

CITY OF WEST HOLLYWOOD  
AMENDMENT NO. 2 TO AGREEMENT FOR INTEGRATED SOLID WASTE  
MANAGEMENT SERVICES

This Amendment No. 2 to the Agreement Between City of West Hollywood and Arakelian Enterprises, Inc. DBA Athens Services for Integrated Solid Waste Management Services dated November 24, 2014 (herein "Agreement") is made on this 1st day of June, 2020 at West Hollywood, California, by and between City of West Hollywood a municipal corporation, 8300 Santa Monica Boulevard, West Hollywood, California 90069 (hereinafter referred to as "CITY") and Arakelian Enterprises, Inc. d.b.a. Athens Services, 14048 Valley Blvd., City of Industry, CA 91716-4686 (hereinafter referred to as "CONTRACTOR").

RECITALS

- A. CITY and CONTRACTOR entered in an Agreement for Integrated Solid Waste Management Services (herein "AGREEMENT") dated November 24, 2014.
- B. On June 17th, 2019, City staff presented the findings of the performance review of Athens Services (also referred to herein as CONTRACTOR) for calendar years 2015, 2016, 2017, and 2018 conducted by Muni Environmental to the City Council. The evaluation found that Athens Services was in compliance with all aspects of the Agreement and had no material findings to report. The few minor discrepancies have been addresses by Athens Services.
- C. The agreement provides that upon successful performance review, Athens is eligible for a first five year extension, subject to terms, including an increase in diversion rates from 50% to 60%, which can be accompanied with a requested rate increase not to exceed 10%.
- D. CITY desires to grant CONTRACTOR the first five (5) year extension of the contract term, as authorized by the existing franchise agreement, effective July 1, 2020 through June 30, 2025. However, circumstance have changes since the 2014 Agreement that warrant additional revisions to the terms of the agreement. For reasons explained in a June 1 and 15, 2020 reports to the City Council, Athens originally requested a nearly 18% increase in rates to account for changes in state law, changes surrounding the recycling industry generally, increased costs and the proposed increase in diversion rates. While the rate request was determined to reflect the costs of providing the services by an independent audit (detailed rate review), the increase was not appropriate in the City in the midst of the COVID-19 pandemic and the resulting economic devastation. Given, all of the uncertainty at this time and as a result of changes in the industry, it is not possible to identify the appropriate service levels and rates for the full length of the next five year term before the agreement expires in July.

- E. Accordingly, CITY and CONTRACTOR agree to meet and confer in good faith no later than January 2021, to discuss additional contractual changes needed and that will be beneficial to the City and Athens, including but not limited to rate, term, diversion and compensation to the City of West Hollywood. Considerations will include, but will not be limited to, additional compensation for increased costs of doing business due to the Chinese National Sword policy, the current COVID-19 pandemic, and other legislative changes, per the changes in law and even potential force majeure, as noted in Athens' April 9, 2020 letter to the city, as well as the waste and recycling market in surrounding communities.
- F. Following notice and required hearings on June 1, 2020, CITY approved a rate increase request from CONTRACTOR to increase residential rates by 8.452% effective July 1<sup>st</sup>, 2020 in accordance with section 5.10 of the current Agreement with CONTRACTOR, and an increased commercial rates by a Cost of Living Adjustment (COLA) of 1.812% effective July 1<sup>st</sup>, 2020. For the time being and with these new rates, the contractor will continue to implement the new requirements of AB 1594 but will maintain the 50% diversion rate.
- G. CITY has approved the annual cost of living adjustment for both residential and commercial effective July 1<sup>st</sup>, 2021, 2022, 2023, and 2024, not to exceed 6% per year.
- H. Pending negotiations and meet and confer contemplated in this Amendment, any such additional changes to the rates to be implemented no later than July 2021, will require additional public hearings in accordance with Proposition 218.

NOW, THEREFORE, in consideration of the foregoing recitals, CITY and CONTRACTOR agree to amend the AGREEMENT AS FOLLOWS:

1. Notwithstanding anything to the contrary in the Agreement, CITY grants Athens the first five (5) year extension of the contract term, as authorized by the existing franchise agreement, effective July 1, 2020 through June 30, 2025.
2. Notwithstanding the increased diversion requirements provided under the Agreement, CONTRACTOR may maintain the fifty percent (50%) diversion requirement provided

in Section 2.02.2 and Section 6.01.1, subject to force majeure under Section 23.09, and subject to the negotiations between CITY and CONTRACTOR described in Section 3 of this Amendment. Exhibit 4 (Diversion Plan), and Exhibit 12 (Contract Year, Diversion, and Rate Adjustment Schedule) are amended and attached to reflect these changes.

3. CITY and CONTRACTOR agree to meet and confer in good faith no later than January 2021, to discuss additional contractual changes needed and that will be beneficial to the City and Athens, including but not limited to rate, term, diversion rate and compensation to the City of West Hollywood. Considerations will include, but will not be limited to, additional rate increases for increased costs of doing business due to the Chinese National Sword policy, the current COVID-19 pandemic, and other legislative changes, as anticipated in the existing Agreement provisions related to changes in law and force majeure, as well as the waste and recycling market in surrounding communities, as well as the unique needs of the City of West Hollywood. Pending negotiations, any such changes to the pricing will be implemented no later than July 2021, and will require additional public hearings in accordance with Proposition 218.
4. Following the public hearing on June 1, 2020, the CITY approved the rate request from CONTRACTOR to increase residential rates by 8.452% effective July 1<sup>st</sup>, 2020 in accordance with section 5.10 of the current Agreement with Athens Services, and an increase to commercial rates by a Cost of Living Adjustment (COLA) of 1.812% effective July 1<sup>st</sup>, 2020. The Council also approved the annual cost of living adjustment for both residential and commercial effective July 1, 2021, 2022, 2023, and 2024, not to exceed 6% per year. The cost of living adjustment is determined by the annual Consumer Price Index – All Urban Consumers (CPI-U). For the time being and with these new rates, the contractor will continue to implement the new requirements of AB 1594 but will maintain the 50% diversion rate. .
5. CITY shall reimburse CONTRACTOR for green waste services provided from January 2020 through March 2020, in the amount of \$21,222, as reflected in the May 22, 2020 invoice.
6. CITY will reimburse CONTRACTOR for the detailed rate review referred to in Recital D above, in the amount of \$20,000.

Except as set forth in this AMENDMENT, all other terms and conditions set forth in the AGREEMENT shall be and remain in full force and effect. In the event of a conflict between the terms of this Amendment and the Agreement, the terms of this Amendment

shall control, subject to a final determination as to the controlling term in the CITY'S discretion.

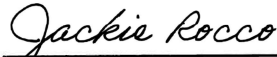
IN WITNESS WHEREOF, the parties have executed this AMENDMENT the  
1st \_\_\_\_\_ day of June \_\_\_\_\_, 2020.

CONTRACTOR:  
Arakelian Enterprises, Inc.  
d.b.a. Athens Services



Ron Arakelian III  
Executive Officer

CITY OF WEST HOLLYWOOD:

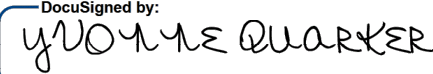


Jackie Rocco  
Director of Public Works

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Paul Arevalo                      Oscar Delgado  
City Manager                      ACM

ATTEST:

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Yvonne Quarker  
City Clerk

Exhibit 4  
ATHENS DIVERSION PLAN

Current Diversion Programs

- 3 barrel source separated program for residential accounts where the blue recyclable barrel, green organics barrel, and black rubbish barrel are picked-up by 3 separate trucks. Recyclables and green waste are counted as diversion and the black barrel is transferred to landfill for disposal.
- Collection of blue recyclable barrels and green organics barrels from multi-family accounts with separate trucks from the multi-family rubbish bins. The multi-family bins are transferred to landfill for disposal.
- Collect and process 100% of Commercial mixed waste at the Athens Material Recovery Facility (MRF) in City of Industry, resulting in roughly 27% recovery
- Collect and process commercial food waste at the Athens MRF resulting in roughly 67% recovery (commercial food waste customers are picked-up on a separate truck from the commercial mixed waste trucks)
- Collect and process 100% of Roll-off mixed waste at the Athens MRF, resulting in roughly 27% recovery
- Collect roll-off Construction & Demolition (C&D) loads and transfer to C&D specific recycling facilities for diversion
- Collect roll-off source separated recycle loads (cardboard, paper, etc.) and transfer to recycling specific facilities for diversion

**Current to 50% Hauler Diversion:** In addition to continuing the diversion programs listed above, and in order to reach 50% overall hauler diversion, Athens will implement the following programs effective January 1, 2015 through June 30, 2020:

- Process 100% of Multi-Family mixed waste at the Athens MRF, with a recovery rate of approximately 30%, resulting in an additional 10% of overall hauler diversion
- Improve commodity recovery of Commercial mixed waste at the Athens MRF to approximately 30%, resulting in an additional 1% of overall hauler diversion
- Improve commodity recovery of Roll-off mixed waste at the Athens MRF to approximately 30%, resulting in an additional 1% of overall hauler diversion
- Ensure that all C&D roll-off loads are taken to C&D facility with the highest recovery rates in the area, and count the C&D roll-off diversion as part of hauler diversion
- Portion of MRF processed residual tons from the multi-family, commercial, and roll-off rubbish waste streams will be transferred to a Waste-to-Energy (WTE) facility, resulting in an additional 3% of overall hauler diversion

Notwithstanding the increased Hauler Diversion provisions provided below, which are retained here for reference only, City and Contractor will meet and confer to discuss the City's diversion program and strategies to meet the state mandated diversion requirements. Prior to implementation of any changes to the diversion program derived from these discussions between City and Contractor, Contractor will continue the diversion programs listed above.

Exhibit 4  
ATHENS DIVERSION PLAN

**50% to 60% Hauler Diversion:** If the Term of this Agreement is extended in Accordance with Article 2, in addition to continuing the diversion programs listed above, and in order to increase from 50% to 60% overall hauler diversion, Athens will implement the following programs effective July 1, 2021 through June 30, 2025:

- Improve commodity recovery of Commercial mixed waste at the Athens MRF to approximately 35%, resulting in an additional 1% of overall hauler diversion
- Improve commodity recovery of Multi-family mixed waste at the Athens MRF to approximately 35%, resulting in an additional 0.5% of overall hauler diversion
- Improve commodity recovery of Roll-off mixed waste at the Athens MRF to approximately 35%, resulting in an additional 0.3% of overall hauler diversion
- Process the residential rubbish barrel at the Athens MRF in order to recover additional commodities not separated into the blue recycle barrel by the resident, resulting in an additional 0.2% of overall hauler diversion
- Allow residential and multi-family customers to place food waste in the green barrel along with the green waste and take the material to the Athens Organics facility for composting, resulting in an additional 3.5% of overall hauler diversion
- Use of Anaerobic Digestion and other new technologies (currently being implemented in the Waste & Recycling Industry) on residual tons from the MRF processed material, resulting in an additional 3% of overall hauler diversion
- Portion of MRF processed residual tons from the multi-family, commercial, and roll-off rubbish waste streams will be transferred to a Waste-to-Energy (WTE) facility, resulting in an additional 1% of overall hauler diversion
- Improved public education and awareness on the 3 barrel source separated program for improved recovery of recyclables and organics, resulting in an additional .5% of overall hauler diversion
- Promote and improve public education of recycling programs in the City, such as Christmas tree disposal, bulky item disposal, abandoned waste, and other City events. Ensure that most efficient recovery methods are being used for these programs.

**60% to 70% Hauler Diversion:** If the Term of this Agreement is extended in Accordance with Article 2, in addition to continuing the diversion programs listed above, and in order to increase from 60% to 70% overall hauler diversion, Athens will implement the following programs effective July 1, 2025 through June 30, 2030:

- Improve commodity recovery of Commercial mixed waste at the Athens MRF to approximately 41%, resulting in an additional 1% of overall hauler diversion
- Improve commodity recovery of Multi-family mixed waste at the Athens MRF to approximately 41%, resulting in an additional 2% of overall hauler diversion
- Improve commodity recovery of Roll-off mixed waste at the Athens MRF to approximately 41%, resulting in an additional .5% of overall hauler diversion

**Exhibit 4**  
**ATHENS DIVERSION PLAN**

- Use of Anaerobic Digestion and other new technologies (currently being implemented in the Waste & Recycling Industry) on residual tons from the MRF processed material, resulting in an additional 4% of overall hauler diversion
- Portion of MRF processed residual tons from the multi-family, commercial, and roll-off rubbish waste streams will be transferred to a Waste-to-Energy (WTE) facility, resulting in an additional 1% of overall hauler diversion
- Offer and provide green barrels to commercial accounts that cannot accommodate a separate food waste bin in order to place food waste in the green barrel, which will be
  - picked up by the residential green barrel truck for and taken to the organics facility for composting, resulting in an additional 0.5% of overall hauler diversion
- Improve commodity recovery of the commercial food waste material at the MRF, resulting in an additional 1% of overall hauler diversion
- Meet with commercial and roll-off customers to maximize diversion of food waste, source separated recyclables, and C&D material

**EXHIBIT 12**  
**CONTRACT YEAR, DIVERSION, AND RATE ADJUSTMENT SCHEDULE**

Term Year	Contract Year	Diversion Calendar Year	Minimum Diversion	Rate Adjustment Methodology	Date of New Rates	Rate Increase Application Due	Performance Review Completed	City's Offer to Extend Term
0.5	Jan. 1 2015 – June 30, 2015	2015	50%	CPI	7/1/2015	Set by prior term		
1	July 1, 2015 – June 30 2016	2016	50%	CPI	7/1/2016	4/1/2016 for 7/1/2016 CPI		
2	July 1, 2016 – June 30, 2017	2017	50%	CPI	7/1/2017	4/1/2017 for 7/1/2017 CPI		
3	July 1, 2017 – June 30, 2018	2018	50%	CPI	7/1/2018	4/1/2018 for 7/1/2018 CPI		
4	July 1, 2018 – June 30, 2019	2019	50%	CPI	7/1/2019	4/1/2019 for 7/1/2019 CPI	<b>May 1, 2019 &amp; covers calendar years 2015 - 2018</b>	<b>Sept. 1 2019 (City delayed to June 2020)</b>
5	July 1, 2019 – June 30, 2020	2020	50%	CPI	7/1/2020	4/1/2020 for 7/1/2020 CPI		<b>June 1 2020</b>
6	July 1, 2020 – June 30, 2021	2021	50%	Changes approved by City Council on June 1, 2020	7/1/2021	4/1/2021 for 7/1/2021 CPI	Changes to diversion requirements are subject to meet and confer per Note 1 below.	
<b>Note 1: Notwithstanding the increased Hauler Diversion contemplated below, City and Contractor will meet and confer no later than January 2021 to discuss the City's diversion program and strategies to meet the state mandated diversion requirements. Prior to implementation of any changes to the diversion program derived from these discussions between City and Contractor, Contractor will continue the diversion programs listed above.</b>								
7	July 1, 2021 – June 30, 2022	2022	60%	CPI	7/1/2022	4/1/2022 for 7/1/2022 CPI		
8	July 1, 2022 – June 30, 2023	2023	60%	CPI	7/1/2023	4/1/2023 for 7/1/2023 CPI		
9	July 1, 2023 – June 30, 2024	2024	60%	CPI	7/1/2024	4/1/2024 for 7/1/2024 CPI	<b>May 1, 2024 &amp; covers calendar years 2019 - 2024</b>	<b>Sept. 1 2024</b>
10	July 1, 2024 – June 30, 2025	2025	60%	CPI	7/1/2025	4/1/2025 for 7/1/2025 CPI	CPI increase if Contractor's requested rate increase exceeds 10.0% <b>and</b> City options to continue Term.	
				<b>Non-CPI Up to 10%</b>		4/1/ <b>2024</b> for increased diversion	Non-CPI rate increase request for required increased diversion submitted 9 months in advance.	
11	July 1, 2025 – June 30, 2026	2026	70%	CPI	7/1/2026	4/1/2026 for 7/1/2026 CPI		

12	July 1, 2026 – June 30, 2027	2027	70%	CPI	7/1/2027	4/1/2027 for 7/1/2028 CPI	Agreement terminates June 30, 2030 with no additional Term extensions or any non- CPI rate increases allowed.
13	July 1, 2027 – June 30, 2028	2028	70%	CPI	7/1/2028	4/1/2028 for 7/1/2028 CPI	
14	July 1, 2028 – June 30, 2029	2029	70%	CPI	7/1/2029	4/1/2029 for 7/1/2029 CPI	
15	July 1, 2029 – June 30, 2030	2030	70%	<b>Agreement terminates June 30, 2030.</b>			