

City of Santa Clara
Final Term Sheet of Tentative Agreement Pursuant to Negotiations
for Mission Trail Waste Systems Successor Agreement

The City of Santa Clara (City) and Mission Trail Waste Systems (MTWS) have tentatively agreed that, via contract amendment and restatement effective July 1, 2020:

1. **Exclusive Franchise Term: MTWS will continue to provide** solid waste services to the City as described below, through June 30, 2036, with the City's option to offer 5-year extension through June 30, 2041 (subject to a meet and confer between the City and MTWS by June 30, 2034).
2. **Commercial Collection Service: MTWS will continue to hold** the exclusive right to collect all commercial refuse (which may or may not include materials such as green waste, food soiled papers, and other organic materials, subject to Council direction on organics collection programs) and recycling from all commercial customers in the City, including delivery of all commercial refuse to processing and disposal facilities of the City's choosing, and within a 10 mile radius of City Hall.
3. **Commercial Food Scraps Service: MTWS will continue to hold** the exclusive right to collect and recycle commercial source separated food scraps (which may or may not include materials such as green waste, food soiled papers, and other organic materials, subject to Council direction on organics collection programs) from those commercial customers - including all existing customers with food scrap compactors - who voluntarily subscribe to such service with MTWS.

MTWS's tariff compensation for this service shall be set via current practice. Rates for this service shall also be set based on current practice, with the exception that the rates charged to commercial food scraps customers for this service shall be inclusive of 100% of the collection rate and 15% of the processing fee (instead of just 100% of the collection rate).

MTWS will provide the City with proof of payment for disposal of City's commercial food scraps residual/contamination (hereafter "residual"). MTWS will use reasonable and necessary "best practice" efforts to keep residual in the City's commercial food scraps waste stream to a minimum. MTWS will allow the City to audit MTWS's proof of payment for disposal of the residual and MTWS's reasonable and necessary "best practice" efforts to reduce residual. MTWS agrees to include liquidated damages relating to MTWS's proof of payment for disposal of City's commercial food scraps residual and MTWS's performance of reasonable and necessary "best practice" efforts to keep residual to a minimum.

4. **Multi-Family Collection Service: MTWS will continue to hold** the exclusive right to collect all multi-family refuse (including materials such as "clean green" waste, food scraps, food soiled paper, and other organic materials) from all multi-family dwelling customers in the City, including delivery of all multi-family refuse to processing and disposal facilities of the City's choosing, and within a 10 mile radius of City Hall (subject to Council direction on organics collection programs).
5. **Single-Family Collection Service: MTWS will continue to hold** the exclusive right to collect all residential refuse and organics (including materials such as "clean green" waste, food scraps, and food soiled paper, subject to Council direction on organics collection programs per the below) from all single-family and townhouse dwelling customers in the City, with two options subject to City Council selection:

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- **Option 1:** Collection of residential refuse and source separated food scraps (and food soiled paper) in “split carts” for refuse and food scraps, with:
 - MTWS recycling source separated food scraps and food soiled paper;
 - MTWS delivering all residential refuse to disposal facilities of the City’s choosing, and within a 10 mile radius of City Hall; and
 - MTWS continuing to provide separate collection of “clean green” and delivering all “clean green” to processing facilities of the City’s choosing, and within a 10 mile radius of City Hall.
 - Would become effective within 18 months of execution.
 - **Option 2:** Collection of residential refuse, source separated food scraps, food soiled paper, and other organic materials in single chamber refuse carts, with:
 - MTWS delivering all residential refuse (including food scraps and food soiled paper) to processing and disposal facilities of the City’s choosing, and within a 10 mile radius of City Hall; and
 - MTWS continuing to provide separate collection of “clean green” and delivering all “clean green” to processing facilities of the City’s choosing, and within a 10 mile radius of City Hall.
 - Would become effective city-wide January 1, 2021 (and with the City continuing to compensate MTWS for the amounts owed on split cart pilot program through December 30, 2021).
6. **MTWS Compensation: MTWS will receive increases** in tariff compensation, depending on City Council selection of Option 1 or Option 2, per the below:
- **Option 1:** 4.5% increase effective July 1, 2020, 8.0% increase July 1, 2021, and 7.0% increase effective July 1, 2022, and processing cost of \$90.00 per ton of source separated food scraps (including City paying cost of residual up to 20% of collected tonnage, and escalated per the below); or
 - **Option 2:** 6.0% increase effective July 1, 2020, 9.0% increase July 1, 2021, and 9.0% increase effective July 1, 2022; and
 - Irrespective of City Council selection of Option 1 or Option 2, increases in tariff compensation effective July 1, 2023 and annually thereafter based on the percentage change in the Water, Sewer and Trash CPI Index, with a minimum annual adjustment of 2% and maximum annual adjustment of 5%, and no carry-overs.
7. **Commercial Recyclables and Food Scrap Processing: MTWS will continue to receive** compensation via established tariffs and processing fees (adjusted as per the above) for the processing of commercial recyclables and food scraps (which may or may not include food soiled papers, green waste, and other organic materials, subject to Council direction on organics collection programs) collected by MTWS from the City’s commercial customers. Tariff compensation for

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processing commercial recyclables includes MTWS's costs for all recyclables processing residual, with the City paying no costs for recycling residual disposal.

Processing fees for commercial food scraps include City direct payment of disposal costs of residual through December 31, 2020. MTWS will pay disposal costs for all commercial food scraps residual starting July 1, 2021, with residual being delivered to City's disposal contractor through December 31, 2024, and to a disposal company of MTWS's choosing thereafter. The City will pay no costs for commercial food scraps residual disposal effective January 1, 2025.

8. **Collection Fleet: MTWS will continue to operate** a compressed natural gas collection fleet in the City, with all new collection vehicles being in operation within 18 months of agreement execution, and with MTWS committing to partner with the City to explore opportunities (via meet and confer) for local fuel production, piloting electric and/or hybrid technology vehicles, or piloting use of other alternative fuel vehicles as feasible technologies become available.
9. **Dedicated Staff Liaison: MTWS will provide a full time** Outreach, Education, Reporting and Diversion Program Manager position with 100% of time being directed to serving as a dedicated MTWS liaison working collaboratively with the City on outreach, education, reporting, compliance, contract management, and other MTWS solid waste services, effective beginning July 1, 2020.
10. **Diversion Program Funds: MTWS will provide \$25,000** annually in Outreach, Education, Reporting and Diversion Program funds for use by the Program Manager in collaboration with and reporting to the City, effective beginning July 1, 2020.
11. **State Compliance: MTWS will provide SB 1383** compliant containers when replacing containers during the term and work collaboratively with the City to provide additional SB 1383 compliance services, if necessary, and subject to meeting in good faith to discuss and confirm additional services and additional compensation, if applicable.
12. **Regular Reporting: MTWS will provide updated** outreach, education, reporting and compliance program reporting to the City in accordance with State Law (i.e., AB 341, AB 1826, SB 1383) effective beginning July 1, 2020. Such reporting to include detailed reporting of commercial food scraps customer subscription levels, tonnages, residual levels, waste characterizations.
13. **Roll-off Billing: MTWS will provide billing services** for all Exclusive Franchise roll-off / debris box customers, including post-collection costs, franchise fee and billing charges, and including the ability for the City to provide assistance in the collection of payment for excessively past-due accounts, effective beginning July 1, 2020.
14. **C&D Recycling: MTWS will deliver** all permitted Exclusive Franchise construction and demolition debris collected via roll-off / debris boxes to Zanker Recycling for maximum diversion and recovery and maintain an agreement with Zanker Recycling for that service, effective beginning July 1, 2020. The agreement with Zanker Recycling must stipulate that all residual be delivered to Newby Island Landfill through December 31, 2024.

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15. **City Event Services:** MTWS will continue to provide the City with refuse, recycling and organics services for up to seven (7) City events per year, with the City being able to substitute comparable events as needed.
16. **City Roll-off Allotment:** MTWS will provide up to 3,000 cubic yards of on-call roll-off / debris box service annually, for potential uses including the annual Clean-up Campaign, supplemental clean-up events, and other applications as directed by the City, not to exceed eight (8) 30-cubic yard roll-off / debris box pulls per week, effective beginning July 1, 2020.
17. **On-Call Bulky Item Program:** If directed, MTWS will provide an optional on-call and customer paid bulky item collection service as a supplement to the annual Clean-up Campaign, effective beginning July 1, 2020.
18. **Other Services:** MTWS will provide updated outreach, education, customer and other services (with such services being effective beginning July 1, 2020 unless otherwise notes) and including:
 - Annual free exchange of one cart per single-family resident and townhome customer,
 - Outreach and education materials available electronically in English, Spanish, and Mandarin, and website with a user-friendly web link for all MTWS services in Santa Clara.
 - An online tool for single-family residents and townhomes to look up collection service days.
 - GIS compatible residential collection route maps for City review and use.
 - Secure access by the City to non-sensitive MTWS customer service information (effective beginning August 1, 2020).
 - Review of planning / building permits as requested for comments related to provision of solid waste services.
 - The option of new self-closing lids for commercial and multi-family bin customers, at extra compensation to MTWS.
 - An increased performance bond of \$3.5 million.
 - Payment of MTWS Department of Environmental Health collection vehicle enforcement fees.
 - Cessation of separate rates for Santa Clara residential customers for materials delivered by customers to the MTWS transfer station.
19. **Existing Services:** MTWS will continue to provide, without interruption, all other MTWS solid waste services provided to City customers and to the City that are not otherwise amended herein, including but not limited to:
 - Up to 96-gallons per week of recycling service to all commercial customers, and at no cost to the City.
 - Two free annual disposal events for Santa Clara residents.
 - Collection of all solid wastes from all City facilities as per current practice.
 - In-house collection of designated recycling containers inside the City Hall complex at no charge.