

EXHIBITS A THROUGH C

EXHIBIT A

Definitions

“Administrative Charges”: Monetary charges imposed on the Contractor by the City for Contractor’s non-compliance with Performance Standards.

“Agreement”: This contract executed by the City and the Contractor to provide all facilities, equipment, labor, and services required to receive, process, and market Recyclables collected by the City.

“Annual Report”: The Contractor’s report submitted to the City no later than January 31 following the end of each calendar year.

“Average Market Value” or “AMV”: A market index used to calculate the monthly revenue share paid by Contractor to the City based on fluctuations in the commodity market. The AMV of Program Recyclables delivered to the MRF shall be calculated pursuant to terms defined in the Agreement.

“City”: The City and County of Denver.

“City’s Representative”: The Executive Director of Denver Public Works Department, or the Executive Director’s designee(s), who shall act as the City’s representative(s) in matters relating to the implementation and enforcement of the Agreement and operation, maintenance, and management of the MRF.

“Commencement Date”: The date services pursuant to the Agreement shall commence, anticipated to be February 1, 2018.

“Compensation Form”: The standardized form completed monthly by the Contractor detailing calculations of the Contractor Fee, AMV, and Revenue Share and stating the total amount due to either the City or the Contractor.

“Consumer Price Index” or “CPI”: The measure of inflation as published by the United States Department of Labor, Bureau of Labor Statistics for All Urban Consumers (CPI-U), Midwest Urban Region; All Items, not seasonally adjusted, 1982-1984=100 reference base (Series ID – CUUR0200SA0).

“Contaminants” or “Contamination”: Materials collected along with Recyclables that are not designated by the City as Program Recyclables. Contaminants are included in the weight of inbound tonnage.

“Contractor”: Alpine Disposal, Inc.

“Contractor Fee” or “CF”: The per-Ton fee of ~~\$70~~ paid to the Contractor by the City for each Ton of Program Recyclables delivered to the MRF. The base contractor fee is \$70 per Ton of Program Recyclables (CF/Ton) delivered to the Contractor by the City. The Contractor Fee is explicitly not the Contractor’s actual cost to operate the MRF, but is a form of compensation in lieu of actual operating cost. The contractor fee will be adjustable based on the actual tons per hour processed by the Contractor. The actual tons per hour will be measured weekly each Monday for the week prior and will be averaged for the calendar month. Weekly processing speeds will be reported to the City. When the facility is operating at the following processing speeds an additional fee will be added to the base contractor fee of \$70.

(Existing System) Proposed Schedule

20-24 Tons-Per-Hour = \$9.00 Per-Ton Increase to contractor fee

25-29 Tons-Per-Hour = \$5.00 Per-Ton Increase to contractor fee

30-34 Tons-Per-Hour = \$3.00 Per-Ton Increase to contractor fee

35+ = No additional fee

Tiered Pricing (Upgraded System) Proposed Schedule (anticipated to be upgraded in March 2019)

35-39 Tons-Per-Hour = \$5.00 Per-Ton Increase to Processing Cost in Contract

40-44 Tons-Per-Hour = \$2.00 Per-Ton Increase to Processing Cost in Contract

45+ No additional fee

“Contractor’s Representative”: The individual designated by the Contractor to act as the Contractor’s representative in matters relating to the implementation and enforcement of the Agreement.

“Day”: One calendar day.

“Effective Date”: The date on which the Agreement is executed by both the City and Contractor.

“Facility Manager”: The individual designated in writing by Contractor to represent it in all matters relating to the operation, maintenance, and management of the MRF.

“Marketing”: The act or process of selling Recyclables for purchase in accordance with the Agreement.

“Material(s)”: Recyclables of any quality or type which may contain Contaminants.

“Materials Recovery Facility” or “MRF”: The facility where the Contractor receives and processes the City’s Program Recyclables.

“Maximum Cost” or “MC”: The maximum per-Ton cost of \$10 per-Ton that the City will pay to the Contractor regardless of any calculated Contractor Fee, AMV, and Revenue Share.

“Monthly Report”: The Contractor’s report submitted to the City no later than the 15th day following the end of each month.

“Program Recyclables” or “Recyclables”: Materials collected by the City including but not limited to: cardboard, newspaper including inserts, magazines, office paper, junk mail, paperboard, Kraft bags, telephone books, paper food and beverage cartons (including aseptic cartons), paper cups (including hot and cold cups), ferrous food and beverage containers including aerosols, aluminum food and beverage containers, aluminum foil and foil pans, #1 - #7 rigid plastic containers, and glass food and beverage containers.

“Recovered Materials”: Materials recovered from Recyclables by the Contractor that are ready for sale or distribution for beneficial use.

“Rejects”: Materials that are not converted to Recovered Materials. Rejects consist of Contaminants and Residuals.

“Residue” or “Residuals”: Recyclables that are accepted by Contractor, processed at the MRF, and not converted into Recovered Materials by the Contractor due to breakage and/or transportation or processing limitations or inefficiencies.

“Revenue Share”: The per-Ton payment as defined in this RFP paid to the City by the Contractor for each Ton of Program Recyclables delivered to the MRF.

“Revenue Share Percent” or “RS%”: The percentage used as part of the calculations as defined in Exhibit C to determine the Revenue Share for each Ton of Program Recyclables delivered to the MRF.

“Shut Down”: Any time in which the Contractor is unable to accept or process Program Recyclables pursuant to the terms and conditions of this Agreement after the Commencement Date with the exception of force majeure.

“Single Stream”: A recycling process that mixes all Recyclables together in the same collection container.

“Solid Waste”: As defined by Colorado Revised Statutes § 30-20-101, to mean any garbage, refuse, sludge from a waste treatment plant, water supply treatment plant, or air pollution control facility, and other discarded material, including solid, liquid, semisolid, or contained gaseous material resulting from industrial or commercial operations or from community activities.

“Ton”: a short ton of 2,000 lbs. unless otherwise specified.

EXHIBIT B:

Scope of Work

I. BACKGROUND

Denver Solid Waste Management (DSWM) provides residential recycling, organics, and solid waste collection services to single-family households and multi-family residential buildings with up to seven (7) units. Solid waste service is provided to approximately 176,000 households. Approximately 144,000 (82 percent) eligible households received recycling collection service in 2016 on a subscription basis (which means there is no charge for recycling service, however, residents must request service). Starting in 2017, DSWM will provide recycling collection service to all households and no longer require a subscription. Table 1 below provides historical data on recycling tonnage and household subscriptions.

Table 1: Historical Curbside Recycling Tonnage, Households and Subscription Rate

Year	Eligible Households	Recycling Subscribers	Tons of Recyclables
2012	169,759	116,768	31,593
2013	170,712	121,280	33,193
2014	172,270	128,438	34,350
2015	174,266	134,550	37,318
2016	176,283	143,762	37,982

The City recently completed a recycling composition study that involved sorting events conducted in the Fall 2016 and Spring 2017. Table 2 provides the results of that study. This material composition shall be the basis for Proposers' financial proposals and the Agreement between the City and Contractor.

Table 2: Composition of Residential Recyclables

Materials		Weighted Average	90% Confidence Interval	
			Lower Bounds	Upper Bounds
1	Glass Containers	20.1%	18.3%	21.9%
2	Aluminum	2.2%	2.0%	2.5%
3	Steel/Tin	2.2%	2.0%	2.4%
4	#1 PET Bottles	4.1%	3.6%	4.7%
5	#2 HDPE Bottles	3.0%	2.7%	3.4%
6	Rigid Containers #1-#7	2.7%	2.4%	3.0%
7	Bulky Rigids	1.05%	0.6%	1.5%
8	Cardboard/Kraft	17.2%	15.5%	18.9%
9	Newspaper	7.9%	6.9%	8.9%
10	Office Paper	4.2%	3.5%	4.9%

11	Chip/Paperboard	8.8%	8.0%	9.6%
12	Mixed Paper/Junk Mail	9.3%	8.2%	10.4%
13	Magazines	6.2%	5.2%	7.2%
14	Aseptic (Paper milk cartons) Containers	0.7%	0.6%	0.8%
15	Styrofoam*	0.25%	0.2%	0.3%
16	To-Go Cups*	0.2%	0.1%	0.3%
17	Contaminants	9.9%	8.3%	11.4%
		100.0%		

*Items not currently designated as recyclable through the City’s program. The City would like to explore the potential to accept these items if it is feasible. Should it not be feasible, the percentage of such items will be added to contaminants.

Project Term

As stated in the sample Agreement, term of the Agreement shall be for a period of three (3) years beginning on the date of execution by all parties. The parties may mutually agree to extend the Agreement at the same prices, terms and conditions, including amendments, for up to two (2) additional terms of two (2) years each.

II. CITY OBJECTIVES

The City is soliciting proposals from qualified Proposers and intends to enter into an agreement with a contractor to provide all facilities, equipment, labor, and services required to receive, process, and market Recyclables collected by the City. The City intends to accomplish the following objectives through the Agreement:

- Maximize the financial benefit to the City from the sale of Recovered Materials.
- Maximize the amount of Recovered Materials produced from the City’s Program Recyclables.
- Minimize the cost and impact on City recycling collection operations associated with the delivery of Program Recyclables to the Contractor.
- Maximize reliability and quality of service.
- Support City recycling public education, community outreach, and other activities.
- Form a cooperative partnership with the Contractor to maximize the impact of public outreach and education on the quantity and quality of Program Recyclables.

III. CONTRACTOR'S RESPONSIBILITIES

The Contractor will be responsible for receiving, processing, and marketing all Program Recyclables delivered to the Contractor by the City. The Contractor is responsible for all operations, maintenance, repair, staffing, management, record keeping, reporting, compliance with laws and regulation, and other services necessary to meet its obligations to the City. Any and all costs associated with accepting and processing Recyclables as well as marketing and transporting Recovered Materials derived therefrom shall be the responsibility of the Contractor.

Facility Location

The location for receiving Recyclables is 645 West 53rd Place, Denver CO 80216. If an alternate location is to be proposed (whether it be the MRF or a facility for transferring recyclables to the MRF), it must be located within thirty (30) minutes routine travel time (one way during normal business hours) from the intersection of Alameda Avenue and Interstate 25.

Facility Requirements

The Contractor shall receive and process all Recyclables in an enclosed building and controlled so that release of materials or litter from the building and site is prevented. The Contractor shall protect Recovered Materials from degradation due to weather exposure, vandalism, or other factors. The Contractor shall maintain and operate the MRF to prevent nuisances including, but not limited to, noise and odor.

Facility Manager and Contractor's Representative

Prior to the Commencement Date, the Contractor shall provide the City with the name, title, and contact information for the Facility Manager and Contractor's Representative. The Facility Manager shall be the primary point of contact for all technical and operational matters pertaining to the Agreement. The Facility Manager shall be responsible for overseeing and implementing the Contractor's performance under the Agreement. The Contractor's Representative shall be the primary point of contact for all administrative and financial matters pertaining to the Agreement. A single person may serve in both capacities as Facility Manager and Contractor's Representative. Should there be reasonable cause, the City reserves the right to disapprove and request removal of the Facility Manager or Contractor's Representative.

Operations, Maintenance, and Management Plan

The Contractor shall provide an Operations, Maintenance, and Maintenance Plan (OMM Plan) to the City for approval.

The OMM Plan shall include a description of all activities the Contractor will undertake to operate the MRF pursuant to the Agreement. The OMM Plan shall include, at a minimum, the following information:

- Facility Contacts: Name and contact information for responsible personnel and emergency contacts;
- Operational Procedures: Traffic control, receiving and load inspection procedures, load rejection procedures, and Reject disposal procedures;
- Organization and Staffing Plan: Organizational chart, job descriptions for each position, staffing requirements for all positions;
- Contingency Plan: Contingency procedures in the event that Recyclables cannot be delivered to or processed at the MRF;
- Reporting Procedures: Sample reports and forms.

The Contractor shall maintain an up-to-date version of the OMM Plan approved by the City throughout the term of the Agreement. The City's Representative shall have seven (7) Days to review and respond to Contractor regarding approval or comments regarding recommended changes or revisions to the OMM Plan. The OMM Plan shall be readily available at the MRF for review by the City.

Contingency Plan

As stated above, the OMM Plan shall include a contingency plan describing in detail how the Contractor plans to respond to planned and unplanned Shutdowns. The contingency plan shall ensure that delivery of City Recyclables is not interrupted. Should a Shutdown be imminent, Contractor shall immediately notify the City's Representative as to the reason for the Shutdown, what services Contractor is unable to provide, contingency procedures that have been/will be implemented, and the timeline anticipated to resume regular operations. The location for receiving City Recyclables shall conform to the facility requirements of the Agreement. The Contractor shall be responsible for any costs incurred for transport to and processing at an alternative facility.

Operating Hours and Days

The Contractor shall be capable of receiving and weighing Recyclables Monday through Friday from 7:00 AM until 6:00 PM. Recyclables shall be accepted during the same hours on Saturday at the City's sole option when: (i) a City Holiday falls on a weekday (Monday through Friday), or (ii) a special event or other circumstance (as determined by the City) occurs on or before Saturday which shall require the delivery of Recyclables to Contractor on a Saturday. In exercising its option to deliver Recyclables on a Saturday, the City shall notify Contractor before 4:00 p.m. of the Thursday preceding Saturday.

The following are official City Holidays:

- New Year's Day;
- Martin Luther King Birthday;
- Presidents Day;
- Cesar Chávez Day;
- Memorial Day;
- Independence Day;

- Labor Day;
- Veteran's Day;
- Thanksgiving Day; and
- Christmas Day.

Material Acceptance

The Contractor shall give the City priority consideration in weighing and off-loading operations. The maximum total waiting/tipping time from arrival at MRF to departure from MRF shall not exceed thirty (30) minutes per City vehicle. If delays are caused by the fault of the delivery vehicle and through no fault or negligence of Contractor, then this requirement shall not apply.

The Contractor shall maintain weigh scales at the location where it receives Program Recyclables, calibrated in accordance with procedures established by the applicable State and local authorities, to weigh all Program Recyclables delivered by the City. At the City's discretion, the City may verify the accuracy of the scales.

The Contractor shall weigh each load of Recyclables upon delivery and provide a weigh slip to driver of the vehicle prior to its departure from the MRF that provides the following details, at minimum:

- Date of receipt;
- Identification number of City's delivery vehicle;
- Identification number of City's collection route;
- The full weight, tare weight, and net weight; and
- Time weighed in and time weighed out or departing the site.

The City is open to accepting electronic weigh slips when feasible for both parties.

Load Rejection Procedures

The Contractor shall have the right to reject loads of Recyclables that are reasonably suspected to contain more than twenty-five percent (25%) of the load by weight of Contamination subject to the approval of the City. If Contractor intends to reject a load of Recyclables, Contractor shall comply with the following procedure:

- The Facility Manager shall immediately isolate the load and notify the City's Representative, document the occurrence of such event by digital photograph or videotape, and allow the City to inspect the load where such inspection shall not unduly impede or interfere with the operation of the MRF.
- The Facility Manager and the City's Representative must mutually agree that the amount of Contamination in a given load exceeds twenty-five percent (25%) of the load by weight.

- If the Facility Manager and the City's Representative choose to reject the load, the Contractor shall combine the load with Rejects. The City shall reimburse the Contractor for disposal of said load at the City's current per ton disposal rate at DADS (2017 = \$16.21/ton).
- If the City's Representative does not concur that the load contains more than twenty-five percent (25%) Contamination by weight, then Contractor must demonstrate to the City, in a manner acceptable to City, and in the presence of the City's Representative, that the twenty-five percent (25%) threshold has been exceeded. If the load does not contain more than twenty-five percent (25%) Contamination by weight, Contractor shall process the load and compensate the City for the total weight of the load. If the load does contain more than twenty-five percent (25%) Contamination by weight, then Contractor may reject the load and combine the load with Rejects. The City shall reimburse the Contractor for disposal of said load at the City's current per ton disposal rate at DADS (2017 = \$16.21/ton).

In the event the procedures outlined above are not followed, Contractor shall compensate the City for the total weight of the load.

Processing and Marketing

The Contractor shall process all Program Recyclables accepted at the MRF and produce Recovered Materials. The Contractor shall remove Recyclables from the tipping floor and process them within forty-eight (48) hours of when they are accepted at the MRF, Sundays and Holidays not included. The City may choose to, but is not obligated to, waive the requirement to process all City Recyclables within forty-eight (48) hours due to extenuating circumstances that may include Shutdown.

The Contractor shall bear all responsibilities and costs associated with marketing and transporting Recovered Materials produced at the MRF. The Contractor shall market all Recovered Materials during the term of the Agreement regardless of fluctuations in prices paid for Recovered Materials. The Contractor shall document and provide evidence, upon request by the City, that the Recyclables have been used, or marketed for use for legitimate recycling purposes (e.g. reuse, repurpose, use in manufacture of a new product). Under no circumstances shall Contractor landfill, burn, or convert for burning, Recovered Materials.

The Contractor's MRF shall be capable of producing color-mixed glass suitable to be marketed for subsequent glass beneficiation. The use of Recovered Materials (e.g., glass) for alternative daily cover for landfills is prohibited. The use of glass in the construction of roadways and drainage at landfills, however, is permitted if the Contractor can clearly demonstrate that a glass beneficiation market does not exist within Colorado. The Contractor shall not store or warehouse materials in violation of health and safety standards and shall conform to all requirements of the City and the Colorado Department of Public Health and the Environment.

Public Drop Off Site

The Contractor is required to operate a user-friendly and publicly-accessible recycling drop off facility at its MRF or another location agreed upon by Contractor and the City. The site shall be regularly cleaned and maintained, and safe for general public use. This drop-off must accept all Single-Stream Program Recyclables on Monday through Friday from 9:00AM to 6:00PM and Saturday from 8:00AM to 2:00PM, excluding official City holidays.

Rejects Disposal

The Contractor shall weigh, store and deliver, or cause to be delivered, Rejects to a permitted disposal facility. If the Contractor delivers Rejects to the Denver Arapahoe Disposal Site (DADS) landfill, it shall pay the gate rate for disposal of Solid Waste at the time of disposal.

Recordkeeping and Reporting

Daily Reports: The Contractor shall maintain daily records detailing the information provided on each weigh slip for loads of Program Recyclables. Daily records shall be immediately available to the City upon request.

Monthly Reports: The Contractor shall submit Monthly Reports to the City, in a format approved by the City, no later than the 15th day following the end of each calendar month. The report shall contain:

- Documentation of daily and total monthly tons of Program Recyclables delivered to the MRF;
- Documentation of daily and total monthly tons of Rejects derived from Program Recyclables;
- Documentation of rejected loads including date and weights for each load;
- Calculation of the AMV, difference between the Contractor Fee and AMV, and Revenue Share per Ton;
- Calculation of the total payment for Program Recyclables due to the City or the Contractor determined in accordance with the compensation requirements of the Agreement; and
- Calculation of Administrative Charges, rejected load payments, interest on overdue payments, or proration determined in accordance with the compensation requirements of the Agreement.
- The report shall also contain other information reasonably requested by the City.

Annual Reports: The Contractor shall submit an Annual Report to the City no later than January 31 of each year for the previous year. The report shall contain:

- Descriptions of capital and operational improvement made at the MRF;
- Documentation of monthly and total tons of Program Recyclables delivered to the MRF;
- Documentation of monthly and total tons of Rejects derived from Program Recyclables delivered to the MRF;

- Documentation of monthly and total tons of rejected loads;
- Documentation of monthly and total payments made to the City and made to the Contractor;
- Documentation of Administrative Charges, interest on overdue payments, and proration; and
- Documentation of end markets used to recycle the City's Program Recyclables.
- The report shall also contain other reasonably requested information requested by the City.

Community Education and Services

The Contractor shall support the City's educational efforts. The Contractor shall support the City by cooperating with media requests and it shall provide public education materials regarding the MRF to be mutually agreed to and approved by the City.

MRF Tours

The Contractor shall provide up to 2 (two) guided tours per month of the MRF. With limited exceptions, the tours shall not include more than 25 people or exceed 1 (one) hour in length and shall be conducted while the facility is in operation.

Prior to scheduling facility tours, the City shall work with Contractor to establish parameters for the tours including, but not limited to, the size of the group, time of day for scheduling tours, and tour logistics for safely moving visitors through the facility without disrupting normal facility operations.

Pilot Programs

Subject to written approval by the Executive Director, the Contractor and the City may participate in pilot programs to test the feasibility of recycling Materials not currently included in the definition of Program Recyclables.

Notice to City of Violations

Should Contractor receive a notice for the violation of any law, Contractor shall report the violation to the City's Representative no later than twenty-four (24) hours following notification, including the type of violation, the date of notice, agency issuing the violation, any resulting fees or requirements, and planned resolution of the violation.

IV. CITY'S RIGHTS AND RESPONSIBILITIES

Delivery of Recyclables

The City shall deliver Single Stream Program Recyclables to the Contractor's MRF utilizing collection vehicles and transfer tractor trailers. Recyclables will be compacted in collection

vehicles. Recyclables shall be delivered to Contractor's MRF in an "as picked up" condition; no sorting, processing, bundling, or baling shall be done by the City. All processing or other operational costs incurred upon or after delivery of Recyclables to the MRF shall be the obligation of Contractor.

Quality and Quantity of Recyclables

Neither the quality nor quantity of Recyclables to be delivered under the Agreement shall be guaranteed by the City. The City shall make reasonable efforts to ensure that only Recyclables as collected are delivered to the Contractor. The City shall take reasonable steps to discourage the delivery of non-designated Recyclables and other materials through its public education, training, and audit campaign.

Disposal of Rejects

The City shall accept and dispose Rejected Loads delivered to DADS by the Contractor. The disposal fee to be paid by the Contractor shall be the current gate rate for disposal of Solid Waste at the time of disposal.

Inspections

The City shall have the right to observe all Contractor operations related to this Agreement and the City's Recyclables. Observation may be by City employees or City-designated representatives. The City reserves the right to inspect Contractor's Rejects and to cooperatively resolve issues should they arise.

Additional Recyclable Commodities

During the Term, the Parties may add or delete materials from the definition of Program Recyclables by an amendment to the Agreement. Prior to any such amendment, the City shall work with Contractor regarding start up and any changes to the composition of Recyclables and calculation of the AMV.

Pilot Collection Program

The City reserves the right to evaluate various collection equipment and/or modify material sorts on a pilot basis during the course of the Agreement. Prior to the execution of any pilot, coordination with Contractor shall occur as necessary.

EXHIBIT C

Compensation

I. PAYMENT FOR PROGRAMS RECYCLABLES

Payment for Programs Recyclables shall utilize the following factors:

Contractor Fee = a base fee of \$70 per Ton of Program Recyclables (CF/Ton) delivered to the Contractor by the City. The Contractor Fee is explicitly not the Contractor's actual cost to operate the MRF, but is a form of compensation in lieu of actual operating cost. The contractor fee will be adjustable based on the actual tons per hour processed by the Contractor. The actual tons per hour will be measured weekly each Monday for the week prior and will be averaged for the calendar month. Weekly processing speeds will be reported to the City. When the facility is operating at the following processing speeds an additional fee will be added to the base contractor fee of \$70.

(Existing System) Proposed Schedule

20-24 Tons-Per-Hour = \$9.00 Per-Ton Increase to contractor fee

25-29 Tons-Per-Hour = \$5.00 Per-Ton Increase to contractor fee

30-34 Tons-Per-Hour = \$3.00 Per-Ton Increase to contractor fee

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35-39 Tons-Per-Hour = \$5.00 Per-Ton Increase to Processing Cost in Contract

40-44 Tons-Per-Hour = \$2.00 Per-Ton Increase to Processing Cost in Contract

45+ No additional fee

~~• The Contractor Fee is explicitly not the Contractor's actual cost to operate the MRF, but is a fixed amount of compensation in lieu of an operating cost.~~

- Average Market Value per Ton of Program Recyclables (AMV/Ton) based on the composition of Program Recyclables and commodity index prices as calculated in accordance with the Agreement.
- Percent Revenue Share (%RS) 50% of revenue shall be shared with the City.
- Maximum Cost per Ton of Recyclables Materials (MC/Ton) delivered to the Contractor by the City as established as \$10/ton. The Maximum Cost is the maximum payment that will be made by the City to the Contractor regardless of the Contractor Fee, Average Market Value, or Percent Revenue Share.

Each month, the Contractor shall calculate the payment for Program Recyclables as follows:

- If the AMV/Ton greater than the CF/Ton, then the Contractor's payment to the City shall equal:
(AMV/Ton - CF/Ton) x %RS x Tons of Program Recyclables.
- If the CF/Ton is greater than the AMV/Ton, then the City's payment to the Contractor shall equal:
(CF/Ton - AMV/Ton) x Tons of Program Recyclables, provided that payment shall never exceed the MC/Ton x Tons of Programs Recyclables.
- If the CF/Ton is equal to the AMV/Ton, then no payment will be owed to either party for Program Recyclables.

Tons of Program Recyclables shall be equal to 100% of inbound Program Recyclables measured at the Contractor's scales.

Administrative Charges

Each month, Contractor shall owe the City for any and all administrative charges levied by the City for violations of performance standards in accordance with the terms of the Agreement.

Timing of Payments

No later than fifteen (15) Days following the end of each month, the Contractor shall submit the Monthly Report including the calculation payment for Program Recyclables, administrative charges, interest on overdue payments, or proration, and the net payment due to either party. Said net payment shall be submitted by Contractor to the City, or the City to the Contractor, within fifteen (15) Days following submission of the Monthly Report.

Interest on Overdue Payments

All payments to be made by the Contractor to the City that are outstanding after the applicable due date, including disputed amounts, shall bear simple interest at the maximum rate permitted by State law.

Invoice or Payment Disputes

If either Party disputes an amount owing to the other Party, such Party shall: (i) within five (5) days of receiving the relevant invoice, give notice to the other Party of such disputed amount together with sufficient information to allow the other Party to understand the nature of the dispute and deliver such notice on or before the due date of the amount disputed; and (ii) pay all undisputed amounts on the due date. Consistent with Section 23 of the Agreement, the Parties will make a good faith effort to resolve the dispute. However, if the Parties are unable to reach a resolution, the City shall issue a final determination regarding the dispute, which determination may be resolved by an administrative hearing pursuant to D.R.M.C. § 56-106.

Proration

If any payments, rights or obligations under this Agreement (whether relating to Fees and Taxes, insurance, or to any other provision of this Agreement) relate to a period in part before the Effective Date or in part after the date of expiration or termination of the Term, the Parties hereto agree that appropriate adjustments and proration shall be made.

II. PERFORMANCE STANDARDS

It is the intent of the Agreement to ensure that the Contractor provides a high quality level of MRF services. To this end, any performance issues identified by the City and reported to the Contractor shall be promptly resolved within twenty-four (24) hours. The City may levy administrative charges for improper and insufficient actions related to any service required by this Agreement including, but not limited to:

Performance Standard Violation	Administrative Charges
Failure to accept Program Recyclables delivered to the MRF during scheduled receiving hours.	\$500 per vehicle per occurrence
Failure to provide maximum turn-around time of thirty (30) minutes.	\$100 per vehicle per occurrence
Program Recyclables placed outside of the MRF building without prior City approval.	\$250 per Day
Failure to remove Program Recyclables from the tipping floor and process them within forty-eight (48) hours of acceptance at the MRF.	\$250 per Day
Disposal of Recyclables or Recovered Materials.	\$1,000 per occurrence plus \$25 per Ton
Failure to provide a clean, well-maintained publicly accessible drop-off at the MRF.	\$250 per Day
Failure to notify City of legal or regulatory violations.	\$500 per Day per occurrence
Failure to provide any required report within the required timeframe.	\$500 per Day

The City may assess administrative charges on a monthly basis and shall at the end of each month notify the Contractor in writing of the charges assessed and the basis for each assessment. Consistent with Section 23 of the Agreement, in the event the Contractor wishes to contest such assessment it shall, within five (5) days after receiving such monthly notice, notify the City regarding its concerns. The Parties will make a good faith effort to resolve to dispute. However, if the Parties are unable to reach a resolution, the City shall issue a final determination regarding the dispute, which determination may be resolved by an administrative hearing pursuant to D.R.M.C. § 56-106.

III. CALCULATION OF AVERAGE MARKET VALUE AND COMPENSATION

Contractor acknowledges and accepts the following:

Material Percentages: The material percentages used for calculating the AMV are based on recyclables composition studies of the City's Program Recyclables as delivered to a processing facility. The material percentages in the AMV do not attempt to estimate Residue, which includes Program Recyclables that are not recovered due to breakage and/or transportation or processing limitations or inefficiencies.

Composition of Program Recyclables: The material percentages stated in Table 1 of this Attachment shall be the basis for calculating the AMV and Revenue Share in accordance with the Agreement, unless otherwise adjusted according to the procedures stated below.

Adjustments to the Composition of Program Recyclables. The City shall conduct a recyclables composition study at City's cost once during the initial Term of the Agreement. The Contractor may request additional recyclables composition studies to be conducted at Contractor's cost, such request being subject to City approval, which shall not be unreasonably withheld. A study cannot be requested by the Contractor more than once annually. All recyclables composition studies used for calculating the AMV shall be conducted using City-approved methodology and by a City-approved entity with demonstrated experience conducting recyclables composition studies. The City and Contractor each have the right to have a representative onsite during recyclables composition studies. Study results are subject to final approval by the City, which shall not be unreasonably withheld. If approved by the City, adjustments to the composition shall be made and shall become effective on the first Day of the following month and for the remainder of this Agreement, or until further adjusted in a future composition study.

Market Index: The market index (Recyclingmarkets.net) utilized is intended to reflect the regional average value, in the Midwest United States, of each Recyclable included in the City's Program Recyclables. It is not intended to equate to the commodity revenue received by Contractor. If at any time during the term of this Agreement, Recyclingmarkets.net no longer posts or otherwise provides the applicable market indices, then the parties shall mutually select an appropriate replacement source for the required information from among the sources recycling industry professionals utilize to obtain reliable Recovered Materials pricing information, and this selection shall be memorialized in writing.

Calculation of AMV: Contractor shall calculate the AMV of Program Recyclables each month. The AMV is defined as the sum of the RecyclingMarkets.net Midwest USA regional average commodity prices (U.S. Dollars per Ton) first posted in the month for which payment is being made. For illustrative purposes, Table 1 calculates the AMV based on the commodity prices first posted in April 2017.

Subtraction of Contractor Fee: Contractor will automatically deduct the Contractor Fee from revenue share. The City will not be invoiced for the Contractor fee unless a payment to the contractor is due.

Table 1: Sample Calculation of Average Market Value of Program Recyclables (April 2017)

Material	Index Descriptions	Index Value	Market Value (\$/ton)	Percent (by weight)	AMV (\$/ton)
Mixed Paper	MP Mixed Paper (PS 54) (\$/ton, baled, picked up)	\$87.50	\$87.50	23.0%	\$20.13
News #8	SRP Sorted Residential Papers (PS 56) (\$/ton, baled, picked up)	\$95.00	\$95.00	14.1%	\$13.40
OCC #11	Old Corrugated Containers (PS11) (\$/ton, baled, picked up)	\$167.50	\$167.50	17.2%	\$28.81
Glass (3-Mix)	Glass 3 Mix (\$/ton del. as Recyclable or Disposable)	(\$25.00)	(\$25.00)	20.1%	(\$5.00)
PET	Plastics PET (Baled, ¢/lb., picked up)	\$0.12	\$245.00	4.1%	\$10.05
HDPE, Natural	Plastics Natural HDPE (Baled, ¢/lb., picked up)	\$0.35	\$695.00	1.5%	\$10.43
HDPE, Colored	Plastics Colored HDPE (Baled, ¢/lb., picked up)	\$0.23	\$455.00	1.5%	\$6.83
Plastic, #3-#7	Plastics Comingled (#3-7, Baled, ¢/lb., picked up)	\$0.01	\$20.00	2.7%	\$0.54
Plastics, Mixed Rigid		\$0.04	\$70.00	1.1%	\$0.77
Aluminum Cans	Metals Aluminum Cans (Sorted, Baled, ¢/lb., picked up)	\$0.67	\$1,330.00	2.2%	\$29.26
Steel Cans	Metals Steel Cans (Sorted, Baled, \$/ton, picked up)	\$160.00	\$160.00	2.2%	\$3.52
Contamination			(\$15.00)	10.4%	(\$1.56)
Total				100.0%	\$117.16

[Note:

-Total HDPE containers in RCS was 3.0%, which has been split between HDPE Natural and HDPE Colored for the AMV.

-Mixed Paper includes Office Paper, Chip/Paperboard, Mixed Paper/Junk Mail, & Aseptic Containers.

-Contamination percentage includes Contaminants, ~~Styrofoam, and To-Go Cup and to-go-cups.~~

Sample Calculation of Compensation

Payment to the City

Assuming the following compensation terms:

- Average Market Value (AMV) = \$130 per ton of inbound Recyclables
- Revenue Share Percent (RS%) = 50%
- 3,500 Tons/month of Recyclables
- Average Processing speed = 29 tons per hour

\$130/Ton AMV is greater than \$70/Ton Contractor Fee (CF), therefore Contractor payment to the City is calculated as follows:

- $(AMV/Ton - (CF/Ton + \$5)) \times \%RS \times \text{Tons of Program Recyclables}$.
- $(\$130/Ton - (\$70/Ton + \$5)) \times 50\% = \$3027.50/Ton \times 3,500 \text{ Tons} = \$105,00096,250$.

Payment to the Contractor

Assuming the following compensation terms:

- Average Market Value (AMV) = \$60 per ton of inbound Recyclables.
- Revenue Share Percent (RS%) = 50%.
- 3,500 Tons/month of Recyclables.
- Processing speed = 35 tons per hour

\$70/Ton Contractor Fee (CF) is greater than \$60/Ton AMV, therefore City payment to the Contractor is calculated as follows:

- $(CF/Ton - AMV/Ton) \times \text{Tons of Program Recyclables}$.
- $(\$70/Ton - \$60/Ton) = \$10/ton \text{ payment to contractor}$.
- $\$10 \times 3,500 \text{ Tons} = \$35,000$.

Payment to the Contractor with Maximum Cost

Assuming the following compensation terms:

- Average Market Value (AMV) = \$45 per ton of inbound Recyclables.
- Revenue Share Percent (RS%) = 50%.
- 3,500 Tons/month of Recyclables.
- Processing speed = 32 tons per hour

\$70/Ton Contractor Fee (CF) is greater than \$45/Ton AMV, therefore City payment to the Contractor is calculated as follows:

- $((CF/Ton + \$3) - AMV/Ton) \times \text{Tons of Program Recyclables}$.
- $((\$70/Ton + \$3) - \$45/Ton) = \$2528/ton \text{ (this exceeds the \$10 maximum)}$

- $\$10/\text{ton} \times 3,500 \text{ Tons} = \$35,000.$