



MONROE CITY COUNCIL
Finance & Human Resources Committee Meeting
Tuesday, June 18, 2019, 5:30 P.M.
Monroe City Hall, Passport Table

2019 Committee
Councilmembers
Patsy Cudaback
Jason Gamble
Kirk Scarboro

AGENDA

I. Call to Order

II. Approval Minutes (Meeting of Tuesday, May 14, 2019)

III. Unfinished Business

IV. New Business

- A. YMCA Contract Briefing (Finance)
- B. Recycling/Organics Rate Presentation (Republic Services)
- C. Reserve Policy – continued (Finance)

V. Other

VI. Next Committee Meeting (July 16, 2019, 5:30 p.m.)

- A. Agenda Items: TBD Allowable Costs Review (Finance/Public Works); Six-Year Utility Funds Projections/Modeling - continued (Finance/Public Works)

VII. Adjournment



MONROE CITY COUNCIL
Finance & Human Resources Committee Meeting
 Tuesday, June 18, 2019, 5:30 P.M.

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 Patsy Cudaback
 Jason Gamble
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Agenda Bill

SUBJECT:	<i>Recycling/Organics Rate Presentation (Republic Services)</i>
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DATE:	DEPT:	CONTACT:	PRESENTER:	ITEM:
06/18/2019	Finance	Becky Hasart	Republic Services	New Business B.

Discussion: 06/18/2019
Attachments: 1. Republic Services PowerPoint
 2. Current Solid Waste Contract with Republic Services

REQUESTED ACTION: None. Information only.
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POLICY CONSIDERATIONS

The City of Monroe has entered a garbage franchise agreement with Republic Services. Per the contract, the City is responsible for reviewing and approving any rate adjustment requests by our garbage, recycling, and organics (solid waste) disposal provider.

DESCRIPTION/BACKGROUND

The City is currently in the third year of its five year contract with Republic Services to provide garbage, recycling, and organic (solid waste) disposal services (January 1, 2017, through December 31, 2021). This contract does automatically renew for successive three year terms unless either party provides proper notice to the other prior to the current term's expiration date.

Section 2.3.1.2 City's Responsibilities of the attached contract, second bullet point, requires the City to review and approve any rate adjustments requested by our solid waste provider. Republic Services is here tonight to present to the Finance and Human Resources Committee their request for a recycling and organics surcharge.



Recycling and Organics Challenges

*City of Monroe Update
June 2019*

Russell Joe
Municipal Relationship Manager





**CEDAR[®]
GROVE**



Partnering Regionally to Power the Puget Sound's Organics
Recycling Infrastructure

Clue Westmoreland
Executive Vice President

Key Ask from Republic Services

- Continue our active communication concerning National Sword developments and potential solutions
- Request Surcharges
 1. Single Family/month \$ 2.78
 2. Commercial/month \$ 1.18
 3. Multifamily/month \$.47

The path to creating a durable recycling program requires multi-faceted approach

Key Ask from Cedar Grove

- Composting costs have risen for two primary reasons:
 1. New Department of Ecology Regulations implemented into permits
 2. Increased contamination organics stream
- Cedar Grove is requesting a \$.49 a month organics surcharge

Trends Strain Existing Model

Trends



2000

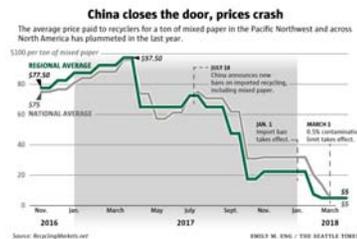
2015



48,000 plastic bottles = 1 ton¹



92,000 plastic bottles = 1 ton¹



Implications

Some material changing faster than capital investment cycles

18M tons in 2000 → ~2M in 2015

Some material has limited end markets
HDPE (Good) → off-spec PET (Limited)

Material Light-weighting skews current success metrics

Water Bottles → Almost 2x transactions

Commodity markets have steadily declined
OCC down 40% → Mixed Paper down 95%

Recap - China Sword Explained

For decades, China has been the largest importer of the world's recycled commodity, and the U.S. was 40% of the inbound stream.

In 2017, China announced efforts to clean up the country, which included dramatic changes for acceptance criteria of imported recyclables.

- A significant reduction in acceptable contamination levels (From ~3% to 0.5%) in any recovered paper and plastic grades.

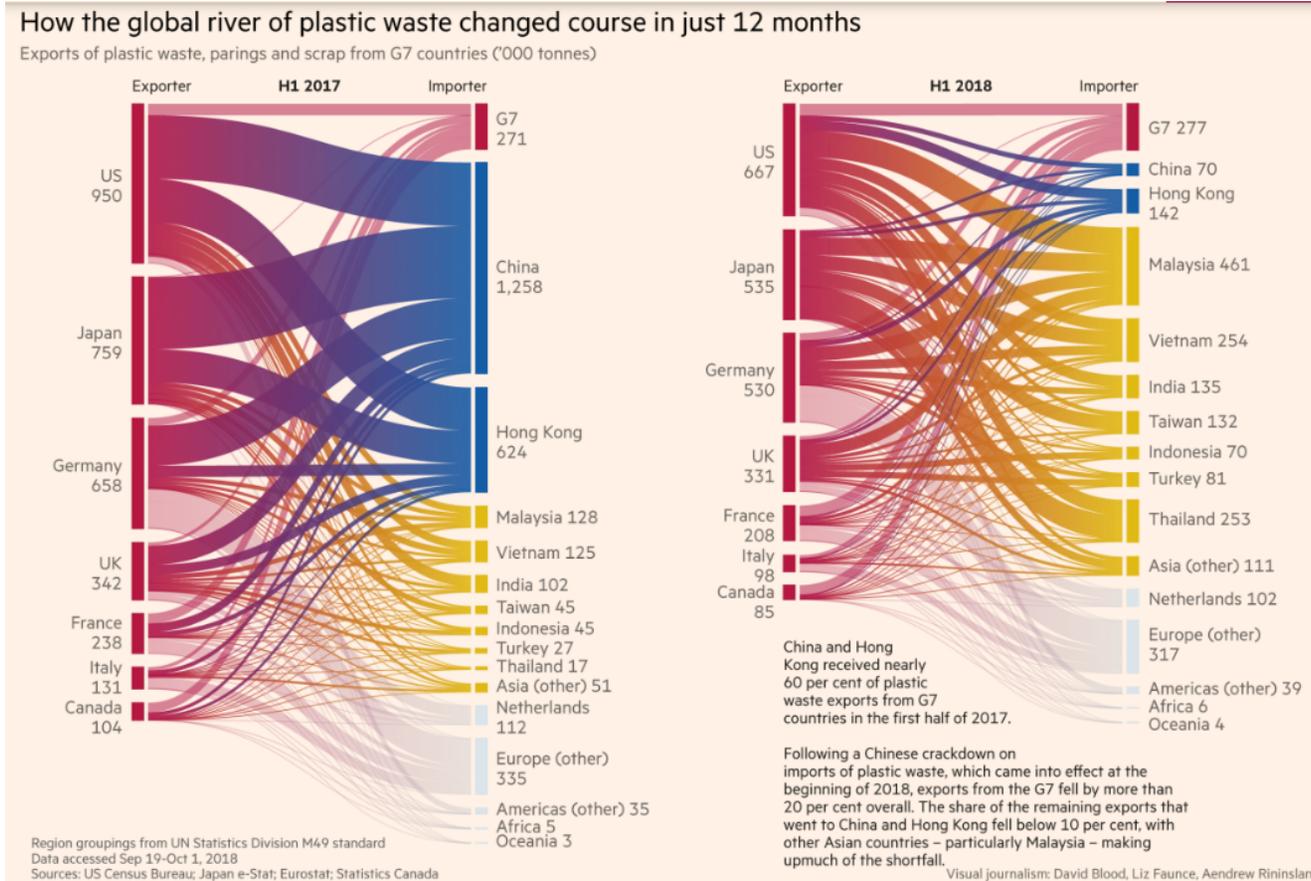


- Additionally, China banned all mixed paper from import, regardless of contamination levels. (20% of historical stream).



Reductions took effect in March 2018, which drove costs and changes at most recycling facilities in the country to meet new standards

Post China – Shift in Commodity Markets

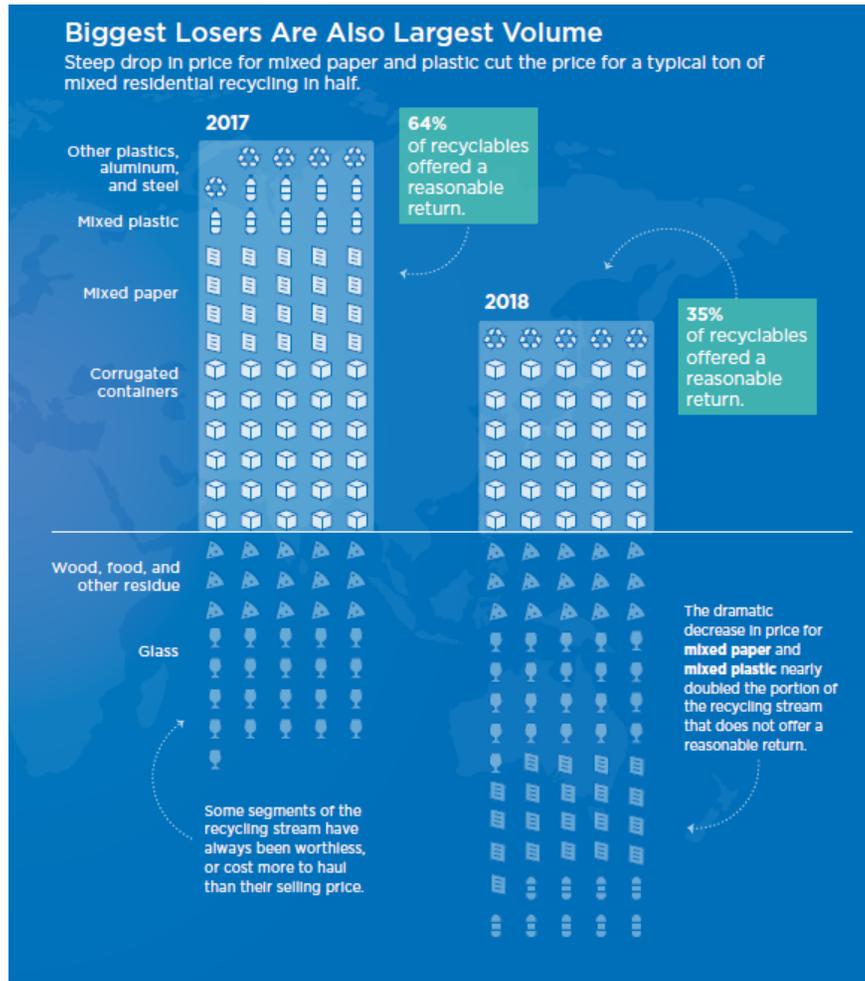


Source: Financial Times, Oct 24, 2018

- China consumed a majority of Commodities globally
- Alternate markets are saturated; Some countries unprepared for influx

Supply and demand economics kick in as commodities flood alternate markets world wide

Post China – Dramatic Shift in Values

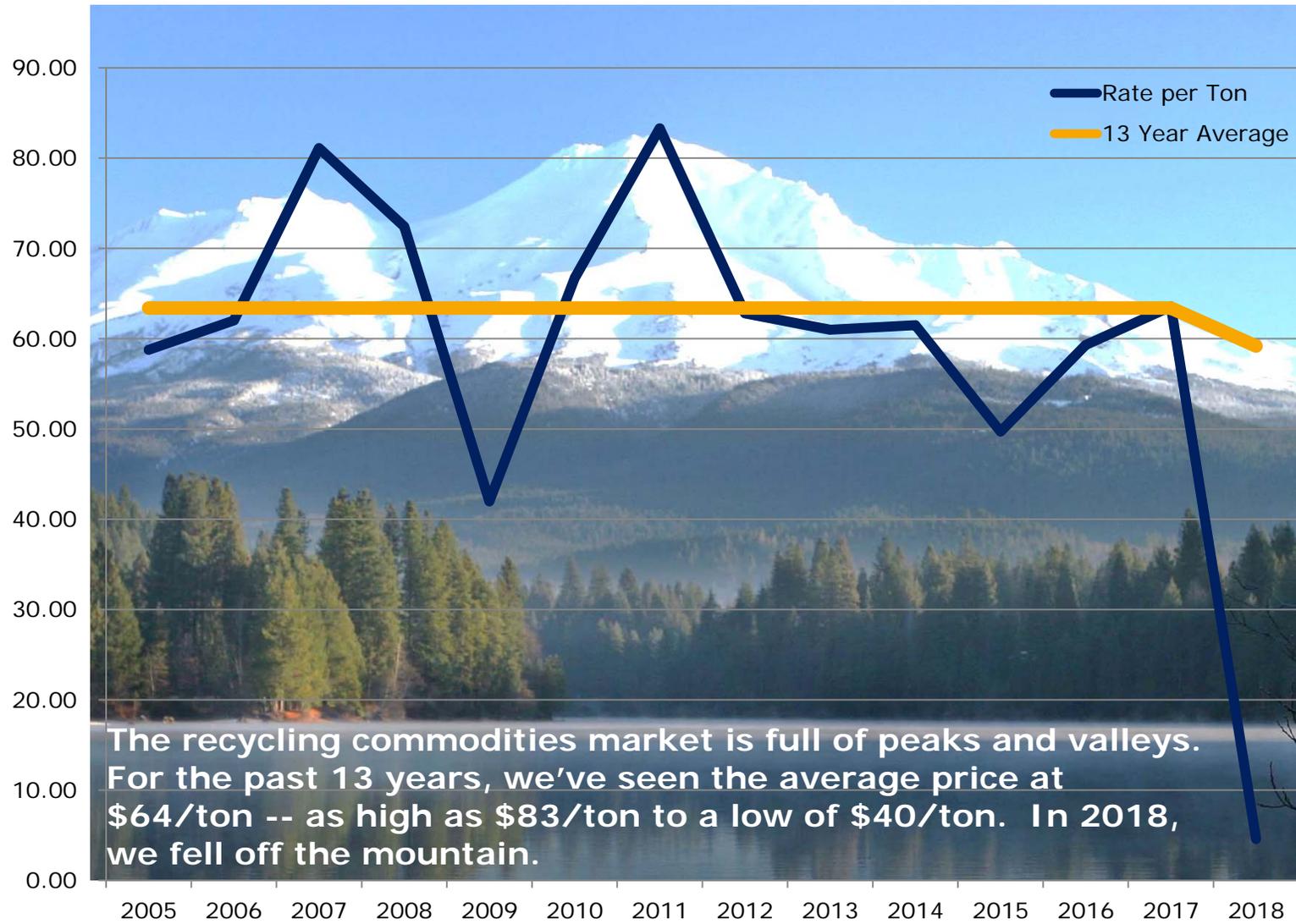


- Only 35% of processed commodities have current positive value (Metals and OCC).
- Excess material results in low/negative value for most commodities (Mixed Paper and Mixed Plastics)
- Normal supply and demand theories in play.

Source: NLC Report, 2018

Recycling Processors move the material, but average values are down 50%+ from recent years

Recycling Commodity Value 2005-2017 plus 2018 three-month average



U.S. Recycling Costs: Then and Now

THEN

Household cost artificially low to foster adoption

Costs lower due to inbound material being cleaner and heavier

Commodity values strong, due to Supply & Demand and cleaner material

Low contamination averages, attributed to focus on basics and no diversion mandates

Industry Avg

\$2.00/Mo

\$60/Ton

\$200/Ton

\$25/Ton

Net Position

(\$3.00/Mo) + (\$1.50/Mo) + \$4.60/Mo + (\$0.10/Mo) = \$0.00

COLLECTION

PROCESSING

COMMODITY

RESIDUAL



NOW

Still artificially low but with higher costs to run Collection service

Dramatically higher costs from labor, technology and equipment, along with lighter material

Average values down significantly, further impacted by China Sword

Contamination average up to 30%, requiring more transport and disposal

Industry Avg

\$3.00/Mo

\$100/Ton

\$100/Ton

\$50/Ton

Net Position

(\$4.00/Mo) + (\$2.50/Mo) + \$1.50/Mo + (\$0.50/Mo) = (\$5.50)

Recommended Business Model



Durable Recycling Model



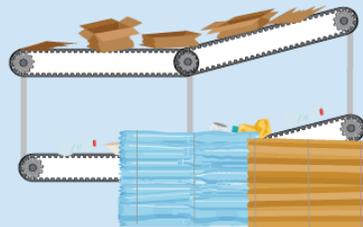
COLLECTION

- Includes costs for truck, driver, container and to collect material and transport to a processing facility
- Comparable to trash collection



PROCESSING

- Includes costly facility, equipment and labor to separate material and remove contamination
- Results in ready-to-ship baled material



RESIDUAL

- Includes all contaminated or non-recyclable material, which has no marketability and must be transported and disposed at a landfill for additional cost



COMMODITY SALES

- Sale of processed material to buyers around the world
- Cleaner material has greater value



COLLECTION
FEE



PROCESSING
FEE



DISPOSAL OF
RESIDUAL



COMMODITY
SALES



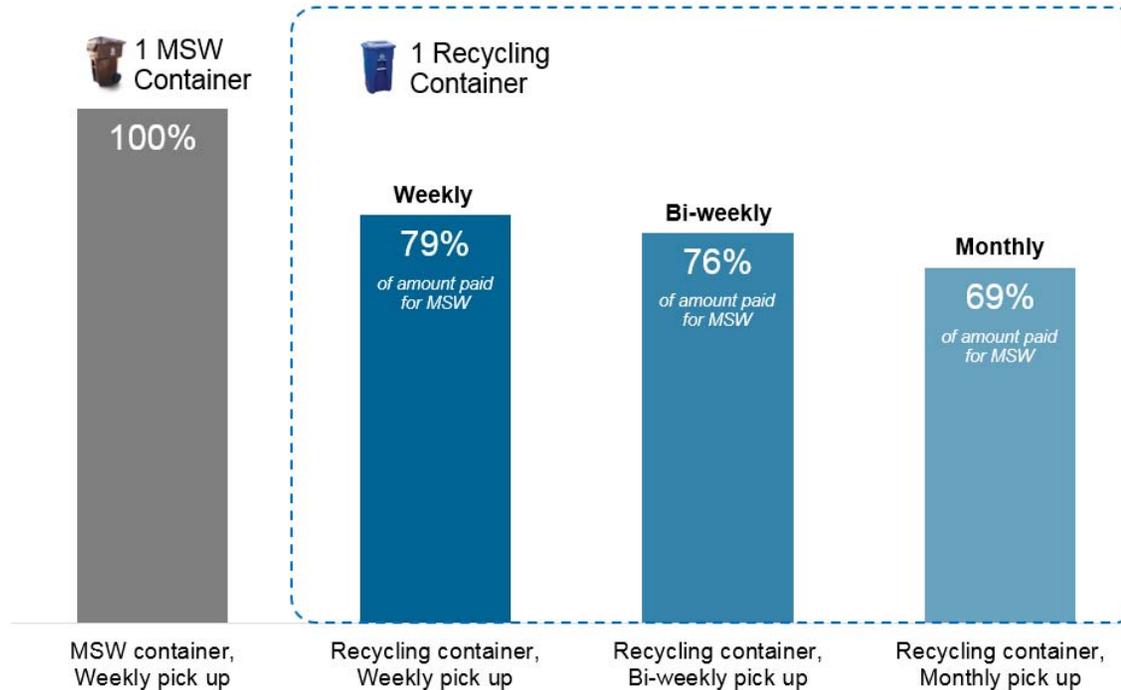
THE COST OF
RECYCLING

The cost of a recycling program is the sum of fees for two services; the *Collection Fee* and the *Net Processing Fee*

Residential Willingness to Pay for Recycling

Residential respondents are willing to pay an estimated 79% of what they pay for MSW for a recycling container picked up weekly, and almost the same for bi-weekly.

Amount Residential Respondents are Willing to Pay for Recycling Compared to Amount Paid for MSW

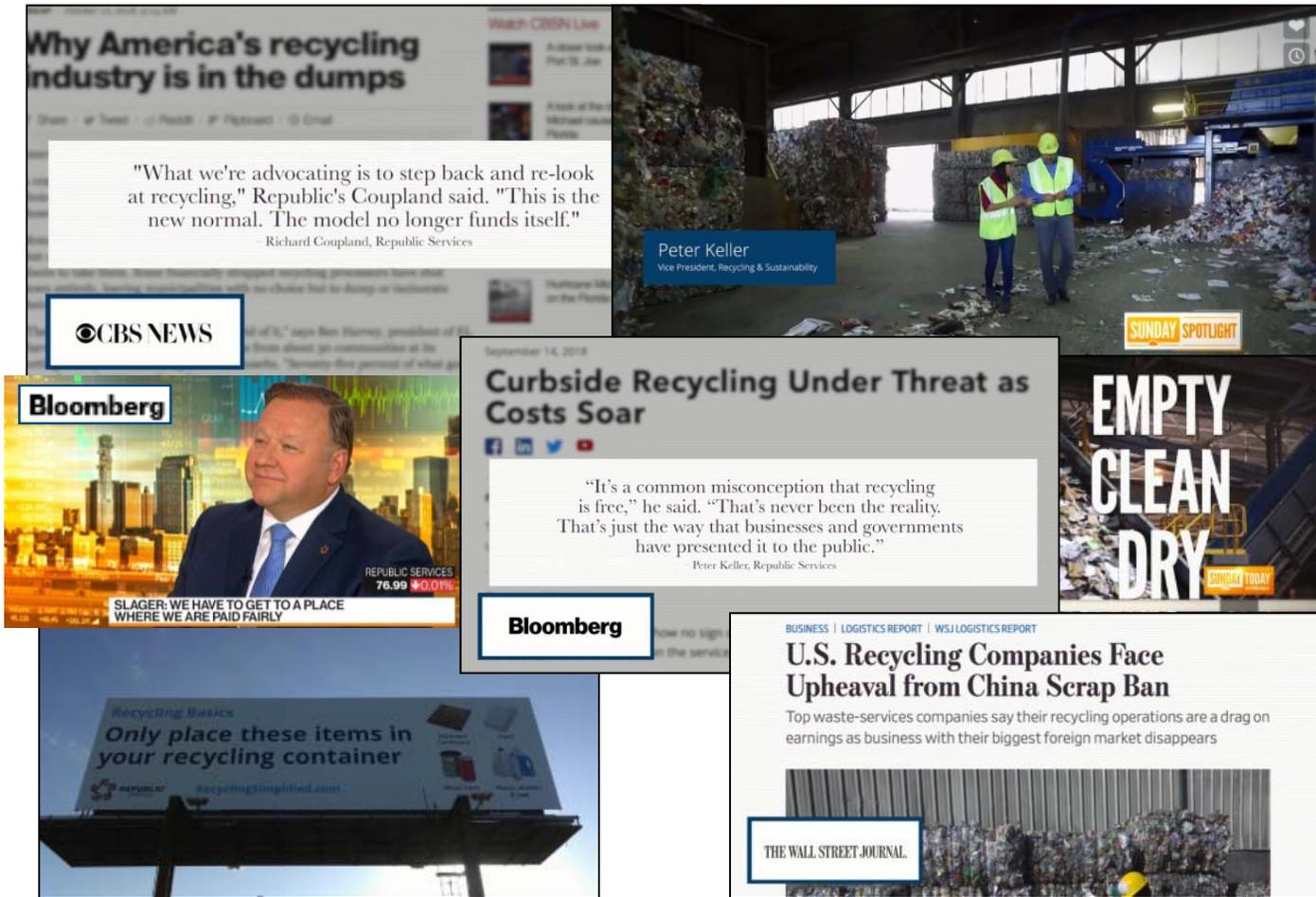


n=2,434; Margin of error: +/- 2% at 95% confidence
Average willingness to pay derived from series of conjoint questioning
Source: Cicero Group, Recycling W2P Study, Oct-2018



Based on third-party research, residents are willing to pay a fair price for recycling.

Informing the Public



- Public needs to understand the issue
- Economic reset is needed for long term viability
- Public awareness on what and how to recycle

Over 1 Billion media impressions on the topic, on articles interviewing Republic Services team alone

Reassessment of Accepted Materials

- Programs have drifted to focus on total diversion rates, rather than what materials are truly beneficial to recycle
- Some collected materials are recyclable, but lack local end markets, or have a negative recycling value. These realities render the processed materials unmarketable
- Municipalities need to shift program focus to Sustainable Materials Management-based views, which looks at the overall benefits of each accepted material in the stream.



Glass has a negative value to recycle



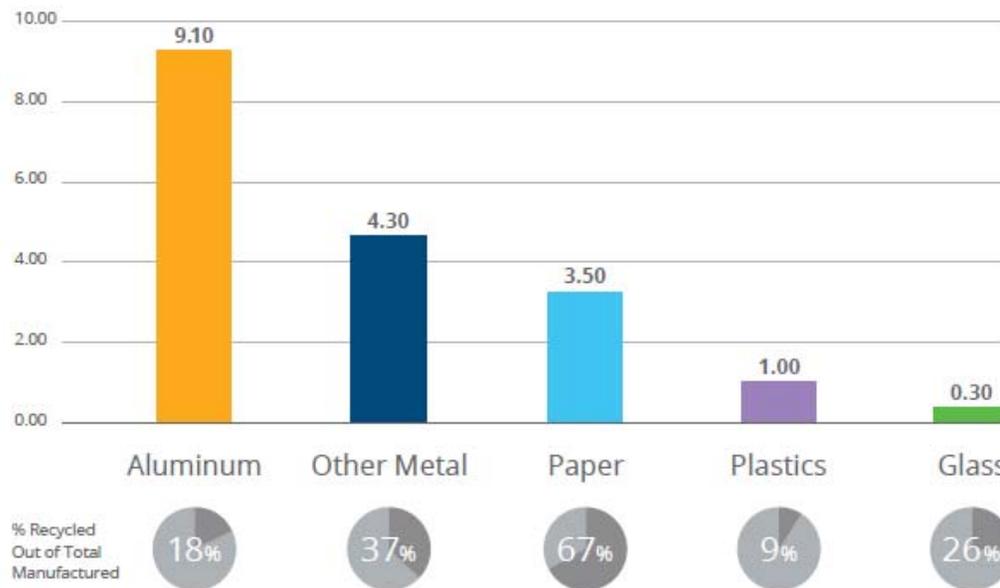
Some packages have evolved to less marketable materials

Recycling programs must focus on Sustainable Materials Management, not simply diverting material that may have no beneficial use

Measurements of U.S. Recycling Success

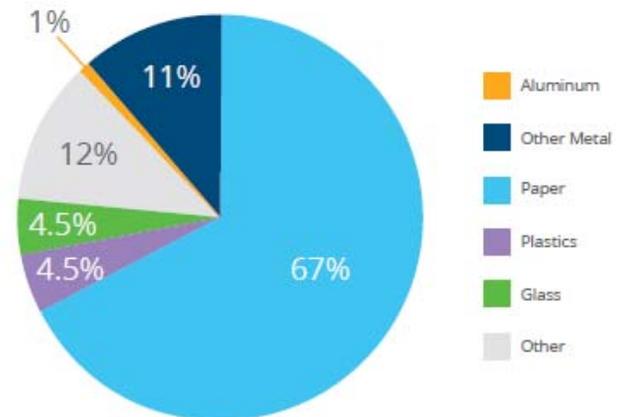
- Current metrics focus on weight (e.g. 50% recycling goal)
- This incentivizes “any” rather than the “right” diversion
- Some of the more beneficial carbon dioxide equivalent (CO₂e) materials are lighter

Tons of CO₂e Savings per ton of Material Recycled (Greenhouse Gas Benefit)



Source: Advancing Sustainable Material Management 2015 Fact Sheet, EPA, 2018

% by Weight of Commodities Sold by Republic Services



Summary:

- Weight-based goals do not correlate to greenhouse gas benefits
- Reconsider “Any Diversion” (weight) vs “Most Beneficial Diversion”



We'll handle it from here.*

Key Topics Going Forward

- Evaluate Program Recyclables that offer best benefit to planet
- Consider better metrics to track success
- Increase Public Education, leading to lower contamination and better commodity values
- Update the Business Model – Two services provided in a recycling program (without reliance on commodity value)

The path to creating a durable recycling program requires multi-faceted approach

Key Conclusions

- Continue to communicate with our partner cities on new National Sword developments
- Requested Surcharges
 1. Single Family/month \$ 2.78
 2. Commercial/month \$ 1.18
 3. Multifamily/month \$.47
 4. Organics/month \$.49

The path to creating a durable recycling program requires multi-faceted approach



REPUBLIC
SERVICES

We'll handle it from here.™

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Municipal Relationship Manager
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Clue Westmorland

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Comprehensive Garbage, Recyclables and Yard Debris Collection Contract

**City of Monroe
and
Rabanco Ltd. d/b/a Republic Services of Lynnwood**

January 1, 2017 – December 31, 2021

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1 This Comprehensive Garbage, Recyclables, and Yard Debris Collection Contract (the
2 "Contract") is entered into by and between the City of Monroe, a municipal corporation of
3 the State of Washington ("City"), and Rabanco Ltd. d/b/a Republic Services of Lynnwood,
4 a Washington Corporation ("Contractor") to provide for collection of Garbage,
5 Recyclables, and Yard Debris from Residential and Commercial Customers located within
6 the City Service Area (each capitalized term is defined below).

7 **The parties, in consideration of the promises, representations and warranties**
8 **contained herein, agree as follows:**

9 **RECITALS**

10 WHEREAS, the City wishes to control Garbage, Recyclables, and Yard Debris collection
11 through a contractual relationship with the Contractor; and

12 WHEREAS, the Contractor represents that it has the experience, resources and expertise
13 necessary to perform the services; and

14 WHEREAS, the City desires to enter into this Contract with the Contractor for the
15 Garbage, Recyclables and Yard Debris collection services,

16 NOW, THEREFORE, in consideration of the mutual covenants, agreements and
17 promises herein contained, the City and Contractor do hereby agree as follows:

18 **DEFINITIONS.**

19 Capitalized terms used in this Contract and not otherwise defined shall have the following
20 meanings:

- 21 a) **Administrative Fee:** The term "Administrative Fee" means a monthly fee remitted
22 to the City from the Contractor.
- 23 b) **City:** The word "City" means the City of Monroe, Snohomish County, Washington.
24 As used in the Contract, it includes the official of the City holding the office of City
25 Administrator or the City's otherwise-designated representative in relation to the
26 exercise of the City's rights and the performance of the City's obligations under
27 this Contract.
- 28 c) **City Service Area:** The term "City Service Area" means the portion of the City
29 subject to this Contract for services. The initial City Service Area shall be the
30 corporate limits of the City as of September 1, 2016 as shown in Attachment B.
- 31 d) **Contractor:** The word "Contractor" means Rabanco Ltd. d/b/a Republic Services
32 of Lynnwood, which is contracting with the City to collect and dispose of Garbage
33 and to collect, process, market and transport Recyclables and Yard Debris subject
34 to and in accordance with the terms and conditions of this Contract.
- 35 e) **CPI:** The term "CPI" means Consumer Price Index for All Urban Consumers (CPI-
36 U), U.S. City Average (1982-84 = 100) – Water and Sewer and Trash Collection
37 expenditure category (1997 = 100), as published by the U.S. Department of Labor,
38 Bureau of Labor Statistics.
- 39 f) **Curb or Curbside:** The words "Curb" or "Curbside" mean within five (5) feet of the
40 Public Street or Private Road without blocking sidewalks, driveways or on-street

1 parking. If extraordinary circumstances preclude such a location, Curbside shall
2 be considered a safe, legally compliant placement suitable to the resident,
3 convenient to the Contractor's equipment, and mutually agreed to by the City and
4 Contractor.

- 5 g) **Customer:** The term "Customer" means all account holders of solid waste services
6 within the City Service Area.
- 7 h) **Customer, Commercial:** The term "Commercial Customer" means non-
8 Residential Customers including businesses, institutions, governmental agencies,
9 Large Complex Residences, and all other users of commercial-type collection
10 services.
- 11 i) **Customer, Residential:** The term "Residential Customer" means all Single Family
12 Residences and Small Complex Residences.
- 13 j) **Detachable Container:** The term "Detachable Container" means a watertight
14 metal or plastic container equipped with a tight-fitting cover, capable of being
15 mechanically unloaded into a collection vehicle, and that is not less than one (1)
16 cubic yard or greater than eight (8) cubic yards in capacity.
- 17 k) **Documented Complaints:** The term "Documented Complaints" means those
18 complaints brought to the Contractor's attention for missed collections, failure to
19 deliver carts or containers on the agreed-upon date, failure to clean-up material
20 spilled by the Contractor's employees, collections performed outside the allowed
21 hours and other similar complaints to the City.
- 22 l) **Drop-box Container:** The term "Drop-box Container" means an all-metal
23 container with capacity greater than eight (8) cubic yards that is loaded onto a
24 specialized collection vehicle, transported to a disposal or recycling site, emptied
25 and transported back to the Customer's site.
- 26 m) **Excluded Waste:** The term "Excluded Waste" means any material waste,
27 substance or pollutant containing any Special Waste or any Hazardous Waste,
28 toxic substance, waste or pollutant, contaminant, pollutant, infectious waste,
29 medical waste, or radioactive waste, each as defined by applicable federal, state
30 or local laws or regulations, and any other materials that may not lawfully be
31 disposed of at any landfill designated in the Snohomish County Comprehensive
32 Solid Waste Management Plan as a disposal site used by the Snohomish County
33 Disposal System.
- 34 n) **Foodwaste:** The word "Foodwaste" means all compostable pre- and post-
35 consumer food scraps, such as whole or partial pieces of produce, meats, bones,
36 seafood, cheese, bread, cereals, coffee grounds and egg shells, and food-soiled
37 paper such as paper napkins, paper towels, paper plates, coffee filters, paper take-
38 out boxes, pizza boxes, paper milk cartons or other paper products accepted by
39 the Contractor's selected composting site. Foodwaste shall not include dead
40 animals greater than 15 pounds, plastics, diapers, bathroom tissue, cat litter, liquid
41 wastes, pet wastes or other materials prohibited by the selected composting
42 facility.

- 1 o) **Garbage:** The word "Garbage" means all putrescible and nonputrescible solid and
2 semi-solid wastes, including, but not limited to, rubbish, ashes, industrial wastes,
3 swill, demolition and construction wastes, and discarded commodities that are
4 placed by Customers of the Contractor in appropriate bins, bags, cans or other
5 receptacles for collection and disposal by the Contractor. The term Garbage shall
6 not include any Excluded Waste, Hazardous Wastes, Special Wastes, Source-
7 separated Recyclables, Foodwaste or Yard Debris.
- 8 p) **Garbage Can:** The term "Garbage Can" means a City-approved, Customer-owned
9 container that is a water-tight galvanized sheet-metal or plastic container not
10 exceeding four (4) cubic feet or thirty-two (32) gallons in capacity; weighing not
11 over fifteen (15) pounds when empty or sixty (60) pounds when full; fitted with two
12 (2) looped, sturdy handles, one on each side; and fitted with a tight cover equipped
13 with a handle. All containers shall be rodent and insect proof and kept in sanitary
14 conditions at all times.
- 15 q) **Garbage Cart:** The term "Garbage Cart" means a Contractor-provided 32-, 64- or
16 96-gallon wheeled cart suitable for household collection, storage and Curbside
17 placement of Garbage. Garbage Carts shall be rodent and insect proof and kept
18 in sanitary condition at all times.
- 19 r) **Hazardous Waste:** The term "Hazardous Waste" means any substance that is:
20 (A) Defined as hazardous by 40 C.F.R. Part 261 and regulated as hazardous waste
21 by the United States Environmental Protection Agency under Subtitle C of the
22 Resource Conservation and Recovery Act ("RCRA") of 1976, 42 U.S.C. § 6901
23 et seq., as amended by the Hazardous and Solid Waste Amendments
24 ("HSWA") of 1984; the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq.;
25 or any other federal statute or regulation governing the treatment, storage,
26 handling or disposal of waste imposing special handling or disposal
27 requirements similar to those required by Subtitle C of RCRA;
28 (B) Defined as dangerous or extremely hazardous by Chapter 173-303 WAC and
29 regulated as dangerous waste or extremely hazardous waste by the
30 Washington State Department of Ecology under the State Hazardous Waste
31 Management Act, Chapter 70.105 RCW, or any other Washington State statute
32 or regulation governing the treatment, storage, handling or disposal of wastes
33 and imposing special handling requirements similar to those required by
34 Chapter 70.105 RCW.
- 35 Likewise, any substance that after the effective date of this Contract ceases to fall
36 within this definition as determined by the City and the Contractor shall not be
37 deemed to be Hazardous Waste.
- 38 s) **Licensed Property:** The term "Licensed Property" means any and all Contractor
39 equipment, vehicles, facilities and other property of any nature.
- 40 t) **Mini-can:** The term "Mini-can" means a City-approved, Customer-owned water-
41 tight galvanized sheet-metal or plastic container not exceeding twenty gallons in
42 capacity or thirty pounds in weight when full; fitted with two sturdy handles, one on
43 each side; and fitted with a tight cover equipped with a handle.

- 1 u) **Mini-cart:** The term "Mini-cart" means a Contractor-provided 20-gallon wheeled
2 cart suitable for household collection, storage and Curbside placement of
3 Garbage. Mini- Carts shall be rodent and insect proof and kept in sanitary condition
4 at all times.
- 5 v) **Mixed Paper:** The term "Mixed Paper" means magazines, junk mail, phone books,
6 bond or ledger grade paper, cardboard, paperboard packaging and other fiber-
7 based materials meeting industry standards. Tissue paper, paper towels, used or
8 unused toilet paper, food-contaminated paper or paper packaging combined with
9 plastic, wax or foil are excluded from the definition of Mixed Paper.
- 10 w) **Private Road:** The term "Private Road" means a privately owned and maintained
11 way that allows for access by a service truck and that serves multiple Residences.
- 12 x) **Public Street:** The term "Public Street" means a public right-of-way used for public
13 travel, including public alleys.
- 14 y) **Recyclables:** The word "Recyclables" means aluminum cans; corrugated
15 cardboard; glass containers; Mixed Paper; newspaper; plastic containers that have
16 contained non-hazardous products; polycoated cartons; Scrap Metals; tin cans;
17 and such other materials that the City with the Contractor's consent (not
18 unreasonably to be withheld) determines to be marketable recyclable materials.
- 19 z) **Recycling Cart:** The term "Recycling Cart" means a Contractor-provided 64- or
20 96-gallon wheeled cart suitable for household collection, storage and Curbside
21 placement of Source-separated Recyclables.
- 22 aa) **Recycling Container:** The term "Recycling Container" means a Contractor-
23 provided Recycling Bin, Cart or Detachable Container suitable for on-site
24 collection, storage and placement of Source-separated Recyclables at Large
25 Complex Residences.
- 26 bb) **Residence:** The word "Residence" means a living space individually rented,
27 leased or owned.
- 28 cc) **Residences, Large Complex:** The term "Large Complex Residences" means all
29 residential complexes containing five (5) or more units not conveniently served as
30 a single family residence.
- 31 dd) **Residences, Single Family:** The term "Single Family Residences" means a
32 detached building containing only one residence.
- 33 ee) **Residences, Small Complex:** The term "Small Complex Residences" means all
34 duplexes, triplexes, and fourplexes and residential complexes containing five (5)
35 or more units that are served as a single family residence.
- 36 ff) **Scrap Metals:** The term "Scrap Metals" means ferrous and non-ferrous metals,
37 including small appliances, not to exceed two (2) feet in any direction and thirty-
38 five (35) pounds in weight per piece.
- 39 gg) **Snohomish County Disposal System:** The term "Snohomish County Disposal
40 System" means the facilities owned, leased or contracted for by the Snohomish
41 County Solid Waste Division, Snohomish County, Washington for the handling,

1 processing, transfer and/or disposal of materials of the kind collected under this
2 Contract, and includes such additional facilities as may be authorized at any given
3 time by the then-current Snohomish County Comprehensive Solid Waste
4 Management Plan as locations to which materials of the kind collected under this
5 Contract may be delivered for handling, processing, transfer and/or disposal.

6 **hh) Source-separated:** The term "Source-separated" means certain recyclable
7 materials that are separated from Garbage by the generator for recycling or reuse,
8 including, but not limited to Recyclables, Yard Debris and other materials.

9 **ii) Special Waste:** The term "Special Waste" means polychlorinated biphenyl ("PCB")
10 wastes, industrial process wastes, asbestos containing materials, petroleum
11 contaminated soils, treated/de-characterized wastes, incinerator ash, medical
12 wastes, demolition debris and other materials requiring special handling in
13 accordance with applicable federal, state, county or local laws or regulations.

14 **jj) Surety:** The term "Surety" means the surety on the performance bond required
15 pursuant to Section 6.6.

16 **kk) Yard Debris:** The term "Yard Debris" means leaves, grass and clippings of woody,
17 as well as fleshy plants. The term includes unflocked whole holiday trees. Materials
18 larger than four (4) inches in diameter or four (4) feet in length are excluded. The
19 term also includes bundles of Yard Debris up to two (2) feet by two (2) feet by four
20 (4) feet in dimension provided they are secured by degradable string or twine, not
21 nylon or other synthetic materials. Kraft paper bags may be used to contain Yard
22 Debris.

23 **ll) Yard Debris Cart:** The term "Yard Debris Cart" means a Contractor-provided 64-
24 or 96-gallon wheeled cart provided to subscribing Customers for the purpose of
25 containing and collecting Yard Debris and Foodwaste.

26 **1. TERM OF CONTRACT.**

27 The initial term of this Contract is five years, starting on January 1, 2017
28 ("Commencement Date"). Unless otherwise provided by notice from one of the parties,
29 the Contract shall thereafter renew automatically for successive three year terms
30 commencing on January 1 ("Anniversary Date") of each year. Provided, beginning two
31 years after the Commencement Date, either the City or Contractor each shall have the
32 right, with or without cause, by written notice to the other party, to terminate the Contract
33 effective as of the Anniversary Date three years from the time that notice is given, and
34 thereby discontinue any further renewals of this Contract, unless mutually agreed to
35 cancel the notice of termination.

36 **2. SCOPE OF WORK**

37 **2.1 General Collection System Requirements**

38 **2.1.1 City Service Area**

39 The Contractor shall provide all services pursuant to this Contract throughout the entire
40 City Service Area.

1 **2.1.2 Annexation**

2 If, during the term of the Contract, additional territory is added to the City through
3 annexation or other means within which the Contractor has an existing Washington
4 Utilities and Transportation Commission certificate or other franchise for solid waste
5 collection at the time of annexation, the Contractor shall make collection in such annexed
6 area in accordance with the provisions of this Contract at the unit prices set forth in this
7 Contract; provided however the City has also complied with RCW 35A.14.900 and
8 secured Contractor's concurrence therein. The City acknowledges that equipment, such
9 as trucks, carts and containers, may take time to procure, and therefore, shall not penalize
10 the Contractor for delays of up to thirty (30) days in the initial provision of services to
11 annexed areas due to procurement delays that are not within the control of the Contractor.

12 Annexed area Customers shall receive the same containers as used elsewhere in the
13 City, in accordance with the provisions of this Contract. In the event where an annexed
14 area is being serviced with containers different from the City's program, the Contractor
15 shall be responsible for timely Customer notification, removal and recycling of existing
16 containers and delivery of appropriate containers to those Customers.

17 **2.1.3 Site Access**

18 Residences located in an area that does not allow safe access, turn-around or clearance
19 for service vehicles will be provided service if materials are set out adjacent to a Public
20 Street or Private Road.

21 If the Contractor reasonably believes that a Private Road cannot be safely negotiated or
22 that providing walk-in service Residential Customers is impractical due to distance or
23 unsafe conditions, the Contractor may request the City to evaluate on-site conditions and
24 make a determination of the best approach for providing safe and appropriate service to
25 the Customer. The City's decision shall be final, provided that the Contractor shall not be
26 required to endanger workers, equipment or property.

27 If the Contractor reasonably believes that there is a probability of Private Road damage,
28 the Contractor shall inform the respective Customers and may require a damage waiver
29 agreement (previously approved by the City) or decline to provide service on those
30 Private Roads.

31 **2.1.4 Hours/Days of Operation**

32 All Can, Cart and Detachable Container collections within the City shall be made between
33 the hours of 6:00 a.m. and 7:00 p.m. on designated consistent weekday, unless the City
34 in its sole discretion authorizes a temporary extension of hours or days. Drop-box
35 collection within in residential areas shall be made between the hours of 7:00 a.m. and
36 5:00 p.m., unless the City authorizes a temporary extension of hours or days. Saturday
37 collection is allowed to the extent consistent with make-up collections, and holiday,
38 inclement weather schedules and Commercial Customer preferences.

39 **2.1.5 Employee Conduct**

40 The Contractor's employees collecting Garbage, Recyclables and Yard Debris shall at all
41 times be courteous, refrain from loud, inappropriate or obscene language, exercise due
42 care, perform their work without delay, minimize noise, and avoid damage to public or
43 private property. If on private property, employees shall follow the regular pedestrian

1 walkways and paths, returning to the street after replacing empty containers. Employees
2 shall not trespass or loiter, cross flower beds, hedges or property of adjoining premises,
3 or meddle with property that does not concern them or their task at hand. While
4 performing work under the Contract, employees shall wear a professional and
5 presentable uniform with a company emblem visible to the average observer.

6 If any person employed by the Contractor to perform collection services is, in the
7 reasonable opinion of the City, incompetent, disorderly or otherwise unsatisfactory, the
8 City shall promptly document the incompetent, disorderly or unsatisfactory conduct in
9 writing and transmit the documentation to the Contractor with a demand that such conduct
10 be corrected. The Contractor shall investigate any written complaint from the City
11 regarding any unsatisfactory performance by any of its workers. If the offending conduct
12 is repeated, the City may require that the person be removed from all performance of
13 additional work under this Contract. Removal shall be addressed by the Contractor
14 immediately.

15 **2.1.6 Disabled or Impaired Persons Service**

16 The Contractor shall offer carry-out service for Garbage, Recyclables and Yard Debris to
17 households lacking the ability to place containers at the Curb, at no additional charge.
18 The City shall provide the Contractor with a City-vetted list of carry-out households on a
19 quarterly basis.

20 **2.1.7 Holiday Schedules** The Contractor shall observe the same holiday schedule as do
21 Snohomish County Transfer Stations (New Year's Day, Thanksgiving Day, and Christmas
22 Day).

23 When the day of regular collection is a Snohomish County Transfer Station holiday, the
24 Contractor may reschedule the remainder of the week of regular collection to the next
25 succeeding workday, which shall include Saturdays. The Contractor may not collect
26 Residential Garbage, Recyclables or Yard Debris earlier than the regular collection day
27 due to a holiday. Commercial collections may be made one day early only with the written
28 consent of the Commercial Customer.

29 **2.1.8 Inclement Weather**

30 When weather conditions are such that continued operation would result in danger to the
31 Contractor's staff, area residents or property, the Contractor shall collect only in areas
32 that do not pose a danger. The Contractor shall notify the City of its collection plan for
33 each day inclement weather is experienced as soon as practical that day.

34 The Contractor shall collect reasonable accumulated volumes of Garbage, Recyclables
35 and Yard Debris from Customers with interrupted service on the Customer's next
36 regularly scheduled service at no extra charge. However, if such conditions continue for
37 a second consecutive collection day or more the Contractor shall, on the first day that
38 regular service to a Customer resumes, collect reasonable accumulated volumes of
39 materials equal to what would have been collected on the missed collection day(s) from
40 Customers at no extra charge. Following notification to the City, the Contractor will be
41 provided temporary authorization to perform collection services after 7:00 pm in order to
42 finish collection routes.

1 Weather policies shall be included in program information provided to Customers. On
2 each inclement weather day, the Contractor shall release notices to the local radio and
3 television stations (e.g. KNKX, KIRO, KOMO and KUOW radio stations) notifying
4 residents of the modification to the collection schedule. Additionally, information will be
5 posted daily on the Contractor's website. When time allows, the Contractor shall utilize
6 its reverse auto-call system to inform Customers of delays and/or cancellations of service.

7 **2.1.9 Collection from Problem Customers**

8 The City and Contractor acknowledge that, from time to time, some Customers may
9 cause disruptions or conflicts that make continued service to that Customer
10 unreasonable. Those disruptions or conflicts may include, but not be limited to, repeated
11 damage to Contractor-owned containers, repeated suspect claims of timely set-out
12 followed by demands for return collection at no charge, repeated claims of Contractor
13 damage to a Customer's property, or other such problems.

14 The Contractor shall make every reasonable effort to provide service to those problem
15 Customers. However, if reasonable efforts to accommodate the Customer and to provide
16 services fail, the Contractor may deny or discontinue service to a problem Customer,
17 following 14 days prior written notice to the City and the Customer, including the name,
18 service address and reason for such action. The City may, at its discretion, intervene in
19 the dispute upon receipt of an appeal from the Customer. In this event, the decision of
20 the City shall be final. The City may also require the denial or discontinuance of service
21 to any Customer who is abusing the service or is determined to be ineligible.

22 **2.1.10 Missed Collections**

23 If Garbage, Recyclables or Yard Debris are set out inappropriately, improperly prepared
24 or contaminated with unacceptable materials, the Contractor shall place in a prominent
25 location a notification tag that identifies the specific problem(s) and reason(s) for rejecting
26 the materials for collection.

27 The failure of the Contractor to collect Garbage, Recyclables or Yard Debris that has been
28 set out by a Customer in the proper manner shall be considered a missed pick-up, and
29 the Contractor shall collect the materials from the Customer before the end of the next
30 business day. The Contractor shall maintain a written record of all calls related to missed
31 pick-ups and the response provided by the Contractor. Such records shall be made
32 available for inspection upon request by the City and shall be included in monthly reports.

33 If the Contractor is requested by the Customer to make a return trip due to no fault of the
34 Contractor, the Contractor shall be permitted to charge the Customer an additional fee
35 for this service, provided the Contractor notifies the Customer of this charge in advance.

36 **2.1.11 Same Day Collection**

37 Garbage, Recyclables and Yard Debris collection shall occur on the same regularly
38 scheduled day of the week for Residential Customers. The collection of Garbage,
39 Recyclables and Yard Debris from Commercial Customers need not be scheduled on the
40 same day.

41 **2.1.12 Requirement to Recycle and Compost**

42 The Contractor shall recycle or compost all Source-separated Recyclables and Yard
43 Debris collected, unless express prior written permission is provided by the City. The

1 Contractor shall operate its material recovery facility in a manner to ensure that processed
2 recyclables destined for market have no greater outthrows, prohibited materials or
3 contamination than allowed under current industry standards. For the purposes of
4 evaluating this performance requirement, "industry standards" shall be the current
5 specifications issued by the Institute of Scrap Recycling Industries: *Scrap Specifications*
6 *Circular 2004 Guidelines for Nonferrous Scrap, Ferrous Scrap, Glass Cullet, Paper Stock*
7 *and Plastic Scrap," or successor circular or guidelines.* The disposal of contaminants
8 separated during processing is acceptable to the extent that it is unavoidable and
9 consistent with industry standards, provided that under no circumstances shall the
10 disposal of residuals exceed ten percent by weight of the total monthly quantity collected
11 of either Source-Separated Recyclables or Yard Debris unless the Contractor can
12 establish that such excess contaminants are the result of special circumstances beyond
13 the Contractor's control, processing of materials may result in damage to Contractor's
14 equipment or are caused solely by the actions of generators. Disposal of contaminants
15 shall be tracked by the Contractor as to the weight and percentage of materials collected
16 on a monthly basis and included in the monthly reports.

17 The City shall be provided access to the Contractor's processing facilities with 24-hours
18 notice for the purposes of periodically monitoring the facilities' performance under this
19 Section. Monitoring may include, but not be limited to, breaking selected bales and
20 measuring outthrows and prohibitives by weight, taking samples of processed glass and
21 metals, reviewing actual markets and use of processed materials, and other activities to
22 ensure that Contractor performance under this Contract and that misdirected recyclables
23 and contamination are minimized. All such investigations shall be done in strict
24 compliance with Contractor's safety policies.

25 Obvious contaminants included with either Source-separated Recyclables or Yard Debris
26 shall not be collected, and shall be left in the Customer's container with a prominently
27 displayed notification tag explaining the reason for rejection.

28 **2.1.13 Routing, Notification and Approval**

29 The Contractor shall indicate, on a map acceptable to the City, the day of the week
30 Garbage, Recyclables and Yard Debris shall be collected from each Residential area.
31 One hard copy of the map, along with an electronic file, shall be provided to the City at
32 the start of the Contract as well as anytime a change is proposed.

33 The Contractor may change the day of collection by giving notice at least thirty (30) days
34 prior to the effective date of the proposed change to and obtaining written approval from
35 the City. On the City's approval, the Contractor shall provide affected Customers with at
36 least fourteen (14) days written notice of pending changes of collection day. The
37 Contractor shall obtain the prior written approval from the City of the notice to be given to
38 the Customer, such approval not to be unreasonably withheld.

39 **2.1.14 Vehicle Condition**

40 Vehicles used in the performance of this Contract shall be maintained in a clean and
41 sanitary manner, and shall be thoroughly washed at least twice a month. All collection
42 equipment shall have appropriate safety markings, including all highway lighting, flashing
43 and warning lights and signals, clearance lights, and warning flags, all in accordance with
44 current statutes, rules and regulations. Equipment shall be maintained in good condition

1 at all times. All parts and systems of the collection vehicles shall operate properly and be
2 maintained in a condition satisfactory to the City. The Contractor shall maintain collection
3 vehicles to ensure that no liquid wastes (such as Garbage or Yard Debris leachate) or
4 oils (lubricating, hydraulic or fuel) are discharged to Customer premises or City streets.
5 Unremediated spills and failure to repair vehicle leaks shall be subject to liquidated
6 damages. Any equipment not meeting these standards shall not be used within the City
7 until repairs are made.

8 All collection vehicles shall be labeled with signs which clearly indicate the vehicle
9 inventory number and a Customer complaint telephone number. The vehicle inventory
10 number shall be displayed adjacent to the Customer complaint telephone number. Signs
11 shall use lettering not less than four (4) inches high and shall be clearly visible from a
12 minimum distance of twenty (20) feet. Signs, sign locations and the complaint telephone
13 number shall be subject to approval by the City. No advertising shall be allowed on
14 Contractor vehicles other than the Contractor's name, logo, Customer service telephone
15 number and website address. Special promotional messages directly related to the
16 Contractor's own business may be permitted, upon the City's prior written approval.

17 All Contractor route, service and supervisory vehicles shall be equipped with two-way
18 communication equipment, including all necessary licenses. The Contractor shall
19 maintain a base station or have equipment capable of reaching all collection areas.

20 Contractor shall maintain maintenance records for all vehicles and equipment used in the
21 performance of this Contract. Maintenance records shall be kept for a minimum of 7 years
22 and shall, at a minimum, include a historical log of vehicle and equipment problems,
23 repairs, painting and maintenance activities, and for each vehicle, shall indicate the
24 vehicle's identification number, make, model, age and mileage. Maintenance records
25 shall be made available for review by the City upon request.

26 **2.1.15 Container Requirements and Ownership**

27 **2.1.15.1 Mini-cans and Garbage Cans**

28 Both Residential and Commercial Customers may elect to use Customer-owned Mini-
29 cans or Garbage Cans, or may choose to use Contractor-owned Carts for Garbage
30 collection service. In all cases, Customers will be directed to have at least one rigid
31 container as their primary Garbage container. Plastic bags may be used for overflow
32 volumes of Garbage, but not as a Customer's primary container.

33 If a Customer uses their own Mini-can or Garbage Can, Contractor crews shall be
34 expected to handle the containers in such a way as to minimize undue damage. The
35 Contractor shall be responsible for unnecessary or unreasonable damage to Customer-
36 owned containers caused by the Contractor.

37 **2.1.15.2 Garbage, Recyclables and Yard Debris Carts**

38 The Contractor shall provide 20-, 32-, 64- and 96-gallon Garbage Carts; 64- and 96-
39 gallon Recycling Carts; and 64- and 96-gallon Yard Debris Carts to new Customers within
40 the City Service Area, including new residences and annexation areas as well as
41 replacement Carts to existing Customers who request them because of loss, theft or
42 damage. All carts shall be manufactured from a minimum of 10 percent (10%) and up to
43 25 percent (25%) post-consumer recycled plastic, with a lid that will accommodate a

1 Contractor affixed screening or label. Carts shall be provided within seven (7) days of a
2 customer request at the Contractor's sole expense.

3 All Carts shall include information materials describing material preparation and collection
4 requirements. Any materials published by the Contractor must be reviewed and approved
5 by the City prior to printing and distribution by the Contractor. All Carts shall be labeled
6 with materials preparation instructions, as appropriate.

7 All Contractor-owned wheeled carts shall: be maintained by the Contractor in good
8 condition for material storage and handling; contain no jagged edges or holes; contain
9 wheels or rollers for movement; and be equipped with an anti-skid device or sufficient
10 surface area on the bottom of the container to prevent unwanted movement. The carts
11 shall contain instructions for proper use, including any Customer actions that would void
12 manufacturer warranties (such as placement of hot ashes in the container causing the
13 container to melt), and procedures to follow in order to minimize potential fire problems.

14 Collection crews shall note damaged hinges, holes, poorly functioning wheels and other
15 similar repair needs on Contractor-owned carts (including those for Garbage, Recycling
16 and Yard Debris) and forward repair notices to the Contractor's service personnel. Cart
17 repairs shall then be made within seven (7) days at the Contractor's expense. Any
18 wheeled cart that is damaged or missing on account of accident, act of nature or the
19 elements, fire, or theft or vandalism by other members of the public shall be replaced no
20 later than seven (7) business days after notice from the Customer or City. Replacement
21 carts may be used and reconditioned, but shall be clean and appear presentable.
22 Unusable carts shall be cleaned (if necessary) and recycled to the extent possible.

23 If a particular Customer repeatedly damages a cart or requests more than one
24 replacement cart during the term of the Contract due to the Customer's own negligence
25 or intentional misuse, the Contractor may charge that Customer the actual cost of
26 necessary repairs.

27 2.1.15.3 Detachable and Drop-box Containers

28 The Contractor shall furnish and install 1-, 2-, 3-, 4-, 6- and 8-cubic yard Detachable
29 Containers, and 10-, 20-, 30- and 40-cubic yard uncompacted Drop-box Containers to
30 any Customer who requires their use for storage and collection of Garbage, Recyclables
31 or Yard Debris within seven (7) days of the request. Containers shall be located on the
32 premises in a manner satisfactory to the Customer and for collection by the Contractor.

33 Detachable Containers shall be: watertight and equipped with tight-fitting metal or plastic
34 covers; have four (4) wheels for containers 2-cubic yards and under; be in good condition
35 for Garbage and Recyclables storage and handling; and, have no leaks, jagged edges or
36 holes. Drop-box Containers shall be all-metal.

37 Containers on Customers' premises are at the Contractor's risk and not the City's risk.
38 The Contractor shall repair or replace within twenty-four (24) hours any container that
39 was supplied by the Contractor and was in use if the City or a health department inspector
40 determines that the container fails to comply with reasonable standards or constitutes a
41 health or safety hazard.

42 Customers may elect to own or secure containers from other sources, and shall not be
43 subject to discrimination by the Contractor in collection services on that account.

1 However, containers owned or secured by Customers must be capable of being serviced
2 by front load or Drop-box Container collection vehicles to be eligible for collection. The
3 Contractor is not required to service Customer containers that are not compatible with the
4 Contractor's equipment.

5 If a particular Customer repeatedly damages a container due to the Customer's own
6 negligence or intentional misuse, the Contractor shall forward in writing the Customer's
7 name and address to the City. The City may in its sole discretion intervene in an attempt
8 to resolve the problem. If the problem continues, the Contractor may discontinue service
9 to that Customer, on the City's prior approval.

10 **2.1.15.5 Ownership**

11 On the expiration or termination of this Contract for any reason, all Contractor-supplied
12 Garbage Carts, Recycling Carts and Yard Debris Carts, detachable containers, and roll-
13 off boxes purchased or obtained by the Contractor shall remain the property of the
14 Contractor.

15 **2.1.15.6 Container Labeling**

16 Contractor-provided Recycling Carts, Yard Debris Carts, and Garbage Carts shall be
17 marked so as to be easily identified by waste type and shall include waste-specific
18 collection instructions.

19 **2.1.16 Spillage**

20 All loads collected by the Contractor shall be completely contained in collection vehicles
21 at all times, except when material is actually being loaded or unloaded. Hoppers on all
22 collection vehicles shall be cleared frequently to prevent the occurrence of unnecessary
23 blowing or spillage. Any spillage of materials that occurs during collection shall be
24 immediately cleaned up by the Contractor at its expense.

25 All vehicles used in the performance of this Contract shall be required to carry regularly
26 maintained spill kits. At a minimum, spill kits shall include absorbent pads or granules,
27 containment booms, storm drain covers, sweepers and other similar materials sufficient
28 to contain, control and, for minor events, appropriately clean-up, blowing materials, litter,
29 leaks and spillage of vehicle fluids and leachate. Spill kits shall also include employee
30 spill containment instructions and procedures as well as a regularly updated list of
31 emergency contacts. The Contractor shall develop spill response procedures for review
32 and approval by the City before initiating any work under this Contract. All of Contractor's
33 drivers shall be provided with annual training on the use of spill kits and associated
34 containment and notification procedures.

35 **2.1.17 Pilot Programs**

36 The City may wish to test and/or implement one or more new developments in waste
37 stream segregation, materials processing or collection technology at some point during
38 the term of the Contract. The City shall notify the Contractor in writing at least ninety (90)
39 days in advance of its intention to implement a pilot program or of its intentions to utilize
40 a new technology system on a City-wide basis. The additional costs (or savings) accrued
41 by City-initiated pilot programs, and modifications to the fees and rates of Contractor to
42 reflect such additional costs or savings, shall be negotiated prior to implementation.

1 Contractor-initiated pilot programs shall require prior written notification and approval by
2 the City. Contractor-initiated pilot programs shall be performed at no additional cost to the
3 City or the Contractor's Customers; however, savings accrued may be subject to
4 negotiations prior to implementation at the City's request.

5 **2.1.18 Disruption Due to Construction**

6 The City reserves the right to construct any improvement or to permit any such
7 construction in any street or alley in such manner as the City may direct, which may have
8 the effect for a time of preventing the Contractor from traveling the accustomed route or
9 routes for collection. However, the Contractor shall, by the most expedient manner,
10 continue to collect Garbage, Recyclables and Yard Debris to the same extent as though
11 no interference existed upon the streets or alleys normally traversed. This shall be done
12 at no extra expense to the City or the Contractor's Customers. The City and Contractor
13 will reasonably coordinate in good faith to accommodate for the disruption and ensure
14 that all Customers are serviced in a timely manner.

15 **2.1.19 Contractor Planning Assistance**

16 The Contractor shall, upon request and without additional cost, make available site
17 planning assistance to the City, property owners, and developers. The site planning
18 assistance shall be available for all new construction or remodeling of buildings and
19 structures within the City Service Area, and shall address the design and planning of
20 Garbage, Recyclables and Yard Debris removal areas and their location upon the site of
21 the proposed construction or remodeling project. Contractor planning assistance for
22 optimizing loading docks and other areas shall also be available for existing building
23 managers when realigning Garbage, Recyclables and Yard Debris services. If the City
24 requests site planning assistance from Contractor in accordance with this section, the
25 City shall make its best efforts to forward permit application plans to the Contractor for
26 prior review during the City's internal review process for construction and development
27 permits. The Contractor shall approve solid waste enclosure locations in writing the
28 Monroe Municipal Code at no cost to the City or Contractor's Customer.

29 **2.1.20 Safeguarding Public and Private Facilities**

30 The Contractor shall protect and take all necessary steps to avoid damage to all public
31 and private improvements, facilities and utilities whether located on public or private
32 property, including street curbs. If such improvements, facilities, utilities or curbs are
33 damaged by reason of the Contractor's operations, the Contractor shall notify the City
34 immediately in writing of all damage, and the Contractor shall repair or replace the same
35 except that the Contractor's responsibility for normal wear and tear to City streets shall
36 be limited to the payment of the Administrative Fee in accordance with Section 3.1. If the
37 Contractor fails to do so promptly, as determined by the City, the City may, without
38 prejudice to any other remedy or penalty, cause repairs or replacement to be made, and
39 the cost of doing so shall be billed to the Contractor or deducted from amounts owed the
40 Contractor under the Contract. The City shall not be liable for any damage to property or
41 person caused by the Contractor, and the Contractor agrees to fully indemnify, protect,
42 defend and hold the City harmless for any such damage, including costs and attorney's
43 fees arising as a result of such damage as set forth in Section 6.7.

1 **2.1.21 Company Name**

2 The Contractor shall not use a firm name containing the words "Monroe," "City," or any
3 words implying municipal ownership.

4 **2.1.22 Customer Service**

5 The Contractor shall be responsible for providing all Customer service functions relating
6 to service delivery, including without limitation informing Customers of potential service
7 levels and charges, receiving and resolving Customer complaints, and dispatching Drop-
8 box Containers. These functions shall be provided at the Contractor's sole expense.

9 **2.1.22.1 Customer Service Hours**

10 The Contractor's Customer service shall be accessible by a toll-free phone number. The
11 Contractor's Customer service hours shall be at a minimum from 8 a.m. to 5 p.m. daily,
12 except Saturdays, Sundays, and holidays designated in Section 2.1.7. The Contractor's
13 Customer service hours shall also include all collection days.

14 The Contractor shall maintain an emergency telephone number for City use outside
15 normal business hours. The Contractor shall have a representative or an answering
16 service to contact such representative, available at said emergency telephone number
17 during all hours other than normal business hours.

18 **2.1.22.2 Customer Service Requirements**

19 **A. Service Recipient Complaints and Inquiries**

20 During business hours, the Contractor shall maintain a complaint service and a telephone
21 answering system capable of accepting at least four incoming calls at one time. The
22 Contractor shall record all complaints, including date, time, complainant's name and
23 address, if the complainant is willing to give this information, and nature, date and manner
24 of resolution of the complaint in a computerized daily log. Any such calls received via the
25 Contractor's answering service shall be recorded in the log the following work day. The
26 Contractor shall make every reasonable effort to resolve all complaints within twenty-four
27 (24) hours of the original call.

28 The Customer service log shall be available for inspection by City representatives during
29 the Contractor's office hours and shall be in a format approved by the City. The Contractor
30 shall provide a copy of this log in computerized form to the City upon request.

31 All incoming calls shall be answered promptly and courteously. Customers shall be able
32 to receive recorded service information and also talk directly with a Customer service
33 representative when calling the Contractor's Customer service telephone number. Upon
34 the receipt of Customer complaints in regards to busy signals or excessive delays in
35 answering the telephone, the City may request and the Contractor shall submit a plan to
36 the City for correcting the problem. Once the City has approved the plan, the Contractor
37 shall have sixty (60) days to implement the corrective measures. Reasonable corrective
38 measures shall be implemented without additional compensation to the Contractor.

39 The Contractor shall provide an Internet website containing collection schedules, material
40 preparation requirements, rates, inclement weather service changes, and other relevant
41 service information for its Customers. The website shall include an e-mail function for
42 Customer communication with the Contractor. The website design shall be submitted for

1 City approval prior to collection service commencement.

2 **B. Recyclables and Yard Debris/Foodwaste Programs**

3 The Contractor's Customer service representatives shall be fully knowledgeable of all
4 collection and related services available to Monroe residents as referenced in this
5 Contract. For new Customers, Customer service representatives shall explain all
6 Garbage, Yard Debris and Recyclables collection services available. For existing
7 Customers, the representatives shall resolve recycling issues, missed pickups, cart
8 deliveries, etc. Customer service representatives shall be trained to inform Customers of
9 Yard Debris, Foodwaste and Recyclables preparation specifications. City policy
10 questions shall be forwarded to the City for response.

11 **C. Monitoring and Evaluation**

12 The Contractor shall develop and maintain a program in place to monitor and evaluate
13 the quality of Customer service and to determine overall Customer satisfaction with the
14 Contractor's services. Monitoring and evaluation methods shall include random Customer
15 surveys, periodically monitoring Customer service, and other such methods. The
16 Contractor shall work with the City to monitor and ensure that high levels of Customer
17 service are demonstrated throughout the Contract term.

18 **2.1.23 Customer Billing Responsibilities**

19 The Contractor shall be responsible for all billing functions related to the waste collection
20 and other services provided under this Contract. All Residential Customers shall be billed
21 at least quarterly, and Commercial Customers shall be billed monthly. Billing and
22 accounting costs associated with Customer invoicing shall be borne by the Contractor
23 and are included in the service fees in Attachment A. The Contractor may bill to
24 Customers the late payments, suspend fees, and NSF check charges included in
25 Attachment A, as well as the costs of bad debt collection.

26 Upon a minimum of forty-eight hours advance notice Residential Customers may
27 temporarily suspend service for any absence of two (2) weeks or more with a maximum
28 of ninety days in any concurrent twelve-month period and bill billed on a prorated basis
29 for actual services required. Low-income senior and disabled Customers may temporarily
30 suspend service for any absence of two (2) weeks or more with a maximum of one
31 hundred eighty days in any concurrent twelve-month period. Accounts must be current,
32 no temporary suspension shall be granted for an account that is delinquent. When
33 service is temporarily suspended, the Contractor may continue to bill for container rentals,
34 if applicable.

35 All Residential Customer collection costs and revenues shall be included in the Garbage
36 collection rate and shall not be charged or itemized separately. All Yard Debris services
37 shall be itemized and charged separately.

38 The Contractor shall be responsible for the following:

- 39 • Generating combined Garbage, Recyclables and Yard Debris collection bills.
40 Bills must include a statement indicating the Customer's current service level,
41 current charges and payments, and applicable taxes and fees.
- 42 • Accepting, processing and posting payment data each business day.

- 1 • Maintaining a system to monitor Customer subscription levels, record excess
2 Garbage collected, place an additional charge on the Customer's bill for the
3 excess collection, and charge for additional services requested and delivered.
4 This system shall maintain a Customer's historical account data for a period of
5 not less than two years.
- 6 • Accepting and responding to Customer requests for service level changes,
7 missed or inadequate collection services, and additional services.
- 8 • Collecting unpaid charges from Customers for collection services.
- 9 • Implementing rate changes as specified in Sections 3.2 and 3.3.
- 10 • Including lines for Customer service messages on Customer bills.

11 The Contractor shall develop and maintain procedures in place to back up and minimize
12 the potential for the loss or damage of the account servicing (Customer service, service
13 levels and billing history) database.

14 Upon seven (7) days written notice, the Contractor shall provide the City with a paper
15 and/or electronic copy at the City's discretion of the requested Customer information and
16 history, including but not limited to Customer names, service and mailing addresses,
17 contact information, service levels and current account status.

18 **2.1.24 Coordination with City and Annual Performance Review**

19 The Contractor's supervisory staff shall be available to meet with the City at the City's
20 offices on request to discuss operational and Contract issues. The City may, at its option,
21 conduct an annual performance review of the Contractor's performance under this
22 Contract. The results of the performance review shall be presented to the Contractor and
23 a plan for addressing any deficiencies shall be provided to the City within two (2) weeks
24 of the Contractor's receipt of the review. The Contractor shall plan for and correct in good
25 faith any deficiencies found in its performance under this Contract.

26 The Contractor's plan shall address all identified deficiencies and include a timeline for
27 corrective actions. The Contractor's corrective plan shall be subject to reasonable review
28 and approval by the City. Upon approval of the plan, Contractor shall proceed to correct
29 deficiencies.

30 The Contractor shall continually monitor and evaluate all operations to ensure compliance
31 with this Contract. At the request of the City, or at no less than quarterly intervals, the
32 Contractor shall report its actual performance measures, how they compare with the City
33 performance requirements, and provide a plan and timelines for remedial measures to
34 correct any items failing to meet City requirements.

35 The City may perform annual performance reviews to confirm various aspects of the
36 Contractor's operations and compliance with this Contract. City staff or contracted
37 consultants may provide the review at the City's direction. The Contractor shall fully
38 cooperate and assist with all aspects of the performance review, including access to route
39 and Customer service data, safety records and other applicable information.

1 **2.1.25 Disposal Requirements**

2 All Garbage collected under this Contract, as well as residues from processing
3 Recyclables and Yard Debris, shall be delivered to the Snohomish County Disposal
4 System unless otherwise agreed in writing by the City.

5 **2.1.26 Excluded Waste**

6 Notwithstanding any other provision of this Contract: (a) except as otherwise required by
7 applicable law, the Contractor shall have no obligation to inspect any material collected
8 pursuant to this Contract; (b) if Excluded Waste is discovered before the Contractor
9 collects it, the Contractor may refuse to collect the entire container of waste; (c) if any
10 Excluded Waste is not discovered by the Contractor before it is collected, the Contractor
11 may, in its sole discretion, remove, transport and dispose of such Excluded Waste at a
12 location authorized to accept such Excluded Waste in accordance with all applicable laws
13 and charge the Customer, depositor or generator of such Excluded Waste all direct and
14 indirect cost incurred due to removal, remediation, handling, transportation, delivery and
15 disposal of such Excluded Waste; and (d) to the extent consistent with applicable law,
16 title to and liability for any Excluded Waste shall remain with the Customer, generator or
17 depositor and shall at no time pass to the Contractor. Provided, that notwithstanding any
18 other provision of this Contract, specifically including without limitation the provisions of
19 this Section, nothing herein shall be construed as imposing any responsibility and/or
20 liability upon the City with respect to such Excluded Waste.

21 **2.1.27 Emergency Response**

22 Contractor shall provide the City use of the Contractor's labor and equipment for
23 assistance in the event of a City disaster or emergency declaration, provided such labor
24 and equipment is available. The Contractor and City commit to developing an agreement
25 on terms, conditions, and compensation for disaster or emergency services, not to be
26 less than the rates in Attachment A.

27 Contractor shall keep full and complete records and documentation of all costs incurred
28 in connection with disaster or emergency response, and include such information in the
29 monthly reports required under Section 2.3.2.1. The Contractor shall maintain such
30 records and documentation in accordance with the City's prior approval and any
31 standards established by the Federal Emergency Management Agency, and at the City's
32 request, shall assist the City in developing any reports or applications necessary to seek
33 assistance related to a federally-declared disaster.

34 **2.2 Collection Services**

35 **2.2.1 Residential Customer Garbage Collection**

36 **2.2.1.1 Subject Materials**

37 The Contractor shall collect all Garbage placed at Curbside for disposal by Residential
38 Customers in and adjacent to Contractor-owned Garbage Carts or Customer provided
39 Garbage Cans.

40 Garbage containing Yard Debris shall not be knowingly collected and shall instead be
41 prominently tagged with a notice informing the Customer that disposal of Yard Debris in
42 Garbage is not legal within the City.

1 The Contractor shall not be required to collect Excluded Waste that is either restricted
2 from disposal or would pose a danger to collection crews. If materials are rejected for this
3 reason, the Contractor shall leave in a prominent location a notification tag that identifies
4 the specific problem(s) and reason(s) for rejecting the materials for collection and that
5 provides the Customer with a contact for further information about proper disposal
6 options. Failure to provide proper notification to Customers of the reason for rejecting
7 materials for collection shall be considered a missed collection.

8 2.2.1.2 Containers

9 The Customer's primary container must be a Mini-can, Garbage Can, or Garbage Cart.
10 Plastic bags may only be used for excess waste, not as the Customer's primary container,
11 except when containers have been requested but not yet delivered. The Contractor may
12 set reasonable weight limits on Garbage Cans and Carts as appropriate, provided that
13 the weight limit is no less than the equivalent of 60 pounds per 32-gallon capacity (e.g. a
14 64-gallon cart would have a weight limit of 120 pounds). The Contractor may charge for
15 overweight and oversized containers.

16 2.2.1.3 Specific Collection Requirements

17 The Contractor shall offer regular weekly collection of the following service levels:

18 20-gallon Mini-can(s);

19 32-gallon Garbage Can(s);

20 20-gallon mini-cart(s)

21 32-gallon wheeled cart;

22 64-gallon wheeled cart(s); and

23 96-gallon wheeled cart(s).

24 The Contractor shall also offer monthly collection of one 32-gallon Garbage Can to
25 Customers who generate very low amounts of Garbage and are able to contain those
26 materials in a manner which does not generate excessive odors or attract insects or
27 animals.

28 Roll-out charges shall be assessed only to those Customers who choose to have the
29 Contractor move a container to reach the collection vehicle at its nearest point of access.
30 Extra charges may be assessed for materials loaded so as to lift a Cart lid in excess of
31 six (6) inches from the normally closed position. The Contractor may charge for an
32 overweight container at the "extra" rate. The Contractor shall maintain route lists in
33 sufficient detail to allow accurate recording and charging of all extra fees. Customers shall
34 be allowed to specify that no "extras" be collected without prior Customer notification,
35 which shall be provided by the Customer no less than twenty-four (24) hours prior to that
36 Customer's regular collection.

37 Collections shall be made from Residential Customers on a regular schedule on the same
38 day and as close to a consistent time as possible. The Contractor may tag inappropriately
39 placed containers and may discontinue service in accordance with Section 2.1.9 in the
40 event of persistent inappropriate container placement. The Contractor's crews shall make

1 collections in an orderly and quiet manner, and shall return containers, in an upright
2 position, with lids closed and attached, to their set out location in an orderly manner.

3 **2.2.2 Residential Customer Recyclables Collection**

4 **2.2.2.1 Subject Materials**

5 The defined list of Recyclables shall be collected from all participating Single-family
6 Residences as part of basic Recyclables collection services. The Contractor shall collect
7 all Recyclables from Single-family Residences that are prepared as follows and
8 uncontaminated with food or other residues:

Aluminum Cans: All aluminum cans that are placed in the Recycling Cart or separately boxed or bundled.

Corrugated Cardboard: All corrugated cardboard that is smaller than three (3) feet by three (3) feet, flattened and placed in or next to the Customer's Recycling Cart.

Glass Containers: All colored or clear jars and bottles that are rinsed, have lids removed and are placed in the Recycling Cart, or separately boxed or bundled. Fluorescent and incandescent light bulbs, ceramics and window glass are excluded.

Mixed Paper: All Mixed Paper that is placed loosely in the Recycling Cart or separately bagged or bundled.

Newspaper: All newspaper and advertising supplements that are delivered with newspapers that are placed loosely in the Recycling Cart or separately bagged or bundled.

Plastic Containers: All plastic bottles, jugs, containers and tubs that are flattened and placed in the Recycling Cart or separately boxed or bundled. Other plastics, automotive or other hazardous product containers, and lids are excluded.

Polycoated Cartons and Boxes: All plastic coated and aseptic cartons and boxes that are flattened and placed in the Recycling Cart or separately bagged or bundled.

Scrap Metal: All ferrous and non-ferrous Scrap Metal that is: placed in the Recycling Cart or separately boxed or bundled; free of wood, plastic, rubber and other contaminants; and meets the size requirements defined for Scrap Metals. Scrap metal shall include small appliances provided they meet the size requirements.

Tin Cans: All food and beverage tin cans that are placed in the Recycling Cart or separately boxed or bundled.

9 10 **2.2.2.2 Containers**

1 The Contractor shall be responsible for ordering, assembling, affixing instructional
2 information onto, maintaining inventories of, and distributing and maintaining Recycling
3 Carts. The default Recycling Cart size shall be 64-gallons, provided that the Contractor
4 shall offer and provide 96-gallon Recycling Carts on request to those residents requiring
5 more capacity than provided by the standard 64-gallon Recycling Cart. Recycling Carts
6 shall be labeled with recycling collection requirements in accordance with Section
7 2.1.15.6.

8 2.2.2.3 Specific Collection Requirements

9 Residential Customer Recyclables collection shall occur weekly on the same day as each
10 household's Garbage and Yard Debris collection. Residential Customer Recyclables
11 collection shall occur during the hours and days specified in Section 2.1.4. Collections
12 shall be made from Residential Customers on a regular schedule on the same day and
13 as close to a consistent time as possible. The Contractor shall collect on Public Streets
14 and Private Roads in the same location as Garbage collection service is provided. The
15 Contractor's crews shall make collections in an orderly and quiet manner, and shall return
16 containers with their lids closed and attached to their set out location in an orderly manner.

17 The Contractor shall collect all properly prepared Recyclables from Garbage Customers.
18 No limits shall be placed on set-out volumes, except in the case when extremely large
19 quantities of commercially-generated materials are consistently set out by a Residential
20 Customer. In this case, the Contractor shall request the resident to use a larger Recycling
21 Cart or use commercial recycling services for the excess volumes. If the resident
22 continues to set out commercial quantities of Recyclables, the Contractor shall notify the
23 City for further action. If large quantities of residentially-generated cardboard (e.g. moving
24 boxes) are set out for collection, the Contractor may collect the excess materials the
25 following day, at no additional charge, in a separate truck, provided that clear written
26 notification of the collection delay is provided to the Customer.

27 2.2.3 Yard Debris Collection

28 2.2.3.1 Subject Materials

29 Yard Debris shall be collected each collection cycle from all participating Residential
30 Customers.

31 Contaminated or oversized Yard Debris materials rejected by the Contractor at the curb
32 shall be tagged in a prominent location with an appropriate problem notice explaining why
33 the material was rejected.

34 2.2.3.2 Containers

35 The Contractor shall be responsible for ordering, assembling, affixing instructional
36 information onto, maintaining inventories of, and distributing and maintaining Yard Debris
37 Carts. Yard Debris Carts shall be labeled with instructional information, in accordance
38 with Section 2.1.15.6. Yard Debris Carts shall be available in the 96-gallon size only. Only
39 Contractor-issued carts can be used for Yard Debris collection.

40 Extra Yard Debris material that does not fit in a Yard Debris Cart shall be bundled or
41 placed in Kraft bags or Customer-owned 32-gallon containers and shall be subject to
42 "extra" charges as described in Attachment A.

1 **2.2.3.3 Specific Collection Requirements**

2 Yard debris materials shall be collected weekly from all Residential Customers on the
3 same day as Garbage collection. The Contractor shall collect on Public Streets and
4 Private Roads, in the same location as Garbage collection is provided. The Contractor's
5 crews shall make collections in an orderly and quiet manner, and shall return containers
6 in an upright position, with lids attached, to their set out location in an orderly manner.

7 **2.2.3.4 Foodwaste Collection**

8 The Contractor shall accept Foodwaste included and mixed with Yard Debris in Yard
9 Debris Carts for Single Family Residential Customers. The Contractor's instructions for
10 its overall collection program shall include instructions for the proper handling and
11 recycling of Foodwaste.

12 **2.2.4 Commercial Customer Garbage Collection**

13 **2.2.4.1 Subject Materials**

14 The Contractor shall collect all Garbage set out for disposal by Commercial Customers in
15 acceptable containers as designated in Section 2.2.1.

16 Garbage containing Yard Debris shall not knowingly be collected and instead prominently
17 tagged with a notice informing the Customer that disposal of Yard Debris in Garbage is
18 not legal within the City.

19 The Contractor shall not be required to collect Excluded Waste that is either restricted
20 from disposal or would pose a danger to collection crews. If materials are rejected for this
21 reason, the Contractor shall leave in a prominent location a notification tag that identifies
22 the specific problem(s) and reason(s) for rejecting the materials for collection and that
23 provides the Customer with a contact for further information about proper disposal
24 options. Failure to provide proper notification to Customers of the reason for rejecting
25 materials for collection shall be considered a missed collection.

26 **2.2.4.2 Containers**

27 The Contractor shall provide containers meeting the standards described in Section
28 2.1.15. Commercial Customers shall be offered a full range of containers and service
29 options, including Garbage Carts, and one (1) through eight (8) cubic yard containers.

30 Materials in excess of container capacity or the subscribed service level shall be collected
31 and properly charged as "extras" at the rates listed in Attachment A. The Contractor shall
32 develop and maintain route lists in sufficient detail to allow accurate recording and
33 charging of all "extras."

34 The Contractor may use either or both front-load or rear-load Detachable Containers to
35 service Commercial Customers. However, not all collection sites within the City Service
36 Area may be appropriate for front-load collection due to limited maneuverability or
37 overhead obstructions. The Contractor shall provide containers and collection services
38 capable of servicing all Customer sites, whether or not front-load collection is feasible.

39 Contractor-owned containers shall be delivered by the Contractor to requesting
40 Multifamily Complex and Commercial Customers within seven (7) days of the Customer's
41 initial request.

1 Customers may elect to own or secure containers from other sources, and shall not be
2 subject to discrimination by the Contractor in collection services on that account.
3 However, containers owned or secured by Customers must be capable of being serviced
4 by front load or Drop-box Container collection vehicles to be eligible for collection. The
5 Contractor shall provide minimum compatible container specifications for Customers who
6 elect to own or secure containers from other sources. The Contractor shall provide labels
7 and collection service for compatible Customer-owned containers. The Contractor is not
8 required to service Customer containers that are not compatible with the Contractor's
9 equipment. In the event of a dispute as to whether a particular container is compatible,
10 the City shall make a final determination.

11 2.2.4.3 Specific Collection Requirements

12 Commercial Garbage collection shall be made available to Commercial Customers daily,
13 Monday through Friday, during the times specified in Section 2.1.4. Collection at Large
14 Complex Residences shall be limited to the same hours as Residential Customer
15 collection. Collections shall be made on a regular schedule on the same day and as close
16 to a consistent time as possible to minimize Customer confusion. The Contractor shall
17 collect from areas mutually agreed upon by the Contractor and Customer with the least
18 slope and best truck access possible. Containers shall be replaced after emptying in the
19 same location as found.

20 The Contractor shall not charge delivery fees for Detachable Containers or Carts, except
21 in the case of temporary Detachable Container service and Detachable Containers
22 redelivered to Customers restarting service after having service suspended. Roll-out
23 charges shall be assessed in ten (10) foot increments only to those Customers for whom
24 the Contractor must move a container over twenty-five (25) feet to reach the collection
25 vehicle at its nearest point of access.

26 Extra charges may be assessed for materials loaded so as to lift the Garbage Can,
27 Garbage Cart or Detachable Container lid in excess of six (6) inches from the normally
28 closed position.

29 Customers may request extra collections and shall pay a proportional amount of their
30 regular monthly rate for that service. All extra charges and fees will be listed in Attachment
31 A.

32 2.2.5 Large Complex Residences Recyclables Collection

33 2.2.5.1 Subject Materials

34 The Contractor shall collect all Recyclables from Large Complex Residences that are
35 prepared in a manner similar to that described for Residential Customers Recyclables in
36 Section 2.2.2.1.

37 2.2.5.2 Containers

38 The Contractor shall be responsible for ordering, assembling, affixing instructional
39 information onto, maintaining inventories of, and distributing and maintaining Recycling
40 Carts. The default Recycling Cart size shall be 96-gallons, provided that the Contractor
41 shall offer and provide 64-gallon Recycling Carts on request to those complexes requiring
42 less capacity than provided by the standard 96-gallon Recycling Cart. Recycling Carts

1 shall be labeled with recycling collection requirements in accordance with Section
2 2.1.15.6 when distributed.

3 At larger Large Complex residences, the Contractor may use Detachable Containers for
4 recycling collection provided that they are clearly distinguished from containers used for
5 Garbage collection and are equipped with City-approved, prominent identifying and
6 instructional labels.

7 Recycling Carts and containers shall be delivered by the Contractor to requesting
8 Customers within seven (7) days of the Customer's initial request. Large Complex
9 Residential Recycling Carts shall be relabeled periodically in accordance with Section
10 2.1.15.6.

11 2.2.5.3 Specific Collection Requirements

12 Large Complex Residences recycling collection shall occur at least weekly or more
13 frequently, as needed, during the hours and days specified in Section 2.1.4. Collections
14 shall be made on a regular schedule on the same day(s) of the week to minimize
15 Customer confusion. The Contractor shall collect from areas mutually agreed upon by the
16 Contractor and Customer with the least slope and best truck access possible. Containers
17 shall be replaced after emptying in the same location as found.

18 When space constraints limit the provision of containers appropriately-sized for weekly
19 collection, the Contractor shall provide more frequent collection, as necessary, of smaller
20 containers to provide adequate capacity for the Multifamily Complex site.

21 2.2.6 Commercial Customer Yard Debris Collection

22 2.2.6.1 Subject Materials

23 The Contractor shall provide Yard Debris collection services to Commercial Customers,
24 in accordance with the service level selected by the Customer and on a subscription basis
25 and at an additional cost according to the rates in Attachment A.

26 Contaminated or oversized Yard Debris materials rejected by the Contractor shall be
27 tagged in a prominent location with an appropriate problem notice explaining why the
28 material was rejected.

29 2.2.6.2 Containers

30 The Contractor shall be responsible for ordering, assembling, affixing instructional
31 information onto, maintaining inventories of, and distributing and maintaining Yard Debris
32 Carts and Detachable Containers.

33 Extra Yard Debris material that does not fit in a Yard Debris Cart or Detachable Container
34 shall be bundled or placed in Kraft bags or Customer-owned 32-gallon containers.

35 Yard Debris Carts shall be delivered by the Contractor to new Commercial Customers
36 within seven (7) days of the Customer's initial request.

37 2.2.6.3 Specific Collection Requirements

38 Yard Debris shall be collected from Commercial Customers at the same frequency
39 schedule for Residential Customers. Collections shall be made on a regular schedule on
40 the same day(s) and as close to a consistent time as possible. Yard Debris in excess of

1 the subscribed container size may be charged as "extras" in 32-gallon increments, with
2 each extra equaling 32 gallons.

3 The Contractor shall collect at defined Commercial Customer container spaces. The
4 Contractor's crews shall make collections in an orderly and quiet manner, and shall return
5 containers with their lids closed and attached to their set out location.

6 **2.2.7 Drop-Box Container Garbage Collection**

7 **2.2.7.1 Subject Materials**

8 The Contractor shall provide Drop-Box Container Garbage collection services to
9 Commercial Customers, in accordance with the service level selected by the Customer.

10 Garbage containing Yard Debris shall not be knowingly collected and instead prominently
11 tagged with a notice informing the Customer that disposal of Yard Debris in Garbage is
12 not legal within the City.

13 The Contractor shall not be required to collect Drop-box Containers containing hazardous
14 materials that are either restricted from disposal or would pose a danger to collection
15 crews. If materials are rejected for this reason, the Contractor shall leave a prominently
16 displayed notice with the rejected materials listing why they were not collected and
17 providing the Customer with a contact for further information on proper disposal. If a Drop-
18 box Container Customer persistently includes inappropriate materials in their containers,
19 the Contractor shall photograph and otherwise document the inappropriate materials, and
20 provide the Customer's name and address to the City for further action.

21 **2.2.7.2 Containers**

22 The Contractor shall provide containers meeting the standards described in Section
23 2.1.15. Both Customer-owned and Contractor-owned Drop-box Containers shall be
24 serviced, including Customer-owned compactors.

25 The Contractor shall charge a Drop-box Container delivery fee, as listed in Attachment A,
26 to all temporary and permanent Customers on their initial delivery request.

27 The Contractor may charge a compactor surcharge to Customers who request that the
28 Contractor remove or reinstall hydraulic or power connections prior to or after the
29 compactor is hauled to the disposal site. The compactor surcharge shall not be assessed
30 in cases where the Customer performs this function themselves.

31 Contractor-owned containers shall be delivered by the Contractor to requesting
32 Customers within seven (7) days of the Customer's initial request.

33 **2.2.7.3 Specific Collection Requirements**

34 Commercial Customer Drop-box Container collection must occur during the hours and
35 days specified in Section 2.1.4. Collection of Drop-box Containers in residential areas
36 and multiuse buildings containing residences shall be limited to the same hours as
37 Residential Customer collection

38 The Contractor shall provide dispatch service and equipment capability to collect full
39 Drop-box Containers no later than the next business day after the Customer's initial call.
40 The Contractor shall maintain a sufficient Drop-box Container inventory to provide empty

1 containers to new and temporary Customers within seven (7) business days after the
2 Customer's initial call.

3 The Contractor shall directly bill and receive payments from Customers for temporary and
4 permanent Drop-box Container hauling and rental services.

5 **2.2.8 Temporary Detachable Container And Drop-box Service**

6 The Contractor shall provide temporary 2-, 4-, 6- and 8-cubic yard Detachable Containers
7 and all available Drop-box Container sizes to Customers on an on-call basis. The charges
8 for temporary Detachable Container service listed in Attachment A shall include collection
9 and disposal. Delivery charges shall be itemized and charged separately. Rental charges
10 for temporary containers shall be charged in addition to the basic temporary container
11 fee, at the rates listed in Attachment A. The Contractor shall directly bill and receive
12 payments from Customers for temporary Detachable Container and Drop-box service.

13 **2.2.9 Annual City Centralized Cleanup**

14 The Contractor shall provide one (1) Annual City Centralized Cleanup program. City of
15 Monroe residents are allowed to deliver up to one (1) non-commercial vehicle load per
16 household of Bulky Waste, scrap metal (excluding appliances containing refrigerants),
17 clean scrap wood, and Garbage. Participation will be limited to City residents, and
18 participants will be asked to provide a government-issued ID as proof of City residency.
19 The event shall occur on a mutually agreeable Saturday and be no more than four (4)
20 hours in duration. The Contractor shall bear up to \$30,000 in expenses for Contractor's
21 staff and disposal expenses. The Contractor shall retain all material sales revenues from
22 the event.

23 If the Contractor's staffing and disposal costs exceed \$30,000, then the City and the
24 Contractor will discuss either limiting the scope of the event or increasing the Contractor's
25 compensation for subsequent events.

26 Contractor shall provide a reusable two-sided vinyl banner suitable for display across
27 Main Street advertising the event at no additional charge to the City at least 45 day prior
28 to the first event, for the City's discretionary use at every subsequent Annual City
29 Centralized Cleanup. The banner shall include reusable numbers, as the date for the
30 event changes year to year.

31 **2.2.10 City Services**

32 The Contractor shall provide weekly Garbage and Recyclables collection with the same
33 collection frequency as provided to Residential Customers to the following City-owned
34 municipal facilities as a part of this Agreement and at no additional charge:

FACILITY
City Hall/Police Station
Wastewater Treatment Plant
Public Works/Parks Building
Downtown Litter Receptacles (no more than 20)

1 The City may add facilities and parks in addition to those listed above, provided that no
 2 more than one additional facility or park may be added per year without additional
 3 compensation to the Contractor.

4 In cases in which Garbage and Recyclables are generated through the performance by
 5 third parties of services for the City outside of the normal operation of a municipal facility,
 6 Contractor may charge for the collection of such materials in accordance with charges
 7 listed in Attachment A. For example, the City would pay Contractor for the disposal of
 8 debris generated by the replacement of the roof of a City facility. Regular Garbage and
 9 Recyclables generated on an ongoing basis at all City facilities in the ordinary course of
 10 their operations otherwise will be collected by the Contractor without charge to the City.

11 **2.3 Management**

12 **2.3.1 Responsibility of Participants**

13 **2.3.1.1 Contractor's Responsibilities**

14 The provisions of this Section 2.3.1.1 are intended to summarize and/or supplement the
 15 primary responsibilities assumed by Contractor under this Contract. The omission from
 16 the following list of Contractor responsibilities of any duty, obligation or requirement
 17 otherwise set forth in this Contract shall not be construed as absolving or otherwise
 18 limiting Contractor's responsibility therefore.

19 The Contractor shall be responsible for:

- 20 • Answering Customer telephone calls and email requests;
- 21 • Informing Customers of current, new, and optional services and charges;
- 22 • Handling Customer subscriptions and cancellations;
- 23 • Receiving and resolving Customer complaints;
- 24 • Dispatching Drop-box Containers, temporary containers, and special collections;
- 25 • Billing;
- 26 • Maintaining and updating regularly as necessary a user-friendly internet website;
- 27 • Assisting City staff with promotion and outreach to Residential and Commercial
 28 Customers, and special events;

- 1 • Serving as an ombudsperson, providing quick resolution of Customer issues,
2 complaints, and inquiries;
- 3 • Assisting the city with program development and design, research, response to
4 inquiries, and troubleshooting issues;
- 5 • Collecting Garbage in the City Service Area and transporting and delivering the
6 Garbage to the Snohomish County Disposal System.
- 7 • Collecting construction/demolition waste in the City Service Area and delivering
8 the waste to fully permitted recycling, disposal or transfer sites in compliance with
9 Snohomish County's Comprehensive Solid Waste Management Plan.
- 10 • Collecting, processing and marketing Recyclables and Yard Debris collected by
11 the Contractor in the City Service Area.
- 12 • Providing cart and container assembly, maintenance, stickering/labeling and re-
13 stickering/labeling and delivery services listed or required in this Contract.
- 14 • Procuring all equipment and bearing all start-up, operating and maintenance costs
15 for collection and processing or disposal of Garbage, Recyclables and Yard
16 Debris, including proper safety equipment and insurance for vehicles and workers.
- 17 • Providing and supervising all labor to accomplish the scope of services required
18 under this Contract, including labor to collect materials, maintain equipment and
19 provide Customer service functions.
- 20 • Operating a maintenance facility to house and service collection equipment and
21 acquiring all necessary land use, building, operating, and business permits and
22 licenses.
- 23 • Submitting all informational materials for public release to the City for review and
24 approval prior to release.
- 25 • Complying with all applicable laws, regulations, ordinances and policies.
- 26 • Meeting all non-discrimination and OSHA/WISHA standards, and all
27 environmental standards and regulations.
- 28 • Providing a safe working environment and comprehensive liability insurance
29 coverage as set forth in Section 6.5, and providing proof of this insurance to the
30 City annually.
- 31 • Providing a valid Contractor's performance and payment bond in accordance with
32 Section 6.6, and providing proof of this bond to the City annually.
- 33 • Securing the prior written approval of the City and Surety before assigning or
34 pledging money, or assigning, subcontracting or delegating duties.
- 35 • Providing route maps to the City indicating the day of week for each service.
- 36 • Submitting collection day changes to the City for review and approval prior to
37 notice being provided to Customers and the change taking place.

- 1 • Submitting prompt notices to the media regarding modifications to the collection
2 schedule due to inclement weather.
- 3 • Maintaining containers, vehicles and facilities in a clean, properly labeled and
4 sanitary condition.
- 5 • Meeting all City reporting, inspection and review requirements.
- 6 • Providing operating and safety training for all personnel, including spill response
7 training for all drivers.
- 8 • Notifying the City of intended material changes in management affecting
9 Contractor's operations under this Contract not less than sixty (60) days prior to
10 the date of change. New management shall also attend an introductory meeting
11 scheduled by the City during the sixty (60) day notification period. Exception shall
12 be made for termination for cause or voluntary termination in which case
13 Contractor shall notify the City as soon as is possible.
- 14 • Creating and maintaining a website and mobile app.

15 2.3.1.2 City's Responsibilities

16 The City shall be responsible for:

- 17 • Overall project administration and final approval of Contractor services and
18 activities.
- 19 • Reviewing and approving adjustments to rates, charges and fees for solid waste
20 collection services under this Contract, including without limitation adjustments
21 due to changes in County disposal fees or price indices.
- 22 • Monitoring and evaluating collection operations with the cooperation and
23 assistance of the Contractor.
- 24 • Providing outreach materials and programs, and assistance with distribution and
25 outreach as required in this Contract.
- 26 • Reviewing and approving all assignment, pledging, subcontracting or delegation
27 of money or duties.
- 28 • Reviewing and approving collection days and route changes.
- 29 • Reviewing and approving holiday schedule changes.
- 30 • Reviewing and approving all written or other informational materials used by the
31 Contractor.
- 32 • Conducting performance reviews of the Contractor with the Contractor's
33 cooperation and assistance.
- 34 • Holding periodic operations meetings with the Contractor, as necessary.
- 35 • To the extent permissible under State law and local ordinance, reasonably
36 assisting Contractor with application of lien or other means to help the Contractor
37 to recoup delinquent Customer solid waste collection accounts. Provided, that
38 nothing herein shall be construed as requiring the City to take any particular

1 enforcement action.

2 3 **2.3.2 Reporting**

4 The Contractor shall provide monthly and ad hoc reports to the City. In addition, the
5 Contractor shall allow City staff access to pertinent operations information related to
6 compliance with the obligations of the Contract such as disposal facility certified weight
7 slips and vehicle maintenance logs.

8 **2.3.2.1 Monthly Reports**

9 On a monthly basis, by the last day of each month, the Contractor shall provide a report
10 containing information for the previous month. Reports shall be submitted in electronic
11 Microsoft Excel compatible format and shall include:

12 A compilation of program participation statistics including: the number of garbage
13 collection Customers by sector and service level, a summary of multi-family and
14 commercial participation in recycling programs, set-out statistics for residential
15 Garbage, Yard Debris and Recyclables collection services and number of bulky
16 item collections;

17 A compilation of total monthly and year-to-date summaries of Garbage,
18 Recyclables and Yard Debris quantities by collection sector;

19 A description of any vehicle accidents or infractions;

20 **2.3.2.2 Ad Hoc Reports**

21 The City may request from the Contractor up to three (3) ad-hoc reports each year, at no
22 additional cost to the City. Reports shall be provided in the City-defined format and
23 software compatibility, if possible. Contractor shall not be obligated without a written
24 arrangement with the City for additional appropriate compensation to expend more than
25 one hundred (100) staff hours per year to complete ad-hoc reports provided for by this
26 section.

27 **2.3.3 Promotion and Education**

28 The Contractor shall have primary responsibility for developing, designing and executing
29 overall public promotion, education and outreach programs, with the assistance and
30 cooperation of the City.

31 **2.3.4 Field Monitoring**

32 The City may periodically monitor collection system parameters such as participation,
33 container condition, contents weights, waste composition and Customer satisfaction. The
34 Contractor shall assist the City by coordinating the Contractor's operations with the City's
35 field monitoring to minimize inconvenience to Customers, the City and the Contractor.

36 **2.3.5 Transition to Next Contractor**

37 The Contractor shall be expected to work with the City and the successive contractor in
38 good faith to ensure a minimum of Customer disruption during the transition period.
39 Container removal and replacement shall be coordinated between the Contractor and a

1 successive contractor to occur simultaneously in order to minimize Customer
2 inconvenience.

3 The Contractor shall provide a detailed Customer list, including Customer name, service
4 address, mailing address, and collection and container rental service levels to the
5 successive contractor within thirty (30) days request of the City.

6 **3. COMPENSATION**

7 **3.1 Compensation to the City**

8 The rates charged in Attachment A and as may be modified in accordance with Sections
9 3.2 and 3.3 of this Contract include a six percent (6%) Administrative Fee imposed by the
10 City, and the Contractor shall remit the City quarterly for the amount collected. Interest
11 on any delinquent or unpaid Administrative Fee amount shall accrue at the rate of 12
12 percent per annum or the highest legally permissible rate, whichever is greater.

13 **3.1.1 Review and Negotiation Fee**

14 Within 10 days of the parties' mutual execution of this Contract, Contractor shall remit to
15 the City a one-time fee in the amount of \$5,000 to defray the City's legal and
16 administrative costs incurred in the review, revision, negotiation and processing of this
17 Contract.

18 **3.2 Rate Modification**

19 Annual modification of the Contractor's collection service charges will be based on
20 changes in the CPI Index (Water and Sewer and Trash Collection expenditure category
21 (1997 = 100), as published by the U.S. Department of Labor, Bureau of Labor Statistics.

22 The CPI, for the contract year beginning in January 1, 2018, and for each subsequent
23 contract year, will be calculated by taking the percentage difference between the CPI
24 value for the immediately preceding month of July and the corresponding CPI value for
25 July of the prior year, and adding the result to 1.0. The resulting amount shall be termed
26 the "adjustment factor."

27 Adjustments to the Contractor's collection service charge shall be made in units of one
28 cent (\$0.01). Fractions less than one cent (\$0.01) shall not be considered when making
29 adjustments.

30 The Contractor shall submit to the City for review and approval a rate adjustment
31 statement, calculating the new rates for the next year in which a CPI adjustment is
32 scheduled, on or by September 1st of each year, starting September 1st, 2017. The City
33 shall have thirty (30) days to approve or disapprove the new rates; provided, however,
34 that the City may not disapprove a CPI increase unless the Rate Adjustment Statement
35 contains errors of calculations. On City approval, the new rates shall take effect on
36 January 1st of the next year, and Customers shall be notified in accordance with RCW
37 35A.21.152 by November 15th, forty-five (45) days prior to the new rate. Should
38 Customers not receive notification by November 15th, due to missed deadlines by the
39 Contractor or rate disapproval by the City, implementation of the new rates shall be
40 delayed by one month without opportunity for recovery of lost revenue. In no event shall
41 new rates under this Contract be effective before a minimum of 45 days' notice has been
42 provided to Customers.

1 Both Parties agree to enter into good-faith discussions sometime after the six-month
2 anniversary of this Contract regarding change-in-recycling costs and compensation to the
3 Contractor. The City shall consider in good faith the Contractor's request for the
4 aforementioned costs and compensation.

5 The County disposal fee as it exists on the date of execution or as thereafter modified
6 shall be itemized separately on Customer invoices with charges for Drop-box Container
7 service. The Contractor shall charge Drop-box Customers the actual disposal cost plus
8 ten percent (10%) to reflect the Contractor's costs and margin related to handling the
9 pass-through disposal component.

10 **3.2.1 Disposal Fee and Yard Waste Processing Fee Adjustments**

11 Periodic adjustments may be made to Contractor collection rates as necessary to directly
12 reflect increases or decreases in disposal fees for solid waste and yard waste processing
13 fees. These changes shall be made automatically upon approval by the City and
14 Contractor's provision of 45 days' notice to Customers in accordance with RCW
15 35A.21.152. The Contractor shall notify the City of any changes to the solid waste and/or
16 yard waste processing fees within 5 (five) business days of notification from the
17 processors. Should Customers not receive at least forty-five (45) days' notice due to short
18 notification time to the City by the Contractor, implementation of the new rates shall be
19 delayed until such notice is provided; in that event, Contractor shall not seek to recover
20 its additional costs or lost revenue resulting from such delay.

21 **3.2.2 Changes in Disposal or Yard Debris Processing Sites**

22 Should the Contractor be required by the City or other governmental authority to use
23 disposal or Yard Debris processing sites other than those being used at the initiation of
24 this Contract, the Contractor shall submit a detailed proposal for the adjustment of the
25 rates to reflect any additional cost or savings to the Contractor. The City and Contractor
26 agree to negotiate in good faith any changes to the rates to offset these costs or savings.

27 **3.2.3 Other Modifications**

28 The Contractor shall not adjust or modify rates due to employee wage increases, the
29 value of Recyclables, Garbage collection service level shifts, or other changes affecting
30 the collection system other than provided for under Section 3.3.

31 **3.3 Change in Law**

32 Changes in federal, State or local laws or regulations or a continuing force majeure that
33 result in a detrimental change in circumstances or a material hardship for the Contractor
34 in performing this Contract may be the subject of a request by the Contractor for a rate
35 adjustment, subject to review and approval by the City, at the City's reasonable discretion.
36 If the City requires review of financial or other proprietary information in conducting its
37 rate review, at the request of the Contractor, the City may retain a third-party to review
38 such information at the Contractor's expense, and may take any other steps it deems
39 appropriate to protect the confidential nature of Contractor's documents and preserve the
40 Contractor's ongoing ability to remain competitive.

41 The City may, from time to time, impose utility or other taxes that shall be assessed and
42 payable as directed by City ordinance. If new City, County or State taxes are imposed or
43 the rates of existing taxes are changed after the execution date of this Contract, and the

1 impact of these changes results in increased or decreased Contractor costs, the
2 Contractor and City agree that such taxes may, to the extent permissible by law, be
3 passed through to the Customer.

4 **4. FAILURE TO PERFORM, REMEDIES, TERMINATION**

5 The City expects high levels of Customer service and collection service provision.
6 Performance failures shall be discouraged, to the extent possible, through liquidated
7 damages for certain infractions and through Contract default for more serious lapses in
8 service provision. Section 4.1 details infractions subject to liquidated damages and
9 Section 4.2 details default provisions and procedures.

10 **4.1 Liquidated Damages**

11 The Contractor may be subject to liquidated damages for the following acts or omissions
12 if documented in an incident report presented by the City to the Contractor. The City
13 reserves the right to make periodic, unscheduled inspection visits or use other means to
14 determine the Contractor's compliance with the Contract. Liquidated damages may
15 include, but are not limited to:

Action or Omission	Liquidated Damages
Collection before or after the times specified in Section 2.1.4, except as expressly permitted.	One hundred dollars (\$100) per incident (each truck on each route is a separate incident).
Failure to collect missed materials by the end of the next business day after notification by City or Customer. \$50.00 each incidence business day after notification	Fifty dollars (\$50) per incident to a maximum of five hundred dollars (\$500) per truck per day on Single-family Residence routes and no maximum for Multifamily Complex and Commercial Customer routes.
Missed collection of entire block segment of Single-family Residences (excluding collections prevented by inclement weather).	One hundred and fifty dollars (\$150) per block segment if collection is performed the following day; five hundred dollars (\$500) if not collected by the following day.
Failure to deliver Detachable Containers to new commercial Garbage Customers within seven (7) days.	Fifty dollars (\$50) per container per day.
Failure to deliver carts, Detachable Containers, or Drop-box Containers to Multifamily Complex or Commercial Customers within seven (7) days	Fifty dollars (\$50) per container per day.
Failure to deliver Garbage, Recycling or Yard Debris Carts to Single-family Residences within seven (7) days	Twenty-five dollars (\$25) per container per day.

Action or Omission	Liquidated Damages
Intentional misrepresentation by the Contractor in records or reporting.	Five hundred dollars (\$500) per incident.
Failure to make required reports on time.	Two hundred and fifty dollars (\$250) per incident.
Failure to maintain clean and sanitary containers, vehicles, and facilities.	Fifty dollars (\$50) per incident, up to maximum of one thousand dollars (\$1,000) per inspection.
Landfilling or incineration of uncontaminated loads of Recyclables or Yard Debris without the express written permission of the City.	Five hundred dollars (\$500) per vehicle, per incident, with no maximum.
Failure to industry quality standards for processed recyclables per Section 2.1.12	Five hundred dollars (\$500) per documented incident, up to a maximum of one thousand dollars (\$1,000) per day.
Failure to include instructional/promotional materials when Garbage, Recycling and/or Yard Debris Carts are delivered.	Fifty dollars (\$50) per incident, with no maximum.

1
2 The parties acknowledge the difficulty in anticipating actual damages to remedy the
3 damage that would be incurred as a result of the transgressions identified above. The
4 parties further agree that the liquidated damages listed in this Section represent a
5 reasonable estimate of the loss likely to result from the remedy for the damage and are
6 not intended as a penalty.

7 Nothing in this section shall be construed as providing an exclusive list of the acts or
8 omissions of the Contractor that shall be considered violations or breaches of the
9 Contract, and the City reserves the right to exercise any and all remedies it may have
10 with respect to these and other violations and breaches. The liquidated damages
11 schedule set forth here shall not affect the City's ability to terminate this Contract as
12 described in Section 4.2.

13 Liquidated damages, if assessed during a given month, shall be invoiced by the City to
14 the Contractor. Liquidated damages may be levied only if documented in an incident
15 report presented by the City to the Contractor. The Contractor shall be notified and
16 provided a copy of an incident report and shall be given 24 hours to respond to the
17 incident report before liquidated damages are invoiced to the Contractor. The Contractor
18 shall be required to pay the City the invoiced amount within thirty (30) days of billing.
19 Failure to pay liquidated damages shall be considered a breach of this Contract.

20 Interest on any delinquent or unpaid liquidated damages under this Section amount shall
21 accrue at the rate of 12 percent per annum or the highest legally permissible rate,
22 whichever is greater.

1 Any fine may be appealed by the Contractor to the City Administrator, provided that the
2 appeal is received by the City no later than 10 days after notification to the Contractor.
3 The Contractor shall be allowed to present evidence as to why the fine should be lessened
4 or eliminated. The decision of the City Administrator shall be final.

5 **4.2 Contract Default**

6 The Contractor shall be in default of this Contract if it violates any provision of this
7 Contract. In addition, the City reserves the right to declare the Contractor to be in default
8 in the event of any violation, which shall include, but not be limited to, the following:

- 9 • The Contractor fails to commence the collection of Garbage, Recyclables or Yard
10 Debris, or fails completely to provide any portion of service under the Contract on
11 January 1, 2017, or for a period of more than five (5) consecutive days at any time
12 during the term of this Contract.
- 13 • The Contractor fails to obtain and maintain any permit, license or approval required
14 by the City, Snohomish County, or any federal, State or other regulatory body in
15 order to collect materials under this Contract.
- 16 • The Contractor's noncompliance creates a material hazard to public health or
17 safety.
- 18 • The Contractor repeatedly or persistently acts or fails to act in a manner that is
19 subject to liquidated damages in excess of twenty thousand dollars (\$20,000)
20 during any consecutive twelve (12) month period.
- 21 • Failure to maintain, in good standing, surety and insurance required by this
22 Contract.

23 The City reserves the right to pursue any remedy available at law for any default by the
24 Contractor. In the event of default, after providing the Contractor with written notice of the
25 default and a reasonable time to cure such default, the City shall give the Contractor ten
26 (10) days prior written notice of its intent to exercise its rights, stating the reasons for such
27 action. However, if an emergency shall arise that does not allow ten (10) days prior written
28 notice, the City shall immediately notify the Contractor of its intent to exercise its rights
29 immediately. If the Contractor cures the stated reason within the stated period, or initiates
30 efforts satisfactory to the City to remedy the stated reason and the efforts continue in
31 good faith, the City may opt to not exercise its rights for the particular incident. If the
32 Contractor fails to cure the stated reason within the stated period, or does not undertake
33 efforts satisfactory to the City to remedy the stated reason, then the City may at its option
34 terminate this Contract effective within 10 days notwithstanding the provisions of Section
35 1.

36 Upon receipt of such notice, the Contractor agrees that it shall promptly discontinue the
37 services provided under this Contract. The Surety may, at its option, within ten (10) days
38 from such written notice, assume the services provided under this Contract that the City
39 has ordered discontinued and proceed to perform same, at its sole cost and expense, in
40 compliance with the terms and conditions of the Contract, and all documents incorporated
41 herein. Pending consideration by the Surety of said option to assume the services
42 provided under this Contract, the City may, in its sole discretion and without prejudice to

1 any other remedy, penalty, and/or option, employ such work force as it may deem
2 advisable to continue the services provided under this Contract. The cost of all labor and
3 materials necessary for such services provided under this Contract shall be paid by the
4 Contractor in full.

5 If the Surety fails to exercise its option within the ten (10) day period, the City may
6 complete the services provided under this Contract or any part thereof, either through its
7 own work force or by contract, and may procure any vehicles, equipment and facilities
8 necessary for the completion of the same, and to charge the same to the Contractor
9 and/or Surety, together with all reasonable costs incidental thereto.

10 The City shall be entitled to recover from the Contractor and its Surety as damages all
11 expenses incurred, including reasonable attorney's fees, together with all such additional
12 sums as may be necessary to complete the services provided under this Contract,
13 together with any further damages sustained or to be sustained by the City.

14 If City employees provide Garbage, Yard Debris and/or Recyclables collection, the actual
15 incremental costs of City labor, overhead and administration shall serve as the basis for
16 a charge to the Contractor.

17 The remedies specified in this section shall be in addition to all other remedies available
18 to the City pursuant to this Contract or at law or in equity.

19 **5. NOTICES**

20 All notices required by the Contract shall be personally served or mailed, addressed as
21 follows:

To City:

City Administrator
City of Monroe
806 W Main St
Monroe WA 98272

To Contractor:

General Manager
Republic Services of Lynnwood
1600 127th Ave NE
Bellevue WA 98005

With a copy to:

Republic Services, Inc
Attention: General Counsel
18500 N Allied Way #100
Phoenix AZ 85054

22 **6. GENERAL TERMS**

23 **6.1 Collection Right**

24 The Contractor shall be the exclusive provider with which the City shall contract to collect
25 Garbage, Residential Yard Debris/Foodwaste and Recyclables and non-Source-
26 Separated construction/demolition materials within the City Service Area. To the extent
27 permissible by law, the City by appropriate regulation shall preclude any collection by
28 others within the City Service Area of materials as to which the Contractor is granted
29 exclusive collection rights under this Contract. Provided, however, that the City shall not
30 be obligated in any manner to join or instigate litigation to protect the exclusive collection
31 rights of the Contractor.

1 This contract provision will not apply to Garbage, Recyclables or Yard Debris/Foodwaste
2 self-hauled by the generator; to Source-Separated recyclables hauled by common or
3 private carriers from commercial premises or drop-off recycling sites; to
4 construction/demolition waste hauled by self-haulers or construction and demolition
5 contractors providing their own trucking service; or to Yard Debris generated and hauled
6 by private landscaping services.

7 The Contractor shall retain responsibility for Garbage, Recyclables,
8 construction/demolition materials and Yard Debris/Foodwaste once these materials are
9 placed in Contractor-owned containers. The Contractor shall retain revenues gained from
10 the sale of Recyclables, construction/demolition materials or Yard/Foodwaste Debris.
11 Likewise, a tipping or acceptance fee charged for Recyclables, construction/demolition
12 materials or Yard Debris/Foodwaste shall be the financial responsibility of the Contractor.

13 The City shall work with the Contractor, other haulers and processors, and other regional
14 governments to develop a reasonable definition of what constitutes legitimate
15 construction/demolition recycling for the purposes of interpreting collection authorities.
16 Once a reasonable recycling threshold or "test" is developed with Snohomish County, the
17 City and Contractor shall negotiate and amend this Contract accordingly.

18 **6.2 Access to Records**

19 The Contractor shall maintain in its local office full and complete operations, Customer,
20 financial and service records that at any reasonable time shall be open for inspection and
21 copying for any reasonable purpose by the City. In addition, the Contractor shall, during
22 the Contract term, and at least five (5) years thereafter, maintain reporting records,
23 service records and billing records pertaining to the Contract that are prepared in
24 accordance with Generally Accepted Accounting Principles, reflecting the Contractor's
25 services provided under this Contract. Those Contractor's accounts shall include but shall
26 not be limited to all records, invoices and payments under the Contract, as adjusted for
27 additional and deleted services provided under this Contract. The City shall be allowed
28 access to these records for audit and review purposes, but such access and review shall
29 be conducted in such a fashion as is reasonably necessary to protect any confidential
30 financial information or other confidential information of the Contractor from becoming
31 subject to disclosure by reason of any third-party request for public records.

32 The Contractor shall make available copies of certified weight slips for Garbage,
33 Recyclables and Yard Debris on request within two (2) business days of the request. The
34 weight slips may be requested for any period during the term of this Contract.

35 **6.3 Contractor to Make Examinations**

36 The Contractor has made its own examination, investigation and research regarding
37 proper methods of providing the services required under this Contract, and all conditions
38 affecting the services to be provided under this Contract, and the labor, equipment and
39 materials needed thereon, and the quantity of the work to be performed. The Contractor
40 agrees that it has satisfied itself based on its own investigation and research regarding
41 all of such conditions, that its conclusion to enter into this Contract was based upon such
42 investigation and research, and that it shall make no claim against the City because of

1 any of the estimates, statements or interpretations made by any officer or agent of the
2 City that may be erroneous.

3 With the exception of Force Majeure events or as otherwise provided in this Contract, the
4 Contractor assumes the risk of all conditions foreseen and unforeseen, and agrees to
5 continue to provide services under this Contract without additional compensation under
6 whatever circumstances may develop other than as provided herein.

7 **6.4 Reserved**

8 **6.5 Insurance**

9 The Contractor shall procure and maintain, for the duration of the Contract, insurance
10 against claims for injuries to persons or damage to property that may arise from or in
11 connection with the performance of the services provided under this Contract hereunder
12 by the Contractor, its agents, representatives, employees or subcontractors. The cost of
13 such insurance shall be paid by the Contractor.

14 **6.5.1 Minimum Scope of Insurance**

15 Contractor shall obtain insurance that meets or exceeds the following of the types
16 described below:

17 Automobile Liability insurance covering all owned, non-owned, hired and leased vehicles.
18 Coverage shall be written on Insurance Services Office (ISO) form CA 00 01 or a
19 substitute form providing equivalent liability coverage. If necessary, the policy shall be
20 endorsed to provide contractual liability coverage. The City shall be shown as an
21 additional insured under the Contractor's Automobile Liability insurance policy with
22 respect to the work performed for the City to the extent of Contractor's negligence.

23 Commercial General Liability (CGL) insurance shall be written on ISO occurrence form
24 CG 00 01 and shall cover liability arising from premises, operations, independent
25 contractors, products-completed operations, personal injury and advertising injury, and
26 liability assumed under an insured contract. The CGL policy will include a "per project"
27 aggregate endorsement. There shall be no endorsement or modification of the
28 Commercial General Liability insurance for liability arising from explosion, collapse or
29 underground property damage. The City shall be shown as an additional insured under
30 the Contractor's Commercial General Liability insurance policy with respect to the work
31 performed for the City, using ISO additional insured endorsements CG 20 10 07 04 and
32 CG 20 37 07 04.

33 Workers' Compensation coverage as required by the Industrial Insurance laws of the
34 State of Washington.

35 **6.5.2 Minimum Amounts of Insurance**

36 Contractor shall maintain the following insurance limits:

37 Automobile Liability insurance with a minimum combined single limit for bodily injury and
38 property damage of \$3,000,000 per accident.

39 Commercial General Liability insurance shall be written with limits no less than
40 \$3,000,000 each occurrence, \$5,000,000 general aggregate and a \$2,000,000 products-
41 completed operations aggregate limit.

1 Workers' Compensation coverage as required by the Industrial Insurance laws of the
2 State of Washington.

3 Any deductibles or self-insured retentions must be declared to and approved by the City.
4 In the event the deductibles or self-insured retentions are not acceptable to the City, the
5 City reserves the right to negotiate with Contractor for changes in coverage deductibles
6 or self-insured retentions; or alternatively, require Contractor to provide evidence of other
7 security guaranteeing payment of losses and related investigations, claim administration
8 and defense expenses.

9 **6.5.3 Other Insurance Provisions**

10 The insurance policies are to contain, or be endorsed to contain, the following provisions
11 for Automobile Liability, Commercial General Liability and Contactor's Pollution Liability
12 coverage:

13 The Contractor's insurance coverage shall be the primary insurance with respect to the
14 City, its officials, employees and volunteers to the extent of the Contractor's negligence.
15 Any Insurance, self-insurance, or insurance pool coverage maintained by the City shall
16 be in excess of the Contractor's insurance and shall not contribute with it.

17 Coverage shall state that the Contractor's insurance shall apply separately to each
18 insured against whom claim is made or suit is brought, except with respect to the limits of
19 the insurer's liability.

20 The Contractor's insurance shall be endorsed to state that coverage shall not be
21 cancelled except after thirty (30) days prior written notice has been given to the City.

22 Pollution Liability coverage at least as broad as that provided under ISO Pollution Liability-
23 Broadened Coverage for Covered Autos Endorsement CA 99 48 shall be provided, and
24 the Motor Carrier Act Endorsement (MCS 90) shall be attached.

25 **6.5.4 Acceptability of Insurers**

26 Insurance is to be placed with insurers with a current A.M. Best rating of not less than
27 A:VIII.

28 **6.5.5 Verification of Coverage**

29 Contractor shall furnish the City with original certificates including, but not necessarily
30 limited to, the additional insured endorsement, evidencing the insurance requirements of
31 the Contractor before the Commencement Date.

32 **6.5.6 Subcontractors**

33 All coverages for subcontractors shall be subject to all of the same insurance
34 requirements as stated herein for the Contractor.

35 **6.5.7 No Limitation**

36 Contractor's maintenance of insurance as provided by this Section shall not be construed
37 to limit the liability of Contractor to the coverage provided by such insurance, or otherwise
38 limit the City's recourse to any remedy available at law or equity.

1 **6.6 Performance Bond**

2 The Contractor shall provide and maintain at all times a valid Contractor's Performance
3 and Payment Bond or bonds, letter of credit or other similar instrument acceptable to and
4 approved in writing by the City in the initial amount of \$260,000.00, adjusted annually in
5 accordance with Section 3.2. The bond, letter of credit or other similar instrument shall be
6 issued for a period of not less than one year, and the Contractor shall provide a new bond,
7 letter of credit or similar instrument, and evidence satisfactory to the City of its
8 renewability, no less than sixty (60) calendar days prior to the expiration of the bond, letter
9 of credit or other similar instrument then in effect. The City shall have the right to call the
10 bond, letter of credit or other similar instrument in full in the event its renewal is not
11 confirmed prior to five (5) calendar days before its expiration.

12 **6.7 Indemnification**

13 Contractor shall fully indemnify, protect, hold harmless and defend the City, its elected
14 officials, officers, employees, volunteers, agents and representatives, from and against
15 any and all claims, actions, suits, liability, loss, costs, expenses, and damages of any
16 nature whatsoever, including costs and attorney's fees in defense thereof, or injuries,
17 sickness or death to persons, or damage to property, which is caused by or arises out of
18 Contractor's exercise of duties, rights and privileges granted by this Contract, or
19 Contractor's operations, provided, however, that Contractor's obligation to indemnify,
20 defend and hold harmless for injuries, sickness, death or damage caused by or resulting
21 from concurrent willful or negligent acts or actions of Contractor and the City shall apply
22 only to the extent of Contractor's negligence or wrongful act or omission.

23 With respect to the obligations to hold harmless, indemnify and defend provided for
24 herein, as they relate to claims against the City, its elected officials, officers, employees,
25 volunteers, agents and representatives, the Contractor agrees to waive the Contractor's
26 immunity under industrial insurance, Title 51 RCW, for any injury, sickness or death
27 suffered by the Contractor's employees that is caused by or arises out of the Contractor's
28 negligent exercise of rights or privileges granted by the Contract. This waiver is mutually
29 agreed to by the parties.

30 The provisions of this Section 6.7 shall survive the expiration or termination of this
31 Contract with respect to acts and omissions occurring during the Contract term.

32 **6.8 Confidentiality of Information**

33 Contractor expressly acknowledges that the City is a local agency as defined by Chapter
34 42.56 RCW, and is subject to the public records disclosure provisions codified in that
35 chapter. Contractor further expressly acknowledges that any document (including but not
36 limited to written, printed, graphic, electronic, photographic or voice mail materials and/or
37 transcriptions, recordings or reproductions thereof) submitted in performance of this
38 Contract may become a public record upon submission to the City, subject to mandatory
39 disclosure upon request by any person, unless the documents are exempted from public
40 disclosure by a specific provision of law.

41 Notwithstanding any other provision of this Contract, the City shall incur no liability
42 whatsoever with respect to the public disclosure of any writing constituting a public record
43 as defined by Chapter 42.56 RCW. Contractor expressly waives any and all claims

1 and/or causes of action against the City arising in any manner from the City's release of
2 any such public records.

3 Contractor shall cooperate fully with any request for public records received by the City,
4 and shall furnish to the City all non-exempt records responsive to any such request within
5 five business days of notification by the City. If the City incurs penalties pursuant to
6 Chapter 42.56 RCW, including without limitation any award of attorneys' fees, as a result
7 of Contractor's breach of this Section, the Contractor shall fully indemnify the City
8 therefore.

9 If the City receives a request for inspection or copying of any documents containing
10 internal Contractor financial data, it shall reasonably endeavor to provide Contractor with
11 written notice to afford Contractor an opportunity to seek a court order prohibiting or
12 conditioning the release of such documents. Provided, that the City's inadvertent failure
13 to provide such notice shall not be grounds for any liability.

14 **6.9 Assignment of Contract**

15 **6.9.1 Assignment or Pledge of Moneys by the Contractor**

16 The Contractor shall not assign or pledge any of the moneys due under this Contract
17 without securing the written approval of the Surety on the performance bond and
18 providing at least thirty (30) calendar days prior notice to the City of such assignment or
19 pledge together with a copy of the Surety's approval thereof. Such assignment or pledge,
20 however, shall not release the Contractor or its sureties from any obligations or liabilities
21 arising under or because of this Contract.

22 **6.9.2 Assignment, Subcontracting, Delegation of Duties**

23 The Contractor shall not assign or sub-contract any of the work or delegate any of its
24 duties under this Contract without the prior written approval of the City which shall not be
25 unreasonably withheld. The City's approval shall not be required for subcontracting or
26 assignment to any company that is affiliated to Contractor or its parent company. In any
27 case the Contractor shall notify in writing to the City of the assignment or subcontractor
28 arrangement.

29 When requested, approval by the City of a subcontract or assignment shall not be
30 unreasonably withheld. In the event of sub-contracting or delegation of duties, the
31 Contractor shall remain responsible for the full and faithful performance of this Contract
32 and the subcontractor, or other obligor shall also become responsible to the City for the
33 satisfactory performance of the work assumed. The City may condition approval upon the
34 delivery by the assignee, subcontractor or other obligor of its covenant to the City to fully
35 and faithfully complete the work or responsibility undertaken.

36 In addition, the assignee, subcontractor or obligor shall sign a separate statement
37 agreeing to abide by all terms and conditions of this Contract. The City may preclude the
38 assignment or subcontract if the assignee, subcontractor or obligor does not comply with
39 this clause. Furthermore, the assignee, subcontractor or obligor shall be subject to a one
40 (1) year evaluation period during which the City may terminate this Contract on the basis
41 of any material breaches of the terms binding the Contractor.

1 Contractor shall pay the City's reasonable costs and expenses, including attorney's fees,
2 incurred in reviewing any request by Contractor to assign, subcontract, or delegate its
3 duties hereunder.

4 **6.10 Laws to Govern/Venue; Attorneys' Fees.**

5 This Contract shall be governed by the laws of the State of Washington both as to
6 interpretation and performance. Venue shall be in Superior Court in the State of
7 Washington for Snohomish County. The substantially prevailing party in any litigation
8 arising out of this Contract shall be entitled to an award of its reasonable attorneys' fees.

9 **6.11 Compliance With Law**

10 The Contractor, its officers, employees, agents and subcontractors shall comply fully with
11 all applicable federal, state, county, regional or local laws, statutes, rules, regulations or
12 ordinances, including without limitation those of agencies having jurisdiction over the
13 project, in performing its obligations under the Contract. Such compliance shall include
14 abiding by all applicable federal, state and local policies, including without limitations the
15 Americans with Disabilities Act, the Architectural Barriers Act, and Washington State Law
16 against discrimination to ensure equal employment opportunity and non-discrimination.
17 The Contractor shall comply with all applicable laws pertaining to employment practices,
18 employee treatment and public contracts.

19 Conditions of the Federal Occupational Safety and Health Act of 1970 (OSHA), the
20 Washington Industrial Safety and Health Act of 1973 (WISHA), and standards and
21 regulations issued under these Acts from time-to-time must be complied with, including
22 ergonomic and repetitive motion requirements. The Contractor must indemnify and hold
23 harmless the City of Monroe from all damages assessed for the Contractor's failure to
24 comply with the Acts and Standards issued therein. The Contractor is also responsible
25 for meeting all pertinent local, state and federal health and environmental regulations and
26 standards applying to the operation of the collection and processing systems used in the
27 performance of this Contract.

28 Without limitation of the above, the Contractor shall observe all weight-related laws and
29 regulations in the performance of these services, including axle bridging and loading
30 requirements.

31 **6.12 Non-Discrimination**

32 The Contractor will not discriminate against any employee or applicant for employment
33 because of age, race, religion, creed, color, sex, marital status, sexual orientation, political
34 ideology, ancestry, national origin, or the presence of any sensory, mental or physical
35 handicap, unless based upon a bona fide occupational qualification. The Contractor will
36 take affirmative action to ensure that applicants are employed, and that employees are
37 treated during employment, without regard to their creed, religion, race, color, sex, sexual
38 orientation, national origin, or the presence of any sensory, mental or physical handicap.
39 Such action shall include, but not be limited to the following: employment upgrading;
40 demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of
41 pay or other forms of compensation; and, selection for training, including apprenticeship.
42 The Contractor agrees to post in conspicuous places, available to employees and

1 applicants for employment any required notices setting forth the provisions of this non-
2 discrimination clause.

3 **6.13 Permits and Licenses**

4 The Contractor and subcontractors shall pay fees and taxes levied by the City. The
5 Contractor shall obtain and maintain all permits and licenses necessary to provide the
6 services herein at its sole expense.

7 The Contractor shall be solely responsible for all taxes, fees and charges incurred,
8 including, but not limited to, license fees and all federal, state, regional, county and local
9 taxes and fees, including income taxes, property taxes, permit fees, operating fees,
10 surcharges of any kind that apply to any and all persons, facilities, property, income,
11 equipment, materials, supplies or activities related to the Contractor's activities under the
12 Contract, business and occupation taxes, workers' compensation and unemployment
13 benefits.

14 **6.14 Relationship of Parties**

15 The City and Contractor intend that an independent City/Contractor relationship shall be
16 created by this Contract. The implementation of services shall lie solely with the
17 Contractor. No agent, employee, servant or representative of the Contractor shall be
18 deemed to be an employee, agent, servant or representative of the City, and no agent,
19 employee, servant or representative of the City shall be deemed to be an employee,
20 agent, servant or representative of the Contractor.

21 **6.15 Bankruptcy**

22 It is agreed that if an order for relief is entered with respect to Contractor in any voluntarily
23 or involuntarily case under the United States Bankruptcy Code (Title 11 of the United
24 States Code), then this Contract, at the option of the City, may be terminated effective on
25 the day and at the time of entry of such order for relief.

26 **6.16 Right to Renegotiate/Amendment**

27 The City and/or the Contractor shall retain the right to renegotiate this Contract or
28 negotiate contract amendments based on policy changes, state statutory changes or rule
29 changes in Snohomish County, Washington State or federal regulations regarding issues
30 that materially modify the terms and conditions of the Contract. The City may also
31 renegotiate this Contract should any Washington State, Snohomish County or City rate
32 or fee associated with the Contract be held illegal or any increase thereof be rejected by
33 voters. In addition, the Contractor agrees to renegotiate in good faith with the City in the
34 event the City wishes to change disposal locations or add additional services to the
35 Contract and to provide full disclosure of existing and proposed costs and operational
36 impacts of any proposed changes. Failure of the parties to reach agreement on any such
37 matter shall not result in a termination of this Contract or any right to terminate this
38 Contract in favor of either party.

39 This Contract may be amended, altered or modified only by a written amendment,
40 alteration or modification, executed by authorized representatives of the City and the
41 Contractor.

1 **6.17 Force Majeure**

2 Provided that the requirements of this section are met, Contractor shall not be deemed to
3 be in default and shall not be liable for failure to perform under this Contract if Contractor's
4 performance is prevented or delayed by acts of terrorism, acts of God including
5 landslides, lightning, forest fires, storms, floods, freezing and earthquakes, civil
6 disturbances, acts of the public enemy, wars, blockades, public riots, governmental
7 restraint or other causes, whether of the kind enumerated or otherwise, that are not
8 reasonably within the control of the Contractor ("Force Majeure"). If as a result of a Force
9 Majeure event, Contractor is unable wholly or partially to meet its obligations under this
10 Contract, it shall give the City promptly written notice of the Force Majeure event,
11 describing it in reasonable detail. The Contractor's obligations under this Contract shall
12 be suspended, but only with respect to the particular component of obligations affected
13 by the Force Majeure and only for the period during which the Force Majeure exists.

14 In the case of a labor disruption, the following terms and conditions apply:

- 15 (1) Contractor immediately shall inform the City whenever it becomes apparent to the
16 Contractor that a labor disruption that may affect the Contractor's performance is
17 imminent.
- 18 (2) During any labor disruption, Contractor shall provide daily reports to the City
19 regarding the company's progress toward meeting full service requirements.
- 20 (3) Contractor shall develop, provide the City with, and implement a Customer
21 outreach plan regarding the labor disruption, which shall inform customers as to
22 what they may expect, and how they may contact Customer Service.
- 23 (4) Contractor shall use all reasonable, practicable means to resume regularly
24 scheduled service to all Customers within five business days after the beginning
25 of a labor disruption that affects Contractor's ability to perform, not including the
26 first day of the labor disruption. Resuming regularly scheduled services within five
27 business days is presumptively reasonable and practicable.
- 28 (5) Prior to the resumption of regularly scheduled service, the contractor shall collect
29 Garbage, Recyclables and Yard Debris from Customers with interrupted service
30 on the next succeeding workday, which shall include Saturdays.
- 31 (6) Contractor shall collect all accumulated solid waste at the Customer's next
32 regularly scheduled service date after service affected by a labor disruption is
33 resumed. The Contractor will not charge for extra waste set out in addition to
34 Customers' normal receptacle(s) in such a case if the amount of extra waste does
35 not exceed the amount that reasonably would be expected to accumulate due to
36 any intervening missed service.
- 37 (7) The Contractor is not obligated to extend credit to missed Customers who fail to
38 receive service during a labor disruption if the Contractor collects the Customers'
39 accumulated solid waste as required above and if the Contractor did not
40 unreasonably delay the restoration of service during the five business day grace
41 period. If the Contractor does not collect all of a Customer's accumulated solid
42 waste as required above, or if the Contractor unreasonably delays the restoration
43 of service during the five business day grace period, then Contractor shall give a

1 credit to the Customer, proportionate to the Customer's monthly service charge,
2 for all missed services and for each subsequent missed service until normal
3 service is restored.

4 (7) When the labor disruption has been settled, the Contractor promptly shall notify
5 the City and shall indicate when normal service is anticipated to resume.

6 **6.20 Waiver**

7 No waiver of any right or obligation of either party hereto shall be effective unless in
8 writing, specifying such waiver, and executed by the party against whom such waiver is
9 sought to be enforced. A waiver by either party of any of its rights under this Contract on
10 any occasion shall not be a bar to the exercise of the same right on any subsequent
11 occasion or of any other right at any time.

12 **6.21 Entirety**

13 This Contract and the attachments attached hereto and incorporated herein by this
14 reference, specifically Attachments A and B represent the entire agreement of the City
15 and the Contractor with respect to the services to be provided under this Contract. No
16 prior written or oral statement or proposal shall alter any term or provision of this Contract.

17 **6.22 Severability**

18 At the discretion of the City, if, for any reason, any part, term or provision of this Contract
19 is held by a court of the United States to be illegal, void or unenforceable, the validity of
20 the remaining provisions shall not be affected, and the rights and obligations of the parties
21 shall be construed and enforced as if the Contract did not contain the particular provision
22 held to be invalid.

23 If it should appear that any provision hereof is in conflict with any statutory provision of
24 the State of Washington, said provision, which may conflict therewith, shall be deemed
25 inoperative and null and void insofar as it may be in conflict therewith, and shall be
26 deemed modified to conform to such statutory provisions.

27 **6.23 Regulatory Authority Preserved.** Nothing herein shall be construed as waiving,
28 abridging, or otherwise limiting the City of Monroe's regulatory authority, which the City
29 hereby expressly reserves in full.

30 **6.24 Remedies Cumulative.** The remedies and rights of the City hereunder shall be
31 deemed cumulative. Unless expressly stated herein, the City's exercise of any particular
32 remedy or rights shall not preclude the City's further and additional exercise of any other
33 applicable remedy or right.

34 **6.25 No Third-Party Beneficiaries.** This Contract is for the exclusive benefit of the
35 signatory parties hereto, and may only be enforced by said parties. Nothing herein shall
36 be construed as vesting any right or privilege in or for any other party.

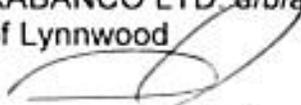
37 **6.26 Current Contract Superseding.** This Contract replaces, terminates and
38 supersedes the "Comprehensive Garbage, Recyclables and Yard Debris Collection
39 Contract" dated September 1, 2010 – August 31, 2017 which shall hereinafter have no
40 force and effect whatsoever except for obligations thereunder which expressly or by
41 implication are intended to survive termination.

1
2
3
4

THE REST OF THIS PAGE INTENTIONALLY IS BLANK – SIGNATURES FOLLOW

1 WITNESS THE EXECUTION of this Comprehensive Garbage, Recyclables and Yard
2 Debris Collection Contract on the day and year first herein above written.

3 RABANCO LTD. d/b/a Republic Services
4 of Lynnwood

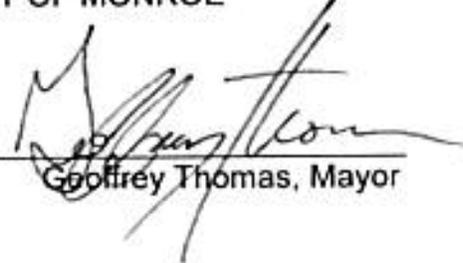
5 
6
7 By Gregg Brummer
8 Gregg Brummer, Area President

9 Vice President
10 11/2/14
11 BT 12/6/16

11 **Attachments:**

- 12 A: Contractor Rates
- 13 B: City Service Area

CITY OF MONROE

By 
Geoffrey Thomas, Mayor

ATTACHMENT A – CONTRACTOR'S RATES

MONROE RATES

Residential Service:

Garbage per 20 gal can / cart weekly	\$8.99
Garbage per 32 gal can / cart weekly	\$14.32
Garbage per 64 gal cart weekly	\$23.72
Garbage per 96 gal cart weekly	\$31.34
Garbage 1 32 gal can per month	\$5.85

Senior Garbage per 20 gal can / cart weekly	\$6.31
Senior Garbage per 32 gal can / cart weekly	\$10.02
Senior Garbage per 64 gal cart weekly	\$16.60
Senior Garbage per 96 gal cart weekly	\$21.94
Senior Garbage 1 32 gal can per month	\$4.10

Yard Debris 1 cart weekly	\$7.98
Yard Debris additional cart weekly	\$6.78
Senior Yard Debris 1 tote weekly	\$5.59

Recycling weekly per cart Residential or per unit Multifamily (required)	\$4.37
Senior Recycling weekly per cart (required)	\$3.06

Garbage Distance Drive In Flat	\$4.96
Garbage Extra Bag, Box, or Can	\$5.42
Garbage Overweight Can	\$5.42
Garbage Return Trip Fee	\$12.75
Garbage Yardage	\$17.60

Commercial Garbage Service:

Commercial Garbage 1 32 gal can / cart weekly	\$21.48
Commercial Garbage per 64 gal cart weekly	\$29.85
Commercial Garbage per 96 gal cart weekly	\$44.27

1 yard container weekly	\$82.92
1 yard container 2X weekly	\$163.77
1 yard container 3X weekly	\$244.61
1 yard container 4X weekly	\$325.46
1 yard container 5X weekly	\$406.31
1 yard container special pickup	\$24.18
Monthly rental per 1 yard container	\$6.87

1.5 yard container weekly	\$113.54
1.5 yard container 2X weekly	\$224.24
1.5 yard container 3X weekly	\$334.94
1.5 yard container 4X weekly	\$445.64
1.5 yard container 5X weekly	\$556.35
1.5 yard container special pickup	\$30.23
Monthly rental per 1.5 yard container	\$7.66

2 yard container weekly	\$144.33
2 yard container 2X weekly	\$285.05
2 yard container 3X weekly	\$425.77
2 yard container 4X weekly	\$566.50
2 yard container 5X weekly	\$707.22
2 yard container special pickup	\$36.47
Monthly rental per 2 yard container	\$9.23

3 yard container weekly	\$202.31
3 yard container 2X weekly	\$399.56
3 yard container 3X weekly	\$596.81
3 yard container 4X weekly	\$794.07
3 yard container 5X weekly	\$991.32
3 yard container special pickup	\$51.73
Monthly rental per 3 yard container	\$13.07

4 yard container weekly	\$248.84
4 yard container 2X weekly	\$491.46
4 yard container 3X weekly	\$734.08
4 yard container 4X weekly	\$976.70
4 yard container 5X weekly	\$1,219.32
4 yard container special pickup	\$57.40
Monthly rental per 4 yard container	\$14.85

6 yard container weekly	\$324.98
6 yard container 2X weekly	\$641.84
6 yard container 3X weekly	\$958.69
6 yard container 4X weekly	\$1,275.55
6 yard container 5X weekly	\$1,592.40
6 yard container special pickup	\$76.17
Monthly rental per 6 yard container	\$17.25

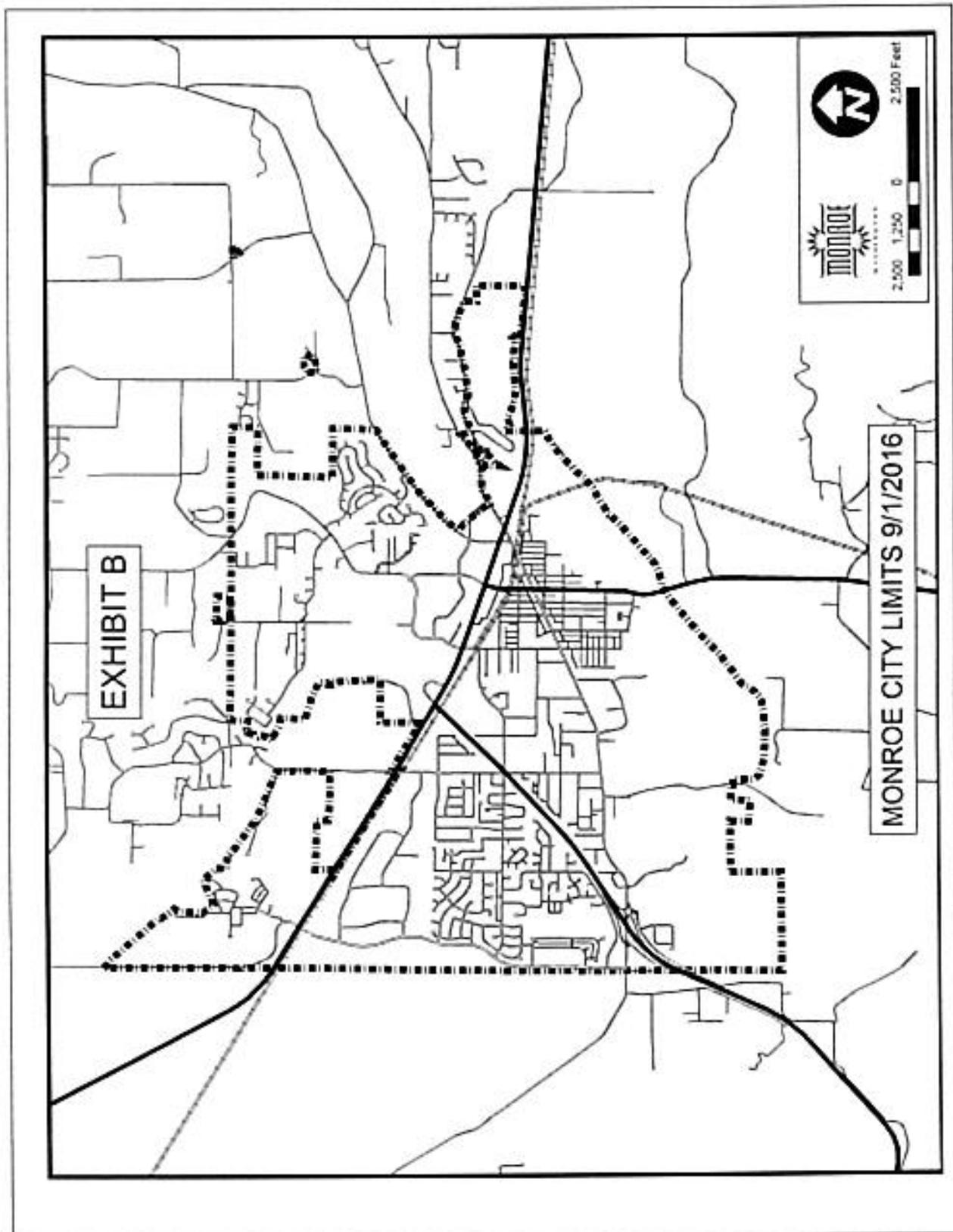
8 yard container weekly	\$414.87
8 yard container 2X weekly	\$819.37
8 yard container 3X weekly	\$1,223.87
8 yard container 4X weekly	\$1,628.36
8 yard container 5X weekly	\$2,032.86
8 yard container special pickup	\$96.07
Monthly rental per 8 yard container	\$20.27

4 yard compactor weekly	\$1,152.64
6 yard compactor weekly	\$1,506.08

10 - 40 yard container haul	\$288.15
Compactor container haul	\$308.15
Monthly rental 30 yard container	\$58.76
Monthly rental 40 yard container	\$69.29

Commercial Garbage extra bag, box, or can	\$4.99
Commercial Garbage extra yard	\$21.26
Commercial Garbage lock	\$16.02
Commercial Garbage return trip charge	\$11.73

ATTACHMENT B – CITY SERVICE AREA





MONROE CITY COUNCIL
Finance & Human Resources Committee Meeting
Tuesday, June 18, 2019, 5:30 P.M.

2019 Committee
 Councilmembers
 Patsy Cudaback
 Jason Gamble
 Kirk Scarboro

Agenda Bill

SUBJECT:	Reserve Policy – Continued
-----------------	-----------------------------------

DATE:	DEPT:	CONTACT:	PRESENTER:	ITEM:
06/18/2019	Finance	Becky Hasart	Becky Hasart	New Business C.

- Discussion:** 02/12/2019; 06/18/2019
- Attachments:**
1. Resolution No. 008/2015 Current City Reserve Fund Policy
 2. 2019 Current Reserve Levels (Budgeted)
 3. GFOA Best Practice Guidelines for General Fund
 4. GFOA Best Practice – Working Capital
 5. RCW 35A.33.145
 6. City of Elgin, Illinois article (cite: GFOA website)

REQUESTED ACTION: None - information only. Further discussion and review of staff recommendations will occur at a subsequent committee meeting.

POLICY CONSIDERATIONS

As we work toward reviewing and potentially updating the City’s reserve policy, the following are the policy questions under consideration:

- Which funds should be included in the reserve policy?
- What is an appropriate level of reserves for each fund? Appropriate measurement?
- What is an appropriate level of reserves for the City as a whole?
- How does each individual fund level relate to the level for the City as a whole?
- How and when can reserves be used?
- If fund levels fall below target, how will the reserves be replenished?

It is a goal of this administration to work with the Council toward adoption of an appropriate updated reserve policy no later than May 2019.

DESCRIPTION/BACKGROUND

{The terms fund balance and reserves will be used interchangeably throughout this agenda bill.}

The City Council is responsible for all fiscal policies. The City’s current fund balance policy was last updated in 2015. While it is a best practice that is viewed favorably by both the State Auditors and debt ratings services to have an adopted policy, it is also a best practice to periodically review the policy and update if needed.

A strong reserve fund balance policy will address the following areas:

- Why we should maintain a fund balance;
- What is the appropriate level of fund balance;
- How a fund balance may be used; and
- How to replenish a fund balance if it goes below the policy level.

As we review our current policy, it is recommended that we address all four areas (if not already in the policy) in our update. The first and third bullet points are pretty straight forward. The bulk of our discussion will occur in the second and fourth bullet points.

What is the appropriate level of fund balance?

When establishing an appropriate level of fund balance, there are many guidelines which can help inform our analysis. The General Finance Officers Association (GFOA) is a national organization which publishes many guidelines and best practices that meet generally accepted accounting principles for use by all types of governments. Attachment 3, GFOA Best Practice Guidelines for General Fund, is a good starting point as we discuss appropriate reserves for our General Fund and general revenue fund types, such as Fund 105 Streets Operations and Maintenance (O&M).

In the Guidelines for General Fund, the GFOA recommends consideration of the following items when determining an appropriate reserve balance (page 2 of Attachment 3):

- The predictability of revenues and volatility of expenditures;
- The perceived exposure to significant one-time outlays;
- The potential drain on the general fund by other funds;
- The potential impacts to our bond ratings; and
- Our various contractual commitments and assignments.

GFOA does recommend that at a minimum, regardless of the government's size, that an unrestricted fund balance be at least two months of our general fund expenditures, which is our current policy (two months equals seventeen percent).

For our utility funds, fund balance is defined by the GFOA as working capital. Attachment 4, GFOA Best Practice – Working Capital, is a good starting point for discussion regarding an appropriate fund balance level for water, sewer, and storm O&M.

As with the general type funds, GFOA recommends specific items to consider when determining an appropriate fund balance (page 2-3 of Attachment 4). For our purposes, the following are the items most related to our operations:

- Support from the General Fund;
- Transfers out;
- Cash cycles;
- Customer concentration;
- Demand for services;
- Control over rates and revenues;
- Separate targets for operating and capital needs; and
- Debt position.

GFOA does recommend that at a minimum a target of forty-five days of working capital would be the minimum we should target in our policy (forty-five days equals twelve percent). Our current policy does target twelve percent for the three utility O&M funds.

Other required reserves.

In addition to the targeted reserves for the General Fund and utility O&M funds, the City's current reserve fund policy also requires funding a Contingency Fund. RCW 35A.33.145 allows for the ability to have a contingency fund, but does cap the amount at thirty seven and one half cents per each one thousand of assessed value for the entire city (\$0.375 per \$1,000 AV). Per our policy, this is in addition to the seventeen percent held in the General Fund.

Other policy required reserves include Risk Management (Fund 622), Employee Sick Leave (Fund 621), Information Technology Services (Fund 510), Equipment & Fleet Management (Fund 520, Facilities Management (Fund 530), General City Capital (Fund 307), and utility capital funds.

How to replenish a fund balance if it goes below the policy level.

As part of the adopted policy, GFOA recommends that the policy address how reserves would be replenished should the balance fall below target. Various potential sources of replenishment could

include prior year excess reserve over target, banked property tax capacity, rate increases, transfers from non-restricted funds, one-time revenue sources such as construction related sales taxes, etc. When determining the appropriate sources of reserve replenishment (and priority of the sources), we should use the same considerations that are recommended for determining an appropriate reserve level (listed above).

**CITY OF MONROE
RESOLUTION NO. 008/2015**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
MONROE, WASHINGTON, AMENDING THE CITY'S
ADOPTED RESERVE FUND POLICY BY CLARIFYING
PROVISIONS CONCERNING THE CITY'S CONTINGENCY
FUND

WHEREAS, the City Council of the City of Monroe finds that the establishment of reserve requirements are an important element of a fiscally sound financial policy; and

WHEREAS, the City Council of the City of Monroe adopted a Reserve Fund Policy through Resolution No. 2012/018; and

WHEREAS, the City Council of the City of Monroe intends for the policy to remain aligned with common practice concerning the amount of the City's Contingency Fund while maintaining the intent of the policy.

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF MONROE AS FOLLOWS:

Section 1. Amendment of Reserve Fund Policy. The Reserve Fund Policy originally adopted pursuant to Resolution No. 2012/018 is hereby amended to provide as set forth in the attached Exhibit A. The Contingency Fund's (002) minimum amounts are hereby designated as goals as indicated by said amendment.

Section 2. Effective Date. This resolution shall take effect immediately upon passage.

ADOPTED by the City Council of the City of Monroe, at its regular meeting thereof, and APPROVED by the Mayor this 21 day of April, 2015.

EFFECTIVE: April 21, 2015

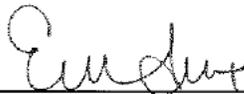
CITY OF MONROE, WASHINGTON

(SEAL)

ATTEST:



Geoffrey Thomas, Mayor



Elizabeth M. Smoot, CMC, City Clerk

EXHIBIT A



806 West Main Street
Monroe, WA 98272-2198
(360) 794-7400 Fax: (360) 794-4007
www.monroewa.gov

Finance

Reserve Fund Policy

PURPOSE:

Establish recommended minimum reserve levels. Reserve should be adequate to moderate the impact of temporary fluctuations in the economy, manage risk and enhance external agencies' evaluation of the City's financial strength.

DEFINITIONS:

Fund Balance: difference between funds' current assets and liabilities.

- Fund Balance Reserved: legally set aside for a specific purpose. Some examples include:
 - Petty Cash (General)
 - Paths & Trails (Street) RCW 47.30.030/050
 - Contributions
- Fund Balance Unreserved Designated: self-imposed limitation by the City.
 - Replacement (Internal Service)
 - Risk Management
 - Personnel Liabilities
 - Contingency Fund RCW 35A.33.145/146
 - Real Estate Excise Tax Funds RCW 82.46.010/035
 - Police Drug and Seized Asset Fund
 - Continuing Appropriation, Project, Grants – established as needed.
- Fund Balance Unreserved Available: may be appropriated as necessary.

Beginning Fund Balance: accumulated funding from prior years available for use in the current year.

Ending Fund Balance: the excess of beginning fund balance plus current revenues minus current expenditures.

POLICY:

1. Allowable uses of designated, reserved or restricted fund reserves are limited to:
 - a. One-time
 - i. Non-budgeted required expenditures,
 - ii. Non-budgeted expenditures that present a unique opportunity,
 - iii. Revenue shortfalls of a non-recurring nature, such as an economic recession lasting not more than two years,

EXHIBIT A

- b. Temporary response
 - i. Termination of revenue sources from other governmental bodies,
 - ii. Emergency financing,
 - iii. Adverse changes in the economy,
 - iv. Utility rate stabilization,
 - c. Planned
 - i. Maintenance or replacement of facilities and equipment,
 - ii. Additions to assets of the City,
 - iii. Expenditures for insurance and other significant items,
 - iv. Security provisions of debt agreements,
 - v. Appropriation of revenues to next budget year beginning fund balance.
2. Reserves shall not be used as a continuing supplement to the operating budget.
 3. City Council shall approve all expenditures of designated, reserved or restricted reserves by ordinance or resolution.
 4. During a declared emergency the Mayor may approve expenditures of available reserves. Per the City of Monroe's Comprehensive Emergency Management Plan, the Proclamation of Emergency shall at the earliest practicable time be presented to the City Council for ratification and confirmation, modification, or rejection, and if rejected, shall be void.
 5. Reserves shall be replenished at a rate that does not impair established programs or create undue hardship.
 6. The Finance Director shall administer the policy:
 - a. Develop and implement procedures for administering this policy,
 - b. Ensure compliance with policy and state law.

TARGETED RESERVE BALANCES:

001 - General Fund

This fund is used for all basic governmental services and operations.

- **Fund Type** – General Fund only
- **Monroe Policy** – 17% of budgeted operating expenditures. This target reserve balance shall be met before any reserve is set aside in the Contingency Fund.
- **Why the policy is set to this amount** – This is the equivalent of two months of operating expenditures. While the rule of thumb for personal finances is to have three month's salary in savings, since property tax revenue is virtually guaranteed through RCW, less than three month's is needed for governmental operations.
- **Can funds from here be used for other purposes?** Yes, provided the used is approved by the city council.

002 - Contingency Fund

This fund is used for one-time only (non-operational) fiscal opportunities for the city, at the City Council's discretion.

- **Fund Type** – General Fund only

EXHIBIT A

- **Monroe [POLICY]Goal** – minimum of 8% of operating expenditures of the General Fund. This reserve shall not be funded until the ending fund balance requirement of the General Fund is met.
- **Why the [POLICY]goal is set to this amount** - per RCW 35A.33.145, shall not exceed 37.5 cents per thousand dollars of assessed valuation of property within the city. Maintained to meet unusual or catastrophic uninsured loss, or to take advantage of unforeseen opportunities.
- **Can funds from here be used for other purposes?** Yes. RCW 35A.33.145 requires (i) an ordinance or resolution passed by a majority of the whole Council, (ii) containing a statement explaining the reason for the release/transfer, and (iii) where applicable, specifying identity of the recipient fund.

622 - Risk Management Fund

This fund is used to cover claims against the city that are not covered by the city's liability insurance policy.

- **Fund Type** – General Fund only
- **Monroe Policy** – minimum amount equal to 1% of the current year's General Fund expenditure budget.
- **Why the policy is set to this amount** – most cases are covered by insurance, very few would fall in this category. There is a \$1,000 deductible for each claim, and if the city had a large amount of claims, those deductible can come from this reserve.
- **Can funds from here be used for other purposes?** No.

621 - Employee Sick Leave Reserve

This fund is used to cover payouts of accrued sick leave amounts to employees leaving employment with the city.

- **Fund Type** – Both General Fund and Utilities based on employees
- **Monroe Policy** – amount equal to 1% of the current year's General Fund revenue budget.
- **Why the policy is set to this amount** – the level of this reserve is based on a review of the past ten years' worth of payouts.
- **Can funds from here be used for other purposes?** No.

510 - Info Technology Services Fund

This fund is used for all operations, equipment replacements, upgrades and acquisitions for anything related to information technology. It includes all computers, servers, printers, photocopiers, and phone systems among other items.

- **Fund Type** – Both General Fund and Utilities based on equipment usage ratio
- **Monroe Policy** – amount equal to the greater of next year's 'Info & Tech Replacement Plan' and the average of the next 3 years. This reserve shall not be funded until the General Fund reserve balance is met.
- **Why the policy is set to this amount** – One of the concerns of this account was that purchases would keep getting deferred into "next year" and eventually the

EXHIBIT A

city would be left with an unrealistic amount when it all came due. By taking the greater of the next year amount and the average of the next three years, funds should always be put aside ahead of time and not wait until the last minute.

- **Can funds from here be used for other purposes?** No.

520 - Equipment & Fleet Management Fund

This fund is used for all operations, replacements and acquisitions of all city vehicles and major equipment.

- **Fund Type** – Both General Fund and Utilities based on equipment and fleet usage ratio
- **Monroe Policy** – amount equal to the greater of next year's 'Equipment & Fleet Replacement Plan' and the average of the next 6 years. This reserve shall not be funded until the General Fund reserve balance is met.
- **Why the policy is set to this amount** - One of the concerns of this account was that purchases would keep getting deferred into "next year" and eventually the city would be left with an unrealistic amount when it all came due. By taking the greater of the next year amount and the average of the next six years, funds should always be put aside ahead of time and not wait until the last minute.
- **Can funds from here be used for other purposes?** No.

530 - Facilities Management Fund

This fund is used for operations, repairs and improvements to all city owned buildings.

- **Fund Type** – Both General Fund and Utilities based on square footage
- **Monroe Policy** – amount equal to the greater of next year's 'Facilities Replacement Plan' and the average of the next 6 years. This reserve shall not be funded until the General Fund reserve balance is met.
- **Why the policy is set to this amount** - One of the concerns of this account was that purchases would keep getting deferred into "next year" and eventually the city would be left with an unrealistic amount when it all came due. By taking the greater of the next year amount and the average of the next six years, funds should always be put aside ahead of time and not wait until the last minute.
- **Can funds from here be used for other purposes?** No.

307 - Capital Improvement Projects Fund

This fund is used for tracking capital construction projects for municipal facilities or infrastructures that are not parks or street related.

- **Fund Type** – Portion of fuel tax revenue from Street Fund
- **Monroe Policy** – 0.42% fuel tax collected from previous year is added each year to the reserve.
- **Why the policy is set to this amount** – per RCW 47.30.030/050, amount credited to the reserve each year shall be at least 0.42 percent of the total amount of funds received from the motor vehicle fuel tax. These funds must be used for capital expenses for paths or trails. Must be expended within ten years of receipt. Use determined by the Parks Director in accordance with the City's budget.

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- **Can funds from here be used for other purposes? No.**

411 - Water Fund

This fund is used for all operations of the water utility.

- **Fund Type - Utilities**
- **Monroe Policy** – 45 days operating expense, 12% of budgeted operating expense.
- **Why the policy is set to this amount** – this represents 45 days of operating expenses. Most emergencies would be covered by insurance or FEMA. Rates can be adjusted at any time per city council action to meet the needs of operations and comply with debt requirements. This reserve would most likely be used as interim funding until insurance or permanent funding was in place.
- **Can funds from here be used for other purposes? No.**

412 – Water CIP Fund

This fund is used to track capital construction projects for the water utility.

- **Fund Type - Utilities**
- **Monroe Policy** – minimum of 1% of net fixed assets.
- **Why the policy is set for this amount** – this amount is for unforeseen contingencies on capital construction projects. Most costs are known for construction projects before they are started. All construction project budgets carry a small percentage for contingencies. This reserve would cover any needs in excess of the budgeted contingency, and is not anticipated to be used.
- **Can funds from here be used for other purposes? No.**
- **Restricted for debt** – as determined by lending agreements, frequently 1.25 coverage ratio on revenue bonds.

421 - Sewer Fund

This fund is used for all operations of the sewer utility, both collection and treatment.

- **Fund Type – Utilities**
- **Monroe Policy** – 45 days operating expense, 12% of budgeted operating expense.
- **Why the policy is set to this amount** – this represents 45 days of operating expenses. Most emergencies would be covered by insurance or FEMA. Rates can be adjusted at any time per city council action to meet the needs of operations and comply with debt requirements. This reserve would most likely be used as interim funding until insurance or permanent funding was in place.
- **Can funds from here be used for other purposes? No.**

422 – Sewer CIP Fund

This fund is used to track capital construction projects for the sewer utility.

- **Fund Type - Utilities**
- **Monroe Policy** – minimum of 1% of net fixed assets.

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- **Why the policy is set for this amount** – this amount is for unforeseen contingencies on capital construction projects. Most costs are known for construction projects before they are started. All construction project budgets carry a small percentage for contingencies. This reserve would cover any needs in excess of the budgeted contingency, and is not anticipated to be used.
- **Can funds from here be used for other purposes?** No.
- **Restricted for debt** – as determined by lending agreements, frequently 1.25 coverage ratio on revenue bonds.

431 - Stormwater Fund

This fund is used for all operation of the stormwater utility.

- **Fund Type** – Utilities
- **Monroe Policy** – 45 days operating expense, 12% of budgeted operating expense.
- **Why the policy is set to this amount** – this represents 45 days of operating expenses. Most emergencies would be covered by insurance or FEMA. Rates can be adjusted at any time per city council action to meet the needs of operations and comply with debt requirements. This reserve would most likely be used as interim funding until insurance or permanent funding was in place.
- **Can funds from here be used for other purposes?** No.

432 – Stormwater CIP Fund

This fund is used to track capital construction projects for the stormwater utility.

- **Fund Type** - Utilities
- **Monroe Policy** – minimum of 1% of net fixed assets
- **Why the policy is set for this amount** – this amount is for unforeseen contingencies on capital construction projects. Most costs are known for construction projects before they are started. All construction project budgets carry a small percentage for contingencies. This reserve would cover any needs in excess of the budgeted contingency, and is not anticipated to be used.
- **Can funds from here be used for other purposes?** No.
- **Restricted for debt** – as determined by lending agreements, frequently 1.25 coverage ratio on revenue bonds.

Consistency with State Law and Budget

- This policy is intended to be construed in a manner consistent with applicable provisions of State law and the City's adopted budget. In the event of any irreconcilable conflict between any provision of this policy and either State law or the City's budget, the provision of State law or the City's budget shall control.

2019 Current Reserve Levels (Budgeted)					
Fund No.	Fund Name	Budgeted Amount	Target	Policy Required	Notes
F001	General Fund	2,875,083	2,479,945	Y	Budgeted amount includes \$63,374 in restricted reserves. Unrestricted frequently exceeds targeted amount (For FY 2019, \$331,764)
F002	Contingency	975,760	975,760	Y	Changes each year based on assessed value. Is trued up with first amendment.
F105	Street O&M	292,801	NA	N	
F307	Capital Improvement Projects	0	0	Y	Target amount is the statutorily required hold for trails from gas taxes. Trails money in F317 (Parks CIP)
F317	Parks CIP	33,740	33,740	N	While not required by our policy, is required by statute (0.42% of fuel tax collected) and fluctuates depending on use
F411	Water O&M	638,359	638,359	Y	Each year, excess over reserve is transferred to the corresponding capital fund.
F412	Water CIP	4,158,329	TBD	Y	
F421	Sewer O&M	847,945	847,945	Y	Each year, excess over reserve is transferred to the corresponding capital fund.
F422	Sewer CIP	6,990,247	TBD	Y	
F431	Stormwater O&M	235,178	235,178	Y	Each year, excess over reserve is transferred to the corresponding capital fund.
F432	Stormwater CIP	175,484	TBD	Y	
F510	Info Technology Services	152,069	NA	Y	Amount is 19% of budgeted expenses
F520	Equip & Fleet Management	4,548,489	4,260,270	Y	Amount is \$288,219 over target
F530	Facilities Management	75,911	NA	Y	Amount is 5% of budgeted expenses
	Subtotal	21,999,395	9,471,197		
F621	Employee Sick Leave	425,000	425,000	Y	Fund is not budgeted (trust fund). Amount exceeds policy but is only about 1/3 of our potential liability.
F622	Risk Management	148,898	148,898	Y	Fund is not budgeted (trust fund)
	Subtotal	573,898	573,898		
	Total all reserve	22,573,293	10,045,095		
	Total without capital funds	6,700,744	5,784,825		



Government Finance Officers Association

BEST PRACTICE

Fund Balance Guidelines for the General Fund

BACKGROUND:

In the context of financial reporting, the term *fund balance* is used to describe the net position of governmental funds calculated in accordance with generally accepted accounting principles (GAAP). Budget professionals commonly use this same term to describe the net position of governmental funds calculated on a government's budgetary basis.¹ While in both cases *fund balance* is intended to serve as a measure of the financial resources available in a governmental fund; it is essential that differences between GAAP *fund balance* and budgetary *fund balance* be fully appreciated.

1. GAAP financial statements report up to five separate categories of fund balance based on the type and source of constraints placed on how resources can be spent (presented in descending order from most constraining to least constraining): *nonspendable fund balance*, *restricted fund balance*, *committed fund balance*, *assigned fund balance*, and *unassigned fund balance*.² The total of the amounts in these last three categories (where the only constraint on spending, if any, is imposed by the government itself) is termed *unrestricted fund balance*. In contrast, budgetary fund balance, while it is subject to the same constraints on spending as GAAP fund balance, typically represents simply the total amount accumulated from prior years at a point in time.
2. The calculation of GAAP fund balance and budgetary fund balance sometimes is complicated by the use of sub-funds within the general fund. In such cases, GAAP fund balance includes amounts from all of the subfunds, whereas budgetary fund balance typically does not.
3. Often the timing of the recognition of revenues and expenditures is different for purposes of GAAP financial reporting and budgeting. For example, encumbrances arising from purchase orders often are recognized as expenditures for budgetary purposes, but never for the preparation of GAAP financial statements.

The effect of these and other differences on the amounts reported as *GAAP fund balance* and *budgetary fund balance* in the general fund should be clarified, understood, and documented.

It is essential that governments maintain adequate levels of fund balance to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenditures) and to ensure stable tax rates.

In most cases, discussions of fund balance will properly focus on a government's general fund. Nonetheless, financial resources available in other funds should also be considered in assessing the adequacy of unrestricted fund balance in the general fund.

RECOMMENDATION:

GFOA recommends that governments establish a formal policy on the level of unrestricted fund balance that should be maintained in the general fund for GAAP and budgetary purposes.³ Such a guideline should be set by the appropriate policy body and articulate a framework and process for how the government would increase or decrease the level of unrestricted fund balance over a specific time period.⁴ In particular, governments should provide broad guidance in the policy for how resources will be directed to replenish fund balance should the balance fall below the level prescribed.

Appropriate Level. The adequacy of unrestricted fund balance in the general fund should take into account each government's own unique circumstances. For example, governments that may be vulnerable to natural disasters, more dependent on a volatile revenue source, or potentially subject to cuts in state aid and/or federal grants may need to maintain a higher level in the unrestricted fund balance. Articulating these risks in a fund balance policy makes it easier to explain to stakeholders the rationale for a seemingly higher than normal level of fund balance that protects taxpayers and employees from unexpected changes in financial condition. Nevertheless, GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures.⁵ The choice of revenues or expenditures as a basis of comparison may be dictated by what is more predictable in a government's particular circumstances.⁶ Furthermore, a government's particular situation often may require a level of unrestricted fund balance in the general fund significantly in excess of this recommended minimum level. In any case, such measures should be applied within the context of long-term forecasting, thereby avoiding the risk of placing too much emphasis upon the level of unrestricted fund balance in the general fund at any one time. In establishing a policy governing the level of unrestricted fund balance in the general fund, a government should consider a variety of factors, including:

2 mo = 17%

1. The predictability of its revenues and the volatility of its expenditures (i.e., higher levels of unrestricted fund balance may be needed if significant revenue sources are subject to unpredictable fluctuations or if operating expenditures are highly volatile);
2. Its perceived exposure to significant one-time outlays (e.g., disasters, immediate capital needs, state budget cuts);
3. The potential drain upon general fund resources from other funds, as well as, the availability of resources in other funds;
4. The potential impact on the entity's bond ratings and the corresponding increased cost of borrowed funds;
5. Commitments and assignments (i.e., governments may wish to maintain higher levels of unrestricted fund balance to compensate for any portion of unrestricted fund balance already committed or assigned by the government for a specific purpose). Governments may deem it appropriate to exclude from consideration resources that have been committed or assigned to some other purpose and focus on unassigned fund balance, rather than on unrestricted fund balance.

Use and Replenishment.

The fund balance policy should define conditions warranting its use, and if a fund balance falls below the government's policy level, a solid plan to replenish it. In that context, the fund balance policy should:

1. Define the time period within which and contingencies for which fund balances will be used;
2. Describe how the government's expenditure and/or revenue levels will be adjusted to match any new economic realities that are behind the use of fund balance as a financing bridge;

3. Describe the time period over which the components of fund balance will be replenished and the means by which they will be replenished.

Generally, governments should seek to replenish their fund balances within one to three years of use. Specifically, factors influencing the replenishment time horizon include:

1. The budgetary reasons behind the fund balance targets;
2. Recovering from an extreme event;
3. Political continuity;
4. Financial planning time horizons;
5. Long-term forecasts and economic conditions;
6. External financing expectations.

Revenue sources that would typically be looked to for replenishment of a fund balance include nonrecurring revenues, budget surpluses, and excess resources in other funds (if legally permissible and there is a defensible rationale). Year-end surpluses are an appropriate source for replenishing fund balance.

Unrestricted Fund Balance Above Formal Policy Requirement. In some cases, governments can find themselves in a position with an amount of unrestricted fund balance in the general fund over their formal policy reserve requirement even after taking into account potential financial risks in the foreseeable future. Amounts over the formal policy may reflect a structural trend, in which case governments should consider a policy as to how this would be addressed. Additionally, an education or communication strategy, or at a minimum, explanation of large changes in fund balance is encouraged. In all cases, use of those funds should be prohibited as a funding source for ongoing recurring expenditures.

Notes:

1. For the sake of clarity, this recommended practice uses the terms GAAP fund balance and budgetary fund balance to distinguish these two different uses of the same term.
2. These categories are set forth in Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.
3. Sometimes restricted fund balance includes resources available to finance items that typically would require the use of unrestricted fund balance (e.g., a contingency reserve). In that case, such amounts should be included as part of unrestricted fund balance for purposes of analysis.
4. See Recommended Practice 4.1 of the National Advisory Council on State and Local Budgeting governments on the need to "maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures" (Recommended Practice 4.1).
5. In practice, a level of unrestricted fund balance significantly lower than the recommended minimum may be appropriate for states and America's largest governments (e.g., cities, counties, and school districts) because they often are in a better position to predict contingencies (for the same reason that an insurance company can more readily predict the number of accidents for a pool of 500,000 drivers than for a pool of fifty), and because their revenues and expenditures often are more diversified and thus potentially less subject to volatility.
6. In either case, unusual items that would distort trends (e.g., one-time revenues and expenditures) should be excluded, whereas recurring transfers should be included. Once the

decision has been made to compare unrestricted fund balance to either revenues and/or expenditures, that decision should be followed consistently from period to period.

*This best practice was previously titled **Appropriate Level of Unrestricted Fund Balance in the General Fund.***

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Government Finance Officers Association

BEST PRACTICE

Working Capital Targets for Enterprise Funds (Utilities)

BACKGROUND: *working capital = reserves*

Enterprise funds distinguish between current and non-current assets and liabilities. It is possible to take advantage of this distinction to calculate working capital (i.e., current assets less current liabilities). The measure of working capital indicates the relatively liquid portion of total enterprise fund capital, which constitutes a margin or buffer for meeting obligations.

It is essential that a government maintain adequate levels of working capital in its enterprise funds to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenses) and to ensure stable services and fees.

Working capital is a crucial consideration, too, in long-term financial planning. Credit rating agencies consider the availability of working capital in their evaluations of continued creditworthiness. Likewise, laws and regulations may speak to appropriate levels of working capital for some enterprise funds.

RECOMMENDATION:

GFOA recommends that local governments adopt a target amount of working capital to maintain in each of their enterprise funds. Ideally, targets would be formally described in a financial policy and/or financial plan.

GFOA recommends that governments use working capital as the measure of available margin or buffer in enterprise funds. Although as previously stated, working capital is defined as current assets minus current liabilities, government finance officers should be aware of certain characteristics of working capital that affect its use as a measure. Specifically, the "current assets" portion of working capital includes assets or resources that are reasonably expected to be realized in cash (e.g., accounts receivable) or consumed (e.g., inventories and prepaids) within a year, which leads to two considerations for an accurate calculation of working capital:

- **Strength of collection practices.** An appropriate allowance for uncollectibles should be established and the amount of the receivable that is expected to be collected in cash within one year should be determined in a manner that is consistent with the collection practices of the government. If the accounts receivable collection practices of the enterprise fund are inconsistent or weak, then less of the accounts receivable amount should be reported as current assets.

- **Historical consumption of inventories and prepaids.** The amount of inventories and prepaids included in current assets should be a realistic estimate of the amount that will be consumed in one year based on a historical usage pattern and current operating levels (inventories) or based on the time periods to which the items relate (prepaids).

Because the purposes, customers, and other characteristics of enterprise funds can vary widely, GFOA recommends that governments develop a target amount of working capital that best fits local conditions for each fund. However, GFOA recommends that under no circumstances should the target for working capital be less than forty-five (45) days worth of annual operating expenses¹ and other working capital needs of the enterprise fund.* A target of 45-days would only be appropriate for those enterprise funds with the least amount of need for cushion or buffer.

45 days = 12%

In order to arrive at a customized target amount of working capital, governments should start with a baseline of ninety (90) days worth of working capital and then adjust the target based on the particular characteristics of the enterprise fund in question (using 45 days as the minimum acceptable level). The primary characteristics to think about when customizing a working capital target are presented below. The appendix to this Best Practices provides more detailed considerations for these characteristics as they pertain to common types of government enterprise funds.

- **Support from general government.** Some enterprise funds may be supported by general taxes or transfers from a general government. These enterprise funds may require lower levels of working capital if they are supported by these contributors. For a heavily subsidized enterprise fund the 45-day minimum working capital recommendation contained in this Best Practice might be met through support from the general government, if a financial buffer or cushion for the enterprise fund is to be provided by the general government (or other outside contributor).
- **Transfers out.** If the enterprise fund is expected to make a transfer to the general government or to some other fund, then this sort of claim on the enterprise fund's assets may call for higher levels of working capital to maintain flexibility. Transfers could include an enterprise fund's contributions to overhead/support functions, subsidies granted to other operations, or any other transfer of resources. Regardless of the rationale of the transfer, governments should take into account the claim on working capital when setting a target amount.
- **Cash cycles.** Does the enterprise fund experience large peaks and valleys in its cash position during the year? For example, a water enterprise fund may experience significantly higher levels of cash on hand during the summer months compared to the winter. Volatile cash cycles call for higher levels of working capital. Another consideration is the length of the billing cycle. A longer billing cycle would call for higher levels of working capital because the enterprise fund will have longer durations between major infusions of cash.
- **Customer concentration.** Is the enterprise fund dependent on a few customers for a large portion of its revenues or is the customer base diversified? For example, a port enterprise fund may be dependent on a few major shippers or commerce in a niche product. Lower customer concentration may mean that the enterprise fund can safely operate with lower levels of working capital.
- **Demand for services.** Does the enterprise fund face a steady demand for service or is demand potentially volatile, thereby leading to volatility in of income? For example, the demand for utility services is steady compared to demand for air travel. Also consider the impact of competitive position on demand. Direct competitors or the availability of reasonable

substitutes could lead to greater volatility in demand for the enterprise fund's services. More volatility implies greater need for working capital margins.

- **Control over rates and revenues.** Does the enterprise fund have the ability to change rates, implement new charges, or otherwise raise revenues from its customers in a simple fashion? For example, transit enterprise funds are often constrained from raising rates by political pressure. Other enterprise funds may be subject to a rate control board. Those that face competitors in their market may have less effective control over their rates and revenues. More revenue constrained enterprise funds may need higher levels of working capital.
- **Asset age and condition.** What is the age and condition of the enterprise fund's infrastructure? Older infrastructure has greater exposure to extraordinary repair needs. Enterprise funds with newer and/or well maintained capital assets may be able to operate with less working capital than other enterprise funds.
- **Volatility of expenses.** Are the expenses of the enterprise fund volatile or does the enterprise fund have a high degree of control over its expenses? For example, the expenses of a solid waste enterprise fund tend to be fairly stable throughout the year. In another example, water or sewer enterprise funds may be more vulnerable to large expense spikes from extreme weather. Enterprise funds with more stable expenses can safely operate with less working capital than other enterprise funds.
- **Control over expenses.** Consider the enterprise fund's level of fixed and variable costs and the ability to reduce variable costs in response to lower revenues. For instance, if a convention center does not book an event, it does not need to hire temporary help and incur other expenditures in support of the event. An enterprise fund with a high percentage of operational costs which vary depending upon revenues or operating levels may operate with lower levels of working capital.
- **Management plans for working capital.** Working capital includes assets, which can include both truly unrestricted resources and resources that have internal limitations placed upon them (e.g., board-designated) and/or that may be committed for future capital spending. These amounts may appear as unrestricted on the balance sheet but, in actuality, may be unavailable in the future to serve as a buffer or tool to help manage financial risk. If these types of limitations exist, the working capital target should be adjusted to arrive at an amount that represents a true amount available as a tool to manage financial risk.
- **Separate targets for operating and capital needs.** Depending on the nature of the enterprise fund, governments might also consider designating separate targets for operating and capital needs, especially when the enterprise fund is very capital intensive. For example, there might be a separate amount identified for equipment replacement or debt service. In such a case, targets should be separately evaluated based on the particular features of the isolated amounts.
- **Debt position.** Enterprise funds often carry significant amounts of debt, which is used to acquire capital assets. The amount and type of debt an enterprise fund carries can have important ramifications for working capital targets. For example, an enterprise fund with a large amount of variable rate debt may need additional buffer to manage the risk associated with interest rate volatility. In addition, uneven and increasing or lump-sum debt principal payments to be made in future years may raise the amount of working capital that the enterprise fund should maintain. Viewing the amount of working capital in this broader context will help ensure that resources are available to make debt payments as they come due.

Notes:

¹ The recommendation is to use annual operating expenses which include depreciation expense. If, however, annual depreciation expense is significantly more or less than the anticipated capital outlays of the next period to be paid from working capital consideration should be given to adjusting

the benchmark. An appropriate adjusted benchmark may be annual operating expenses - annual depreciation expense + capital outlays of the next period to be paid from working capital.

* Subject to the exception for heavily subsidized enterprises, described later in this Best Practice.

*This best practice was previously titled *Determining the Appropriate Levels of Working Capital in Enterprise Funds.**

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RCW 35A.33.145

Contingency fund—Creation.

Every code city may create and maintain a contingency fund to provide moneys with which to meet any municipal expense, the necessity or extent of which could not have been foreseen or reasonably evaluated at the time of adopting the annual budget, or from which to provide moneys for those emergencies described in RCW **35A.33.080** and **35A.33.090**. Such fund may be supported by a budget appropriation from any tax or other revenue source not restricted in use by law, or also may be supported by a transfer from other unexpended or decreased funds made available by ordinance as set forth in RCW **35A.33.120**: PROVIDED, That the total amount accumulated in such fund at any time shall not exceed the equivalent of thirty-seven and one-half cents per thousand dollars of assessed valuation of property within the city at such time. Any moneys in the contingency fund at the end of the fiscal year shall not lapse except upon reappropriation by the council to another fund in the adoption of a subsequent budget.

[1973 1st ex.s. c 195 § 28; 1967 ex.s. c 119 § 35A.33.145.]

NOTES:

Severability—Effective dates and termination dates
—Construction—1973 1st ex.s. c 195: See notes following RCW **84.52.043**.

General Fund Reserves Help Boost Bond Ratings

Thursday, January 14, 2016

Since the recession of 2008, economic conditions have fluctuated between adequate and poor for the City of Elgin, Illinois, but it has been able to stabilize its bond rating through strong financial policies – most notably, those governing its general fund reserve levels. In fiscal 2009, on the heels of the largest economic downturn in recent history, Elgin’s revenue picture looked uncertain. The city had demonstrated sound financial stewardship but couldn’t escape the impact of broader, nation-wide, economic conditions. And despite cutting spending by approximately 10%, as well as adopting a new service delivery model, Elgin was worried about its bond rating – the city simply wasn’t in a position to absorb increased borrowing costs.

The Finance Department therefore identified several financial objectives for the coming years and drafted them into formally adopted financial policies. One objective was to maintain or upgrade Elgin’s bond rating by Standard and Poor’s (AA+), Fitch Ratings Services (AA+) and/or Moody’s Investors Service (Aa2). Making such an explicit statement provided focus, giving the city a clear and easily quantifiable target.

Determining how to achieve this goal was the next step. The city met the challenge by creating additional policies requiring the city to keep cash reserves at 16% to 19% of annual expenditures. The commitment did not go unnoticed by the rating agencies, ultimately resulting in the city gaining AAA status on its general obligation bonds from Fitch Ratings in 2015. Among the positive factors the agency noted were “very strong liquidity in unrestricted government cash and short-term investments” and “very strong budgetary flexibility [due to] available reserves.” The rating agency’s Financial Management Assessment methodology also found the city’s management conditions to be very strong because of its financial policies and practices.

For more information on Elgin’s financial policies and bond rating, please visit the city’s website.

From GFOA website