



GAIL FARBER, Director

COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

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November 24, 2009

IN REPLY PLEASE
REFER TO FILE: **AS-0**

INVITATION FOR BIDS – ADDENDUM 2 FIRESTONE GARBAGE DISPOSAL DISTRICT (2009-GDD041) ATHENS/WOODCREST/OLIVITA GARBAGE DISPOSAL DISTRICT (2009-GDD043) WALNUT PARK GARBAGE DISPOSAL DISTRICT (2009-GDD044)

Thank you for attending our mandatory Proposers' Conference for Athens/Woodcrest/Olivita Garbage Disposal District (2009-GDD043), Firestone Garbage Disposal District (2009-GDD041), and Walnut Park Garbage Disposal District (2009-GDD044) held on Tuesday, November 10, 2009

Please note that the questions outlined in the Question/Response section of this Addendum 2 represent the questions asked by Bidders. Please note that some questions have been paraphrased for interpretation and clarity purposes

Please take note of the following revisions that have been addressed regarding the Invitation for Bids (IFB) (Please note that **bold** text has been added, and any text that has a ~~strikethrough~~ has been deleted from the IFB)

The deadline to submit bids is **Monday, December 7, 2009, at 5:30 p.m.**

CLARIFICATIONS

- 1 Please note that all questions submitted by bidders have been addressed in Enclosure 1 (Questions/Responses)
- 2 It should be noted that as these IFB solicitations are based on the low bid premise and are not scored, therefore, the "Debriefing Process" outlined in Part I, Section 5, Protest Policy (page 1 31), will not be applicable
3. Please note that the Department of Public Works makes every effort to remit payment for services rendered under a contract within 30 days after the receipt of an undisputed and approved invoice. However, the County does offer a Prompt Payment Program to certified Local Small Business Enterprises, which expedites payments within 15 calendar days after the receipt of an undisputed and approved invoice.

- 4 The table below outlines the submission of financial statements and the applicable forms required

Forms	Audited Financial Statements Submitted with Bid	Reviewed Financial Statements Submitted with Bid	Audited Financial Statements to be Delivered to County for Review	Reviewed Financial Statements to be Delivered to County for Review
Form PW-18	✓	✓		
Form PW-19			✓	✓
Form PW-20		✓		✓
*Ability to obtain a Performance Bond for 50% amount of Total Proposed Annual Amount for Task 1 and Task 2		*✓		*✓
*Ability to obtain a Letter of Credit for 50% amount of Total Proposed Annual Amount for Task 1 and Task 2		*✓		*✓
*Additional Business History, and/or other information to demonstrate financial resources and stability		*✓		*✓

*If Bidder is submitting reviewed financial statements, the Bidder must submit at least **two** of the noted items (*) **in addition** to their reviewed financial statements

REVISIONS TO PART I OF THE IFB:

- 5 Part I, Section 4, Evaluation of Bids, Award and Execution of Contract (page 1.28), has been revised to include the following Item F

F. Negotiation

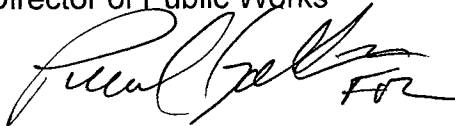
The County reserves the right to negotiate the terms, conditions, and price of bid(s), in the sole discretion of the County, to achieve the most beneficial program and price for the County. The County, in its sole discretions, may engage in negotiation with the responsive, responsible, and lowest bidder.

- 6 Please note that Exhibit P enclosed with Addendum 1 has been deleted in its entirety and is no longer valid. Please use the attached Enclosure 2 (Exhibit P, Parent Guaranty) dated 11/23/09, referenced in this Addendum 2, if you are submitting a parent company's financial statements.
- 7 Please note that Exhibit A.1, Section 2, Method of Payment – Task 1, Item B, Petition to Adjust Monthly Unit Rate and Exhibit A.2, Section 2, Method of Payment – Task 2, Item C, Petition to Adjust Monthly Rate, from all the IFB's have been deleted in their entirety and are no longer valid. Please refer to the attached Enclosure 3 which outlines the newly revised language for Exhibit A.1 and Exhibit A.2, Section 2, Method of Payment, Petition to Adjust Monthly/Unit Rates for Tasks 1 and 2 for all the IFB's.

If you have questions concerning the above information, please contact Ms. Jeanette Arismendez at (626) 458-4050 or Mr. Benjamin Sandoval at (626) 458-7334, Monday through Thursday, 7 a.m. to 5:45 p.m.

Very truly yours,

GAIL FARBER
Director of Public Works

A handwritten signature in black ink, appearing to read 'Ghayane Zakarian', with a stylized flourish at the end.

GHAYANE ZAKARIAN, Chief
Administrative Services Division

JA

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Enc.

QUESTIONS/RESPONSES

FORM PW-2, SCHEDULE OF PRICES

1. **Question:** For each of the Garbage Disposal District (GDDs) solicitations, are Bidders required to bid on all of the tasks? Will a single company be awarded both Tasks 1 and 2 under a single contract?

Response: Yes. Bidders are required to indicate proposed amounts for all of the tasks and items on Form PW-2, Schedule of Prices, except for the item pertaining to Extra Carts for which costs have already been specified by the County. The responsive and responsible Bidder who submits the lowest combined Total Proposed Annual Amount for Tasks 1 and 2, shown on Form PW-2, Schedule of Prices would be awarded the GDD contract. The same process applies separately to all three GDD solicitations. The Contractor will be required to perform both Tasks 1 and 2 per contract.

2. **Question:** Which section of the Scope of Work does Item 1B, Proposed Hourly Rate for Additional Special Collection Services, on Form PW-2, refer to?

Response: Refer to Exhibit A.1, Section 1, Scope of Work, Item C.21, Special Cleanup Project Services, for special collection services in excess of the number specified, to be performed for an additional fee to be collected by the Contractor as indicated by the Contractor on Form PW-2, Schedule of Prices, Item 1B.

EXTRA CARTS

3. **Question:** Are extra carts to be provided for a one-time charge to customers and no monthly service fee thereafter?

Response: Yes. Extra carts shall be provided to customers at a one-time fee per extra cart at the set prices shown on Form PW-2, Schedule of Prices. No additional fees shall be charged for the collection from any extra carts, as specified in Exhibit A.1, Section 1, Scope of Work, Item C.6.e, Extra Carts.

4. **Question:** Will the County allow the Bidder to specify the costs for extra carts?

Response: No. Bidders must provide any extra carts to customers at the price established by the County as shown on Form PW-2, Schedule of Prices.

BULKY ITEMS

5. **Question:** What were the tonnages of the curbside bulky items collected from each of these GDDs?

Response: The estimated annual quantities of bulky items collected at curbside, including those collected during the Annual Cleanup Campaign, are as follows:

- Athens/Woodcrest/Olivita GDD – 1,500 tons per year
- Firestone GDD – 3,300 tons per year
- Walnut Park GDD – 500 tons per year

6. **Question:** Is the curbside bulky item collection service in the Firestone GDD to be performed on a weekly basis, or on a by-request basis?

Response: For the Firestone GDD, curbside bulky items are to be collected weekly in accordance with the route schedule shown on Exhibit F, and as specified in Exhibit A.1, Section 1, Scope of Work, Item C.9, Special Collection Services.

For the Walnut Park GDD, curbside bulky items are to be collected upon request by the next regular collection day in accordance with Exhibit A.1, Section 1, Scope of Work, Item C.9, Special Collection Services.

For the Athens/Woodcrest/Olivita GDD, curbside bulky items are to be collected according to one of the following two schedules as determined by the Director/Designee, in accordance with Exhibit A.1, Section 1, Scope of Work, Item C.9, Special Collection Services:

Schedule 1: Upon request by the next regular collection day, or

Schedule 2: Weekly in accordance with the route schedule shown on Exhibit F.

COLLECTION ROUTES AND FREQUENCIES

7. **Question:** Can we change the collection routes/schedules?

Response: It is preferred that the Contractor maintain the current collection route as shown on Exhibit F. However, if a Bidder proposes a different route the Bidder must submit the proposed route as part of their Work Plan along with adequate justification to the satisfaction of the Director/Designee. The request will be considered and the County reserves the discretion to choose either to maintain the current route or approve any modified routes, without changing the Proposed Annual Amount for the item shown on PW-2, Schedule of Prices.

8. **Question:** Can the County provide the number of units collected per collection day?

Response: A breakdown of the number of refuse units within each of the collection days is not available at this time. Bidders are responsible for conducting field visits and performing any necessary assessments to determine the service levels associated with each of the service areas.

9. **Question:** Are collections from commercial food establishments to be performed six days per week?

Response: In accordance with Exhibit A.1, Section 1, Scope of Work, Item C.4, Frequency of Collection for Commercial Food Establishments, collections are to be made daily except on Sundays and holidays.

10. **Question:** Can food waste be comingled with green waste for composting?

Response: While composting is not required as part of these contracts, if the Contractor wishes to compost in addition to or in lieu of recycling green waste, contractors may submit a detailed description of the operations proposed for review and approval by the Director/Designee. The request will be considered and the County reserves the discretion to choose either to maintain the current green waste management practices or approve any composting, without changing the Proposed Annual Amount for the item shown on PW-2, Schedule of Prices.

11. **Question:** For the Walnut Park GDD, are collections from commercial establishments to be performed only on Thursdays and Fridays as shown on Exhibit F?

Response: It is preferred that the Contractor maintain the collection route shown on Exhibit F. However, if a Bidder proposes a different route the Bidder must submit the proposed route as part of their Work Plan along with adequate justification to the satisfaction of the Director/Designee. The request will be considered and the County reserves the discretion to choose either to maintain the specified route or approve any modified routes, without changing the Proposed Annual Amount for the item shown on PW-2, Schedule of Prices.

12. **Question:** For the Walnut Park GDD, can the residential collection route be changed from two days (Thursdays and Fridays), to five days (Monday through Friday) per week?

Response: It is preferred that the Contractor maintain the collection route shown on Exhibit F. However, if a Bidder proposes a different route the Bidder must submit the proposed route as part of their Work Plan along with adequate justification to the satisfaction of the Director/Designee. The request will be considered and the County reserves the discretion to choose either to maintain the specified route or approve any modified routes, without changing the Proposed Annual Amount for the item shown on PW-2, Schedule of Prices.

13. **Question:** Can materials collected from different Garbage Disposal Districts (GDDs) be commingled?

Response: No. Materials collected from different GDDs may not be commingled. Other factors which preclude the same vehicles from operating across GDDs include requirements for vehicles to display the names of the GDDs in which they operate, and separately reporting quantities collected from the respective GDDs.

VEHICLES

14. **Question:** When is the Bidder required to provide a listing of the alternative fuel vehicles that will be used for the contract(s)?

Response: As part of the Bids and in accordance with Part I, Section 2, Bid Preparation and Submission, Item A.7, Equipment, Bidders must list all equipment on Form PW-17, Statement of Equipment. The Bidder must provide a vendor acquisition statement for vehicles that are not available at the time of Bid submittal.

15. **Question:** If the Contractor needs to purchase alternative fuel vehicles for these contracts, how much time will be given to have these units ready to work?

Response: These contracts are scheduled to commence on July 1, 2010.

16. **Question:** Are collection vehicles which involve the manual disposition of material into a front loading, rear-loading or flat bed vehicle considered ancillary and not required to operate on alternative fuel?

Response: That's correct. Ancillary vehicles such as front loading, rear-loading or flat bed vehicles are not required to operate on alternative fuels.

CONSTRUCTION AND DEMOLITION DEBRIS

17. **Question:** Is there a weight limit on the amount of construction and demolition debris that is to be collected at no charge to the customers?

Response: While there is no weight limit established on the amount of construction and demolition debris that the Contractor is required to collect at no charge, the County's practice is to ask customers to rent dumpsters from haulers at the charges set by haulers for situations such as remodeling; reconstruction of driveways or other residential properties; and other large-scale activities necessitating dumpster service.

PUBLIC CURBSIDE RECEPTACLES

18. **Question:** Is the Contractor required to provide liners for the public curbside receptacles?

Response: Yes.

19. **Question:** What are the locations of the additional public curbside receptacles?

Response: The locations of the additional public curbside receptacles are unknown at this time.

MONTHLY UNIT RATE

20. **Question:** What are the most current Monthly Unit Rates for these GDDs, and by how much did they increase in the past?

Response: The current Monthly Unit Rates are as follows:

- Athens/Woodcrest/Olivita GDD - \$13.58
- Firestone GDD - \$17.54
- Walnut Park GDD - \$17.53

These Monthly Unit Rates have remained unchanged for the duration of the current contracts since the current contracts for the Athens/Woodcrest/Olivita, Firestone, and Walnut Park GDDs do not provide for rate adjustments based on changes in the CPI, fuel, or tipping fee.

21. **Question:** When would the first adjustment to the Monthly Unit Rate become effective?

Response: If the contractor submits a petition to adjust the Monthly Unit Rate on April 15 of the second contract year (April 15, 2012) then the new approved Monthly Unit Rate will become effective July 1, 2012, in accordance with Exhibit A.1, Section 2, Method of Payment, Item B, Petition to Adjust Monthly Unit Rate.

22. **Question:** Does the 30 percent maximum increase in the Initial Monthly Unit Compensation apply over the seven-year term or the ten-year term of the contract?

Response: The maximum amount of 30 percent applies to the initial seven year duration of the contract. Higher maximum percentages apply to the option years in accordance with the revised Exhibit A.1, Section 2, Method of Payment, Task 1, Item B, Petition to Adjust Monthly Unit Rate; and Exhibit A.2, Section 2, Method of Payment, Task 2, Item C, Petition to Adjust Monthly Rate (see Enclosure 3).

23. **Question:** Can adjustments be made to the Monthly Rates for work performed as part of Task 2 of the contract?

Response: Yes. Adjustments can be made to the Monthly Rates identified on Form PW-2, Schedule of Prices, for work performed under Task 2 – Removal of Discarded materials from Alleys and Public Curbside Receptacles Collection Service, in accordance with Exhibit A.2, Section 2, Method of Payment, Task 2, Item C, Petition to Adjust Monthly Unit Rate.

24. **Question:** How is the Liquid Natural Gas (LNG) subcomponent to be adjusted as part of the Monthly Unit Rate adjustment formula?

Response: Exhibit A.1, Section 2, Method of Payment, Task 1, Item B, Petition to Adjust Monthly Unit Rate, has been replaced in its entirety by Enclosure 3. Exhibit A.2, Section 2, Method of Payment, Task 2, Item C, Petition to Adjust Monthly Rate, has also been replaced in its entirety by Enclosure 3.

25. **Question:** Are there Franchise Fees that must be paid to the County from the Contractor?

Response: No, there are no franchise fees due to the County by the Contractor, since these GDD contracts do not involve any franchise agreements.

CONTRACTING/TERMS AND CONDITIONS

26. **Question:** Part I, Section 2.A.8- Proposer's Financial Statements – The IFB states that the Proposer shall “*Submit copies of the Proposing entity's reviewed or audited financial statements prepared and certified by an independent CPA for the most current three full fiscal years....*” As we are a public company, and as is generally the case with public company financial statements, we do not publish separate audited financial statements for our operating subsidiaries but instead have audited financial statements for our parent company. We trust that the audited financial statements of our parent company (of the “proposing entity”) would be acceptable based on past practices of the County (Please note that the above italicized language was also included in the 2008 Lennox GDD IFB and the financial statements of the parent company were deemed acceptable). As is the case with most public companies, the entity that will be executing a contract with the County will be a wholly owned subsidiary of our parent company; however, we are amenable to providing a parent company guarantee to the County, if so requested. Therefore, we trust that it would be acceptable to the County to provide only the audited financial statements of our parent company, and would be willing to provide a parent company guarantee if so requested. This is fairly standard and has been an acceptable practice in virtually every RFP process in which we have participated. Please also note that this was deemed acceptable to the County in prior GDD releases similar to this one as well as in the County's Residential RFP releases over the last several

years (i.e., see Addendum No. 2 (dated August 20, 2009), Enclosure A.1 (Item 17) and Enclosure A.2 (Item 9) of the Hacienda Heights RFP, as well as prior addenda to similar County RFPs indicating this was acceptable).

Response: Please use Enclosure 2, Exhibit P, Parent Guaranty, of this Addendum 2, if you are submitting a parent company's financial statements.

27. **Question:** Part II, Exhibit B, Section 3.B – Termination/Suspension for Convenience – This Section allows the County to terminate the contract for convenience on ten's days notice, with no compensation to Contractor for loss of profit expectancy or for the unamortized cost of capital equipment, including new clean fuel vehicles, purchased for the contract. We believe that if a termination for convenience is elected by the County, in minimal fairness a much longer period should be allowed the Contractor to notify and demobilize its employees and make arrangements to re-utilize its capital equipment. We request that the County consider giving a Contractor one year's notice of termination for convenience.

Response: Ten days notice is the County standard with respect to Termination/Suspension for Convenience and will not be increased to one year.

28. **Question:** Part II, Exhibit B, Section 3.C – Termination/Suspension for Default. This section allows the Contract manager to terminate the contract for (1) a material breach, (2) failure to satisfactory perform services or (3) for not demonstrating a high probability of timely fulfilling the contract performance requirements. Only the last grounds for termination carries with it a requirement on the part of the County to give the Contractor a notice of default and a reasonable opportunity to cure the default. We request that the Contractor be given notice and an opportunity to cure any of the three grounds for termination due to breach or default, and that the minimum cure period be extended to 30 calendar days, in which the Contractor must either cure the default or, if it is not reasonably capable of being cured within 30 days, that the Contractor have commenced the cure within the 30 day cure period and diligently pursue the cure until completion.

Response: Each default will have to be addressed and evaluated on a case by case basis, and in the event of extenuating circumstances, the District may be amenable to approve a longer period of time to cure said default. The County adheres to strict guidelines with respect to curing defaults within five days, or such longer period as the District may authorize in writing.

29. **Question:** Part II, Exhibit B, Section 2.V- Most Favored Public Entity – This section would enable the County to reduce our proposed compensation in the event the contractor is deemed to provide lower prices for the same services under similar quantity and delivery conditions to another municipality. This has never appeared in prior GDD releases, and appears to be subject to too many

subjective determinations and potential conflicts. The section does not realistically enable a meaningful comparison of the types and kinds of services, which vary from entity to entity based on local conditions, and thus it is not practically enforceable. In our judgment, it should not be included in the Agreement. This is a competitive process which will yield the best price from the lowest responsible bidder based on detailed cost assumptions and the rates that underlie those assumptions for this contract in this service area with its unique set of circumstances and constraints. The contractor should not be subject to this type of pricing risk given the inability to provide meaningful comparisons and the open-ended nature of this language. We believe this needs to be deleted from the Agreement.

Response: This is a County standard and will not be deleted. The contractor may protest a change in the monthly compensation, in writing, setting forth the reasons for the objection as described in Exhibit A.1, Section 2, Method of Payment, Task 1, paragraph A.4, Protest.

30. **Question:** On page 1 of Part II the Sample Agreement, in the THIRD recital, it states, *"The District agrees, in consideration of satisfactory performance of the foregoing services in strict accordance with this Contract's specifications to the satisfaction of the Director of Public Works to pay the CONTRACTOR pursuant to the Schedule of Prices set forth in the bid and attached hereto as Form PW-1, an amount not to exceed \$_____ per year (Maximum Contract Sum), or such greater amount as the Board may approve."* The Sample Agreement allows the successful bidder to adjust rates annually. An amount "not to exceed" would seem to be impossible to insert. This recital and others appear to be a carryover from old agreements. Please also review the FIFTH and SEVENTH recitals for consistency with the "Maximum Contract Sum". Please clarify.

Response: The Maximum Contract Sum is the amount that the winning Bidder proposed. However, when requesting authority from the Board to award a contract, we request the delegated authority to adjust annual rates and is thereby capture by "or such greater amount as the Board may approve."

31. **Question:** Can language be added saying that the performance bond is annually renewable? (Reference: The sample bond is on page 200, Exhibit I, of the contract).

Response: Yes. The winning Bidder may include "annually renewable" language on the performance bond.

PARENT GUARANTY

Insert Name of Signatory Guarantor and Description of its organization, such as "corporation duly organized and existing in good standing under the laws of the State of CA"

(Guarantor)
executes this Guaranty to and for the benefit of County of Los Angeles and its Special Districts (Hereinafter **County**), a political subdivision of the State of California, on the date written below.

RECITALS

Guarantor and County refer to the following facts:

WHEREAS, _____
Insert Contractor Name

(Contractor), a _____
Insert Relation to Guarantor, such as "a corporation wholly owned by Guarantor"

intends to submit a bid (**Bid**) in response to an Invitation for Bids issued by County on

_____ for the _____
Insert date of submission of IFB Insert Area Name

GARBAGE DISPOSAL DISTRICT a County Special District (the **Garbage Disposal District**), which will be incorporated in this Guaranty by reference and made part of this Guaranty upon execution by County and Contractor together with the Bid;

WHEREAS, it is in the interest of Guarantor that Contractor submits its bid and enter into the Garbage Disposal District ("Agreement") with County;

WHEREAS, County is willing to accept the Contractor's bid and/or enter into the Agreement only upon the condition that Guarantor executes this Guaranty;

WHEREAS, if Contractor fails to timely and fully perform its obligations under the Agreement, including the payment of monetary amounts or claims for those amounts, Guarantor is willing to guarantee the Contractor's timely and full performance of those obligations; and

NOW, THEREFORE, as an inducement to County to accept the Bid and enter into the Agreement, Guarantor agrees as follows:

Capitalized terms used in this Guaranty and not otherwise defined in this Guaranty have the meaning defined in the Agreement.

(1) GUARANTY OF THE CONTRACTOR'S OBLIGATIONS UNDER THE AGREEMENT

- a. **Public Health and Safety.** Guarantor acknowledges public health and safety may be threatened if Contractor does not Collect Solid Waste under the Agreement.
- b. **Obligations.** Guarantor directly, unconditionally, irrevocably, and absolutely guarantees the timely and full performance of each of the Contractor's obligations under the Agreement, subject only to the defenses that Guarantor may assert under Section 6. Within 5 days of County's demand, Guarantor will perform or cause to be performed each of Contractor's obligations under the Agreement that Contractor has failed to perform.
- c. **Obligors – No Personal Liability.** This Guaranty is binding upon and enforceable against the Guarantor, its successors, assigns, and lawful representatives. This Guaranty does not create any obligation on the part of any director, officer, employee or stockholder of Guarantor (or any affiliate thereof) to satisfy any obligation under this Guaranty. This Guaranty does not give County the right to look to those individuals to satisfy any obligation under this Guaranty. County may not make a judgment, order, or execution with respect to or in connection with this Guaranty against any of those individuals.
- d. **Benefit.** This Guaranty is for the benefit of County, its successors and assigns.

(2) CHANGES IN CONTRACTOR'S OBLIGATIONS

- a. **Changes in Agreement or Contractor's Obligations Without Guarantor Consent.** The following events do not in any way modify any of Guarantor's obligations under this Guaranty or affect Guarantor's liability to County for those obligations. They do not require Guarantor's consent, and County may exercise its rights with respect to those actions in County's sole discretion:
 - i. Amendments, extensions or renewals of the Agreement or modification of Contractor's obligations under the Agreement.

- ii. Waiver of any right of County or obligation, Breach or Default of Contractor under the Agreement.
- iii. Renewal, modification or compromise of any liability of the Contractor for Contractor's obligations to County under the Agreement.
- iv. Release, compromise or settlement of any dispute arising with Contactor under the Agreement.
- v. Acceptance, release or surrender of any Performance Assurance defined in the Twelfth Paragraph of the Agreement, which is incorporated herewith, not withstanding that the Agreement for _____ Garbage

Insert Area Name

Disposal District may be executed at a date later than the Agreement.

- b. **No Release or Discharge of Guaranty.** In any of the events listed in the preceding subsection 1, County is not obligated to reserve its rights against Guarantor under this Guaranty and Guarantor waives any defense based on a "waiver of rights."
- c. **No Guarantor Endorsement.** In any of the events listed in the preceding subsection 1, Guarantor does not need to additionally endorse this Guaranty.

(3) TERM OF GUARANTY; CONTINUING.

- a. **Term.** This Guaranty will remain in full force and effect until the later of the following events:
 - i. All obligations of the Contractor under the Agreement including Contractor's payment obligations to County (such as damages and reimbursements) are fully performed and satisfied in accordance with the Agreement, or court order, or
 - ii. Contractor's obligations under the terms of the Agreement are discharged, released or otherwise excused.
- b. **Continuing.** This Guaranty is a continuing guaranty and will continue to be effective or be reinstated, as applicable, during the period of this contract, or through the completion of any litigation, arbitration, or mediation arising out of this Agreement, if at any time any payment by

Contractor under the Agreement or by Guarantor under this Guaranty is rescinded or County is otherwise required to return that payment, including upon reorganization, insolvency or bankruptcy of the Contractor or Guarantor.

(4) DEMANDS UNDER GUARANTY

- a. **Proceeding First Against Guarantor – No Preconditions.** Regardless of any cause of action, statement of facts or any other event, County may enforce its rights under this Guaranty and proceed first and directly against Guarantor without proceeding against or exhausting any other remedies that County may have, including the following:
 - i. Enforcing any of County's rights or remedies, or seeking to compel the Contractor to perform Contractor's obligations, under the Agreement or proceeding or taking any action against Contractor;
 - ii. Filing claims with a court in the event of bankruptcy, insolvency, reorganization of Contractor;
 - iii. Promptly or diligently making any claim under, or pursuing or exhausting any remedy under, or otherwise enforcing the provisions of any Performance Assurance;
 - iv. Seeking or obtaining recourse or any other action against anyone that may be liable for Contractor's obligations under the Agreement, in whole or in part.
- b. **Partial Performance.** County may enforce its rights under this Guaranty and proceed first and directly against Guarantor even if Contractor or Guarantor has partially, but not fully performed those obligations.
- c. **Draw upon Performance Assurances.** County may enforce its rights under this Guaranty and proceed first and directly against Guarantor even if County has drawn upon a Performance Assurance.
- d. **Separate Demands.** Each of Contractor's failure to perform its obligations under the Agreement gives rise to a separate obligation by Guarantor under this Guaranty. County may make separate demands under this Guaranty when each failure occurs.

(5) **GUARANTOR'S DEFENSES AND WAIVERS**

- a. **Allowable defenses.** Guarantor's obligations under this Guaranty are not affected, limited, modified or impaired by any cause of action, statement of facts or any other event, except for the following:
 - i. discharge, release or excuse of any obligation of Contractor to County under the Agreement, to the extent of the discharge, release or excuse and with respect to each obligation; and
 - ii. Any legal or equitable right, defense, counterclaim or affirmative defense that Contractor could assert under the Agreement or law.
- b. **Waiver of Other defenses.** Guarantor expressly waives each of the following listed items as a defense to Guarantor's liability under this Guaranty:
 - i. The invalidity, irregularity, illegality or unenforceability, of or any defect in or objections to the Agreement.
 - ii. Any
 - o modification or
 - o amendment or
 - o compromise of
 - o or waiver of compliance with or
 - o consent to variation fromany of the provisions of the Agreement by the Contractor.
 - iii. Any release or discharge of any Performance Assurance, defined under the Twelfth Paragraph of the Agreement, or other collateral or security for Contractor's obligations under the Agreement.
 - iv. Any defense based upon the election of any remedies against Guarantor or the Contractor, or both of them, including any consequential loss by Guarantor of Guarantor's right to recover any deficiency, by way of subrogation or otherwise, from the Contractor or any other Person.
 - v. The recovery of any judgment against the Contractor, including enforcement or draw upon any Performance Assurance Bond.

- vi. Taking or omitting to take any of the actions that County must take under the Agreement.
- vii. Any failure, omission or delay on the part of County to enforce, assert or exercise any right, power or remedy conferred on County by the Agreement or under a Performance Assurance, except to the extent that the failure, omission or delay gives rise to an applicable statute of limitations defense by the Contractor with respect to a specific obligation.
- viii. The bankruptcy, insolvency, reorganization or similar proceeding involving or pertaining to the Contractor.
- ix. Any order or decree of a court, trustee or receiver in bankruptcy, insolvency, reorganization, or similar proceedings.
- x. Any circumstance that might constitute a legal or equitable discharge of a guarantor of Contractor's obligations under the Agreement or limit the recourse of County to Guarantor.
- xi. The existence or absence of any action to enforce the Agreement.
- xii. Subject to the provisions of the Agreement relating to Uncontrollable Circumstances, any present or future Applicable Law purporting to reduce, amend or otherwise affect the Agreement or to vary any terms of payment or performance under the Agreement.
- xiii. County's obligation to give Guarantor any of the following notices:
 - 1) County's acceptance of this Guaranty;
 - 2) the creation, renewal, extension and accrual of Guarantor's obligations under this Guaranty;
 - 3) any Person's reliance on this Guaranty;
 - 4) breach of this Guaranty by Guarantor under this Guaranty following demand for payment and Guarantor's failure to make payment;
 - 5) Breach or Default by Contractor under the Agreement;
 - 6) required under this Guaranty; and
 - 7) required under law, to the extent permitted by law.

- xiv. Any defense of any kind which Guarantor may now or hereafter have with respect to this Guaranty or the obligations of the Contractor under the Agreement, except the following:
- any Notice to the Contractor required pursuant to the Agreement or law that preconditions the Contractor's obligation, or
 - the allowable defenses listed in subsection 3 above.

(6) SET-OFFS ONLY WITH RESPECT TO GUARANTY OR GARBAGE DISPOSAL DISTRICT AGREEMENT

- a. **By Guarantor under Guaranty.** This Guaranty does not prohibit Guarantor from bringing any action or asserting any claim against County that does not arise from the Agreement as permitted by law or equity. However, Guarantor may not subject any of its obligations under this Guaranty to set-off, deduction, counterclaim, recoupment, defense or other right that Guarantor may have against County on account of that action or claim.
- b. **By the Contractor under Garbage Disposal District Agreement.** This Guaranty does not prohibit Guarantor from subjecting any of Guarantor's obligations under this Guaranty to set-off, deduction, counterclaim, recoupment, defense or other right that the Contractor may assert against County under to the Agreement. However, Guarantor may not subject any of its obligations under this Guaranty to set-off, deduction, counterclaim, recoup, defense or other right that the Contractor may assert against County that does arise under the Agreement.

(7) NO ASSERTION OF DELAYING ACTIONS

To the extent that it may lawfully do so, Guarantor waives, relinquishes the benefit and advantage of, and will not assert any of the following actions that might delay, prevent or otherwise impede the enforcement of the provisions of this Guaranty or the Agreement:

- appraisalment,
- valuation,
- stay,
- extension,
- redemption or
- similar laws in force now or at any time after the execution of this Guaranty.

(8) **GUARANTOR'S EVENTS OF DEFAULT AND COUNTY'S REMEDIES**

a. Each of the following constitutes an event of default under this Guaranty:

- (i) **Breach of Payment Obligation.** Guarantor fails to timely pay County any amount that Guarantor is obligated to pay under this Guaranty, including payments within 5 days of County's demand under Section (1).
- (ii) **Threat to Public Health and Safety.** Guarantor does not Collect or cause to be Collected Solid Waste that Contractor has failed to Collect, including Collection within 5 days of County's demand under Section (1).
- (iii) **Breach of Other Obligations.** Guarantor breaches any non-payment obligation of this Guaranty other than the other events of default listed in the preceding subsection (ii) and following subsections (iv) through (vi), whether by act or omission, and does not cure that breach to the satisfaction of County within 30 days after County gives Notice.
- (iv) **Bankruptcy, Insolvency, Liquidation.** Guarantor files a voluntary claim for debt relief under any applicable bankruptcy, insolvency, debtor relief, or other similar law now or hereafter in effect, or will consent to the appointment of or taking of possession by a receiver, liquidator, assignee, trustee, custodian, administrator (or similar official) of Guarantor for any substantial part of Guarantor's operating assets or any substantial part of Guarantor's property, or will make any general assignment for the benefit of Guarantor's creditors, or will fail generally to pay Guarantor's debts as they become due or will take any action in furtherance of any of the foregoing.

A court having jurisdiction enters a decree or order for relief in respect of this Guaranty in any involuntary case brought under any bankruptcy, insolvency, debtor relief, or similar law now or hereafter in effect, or Guarantor consents to or fails to oppose any said proceeding, or any said court enters a decree or order appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of Guarantor or for any substantial part of Guarantor's operating equipment or assets, or any said court orders the winding up or liquidation of the affairs of Guarantor.

- (v) **Breach of Representations or Warranties.** Any representation or warranty of Guarantor is untrue as of the date thereof, or Guarantor knowingly makes, causes to be made or condones the making of any false entry in its books, accounts, records and reports under this Guaranty.

Guarantor acknowledges that any event of default under this Guaranty also comprises a Default under the Agreement.

- b. **Enforcement of One or More Breaches.** County may enforce one or more breaches or events of default under this Guaranty either separately or cumulatively, at law or in equity.
- c. **Remedies Cumulative.** No remedy of County under this Guaranty is exclusive of any other available remedy or remedies. Each and every remedy is cumulative and is in addition to every other remedy or remedies allowed under this Guaranty, the Agreement or law and in equity (including specific performance).
- d. **Payment of Costs of Enforcing Guaranty.** Guarantor must pay all costs, expenses and fees (including, without limitation, all reasonable attorneys' fees) that County incurs in enforcing this Guaranty by suit or otherwise.

(9) SUITS, ACTIONS, OR OTHER PROCEEDINGS.

- a. Guarantor agrees to the following with respect to any suit, action or other proceeding respecting this Guaranty, including enforcement of Guarantor's obligations under this Guaranty.
 - i. **Service of Process in CA.** Service of process for Guarantor is in the State of California by prepaid registered mail, return receipt requested to the authorized representative of the Agreement.
 - ii. **Jurisdiction in CA.** The courts of the State of California, and to the extent permitted by law, the United States District Court for the Central District of California or other federal district chosen by County, have exclusive jurisdiction.
- b. **Venue in CA.** Guarantor waives any objections that Guarantor might otherwise have to the venue of any of the courts described in the preceding subsection, for any trial.

- (10) **AMENDMENT.** No amendment, change, modification or termination of this Guaranty may be made except upon the written consent of Guarantor and County.
- (11) **SEVERABILITY.** If a court of competent jurisdiction rules any provision (**Guaranty Provision**) of this Guaranty unconstitutional, invalid, illegal, nonbinding or unenforceable, County and Guarantor will do the following:
- i. Promptly meet and negotiate a substitute for the Guaranty Provision and any related amendments, deletions, or additions to other provisions of this Guaranty, which together effect County's and Guarantor's original intent to the greatest extent allowable under law; and
 - ii. If necessary or desirable to accomplish preceding item, apply to the court that declared the invalidity for a judicial construction of the substituted Guaranty Provision and any amendments, deletions, or additions to this Guaranty. Within ten days of County's request, Guarantor must pay County an amount equal to the Direct Costs of the application.

The illegality, invalidity, nonbinding nature or unenforceability of any Guaranty Provision will not affect any of the remaining provisions of this Guaranty, and this Guaranty will be construed and enforced as if the Guaranty Provision did not exist.

(12) **CONSTRUCTION AND INTERPRETATION OF GUARANTY**

- a. **Gender and Plurality.** Words of the masculine gender include correlative words of the feminine and neuter genders and vice versa. Words importing the singular number include the plural number and vice versa unless the context demands otherwise.
- b. **Headings; Font.** Any captions or headings in this Guaranty are for convenience of reference only and do not control or affect the scope, intent, meaning, construction, interpretation, or effect of this Guaranty. Any underlined, italicized, bold-faced, upper captioned or other font style is for ease of reading and contract administration only and does not imply relative importance or unimportance of any provision of this Guaranty.
- c. **References to Parts.** References to Sections refer to Sections of this Guaranty, unless specified otherwise. Reference to "subsections" refers to the subsection contained in the same Section in which the reference occurs, unless otherwise referenced.

- d. **Specifics of No Limitation on Generalities.** The mention of any specific duty or liability imposed on Guarantor may not be construed as a limitation or restriction of any general liability or duty imposed on Guarantor by this Guaranty or law.
- e. **Interpretation.** This Guaranty must be interpreted and construed neither for nor against either Party, regardless of the degree to which either Party participated in its drafting. No provision in this Guaranty may be construed against the drafting Party. By signing this Guaranty, Guarantor represents and warrants that it and its counsel have reviewed, or have had the opportunity to review, the Agreement and this Guaranty. By signing the Agreement, County represents and warrants that its counsel has reviewed or have had the opportunity to review the Agreement and this Guaranty.
- f. **Meanings of Certain Words.** When used in this Guaranty, the following words have the ascribed meanings:
- "including" or "include" or variations thereof, means "including without limitation", "including, but not limited to," and "including, at a minimum."
 - "under" (e.g. this Guaranty, the Agreement, law) means "in accordance with the terms / provisions of" and "as required by the terms/provisions of."

(13) ENTIRE GUARANTY.

This Guaranty constitutes the entire agreement between the parties to this Guaranty with respect to the rights and responsibilities of Guarantor contemplated by this Guaranty. This Guaranty completely and fully supersedes all prior oral and written understandings and agreements between the parties with respect to those rights and responsibilities.

(14) WARRANTIES AND REPRESENTATIONS. Guarantor warrants and represents the following as of date it signs this Guaranty:

- a. Guarantor has the power, authority and legal right to enter into this Guaranty and to perform its obligations and undertakings under this Guaranty.

- b. The execution, delivery and performance of this Guaranty by Guarantor:
 - i. have been duly authorized by all necessary corporate and shareholder action on the part of Guarantor;
 - ii. have the requisite approval of all federal, state and local governing bodies having jurisdiction or authority with respect thereto;
 - iii. do not violate any judgment, order, law or regulation applicable to Guarantor;
 - iv. do not conflict with or constitute a default under any Agreement or instrument to which Guarantor is a party or by which Guarantor or its assets may be bound or affected; and
 - v. do not violate any provision of Guarantor's articles or certificate of incorporation or by-laws.
- c. This Guaranty has been duly executed and delivered by Guarantor and constitutes the legal, valid and binding obligation of Guarantor, enforceable against Guarantor in accordance with its terms.
- d. There are no pending or, to the knowledge of Guarantor, threatened actions or proceedings before any court or administrative agency that would have a material adverse effect on the financial condition of Guarantor, or the ability of Guarantor to perform its obligations or undertakings under this Guaranty.

(15) NOTICES. All notices required to be given under this Guaranty must be made in writing and personally delivered, sent by telecopier (with receipt), or registered or certified mail, return receipt requested. All notices must be addressed to the following representatives of the parties:

COUNTY:

Administrative Services Division
County of Los Angeles Department of Public Works
900 South Fremont Avenue
Alhambra, CA 91803-1331

GUARANTOR:

Either party may change the address for notices by giving the other party at least 10 days written notice of the new address

Notice is deemed effective at the following times:

- On the date personally delivered or sent by telecopier, with evidence of receipt; or
- Three days after the date of mailing.

(17) COUNTERPARTS. Guarantor may sign this Guaranty in any number of counterparts, some of which may not bear the signatures Guarantor. When signed and delivered, each counterpart, is deemed to be an original and all of the counterparts, taken together, are deemed to constitute one and the same instrument; provided, however, that in pleading or proving this Guaranty, County need not produce more than one copy bearing the signature of Guarantor.

IN WITNESS WHEREOF, the Guarantor has executed this instrument the day and year below written.

By: _____ Date: _____
Name Title

Attest: _____ Date: _____
Name Title

[Notarize]

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**EXHIBIT A.1, SECTION 2, METHOD OF PAYMENT, TASK 1, ITEM B, PETITION TO
ADJUST MONTHLY UNIT RATE**

AND

**EXHIBIT A.2, SECTION 2, METHOD OF PAYMENT, TASK 2, ITEM C, PETITION TO
ADJUST MONTHLY RATE**

Petition to Adjust Monthly Unit Rate

Beginning April 15 of the second contract year and thereafter by April 15 of each year throughout the term of the contract, Contractor may submit a petition to the Director/Designee to adjust the Monthly Unit Rate. At the sole discretion of the Director/Designee, any new Monthly Unit Rates may be approved by the Director/Designee as provided herein as early as the following July 1 of each year.

"Weighted Rate Adjustment Percentage" means sum of the adjustments due to changes in the CPI, DOE CNG, EIA LNG, and DOE Diesel and disposal tipping fees calculated as provided in this Section.

The Weighted Rate Adjustment Percentage multiplied by the prior Monthly Unit Rate is added to the prior Monthly Unit Rate to yield the Adjusted Monthly Unit Rate.

1. Adjustment Due to Change in CPI (Service Component)

The Monthly Unit Rate set forth in Form PW-2 (Schedule of Prices) may be adjusted by 75 percent of the percent change, if any, between the following:

- the CPI during the 12-month period commencing April 1 of the previous year to March 31 of the current year, and
- the CPI during the 12-month period commencing April 1 of the next previous year to March 31 of the previous year,

No greater than 5 percent, as confirmed by COUNTY'S Auditor-Controller.

"CPI" means the Consumer Price Index for all Urban Consumers (Los Angeles-Riverside-Orange County) (Not Seasonally Adjusted) All items, Series ID CWURA421SA0, Base Period 1982-84=100, published by the United States Department of Labor, Bureau of Labor Statistics at <http://data.bls.gov/cgi-bin/surveymost/cu>

"Service Component" means 65 percent of the Monthly Unit Rate.

However, any percentage increase shall not exceed the general salary movement granted to COUNTY employees as determined by the COUNTY'S Chief Administrative Office (CAO) as of July 1 for the prior 12-month period. Furthermore, should fiscal circumstances ultimately prevent the Board from approving any increase in COUNTY employee salaries; no cost-of-living adjustment will be granted.

2. Adjustment Due to Change in DOE CNG, EIA LNG or DOE Diesel (Fuel Component)

- The DOE CNG rate adjustment will apply only to the percentage of vehicles in a fleet used to provide collection under this Contract that use compressed natural gas.
- The EIA LNG rate adjustment will apply only to the percentage of vehicles in a fleet used to provide collection under this Contract that use liquefied natural gas.
- The DOE Diesel rate adjustment will apply only to the percentage of vehicles in a fleet used to provide collection under this Contract that use diesel.

a. Adjustment Due to Change in DOE CNG (DOE CNG Component)

The DOE CNG Component will be adjusted by the percent change, if any, between the following:

- the DOE CNG commencing April 1 of the previous year to March 31 of the current year , and
- the DOE CNG published during the four quarter-period commencing in April of the next previous year and ending in January of the previous year

as confirmed by COUNTY'S Auditor-Controller.

"**DOE CNG**" means the Nationwide Average Price for Fuel Compressed Natural Gas Average Prices by Region from Clean Cities Sources, published quarterly in Energy Efficiency and Renewable Energy / Clean Cities Alternative Fuel Price Report from the United States Department of Energy website, http://www.eere.energy.gov/afdc/price_report.html or if that is permanently discontinued, another CNG price published by a state or the federal government selected by the Director.

"DOE CNG Component" means 5 percent of the Monthly Unit Rate multiplied by the percentage of vehicles that use compressed natural gas.

b. **Adjustment Due to Change in Energy Information Administration (EIA) LNG** (EIA LNG Component)

The EIA LNG Component will be adjusted by the percent change, if any, between the following:

- the EIA LNG commencing April 1 of the previous year to March 31 of the current year , and
- the EIA LNG published during the four quarter-period commencing in April of the next previous year and ending in January of the previous year

as confirmed by COUNTY'S Auditor-Controller.

"EIA LNG" means the average for fuel – Product / All Types for Area / California (Period: Annual) price published monthly in the Official Energy Statistics from the United States Energy Information Administration website, http://tonto.eia.doe.gov/dnav/ng/ng_pri_sum_dcu_SCA_m.htm, or if that is permanently discontinued, another LNG price published by a state or the federal government selected by the Director.

"EIA LNG Component" means 5 percent of the Monthly Unit Rate multiplied by the percentage of vehicles that use liquid natural gas.

c. **Adjustment Due to Change in DOE Diesel** (DOE Diesel Component)

The Diesel Fuel Component will be adjusted by the percent change, if any, between the following:

- the DOE Diesel during the 12-month period commencing April 1 of the previous year to March 31 of the current year, and
- the DOE Diesel during the 12-month period commencing April 1 of the next previous year to March 31 of the previous year,

"DOE Diesel" means the Diesel (On Highway) – Product/All Types for Area/California (Period: Annual) price published monthly in the

Official Energy Statistics from the United States Department of Energy website, http://tonto.eia.doe.gov/dnav/pet/pet_pri_gnd_dcus_sca_m.htm, or if that is permanently discontinued, Producers Price Index – Commodities Fuels and related products and power / No.2 diesel fuel Series Id: WPU057303 published by the United States Bureau of Labor Statistics at <http://data.bls.gov/cgi-bin/surveymost>

"DOE Diesel Component" means 5 percent of the Monthly Unit Rate multiplied by the percentage of vehicles that use diesel.

3. Adjustment for Changes in Facility/Tipping Fees (Disposal Component)

30 percent of the Monthly Unit Rate may be adjusted by the any change in tipping fees charged to the Contractor by the solid waste facility designated by the Contractor during the period beginning April 1 of the prior year and ending on March 31 of the current contract year. Contractor must substantiate the change in cost for Refuse disposal to the satisfaction of the Director/Designee. Documentation may include disposal site receipts, driver route schedules, vehicle numbers, summary sheets of monthly disposal costs, posted gate rates, and detailed comparisons of current and previous disposal fees. Contractor shall also provide an explanation for use of any alternate disposal sites.

In the event the Contractor is/or affiliated with the owner and/or operator of the designated solid waste facility by which the contractor is charged the tipping fee for the management of solid waste collected within the District, Contractor shall describe the circumstances under which the Contractor's request for an adjustment of the Monthly Unit Rate should be considered, for approval by the Director Designee.

4. Change in Contractor's cost of providing services due to changes in law or changes in services or standards as agreed between the Contractor and Director/Designee.

Any adjustments to the Initial Monthly Unit Rate pursuant to those paragraphs entitled "Petition for Rate Adjustment" shall not exceed the following maximum percentages:

- 30% over the initial seven year period of the contract, or
- 32%, 34%, and 36% at the first, second, and third option years, respectively, if applicable.

For example, the Initial Monthly Unit Rate may be adjusted up to 30% during the seven year period beginning the service commencement date on July 1, 2010, and ending June 30, 2017. In the event that the termination date of the Contract is extended to June 30, 2018, any adjustment to the Initial Monthly Unit Rate shall not exceed 32%.

If a price or index is temporarily discontinued on the date of adjustment, the last available price or index for the required period of time will be used.

The Director/Designee will, within 50 working days of receipt of Contractor's petition and detailed schedule, perform a review to substantiate the increase(s). At that time, the Director will determine, at the Director's sole discretion, whether Contractor has substantiated its petition for increase, and an adjustment may be made to the annual rate to compensate Contractor for the increase(s). Such adjustment shall only be made to the extent funds are available. The Director/Designee may request the assistance of the Auditor-Controller in making an adjustment for which a petition and documentation has been received.

Monthly Unit Rates will be adjusted only if there are no breaches that have not been cured after notice from the Director/Designee and no defaults. Rates will not otherwise be adjusted, for events such as changes in the price of fuel or increases in Disposal tipping fees other than as described in the preceding items 1 through 3, of this subsection. If Contractor and Director/Designee fail to reach agreement to adjust the monthly unit rate as a result of changes in law or changes in services described in contract documentation, County has the option to terminate this Contract.

5. Sample Calculation of Adjusted Monthly Unit Rate

Table 1 – Adjustment Due to Change in CPI
(Service Component)

Calculate the percent change in CPI (12-month average; not month-to-month)	April 1, 2006-March 31, 2007	221.64
	April 1, 2007-March 31, 2008	228.59
	Percent Change	3.14% (not more than 5% and not more than County salary movement)
Adjustment to Service Component	75% of percent change in CPI	2.35%

Table 2a – Adjustment Due to Change in DOE CNG
(DOE CNG Component)

Calculate the percent change in DOE CNG (average of quarters in year may vary; not quarter-to-quarter)	June and October 2006 quarters and March 2007 quarter	$(2.30+1.99+2.06)/3=6.35/3=2.12$
	July and October 2007 quarters and January 2008 quarter	$(2.29+2.33+2.44)/3=7.06/3=2.35$
	Percent Change	$(2.35-2.12)/2.12=0.23/2.12=0.1085$ 10.85%
Adjustment to DOE CNG Component	For 3 out of 10 vehicles* 30% of percent change in DOE CNG	$0.30 \times 10.85\%=3.25\%$

Table 2b - Adjustment Due to Change in EIA LNG (EIA LNG Component)

Calculate the percent change in EIA LNG (12-month average; not month-to-month)	April 1, 2006 - March 31, 2007	121.63
	April 1, 2007 - March 31, 2008	153.01
	Percent Change	2.58% (not more than 5%)
Adjustment to EIA LNG Component	For no vehicles* using EIA LNG 0% of percent change in EIA LNG	$0.00 \times 2.58\%=0\%$

Table 2c – Adjustment Due to Change in DOE Diesel
(DOE Diesel Component)

Calculate the percent change in DOE Diesel (12-month average; not month-to-month)	April 1, 2006 - March 31, 2007	271.66
	April 1, 2007 - March 31, 2008	317.55
	Percent Change	16.89%
Adjustment to DOE Diesel Component	For 7 out of 10 vehicles* 70% of percent change in DOE Diesel	11.82 %

*In the example used in Tables 2a, 2b and 2c, the Contractor owns a total of 10 vehicles of which 3 vehicles use compressed natural gas, 7 vehicles use diesel, and there are no vehicles that use liquid natural gas.

**Table 3 – Adjustment Due to Change in Facility/Tipping Fees
(Disposal Component)**

Disposal tipping fee charges on April 1, 2007	\$24.00
Disposal tipping fee charges on March 31, 2008	\$35.00
Percent change; Adjustment to Disposal Component	45.83%

Table 4 – Weighted Rate Adjustment Percentage

Rate Adjustment Components	Percent of Monthly Unit Rate	Adjustments to Components	Weighted Rate Adjustment Percentage
Service Component (CPI)	65%	2.35%	1.53%
Fuel Component: DOE CNG Component	5%	3.25%	0.16%
EIA LNG Component		0%	0.59%
DOE Diesel Component		11.82%	
Disposal Component	30%	45.83%	13.75%
Total Weighted Rate Adjustment Percentage			16.03%

Adjusted Monthly Unit Rate

If the total Weighted Rate Adjustment Percentage is 16.03% then a hypothetical Monthly Unit Rate of \$17.00 would be adjusted as follows:

$$\begin{aligned}
 \text{Adjusted Monthly Unit Rate} &= \$17.00 + [16.03\% \times \$17.00] \\
 &= \$17.00 + \$2.72 \\
 &= \mathbf{\$19.72}
 \end{aligned}$$