in Summer 2010, which are the same in all key provisions:

Table 2. Franchise Agreement Effective Dates

| Agency | Agreement | Amendments |
|---------------|---------------|---------------------------------|
| Arroyo Grande | June 10, 2008 | March 22, 2016 July 26, 2016 |
| Grover Beach | July 7, 2008 | June 20, 2016 |
| Oceano | July 14, 2010 | July 29, 2016 |
| Pismo Beach | June 3, 2008 | August 3, 2016 |

- Each agency contracts with SCSS for garbage, green/food waste and recycling; and SCSS provides the container (waste wheelers) for each service.
- As noted above, each agency has adopted the same rate-setting methodology, including the *option* of terminating the agreement within nine months following approval of the requested rate increase if it exceeds the cost of living threshold.
- Arroyo Grande, Grover Beach and Pismo Beach have adopted franchise fees of 10%; the Oceano CSD reduced its rate to 5% in February 2020.

Each of these agreements were similarly amended in 2016 to:

- Extend the term of the agreement for 20 years in recognizing the amortization of extensive investments in food and green waste processing.
- Revise the cost of living threshold “trigger” to include prorated landfill cost increases.

RATE REVIEW WORKSCOPE

This report addresses four basic questions:

- Should SCSS be granted a rate increase? And if so, how much?
- How much does it cost to provide required service levels?
- Are these costs reasonable?
- And if so, what is a reasonable level of return on these costs?

The following documents were closely reviewed in answering these questions:

- Franchise Agreements and any Amendments for each agency
- Independently audited financial statements for SCSS for 2019 and 2020.
- City of San Luis Obispo’s *Rate Setting Process and Methodology Manual for Integrated Solid Waste Management Rates (Rate Manual)*
- SCSS rate increase application and supporting documentation
- Follow-up interviews, correspondence and briefings with agency and SCSS staff
- Rate surveys of Central Coast communities

REVENUE AND RATE SETTING OBJECTIVES

In considering SCSS’s rate increase request, it is important to note the revenue and rate setting objectives for solid waste services as set forth in the Franchise Agreements via the Rate Manual.

Revenues. These should be set at levels that:

- Are fair to customers and the hauler.
- Are justifiable and supportable.
- Ensure revenue adequacy.
- Provide for ongoing review and rate stability.
- Are clear and straightforward for the agency and hauler to administer.

Rate Structure. Almost any rate structure can meet the revenue principles outlined above and generate the same amount of total revenue. Moreover, almost all rate structures will result in similar costs for the *average* customer: what different rate structures tell us is how costs will be distributed among *non-average* customers. The following summarizes adopted *rate structure* principles for solid waste services:

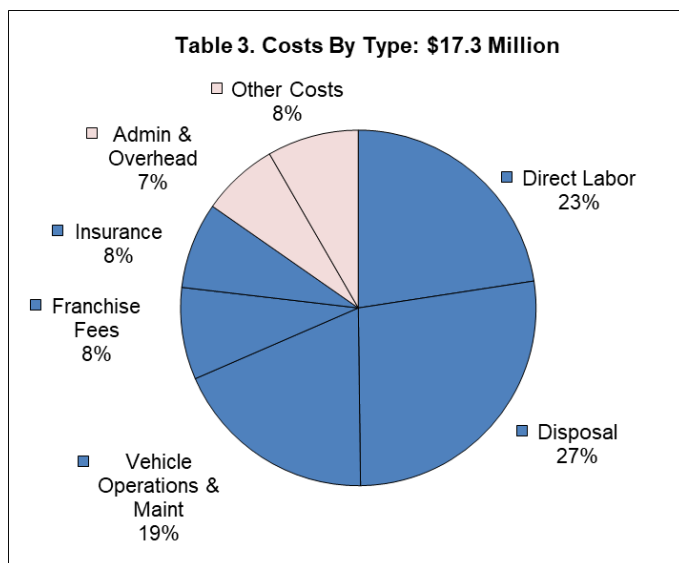
- Promote source reduction, maximum diversion and recycling.
- Provide equity and fairness within classes of customers (similar customers should be treated similarly).
- Be environmentally sound.
- Be easy for customers to understand.

FINANCIAL OVERVIEW

While detailed financial and service information is provided in the SCSS rate request application (Appendix A), the following summarizes costs, revenues and account information based its proposal for 2022 for all areas serviced by SCSS.

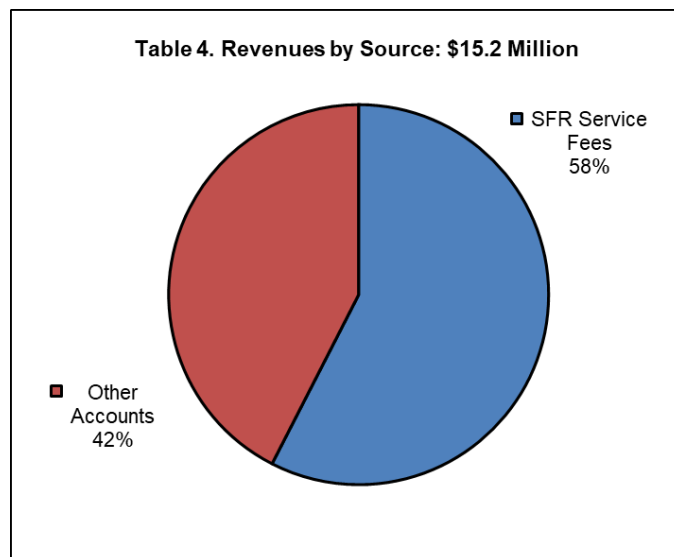
Costs by Type. Total proposed costs for 2022 (after deducting for non-allowable and limited costs as discussed later in this report) are 17.3 million. As reflected in Table 3, five cost areas accounted for 85% of total costs:

- Direct labor for collection: 23%
- Disposal: landfill, recycling and greenwaste: 27%
- Vehicle operations and maintenance (including depreciation): 19%
- Franchise fees: 8%
- Insurance: 8%



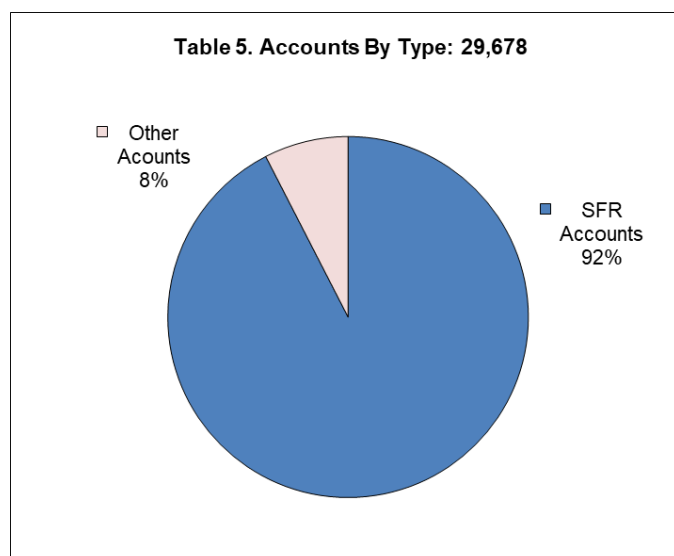
Revenues by Source. Total revenues (without proposed rate increases) are \$15.2 million. As reflected in Table 4, 58% of SCSS’s revenues come from single-family residential (SFR) accounts. Services to multi-family residential and non-residential customers account for 42% of their revenues, with less than 1% from other revenues.

This significant gap between revenues and expenses (plus allowable profit) drives the proposed rate increase.



Service Accounts by Type. While single-family residences account for 58% of revenues, they represent 92% of total accounts (Table 5).

This reflects the fact that per account, multi-family and non-residential customers generate more solid waste than single-family residential customers (and thus more revenue per account).



RATE-SETTING PROCESS

Under the Rate Manual, the rate-setting process follows a three-year cycle:

- **Base Year.** The first year of the cycle—the *Base Year*—requires a comprehensive, detailed analysis of revenues, expenses and operating data. This information is evaluated in the context of agreed upon factors in the franchise agreements in determining fair and reasonable rates. As noted above, the last *Base Year* analysis for SCSS under this approach was prepared in April 2019.
- **Two Interim Years.** In both the second and third years, SCSS is eligible for *Interim Year* rate adjustments that address three key change factors: changes in the consumer price index (CPI-U) for “controllable” operating costs; changes in “pass-through costs” (primarily landfill tipping fees, which SCSS does not control: they are set by the County Board of Supervisors); and an adjustment to cover increased franchise fees.

The first two adjustment factors are “weighted” by the proportionate share that these costs

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represent of total costs (excluding franchise fees). For example, in the current *Base Year* analysis for recommended 2019 rates, controllable costs account for about 75% of total costs, with landfill disposal costs accounting for about 25%.

The rate review for the two *Interim Years* requires less information and preparation time than the *Base Year* review, while still providing fair and reasonable rate adjustments.

Rate Increase History

The following summarizes the SCSS rate review history beginning with 2005 (last eighteen years) based on the year of the application (which is typically the implementation year).

Proposed Interim Year Rates

Consistent with past practice, SCSS has proposed an interim year approach that is slightly different from the Rate Manual methodology. In the interest of a more straightforward, streamlined process, SCSS proposes simply adjusting rates by changes in the CPI-U in 2023 and 2024. As noted in the past, the concept is consistent with the Rate Manual approach, but is simpler and allows for multi-year rate setting. Accordingly, it is recommended that four agencies continue using this approach.

Given the that interim review methodology set forth in the Rate Manual has not been used for several years, this is another area the update should consider.

Table 6. SFR Rate History: 2005 to 2022 (Last 18 Years)

| Year | Review Type | Arroyo Grande | Grover Beach | Oceano | Pismo Beach (1) |
|------|-------------------------|---------------|--------------|--------|-----------------|
| 2005 | Base Year | 5.60% | 5.60% | 5.60% | 5.30% |
| 2006 | Interim Year | 3.09% | 3.09% | 3.09% | 2.95% |
| 2007 | Interim Year | 3.76% | 3.76% | 3.76% | 3.60% |
| 2008 | Base Year | 3.00% | 3.00% | 3.00% | 2.90% |
| 2009 | Interim Year | 0.00% | 0.00% | 0.00% | 0.00% |
| 2010 | Interim Year (2) | 0.00% | 0.00% | 0.00% | 0.00% |
| 2011 | Interim Year | 0.00% | 0.00% | 0.00% | 0.00% |
| 2012 | Interim Year (2) | 5.15% | 5.15% | 5.15% | 5.15% |
| 2013 | Base Year | 3.20% | 3.20% | 3.20% | 3.20% |
| 2014 | Interim Year | 2.05% | 2.05% | 2.05% | 2.05% |
| 2015 | Interim Year | 0.00% | 0.00% | 0.00% | 0.00% |
| 2016 | Base Year | 3.25% | 3.25% | 3.25% | 3.25% |
| 2017 | Interim Year | 1.10% | 1.10% | 1.10% | 1.10% |
| 2018 | Interim Year | 1.60% | 1.60% | 1.60% | 1.60% |
| 2019 | Base Year | 10.06% | 10.06% | 10.06% | 10.06% |
| 2020 | Interim Year | 1.70% | 1.70% | 1.70% | 1.70% |
| 2020 | Franchise Fee Rdctn (3) | | | -5.00% | |
| 2021 | Interim Year | 0.70% | 0.70% | 0.70% | 0.70% |
| 2022 | Base Year (4) | 22.19% | 22.19% | 21.03% | 22.19% |

1. From 2004 to 2011, the franchise fee rate in Pismo Beach was 6% compared with 10% in the other three agencies, and as such, its rate increase was slightly less. In July 2011, Pismo Beach adopted a

10% franchise fee, bringing it in alignment with the other three agencies (as well as most other agencies in San Luis Obispo County). In implementing the 10% rate in 2011, Pismo Beach adopted an added 3.9% increase beyond the interim year rate increase of 5.15% requested by SCSS.

- 2. SCSS did not request a rate increase in 2010 (which would have been the “normal” cycle to do so), and accordingly, did not submit a Base Year rate application. However, SCSS did submit a rate request in 2011 using an Interim Year methodology. The reasonableness of using the resulting “hybrid” approach was discussed in detail in the 2011 Interim Year report, which concluded that this approach was reasonable given the circumstances.*
- 3. In February 2020, the Oceano CSD reduced its franchise fee from 10% to 5%, reducing rates by 5%.*
- 4. Proposed rate increase.*
- 5. As noted above, this chart reflects SFR rate increases. SCSS began charging for commercial recycle containers. These rates were set at 50% of the garbage rates at that time.*

Assuming the proposed rate increases are approved, this will result in an average annual rate increase of 3.6% over the last eighteen years. While there have been notable peaks in 2019 and 2022, largely due to regulatory and external market changes for recyclables, this reflects a high level of rate stability and price containment for SCSS customers.

RATE SETTING METHODOLOGY

Are the Costs Reasonable?

The first step in the rate review process is to determine if costs are reasonable. There are three analytical techniques that can be used in assessing this:

- Detailed review of costs and service responsibilities over time.
- Evaluation of external cost factors, such as general increases in the cost of living (as measured by the consumer price index).
- Comparisons of rates with other communities.

Each of these was considered in preparing this report, summarized as follows.

Detailed Cost Review

In its rate application (Appendix A), SCSS provides detailed financial data for five years:

- Audited results for the two prior years (2019 and 2020).
- Estimated results for 2021.
- Projected costs for the Base Year (2022).
- Estimated costs for the following year (2023).

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Additionally, for virtually all line items, SCSS provided supplemental detail upon request to support cost increases from 2020 to 2022.

Table 7 below provides actual costs for 2020 (most recent audit results) compared with requested and recommended cost projections for 2022. While there are significant cost increases in several categories, they are reasonable given the cost drivers facing SCSS.

The Short Story. The key drivers behind the proposed rate increases for 2022 can be summarized by four cost factors over the past two years:

- Truck depreciation.
- Food and green waste recycling.
- Insurance
- Gas and oil

All other cost increases including labor, ongoing maintenance, disposal costs at the landfill and MRF, account for less than 3% of the rate increase.

Table 7. Detail Cost Review: 2020 Compared with 2022

| | 2020 Actual | 2022 Proposed | |
|-------------------------------|----------------|---------------|-------------|
| | | Amount | Change |
| Direct Labor | 3,614,140 | 3,922,681 | 308,541 |
| Administrative Costs | | | |
| Corporate Overhead | 356,299 | 378,184 | 21,885 |
| Office Salaries | 768,706 | 835,736 | 67,030 |
| Other Expenses | | | |
| Depreciation | 535,997 | 1,534,705 | 998,708 |
| Gas and Oil | 821,425 | 952,847 | 131,422 |
| Insurance | | | |
| Medical | 674,318 | 779,174 | 104,856 |
| General Liability | 388,530 | 582,286 | 193,756 |
| Office Expense | 229,923 | 268,409 | 38,486 |
| Operating Supplies | 83,727 | 77,820 | (5,907) |
| Outside Services | 270,687 | 211,251 | (59,436) |
| Permits | 67,486 | 97,290 | 29,804 |
| Tires | 127,834 | 151,673 | 23,839 |
| Truck Repairs | 642,080 | 606,106 | (35,974) |
| Other Costs | 323,681 | 353,209 | 29,528 |
| Total Allowable Costs | 8,904,833 | 10,751,371 | 1,846,538 |
| Pass-Through Costs | | | |
| Disposal Costs | | | |
| Landfill | 1,701,768 | 1,805,407 | 103,639 |
| MRF | 1,223,081 | 1,143,280 | (79,801) |
| Greenwaste | 824,872 | 1,781,655 | 956,783 |
| Franchise Fees | 1,629,121 | 1,454,123 | (174,998) |
| Facility Rent, Related Party | 170,111 | 181,814 | 11,703 |
| Interest, Related Party | 133,282 | 213,214 | 79,932 |
| Transportation, Related Party | 34,271 | 43,275 | 9,004 |
| Total Pass-Through Costs | 5,716,506 | 6,622,768 | 906,262 |
| Total Costs | \$14,621,339 | \$17,374,139 | \$2,752,800 |

These costs are organized by costs where SCSS is allowed a profit (“Allowable”) and those where it can recover the cost but not earn a profit on them (“Pass-Through”).

The following describes the basis for each for the significant changes.

Allowable Costs

- **Direct Labor.** This reflects a two-year increase of 8.5%, or about 4.2% per year. Given the tight labor market and current increases in CPI, this increase for retention and attraction is reasonable.
- **Office Salaries.** This also reflect annual increases of about 4% per year. Again, given the tight labor market and current increases in CPI, this increase for retention and attraction is reasonable.
- **Depreciation.** The 2019 *Base Year* report noted that as fully depreciated trucks were replaced, significant continuing higher depreciation costs were expected in the future due to two factors: annual depreciation costs on fully depreciated trucks would go from zero to about \$60,000 each; and the cost basis for new trucks would be significantly higher than in the past. Given replacements during 2021 and those proposed in 2022, the increased cost is reasonable. Combined with a possible change in amortization schedule as noted in the sidebar, planned replacements should result in stabilized costs in the future.
- **Gas and Oil.** These costs are projected to increase by about 7.5% annually. Given the volatility (both up and down) of diesel and CNG costs (especially recent cost spikes), this is a reasonable assumption for 2022 costs.
- **Insurance: Health Care and Liability.** These costs are projected to increase significantly by about 12.5% annually (7.5% for health care and 22.5% for liability insurance). Given increases in health care costs and current liability insurance market, these are reasonable assumptions for 2022 costs.
- **All Other Allowable Costs.** While there are ups and downs in the other individual line items, in total these reflect modest annual increases of about 2%.

| Truck Amortization |
|--|
| The Rate Manual calls for depreciating trucks over seven years. While this made sense in 1994, manufacturing improvements since then have resulted in longer lives, with ten years becoming the industry standard. As noted above, this change should be considered as part of the Rate Manual update. |

Pass-Through Costs

- **Disposal Costs: Landfill.** No rate increases are reflected in the rate application (\$41.00 per ton). The modest two-year increase reflects increased tonnage.

- **Disposal Costs: Recycling (Related Party).** This cost category reflects a decrease in the tonnage rate from \$96.00 to \$84.59.
- **Disposal Costs: Greenwaste.** After depreciation, this is the largest cost increase from 2020. These costs are incurred under an on-site agreement with HZI and reflect costs to build (via depreciation), operate and maintain the anaerobic digestion plant. The purpose of this plant is to process local food and greenwaste in meeting California regulation SB 1383. Key drivers include higher costs than initially projected for construction; ongoing operations and maintenance due to feedstock challenges; and local outbound material. The following further describes these challenges; and a cost summary is provided in Appendix B.

Construction and startup The construction of the anaerobic digester plan in San Luis Obispo was one of the first high solids digesters in the United States and the 99th overall renewable gas anaerobic plant built globally by HZI. The construction of the anerobic digester in California posed unique challenges but was constructed safely and without any environmental incidents. Given the “first-of-the-kind” nature of the project in California, the actual cost to construct the anaerobic digestion plant exceeded the original budget originally set in 2014. The cost increases were mainly driven by labor availability, prevailing wage, civil and underground cost increases, and equipment and material escalations.

Operation and maintenance. The anaerobic digestion plant exceeds 95% availability (uptime) to process waste while producing renewable green electricity. To ensure the plant is reliably available to process local community waste, the operations and maintenance cost of the anaerobic digestion exceeds the original annual budget due to several factors:

1. The quantity of entrained inorganic material (such as sand and metal) entrained in the waste increases the wear and tear on the mechanical components of the plant, which inherently increases the number of staff required to operate and maintain the facility.
2. The lower than anticipated quantity of food was also increases the wear and tear on the equipment, which has mainly been driven need to continue to educate the community on organics recycling and the impacts of COVID on commercial businesses (most notably restaurants).
3. Plant labor costs have increased due to the requirements of processing the waste, maintaining the equipment, competitive labor market and inflationary costs in San Luis Obispo County and more broadly in California. Plant administrative costs such as insurance, legal and taxes continue to increase greater than was historically budgeted.

| Local Benefits |
|--|
| <p>It should be noted that that while costs have increased, HZI and SCSS believe there are substantial local benefits to the greenwaste operation, including:</p> <ul style="list-style-type: none">• Powering over 600 homes with 6.2 million kWh per year of renewable electricity.• Diverting 72 million pounds of organics from landfills per year• Reducing greenhouse gas emissions by 5,300 metric tons per year. |

In summary, key operation and maintenance cost increases reflect continual sand removal; increased equipment replacement and maintenance; increased labor hours and rates; and management of backend compost.

Depreciation. Plant depreciation expenses reflect the higher construction costs discussed above in addressing waste profile challenges such as sand and low food waste content.

Lower Natural Gas Production (Revenue). Due to the amount of inorganic material (like sand) and the lower than anticipated food waste content, the overall natural gas production is lower than planned. This directly limits the amount of overall natural gas production potential of the digester and ultimately electricity sales.

In the past, greenwaste contract costs have been considered “allowable” costs. However, as disposal costs, they are more like landfill and recycling costs, which are treated as “pass-through” costs that can be recovered but profit is not allowed on them. Accordingly, this is considered a pass-through cost in this rate review. However, this another area that should be reviewed as part of the rate manual update.

- **Franchise Fees.** This reflects the removal of IWMA fees from the cost base.
- **Interest (Related Party).** Interest is an allowable cost under the Rate Manual. In this case, interest costs are assessed internally by Waste Connections based on a methodology that takes into account its corporate costs of borrowing and financed assets. Accordingly, this is treated as a “pass-through” cost. SCSS’s auditors have previously provided a written opinion on the reasonableness of the cost methodology; and I have reviewed the calculations underlying the projected costs in accordance with this methodology. Given the increase in financed assets as reflected in depreciation costs, I believe the projected interest costs for 2022 are reasonable.

Trends in External Cost Drivers

The most common external “benchmark” for evaluating cost trends is the consumer price index. Over the past two calendar years (2020 and 2021), the U.S. CPI-U increased by 8.5% (about 4.2% annually). Excluding the cost drivers discussed above, all other costs over the past two years increased by 4.1% (about 2% annually).

Rates in Comparable Communities

Lastly, reasonableness of rates (and underlying costs) can also be evaluated by comparing rates with comparable communities. However, survey results between “comparable” communities need to be carefully weighed because every community is different.

Nonetheless, surveys are useful assessment tools—but they are not perfect and they should not drive rate increases. Typical reasons why solid waste rates may be different include:

- Franchise fees and AB 939 fee surcharges
- Landfill costs (tipping fees)

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- Service levels (frequency, quality)
- Labor market
- Operator efficiency and effectiveness
- Voluntary versus mandatory service
- Direct services provided to the franchising agency at no cost, such as free trash container pick-up at city facilities, on streets and in parks
- Percentage of non-residential customers, and how costs and rates are allocated between customer types
- Revenue collection procedures: Does the hauler or the franchising agency bill for service? And what are the procedures for collecting delinquent accounts?
- Services included in the base fee (recycling, green waste, containers, pick-up away from curb)
- Different rates structures
- Land use and density (lower densities will typically result in higher service costs)
- Mix of residential and non-residential accounts

With these caveats, the following summarizes single family residential rates for other cities in the Central Coast area compared with the proposed rates for SCSS. As reflected below, even with the recommended or proposed rate increases, Arroyo Grande, Grover Beach, Oceano and Pismo Beach will have among the lowest rates of the agencies surveyed.

Table 8. Single Family Residential Rate Survey

| Single Family Residential Monthly Trash Rates | | | |
|---|--------------------------|---------|---------|
| | Container Size (Gallons) | | |
| | 30-40 | 60-70 | 90-101 |
| Atascadero | \$28.55 | \$44.50 | \$55.77 |
| Morro Bay | 22.88 | 45.76 | 68.64 |
| Paso Robles | 30.90 | 51.12 | 57.25 |
| San Luis Obispo* | 22.51 | 45.03 | 67.56 |
| Santa Maria | na | 30.69 | 34.81 |
| San Miguel | 28.23 | 44.48 | 61.06 |
| Templeton | 31.40 | 45.01 | 44.48 |
| Proposed: South County Sanitation Service Area | | | |
| Arroyo Grande | 23.78 | 30.90 | 38.04 |
| Grover Beach | 21.57 | 29.14 | 36.69 |
| Oceano CSD | 18.13 | 26.09 | 51.06 |
| Pismo Beach | 21.15 | 42.32 | 63.47 |

* Proposed 2022 rates scheduled for review in April 2022

Summary: Are the costs reasonable? Based on the results of the three separate cost-review techniques—trend review, external factor analysis and rate comparisons—the proposed cost assumptions for 2022 are reasonable.

What Is a Reasonable Return on these Costs?

After assessing if costs are reasonable, the next step is to determine a reasonable rate of return on these costs. The rate-setting method formally adopted by Arroyo Grande, Grover Beach, Oceano and Pismo Beach in their Franchise Agreements with SCSS includes clear criteria for making this assessment. It begins by organizing costs into three main categories, which will be treated differently in determining a reasonable “operating profit ratio:”

Allowable Costs (Operations and Maintenance): Reasonable Operating Profit Allowed

- Direct collection labor
- Vehicle maintenance and repairs
- Insurance
- Fuel
- Depreciation
- Billing and collection

Pass-Through Costs: Can be Recovered but No Profit Allowed

- Disposal costs (landfill, recycling, greenwaste)
- Franchise fees
- Payments to affiliated companies (such as facility rent, interest and trucking charges)

Excluded and Limited Costs: No Revenues Allowed

- Charitable and political contributions
- Entertainment
- Income taxes
- Non-IRS approved profit-sharing plans
- Fines and penalties
- Limits on corporate overhead

After organizing costs into these three categories, determining “operating profit ratios” and overall revenue requirements is straightforward:

- The target is an 8% operating profit ratio on “allowable costs.”
- Pass-through costs may be fully recovered through rates but no profit is allowed on these costs.
- No revenues are allowed for any excluded or limited costs.

In the case of SCSS, about 60% of their costs are subject to the 8% operating profit ratio; and 40% are pass-through costs that may be fully recovered from rates but no profit is allowed. No recovery is allowed for excluded costs. The overall operating profit ratio after allowable and pass-through costs is 5%.

Preparing the Rate Request Application

Detailed “spreadsheet” templates for preparing the rate request application—including assembling the required information and making the needed calculations—are provided in the Rate Manual. SCSS has prepared their rate increase application in accordance with these requirements (Appendix A); and the financial information provided in the application for 2019 and 2020 ties to its audited financial statements.

Proposed Rate Summary

The following summarizes the calculations that support the requested and recommended rate increases:

Table 9. Proposed Rate Increase Summary

| | Oceano | Others |
|--|------------|------------|
| Allowable Costs | 10,751,371 | 10,751,371 |
| Allowable Profit (8% Operating Ratio) | 934,901 | 934,901 |
| Pass-Through Costs | | |
| Disposal | | |
| Landfill | 1,805,407 | 1,805,407 |
| MRF (Recycling) | 1,143,280 | 1,143,280 |
| Greenwaste | 1,781,655 | 1,781,655 |
| Franchise Fees | 1,454,123 | 1,454,123 |
| Related Party Costs | 438,303 | 438,303 |
| Total Pass-Through Costs | 6,622,768 | 6,622,768 |
| Allowed Revenue Requirements | 18,309,041 | 18,309,041 |
| Revenue without Rate Increase | 15,260,678 | 15,260,678 |
| Revenue Requirement: Shortfall (Surplus) | 3,048,363 | 3,048,363 |
| Rate Base Revenue | 18,309,041 | 18,309,041 |
| Percent Change in Revenue Requirement | 19.98% | 19.98% |
| Allowed Revenue Increase * | 21.03% | 22.19% |

* Adjusted for 5% franchise fee in Oceano and 10% in others

As reflected in this summary, all the rate-setting factors are the same for all four agencies are the same except for the franchise fee adjustment (which reflects that higher franchise fees will be required with the rate increase): 5% for the Oceano CSD and 10% for the other three agencies.

Implementation

The following summarizes key implementation concepts in the adopted rate-setting model:

- The “8%” operating profit ratio is a target; in the interest of rate stability, adjustments are only made if the calculated operating profit ratio falls outside of 10% to 6%.
- On the other hand, if past ratios have been stronger than this target, then the revenue base is re-set in the *Base Year* review.

- Special rate increases for extraordinary circumstances *may* be considered.

The result of this process is a proposed rate increase of 22.19% (21.03% in the Oceano CSD).

RATE DIFFERENCES BETWEEN COMMUNITIES

If costs for Arroyo Grande, Grover Beach, Oceano and Pismo Beach are so similar, why are the residential rates so different?

The short answer: history and different approaches to rate structure philosophies.

History

Until 1999, service levels under the Franchise Agreements with SCSS between these four agencies were significantly different. The rates in place at that time became the basis for subsequent rate reviews.

Rate Structure Principles

Most significantly, each agency has adopted different rate structure principles to recover similar costs. For example, Pismo Beach has adopted a rate structure for its residential customers that more closely reflects a “pay-as-you-throw” philosophy under which the “per gallon” costs for 32, 64 and 96 gallon containers are the same (for example, a 64-gallon container costs twice as much as a 32-gallon one.) This results in lower monthly costs for 32-gallon customers and relatively higher rates for 64 and 96-gallon customers.

On the other hand, Arroyo Grande has adopted rates that do not have as much difference between container sizes (but still offer an incentive for smaller containers over larger ones), recognizing collection economies of scale for larger versus smaller containers. In this case, 32-gallon containers in Arroyo Grande are more expensive than in Pismo Beach, but 64-gallon containers are less.

Both rate structures have their strong points: in the case of Pismo Beach, rates are more reflective of disposal costs, whereas in Arroyo Grande they are more reflective of collection costs. But the important point is that the revenue generating capability is the same even though the rates are different.

Multi-Family and Non-Residential Rates

Lastly, multi-family and non-residential rates (which account for about 40% of SCSS revenues) are similar in all four agencies: it is only in *single family residential* rates that there are significant differences between communities.

COST ACCOUNTING ISSUES

As noted above, SCSS’s financial operations for Arroyo Grande, Grover Beach, Oceano and Pismo Beach are closely related. Keeping costs and revenues segregated is further complicated

Solid Waste Rate Review

by the fact that SCSS is a subsidiary of Waste Connections US (which acquired the parent company in April 2002), which shares ownership with the following local companies:

- San Luis Garbage Company
- Mission Country Disposal
- Morro Bay Garbage Service
- Coastal Roll-Off Service
- Cold Canyon Land Fill
- Cold Canyon Processing Facility

Additionally, within the South County, SCSS's service area includes:

- City of Arroyo Grande
- City of Grover Beach
- City of Pismo Beach
- Oceano Community Services District
- Nipomo Community Services District
- Avila Beach Community Services District
- Other unincorporated areas in the South County such as rural Arroyo Grande

Cost Accounting System

Audited financial statements are prepared for each company within Waste Connections' central coast operations by an independent certified public accountant; and SCSS's auditors have consistently issued "clean opinions" on its financial operations. However, only direct labor hours for collection (and related compensation), liability insurance, franchise fees and revenues are directly accounted for each company (like SCSS); and then within each agency serviced by it. As summarized below for major cost categories, all other costs are allocated between companies based on apportionments using generally accepted accounting principles:

Table 10. Cost Allocation Bases

| Allocation Basis | Major Cost Categories |
|--------------------|---|
| Customer counts | <ul style="list-style-type: none"> • Region and division overhead • Office salaries • Office expense • Legal and accounting |
| Direct labor hours | <ul style="list-style-type: none"> • Truck depreciation • Truck repairs and tires • Mechanic labor • Gas and oil |
| Tonnage | Disposal costs <ul style="list-style-type: none"> • Landfill • MRF/recycling • Greenwaste |

| | |
|------------|--|
| Revenue | <ul style="list-style-type: none"> • Corporate overhead (adjusted for Rate Manual limitations) • Bad debt expense • Other taxes |
| Containers | <ul style="list-style-type: none"> • Container depreciation • Container labor • Container repairs |
| Gallons | <ul style="list-style-type: none"> • Diesel fuel |

These allocation bases seem reasonable. However, they are subject to periodic change as determined by Waste Connections. Since these apportionments are a key basis for rate setting, the bases of allocation for each cost category (including allocations of regional and district overhead and accounting for direct costs) should be established in an updated Rate Manual.

COST OF LIVING “TRIGGER OPTION”

As noted above, Section 8.3 of the Franchise Agreements provides that if the rate increase request compared with the rate in effect at the date of the agreement exceeds the cumulative cost of living increase from that same date, each agency has the *option* of terminating the agreement at any time within nine months following approval of the requested rate increase. While this provision does not directly limit rate increase requests by SCSS to an amount that may be less than that allowed under the rate-setting methodology, subjecting the Franchise Agreement to *possible* termination if the rate request is greater than the cost of living threshold provides a strong incentive for SCSS to do so, if possible.

Calculation of the Cost of Living Threshold

As recommended in the 2013 *Interim Year* rate review for consistency and clarity, the CPI-U rate increases used in calculating *Interim Year* increases and the “trigger” threshold are based on changes from June to June (given application submittal targets, this was the most recent date that would consistently be available).

Along with the adjustment for the “weighted” greenwaste rate increase in 2012 of 1.7% previously approved, the 2016 Franchise Agreement amendments provided for adjustments to the threshold “trigger” of landfill rate increases, weighted by the ratio of landfill costs to total costs (assumed at 25% based on recent trends).

- Table 11(a) provides the threshold calculation compared with actual rate increases and those recommended for 2022.
- Table 11(b) provides landfill rates since 2008.

As reflected in Table 11(a), the cumulative changes in the cost of living (with adjustments for greenwaste and landfill cost increases) is 34.87%. This compares with cumulative rate increases, including those recommended of 22.19% for 2022 (21.03% for Oceano CSD) of 61.76%. This would result in exceeding the “trigger” by 26.89%.

Solid Waste Rate Review

Table 11(a). Trigger Threshold Calculation

| US CPI-U Increase | | | | Allowed Adjustments | | Threshold | Rate Year | Rate Increase (2) |
|-------------------|---------|--------|---------|---------------------|--------------|-----------|-----------|-------------------|
| June | Index | Amount | Percent | Greenwaste | Landfill (1) | | | |
| 2009 | 215.693 | | | | | | | |
| 2010 | 217.965 | 2.272 | 1.05% | 1.70% | 4.27% | 5.33% | 2011 | 0.00% |
| 2011 | 225.722 | 7.757 | 3.56% | | 0.00% | 5.26% | 2012 | 5.15% |
| 2012 | 229.478 | 3.756 | 1.66% | | 0.00% | 1.66% | 2013 | 3.20% |
| 2013 | 233.504 | 4.026 | 1.75% | | 1.64% | 3.40% | 2014 | 2.05% |
| 2014 | 238.343 | 4.839 | 2.07% | | 1.54% | 3.61% | 2015 | 0.00% |
| 2015 | 238.638 | 0.295 | 0.12% | | 1.45% | 1.58% | 2016 | 3.25% |
| 2016 | 241.018 | 2.380 | 1.00% | | 0.00% | 1.00% | 2017 | 1.10% |
| 2017 | 244.955 | 3.937 | 1.61% | | 0.00% | 1.61% | 2018 | 1.61% |
| 2018 | 251.989 | 7.034 | 2.79% | | 0.00% | 2.79% | 2019 | 10.06% |
| 2019 | 256.143 | 4.154 | 1.62% | | 0.00% | 1.62% | 2020 | 1.70% |
| 2020 | 257.797 | 1.654 | 0.64% | | 0.00% | 0.64% | 2021 | 0.70% |
| 2021 | 271.696 | 13.899 | 5.12% | 0.00% | 5.12% | 2022 | 22.19% | |
| Cumulative Total | | 56.003 | 25.96% | 1.70% | 8.91% | 34.87% | | 61.76% |

Requested Rate Increase Above Trigger Threshold

26.89%

1. Landfill rate increases prorated at 25% of total costs
2. Recommended rate for 2022, except for Oceano (21.03%)

Table 11(b). Landfill Rates Per Ton

| Year | Actual | Increase | | Prorated @ 25% |
|------|--------|----------|---------|----------------|
| | | Amount | Percent | |
| 2008 | 29.25 | - | 0.00% | 0.00% |
| 2009 | 29.25 | - | 0.00% | 0.00% |
| 2010 | 29.25 | - | 0.00% | 0.00% |
| 2011 | 34.25 | 5.00 | 17.09% | 4.27% |
| 2012 | 34.25 | - | 0.00% | 0.00% |
| 2013 | 34.25 | - | 0.00% | 0.00% |
| 2014 | 36.50 | 2.25 | 6.57% | 1.64% |
| 2015 | 38.75 | 2.25 | 6.16% | 1.54% |
| 2016 | 41.00 | 2.25 | 5.81% | 1.45% |
| 2017 | 41.00 | - | 0.00% | 0.00% |
| 2018 | 41.00 | - | 0.00% | 0.00% |
| 2019 | 41.00 | - | 0.00% | 0.00% |
| 2020 | 41.00 | - | 0.00% | 0.00% |
| 2021 | 41.00 | - | 0.00% | 0.00% |
| 2022 | 41.00 | - | 0.00% | 0.00% |

Note: Under long-term rate increases approved by the County, Cold Canyon Landfill was eligible for annual rate increases of \$2.25 per ton from 2017 to 2022, with a resulting rate of \$54.50 by 2022, However, it chose not to do so.

However, it is important to note that this “trigger” calculation does not limit the allowable rate increase that may be requested under the methodology set forth in the Franchise Agreements or approved by the agencies.

Accordingly, if the proposed rate increases are approved, I recommend that the agencies consider (as they did in as part of the 2019 *Base Year* review) adopting findings that they will not pursue the “trigger” option.

Rate Manual Update. The merit of continuing with the “trigger option” is another area that should be considered with the Rate Manual update.

COORDINATION WITH OTHER AGENCIES

SCSS has submitted similar rate requests to the three other agencies that regulate rates and services in the other South County areas that it serves: County of San Luis Obispo, Avila Beach Community Services District and the Nipomo Community Services District. These agencies are likely to act on the requested rate increases within the same time frame as the four agencies covered in this report.

Waste Connections (as San Luis Garbage Company) has also submitted a rate increase application to the City of San Luis Obispo of 17.75%, which is scheduled for Council review on April 19, 2022. As Mission County Disposal, it has also submitted initial rate applications for Los Osos and the north coastal areas of about 40%.

SUMMARY

Based on the rate-setting policies and procedures formally adopted by Arroyo Grande, Grover Beach, Oceano and Pismo Beach in their Franchise Agreements, this report concludes that:

- SCSS has submitted the required documentation required under its Franchise Agreements with the four agencies.
- This results in a recommended rate increase of 22.19% in the cities of Arroyo Grande, Grover Beach and Pismo Beach; and 21.03% in the Oceano CSD.

ATTACHMENTS

Appendix A: Base Year Rate Request Application from South County Sanitary Service
Appendix B: HZI Greenwaste Digester Cost Analysis

Appendix A

BASE YEAR RATE REQUEST APPLICATION

1. Base Year Application Summary

- City of Pismo Beach
- City of Arroyo Grande
- City of Grover Beach
- Oceano Community Services District

2. Supporting Schedules

- Financial Information: Cost and Revenue Requirements Summary
- Revenue Offset Summary
- Cost Summary for Base Year
- Base Year Revenue Offset Summary
- Operating Information
- Rate Survey

South County Sanitary Service

2022 Base Year Rate Adjustment Application

Summary

CITY OF PISMO BEACH

| Requested Increase | | | |
|----------------------------|------|-----------------------------|---------------|
| Digester Expense | 6.2% | Market Rate Wage Adjustment | 5.6% |
| Capital Purchases | 5.9% | Other | 2.6% |
| Commingle Processing Fee | 1.9% | | |
| 1. Rate Increase Requested | | | 22.19% |

| Rate Schedule | | | | |
|-----------------------------------|--------------|----------------|----------------|----------|
| Rate Schedule | Current Rate | Increased Rate | Adjustment (a) | New Rate |
| Single Family Residential | | | | |
| 2. Economy Service (1 - can curb) | \$17.31 | \$3.84 | | \$21.15 |
| 4. Standard Service (2- can curb) | \$34.63 | \$7.69 | | \$42.32 |
| 5. Premium Service (3 - can curb) | \$51.94 | \$11.53 | | \$63.47 |

(a) Calculated rates are rounded up to the nearest \$0.01.

| | | |
|---|--|---------------|
| 6. Multiunit Residential and Non-residential | Rate increases of | 22.19% |
| | will be applied to all rates in each structure | |
| | with each rate rounded to the nearest \$0.01 | |

Certification

To the best of my knowledge, the data and information in this application is complete, accurate, and consistent with the instructions provided by the Rate Setting Manual.

Name: Jeff Clarin Title: District Manager
 Signature: Date: 10/20/21
 Revised 2/18/22

South County Sanitary Service

2022 Base Year Rate Adjustment Application

Summary

CITY OF ARROYO GRANDE

Requested Increase

| | | | |
|--------------------------|------|-----------------------------|------|
| Digester Expense | 6.2% | Market Rate Wage Adjustment | 5.6% |
| Capital Purchases | 5.9% | Other | 2.6% |
| Commingle Processing Fee | 1.9% | | |

1. Rate Increase Requested **22.19%**

Rate Schedule

| Rate Schedule | Current Rate | Increased Rate | Adjustment (a) | New Rate |
|---------------|--------------|----------------|----------------|----------|
|---------------|--------------|----------------|----------------|----------|

Single Family Residential

| | | | | |
|-----------------------------------|----------|--------|--|---------|
| 2. Economy Service (1 - can curb) | \$ 19.46 | \$4.32 | | \$23.78 |
| 4. Standard Service (2- can curb) | \$ 25.29 | \$5.61 | | \$30.90 |
| 5. Premium Service (3 - can curb) | \$ 31.13 | \$6.91 | | \$38.04 |

(a) Calculated rates are rounded up to the nearest \$0.01.

6. **Multiunit Residential and Non-residential** **22.19%**
 Rate increases of _____ will be applied to all rates in each structure with each rate rounded to the nearest \$0.01

Certification

To the best of my knowledge, the data and information in this application is complete, accurate, and consistent with the instructions provided by the Rate Setting Manual.

Name: **Jeff Clarin** Title: **District Manager**
 Signature: _____ Date: **10/20/21**
Revised 2/18/22

South County Sanitary Service

2022 Base Year Rate Adjustment Application

Summary

CITY OF GROVER BEACH

Requested Increase

| | | | |
|--------------------------|------|-----------------------------|------|
| Digester Expense | 6.2% | Market Rate Wage Adjustment | 5.6% |
| Capital Purchases | 5.9% | Other | 2.6% |
| Commingle Processing Fee | 1.9% | | |

1. Rate Increase Requested **22.19%**

Rate Schedule

| Rate Schedule | Current Rate | Increased Rate | Adjustment (a) | New Rate |
|---------------|--------------|----------------|----------------|----------|
|---------------|--------------|----------------|----------------|----------|

Single Family Residential

| | | | | |
|-----------------------------------|----------|--------|--|---------|
| 2. Economy Service (1 - can curb) | \$ 17.65 | \$3.92 | | \$21.57 |
| 4. Standard Service (2- can curb) | \$ 23.85 | \$5.29 | | \$29.14 |
| 5. Premium Service (3 - can curb) | \$ 30.03 | \$6.66 | | \$36.69 |

(a) Calculated rates are rounded up to the nearest \$0.01.

6. **Multiunit Residential and Non-residential** **22.19%**
 Rate increases of _____
 will be applied to all rates in each structure
 with each rate rounded to the nearest \$0.01

Certification

To the best of my knowledge, the data and information in this application is complete, accurate, and consistent with the instructions provided by the Rate Setting Manual.

Name: **Jeff Clarin** Title: **District Manager**
 Signature: _____ Date: **10/20/21**
Revised 2/18/22

South County Sanitary Service

2022 Base Year Rate Adjustment Application

Summary

OCEANO COMMUNITY SERVICE DISTRICT

| Requested Increase | | | |
|--------------------------|------|-----------------------------|------|
| Digester Expense | 6.2% | | |
| Capital Purchases | 5.9% | Market Rate Wage Adjustment | 5.6% |
| Commingle Processing Fee | 1.9% | Other | 1.4% |

1. Rate Increase Requested **21.03%**

| Rate Schedule | | | | |
|---------------|--------------|----------------|----------------|----------|
| Rate Schedule | Current Rate | Increased Rate | Adjustment (a) | New Rate |

Single Family Residential

| | | | | |
|-----------------------------------|----------|--------|--|---------|
| 2. Economy Service (1 - can curb) | \$ 14.98 | \$3.15 | | \$18.13 |
| 4. Standard Service (2- can curb) | \$ 21.56 | \$4.53 | | \$26.09 |
| 5. Premium Service (3 - can curb) | \$ 42.19 | \$8.87 | | \$51.06 |

(a) Calculated rates are rounded up to the nearest \$0.01.

| | | |
|---|---|---------------|
| 6. Multiunit Residential and Non-residential | Rate increases of | 21.03% |
| | will be applied to all rates in each structure with each rate rounded to the nearest \$0.01 | |

Certification

To the best of my knowledge, the data and information in this application is complete, accurate, and consistent with the instructions provided by the Rate Setting Manual.

Name: Jeff Clarin Title: District Manager
Signature: Date: 10/20/21
Revised 2/18/22

South County Sanitary Service

2022 Base Year Rate Adjustment Application

Financial Information

| Historical | | Current | Projected | |
|------------|------|---------|-------------------|------|
| 2019 | 2020 | 2021 | Base Year 2022 | 2023 |

(from Pg. 4)

Section I-Allowable Costs

| | | | | | |
|----------------------------------|--------------------|--------------------|---------------------|---------------------|---------------------|
| 6. Direct Labor | \$3,258,214 | \$3,614,140 | \$3,638,218 | \$3,922,681 | \$4,040,361 |
| 7. Corporate Overhead | \$350,343 | \$356,299 | \$359,149 | \$378,184 | \$389,529 |
| 8. Office Salaries | \$688,788 | \$768,706 | \$758,312 | \$835,736 | \$859,332 |
| 9. Other General and Admin Costs | \$4,482,056 | \$4,990,560 | \$5,899,433 | \$5,614,771 | \$7,809,122 |
| 10. Total Allowable Costs | \$8,779,401 | \$9,729,705 | \$10,655,112 | \$10,751,372 | \$13,098,345 |

Section II-Allowable Operating Profit

| | | | | | |
|---------------------------------------|------------------|------------------|--------------------|------------------|--------------------|
| 11. Operating Ratio | 97.3% | 98.2% | 103.6% | 92.0% | 92.0% |
| 12. Allowable Operating Profit | \$245,196 | \$179,075 | (\$366,502) | \$934,902 | \$1,138,986 |

Section III-Pass Through Costs

| | | | | | |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| 13. Tipping Fees | \$2,754,458 | \$2,924,849 | \$3,012,594 | \$4,730,341 | \$2,978,173 |
| 14. Franchise Fees | \$1,482,198 | \$1,629,121 | \$1,652,070 | \$1,454,123 | \$1,497,747 |
| 15. AB939 Fees | \$0 | \$0 | \$0 | \$0 | \$0 |
| 16. Payments to Affiliated Companies* | \$281,020 | \$337,664 | \$377,981 | \$438,302 | \$477,779 |
| 17. Total Pass Through Costs | \$4,517,676 | \$4,891,634 | \$5,042,645 | \$6,622,767 | \$4,953,699 |

* Affiliate Payments include interest, lease payments, and transportation

Section III-Pass Through Costs

| | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| 18. Revenue Requirement | \$13,542,273 | \$14,800,414 | \$15,331,255 | \$18,309,041 | \$19,191,030 |
| 19. Total Revenue Offsets (from Page 3) | \$13,542,273 | \$14,800,414 | \$15,331,255 | \$15,260,678 | \$15,413,625 |

Section III-Pass Through Costs

| | |
|-----------------------------|-------------|
| 20. Net Shortfall (Surplus) | \$3,048,363 |
|-----------------------------|-------------|

| | Oceano | Nipomo |
|---|---------------|---------------|
| 21. Total Residential and Non-residential Revenue without increase in Base Year (pg.5, line 76) | \$15,260,678 | \$15,260,678 |
| 22. Percent Change in Residential and Non-residential Revenue Requirement | 19.98% | 19.14% |
| 23. Franchise Fee Adjustment Factor (1 - 6 percent) | 90.000% | 90.000% |
| | 22.19% | 21.27% |
| Limitation due to cumulative increases | | |
| 24. Percent Change in Existing Rates | 22.19% | 21.27% |

2022 Base Year Rate Adjustment Application

Revenue Offset Summary

| | Section VII - Revenue Offsets | | | | |
|---|-------------------------------|---------------------|---------------------|---------------------|---------------------|
| | Historical | | Current | Projected | |
| | | | | Base Year | |
| | 2019 | 2020 | 2021 | 2022 | 2023 |
| <i>Residential Revenue (without increase in Base Yr.)</i> | | | | | |
| 28. Single Family Residential | \$7,924,043 | \$8,627,550 | \$8,780,617 | \$8,769,933 | \$8,857,632 |
| Multiunit Residential Dumpster | | | | | |
| 29. Number of Accounts | | | | | |
| 30. Revenues | | | | | |
| 31. Less Allowance for Uncollectible Resi Accounts | \$0 | \$0 | \$0 | \$0 | \$0 |
| 32. Total Residential Revenue | \$7,924,043 | \$8,627,550 | \$8,780,617 | \$8,769,933 | \$8,857,632 |
| <i>Non-residential Revenue (without increase in Base Yr.)</i> | | | | | |
| Account Type | | | | | |
| Non-residential Can | | | | | |
| 33. Number of Accounts | | | 11 | 11 | 12 |
| 34. Revenues | | | \$5,513 | \$5,568 | \$5,624 |
| Non-residential Wastewheeler | | | | | |
| 35. Number of Accounts | | | 503 | 508 | 513 |
| 36. Revenues | | | \$544,220 | \$549,662 | \$555,159 |
| Non-residential Dumpster | | | | | |
| 37. Number of Accounts | | | 1,576 | 1,592 | 1,608 |
| 38. Revenues | \$5,613,237 | \$6,171,381 | \$5,983,795 | \$5,917,531 | \$5,976,706 |
| 39. Less: Allowance for Uncollectible Non-resid | \$0 | \$0 | \$0 | \$0 | \$0 |
| 40. Total Non-residential Revenue | \$5,613,237 | \$6,171,381 | \$6,533,528 | \$6,472,761 | \$6,537,488 |
| 45. Interest on Investments | \$0 | \$0 | \$0 | \$0 | \$0 |
| 46. Other Income | \$4,993 | \$1,483 | \$17,111 | \$17,984 | \$18,505 |
| 47. Total Revenue Offsets | \$13,542,273 | \$14,800,414 | \$15,331,255 | \$15,260,678 | \$15,413,625 |

South County Sanitary Service

2022 Base Year Rate Adjustment Application

Cost Summary for Base Year

| Description of Cost | BASE YEAR | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2019 | 2020 | 2021 | 2022 | 2023 |
| | Labor | \$3,020,612 | \$3,353,557 | \$3,377,752 | \$3,642,382 |
| Payroll Taxes | \$237,602 | \$260,583 | \$260,466 | \$280,299 | \$288,708 |
| 48. Total Direct Labor | \$3,258,214 | \$3,614,140 | \$3,638,218 | \$3,922,681 | \$4,040,361 |
| 49. Corporate Overhead | \$370,263 | \$387,844 | \$460,472 | \$484,877 | \$499,423 |
| Less limitation (enter as negative) | (\$19,920) | (\$31,545) | (\$101,323) | (\$106,693) | (\$109,894) |
| Total Corporate Overhead | \$350,343 | \$356,299 | \$359,149 | \$378,184 | \$389,529 |
| Office Salaries | \$642,368 | \$722,755 | \$701,402 | \$773,471 | \$795,199 |
| Payroll Taxes - Office | \$46,420 | \$45,951 | \$56,910 | \$62,265 | \$64,133 |
| 50. Total Office Salaries | \$688,788 | \$768,706 | \$758,312 | \$835,736 | \$859,332 |
| Bad Debt | \$12,541 | \$12,182 | \$15,064 | \$15,064 | \$15,064 |
| Allocated expenses | \$0 | \$0 | \$0 | \$0 | \$0 |
| Bonds expense | \$6,877 | \$5,221 | \$5,153 | \$5,426 | \$5,589 |
| Depreciation | \$406,756 | \$535,997 | \$1,129,264 | \$1,534,705 | \$1,827,206 |
| Drive Cam fees | \$21,242 | \$19,353 | \$20,599 | \$21,690 | \$22,341 |
| Dues and Subscriptions | \$20,483 | \$5,793 | \$19,974 | \$21,033 | \$21,664 |
| Facilities | \$59,584 | \$43,035 | \$29,218 | \$30,766 | \$31,689 |
| Gas and oil | \$914,400 | \$821,425 | \$947,541 | \$952,847 | \$980,712 |
| Insurance | \$860,855 | \$1,062,848 | \$1,225,897 | \$1,361,460 | \$1,402,304 |
| Laundry (Uniforms) | \$33,527 | \$29,461 | \$29,837 | \$31,418 | \$32,361 |
| Legal and Accounting | \$43,392 | \$46,291 | \$51,310 | \$53,890 | \$55,428 |
| Miscellaneous and Other | \$7,943 | \$5,614 | \$5,144 | \$5,416 | \$5,579 |
| Office Expense | \$211,414 | \$229,923 | \$254,048 | \$268,409 | \$276,461 |
| Operating Supplies | \$59,319 | \$83,727 | \$73,903 | \$77,820 | \$80,155 |
| Other Taxes | \$37,649 | \$40,287 | \$39,285 | \$41,236 | \$42,399 |
| Outside Services | \$1,128,991 | \$1,244,791 | \$1,231,253 | \$328,750 | \$2,120,266 |
| Public Relations and Promotion | \$5,119 | \$8,013 | \$7,639 | \$7,654 | \$7,663 |
| Postage | \$21,635 | \$8,711 | \$12,894 | \$13,578 | \$13,985 |
| Permits | \$60,344 | \$67,486 | \$92,393 | \$97,290 | \$100,208 |
| Relocation | \$18,530 | \$30,701 | \$22,040 | \$22,040 | \$22,040 |
| Rent | \$3,000 | \$2,250 | \$11,023 | \$12,497 | \$12,872 |
| Telephone | \$13,294 | \$36,444 | \$36,121 | \$38,035 | \$39,176 |
| Tires | \$100,399 | \$127,834 | \$144,039 | \$151,673 | \$156,223 |
| Travel | \$27,991 | \$8,712 | \$12,431 | \$13,091 | \$13,483 |
| Truck Repairs | \$389,414 | \$492,848 | \$464,015 | \$488,608 | \$503,266 |
| Utilities | \$17,357 | \$21,613 | \$19,349 | \$20,375 | \$20,986 |
| 51. Total Other Gen/Admin Costs | \$4,482,056 | \$4,990,560 | \$5,899,433 | \$5,614,771 | \$7,809,122 |
| 52. Total Tipping Fees | \$2,754,458 | \$2,924,849 | \$3,012,594 | \$4,730,341 | \$2,978,173 |
| 53. Total Franchise Fee | 1,482,198.00 | \$1,629,121 | \$1,652,070 | \$1,454,123 | 1,497,747.16 |
| 54. Total AB 939/Regulatory Fees | \$0 | \$0 | \$0 | \$0 | \$0 |
| 55. Total Lease Pmt to Affil Co.'s | \$142,332 | \$170,111 | \$172,663 | \$181,814 | \$187,268 |
| 55a. Interest Expense (to affiliate) | \$87,922 | \$133,282 | \$162,043 | \$213,214 | \$247,236 |
| 55b. Total Transportation to Affil Co.'s | \$50,766 | \$34,271 | \$43,275 | \$43,275 | \$43,275 |
| 56. Total Cost | \$13,297,077 | \$14,621,339 | \$15,697,757 | \$17,374,139 | \$18,052,043 |

2022 Base Year Rate Adjustment Application

Base Year Revenue Offset Summary

For Information Purposes Only

| Description of Revenue | Section VII-Revenue Offsets | | | | | | |
|--|------------------------------------|---------------------|--------------------------|--------------------|--------------------|-----------------------|----------------------|
| | Overall | Franchise | Refuse Collection | | | | Non-franchise |
| | Total | Total | Arroyo | Pismo | Grover | Unincorporated | Total |
| <i>Residential Revenue (without increase in Base Year)</i> | | | | | | | |
| 57. Single Family Residential | \$8,769,933 | \$8,769,933 | \$1,826,861 | \$1,185,972 | \$1,173,008 | \$4,584,092 | |
| <i>Multiunit Residential Dumpster</i> | | | | | | | |
| 58. Number of Accounts | 0 | 0 | | | | | |
| 59. Revenues | \$0 | \$0 | | | | | |
| 60. Less Allowance for Uncollectable | \$0 | \$0 | | | | | |
| 61. Total Residential Revenue | \$8,769,933 | \$8,769,933 | \$1,826,861 | \$1,185,972 | \$1,173,008 | \$4,584,092 | \$0 |
| <i>Non-residential Revenue (without increase in Base Year)</i> | | | | | | | |
| <i>Account Type</i> | | | | | | | |
| <i>Non-residential Can</i> | | | | | | | |
| 62. Number of Accounts | 11 | 11 | 5 | 1 | 4 | 2 | |
| 63. Revenues | \$5,568 | \$5,568 | \$1,416 | \$280 | \$1,033 | \$2,840 | |
| <i>Non-residential Wastewheeler</i> | | | | | | | |
| 64. Number of Accounts | 503 | 503 | 139 | 136 | 98 | 131 | |
| 65. Revenues | \$549,662 | \$549,662 | 149,429 | 195,948 | 84,569 | 119,716 | |
| <i>Non-residential Dumpster</i> | | | | | | | |
| 66. Number of Accounts | 1,576 | 1576 | 402 | 229 | 321 | 625 | 0 |
| 67. Revenues | \$5,917,531 | \$5,917,531 | \$1,577,642 | \$1,333,364 | \$828,238 | \$2,178,286 | |
| 68. Less: Allowance for Uncollectable Non-residential Accounts | \$0 | \$0 | | | | | |
| 69. Total Non-residential Revenue | \$6,472,761 | \$6,472,761 | \$1,728,486 | \$1,529,592 | \$913,840 | \$2,300,842 | \$0 |
| 74. Interest on Investments | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 75. Other Income | \$17,984 | \$0 | \$0 | \$0 | \$0 | \$0 | \$17,984 |
| 76. Total Revenue Offsets | \$15,260,678 | \$15,242,694 | \$3,555,347 | \$2,715,564 | \$2,086,848 | \$6,884,935 | \$17,984 |

South County Sanitary Service

2022 Base Year Rate Adjustment Application

Operating Information

| Historical | | | | Current | | Projected | | |
|------------|---------|------|---------|---------|---------|-----------|---------|------|
| | Percent | | Percent | | Percent | Base Year | Percent | |
| 2019 | Change | 2020 | Change | 2021 | Change | 2022 | Change | 2023 |

Section IX-Operating Data

Residential

Accounts

| | | | | | | | | | | |
|-----|--------------------|--------|-------|--------|--------|--------|------|--------|------|--------|
| 77. | Arroyo Grande | 5,827 | 1.1% | 5,890 | 0.6% | 5,924 | 1.0% | 5,983 | 1.0% | 6,043 |
| | Grover Beach | 4,216 | 0.4% | 4,233 | 0.4% | 4,249 | 1.0% | 4,291 | 1.0% | 4,334 |
| | Pismo Beach | 3,816 | 0.1% | 3,819 | 0.2% | 3,828 | 1.0% | 3,866 | 1.0% | 3,905 |
| | Oceano CSD | 1,863 | 0.4% | 1,870 | 1.6% | 1,899 | 1.0% | 1,918 | 1.0% | 1,937 |
| | Nipomo CSD | 4,066 | 0.8% | 4,097 | 0.9% | 4,135 | 1.0% | 4,176 | 1.0% | 4,218 |
| | County | 6,881 | 2.2% | 7,034 | 1.4% | 7,130 | 1.0% | 7,201 | 1.0% | 7,273 |
| | | 26,669 | 1.0% | 26,943 | 0.8% | 27,165 | 1.0% | 27,437 | 1.0% | 27,711 |
| 78. | Routes-Garbage | 7 | 26.5% | 9 | -13.9% | 8 | 0.0% | 8 | 0.0% | 8 |
| 79. | Routes-Recycling | 6 | 26.5% | 8 | -13.9% | 7 | 0.0% | 7 | 0.0% | 7 |
| 80. | Direct Labor Hours | 28,522 | 26.5% | 36,082 | -13.9% | 31,059 | 0.0% | 31,059 | 0.0% | 31,059 |

Non-residential Garbage

Accounts

| | | | | | | | | | | |
|-----|--------------------|--------|-------|--------|--------|--------|------|--------|------|--------|
| 80. | Arroyo Grande | 490 | 0.2% | 491 | 0.6% | 494 | 1.0% | 499 | 1.0% | 504 |
| | Grover Beach | 438 | 0.7% | 441 | 0.5% | 443 | 1.0% | 447 | 1.0% | 452 |
| | Pismo Beach | 386 | 1.8% | 393 | -0.5% | 391 | 1.0% | 395 | 1.0% | 399 |
| | Oceano CSD | 190 | 0.5% | 191 | 0.5% | 192 | 1.0% | 194 | 1.0% | 196 |
| | Nipomo CSD | 214 | -2.3% | 209 | 0.0% | 209 | 1.0% | 211 | 1.0% | 213 |
| | County | 508 | -5.9% | 478 | 2.5% | 490 | 1.0% | 495 | 1.0% | 500 |
| | | 2,226 | -1.0% | 2,203 | 0.7% | 2,219 | 1.0% | 2,241 | 1.0% | 2,264 |
| 81. | Routes-garbage | 8 | 26.5% | 10 | -13.9% | 8 | 0.0% | 8 | 0.0% | 8 |
| | Routes-recycling | 3 | 26.5% | 4 | -13.9% | 4 | 0.0% | 4 | 0.0% | 4 |
| 82. | Direct Labor Hours | 22,871 | 26.5% | 28,933 | -13.9% | 24,905 | 0.0% | 24,905 | 0.0% | 24,905 |

Recyclable Materials - All areas-Commingled Recycling (in tons)

Accounts

| | | | | | | | | | | |
|-----|----------------|--------|-------|--------|------|--------|------|--------|------|--------|
| 83. | Tons Collected | 13,275 | -4.0% | 12,740 | 3.0% | 13,123 | 3.0% | 13,516 | 1.0% | 13,651 |
|-----|----------------|--------|-------|--------|------|--------|------|--------|------|--------|

Recyclable Materials - All areas-Greenwaste Recycling

| | | | | | | | | | | |
|--|--------------------|--------|-------|--------|--------|--------|------|--------|------|--------|
| | Routes | 5 | 26.5% | 7 | -13.9% | 6 | 0.0% | 6 | 0.0% | 6 |
| | Tons Collected | 13,631 | -0.9% | 13,511 | 3.0% | 13,916 | 3.0% | 14,334 | 1.0% | 14,477 |
| | Direct Labor Hours | 10,934 | 26.5% | 13,833 | -13.9% | 11,907 | 0.0% | 11,907 | 0.0% | 11,907 |

| | | | | | | | | | | |
|--|------------------------|--------|-------|--------|------|--------|------|--------|------|--------|
| | Garbage Tons Collected | 43,020 | -3.5% | 41,507 | 3.0% | 42,752 | 3.0% | 44,034 | 1.0% | 44,475 |
|--|------------------------|--------|-------|--------|------|--------|------|--------|------|--------|

Rate Comparisons for Garbage Service

| Service Size | Pismo Beach ¹ | South County Urban ¹ | Arroyo Grande ¹ | Atascadero | Templeton | San Miguel | Paso Robles ² | City of Santa Maria ^{3,4} | Santa Barbara County (Northern) ⁴ | City of Santa Barbara |
|----------------|--------------------------|---------------------------------|----------------------------|------------|-----------|------------|--------------------------|------------------------------------|--|-----------------------|
| 20 Gallon | | | | | | | | | | |
| 35 Gallon | \$ 17.31 | \$ 25.60 | \$ 19.46 | \$ 28.55 | \$ 31.40 | \$ 28.33 | \$ 30.90 | | \$ 25.84 | \$ 45.30 |
| 65 Gallon | \$ 34.63 | \$ 34.04 | \$ 25.29 | \$ 44.50 | \$ 45.01 | \$ 44.48 | \$ 51.12 | 30.69 | \$ 27.89 | \$ 56.15 |
| 95 Gallon | \$ 51.94 | \$ 47.46 | \$ 31.13 | \$ 55.77 | \$ 45.95 | \$ 61.06 | \$ 57.25 | 34.81 | \$ 29.86 | \$ 67.00 |
| 2 yard (1X WK) | \$ 120.91 | \$ 129.25 | \$ 122.10 | \$ 146.79 | \$ 129.54 | \$ 103.98 | \$ 168.68 | 166.72 | \$ 167.72 | \$ 248.79 |

Notes:

¹ Scheduled increases in 1/1/2022

² Paso Robles does 40 gallon cart pricing

³ 65 gallon Scheduled to increase to \$32.70 in 1/1/22 and \$34.71 in 7/1/22, and 95 gallon Scheduled to increase to \$38.07 in 1/1/22 and \$41.34 in 7/1/22

⁴ Weekly Trash pick-up but every other week recycling and green waste pick-up.

HZI Cost Increase Summary

Appendix B

| Cost Category | Original Plan | 2021 | 2022 | Variance | | Comment |
|----------------------------------|---------------|------------|------------|----------|------|---|
| | | | | Amount | % | |
| Staffing and Administrative Cost | \$ 1,090 | \$ 1,592 | \$ 1,706 | \$ 616 | 57% | Staff operation requirements increased from 3 to 6 team members due to feedstock profile, increased maintenance, equipment change out and operational demands. Additionally salary increases have been necessary to meet CA labor market demands. Administratively pollution insurance was added and audit and legal fees were increased to meet reporting requirements. |
| O&M Expense | \$ 495 | \$ 1,747 | \$ 1,439 | \$ 944 | 191% | Increased cost due to CHP maintenance increases related to gas cycling, dosing feeder erosion, screw feeder premature erosion, shredder blade erosion and damage due to contamination, digestate pump rebuild frequency due to sand, premature wear and replacement of the decanter, and continued vacuum truck clean out of the sand build-up. Added +250K/year for management of backend products and front end peak loading; |
| Capital Expense | \$ 1,487 | \$ 1,945 | \$ 1,946 | \$ 459 | 31% | Added Capital cost includes Feed Bunker Wall extension, Speed Screen, Fat, Oils, and Grease system, and redundant pumps related to decreased food waste and sand issues in the CA environment |
| Total Cost | \$ 3,072 | \$ 5,284 | \$ 5,091 | \$ 2,019 | | - |
| Total Service Fee | \$ 1,749 | \$ 1,779 | \$ 3,861 | \$ 2,082 | 119% | Increase requested equates closely to cost increase seen since original plan of monthly service fees |
| Change | \$ (1,323) | \$ (3,505) | \$ (1,230) | \$ 63 | | |

William C. Statler

Fiscal Policy ■ Financial Planning ■ Analysis ■ Training ■ Organizational Review

MEMORANDUM

May 2, 2022

TO: South County Agencies

FROM: Bill Statler *W.C. Statler*

SUBJECT: SOLID WASTE RATE REVIEW: STARTING DATE FOR TEMPORARY
DELAYED IMPLEMENTATION

The following provides supplemental supporting information for my recommended start date of May 1, 2022 as part of my review of the proposed rate increase submitted by South County Sanitary Service (SCSS). It includes factors presented in the rate review as well as several added ones.

Proposition 218 Notice Timeframes

When the 120-day period was set in the 1994 Rate Manual, Proposition 218 was not on the radar: it was not adopted by voters until November 1996. Moreover, it was the “conventional wisdom” afterwards for ten years that its notice and procedural requirements did not apply to most water, sewer and solid waste rate circumstances. This changed with the “Big Horn” decision ten years later in 2006. Even then, many agencies believed it did not apply to private companies like SCSS, while other agencies believed it did (especially where service is mandatory).

In short, the Proposition 218 45-day notice and protest requirements did not exist when the 1994 Rate Manual was prepared; nor for many years thereafter. This alone conceptually adds at least 45 days to the review process. However, as a practical matter, given the time needed to schedule Council reviews, this results in added time needed for public notice and review of 75 to 90 days.

It is important to note the Rate Manual does not provide any special timeframes for public review other than the standard 10-day public hearing notice before the Council meeting for consideration of adopting proposed rates (Step 8b, page II-18).

Integrated Waste Management Authority (IWMA)

The review was delayed pending consideration of rate increases by the IWMA and their possible impact on SCSS rates. These new rates were not adopted by the IWMA until March 9, 2022. Moreover, it was subsequently determined that since these rates are set by the IWMA – and not the franchising agencies – that they did not affect agency rate-setting. (Along with other factors, this resulted in a revised application from SCSS on February 18, 2022).

Complexity

While SCSS has been very responsive in following-up on requests for supporting data, the scope and complexity of the 2022 application has been significantly greater, and subsequently taken longer, than envisioned in the Rate Manual.

For context, the Rate Manual shows nine “steps” in the review process (pages II-5 to II-20). In describing each step and timeframe (the 120-day period is the cumulation of times set forth in each step), the Rate Manual assumes no “friction” in completing each step. In short, where an exchange of materials is required, it assumes that the task can be completed in the timeframe indicated without the need for substantive review and follow-up; and where this may be needed, it doesn’t specifically provide for added time for this (however, this is discussed on page II-8 and further below under “When Does the 120-Day Clock Start?”).

For example, 15 days are provided to complete *Step 3: Review of Rate Adjustment Application and Preparation of Responses* (page II-10 to 12), encompassing Tasks a to h). Step 3g (page II-12) provides that the City may “may request clarification and/or additional data from the franchise hauler ...”). However, other than generally on page II-8 and discussed below, it doesn’t specifically address where added time may be required for subsequent review and request follow-up and iterations.

In short, the timeframes for each task are based on the “best case” for review: they don’t specifically address where this may not be the case.

Many Circumstances Where Interpretations Required

Given the Rate Manual’s almost 30-year life, many interpretations have been required over time for issues not addressed in Rate Manual (or other emerging factors), where it has been served more as a “guideline” than a “rule.” Three examples (and there are others) include:

- ***Materials recovery facility (MRF) costs.*** With increasing costs and decreasing markets for recycled materials, this surfaced as a key issue in the 2019 rate review. The Rate Manual does not address how to consider costs for processing recycled (“blue bin”) materials, especially where MRF pricing is set by the parent company (Waste Connections). And this is due to a key factor: it is not considered a cost but a revenue offset to rate requirements (page III-14). For 2019, the SCSS proposal for MRF costs was accepted, but only after extensive analysis and discussion as presented in the 2019 report.
- ***Greenwaste/food processing costs.*** This was considered a “contracted service” for many years after greenwaste disposal was discontinued in 2011 at the Cold Canyon landfill. With that classification, it has been a cost category where profit is allowed. However,

with a new on-site processing facility, SCSS agreed to consider this as a “pass-through” cost (like other disposal costs: landfill and MRF fees) for the 2022 rate review, where it may be recovered through rates but no profit is allowed. (This was another factor in the revised rate application submitted in February 2022).

- ***Interim year rate reviews.*** As discussed in the rate review report, the Rate Manual provides for a comprehensive first-year “base” review (which is the focus of the 2022 rate review), followed by two interim year reviews. The Rate Manual process for interim years is described in the rate review and consists of three components: increases in the consumer price index (CPI) for “allowable costs;” and “weighted” increases in landfill costs and franchise fees.

However, since 2015, SCSS has requested that interim year increases be based solely on CPI. Given the modest difference, I concurred with this change and it was approved by the governing agencies. (This is also proposed by SCSS for the 2023 and 2024 interim years.)

When Does the 120-Day Clock Start?

The first step in the review process (pages II-5 to II-8) is preparation and acceptance of the application. Within fifteen days of receipt, the City is allowed 15 days to review the application for completeness. Page II-8 further states that:

“The penalty to the franchise hauler for an incomplete application would be a loss of any additional revenue which would have been generated through a timely and approved rate adjustment application. Similarly, for missing any other deadlines specified in the rate setting process (i.e., responding to City requests for additional information or reviewing the City’s draft agenda report) the franchise hauler would lose revenue due to later implementation of rates.”

A case could be that the application was not complete until the revised application dated received February 18, 2022; and thus, the 120-day calendar starts from then (June 18, 2022).

On the other hand, as noted above, SCSS was diligent in responding to requests for information. It simply was a more complex process than anticipated. Thus, I proposed May 1 as a reasonable “start date” for the delayed rate given all the circumstances.

In short, the Rate Manual assumes that it is someone’s “fault” if the timeframes in each step are not met. In a complex situation, this is simply not always the case.

These Are Not New Factors

SCSS has noted in other situations that many of the circumstances (like Proposition 218 and complexity) affecting the timeframe for review and approval have not changed. They are correct. But these circumstances have always resulted in rate approvals that took longer than 120 days. For example, the following are approval dates for the last two base year reviews:

Solid Waste Rate Review

| Agency | 2019 | 2015 |
|---------------|------|---------|
| Arroyo Grande | June | October |
| Grover Beach | June | October |
| Pismo Beach | May | October |
| Oceano CSD | June | October |

What is new: This is the first time in almost 30 years that the hauler has asked for a delayed rate increase.

SUMMARY

In accounting for these factors, I recommended that the temporary delayed rate implementation apply for any rates with a May 1, 2022 start date. In short, while these delays were “no fault” of SCSS, they were not the fault of the City, either.





- SAN LUIS GARBAGE
- SOUTH COUNTY SANITARY
- MISSION COUNTRY DISPOSAL
- MORRO BAY GARBAGE



Safety • Integrity • Service

May 31, 2022

Will Clemens
 General Manager
 Oceano Community Services District
 1655 Front St, Oceano, CA 93475

Subject: South County Sanitary Services January 2022 Revised Rate Increase Request

Dear Mr. Clemens,

Please accept this letter as a follow-up to the rate application South County Sanitary Services (“SCSS”) filed with you on October 20, 2021. The rate increase percentage decreased as a result of several meetings with the District’s rate review consultant, Mr. Bill Statler. This letter discusses items that changed since our original submission and responds to Mr. Statler’s Solid Waste Rate Review report, dated March 2022. We lowered the request by 2.32% to a 21.03% increase in our revenue requirement. A revised breakout of the rate increase is shown in the table below. Rate increase justifications have not changed since the previous cover letter. The table also includes a delayed rate implementation component of 12.62% as described in the next paragraph, which brings the total rate increase request to 33.65% for the first year.

| Factor | Increase % |
|--|-------------------|
| Capital Investment (Depreciation) | 5.88% |
| HZI Digester Expense | 6.20% |
| Wage Adjustments to Market | 5.63% |
| Recycle Processing Fee | 1.88% |
| Other General Costs | 1.44% |
| Total (Increase to the Customers) | 21.03% |
| Delayed Rate Component (Funded by District) | 12.62% |
| Total w/ Delayed Rate Component | 33.65% |

Delayed Rate Implementation

Per page II-8 of the Rate Manual, if approval of the application and new rates is delayed due to no fault of the hauler, the District will include the value of revenue lost due to the delay in the rate increase. Since SCSS's rate application was originally filed on October 20, 2021, the timeline in the Rate Manual allowed for a delayed rate implementation recovery period beginning March 1, 2022. However, Mr. Statler's review of the SCSS Solid Waste Review recommended using May 1, 2022. Based on negotiations with the other South County jurisdictions, we have agreed to use the delayed implementation back to May 1st, rather than March 1st. Assuming rates become effective August 1, 2022 instead of May 1, 2022, the rate increase will increase by 12.62% applied evenly over those remaining months in 2022 and end effective January 1, 2023, net of any CPI increase. This delayed rate implementation component of 12.62% amounts to \$50,386. We understand this delayed rate implementation component of \$50,386, will be funded by the District, eliminating the need to include the delayed rate implementation in the District's Proposition 218. The District's Proposition 218 notice will simply include the base increase of 21.03%.

IWMA, Franchise Fees, and AB939 Fees

On March 9, 2022 the IWMA Board approved a 5.4% charge on all residential and commercial revenue, effective July 1, 2022. This charge replaces the current fee of \$0.30 per month for residential customers billed under \$50/month and 2% of revenue for commercial customers and residents billed over \$50/month services. The IWMA fees are a separate line item on the bill and are now based fully on a percentage of revenue, therefore SCSS removed all consideration of IWMA fees from this revised application.

The proposed effective date of the Base Year Rate Increase for the District is August 1, 2022, which is one month after the date that the IWMA will increase their fees. Our understanding is that the District intends to fund these IWMA fees for the month of July instead of passing the additional cost on to the customers. SCSS's estimate of this expense to be approximately \$4,000. Once the July invoices have been prepared, SCSS will provide a specific amount to the District, to be paid. This calculation will be the difference between the IWMA fee of 5.4% fee and the existing IWMA fee.

The new IWMA fee will be a disclosure item on the Proposition 218 notice. Beginning on August 1, 2022, upon approval of the new rates by the District at the July 27, 2022 meeting, SCSS will begin to charge the customers the adjusted IWMA fee of 5.4%.

Reclassification of HZI Digester Processing Expense

The digester and previous green waste composting process has always been treated as an outside service eligible for margin. However, in order to settle this rate application, SCSS agreed to reclassify the HZI digester processing fee from an outside service to a pass-through expense. Margin is not allowed on pass-through expenses.

Rate Manual Revision

This application follows guidance in the 28-year-old rate manual. As mentioned in the original application submission letter, the rate manual is outdated and does not fairly consider current business practices. SCSS would like to reiterate its focus on working to revise the rate manual with the communities serviced in 2022.

Conclusion

We appreciate the District's time and collaboration on this rate application. We look forward to a continued partnership with the Oceano Community Services District, and allowing SCSS to provide safe and reliable service that meets the community's solid waste, recycling and organic collection needs.

If you have any questions regarding our submittal, please feel to contact me at 805-748-8041.

Sincerely,

A handwritten signature in black ink that reads "Jeffrey Clarin". The signature is written in a cursive, flowing style.

Jeffrey Clarin, P.E.
District Manager
South County Sanitation Services
Waste Connections

Notice of Public Hearing Regarding Proposed Solid Waste Rate Increase

Property Owners and Tenants - Customers:

This notice is intended to inform you that the Oceano Community Services District (the "OCSD") will hold a public hearing regarding rate increases (the "Proposed Rate Increase") proposed by South County Sanitary Service (the "Garbage Company") for properties and customers receiving solid waste, recycling, and green waste services within the OCSD. The Proposed Rate Increase will be considered by the OCSD at the date, time, and location specified below. Consistent with the requirements of Proposition 218, this notice also provides you with the following information:

- The Date, Time, and Place of the Public Hearing;
- The Reason for the Proposed Rate Increase; and
- The Basis for the Proposed Rate Increase; and
- The Majority Protest Procedures.

NOTICE OF PUBLIC HEARING

The Public Hearing for the Proposed Rate Increase within the OCSD limits will be held on:

Date: July 27, 2022 **Time:** 6:00 pm

Place: Oceano Community Service District Board Room located at 1655 Front St Oceano, CA

At the Public Hearing, the Oceano CSD Board will consider all public comment in support of and in opposition to the Proposed Rate Increase and whether or not a Majority Protest exists pursuant to the California Constitution (as described below). If approved, the Proposed Rate Increase would become effective on August 1, 2022.

Reason for the Proposed Rate Increase

The Proposed Rate Increase is 21.03 percent for solid waste, recycling, and green waste/organics collection services. The increase is necessary for the Garbage Company to continue to provide safe, environmentally sound, and reliable solid waste, recycling, green waste/organics collection, transportation and disposal/processing services to the citizens of the OCSD. Several factors contributed to this rate increase including, but not limited to: increased costs associated with the purchase and operation of collection vehicles, fuel costs, labor costs, and increased costs associated with the organics digester facility.

The organics digester facility is required by California Senate Bill 1383 (SB 1383), and previously approved California Assembly Bill 1826 (AB 1826). SB 1383 is a recent state law passed with the goal of reducing methane. Methane is a potent greenhouse gas, with more than 80 times the warming power of carbon dioxide, and is a major component of decomposing organic waste. In response to the harmful effects of methane gas, Cal Recycle (a branch of the California Environmental Protection Agency) adopted regulations implementing SB 1383 in the fall of 2020. Key components of SB 1383 include implementing organic waste collection programs (including food waste), monitoring organics carts for contamination, and reporting data. AB 1826 requires local jurisdictions to develop a program to divert organic waste from landfills to an authorized composting facility like an anaerobic digester.

Basis of the Proposed Rate Increase

The Proposed Rate Increase of 21.03 percent is based on the following cost increases incurred by the Garbage Company:

1. 5.88 percent of the Proposed Rate Increase is for capital investment costs of new collection vehicles, replacement containers and additional containers to meet the demands of SB 1383 compliance.
2. 6.20 percent of the Proposed Rate Increase is for increased capital equipment investments and escalating operating expenses related to the Anaerobic Digester.
3. 5.63 percent of the Proposed Rate Increase is for market wage adjustments to attract and retain safe, quality employees.
4. 1.88 percent of the Proposed Rate Increase is for increases the commingle processing fee
5. 1.44 percent of the Proposed Rate Increase is for increases in other operational expenses

In addition, commencing on January 1, 2023 and January 1, 2024, rates shall be increased based on the following:

1. Increases, if any, in the Consumer Price Index (CPI) for Bureau of Labor Statistics' Consumer Price Index for Urban Consumers based on the All U.S. City Average, Bureau of Labor Statistics for the month of June 2022 for January 1, 2023 and June 2023 for January 1, 2024.

At the March 9, 2022 San Luis Obispo County Integrated Waste Management Authority (IWMA) Board Meeting, a 5.4% solid waste management fee was adopted to account for operational and capital cost increases due largely to the implementation of SB 1383. The adopted fee will be effective on July 1, 2022. OCSD has authorized the Garbage Company to bill this fee on-behalf of the IWMA beginning August 1, 2022.

The IWMA is a Joint Powers Authority formed to plan and implement regional solid waste and hazardous waste programs mandated by State law. The Joint Powers Agreement between the OCSD and the IWMA can be made available by the OCSD upon request or on the IWMA website at www.iwma.com.

A copy of the 2022 Base Year Rate Adjustment Application, which provides additional information on the proposed rate increases, is available at the OCSD office located at Oceano CSD Boardroom located at 1655 Front St Oceano, CA.

How Do I Protest the Proposed Rate Increase?

Pursuant to Section 6 of Article XIII D of the California Constitution, the following persons may submit a written protest against the Proposed Rate Increase to the Secretary to the Board before the close of the Public Hearing referenced above.

- An owner(s) of property (parcel(s)) receiving solid waste, recycling, and green waste services within the District limits. If the person(s) signing the protest, as an owner, is not shown on the last equalized assessment roll as the owner of the parcel(s) then the protest must contain or be accompanied by written evidence that such person signing the protest is the owner of the parcel(s) receiving services;
or
- A tenant(s) whose name appears on the Garbage Company's records as the customer of record for the corresponding parcel receiving solid waste, recycling, and green waste services within the OCSD limits (tenant-customer).

A valid written protest must contain a statement that you protest the Proposed Rate Increase, the address or Assessor's Parcel Number (APN) of the parcel or parcels which receive solid waste, recycling, and green waste services, and a signature by either the owner or the tenant-customer of the parcel or parcels. One written protest per parcel shall be counted in calculating a majority protest to the Proposed Rate Increase subject to the requirements of Section 6 of Article XIII D of the California Constitution. Written protests will not be accepted by e-mail or by facsimile. Verbal protests will not be counted in determining the existence of a majority protest. To be counted, a protest must be received in writing by the Secretary to the Board before the close of the Public Hearing referenced above.

Written protests regarding the solid waste rate increase may be mailed to:

**Oceano Community Service District
Attn: Secretary to the Board
PO Box 599
Oceano, CA 93475**

If valid written protests are presented by a majority of owners and/or tenants-customers of parcels receiving solid waste, recycling, and green waste services within the OCSD limits, then OCSD will not adjust/increase the rates for the services.

SOUTH COUNTY SANITARY SERVICE
EFFECTIVE AUGUST 1, 2022
OCEANO CSD

| Service Description | Pickups Per Week | Current Monthly Rate Effective 1/1/2021 | Proposed Rate Adjustment | Proposed Monthly Rate Effective 8/1/2022 |
|---|------------------|---|--------------------------|--|
| RESIDENTIAL: | | | | |
| 32 Gallon Waste Wheeler | 1 | \$14.98 | \$3.15 | \$18.13 |
| 64 Gallon Waste Wheeler | 1 | \$21.56 | \$4.53 | \$26.09 |
| 96 Gallon Waste Wheeler | 1 | \$42.19 | \$8.87 | \$51.06 |
| TWO-64 Gallon Waste Wheelers | 1 | \$49.80 | \$10.47 | \$60.27 |
| ONE 64 & ONE 96 Gallon | 1 | \$64.81 | \$13.63 | \$78.43 |
| TWO-96 Gallon Waste Wheelers | 1 | \$79.81 | \$16.78 | \$96.59 |
| Residential customers must use the waste wheelers provided by the garbage company. This solid service fee for residential trash collections (container with black or gray lid) includes once a week pick-up of one greenwaste/organics container (green lid), and one recycling container (blue lid). | | | | |
| APARTMENTS, TRIPLEX, DUPLEX | | | | |
| Rates are the same as commercial rates (below). | | | | |
| COMMERCIAL DUMPSTERS - ALL AREAS: | | | | |
| 1 yd dumpster | 1 | \$73.31 | \$15.42 | \$88.73 |
| 1 yd dumpster | 2 | \$105.45 | \$22.18 | \$127.63 |
| 1 yd dumpster | 3 | \$139.33 | \$29.30 | \$168.63 |
| 1 yd dumpster | 4 | \$171.50 | \$36.07 | \$207.57 |
| 1 yd dumpster | 5 | \$207.22 | \$43.58 | \$250.80 |
| 1 yd dumpster | 6 | \$241.17 | \$50.72 | \$291.89 |
| 1 yd dumpster | 7 | \$321.54 | \$67.62 | \$389.16 |
| 1.5 yd dumpster | 1 | \$87.53 | \$18.41 | \$105.94 |
| 1.5 yd dumpster | 2 | \$133.91 | \$28.16 | \$162.07 |
| 1.5 yd dumpster | 3 | \$180.45 | \$37.95 | \$218.40 |
| 1.5 yd dumpster | 4 | \$251.86 | \$52.97 | \$304.83 |
| 1.5 yd dumpster | 5 | \$307.22 | \$64.61 | \$371.83 |
| 1.5 yd dumpster | 6 | \$366.19 | \$77.01 | \$443.20 |
| 1.5 yd dumpster | 7 | \$484.17 | \$101.82 | \$585.99 |
| 2 yd dumpster | 1 | \$94.66 | \$19.91 | \$114.57 |
| 2 yd dumpster | 2 | \$155.36 | \$32.67 | \$188.03 |
| 2 yd dumpster | 3 | \$221.42 | \$46.56 | \$267.98 |
| 2 yd dumpster | 4 | \$323.34 | \$68.00 | \$391.34 |
| 2 yd dumpster | 5 | \$396.62 | \$83.41 | \$480.03 |

| Service Description | Pickups Per Week | Current Monthly Rate Effective 1/1/2021 | Proposed Rate Adjustment | Proposed Monthly Rate Effective 8/1/2022 |
|---------------------|------------------|---|--------------------------|--|
| 2 yd dumpster | 6 | \$473.37 | \$99.55 | \$572.92 |
| 2 yd dumpster | 7 | \$648.40 | \$136.36 | \$784.76 |
| 3 yd dumpster | 1 | \$114.24 | \$24.02 | \$138.26 |
| 3 yd dumpster | 2 | \$210.73 | \$44.32 | \$255.05 |
| 3 yd dumpster | 3 | \$294.71 | \$61.98 | \$356.69 |
| 3 yd dumpster | 4 | \$525.08 | \$110.42 | \$635.50 |
| 3 yd dumpster | 5 | \$623.39 | \$131.10 | \$754.49 |
| 3 yd dumpster | 6 | \$728.76 | \$153.26 | \$882.02 |
| 3 yd dumpster | 7 | \$1,003.81 | \$211.10 | \$1,214.91 |
| 4 yd dumpster | 1 | \$162.54 | \$34.18 | \$196.72 |
| 4 yd dumpster | 2 | \$244.78 | \$51.48 | \$296.26 |
| 4 yd dumpster | 3 | \$351.89 | \$74.00 | \$425.89 |
| 4 yd dumpster | 4 | \$552.00 | \$116.09 | \$668.09 |
| 4 yd dumpster | 5 | \$684.10 | \$143.87 | \$827.97 |
| 4 yd dumpster | 6 | \$777.05 | \$163.41 | \$940.46 |
| 4 yd dumpster | 7 | \$1,207.45 | \$253.93 | \$1,461.38 |
| 6 yd dumpster | 1 | \$243.82 | \$51.28 | \$295.10 |
| 6 yd dumpster | 2 | \$367.18 | \$77.22 | \$444.40 |
| 6 yd dumpster | 3 | \$527.81 | \$111.00 | \$638.81 |
| 6 yd dumpster | 4 | \$828.01 | \$174.13 | \$1,002.14 |
| 6 yd dumpster | 5 | \$1,026.15 | \$215.80 | \$1,241.95 |
| 6 yd dumpster | 6 | \$1,165.59 | \$245.12 | \$1,410.71 |
| 6 yd dumpster | 7 | \$1,811.18 | \$380.89 | \$2,192.07 |

The rates shown above include the monthly container rental fee and a semi-annual dumpster cleaning.

COMMERCIAL GARBAGE CANS - ALL AREAS:

| | | | | |
|----------|---|----------|---------|----------|
| 1 Can * | 1 | \$21.13 | \$4.44 | \$25.57 |
| 1 Can * | 2 | \$37.26 | \$7.84 | \$45.10 |
| 2 Cans * | 1 | \$35.34 | \$7.43 | \$42.77 |
| 2 Cans * | 2 | \$54.42 | \$11.44 | \$65.86 |
| 3 Cans * | 1 | \$42.54 | \$8.95 | \$51.49 |
| 3 Cans * | 2 | \$66.66 | \$14.02 | \$80.68 |
| 3 Cans * | 3 | \$88.15 | \$18.54 | \$106.69 |
| 3 Cans * | 4 | \$111.62 | \$23.47 | \$135.09 |
| 3 Cans * | 5 | \$135.03 | \$28.40 | \$163.43 |
| 4 Cans * | 1 | \$51.85 | \$10.90 | \$62.75 |

* Maximum volume and weight per garbage can : 33 gallons / 80 pounds

| Service Description | Pickups Per Week | Current Monthly Rate Effective 1/1/2021 | Proposed Rate Adjustment | Proposed Monthly Rate Effective 8/1/2022 |
|---|------------------|---|--------------------------|--|
| COMMERCIAL - OTHER CHARGES: | | | | |
| Rates for all commercial customers include recycling or greenwaste/organics pickup once per week, included with the garbage service rate. Customers can choose from a 64 or 96 gallon blue commingled recycle waste wheeler or a 32 or 64 gallon organics waste wheeler included with the garbage service rate (96 gallon waste wheelers can only be used with green waste due to weight). If you need a bin for recycling there is a charge (see below). If you need more frequent recycling, including organics/greenwaste service, it can be provided at a 50% discount from the garbage service rates for the specified level of service required. | | | | |
| MISCELLANEOUS CHARGES - ALL CUSTOMERS: | | | | |
| Overstacked Garbage & extra bags Minimum/unit | each | \$5.24 | \$1.10 | \$6.34 |
| Overstacked Green waste & extra bags Minimum/unit | each | \$2.63 | \$0.55 | \$3.18 |
| Overstacked Recycle & extra bags Minimum/unit | each | \$2.63 | \$0.55 | \$3.18 |
| In yard service (per can or commodity) IN ADDITION TO STANDARD GARBAGE RATES | per month | \$13.07 | \$2.75 | \$15.82 |
| Extended Vacation Service | per month | \$12.19 | \$2.56 | \$14.75 |
| Vacant Rate | per month | \$12.19 | \$2.56 | \$14.75 |
| Waste wheeler cleaning | each time | \$19.50 | \$4.10 | \$23.60 |
| Trip charge | each time | \$13.07 | \$2.75 | \$15.82 |
| Non-payment downsize service | each time | \$31.42 | \$6.61 | \$38.03 |
| Non-payment redeliver waste wheeler | each time | \$31.42 | \$6.61 | \$38.03 |
| MISCELLANEOUS CHARGES - ALL CUSTOMERS (Con't): | | | | |
| Non-payment reconnect service | each time | \$31.42 | \$6.61 | \$38.03 |
| Small item pickup (TV, toilet) | each | \$30.66 | \$6.45 | \$37.11 |
| Appliance pickup-residential | each | \$43.23 | \$9.09 | \$52.32 |
| Larger than residential appliance | by quote only | | | |
| Garbage extras on your scheduled pickup day | per yard | \$11.03 | \$2.32 | \$13.35 |
| Garbage extras -NOT ON YOUR SCHEDULED PICKUP DAY | per yard | \$30.44 | \$6.40 | \$36.84 |
| Commercial Waste Wheeler rent | per month | \$4.05 | \$0.85 | \$4.90 |
| Re-deliver bin on stopped acct | each time | \$37.47 | \$7.88 | \$45.35 |
| Compactor | per ton | \$16.68 | \$3.51 | \$20.19 |
| Sunday Service (in additional to garbage service level) | per month | \$65.42 | \$13.76 | \$79.18 |
| Recycle bin rental | per month | \$7.28 | \$1.53 | \$8.81 |
| Stand by time | per hour | \$62.97 | \$13.24 | \$76.21 |
| Extra bin cleaning | Each time | \$58.46 | \$12.29 | \$70.75 |
| Damage/Destruction of bins or waste wheelers | | replacement/repair at market price | | |
| Lock Charge | per month | \$7.28 | \$1.53 | \$8.81 |

| Service Description | Pickups Per Week | Current Monthly Rate Effective 1/1/2021 | Proposed Rate Adjustment | Proposed Monthly Rate Effective 8/1/2022 |
|--|------------------|---|--------------------------|--|
| Clean Up Voucher | per item | \$10.71 | \$2.25 | \$12.96 |
| Extra 32, 64, 96 Gal Waste Wheeler - Recycle | per month | \$1.47 | \$0.31 | \$1.78 |
| Extra 32, or 96 Gal Waste Wheeler - Green Waste | per month | \$3.63 | \$0.76 | \$4.39 |
| Short Term Dumpsters: | | | | |
| Delivery & Pickup-Bin | | \$37.47 | \$7.88 | \$45.35 |
| Delivery & Pickup-Waste Wheeler | | \$31.42 | \$6.61 | \$38.03 |
| Rental | Per Day | \$4.05 | \$0.85 | \$4.90 |
| Empties | Per Yard | \$30.44 | \$6.40 | \$36.84 |
| Mattress: | | | | |
| Twin | Each | \$17.02 | \$3.58 | \$20.60 |
| Double | Each | \$17.02 | \$3.58 | \$20.60 |
| Queen | Each | \$17.02 | \$3.58 | \$20.60 |
| King | Each | \$17.02 | \$3.58 | \$20.60 |
| ADDITIONAL INFORMATION ALL CUSTOMERS: | | | | |
| <ol style="list-style-type: none"> Customers requesting Temporary Bins or Roll-off Box Service can call the office for current rates Polystyrene (Styrofoam, Plastic #6) is not collected for recycling and should be thrown away as trash. Please bag Styrofoam packing peanuts before placing in trash container. It is encouraged to bag your trash in the garbage container but do not bag your recyclables or green waste in their respective containers and keep it loose. Recycling, Greenwaste/Organic and Garbage containers should be spaced 3 feet apart away from any obstacles (i.e. mailboxes, cars, etc) before 6:00am on collection service day. The fee schedule above only includes the Garbage Company rates and does not include IWMA fees, which are separately noted on the billings. Cleaning fees will be billed on a time and materials basis Late Fees are imposed for residential customers over 30 days delinquent. The fee is 1.5% per month of the outstanding charge, with a minimum fee of \$5.00. No prior notice is required, as this late fee policy is stated at the bottom of every bill. Customers can be responsible for contamination fees | | | | |
| Any additional recycling services are charged at 50% of the garbage rate. | | | | |

**SECOND AMENDMENT
TO
AMENDED AND RESTATED
SOLID WASTE, RECYCLABLE MATERIALS,
AND ORGANIC MATERIALS
COLLECTION FRANCHISE AGREEMENT
BETWEEN
OCEANO COMMUNITY SERVICES DISTRICT
AND
SOUTH COUNTY SANITARY SERVICE, INC.**

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This Second Amendment to the Amended and Restated Solid Waste Collection Franchise Agreement (“Second Amendment”) is made and entered into between the Oceano Community Services District, a political subdivision of the State of California (hereafter “District”) and South County Sanitary Service, Inc., a California corporation (hereafter “Contractor”), each of which may be referred to individually as a “Party” or together as the “Parties.”

RECITALS

This Second Amendment is made and entered into on the basis of the following facts, understandings, and intentions of the parties:

WHEREAS: The Parties entered into the Amended and Restated Solid Waste Collection Franchise Agreement on July 14, 2010, and the First Amendment to the Amended and Restated Solid Waste Collection Franchise Agreement on July 29, 2016, (“Agreement” capitalized terms used but not defined herein shall have the meanings given to them in the Agreement); and,

WHEREAS: Unless explicitly modified and/or changed by this Second Amendment, all terms and conditions of the amended and restated Solid Waste Collection Franchise Agreement shall remain in full force and affect; and,

WHEREAS: Section 4.1 of the Agreement provides the District with the right to direct the Contractor to modify the scope of one or more types of service described in the Agreement, or to otherwise modify its performance under the Agreement, subject to providing additional compensation; and,

WHEREAS: SB 1383 establishes regulatory requirements for jurisdictions, Generators, haulers, Solid Waste facilities, and other entities to support achievement of State-wide Organic Waste Disposal reduction targets; and,

WHEREAS: SB 1383 requires the District to implement Collection programs, meet Processing facility requirements, conduct contamination monitoring, provide education, maintain records, submit reports, monitor compliance, conduct enforcement, and fulfill other requirements; and, the District has chosen to delegate some of its responsibilities to the Contractor, acting as the District’s designee, through this Agreement; and,

WHEREAS: Both Parties have, in good faith, negotiated changes to the Agreement necessary to support the District’s compliance with SB 1383, as set forth herein; and

WHEREAS, The District intends to have a public hearing pursuant to Proposition 218 (“Public Hearing”) on or about July 27, 2022, in order to support costs incurred by Contractor related to the implementation of SB 1383 and other operational cost increases, and the District has agreed to compensate Contractor for certain costs incurred prior to the Public Hearing as set forth herein.

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions herein contained, District and Contractor do hereby agree as follows:

EFFECTIVE DATE

This Second Amendment shall become effective on the date this Amendment is signed by both Parties.

PAYMENT FOR SERVICES RENDERED

Upon the execution of the Second Amendment, the District shall pay Contractor the amount of \$54,437 in compensation for services rendered and costs incurred for the implementation of SB 1383 and other operational increases from May 1, 2022, to and through the effective date of the Proposition 218 rate increase on or about August 1, 2022. The Parties mutually acknowledge and agree that this amount has been reasonably calculated and adequately reflects services provided to the District.

AMENDMENTS TO FIRST AMENDMENT

Amendment to Article 1 (Definitions)

A. Article 1 of the First Amendment to the Franchise Agreement is hereby amended to read as follows: "**Amendment to Article 1 (Definitions)**. Article 1 of the Agreement is hereby amended to replace, as applicable, the following definitions:

"(iii) **"Food Waste"** means Source Separated Food Scraps and Food-Soiled Paper. Food Waste is a subset of Organic Materials."

AMENDMENTS TO FRANCHISE AGREEMENT

Article 1. Definitions

Modified Definitions

B. Article 1 of the Agreement is hereby amended to remove the definition numbering and modify the following definitions:

"Collect" or "Collection" means to take physical possession, Transport, and remove Discarded Materials within and from the District.

"Container" means Bins, Carts, and Compactors used for Collection and storing of Discarded Materials before Collection.

"District" means the Oceano Community Services District, a community services district organized and operated pursuant to §61000 et seq. of the Government Code of the State of California, and all the territory lying within the municipal boundaries of District as presently existing or as such boundaries may be modified during the term, acting through the Board or the General Manager. The District may designate responsibilities to one or more third parties, in writing, between the District General Manager and the designee.

"Hazardous Waste" means all substances defined as Hazardous Waste, acutely Hazardous Waste, or extremely Hazardous Waste by the State in Health and Safety Code §25110.02, §25115, and §25117 or in the future amendments to or recodifications of such statutes or identified and listed as solar panels from Residential Premises, and Hazardous Waste by the U.S. Environmental Protection Agency (EPA), pursuant to the Federal Resource Conservation and Recovery Act (42 USC §6901 et seq.), all future amendments thereto, and all rules and regulations promulgated thereunder.

"Multi-Family" or "MFD" or "Multifamily Dwelling Unit" means notwithstanding any contrary definition in the District Code, any Premises, other than a Single Family Dwelling Unit, used for Residential purposes, irrespective of whether residence therein is transient, temporary or permanent, including such Premises when combined in the same building with Commercial establishments, that receive centralized, shared, Collection service for all units on the Premises which are billed to one (1) Customer at one (1) address. Customers residing in Townhouses, mobile homes, condominiums, or other structures with five (5) or more Dwelling Units who receive centralized, shared, Collection service for all units on the Premises which are billed to one (1) Customer at one (1) address shall be considered Multi-Family.

"Premises" means any land or building in the District where Discarded Materials are generated or accumulated.

"Recyclable Materials" means by-products or discards set aside, handled, packaged or offered for Collection from Residential, Commercial, governmental or industrial customers in a manner different from Solid Waste. Including, but not limited to, aluminum, newspaper, clear and colored glass, tin and bi-metal, all plastic containers (except polystyrene), cardboard, chipboard, magazines, mixed paper (including magazines, phone books and junk mail) and motor oil and filters. Acceptable Recyclable Materials may be added to or removed from this list from time to time by mutual consent or at the sole discretion of the District. Contractor shall not add or remove materials to or from this list without written approval from the District General Manager or signed amendment to the Agreement, and such approval shall not be unreasonably withheld.

"Recycling" means the process of separating for Collection, Collecting, treating and/or reconstituting Recyclable Materials which would otherwise be discarded without receiving compensation or returning them to the economy in the form of raw materials for new, reused, or reconstituted products. The Collection, Transfer, Transportation or Disposal of Recyclable Materials not intended for, or capable of, reuse is not Recycling. Recycling includes Processes deemed to constitute a reduction of landfill Disposal pursuant to 14 CCR, Division 7, Chapter 12, Article 2. Recycling does not include gasification or transformation as defined in Public Resources Code Section 40201.

"Single-Family" or "SFD" or "Single Family Dwelling Unit" means, notwithstanding any contrary definition in District Code, any detached or attached house or residence designed or used for occupancy by one (1) family, provided that Collection service feasibly can be provided to such Premises as an independent unit, and the Owner or Occupant of such independent unit is billed directly for the Collection service. Single-Family includes Townhouses that maintain individual Collection service regardless of whether each unit is separately billed for their specific Service Level. Single-Family also includes duplex, tri-plex, or four-plex Residential structures regardless of whether each unit maintains individual Collection service or is separately billed for their specific Service Level.

"Solid Waste" means Solid Waste as defined in California Public Resources Code, Division 30, Part 1, Chapter 2, §40191 and regulations promulgated hereunder. Excluded from the definition of Solid Waste are Excluded Waste, C&D, Source Separated Recyclable Materials, Source Separated Organic Materials, and radioactive waste. Notwithstanding any provision to the contrary, Solid Waste may include de minimis volumes or concentrations of waste of a type and amount normally found in Residential Solid Waste after implementation of programs for the safe Collection, Recycling, treatment, and Disposal of Household Hazardous Waste in compliance with Section 41500 and 41802 of the California Public Resources Code as may be amended from time to time. Solid Waste includes salvageable materials only when such materials are included for Collection in a Solid Waste Container not Source Separated from Solid Waste at the site of generation.

"Waste Generator" or "Generator" means any Person as defined by the Public Resources Code, whose act or process produces Discarded Materials as defined in the Public Resources Code, or whose act first causes Discarded Materials to become subject to regulation."

New Definitions

- C. Article 1 of the Agreement is hereby amended to remove the definition numbering and add the following new definitions:

“AB 1826” means the Organic Waste Recycling Act of 2014 (Chapter 727, Statutes of 2014 modifying Division 30 of the California Public Resources Code), also commonly referred to as "AB 1826," as amended, supplemented, superseded, and replaced from time to time.

“AB 341” means the California Jobs and Recycling Act of 2011 (Chapter 476, Statutes of 2011 [Chesbro, AB 341]), also commonly referred to as “AB 341”, as amended, supplemented, superseded, and replaced from time to time.

“AB 901” means Assembly Bill approved by the Governor of the State of California on October 10, 2015, which amended Section 41821.5 of, amended, renumbered and added Section 41821.6 of, and added Sections 41821.7 and 41821.8 to, the Public Resources Code, relating to Solid Waste, as amended, supplemented, superseded, and replaced from time to time.

“Applicable Law” means all Federal, State, County, and local laws, regulations, rules, orders, judgments, degrees, permits, approvals, or other requirement of any governmental agency having jurisdiction over the Collection, Transportation, and Processing of Recyclable Materials, Organic Materials, and Solid Waste that are in force on the Effective Date and as may be enacted, issued or amended during the Term of this Agreement. Applicable Law includes, but is in no way limited to, AB 939, AB 341, AB 1826, and SB 1383.

“Approved Facility(ies)” means any one of or any combination of the: Approved Recyclable Materials Processing Facility; Approved Organic Materials Processing Facility; and/or Approved Disposal Facility.

“Approved Disposal Facility” means Cold Canyon Landfill as the primary and Chicago Grade Landfill, or the Santa Maria Landfill, as alternatives, which have been selected by the Contractor and approved by the District. Contractor shall notify District before using an alternative facility.

“Approved Organic Materials Processing Facility” means the Hitachi Zosen Inova (HZI) Kompogas Facility located at 4300 Old Santa Fe Rd, San Luis Obispo, CA 93401 and Engle & Gray Inc. Regional Compost Facility, located at 745 West Betteravia Rd, Santa Maria, CA, which have been selected by the Contractor and approved by the District.

“Approved Processing Facility(ies)” means any one of or any combination of the: Approved Recyclable Materials Processing Facility and/or Approved Organic Materials Processing Facility

“Approved Recyclable Materials Processing Facility” means the Materials Recovery Facility at Cold Canyon Processing Facility, which has been selected by the Contractor and approved by the District.

“Bin” means a Container with capacity of approximately one (1) to eight (8) cubic yards, with a hinged lid, and with wheels (where appropriate), that is serviced by a front end-loading and/or rear-end loading Collection vehicle, including Bins with Compactors attached to increase the capacity of the Bin.

“Business Days” mean days during which the District and Contractor offices are open to do business with the public.

“California Code of Regulations” or “(CCR)” means the State of California Code of Regulations. CCR references in this Agreement are preceded with a number that refers to the relevant Title of the CCR (e.g., “14 CCR” refers to Title 14 of CCR).

“CalRecycle” means California's Department of Resources Recycling and Recovery.

“Cart” means a plastic Container with a hinged lid and wheels that is serviced by an automated or semi-automated Collection vehicle. A Cart has capacity of 20, 35, 64 or 96 gallons (or similar volumes).

“Commercial” shall mean of, from, or pertaining to non-Residential Premises where business activity is conducted, including, but not limited to, retail sales, services, wholesale operations, manufacturing, and industrial operations, but excluding businesses conducted upon Residential property which are permitted under applicable zoning regulations and are not the primary use of the property.

“Community-Service Districts (CSD’s)” means the Districts of Heritage Ranch Community Services District, Nipomo Community Services District, Ground Squirrel Hollow Community Services District, California Valley Community Services District, Cayucos Sanitary District, Templeton Community Services District, San Miguel Community Services District, San Miguel Sanitary District, Cambria Community Services District, Oceano Community Services District, Avila Beach Community Services District, and Los Osos Community Services District which have joined the IWMA through a Memorandum of Agreement (MOA).

“Compactor” means a mechanical apparatus that compresses materials together with the Container that holds the compressed materials or the Container that holds the compressed materials if it is detached from the mechanical compaction apparatus. Compactors include two (2) to eight (8) cubic yard Bin Compactors serviced by front-end loader Collection vehicles and ten (10) to fifty (50) cubic yard franchised Roll-Off Compactors serviced by franchised Roll-Off Collection vehicles.

“Complaint” shall mean each written or orally communicated statement made by any Person, whether to Jurisdiction or Contractor, alleging: (1) non-performance, or deficiencies in Contractor’s performance, of its duties under this Agreement; (2) a violation by Contractor of this Agreement; or, (3) an SB 1383 Non-Compliance Complaints required under 14 CCR Section 18995.3.

“Compost” (or any variation thereof) includes a controlled biological decomposition of Organic Materials yielding a safe and nuisance free Compost product. **“Compostable Plastic”** means plastic materials that meet the ASTM D6400 standard for Compostability.

“County” means the County of San Luis Obispo, a political subdivision of the State of California.

“Customer” means the Person whom Contractor submits its billing invoice to and collects payment from for Collection services provided to a Premises. The Customer may be either the Occupant or Owner of the Premises.

“Customer Notice” means the Contractor’s notice to Customer(s) as described in Section 6.12.

“Designated Waste” means non-Hazardous Waste which may pose special Disposal problems because of its potential to contaminate the environment, and which may be Disposed of only in Class II Disposal sites or Class III Disposal sites pursuant to a variance issued by the California Department of Health Services. Designated Waste consists of those substances classified as Designated Waste by the State, in California Code of Regulations Title 23, Section 2522 as may be amended from time to time.

“Discarded Materials” means Recyclable Materials, Organic Materials, and Solid Waste placed by a Generator in a receptacle and/or at a location for the purposes of Collection by Contractor, excluding Excluded Waste.

“Dispose” or “Disposal” (or any variation thereof) means the final disposition of Solid Waste, or Processing Residue at a Disposal Facility.

“Disposal Facility” means a landfill, or other facility for ultimate Disposal of Solid Waste.

“District General Manager” or “General Manager” means the District staff member or their designee responsible for contract management and maintenance.

“Divert” or “Diversion” (or any variation thereof) means to prevent Discarded Materials from Disposal at landfill or transformation facilities, (including facilities using incineration, pyrolysis, distillation, gasification, or biological conversion methods) through source reduction, reuse, Recycling, Composting, anaerobic digestion or other method of Processing, subsequent to the provisions of AB 939. Diversion is a broad concept that is to be inclusive of material handling and Processing changes that may occur over the Term including, but not limited to, changes in standard industry practice or implementation of innovative (but not necessarily fully proven) techniques or technology that reduce Disposal risk, decrease costs and/or are for other reasons deemed desirable by the District.

“Dwelling Unit” means any individual living unit in a; Single-Family dwelling (SFD) or Multi-Family dwelling (MFD) structure or building, a mobile home, or a motor home located on a permanent site intended for, or capable of being utilized for, Residential living other than a Hotel or Motel.

“Edible Food” means food intended for human consumption. For the purposes of this Agreement, Edible Food is not Solid Waste if it is recovered and not discarded. Nothing in this Agreement requires or authorizes the recovery of Edible Food that does not meet the food safety requirements of the California Retail Food Code. If the definition in 14 CCR Section 18982(a)(18) for Edible Food differs from this definition, the definition in 14 CCR Section 18982(a)(18) shall apply to this Agreement.

“Effective Date” means the date on which the latter of the two Parties signs this Agreement.

“E-Waste” means discarded electronic equipment including, but not limited to, televisions, computer monitors, central processing units (CPUs), laptop computers, computer peripherals (including external hard drives, keyboards, scanners, and mice), printers, copiers, facsimile machines, radios, stereos, stereo speakers, VCRs, DVDs, camcorders, microwaves, telephones, cellular telephones, and other electronic devices. Some E-Waste or components thereof may be Hazardous Waste or include Hazardous Substances and thus require special handling, Processing, or Disposal.

“Excluded Waste” means Hazardous Substance, Hazardous Waste, Infectious Waste, Designated Waste, volatile, corrosive, biomedical, infectious, biohazardous, and toxic substances or material, waste that Contractor reasonably believes would, as a result of or upon Disposal, be a violation of local, State or Federal law, regulation or ordinance, including land use restrictions or conditions, waste that cannot be Disposed of in Class III landfills, waste that in Contractor’s reasonable opinion would present a significant risk to human health or the environment, cause a nuisance or otherwise create or expose Contractor or District to potential liability; but not including de minimis volumes or concentrations of waste of a type and amount normally found in Residential Solid Waste after implementation of programs for the safe

Collection, Recycling, treatment, and Disposal of batteries and paint in compliance with Sections 41500 and 41802 of the California Public Resources Code.

“Federal” means belonging to or pertaining to the Federal government of the United States.

“Food Recovery” means actions to Collect and distribute food for human consumption which otherwise would be Disposed, or as otherwise defined in 14 CCR Section 18982(a)(24).

“Food Scraps” means those Discarded Materials that will decompose and/or putrefy including: (i) all kitchen and table Food Waste; (ii) animal or vegetable waste that is generated during or results from the storage, preparation, cooking or handling of food stuffs; (iii) fruit waste, grain waste, dairy waste, meat, and fish waste; and, (iv) vegetable trimmings, houseplant trimmings and other Compostable Organic Waste common to the occupancy of Residential dwellings. Food Scraps are a subset of Food Waste.

“Food-Soiled Paper” means Compostable paper material that has come in contact with Food Scraps or liquid, such as, but not limited to, Compostable paper plates, napkins, and pizza boxes. Food -Soiled Paper is a subset of Food Waste.

“Hazardous Substance” means any of the following: (a) any substances defined, regulated or listed (directly or by reference) as "Hazardous Substances", "hazardous materials", "Hazardous Wastes", "toxic waste", "pollutant", or "toxic substances", or similarly identified as hazardous to human health or the environment, in or pursuant to: (i) the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) of 1980, 42 USC §9601 et seq. (CERCLA); (ii) the Hazardous Materials Transportation Act, 49 USC §1802, et seq.; (iii) the Resource Conservation and Recovery Act, 42 USC §6901 et seq.; (iv) the Clean Water Act, 33 USC §1251 et seq.; (v) California Health and Safety Code §§25115-25117, 25249.8, 25281, and 25316; (vi) the Clean Air Act, 42 USC §7901 et seq.; and, (vii) California Water Code §13050; (b) any amendments, rules or regulations promulgated thereunder to such enumerated statutes or acts currently existing or hereafter enacted; and, (c) any other hazardous or toxic substance, material, chemical, waste or pollutant identified as hazardous or toxic or regulated under any other Applicable Law currently existing or hereinafter enacted, including, without limitation, friable asbestos, polychlorinated biphenyl's (PCBs), petroleum, natural gas, and synthetic fuel products, and by-products.

“Holidays” are defined as New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

“Household Hazardous Waste” or “HHW” means Hazardous Waste generated at Residential Premises within the District. HHW includes: paint, stain, varnish, thinner, adhesives, auto products such as old fuel, Used Motor Oil and Filter, Used Oil Filter, batteries, household batteries, fluorescent bulbs , tubes, cleaners and sprays, pesticides, fertilizers and other garden products, needles, syringes, and lancets.

“Infectious Waste” means biomedical waste generated at hospitals, public or private medical clinics, dental offices, research laboratories, pharmaceutical industries, blood banks, mortuaries, veterinary facilities and other similar establishments that are identified in Health and Safety Code Section 25117.5 as may be amended from time to time.

“Liquidated Damages” means the amounts due by Contractor for failure to meet specific quantifiable standards of performance as described in Section 12.3.

“Low Population Area(s)” means the certain regions of the District for which a valid low population waiver is applicable.

“Member Agency” means any jurisdiction that has allocated some or all of its Solid Waste powers to a Solid Waste Joint Powers Authority as defined by the Memorandum of Agreement related to the jurisdiction’s compliance with Applicable Law.

“Occupant” means the Person who occupies a Premises.

“Organic Materials” means Yard Trimmings and Food Waste, individually or collectively. No Discarded Material shall be considered to be Organic Materials, however, unless it is separated from Recyclable Material and Solid Waste. Organic Materials are a subset of Organic Waste.

“Organic Waste” means wastes containing material originated from living organisms and their metabolic waste products including, but not limited to, food, Yard Trimmings, lumber, wood, paper products, printing and writing paper, manure, biosolids, digestate, and sludges, or as otherwise defined in 14 CCR Section 18982(a)(46). Biosolids and digestate are as defined in 14 CCR Section 18982(a)(4) and 14 CCR Section 18982(a)(16.5), respectively.

“Party” or “Parties” refers to the District and Contractor, individually or together.

“Process” or “Processing” means to prepare, treat, or convert through some special method.

“Processing Facility” means any plant or site used for the purpose of sorting, cleansing, treating or reconstituting Recyclable Materials, or Reusable Materials for the purpose of making such material available for Recycling or reuse or the facility for the Processing and/or Composting of Organic Materials.

“Prohibited Container Contaminants” means the following: (i) Discarded Materials placed in the Recyclable Materials Container that are not identified as acceptable Recyclable Materials for the District’s Collection program; (ii) Discarded Materials placed in the Organic Materials Container that are not identified as acceptable Organic Materials for the District’s Collection program; (iii) Discarded Materials placed in the Solid Waste Container that are acceptable Recyclable Materials and/or Organic Materials to be placed in the District’s Recyclable Materials or Organic Materials Containers or otherwise managed under the District’s Collection program; and, (iv) Excluded Waste placed in any Container.

“Residential” shall mean of, from, or pertaining to a Single-Family Premises or Multi-Family Premises including Single-Family homes, apartments, condominiums, Townhouse complexes, mobile home parks, and cooperative apartments.

“Residue” means those materials which, after Processing, are Disposed rather than Recycled due to either the lack of markets for materials or the inability of the Processing Facility to capture and recover the materials.

“Roll-Off” means an open-top or lidded Container with a capacity of seven (7) to forty (40) cubic yards that is serviced by a franchised Roll-Off Collection vehicle.

“SB 1383” means Senate Bill 1383 of 2016 approved by the Governor on September 19, 2016, which added Sections 39730.5, 39730.6, 39730.7, and 39730.8 to the Health and Safety Code, and added Chapter 13.1 (commencing with Section 42652) to Part 3 of Division 30 of the Public Resources Code, establishing

methane emissions reduction targets in a statewide effort to reduce emissions of short-lived climate pollutants as amended, supplemented, superseded, and replaced from time to time.

For the purposes of this Agreement, SB 1383 specifically refers to the Short-Lived Climate Pollutants (SLCP): Organic Waste Reductions regulations developed by CalRecycle and adopted on November 3, 2020 that created Chapter 12 of 14 CCR, Division 7 and amended portions of regulations of 14 CCR and 27 CCR.

“Self-Haul” or “Self-Hauler” means a Person who hauls Discarded Materials, recovered material, or any other material, to another Person, or as otherwise defined in 14 CCR Section 18982(a)(66). Self-Hauler also includes a Person who back-hauls waste, as defined in 14 CCR Section 18982(a)(66)(A).

“Service Level” refers to the size of a Customer’s Container and the frequency of Collection service.

“Source Separated” means the segregation, by the Generator, of materials designated for separate Collection for some form of Recycling, Composting, recovery, or reuse.

“State” means the State of California.

“Subcontractor” means a Party who has entered into a contract, express or implied, with the Contractor for the performance of an act that is necessary for the Contractor’s fulfillment of its obligations for providing service under this Agreement. Vendors providing materials and supplies to Contractor shall not be considered Subcontractor.

“Ton” or “Tonnage” means a unit of measure for weight equivalent to two thousand (2,000) standard pounds.

“Townhouse” means an attached or semi-attached Dwelling Unit within a group of attached or semi-attached Dwelling Units. A Townhouse shall be considered a Single-Family Dwelling Unit if each unit maintains individual Collection service subscription. A Townhouse shall be considered a Multi-Family Dwelling Unit if the Premise receives centralized, shared, Collection service for all units on the Premise. These shall be the designations regardless of whether the Premises are billed individually or through a central account (e.g., homeowner association, property manager).

“Transfer” means the act of transferring the materials Collected by Contractor in its route vehicles into larger vehicles for Transport to other facilities for the purpose of Recycling or Disposing of such materials.

“Transport” or “Transportation” means the act of conveying Collected materials from one location to another.

“Yard Trimmings” means those Discarded Materials that will decompose and/or putrefy, including, but not limited to, green trimmings, grass, weeds, leaves, prunings, branches, dead plants, brush, tree trimmings, dead trees, small pieces of unpainted and untreated wood, and other types of Organic Materials resulting from normal yard and landscaping maintenance that may be specified in District Legislation for Collection and Processing as Organic Materials under this Agreement. Yard Trimmings does not include items herein defined as Excluded Waste. Yard Trimmings are a subset of Organic Materials. Yard Trimmings placed for Collection may not exceed six (6) inches in diameter and three (3) feet in length and must fit within the Contractor-provided Container. Acceptable Yard Trimmings may be added to or removed from this list from time to time by mutual consent or at the sole discretion of the District. Contractor shall not add or

remove materials to or from this list without written approval from the District General Manager or signed amendment to the Agreement, and such approval shall not be unreasonably withheld.”

Article 2. Representations and Warranties of the Contractor

2.3 Compliance with Laws and Regulations

- D. Article 2, Section 3 of the Agreement is hereby amended to read as follows:
“Contractor shall comply with all existing and future Applicable Law, as amended.”

2.4 Grant and Acceptance of Agreement

- E. Article 2, Section 4 of the Agreement is hereby amended to read as follows:
“Subject to Section 3.4 (Conditions of the Effectiveness of Agreement), District hereby grants to Contractor the right and privilege to Collect and Dispose all Discarded Materials generated and/or accumulated within District.

District also hereby grants to Contractor an exclusive franchise to Collect, Process and market Recyclable Materials and Organic Materials accumulating at Single Family and Multi-Family Dwelling Units in the District and Commercially Generated Recyclable Materials and Organic Materials that are offered for Collection to Contractor in accordance with this Agreement.

Contractor shall perform all duties required under this Agreement in accordance with all applicable current and future laws, rules, and regulations at rates established by District pursuant to the procedures set forth herein below. For purposes of this Agreement, said laws, rules, and regulations shall include but not be limited to any policy, resolution, or ordinance adopted by a duly constituted governing body of a public agency, including joint powers authorities.

Contractor hereby accepts the Agreement on the terms and conditions set forth in this Agreement.”

Article 4. Scope of Agreement

4.1 Scope of Agreement

- F. Article 4, Section 1 of the Agreement is hereby amended to read as follows:
“Subject to Section 4.2 (Limitations to Scope), the Agreement granted to Contractor shall be exclusive for Discarded Materials, except where otherwise specified or precluded by law. It is specifically understood that the exclusive franchise granted in this Agreement does not include Discarded Materials Collected in roll-off (dumpster type) boxes. Contractor shall have a non-exclusive franchise with respect to Discarded Materials Collected in roll-off boxes.”

4.2 Limitations to Scope

- G. Article 4, Section 2 of the Agreement is hereby amended to read as follows:
“The Agreement for the Collection, processing and marketing of Recyclable Materials and Organic Materials granted to Contractor shall be exclusive (unless otherwise limited in this agreement) except as to the following categories of Recyclable Materials and Organic Materials listed in this Article. The granting of this Agreement shall not preclude the categories of Recyclable Materials listed below from being

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delivered to and Collected and Transported by others provided that nothing in this Agreement is intended to or shall be construed to excuse any person from obtaining any authorization from District that is otherwise required by law:

- A. Source Separated Recyclable Materials separated from Solid Waste by the Waste Generator for which Waste Generator sells or is otherwise compensated by a collector in a manner resulting in a net payment to the Waste Generator for such Recycling or related services; provided that such separation and Recycling or Disposal are actually performed by the Waste Generator and not by a Subcontractor or other third-party;
- B. Recyclable Materials donated to a charitable, environmental or other non-profit organization; provided, however, that all such Recyclable Materials are substantially separated from non-Recyclable Solid Waste by the Waste Generator;
- C. Recyclable Materials which are separated at any Premises and which are transported by the owner or Occupant of such Premises (or by his/her full-time employee) to a recycling center;
- D. Other non-District Governmental Agencies within the District which can contract for separate Discarded Materials Collection services.
- E. Contractor shall cooperate with and shall not impede, interfere, or attempt to impede or interfere with the implementation, expansion, or operation of Edible Food Recovery efforts in the District.

This Agreement to Collect, Transport, Process, and market Recyclable Materials and Organic Materials shall be interpreted to be consistent with State and Federal laws, now and during the term of the Agreement, and the scope of this Agreement shall be limited by current and developing State and Federal laws with regard to Recyclable Materials and Organic Materials handling, Recyclable Materials and Organic Materials flow control, and related doctrines. In the event that future interpretations of current law, enactment or developing legal trends limit the ability of the District to lawfully provide for the scope of services as specifically set forth herein, Contractor agrees that the scope of the Agreement will be limited to those services and materials which may be lawfully provided for under this Agreement, and that the District shall not be responsible for any lost profits and/or damages claimed by the Contractor as a result of changes in law.”

4.5.2 New Diversion Programs

- H. Article 4, Section 5, Subsection 2 of the Agreement is hereby amended to read as follows:
“Contractor shall present, within 30 days of a request to do so by District, a proposal to provide additional or expanded Diversion services. The proposal shall contain a complete description of the following:
 - a. Collection methodology to be employed (equipment, personnel, etc.);
 - b. Equipment to be utilized (vehicle number, types, capacity, age, etc.);
 - c. Labor requirements (number of employees by classification);
 - d. Type of Containers to be utilized;
 - e. Provision for program publicity/education/marketing;
 - f. Approved Processing Facility to be utilized for Diversion and/or recovery of materials; and,
 - g. A projection of the financial results of the program's operations for the remaining Term of the Agreement in a balance sheet and operating statement format including documentation of the key assumptions underlying the projections and the support for those assumptions.

4.6 Ownership of Discarded Materials

- I. Article 4, Section 6 of the Agreement is hereby retitled and amended to read as follows:

“4.6.1 All Discarded Materials Collected, removed, and Transported by Contractor from the Premises where produced, generated, and/or accumulated pursuant to this Agreement shall be the property and responsibility of Contractor. Notwithstanding the foregoing, Contractor shall have no duty or obligation to Collect any Hazardous Waste or other material that does not meet the definition of Discarded Materials, and ownership of all such non-conforming materials shall remain with the Waste Generator.

4.6.2 Once Discarded Materials are placed in Containers and properly presented for Collection, ownership and the right to possession shall Transfer directly from the Generator to Contractor by operation of this Agreement. Contractor is hereby granted the right to retain, Recycle, Process, reuse, and otherwise use such Discarded Materials or any part thereof, in any lawful fashion or for any lawful purpose consistent with the hierarchy and goals of AB 939. Subject to the provisions of this Agreement, Contractor shall have the right to retain any benefit resulting from its right to retain, Recycle, Process or reuse the Discarded Materials that it Collects. Discarded Materials or any part thereof, which are delivered to a Facility (Approved Processing Facility or Approved Disposal Facility) shall become the property of the owner or operator of the Facility(ies) once deposited there by Contractor. The District may obtain ownership or possession of Discarded Materials placed for Collection upon written notice of its intent to do so, however, nothing in this Agreement shall be construed as giving rise to any inference that District has such ownership or possession unless such written notice has been given to Contractor.”

4.7 District’s Right to Perform Service

J. Article 4, Section 7 of the Agreement is hereby amended to read as follows:

“4.7.1 In the event Contractor fails to Collect, remove, and Process or Dispose of Discarded Materials on a Customer’s regularly scheduled Collection day within twenty-four (24) hours of a request from District or a customer to do so, District may Collect said materials and Contractor shall be liable for all related expenses incurred by District. Such expenses include but are not limited to Disposal, administrative, and legal costs. Contractor shall reimburse District for such expenses as required.

4.7.2 In the event Contractor does not Collect any item or Container of Discarded Materials due to a Customer’s non-compliance with rules and regulations, Contractor shall attach a Customer Notice securely to the item or container not Collected specifying the reasons for non-Collection in accordance with Section 6.12 The tag shall contain Contractor’s name and telephone number”

Article 5. Direct Services

5.1 General

K. Article 5, Section 1 of the Agreement is hereby amended to read as follows:

“5.1.1 The work to be done by Contractor pursuant to this Agreement shall include the furnishing of all labor, supervision, equipment, materials, supplies, and all other items necessary to perform the services required. The enumeration of, and specification of requirements for, particular items of labor or equipment shall not relieve Contractor of the duty to furnish all others, as may be required, whether enumerated or not.

5.1.2 The work to be done by Contractor pursuant to this Agreement shall be accomplished in a thorough and professional manner so that the residents and businesses within the District are provided reliable, courteous and high-quality Discarded Materials Collection services at all times. The enumeration of, and specification of requirements for, particular aspects of service quality shall not relieve Contractor

of the duty of accomplishing all other aspects in the manner provided in this Article, whether such aspects are enumerated elsewhere in the Agreement or not.

5.1.3 Areas that qualify for Low Population waivers as described in Section 6.13 of this Agreement are exempt from certain services, subject to application by the District and approval by CalRecycle.”

5.2 Discarded Materials Services

L. Article 5, Section 2 of the Agreement is hereby retitled and amended to read as follows:

“5.2 Discarded Materials Services

5.2.1 **General** Except as otherwise provided in this Agreement and/or District Code, Contractor shall provide regular weekly Collection of Solid Waste, Recyclable Materials, and Organic Materials for all Single Family Dwelling Units, Multi-Family Dwelling Units, Commercial Premises and other Developed Properties within the Franchise Area at rates established by this Agreement.

Contractor shall provide regular Collection of Recyclable Materials and Organic Materials placed in Containers at the designated Collection locations for Single Family Dwelling Units, Multifamily Dwelling Units and Commercial businesses, all at the Rates established by this Agreement and in Containers that comply with the requirements of this Agreement. Contractor shall Transport all Discarded Materials to the Approved Facility(ies) as specified in Sections 5.7 and 5.11. Residential Recyclable Material and Organic Materials Collection shall be Collected weekly on the same day of the week as Solid Waste Collection service, unless in-yard service is provided, or Customer has received a waiver pursuant to Section 6.13. Commercially Generated Recyclable Materials and Organic Materials Collection shall be on a schedule as determined by Contractor and the Waste Generator.

No later than the Effective Date, Contractor shall provide a three-Container Collection program for the separate Collection of Source Separated Recyclable Materials, Source Separated Organic Materials, and Solid Waste as specified in this Agreement, using Containers that comply with the requirements of Section 5.6.3.

5.2.2 Contractor shall Collect and remove all Recyclable Materials and Organic Materials placed in Containers (one Container for all commingled Recyclable Materials and one Container for all commingled Organic Materials at the designated Collection locations for Single Family Dwelling Units and Multifamily Dwelling Units) and shall also Collect and remove all Commercially Generated Recyclable Materials and Organic Materials. Recyclable Material Collection shall be weekly on the same day of the week as Solid Waste Collection service.

5.2.3 Contractor recognizes that because of an unusual circumstance, a Single Family Dwelling Unit may generate more Recyclable Material than will fit in the blue Recyclable Materials Container. The excess Recyclable Material may be neatly placed next to the blue Container and Contractor will Collect the excess Recyclable Material at no additional charge. This extra service to a Single Family Dwelling Unit shall be limited to a frequency of once per month and a quantity to an amount that will fit into the existing blue Recycling Materials Container.

5.2.4 Handicapped residents who reside in a Single Family Dwelling Unit shall have the option of placing their Containers near their dwelling, visible from the curb without obstacles (i.e. uneven surfaces, incline/declines, behind gates) and within reasonable distance that do not cause a safety concern and

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Contractor will Collect their Containers at this location and return the Containers to the same location. To be eligible for this Collection option, residents must present proof of their physical incapacity to Contractor.

5.2.5 Contractor shall provide Solid Waste Collection service, in accordance with this Section of the Agreement. Contractor shall Transport the Solid Waste to the Approved Disposal Facility as specified in Section 5.7. Contractor may allow carpets and textiles to be placed in the Solid Waste Containers as long as lids can close. Prohibited Container Contaminants shall not be Collected in Solid Waste Containers. The Containers shall comply with the requirements of Section 5.6.3.

5.2.6 Contractor shall provide Source Separated Recyclable Materials Collection service, in accordance with this Section of the Agreement.. Contractor shall Transport the Source Separated Recyclable Materials to the Approved Recyclable Materials Processing Facility, as specified in Section 5.11.

5.2.7 Contractor shall provide Organic Materials Collection service, in accordance with this Section of the Agreement. Organic Materials that are to be accepted for Collection in the Organic Materials Collection program include the following: Food Scraps; Food-Soiled Paper; Yard Trimmings, which are defined in Section 1. Contractor shall Transport the Organic Materials to the Approved Organic Materials Processing Facility, as specified in Section 5.11. No later than the Effective Date, Contractor shall implement an Organic Materials Collection program that allows Generators to commingle Food Waste and Yard Trimmings in the Organic Materials Containers to all Residential, Multi-family, and Commercial business with exception to any waivers granted pursuant to Section 6.13.

”

5.3 Recyclable Materials to be Collected

M. Article 5, Section 3 of the Agreement is hereby deleted in its entirety.

5.4 Refusal to Provide Collection Services

N. Article 5, Section 4 of the Agreement is hereby amended to read as follows:

“Contractor may refuse to Collect Recyclable Materials from any participant in the Recycling program who, after reasonable warning by Contractor, fails to properly sort and set out Recyclable Materials. Contractor shall report monthly to District any Customer Notices issued.”

5.6.1 Schedules

O. Article 5, Section 6, Subsection 1 of the Agreement is hereby amended to read as follows:

“To preserve peace and quiet, no Discarded Materials shall be Collected from or within two-hundred (200) feet of Residential Premises between 5:00 P.M. and 6:00 A.M. on any day. Residential Discarded Materials shall be Collected, Monday through Friday on the same day. The one exception is the Contractor may elect to Collect motor oil and filters with a separate vehicle using an on-call program. When the regularly scheduled Collection day falls on Christmas, Collection shall take place on the following regularly scheduled Collection day, which may include a Saturday or Sunday. In the event the Contractor misses the Collection of set out Discarded Materials, the Contractor shall Collect the missed pickups within one (1) Business Day of notification.”

5.6.2.B Specifications

P. Article 5, Section 6, Subsection 2.B of the Agreement is hereby amended to read as follows:

“B. Specifications. All vehicles used by Contractor in providing Discarded Materials Collection services under this Agreement shall comply with all Federal, State, and local requirements for such vehicles as they now exist or may be amended in the future, and be registered with the California Department of Motor Vehicles. All such vehicles shall have watertight bodies designed to prevent leakage, spillage and/ or overflow. All such vehicles shall comply with U.S. Environmental Protection Agency noise emission regulations and other applicable noise control regulations. Contractor will, in good faith, consider incorporating natural gas trucks into its Collection fleet, to the extent commercially practicable.”

5.6.3 Discarded Materials Containers

Q. Article 5, Section 6, Subsection 3 of the Agreement is hereby retitled and amended to read as follows:

“5.6.3 Discarded Materials Containers

- A. Contractor shall supply each Single Family Dwelling Unit with a 32, 64 or 96-gallon Container for Solid Waste. The monthly service fee for each size Container is shown in Exhibit A or the most recent Board approved Proposition 218 rates. In addition, each Single Family Dwelling Unit will receive from Contractor a 64 or 96-gallon Container for Recyclable Materials and a 96-gallon Container for Organic Materials. If requested, the customer may switch between a 32-, 64- or 96-gallon Recyclable Materials Container and either a 32-, 64- or 96-gallon Organic Materials Container.
- B. Contractor shall supply each Multi-Family Unit and commercial or governmental agency with appropriately sized Containers for Solid Waste, Recyclable Materials and Organic Materials if needed. Contractor agrees to provide additional Containers, as requested, by all Persons at the rate as shown on Exhibit A. Note that all Multi-Family Units and Commercial or governmental agency customers shall be entitled to the Collection of an unlimited quantity of Recyclable Material with a frequency and container service size at rates approved by the District . Contractor agrees not to limit the specific type of Recyclable Material (such as cardboard only) that can be placed in a Container unless approved by District on a customer by customer basis.
- C. On and after the Effective Date, Contractor-provided Containers shall be clean, and shall comply with the Container standards set forth in Section 5.6.3. All Containers shall display identifying and contact information approved by the General Manager, including telephone number, capacity, and identifying inventory or serial number (carts only).
- D. Contractor shall use the Contractor-provided Collection Containers that are currently located at Customers’ Premises. If Customer is currently utilizing Collection Containers that are were not provided by the Contractor, Contractor shall provide Containers from current inventory.
- E. Solid Waste Cart lids shall be black/grey, all Recyclable Materials Cart lids shall be blue, and all Organic Materials Cart lids shall be green. Solid Waste Bin, Compactor, and franchise Roll-Off lids or bodies shall be black/grey, all Recyclable Materials Bin, Compactor, and franchise Roll-Off lids or bodies shall be blue, and all Organic Materials Bin, Compactor, and franchise Roll-Off lids or bodies shall be green. No later than December 31, 2035, Contractor shall provide all Customers with Collection Containers that comply with the Container color requirements specified in this Section or as otherwise specified in 14 CCR Section 18982; 14 CCR, Division 7, Chapter 12, Article 3; or other Applicable Law. The final color and signage, including the in molded graphic or sticker on the Containers shall be approved by the General Manager or his/her designee.
- F. District and Contractor acknowledge that from time to time, Containers become damaged or destroyed District and Contractor also acknowledge that from time to time Containers may be

stolen from the curb or damaged due to normal use. . If an existing Container breaks or is otherwise rendered non-functional on or after the Effective Date, the Contractor shall replace the non-functional Container with a Container that complies with the color requirements of this Section 5.6.3. Contractor shall bear the cost of repairing or replacing, as the case may be, Containers that are damaged by Contractor, stolen from the curb, vandalized, graffitied, or otherwise damaged due to no fault of the customer Contractor may charge customers a fee to cover Contractor's costs of repair or replacement of Containers that are damaged due to abuse by or negligence of the customer and to replace Carts that are lost by the customer for any reason other than the theft of the Container from the curb The fee schedule to replace damaged or lost Containers is shown on Exhibit A. Notwithstanding this Section, the Contractor is not required to replace functional Containers, including Containers purchased prior to the Effective Date, that do not comply with the color requirements of this Section prior to the end of the useful life of those Containers, or prior to January 1, 2036, whichever comes first.

- G. Per the existing Agreement, Contractor shall ensure a label on the body or lid of each existing Container has been provided to a Customer that includes language or graphic images, or both, that indicate the primary materials accepted and the primary materials prohibited in that Container. Labels shall clearly indicate items that are Prohibited Container Contaminants for each Container.
- H. On or before the Effective Date, Contractor shall imprint new Container bodies or lids with text or graphic images that indicate the primary materials accepted and the primary materials prohibited in that Container. Labels shall clearly indicate items that are Prohibited Container Contaminants for each Container. Prior to ordering any Containers or lids with in-mold labels, Contractor shall submit a sample of its proposed label, proposed location(s) for placement of labels on each type of Container, and its labeling plan to the General Manager for approval.
- I. On or before the Effective Date, Contractor shall imprint new Container bodies or lids with text or graphic images that indicate the primary materials accepted and the primary materials prohibited in that Container. Labels shall clearly indicate items that are Prohibited Container Contaminants for each Container. Prior to ordering any Containers or lids with in-mold labels, Contractor shall submit a sample of its proposed label, proposed location(s) for placement of labels on each type of Container, and its labeling plan to the General Manager for approval.
- J. All Contractor supplied Containers for shall remain the property of Contractor throughout the Term of this Agreement. Containers damaged due to lack of reasonable care by the customer may be replaced by Contractor, the fee for which shall be the same as for lost or damaged Containers as set forth on Exhibit A. Contractor may recover Containers used by customers for other than their intended purpose."

5.6.4 Litter Abatement

R. Article 5, Section 6, Subsection 4 of the Agreement is hereby amended to read as follows:
"Contractor shall use due care to prevent Discarded Materials from being spilled or scattered during the Collection or Transportation process. If any Discarded Materials are spilled during Collection, Contractor shall promptly clean up all spilled materials. Each Collection vehicle shall carry a broom, shovel and oil spill kit at all times for this purpose."

5.7 Disposal Requirements

S. Article 5, Section 7 of the Agreement is hereby amended to read as follows:

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“5.7.1 Contractor shall Process and/or Dispose of all Discarded Materials Collected under this Agreement at Contractor's own expense and in accordance with all Applicable Law. Contractor shall be responsible for securing an appropriate location for Disposal of all Solid Waste and Processing of all Recyclable Materials and Organic Materials Collected by Contractor pursuant to this Agreement.

5.7.2 Contractor shall secure within ninety (90) days of the Effective Date of this Agreement, sufficient Disposal site capacity commitment including landfill Disposal site capacity to adequately serve the reasonable anticipated Solid Waste Disposal needs of Contractor's customers. The landfill Disposal site must be designed and constructed in accordance with all applicable State and local laws (e.g., CEQA, California Code of Regulations, etc.). District reserves the right to review and require approval for said Disposal capacity commitments.

5.7.3 If Contractor receives notice from an Approved Facility operator or otherwise finds, during the term of this Agreement, to be prevented from delivering any Discarded Materials to the appropriate Approved Facility, Contractor shall immediately notify, in writing, the General Manager, stating the reason(s) Contractor is prevented, or expects to be prevented, from delivering Discarded Materials to the Approved Facility. Contractor shall expeditiously identify and evaluate alternative sites. An alternative Disposal and/or Processing Facility shall be arranged for and secured by Contractor.

5.7.4 The parties understand and agree that District intends to commence and participate in waste Diversion and resource recovery programs pursuant to regional and/or local implementation of AB 939, AB 341, AB 1826, SB 1383 and other Applicable Laws, as amended or such other programs as may be established by District.

5.7.5 Contractor shall deliver all Solid Waste to the Approved Disposal Facility which collects the San Luis Obispo County AB 939 Tipping Fee Surcharge and Waste Management Program Fund Fee, pursuant to County Resolution No. 90-383. If Contractor delivers Solid Waste to a landfill which does not collect the County Tipping Fee Surcharge and Waste Management Program Fund Fee, Contractor will make, on a monthly basis, the equivalent payment directly to the County's Waste Management Tipping Fee - AB 939 Trust Fund #0159 and Waste Management Tipping Fee Trust - Site Fund # 0160.

5.7.6 Payment of the equivalent fees shall be made to County within thirty (30) days after the end of each calendar month, or prorated portion thereof, in which Contractor delivers waste to an alternate facility. In the event that Payment is not received by County within thirty (30) days after the date specified, then Contractor shall pay a penalty of ten percent (10%) on the outstanding balance, and Contractor shall also pay to County interest on the outstanding balance at a rate of ten percent (10%) per annum, or the maximum legal rate of interest, whichever is greater, from the date of Contractor's failure to pay.

5.7.7 As of March 1, 2007, the Tipping Fee Surcharge for Fund # 0159 is \$3.00 per Ton and the Waste Management Program Fund Fee for Fund # 0160 is \$0.40 per Ton. Payments made by Contractor shall be sent to the County Franchise Coordinator along with an itemized statement regarding how the payment was calculated. Payments shall be adjusted to reflect any future changes in the amount of these fees.”

5.8 Cleaning Containers

- T. Article 5, Section 8 of the Agreement is hereby retitled and amended to read as follows:
“**Cleaning Commercial Bins.**

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Contractor shall steam clean and refurbish all Commercial Containers at Contractor's own expense every 6 months upon request. Customers desiring more frequent cleaning may arrange additional cleaning with Contractor at a rate established by District, including pick-up, cleaning, and replacement of Container. Contractor shall set a steam cleaning fee and/or a clean Container exchange fee for Organics Materials Containers to Residential Customers requesting such service up to two (2) times per year per Organics Container."

5.9 Clean-Up Days

U. Article 5, Section 9 of the Agreement is hereby amended to read as follows:

"5.9.1 At least twice per year throughout the term of this Agreement, Contractor shall provide, in addition to regularly scheduled service, two clean-up events pursuant to guidelines established by Contractor and approved by District, for Solid Waste placed at the curb for each Single Family Dwelling Unit and at pre-arranged locations for Multi-Family Residential properties in addition to each Customer's normal Collection service. The dates for each event shall be an on-call basis. The Single Family Dwelling Unit and Multi-Family Residential property would contact the Contractor to schedule collection of Discarded Materials, including white goods, bundled yard trimmings, bagged garbage, bulky item, etc.

5.9.3 Contractor shall record by class and weight (in Tons) the Discarded Materials, white goods, etc., Collected during the clean-up events. Contractor shall record the kinds and weights (in Tons) of Discarded Materials Diverted during these clean-ups from the landfill through Recycling, reuse, transformation or other means of Diversion."

5.11 Material Processing

V. Article 5, Section 11 of the Agreement is hereby amended to read as follows:

"5.11.1 Receipt of Recyclable Materials and Organic Materials

The Contractor shall have in place or have made arrangements for all necessary Approved Processing Facilities to receive and accept all deliveries of Recyclable Materials and Organic Materials generated in the District.

5.11.2 Status of Approved Processing Facilities

A. Contractor shall Transport all Discarded Materials to the Approved Facility(ies) and shall Transfer, Process, and Dispose of Discarded Materials in accordance with this Section 5.7 and 5.11. The Approved Facilities shall comply with the following requirements.

i. Approved Recyclable Materials Processing Facility. Contractor's Approved Recyclables Processing Facility shall be a Facility or operation that Processes Single-Family, Multi-Family, and Commercial Source Separated Recyclable Materials to recover materials designated for Collection in the Recyclable Materials Container.

ii. Approved Organic Materials Processing Facility. Contractor's Approved Organic Materials Processing Facility shall be a Facility that Processes Single-Family, Multi-Family, and Commercial Source Separated Organic Materials to recover Organic Waste.

B. The Approved Processing Facilities used by Contractor must be designed and constructed in accordance with all applicable State and local laws (e.g., CEQA, California Code of Regulations, etc.). The Approved Processing Facility(ies) must keep active all existing permits and approvals from Federal, State, regional, County and District agencies necessary for it to operate as a Processing Facility and must be in

full regulatory compliance with all such permits. Upon request, Contractor shall provide copies of facility permits and/or notices of violations (obtained from the Processing Facility Subcontractor if necessary) to the District General Manager .

C. The Approved Processing Facility(ies) must be authorized to accept, under its existing permit, and have sufficient uncommitted capacity to accept, all Recyclable Materials and/or Organic Materials delivered to it by, or on behalf of, the District for the term of this Agreement. Contractor shall immediately notify District of any notice of breach or default received from Approved Processing Facility(ies).

5.11.3 Alternative Processing Facility

A. If Contractor is unable to use the Approved Processing Facility(ies) due to an event that meets the requirements for excusing Contractor from performance of this specific obligation as described in Section 12.3, Contractor shall use an Alternative Processing Facility provided that the Contractor provides written notice to District General Manager. Within forty-eight (48) hours of emergency or sudden and unforeseen closure, the Contractor shall provide a written description of the reasons the use of the Approved Facility is not feasible, and the period of time Contractor proposes to use the Alternative Processing Facility. Such a change in Processing Facility shall be temporarily permitted until such time as the District General Manager is able to consider and respond to the use of the proposed alternative Processing Facility. If the use of the proposed Alternative Processing Facility is anticipated to or actually does exceed thirty (30) days in a consecutive twelve (12) month period, the use of such Processing Facility shall be subject to approval by the District General Manager. The District General Manager may, in their sole discretion, approve, conditionally approve, temporarily approve, or disapprove of the use of the proposed Alternative Processing Facility. If the District disapproves the use of the proposed Alternative Processing Facility, the Parties shall meet and confer to determine an acceptable Processing Facility.

B. If Contractor becomes unable to deliver District's Discarded Materials to any Approved Facility due to causes within its control and which could have been avoided by the exercise of due care, Contractor shall arrange for it to be accepted at another Facility, in which case Contractor shall pay for any increased Transportation costs, any differences in the fees charged at such Facility and the fees then in effect under this Agreement. If Contractor's inability to deliver District's Recyclable and/or Organic Materials to the Approved Recyclable Materials and/or Organics Processing Facilities is not due to causes within its control or which could have been avoided by the exercise of due care, then Contractor shall propose alternative Processing and/or Disposal Facilities including all related costs and District shall, after conducting reasonable due diligence with regard to such alternative facility, have the right to approve the alternative to be used. District shall pay for the increased cost of using an alternative facility.

5.11.4 Disposition of Unauthorized Waste

It is understood that Contractor is not authorized and is not required hereunder to Collect and Transport Hazardous Waste or restricted or other waste that is not acceptable or permitted for Disposal at Approved Facilities. In addition, Contractor shall not be required to Collect Containers that are not set out or filled in accordance with, or do not meet Contractor's Collection requirements. Regardless of the reason, when any Discarded Material is not Collected by Contractor, Contractor shall leave a Customer Notice on the Container stating the reasons for Contractor's refusal to Collect the same. Adequate records of the Customer Notices shall be maintained by Contractor and shall be submitted along with Contractor's monthly reports to the District. If Contractor observes any substances which it or its employees reasonably believe or suspect to contain Hazardous Waste unlawfully Disposed of or released in reportable quantities in District, including on, in, under or about District property, including streets, easements, rights of way and District waste Containers, Contractor shall immediately notify District of the same. If Contractor

discovers Hazardous Waste, or other material that may not be legally accepted, among materials that it has inadvertently accepted, Contractor may either return such materials to the applicable Waste Generator or Dispose of such waste at its own expense and pursue all legal rights and remedies it may have against the Waste Generator(s) of such Hazardous Waste, if the Waste Generator(s) can be identified.

5.12 Disposal

Contractor shall ensure that the Residual from the Recyclable Materials and Organic Materials delivered to any Approved Processing Facility by the Contractor are Disposed of at a permitted Disposal site in full regulatory compliance.

Article 6. Other Services

6.10 Public Education

W. Article 6, Section 10 of the Agreement is hereby deleted and replaced as follows:

“6.8 Public Education.

- A. **Program Objectives.** Contractor acknowledges and agrees that education and public awareness are critical, key and essential elements of any efforts to achieve requirements of Applicable Law including but not limited to, AB 939, AB 341, AB 1826, SB 1383 and other current or future Federal regulations as amended. Accordingly, Contractor agrees to take direction from District to exploit opportunities to expand public and Customer knowledge concerning needs and methods to reduce, reuse, and Recycle Discarded Materials and to cooperate fully with District in this regard.
- B. **Contractor Cooperation and Support for District Educational Efforts.** Contractor acknowledges that they are part of a multi-party effort to operate and educate the public about the regional integrated waste management system. Contractor shall cooperate and coordinate with the District General Manager on public education activities to minimize duplicative, inconsistent, or inappropriately timed education campaigns. The Contractor shall cooperate with and shall not impede, interfere, or attempt to impede or interfere with the implementation, expansion, or operation of public education and outreach programs or campaigns conducted by the District.
- C. **Supplemental Education.** Contractor shall obtain approval from the District General Manager on all Contractor provided public education materials including, but not limited to: print, radio, television, or internet media before publication, distribution, and/or release. District shall have the right to request that Contractor include District identification and contact information on public education materials and approval of such requests shall not be unreasonably withheld.
- D. **Community Events and Local Activities.** At the direction of District, Contractor shall participate in and promote activities of AB 939, AB 341, AB 1826, and SB 1383 and other current or future Federal, State, or local regulations, as amended and other Solid Waste management techniques at community events and local activities at no additional cost. Such participation would normally include providing, without cost, educational and publicity information promoting the goals of District’s Collection program.
- E. **Bill Inserts.** Contractor agrees to insert and distribute brochures, newsletters, or other information developed by the District as single sheet, double-sided inserts in Contractor’s Customer invoices at no additional charge to the District. Up to letter-sized bill inserts shall be designed and produced by the District with review and comment by Contractor, and final approval by the District. Annually, Contractor shall be responsible for printing the bill inserts. For Customers receiving electronic bills, Contractor agrees to distribute brochures, newsletters, or other information developed by the District as attachments to Customer invoices at no additional charge to the District. Contractor

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shall provide electronic bill inserts (or separate email attachments) to Customers who are billed electronically, and paper bill inserts to Customers who receive paper bills. Electronic bill inserts/attachments must be readily available for the Customer to view upon receipt of the invoice (attachments shall not be provided as links). Upon the District's, request for such inserts, Contractor shall comply with such request during its next billing cycle for the targeted Customer group. Contractor shall perform this service with no additional requirement for compensation.

- F. **Annual Notice of Requirements.** Not less than once per year during each calendar year, Contractor shall prepare and distribute to each Generator in the District a mailer that includes information specified in 14 CCR Section 18985.1(a). Such mailer shall be distributed by Contractor to all Residential and Commercial mailing addresses including individual Multi-Family Dwelling Units. Contractor shall also make this notice available in an electronic format through the Contractor's website."

6.12 Customer Notices (NEW)

- X. Article 6 of the Agreement is hereby amended to add the following new Section:

"A. **General.** If the Contractor observes twenty percent (20%) or more Prohibited Container Contaminants in a Customer's Container or does not Collect any item or Container of Discarded Materials due to a Customer's non-compliance with rules and regulations for proper set-out, Contractor shall attach a Customer Notice, subject to District's approval, securely to the item or Container specifying the identified non-compliance issues. The Customer Notice shall contain Contractor's name, telephone number, and information described below.

The Customer Notice shall, at a minimum:

1. Inform the Customer of the reason for the Customer Notice; and
2. Include the date and time the issue was observed.

In addition, upon the identification of Prohibited Container Contaminants in a Customer's Container as specified in this Section, the Contractor shall provide the Customer with the following information in the Customer Notice, or through another form of communication such as mail, e-mail, text message, or over the phone: Information on the Customer's requirement to properly separate materials into the appropriate Containers, and the accepted and prohibited materials for Collection in each Container;

1. Inform the Customer of the contaminated materials on this occasion with information that the Contractor may assess contamination Processing fees and/or may not Collect the Container in the future; and,
2. Include photographic evidence of the violation(s).

B. **Upon identification of Prohibited Container Contaminants.** If the Contractor Collects contaminated Recyclable Materials and/or Organic Materials Containers, Contractor shall either Transport the material to the appropriate Approved Facility for Processing; or, Contractor may Collect the contaminated materials with the Solid Waste and Transport the contaminated materials to the Approved Disposal Facility. A Collection of contaminated Recyclable Materials or Organic Materials where the materials are sent to the Approved Disposal Facility may be made with a Solid Waste Collection vehicle, provided that the contaminants may safely and lawfully be Collected as Solid Waste.

- C. **Communications with Customer.** Whenever a Container at the Premises of a Customer is properly set out and is not Collected, Contractor shall contact the Customer on the scheduled Collection by telephone, email, text message, or other verbal or electronic message to explain why the Container was not Collected. Whenever a Container is not Collected because of Prohibited Container Contaminants, a Customer service representative shall contact the Customer to discuss, and encourage the Customer to adopt proper Discarded Materials preparation and separation procedures.
- D. **Contractor Return for Collection.** Upon request from Customer, Contractor shall Collect Containers that received Customer Notices specifying non-Collection within one (1) Working Day of Customer's request. Contractor shall bill Customer for the extra Collection service event ("extra pick-up") at the applicable District-approved Rates only if Contractor notifies Customer of the premium Rate for this service at the time the request is made by Customer.
- E. **Assessment of Contamination Processing Fees.** If the Contractor observes twenty percent (20%) or more Prohibited Container Contaminants and has issued a Customer Notice specifying a Collection, the Contractor may impose a contamination rate approved by the District for that Customer's Service Level, if and only if Contractor has informed the Customer of the potential for a Processing fee pursuant to this Section. The intent of contamination fees is to provide a behavioral tool to educate and prevent Customers from placing Source Separated Discarded Material into the improper designated Container(s). To ensure that assessment of fees are to be used for the intended purposes and not as a form of revenue generation, After the first issuance of a Customer Notice for the observance of Prohibited Container Contaminants in one (1) calendar year, Contractor may issue a fee of ten (10) dollars. After the second observance of Prohibited Container Contaminants in the same calendar year, Contractor may issue a fee of twenty (20) dollars. After the third observance of Prohibited Container Contaminants in the same calendar year, Contractor may issue a fee of thirty (30) dollars. In the fourth and any subsequent observances of Prohibited Container Contaminants in the same calendar year, Contractor may increase the contamination Processing fee by ten (10) dollar increments and may Collect the contaminated materials with the Solid Waste and Transport the contaminated materials to the Approved Disposal Facility, provided that the contaminants may safely and lawfully be Collected as Solid Waste.
- F. **Suspension of Contamination Processing Fee Program.** Contractor agrees that contamination fees shall not exceed one percent (1%) of Contractor's Gross Receipts in any calendar quarter. In the event that contamination fees exceed one percent (1%) of Contractor's Gross Receipts in any calendar quarter, the assessment of contamination fees shall be suspended immediately and indefinitely pending a program assessment by the District and Contractor. Upon program suspension or at the request of the District at any time during the Term of the Agreement, District and Contractor shall meet and confer regarding the application and effectiveness of contamination fees in accomplishing the behavior change. If the program is suspended due to excessive revenue generation, the District may require Contractor to either: i) modify the program parameters; ii) modify the amount of the contamination fee; or, iii) return to the District any funds generated by the contamination fee which exceed one percent (1%) of Contractor's Gross Receipts for a given period of time.
- G. **District Actions upon Identification of Prohibited Container Contaminants.** The District or its designee shall perform SB 1383 activities required for the identification of Prohibited Container Contaminants which includes but is not limited to, record keeping, provision of educational notices and reporting."

6.13 Generator Waivers (NEW)

Y. Article 6 of the Agreement is hereby amended to add the following new Section:

“6.13 Generator Waivers.

- A. General. The District or its designee may grant waivers described in this Section to Commercial or Multi-Family Generators that impact the scope of Contractor’s provision of service for those Customers; provided, the Generator shall continue to subscribe with Contractor for franchised Collection services to the extent such services are not waived by the District. Waivers issued shall be subject to compliance with SB 1383 requirements, pursuant to 14 CCR Section 18984.11, or other requirements specified by the District.
- B. Generator Waivers.
 - a. De Minimis Waivers. The District or its designee may waive a Multi-Family’s, Commercial business’, or its Property Owner’s obligation to comply with some or all of the Source Separated Recyclable Materials and Organic Materials requirements set forth in this Agreement, SB 1383 Regulations, and the District Municipal Code if the Multi-Family, Commercial business, or its Property Owner provides documentation, or the District has evidence demonstrating one of the following de minimis conditions:
 - i. The Multi-Family’s or Commercial business’ total Solid Waste Collection service is two (2) cubic yards or more per week, and Organic Materials subject to Collection comprises less than twenty (20) gallons per week, per applicable Container, of the Multi-Family’s or Commercial business’ total waste; or,
 - ii. The Multi-Family’s or Commercial business’ total Solid Waste Collection service is less than two (2) cubic yards per week, and Organic Materials subject to Collection comprises less than ten (10) gallons per week, per applicable Container, of the Multi-Family’s or Commercial business’ total waste.
 - b. Space Constraint. The District or its designee may waive a Multi-Family’s, Commercial business’, or its Property Owner’s obligation to comply with some or all of the Source Separated Recyclable Materials or Organic Materials Collection service requirements set forth in this Agreement, SB 1383 Regulations, and District Code, in the event that the Generator qualifies for a space constraint waiver under the District Code.
- C. District Exemptions.
 - a. **Low Population.** Some Collection service requirements are waived for the Low-Population Areas, as described in Section 5.2. Low-population waivers granted by CalRecycle are only valid for a period of up to five (5) years. If, during the Term of this Agreement, the District is granted a waiver that expands the Low-Population Areas, or if the District’s waiver(s) are no longer valid, resulting in a reduction in the number of the Low-Population Areas, any resulting Collection service changes shall be addressed as a change in scope in accordance with Section 5.2.
- D. Waiver Requests. Generators may submit requests for de minimis waivers and space constraint waivers to the District. If a Generator submits a request for a waiver to the Contractor, the Contractor shall refer the Generator to the District. Upon request of the District or its designee, the District, the Contractor shall support the District in the waiver review process by providing requested Customer information. If the District or its Designee grants a waiver to a Generator, the District shall notify the Contractor and Contractor shall update the Customer’s information and Service Level.”

6.14 Procurement of Recovered Organic Waste Products (NEW)

Z. Article 6 of the Agreement is hereby amended to add the following new Section:

“6.14 Procurement of Recovered Organic Waste Products.

Power. To the extent that electricity produced from the Approved Organic Materials Processing Facility qualifies for District's procurement credit under SB 1383, District shall be allocated its proportional share of such qualified electricity usage based on the inbound Tonnage delivered by the District divided by the total inbound Tonnage of the Approved Organic Materials Processing Facility for that same time period.”

Article 7. Payments to District

7.3 AB 939/SB 1383 Reimbursement

AA. Article 7, Section 3 of the Agreement is hereby retitled and amended to read as follows:

“7.3 AB 939/SB 1383 Reimbursement

If requested by District, Contractor shall pay, an AB 939/SB 1383 Reimbursement fee to District each month, to be specified annually by District, and, in addition, if the San Luis Obispo Integrated Waste Management Authority "IWMA" currently implements an AB 939, SB 1383, or Solid Waste Management fee, shall pay that fee directly to the IWMA. Said fees shall be an allowable cost in Contractor’s rate application. All AB 939 fees, SB 1383 fees, or Solid Waste Management fees paid to District or IWMA shall be considered a pass-through cost for purposes of rate setting, and, as such if the District or IWMA changes these fees the Contractor’s rates shall be adjusted accordingly subject to all Applicable Laws and regulations. The District or the IWMA shall have the right to establish and adjust the AB 939, SB 1383, or Solid Waste Management fee at any time, provided that any changes are considered a pass through cost for the purposes of rate setting, at the time of the change in the AB 939, SB 1383, or Solid Waste Management fee.”

Article 9. Records, Reports and Information, Studies and Hearing Requirements

9.1 Records

BB. Article 9, Section 1 of the Agreement is hereby amended to read as follows:

“9.1.1 Contractor shall maintain records required to conduct its operations, to support requests it may make to District, and to respond to requests of District. Adequate record security shall be maintained to preserve records from events that can be reasonably anticipated such as a fire, theft and earthquake. Electronically maintained data and records shall be protected and an adequate backup system shall be provided for such data and records. The protection and backup systems shall be subject to approval by District. Contractor shall respond to requests to retrieve records in a timely manner, not to exceed ten (10) days of a request by the District and made available to the District; including any record or documentation that the District in their sole discretion, may deem necessary, for the District to fulfill obligations under Applicable Law including, but not limited to, AB 939, AB 341, AB 1826, AB 876, AB 901, SB 1383, and other current or future Federal, State, or local regulations, as amended. Records and data shall be in chronological and organized form that is readily and easily interpreted to facilitate the flexible use of data to structure reports. Contractor’s records shall be stored in one central location, physical or electronic, that can be readily accessed by Contractor. At the written direction or approval of District, the records and reports to be maintained and provided by Contractor in accordance with this Section, Exhibit G and other Sections of the Agreement may be adjusted in number, format, and frequency, if required to comply with State or Federal regulatory or reporting requirements. Information from Contractor’s records and reports can be used to, among other things, determine or evaluate objectives outlined in Exhibit G.1.

9.1.2 The following records shall be maintained for District in form and detail satisfactory to District, relating to:

- i. Customer services and billing;
- ii. Weight of Discarded Materials, especially as related to reducing and Diverting Discarded Materials. Information is to be separated by kind of account;
- iii. Special annual clean-up event results;
- iv. Routes
- v. Facilities, equipment and personnel used;
- vi. Facilities and equipment operations, maintenance and repair;
- vii. Processing and Disposal of Discarded Materials;
- viii. Complaints; and,
- ix. Missed pick-ups

9.1.3 Contractor shall maintain records of Transfer, Diversion and Disposal of all Discarded Materials Collected in District for the period of this Agreement and all extensions to this Agreement or successor Agreements. In the event Contractor discontinues providing Discarded Materials services to District, Contractor shall provide all records of Diversion and Disposal of all Discarded Materials Collected within District to District within thirty (30) days of discontinuing service. Records shall be in chronological order, and organized in a form readily and easily interpreted.

9.1.4 Records for other programs shall be tailored to specific needs. In general, they shall include:

- i. Plans, tasks, and milestones; and,
- ii. Accomplishments in terms such as dates, activities conducted, quantities of products used, produced or distributed, and numbers of participants and responses.”

9.2 Waste Generation / Characterization Studies

CC. Article 9, Section 2 of the Agreement is hereby amended to read as follows:

“Contractor acknowledges that the District may cause to be performed Solid Waste, Recyclable Materials, and/or Organic Materials generation and Disposal characterization studies periodically to comply with AB 939 requirements. Contractor agrees to participate and cooperate with District and its agents, such as the Integrated Waste Management Authority, to accomplish studies and data collection and prepare reports as needed to determine weights and volumes of Solid Waste generated, Diverted, Disposed, transformed, or otherwise handled/Processed to satisfy AB 939 requirements.”

9.3 Report Formats and Schedule

DD. Article 9, Section 3, Subsection 6 is hereby added to the Agreement as follows:

“9.3.1 Records shall be maintained in forms and by methods that facilitate flexible use of data contained in them to structure reports, as needed, pursuant to Exhibit G. Reports are intended to compile recorded data into useful forms of information that can be used to, among other things:

- Determine and set rates, and evaluate the financial efficacy of operations; and
- Evaluate past and expected progress towards achieving goals and objectives; and
- Determine needs for adjustment to programs; and
- Evaluate Customer service and Complaints.

- Meet District's current and future reporting requirements to CalRecycle, including AB 939, AB 341, AB 1826, and SB 1383 statutes and corresponding regulations, or any other State or Federal agency statutes and regulations throughout the Term of this Agreement.

9.3.2 District may at no cost to itself request that Contractor provide such additional information in the reports set forth below as District deems necessary or appropriate to meet its needs, including provision of AB 939, AB 341, AB 1826, and SB 1383 report information.

9.3.3 Contractor may propose report formats that are responsive to the objectives and audiences for each report. The format of each report shall meet requirements outlined in Exhibit G.3 and be subject to approval by District.

9.3.4 Monthly reports shall be submitted with ten (10) calendar days after the end of the report month. Quarterly reports shall be submitted within fifteen (15) calendar days after the end of the quarter. Quarters end on November 30, February 28, May 31, and August 31. Annual reports shall be submitted within forty-five (45) calendar days after the end of the reporting year.

9.3.5 All reports shall be submitted as described in Exhibit G.3 to:

General Manager
Oceano Community Services District
P.O. Box 599
Oceano, CA 93475

9.3.6 Electronic Reporting. Contractor submit all reports to the District, with electronically via e-mail using software acceptable to the District. The District reserves the right to require the Contractor to maintain records and submit the reports required herein through use of the District-selected web-based software platform and/or Microsoft Excel spreadsheet, at the Contractor's expense.

9.3.7 Failure of Contractor to comply with the reporting requirements as set forth in this Section may result in an assessment of Liquidated Damages in accordance with the Liquidated Damages provision in Section 12.3 of this Agreement. Contractor's repeated failure to submit reports, and/or failure to submit reports on time, may be deemed an event of default and may result in the termination of the Agreement at the discretion of the General Manager, in accordance with Section 12 of this Agreement."

9.4 Monthly Reports

EE. Article 9, Section 4 of the Agreement is hereby amended as follows:

"Monthly Reports shall, at a minimum include all data and information described in the list below and in Exhibit G:

1. Solid Waste, Recyclable Materials, and Organic Materials Collected, Transferred, Diverted and Disposed of, by sector (Commercial, industrial, Residential) of Waste Generator-Collected by Contractor in Tons, by month.
2. Complaint summary, for month and cumulative for report year, as above. Summarized by nature of Complaints.
3. Narrative summary assessment of problems encountered and actions taken with recommendations to District for improvement.
4. Customer Service Level information for each Customer or Waste Generator served by Contractor under this Agreement.

5. Contamination Monitoring Report (including Customer Notices) as described in Exhibit G.”

9.7 Additional Reporting (NEW)

FF. Article 9, Section 7 is hereby added to the Agreement as follows:

“9.7 Additional Reporting.

- A. The Contractor shall provide an Annual Report, covering the most recently completed calendar year as described in Exhibit G.
- B. The Contractor shall provide Annual Reports as described in Exhibit G.”

Article 12. Default, Remedies, and Liquidated Damages

12.1.E Failure to Perform

GG. Article 12, Section 1, Subsection 5 of the Agreement is hereby amended to read as follows:

“**Failure to Perform.** If Contractor ceases to provide Solid Waste, Recyclable Materials, or Organic Materials services as required under this Agreement for a period of two (2) days or more, for any reason within the control of Contractor.”

12.3 Liquidated Damages

HH. Article 12, Section 3 of the Agreement is hereby amended to read as follows:

“

12.3.1 General. District finds, and Contractor agrees, that as of the time of the execution of this Agreement, it is impractical, if not impossible, to reasonably ascertain the extent of damages which shall be incurred by District as a result of a breach by Contractor of its obligations under this Agreement. The factors relating to the impracticability of ascertaining damages include, but are not limited to, the fact that: (i) substantial damage results to members of the public who are denied services or denied quality or reliable service; (ii) such breaches cause inconvenience, anxiety, frustration, and deprivation of the benefits of the Agreement to individual members of the general public for whose benefit this Agreement exists, in subjective ways and in varying degrees of intensity which are incapable of measurement in precise monetary terms; (iii) that exclusive 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, (iv) the termination of this Agreement for such breaches, and other remedies are, at best, a means of future correction and not remedies which make the public whole for past breaches.

12.3.2 Service Performance Standards; Liquidated Damages for Failure to Meet Standards. The parties acknowledge that consistent, reliable Discarded Materials service is of utmost importance to District and that District has considered and relied on Contractor's representations as to its quality of service commitment in awarding the Agreement to it. The parties further recognize that some quantified standards of performance are necessary and appropriate to ensure consistent and reliable service and performance. The parties further recognize that if Contractor fails to achieve the performance standards, comply with complaint resolution criteria, or fails to submit required documents in a timely manner, District and its residents will suffer damages and that it is and will be impractical

and extremely difficult to ascertain and determine the exact amount of damages that District will suffer. Therefore, without prejudice to District's right to treat such non-performance as an event of default under this Article 12, the parties agree that the following Liquidated Damage amounts represent a reasonable estimate of the amount of such damages considering all of the circumstances existing on the date of this Agreement, including the relationship of the sums to the range of harm to District that reasonably could be anticipated and the anticipation that proof of actual damages would be costly or inconvenient. Recognizing the importance of resolving any failure to meet the service performance standard, the District shall contact Contractor within two (2) days of any failing reported directly to the District.

12.3.3 Contractor agrees to pay (as Liquidated Damages and not as a penalty) the amounts set forth below:

Collection Reliability and Quality

For each failure over five (5) annually to commence service to a new Customer account within seven (7) days after order: \$150.00

For each failure over twenty-four (24) annually to Collect Discarded Materials which have been properly set out for Collection, from an established Customer account on the scheduled Collection day: \$150.00

For each failure to Collect Discarded Materials, which have been properly set out for Collection, from the same Customer on two (2) consecutive scheduled pickup days: \$150.00

For each occurrence over five (5) annually of damage to private property: \$250.00

For each occurrence over five (5) of discourteous behavior: \$250.00

For each failure over ten (10) annually to clean up Discarded Materials spilled by Contractor from Containers: \$150.00

For each occurrence over five (5) annually of Collecting Solid Waste, Recyclables or Organic Materials, during unauthorized hours: \$250.00

For each failure to respond to a Customer complaint within twenty-four (24) working hours \$100.00

Timeliness of Submissions to District

REPORTS Any report shall be considered late until such time as District receives a correct and complete report. For each calendar day a report is late, the daily assessment shall be:

| | | |
|------------------|---------------------|---------------|
| Monthly Reports: | For each infraction | \$100 per day |
| Annual Reports: | For each infraction | \$500 per day |

SB 1383 Related Events of Non-Performance

Second Amendment to the Amended and Restated Solid Waste Collection Franchise Agreement

District wishes to establish standards of performance under the Agreement in each of the six (7) “Performance Areas” listed below. The District General Manager may monitor Contractor’s performance in each of those areas based on the “Specific Performance Measures” within that performance area. In the event that the District Contract Administrator determines that Contractor has failed to meet the performance standard established for any “Specific Performance Measure”, the District may assess Liquidated Damages pursuant to this Article 12 of the Agreement. Liquidated Damages, if assessed, shall only be assessed for the number of events, days, or other measure in excess of the acceptable performance level.

| | SB 1383 Related Event of Non-Performance | Liquidated Damage |
|---|--|---|
| 1 | Use of Unauthorized Facilities. For each individual occurrence of delivering Discarded Materials to a Facility other than an Approved Facility(ies) for each Discarded Material type under this Agreement. | \$0 for first five (5) failures; \$1,000 per each subsequent failure |
| 2 | Failure to Implement Three-Container System. For each occurrence of failing to provide Customers with the three-Container system required by and compliant with Section 5.2 and 5.4 excluding Generators and Customers granted waivers pursuant to Section 6.13 of this Agreement and excluding Generators and Customers that demonstrate compliance with Recycling and Organic Materials Self-Hauling requirements pursuant to District Code and 14 CCR Division 7, Article 12, Article 7. | \$100/ Generator or Customer / occurrence / Day until compliance achieved |
| 3 | Failure to Comply with Container Labeling and Colors. For each occurrence of Contractor’s failure to comply with Container labeling and color requirements pursuant to Section 5.6.3 of this Agreement. | \$180 / Container / occurrence |
| 4 | Failure to Perform Public Education and Outreach. For each failure to perform any individual education and outreach activity as required and, in the timeframe, specified by this Agreement. | \$180/ occurrence |
| 5 | Failure to Submit Reports or Allow Access to Records. For each failure to submit any individual report or provide access to records in compliance with and in the timeframe specified in this Agreement. Incomplete and/or inaccurate reports shall be considered a failure to submit until such time as all information in the report has been provided in a complete and accurate form. In the event District determines an errant or incomplete report more than ten (10) Business Days after submittal by Contractor, Contractor shall be given ten (10) Business Days to complete and correct and any pending Liquidated Damages shall be tolled during that period. | \$120/ day |

| | SB 1383 Related Event of Non-Performance | Liquidated Damage |
|---|--|--------------------------------|
| 6 | Failure to Issue Customer Notices. For each failure of Contractor Collection personnel to issue contamination notices and maintain documentation of issuance as required by Section 6.12 of this Agreement. | \$100 / Contractor Route / day |
| 7 | Improper Fee Issuance. For each fee that is issued to a Generator without prior authorization from District under this agreement. | \$100 /Customer/Day |

Liquidated damages will only be assessed after Contractor has been given the opportunity but failed to rectify the damages, as described in this Agreement (e.g., twenty-four (24) working hours to respond to a complaint). District may determine the occurrence of events giving rise to Liquidated Damages through the observation of its own employees or representative or investigation of Customer complaints.

Prior to assessing Liquidated Damages, District shall give Contractor notice of its intention to do so. The notice will include a brief description of the incident(s)/non-performance. Contractor may review (and make copies at its own expense) all information in the possession of District relating to incident(s)/non-performance. Contractor may, within ten (10) days after receiving the notice, request a meeting with District. If a meeting is requested, it shall be held by the General Manager or his/her designee. Contractor may present evidence in writing and through testimony of its employees and others relevant to the incident(s)/non-performance. The General Manager or designee will provide Contractor with a written explanation of his or her determination on each incident(s)/non-performance prior to authorizing the assessment of Liquidated Damages. The decision of the General Manager or designee shall be final.

12.3.4 Amount. The General Manager or his/her designee may assess Liquidated Damages for each calendar day or event, as appropriate, that Contractor is determined to be liable in accordance with this Agreement.

12.3.5 Timing of Payment. Contractor shall pay any Liquidated Damages assessed by District within ten (10) days after they are assessed. If they are not paid within the ten (10) day period, District may proceed against the security fund required by this Agreement or order the termination of this Agreement, or both.”

Article 13. Default, Remedies, and Liquidated Damages

13.6 Subcontracting

- II. Article 13, Section 6 of the Agreement is hereby amended to read as follows:
 “Except as approved in writing by the District, Contractor shall not enter into an agreement to have another Person perform Contractor's duties of this Agreement. Contractor must obtain written agreements with Processing Subcontractors, including the Approved Organic Materials Processing Facility, to the Facility's capacity to Process Discarded Materials. Contractor shall undertake to pay District its reasonable expenses for attorney's fees and investigation costs necessary to investigate the suitability of any proposed sub-

Contractor, and to review and finalize any documentation required as a condition for approving any such subcontracting agreement..”

Exhibit G. Record Keeping and Reporting

JJ. Exhibit G, Record Keeping and Reporting is hereby included with the Agreement as follows:

EXHIBIT G RECORD KEEPING AND REPORTING

G.1 General

Information from Contractor’s records and reports can be used to, among other things:

1. Determine and set Rates and evaluate the financial efficacy of operations;
2. Evaluate past and expected progress toward achieving the Contractor’s Landfill Disposal reduction or Diversion goals and objectives;
3. Provide concise and comprehensive program information and metrics for use in fulfilling reporting requirements under Applicable Law;
4. Determine needs for adjustment to programs;
5. Evaluate Customer service and Complaints; and,
6. Determine Customer compliance with AB 341, AB 1826, and SB 1383 statutes and corresponding regulations; and, any subsequent State-mandated landfill disposal reduction, Recycling, recovery, or Diversion statutes, regulations, or other requirements.

G.2 Record Keeping

- A. **General.** Contractor shall maintain Customer contact data, Customer service, accounting, statistical, operational, and other records related to its performance as shall be necessary to provide reporting required by this Agreement and Applicable Law and to demonstrate compliance with this Agreement and Applicable Law (such as, but not limited to, AB 939, AB 341, AB 1826, AB 876, AB 901, and SB 1383 statutes and corresponding regulations).

Record keeping and reporting requirements specified in this Agreement shall not be considered a comprehensive list of reporting requirements. In particular, this Exhibit is intended to highlight the general nature of records and reports and their minimum content and is not meant to comprehensively define the scope and content of the records and reports that Contractor is required to maintain and report by Applicable Law or this Agreement. Upon written direction or approval of District, the records and reports required by Contractor in accordance with this and other Articles of the Agreement shall be adjusted in number, format, or frequency.

Contractor shall maintain adequate records, and corresponding documentation, of information required by this Exhibit, such that the Contractor is able to produce accurate monthly and annual reports, and is able to provide records to verify such reports. Contractor will make these records available and provide to the District any record or documentation necessary for the District to fulfill

obligations under Applicable Law including, but not limited to, AB 939, AB 341, AB 1826, AB 876, AB 901, and SB 1383 statutes and corresponding regulations; and, other current or future Federal, State, or local statutes and regulations, as amended. Upon request by the District, Contractor shall provide access to Contractor's requested records in a timely manner, not to exceed ten (10) Business Days from the time of District's request to Contractor.

- B. **Record Retention and Security.** Records shall be maintained in forms and by methods that facilitate flexible use of data contained in them to structure reports, as needed, pursuant to this Exhibit. Contractor's records shall be stored in one central location, physical or electronic, that can be readily accessed by Contractor. District reserves the right to require the Contractor to maintain the records required herein through the use of a District-selected web-based software platform, at Contractor's expense. Unless otherwise required in this Exhibit, Contractor shall retain all records and data required to be maintained by this Agreement for the Term of this Agreement plus five (5) years after its expiration or earlier termination.

Records and data shall be in chronological and organized form and readily and easily interpreted. Contractor shall maintain adequate record security to preserve records from events that can be reasonably anticipated such as a fire, theft, and an earthquake. Electronically-maintained data and records shall be protected and backed-up. To the extent that Contractor utilizes its computer systems to comply with record keeping and reporting requirements under this Agreement, Contractor shall, on a monthly basis, save all system-generated reports supporting those record keeping and reporting requirements in a static format in order to provide an audit trail for all data required.

- C. **Compilation of Information for State Law Purposes.** Contractor shall maintain accurate records for its operation, including, but not limited to, Discarded Materials quantities Collected and quantities Transported to or Transferred to each Approved Facility, listed separately by material type, Customer type, and Facility. Records shall be maintained in such form by methods that facilitate the use of data for the production of reports as needed. Contractor will make these records available and provide to the District, any record or documentation necessary for the District to fulfill obligations under Applicable Law including, but not limited to, AB 939, AB 341, AB 1826, AB 876, AB 901, AB 1595, and SB 1383 statutes and corresponding regulations; and, other current or future local, Federal or State statutes and regulations, as amended.

G.3 Reporting

G.3.1 General

- A. **General Purpose.** Reports are intended to compile recorded data into useful forms of information that can be used by the District. All reports shall be adequate to meet District's current and future reporting requirements to CalRecycle, including AB 939, AB 341, AB 1826, and SB 1383 statutes and corresponding regulations, or any other State or Federal agency statutes and regulations throughout the Term of this Agreement.
- B. **Failure to Report.** Failure of Contractor to comply with the reporting requirements as set forth in this Section may result in an assessment of Liquidated Damages in accordance with the Liquidated Damages provision in Section 12.3 of this Agreement. Contractor's repeated failure to submit reports, and/or failure to submit reports on time, may be deemed an event of default and may result in the termination of the Agreement at the discretion of the General Manager, in accordance with Article 12 of this Agreement.

- C. **Report Format.** Contractor shall submit all reports to the District electronically via e-mail using software acceptable to the District. The District reserves the right to require the Contractor to maintain records and submit the reports required herein through use of the District-selected web-based software platform and/or Microsoft Excel spreadsheet, at the Contractor's expense.
- D. **Submittal Process.** All reports shall be submitted to the District, Department of Public Works, Solid Waste Planning and Recycling Program and the Department of Environmental Health Local Enforcement Agency or as directed by the General Manager. Reports shall be submitted electronically via email or uploaded to a document sharing platform agreed upon by the Parties. District reserves the right to require the Contractor to maintain records and submit the reports required herein through use of a District-selected web-based software platform, at the Contractor's expense.

Monthly reports shall be submitted within fifteen (10) days after the end of the reporting month; and annual reports shall be submitted within forty-five (45) days after the end of the reporting year.

G.3.2 Monthly Reports

Monthly reports shall be submitted by Contractor to District and shall include the following information pertaining to the most recently-completed calendar month. In addition, each monthly report shall include a year-to-date summary page that includes the data submitted from the monthly report(s) submitted in the calendar year prior to the submittal of the current monthly report. Contractor shall report the information included in the following subsections.

A. Tonnage Report

- 1. Contractor shall report the total quantities in Tons of Discarded Materials Collected, Transferred, Processed, and Disposed by the Contractor, all of which shall be based on actual certified scale weights for each load, if available, or similarly accurate methodology pursuant to weighing protocol. Tonnage shall be reported separately by:
 - a. Material type, which shall include, at a minimum, separate reporting of Source Separated Recyclable Materials, Source Separated Organic Materials, Solid Waste, and any other type of Discarded Material separately Collected by Contractor (including, but not limited to used oil, mixed C&D, dirt, rock, metals, cardboard, wood waste, salvageable materials, etc.);
 - b. Customer/sector type (Single-Family, Multi-family, Commercial franchised Roll-off, franchised C&D); and,
 - c. Approved Facility and Facility type.
- 2. Report Residue level and Tonnage for all Discarded Materials Processed, listed separately by material type Collected and Approved Facility(ies) used.
- 3. Source Separated Recyclable Materials Tonnage Marketed, by commodity, and including average commodity value for each, and Processing Residue Tonnage Disposed, listed separately by material type Collected and Approved Facility(ies) used.
- 4. Documentation of all Discarded Materials exported out of State, as provided in 14 CCR Sections 18800 through 18813.

B. Collection and Subscription Report

- 1. Number of Containers at each Service Level by Customer Type and program, including:

Second Amendment to the Amended and Restated Solid Waste Collection Franchise Agreement

- a. A summary of the total gallons of Cart service, cubic yards of Bin service, and pulls; and cubic yards or Tons of franchised Roll-Off and Compactor service by Customer Type.
 - b. Calculation of the average volume of service received per: Single-Family Dwelling Unit (separately identifying Dwelling Units in a duplex, triplex, or fourplex); Multi-Family Dwelling Unit; and, Commercial Customer.
2. A summary of Customer subscription data, including the number of accounts; the number of Customers subscribing to each Cart, Bin, and franchised Roll-Off Service Level listed separately for Single-Family, Multi-Family, and Commercial and separately for each type of Discarded Material; and,.

C. Contamination Monitoring Report

The Contractor shall submit the following information regarding Contractor conducted contamination monitoring Customer Notices conducted pursuant to Section 6.12 of this Agreement:

1. Description of the Contractor's process for determining the level of contamination;
2. Summary report of Customer Notices issued, which for each notice shall include the date of issuance, Customer name, and service address.
3. A record of each inspection and contamination incident, which shall include, at a minimum:
 - a. Name of the Customer
 - b. Address of the Customer
 - c. The date the contaminated Container was observed
 - d. The staff who conducted the inspection
 - e. The total number of violations found and a description of what action was taken for each
 - f. Copies of all contractor notices issued to Generators with Prohibited Container Contaminants
 - g. Any photographic documentation or supporting evidence.
4. Any other information reasonably requested by the District or specified in contamination monitoring provisions of this Agreement.

D. Customer Service Report

Contractor shall maintain a record of all SB 1383 Regulatory non-compliance Complaints as defined in 14 CCR Section 18995.3 and responses and submit the following information:

1. Total number of SB 1383 non-compliance Complaints received and total number of SB 1383 non-compliance Complaints investigated
2. Copies of documentation recorded for each SB 1383 non-compliance Complaint received, which shall at a minimum include the following information:
 - a. The SB 1383 non-compliance Complaint as received;
 - b. The name and contact information of the complainant, if the SB 1383 non-compliance Complaint is not submitted anonymously;
 - c. The identity of the alleged violator, if known;

Second Amendment to the Amended and Restated Solid Waste Collection Franchise Agreement

- d. A description of the alleged violation; including location(s) and all other relevant facts known to the complainant;
 - e. Any relevant photographic or documentary evidence submitted to support the allegations in the SB 1383 non-compliance Complaint; and,
 - f. The identity of any witnesses, if known.
3. Copies of all SB 1383 non-compliance Complaint reports submitted to the District.
 4. Copies of all investigation reports submitted to the District which shall include at a minimum:
 - a. The SB 1383 non-compliance Complaint as received;
 - b. The date the Contractor investigated the SB 1383 non-compliance Complaint;
 - c. Documentation of the findings of the investigation;
 - d. Any photographic or other evidence collected during the investigation; and,
 - e. Contractor's recommendation to the District on whether or not the entity investigated is in violation of SB 1383 Regulations based on the Contractor's investigation.

E. Education Program Report

The monthly status of activities identified in the annual public education plan described in Section 6.10 of this Agreement.

G.3.3 Annual Reports

In addition to the monthly reporting requirements in this Exhibit, the Contractor shall provide an Annual Report, covering the most recently-completed calendar year, in accordance with the format and submittal requirements of this Exhibit. The Annual Report shall include the information in the following subsections.

A. Collection and Subscription Report

1. A summary of all data provided in the Tonnage report section, including quarterly and annual totals and averages.
2. The type(s) of Collection service(s) provided; and as required by law, a list of all hauler routes serviced, and a record of the addresses served for the District.
3. A summary of Customer subscription data, including the number of accounts; the total number of Generators enrolled with Contractor for service, listed separately by Service Level and Container type (Cart, Bin, and Roll-Off service), separately by Single-Family, Multi-Family, and Commercial Customers, and separately for each type of Discarded Material.

B. Processing Facility Report

1. Approved Organic Materials Processing Facility: Contractor shall provide documentation demonstrating the actual percent of the material removed for landfill Disposal that is Organic Waste is less than the percent specified in 14 CCR Section 17409.5.8(c)(2) or 17409.5.8(c)(3), whichever is applicable, and, if applicable, demonstrations compliance with the digestate handling requirements specified in 14 CCR Section 17896.5.

2. Temporary Equipment or Operations Failure: If the Contractor is granted a Processing facility temporary equipment or operational failure waiver, in accordance with Sections 5.7 and 5.11 of the Agreement, the Contractor shall include the following documents and information:
 - a. The number of days the Processing Facility temporary equipment waiver or operation failure waiver was in effect;
 - b. Copies of any notifications sent to the District pursuant to Section 5.11 of the Agreement, and copies of District notices to Contractor pursuant to Section 5.11 of the Agreement;
 - c. Documentation setting forth the date of issuance of the waiver, the timeframe for the waiver; and,
 - d. A record of the Tons of Organic Materials, Recyclable Materials, and Solid Waste redirected to an Alternative Facility or Disposed at an Approved Disposal Facility as a result of the waiver, recorded by Collection vehicle or Transfer vehicle number/load, date, and weight.

C. Compliance Monitoring and Enforcement Report

1. A summary of the total number of SB 1383 Regulatory non-compliance Complaints that were received and forwarded to the District or its designee.
2. The total number of Prohibited Container Contaminant Customer Notices and Contamination Process Fees issued, categorized by type of Generator.
3. The number of violations that were resolved, categorized by type of Generator.
4. Copies of all Prohibited Container Contaminant Customer Notices and Contamination Processing Fees issued and educational materials issued to non-compliant Generators.

C. Public Education and Outreach Report

1. A copy of all education and outreach materials provided to Generators, or otherwise used for education and outreach efforts in accordance with this Agreement, including, but not limited to: flyers, brochures, newsletters, invoice messaging/billing inserts, and website and social media postings.
2. A record of the date and to whom the information was disseminated or direct contact made, in the form of a list that includes: the Generator's name or account name, the type of education or outreach received; the distribution date, and the method of distribution.
3. For any mass distribution through mailings or bill inserts, the Contractor shall maintain a record of the date, a copy of the information distributed, and the type and number of accounts that received the information.
4. A copy of electronic media, including the dates posted of: social media posts, e-mail communications, or other electronic messages.
5. A summary of the status of the annual education plan of the reporting year, including activities conducted and the quantitative and/or qualitative results of those activities.
6. The annual public education plan required by Section 6.10 of the Agreement for the upcoming then-current calendar year. For example, Contractor submittal of a 2021 annual report in February 2022 shall include Contractor submittal of the annual public education plan for calendar year 2022.

G.3.4 Additional Reports

- A. **Upon Request Reporting.** District reserves the right to request additional reports or documents in the case of unforeseen legislative or regulatory changes, requests from CalRecycle, or additional requirements imposed upon the District. The Contractor shall provide the requested reports, documents, or information within ten (10) Business Days upon receipt of the request or within a timeframe determined by the General Manager, which shall not to exceed ten (10) days.
- B. **AB 901 Reporting.** At District option, District may require that Contractor provide the District with the aggregate Tonnage data related to AB 901 reporting that the District needs for its SB 1383 reporting, to the extent available to Contractor within five (5) Business Days of District request, or mutually agreed time. At the District's option, the District may review specific Customer information; however, District shall not be permitted to make copies or take records specific to Customer information.
- C. **Facility Capacity Planning Information.** To the extent such information is available to Contractor, District may require Contractor to provide District with information of available Organic Waste Processing capacity for any Approved Processing Facilities, where available capacity may include identification of monthly Tons of additional Organic Waste such Approved Facilities have the ability to receive within permitted limits. Contractor shall respond to District within sixty (60) days of District's request for information regarding available new or expanded capacity, to the extent such information is available to Contractor and, at District's option, may be required to submit reports on a more regular basis (such as monthly, quarterly, or annually). If Contractor uses a Subcontractor to perform some or all of the Facility-related services required by this Agreement, Contractor shall use commercially reasonable efforts to secure any District-requested Facility capacity planning information from its Subcontractor(s). The annual Facility capacity planning report shall comply with the following:
1. Include reports of current throughput and permitted capacity and available capacity for Organic Materials Processing for any Facility in the District that Processes Organic Materials. Existing capacity may include identification of monthly Tons of additional Source Separated Recyclable Materials, Source Separated Organic Materials, and/or Solid Waste capacity such Facility has the ability to receive within permitted limits.
 2. Include description of potential new or expanded Processing capacity at those Facilities, operations, and activities for Processing of Organic Materials, including information about throughput and permitted capacity necessary for planning purposes.
 3. Be submitted using a form or format approved by the General Manager.

IN WITNESS WHEREOF, District and Contractor have executed this Second Amendment to Amend and Restate the Solid Waste, Recyclable Materials, ND Organics Materials Collection Franchise Agreement on the day and year herein above set forth below.

DISTRICT:

CONTRACTOR:

Karen M. White, President
Board of Directors of the Oceano Community
Services District

Susan VanDelinder, Division Vice President
South County Sanitary Service, Inc

Date: _____

Approved as to Form:

Jeffrey Minnery, District Counsel



Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

Date: June 8, 2022

To: Board of Directors

From: Will Clemens, General Manager

Subject: Agenda Item #8(B)– 2022 Committee Assignments

Recommendation

It is recommended that your Board review Board Member Committee Assignments

Discussion

Attached is the roster of the current year Committee Assignments. With the recent appointment of a new Board Member, Steve Montes, it may be beneficial to consider reassignments at this time.

There are four types of committee assignments:

1. Committee assignments to other agency Boards and Committees
2. OCSD Ad Hoc Committees
3. Liaison assignments with other Boards and Committees
4. OCSD Standing Committees - None

Committee Assignments to other agency Boards and Committees

These assignments provide appointees with formal authority to act on behalf of the community. The roles are either as a final decision-maker or they represent an advisory role.



Oceano Community Services District

Board of Directors Meeting

| Assignment | Final Decision Making Role | Advisory Role |
|--|----------------------------|---------------|
| <i>South San Luis Obispo County Sanitation District Board of Directors</i> | X | |
| <i>Five Cities Fire Authority Board of Directors</i> | X | |
| <i>Water Resource Advisory Committee (WRAC)</i> For the San Luis Obispo County Flood Control and Water Conservation District – Countywide Water Resources | | X |
| <i>Regional Water Management Group (RWMG)</i> For the San Luis Obispo County Integrated Regional Water Management Plan (IRWMP) | | X |
| <i>Zone 3 Advisory Committee</i> For the San Luis Obispo County Flood Control and Water Conservation District (Lopez Water Supply Project)* | | X |
| <i>State Water Sub Contractors Advisory Committee</i> For the San Luis Obispo County Flood Control and Water Conservation District | | X |
| <i>Oceano Advisory Committee</i> For the County of San Luis Obispo | | X |
| <i>Code Enforcement</i> For the County of San Luis Obispo | | X |
| <i>RFP Ad Hoc Committee</i> For the District | | X |
| <i>Social Media Ad Hoc Committee</i> For the District | | X |
| <i>Old Firehouse Art Ad Hoc Committee</i> For the District | | X |

* Note: The Zone 3 Advisory Committee has formal decision-making role to modify delivery of water under the Low Reservoir Response Plan during drought emergencies.

Other Agency Involvement

n/a

Other Financial Considerations

n/a



Oceano Community Services District

Board of Directors Meeting

Results

Election of the President and Vice President in accordance with the District's by-laws helps to promote a well governed community.

Attachment: 2022 Committee Assignments

2022 COMMITTEE & SUBJECT MATTER ASSIGNMENTS

| COMMITTEE ASSIGNMENTS TO OTHER AGENCY BOARDS AND COMMITTEES | | | | Subject Matter Assignments / Expertise |
|---|--------|----------------|---|--|
| SSLOCSD | White | Austin | 1 st & 3 rd Wed/6:00/Jan.-June OCSD/July-Dec. Arroyo Grande City Council Chamber 215 E. Branch Arroyo Grande, CA 93420 | Wastewater |
| Five Cities Fire Authority | White | Villa | 3 rd Fri./10:00/Grover Beach City Council Chamber 154 S. 8th St. Grover Beach, CA 93433 | Emergency Services |
| Water Resource Advisory Comm. (WRAC) | Gibson | Austin | 1 st Wed/1:30/SLO County Library Room 995 Palm St. San Luis Obispo, CA 93401 | Regional Water Programs |
| Regional Water Mgt. Group (RWMG – IRWMP) | Villa | Gibson | 1 st Wed/9:00/SLO County Library Room 995 Palm St. San Luis Obispo, CA 93401 | Regional Water Programs |
| Zone 3 (Lopez Water) | Gibson | Villa | 3 rd Thurs Odd/6:30/Varies | Water Supply Contracts |
| State Water | Gibson | Villa | Varies | Water Supply Contracts |
| Oceano Advisory | Villa | White | 3 rd Thursday/5:30/OCSD | County Land Use |
| OCSD AD HOC - COMMITTEE ASSIGNMENTS | | | | |
| RFP Ad Hoc Committee | Gibson | Austin | Approved 5/10/2017 | |
| Code Enforcement | Villa | White | | |
| Social Media Technology Outreach | | Villa | | |
| Old Firehouse Art Ad Hoc Committee | Austin | Gibson | Approved 6/26/2019 | |
| LIAISON AND SUBJECT MATTER ASSIGNMENTS | | | | |
| Supervisor Liaison | | Austin | Varies | |
| Airport Land Use | | White | 3 rd Wed /1:30/County Government Center Board of Supervisors Chamber 1055 Monterey St Room D170 San Luis Obispo, CA 93401 | |
| CA (Local) Special District's Association | | Austin | Varies (Usually Noon Fri) every other month | |
| Zone 1/1A | | Austin | 3 rd Tues Odd/3:00/Sheriff South Patrol Station 1681 Front St. (Highway 1) Oceano, CA 93445 | |
| LAFCO | | White | 3 rd Thur/9:00/ County Government Center Board of Supervisors Chamber 1055 Monterey St San Luis Obispo, CA 93401 | |
| RWQCB | | Gibson | Odd Months/Varies | |
| NCMA | | Gibson & White | Subject Matter Assignment | |
| SLOCOG Sedimentation | | White | Varies | |
| Budgets, Fees and Customer Rates and Charges | | Villa & Gibson | Subject Matter Assignment | |
| IWMA (Integrated Waste Management Advisory) | | Villa & Gibson | | |

COMMITTEE ASSIGNMENTS IN GREEN ARE ELIGIBLE FOR OCSD COMPENSATION PER GOV'T CODE 61047

Carey Casciola

From: Will Clemens
Sent: Tuesday, May 31, 2022 10:03 AM
To: Carey Casciola
Subject: FW: Retention Basin at Wilmar and 19th Streets

For our next meeting agenda

Will Clemens

General Manager
will@oceanocsd.org

Oceano Community Services District
1655 Front St., PO Box 599
Oceano, CA. 93475
Office (805) 481-6730
Fax (805) 481-6836

<http://oceanocsd.org/main/>



From: Charles Varni
Sent: Sunday, May 29, 2022 6:30 AM
To: [REDACTED]
Cc: Will Clemens <will@oceanocsd.org>
Subject: Retention Basin at Wilmar and 19th Streets

Dear Director White,

At the last OCSD meeting I expressed concern that the Directors take more time to study the status and future of the water retention basin at Wilmar and 19th Streets.

The retention basin at 19th and Wilmar is a necessary flood control facility. All drainage flowing into the intersection is diverted into it, as culvert capacity allows. When was the last time culverts were cleaned? It is essential to retain its function.

Right now the basin is a disgraceful garbage dump and requires immediate clean up and repairs if necessary. This is OCSD's responsibility.

OCSD should explore options for community use of this space as a possible corner plaza built over the retention basin or other function which makes it a value-added asset to the neighborhood. Many grants are available for such an endeavor.

This topic should be agendized for public discussion and the neighborhood be notified.

Sincerely,

Charles Varni

PS Please share this letter with other Directors and share it in the meeting agenda as a received communication in the public record.