



COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

DEAN D. EFSTATHIOU, Acting Director

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June 30, 2008

IN REPLY PLEASE

REFER TO FILE: AS-0

REQUEST FOR PROPOSALS – ADDENDUM 2

EXCLUSIVE FRANCHISE AGREEMENTS FOR THE FOLLOWING AREAS:

OCEANVIEW/LA RAMBLA/WEST CARSON; RANCHO DOMINGUEZ/
WEST RANCHO DOMINGUEZ/ROSEWOOD; PIONEER/CARSON PARK;
EL CAMINO VILLAGE/DEL AIRE/WISEBURN/ALONDRA PARK; AND HACIENDA
HEIGHTS

Please take note of the following revisions, clarifications, supplemental information, and questions that have been addressed regarding the Request for Proposals (RFP). (Please note that **bold** text has been added and any text that has a ~~striketrough~~ has been deleted from the RFP.) Part II of the RFP, Exclusive Franchise Agreements for the five areas listed above will be referenced as Agreement in this addendum.

1. Please refer to Enclosures A.1 through A.5, which will address each proposer's set of questions separately and which will also incorporate any changes to the RFP, with **bold** text for additions and ~~striketrough~~ for deletion from the RFP.
2. Part I, Section 3A.7, Financial Stability, of the RFP has been revised to read:
 7. Financial Stability

Submit copies of the proposing entity's audited financial statements prepared and certified by an independent Certified Public Accountant (CPA) for the most current three full fiscal years. All the financial statements submitted shall be prepared in accordance with General Accepted Accounting Principles ("GAAP"). At a minimum, statements must include a statement of financial position (balance sheet), a statement of operations (income statement), and a statement of cash flow. All pertinent schedules and footnotes, if applicable, should be provided for evaluation. Income tax returns, personal financial records, or any other self-reported information are unacceptable. Financial records will not be held confidential unless they are properly designated as trade secrets in

accordance with Part I, Section 3.H, Notice to Proposers Regarding the Public Records Act.

If audited statements are available, these shall be submitted. If audited, financial statements are not available, the proposer **shall submit copies of reviewed financial statements prepared and certified by an independent Certified Public Accountant (CPA) for the most current three full fiscal years. In addition, if audited financial statements are not available, the Proposer may shall** submit all **two** of the following items to demonstrate financial resources and viability:

- A written statement signed by an authorized agent of a California-admitted surety with an A.M. Best Rating of not less than A:VII establishing that the surety is presently willing to issue a performance bond of 30% of the Proposer's proposed annual rate utilizing the monthly rates per customer from Form PW-2, Schedule of Prices;
- A written statement that the Proposer is presently able to secure a letter of credit of 30% of the Proposer's proposed annual rate utilizing the monthly rates per customer from Form PW-2, Schedule of Prices. The statement must be issued by a financial institution with at least one of the following minimum ratings:

Moody's	A2 or better LT Issuer Credit and B or better for Bank Financial Strength
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Standard and Poor's	A or better for LT Issuer Credit
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Bauer Financial	4 Stars or better
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TheStreet.com Ratings	B or better
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- Additional business history, and/or other information to demonstrate financial resources and viability, verified by an independent, reliable third party such as a CPA, a credit agency, or a financial institution, or by means of reliable audit reports from other governmental agencies, etc.

Proposer shall provide either of the representation and warranty of its chief financial officer, or other person knowledgeable about the finances of

Proposer, any guarantor of Proposer's obligations under the Franchise Agreement, or Proposer's affiliate, in the form attached as PW-14.

~~If audited financials are not available, upon completion of the evaluation process, the highest ranked proposer will be required to submit copies of reviewed financial statements prepared and certified by an independent Certified Public Accountant (CPA) for the most current three full fiscal years and any other documentation to demonstrate financial resources and viability upon request of the County. All the financial statements submitted shall be prepared in accordance with General Accepted Accounting Principles ("GAAP"). At a minimum, statements must include a statement of financial position (balance sheet), a statement of operations (income statement), and a statement of cash flow. All pertinent schedules and footnotes, if applicable, should be provided for evaluation. Income tax returns, personal financial records, or any other self-reported information are unacceptable. Financial records will not be held confidential unless they are properly designated as trade secrets in accordance with Part I, Section 3.M, Notice to Proposers Regarding the Public Records Act.~~

3. Part I, Section 3A.8.d.iv of the RFP has been revised to read:
 - iv. Collection services for similar socioeconomic **demographic** populations.
4. Part I, Section 5C, Initial Review, of the RFP has been revised to read:
 7. Submit a copy of Proposer's audited financial statements which are prepared in accordance with Section 3.A.7. If audited financial statements are not available, the proposer **shall submit copies of reviewed financial statements prepared and certified by an independent CPA or an accounting firm for the most current three full fiscal years. In addition, if audited financial statements are not available, the Proposer may shall** submit all **two** of the following items to demonstrate financial resources and viability:
 - A written statement signed by an authorized agent of a California-admitted surety with an A.M. Best Rating of not less than A:VII establishing that the surety is presently willing to issue a performance bond of 30% of the Proposer's proposed annual rate utilizing the monthly rates per customer from Form PW-2, Schedule of Prices;

- A written statement that the Proposer is presently able to secure a letter of credit of 30% of the Proposer's proposed annual rate utilizing the monthly rates per customer from Form PW-2, Schedule of Prices. The statement must be issued by a financial institution with at least one of the following minimum ratings:

Moody's	A2 or better LT Issuer Credit and B or better for Bank Financial Strength
Standard and Poor's	A or better for LT Issuer Credit
Bauer Financial	4 Stars or better
TheStreet.com Ratings	B or better

- Additional business history, and/or other information to demonstrate financial resources and viability, verified by an independent, reliable third party such as a CPA, a credit agency, or a financial institution, or by means of reliable audit reports from other governmental agencies, etc.

In addition, the Proposer must be able to demonstrate its financial capabilities to provide all of the services contemplated in the Exclusive Franchise Agreement as well as equipment required in the performance of the work. The Proposer's annual gross business income in the latest financial statement prepared and certified by an independent CPA or an accounting firm shall be no less than three times the proposed annual rate utilizing the monthly rate per customer from Form PW-2, Schedule of Prices, multiplied by the number of residential parcels as listed in Exhibit C as amended in Addendum 1.

5. Part I, Section 5D.3, References, of the RFP has deleted in its entirety and replaced to read as follows:

Public Works will check at least four of the Proposer's references for overall satisfaction with Proposer's services with priority given to services provided to County departments. Proposer may receive up to a maximum of 2 points for each responding reference up to a total of four responding references. Proposer's references for all contracts with the County during the previous three years must be listed on Form PW-6, Proposer's Reference List. Public Works reserves the right to utilize any reference of Proposer, County

or other, listed or not listed. In addition to the references provided, the review will include the County's Contract Database, if applicable, reflecting past performance history on County contracts, and an evaluation of any terminated contract(s) reported on Form PW-15, Statement of Terminated Contracts. If references fail to substantiate Proposer's description of services provided; references fail to support that Proposer has a continuing pattern of providing capable, productive, and skilled personnel and services; or a significant unacceptable weakness in references may result in a low or zero score. Additionally, a Proposer's unacceptable performance on another County contract(s), as documented by either the County's Quality Assurance Plan's annual contractor evaluation or by an unfavorable reference, may result in a low or zero score for this evaluation category. A score of zero in this evaluation category may result in rejection of the Proposal as nonresponsive.

References may be contacted by telephone, facsimile, mail, express delivery, or e-mail. It is the Proposer's responsibility to ensure that accurate and timely contact information is included in the proposal. Public Works has no obligation to make repeated attempts to contact references and has no obligation to not contact the Proposer to correct bad phone numbers, etc. It is the Proposer's responsibility to ensure that its references respond promptly to Public Works' requests for information.

6. Part II, Exhibit 10, Section A2 of the RFP, has been revised to reflect the following:

Item Title	Old Item Number	Revised Item Number
<i>Rate Adjustment Definitions</i>	d.	c.
<i>Net Rate Adjustment Calculation</i>	e.	d.

7. Part I, Section 3A.6.a, Proposer Profile, of the RFP has been added to read:

6a. Proposer Profile

Proposer shall submit a description of its business, any guarantor and its business (if solid waste management) and any proposed subcontractor and its solid waste management business, including the following:

- **Form of organization (incorporation in specified state, partnership, limited liability corporation/partnership, publicly/privately held corporation, sole proprietorship, etc.).**
- **Description of solid waste management operations, with emphasis on residential municipals solid waste collection, transport, recycling, and disposal.**
- **Approximate number of municipal contracts for residential municipal solid waste collection, transport, recycling, and disposal.**
- **Approximate number of residential customers.**

Additional related information that provides a complete picture of your business (environmental protection programs; awards and recognition; volume of refuse, recyclables, and green waste handled yearly, etc.).

8. Section D, Attachment 1 of Exhibit 10 of the Agreement, has been amended as follows:

D. Adjusted Net Rate/Rate: Section A1, 2, and 3 (Annual increase or decrease in CPI /DOE Diesel/DOE CNG), (Changes in Disposal tipping fees).

If the Weighted Rate Adjustment Percentage is 14.93 percent, then a hypothetical Net Rate of \$15.00 would be adjusted as follows:

$$\begin{aligned} \$15.00 + [0.1493 \times \$15.00] &= \$15.00 + \$2.24 = \\ \$17.24 &= \text{adjusted Net Rate} \end{aligned}$$

The Franchise Fee is a 10 percent, the adjusted Rate would be calculated as follows:

$$\begin{aligned} \text{Adjusted Net Rate} / [100\% - \text{Franchise Fee \%}] &= \$17.24 / [100\% - 7\%] = \\ \$17.24 / 0.90 &= \\ \mathbf{\$19.15} &= \mathbf{\text{adjusted Rate}} \end{aligned}$$

The deadline for submission of proposals has been extended to **Wednesday, July 30, 2008, at 10 a.m.**

June 30, 2008
Page 7

If you have questions concerning the above information, please contact Ms. Melissa Saradpon at (626) 458-4077, Monday through Thursday, 7 a.m. to 5:30 p.m.

Very truly yours,

DEAN D. EFSTATHIOU
Acting 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

MS

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Enc.

PROPOSER NO. 1'S QUESTIONS

PART I QUESTIONS

1. Section 1B7 and Section 1B8, Special Services - Will the senior discount also be available for customers that also receive free roll-out service, resulting in a monthly payment substantially below the cost of providing service? Does the "not to exceed 25%" include the cost of the roll-out service?

Response: The qualifications for a senior discount and for free roll-out service differ. An elderly customer may receive a senior discount as well as free roll-out service if that customer meets both sets of qualifications. The senior discount does not apply to the cost of free roll-out service, but it would apply to the cost of roll-out service requested by an elderly customer receiving the senior discount who doesn't qualify for the free roll-out service.

2. Section 2F, GAIN and GROW Programs - How will the County verify that Proposers in fact have a proven track record of hiring participants from the GAIN/GROW program?

Response: There is no provision for routine verification. The County reserves its right to debar and/or disqualify any proposer who makes a false representation.

3. Section 2.I, Notification of Pending Acquisitions/Mergers by Proposing Bidding Company - Pending acquisitions/mergers, would DPW limit the geographic scope of this disclosure to Los Angeles County?

Response: No. A geographic limitation is not appropriate. The disclosure should include both the Proposer and its Guarantor, if any. Part I, Section 2.I of the RFP has been amended to read as follows:

"The Proposer shall notify the County of any pending acquisitions/mergers of ~~its company~~ **the Proposer or any guarantor**. This information shall be provided by the Proposer on Form PW-1, Verification of Proposal. Failure of the Proposer to provide this information may eliminate its proposal from any further consideration."

4. Section 3A6, Disputes, Actions, Contests and Debarments; and Environmental History. Would DPW agree to limit the scope of the disclosures under subsections a. i., iii., iv., v. and vi. to Southern California? Staff stated that a hauler that submitted false or incomplete information would forfeit the bid guaranty. Would this same hauler still be considered for the bid or would their bid be rejected?

Response: If a proposer submits false or incomplete information, its bid will be rejected. Please refer to Part I, Section 4R, of the RFP (Truth and Accuracy of Representations), which states: "False, misleading, incomplete, or deceptively unresponsive statements in connection with a proposal will be sufficient cause for the rejection of the proposal."

The County will not limit the geographic scope of the disclosures to southern California as requested, but the scope of certain disclosures will be limited with respect to the Proposer, guarantor, affiliates and subcontractors, as described below. Part I, Section 3A6 of the RFP has been deleted in its entirety and replaced to read as follows:

- a. **Disputes, Actions, Contests, and Debarments.** Proposer shall disclose the following information for the five years preceding the due date of the Proposals. (As used in this Section 6, "Affiliate" means a person or entity that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, Proposer. Rule 144 of the Securities Act of 1993 governs the meaning of control.)
 - i. **Civil disputes in excess of \$250,000, including all mediation, arbitration, or litigation proceedings that were settled or reduced to judgment, with respect to Proposer or any guarantor of Proposer's obligations under the Franchise Agreement, if any, including without limitation:**
 - Public procurement challenges;
 - Public solid waste contract disputes;
 - Claims of violation of securities or antitrust laws (such as laws relating to price-fixing, bid-rigging, and sales and market allocation);
 - Claims of violation of unfair and anti-competitive trade practice law, including with respect to inflation of waste collection, hauling, or disposal fees;
 - ii. **Criminal actions and indictments, whether regulatory or judicial, and whether resolved through no contest, not guilty pleas, or convictions, with respect to Proposer, its guarantor, or subcontractors identified in the Proposal, if any, including without limitation actions and indictments related to the following:**
 - Fraud or criminal felony offenses in connection with obtaining, attempting to obtain, procuring or performing a public or private agreement related to recyclables, green waste, construction and demolition debris or municipal solid waste management services of any kind

- (including collection, hauling, transfer, processing, composting, or disposal), including this Request for Proposals;
- Bribery or attempting to bribe a public officer or employee of a Regulatory Agency;
 - Embezzlement, extortion, racketeering, false claims, false statements, forgery, falsification or destruction of records, obstruction of justice, receiving stolen property, theft, or misprision (failure to disclose) of a felony;
 - Securities or antitrust laws (such as laws relating to price-fixing, bid-rigging, and sales and market allocation), and
 - Unfair and anti-competitive trade practice laws, including with respect to inflation of waste collection, hauling, or disposal fees.
- iii. Enforcement actions against the Proposer, including, but not limited to, revocations, suspensions, and terminations of any business or solid waste license, permit, or franchise granted to Proposer or to which the Proposer is a party and any fines, penalties, or liquidated damages with respect to those licenses, permits, or franchises.
- iv. Procurement contests wherein Proposer or any of its Affiliates contested a local government contract procurement.
- v. Class actions brought against Proposer or any of its Affiliates, regardless of resolution.
- vi. Labor disputes with respect to Proposer or any of its Affiliates, including strikes, walkouts, slowdowns, or other labor disturbances and actions relating to equal employment opportunity, nondiscrimination, working conditions, employee safety (including Cal/OSHA notices): anywhere with respect to Proposer, and in California with respect to Affiliates.
- vii. Debarments of Proposer by any public entities.
- b. Environmental history. With respect to Proposer and its Affiliates, Proposer shall submit a list of notices of violation, areas of concern, enforcement proceedings and other actions, whether resolved, pending or threatened, which occurred or are alleged to have occurred within the five years preceding the due date for Proposals, and which pertain to noncompliance with environmental law, ordinance,

regulation, permit, or compliance order of the U.S., State, or regional/local entity. The list shall identify the agency, the date of the action and the date and nature of the alleged action. The list shall include, without limitation:

- Actions related to collection operations;
- Unlawful disposal of hazardous, designated, or other waste;
- Truck retro-fitting requirements to reduce emissions;
- Leaking trucks;
- Unlawful discharge of liquids from vehicle operation and maintenance facilities; or
- Hazardous waste identification and handling education requirements for drivers and other personnel (i.e., HAZWOPR training).

c. Proposer shall provide the representation and warranty of its Chief Administrative Officer, Chief Executive Officer, or other person knowledgeable about the disputes, actions, contests, and debarments and environmental history of Proposer, any guarantor of Proposer's obligations under the Franchise Agreement, and any Affiliate, in the form attached as Form PW-13.

5. Section 3A7, Financial Stability - Would DPW accept audited financial statements from the parent of a Proposer that would provide a parent guaranty?

Response: Yes, DPW will accept audited financial statements from the parent of a Proposer as long as the guaranty is in the form provided by the Director and submitted with the parent's financial statements. Proposers must contact the contract analyst, Ms. Melissa Saradpon, for a copy of the guaranty if you intend to submit parent's financial statements.

6. Section 3A10, Permits. Is the DPW requesting copies of Proposer's County waste collector permit, or such permits in any jurisdiction it does business?

Response: The County is not requesting copies of waste collector permits in any jurisdiction in which the Proposer does business, only the permit that is required for the Proposer to operate in the franchise area.

7. Section 3A13, Proposer's Forms List, Form PW-4, Franchisee's Industrial Safety Record - Would DPW limit the geographic scope of this disclosure to Southern California?

Response: No, the County will not limit the geographical scope of this disclosure to Southern California. The form expressly limits the scope to the state of California.

8. Section 3A13, Proposer's Forms List, Form PW-15, Proposer's List of Terminated Contracts - Would DPW limit the scope of the disclosure in Form PW-15 to public contracts only?

Response: The disclosures will not be limited to public contracts. Information regarding terminated contracts may be considered by the evaluators to the extent it is relevant in scoring the Proposers' work plan, references and experience. In addition, terminated contracts may reflect Proposer's ability to finance the proposed contract activities. In this regard, there is no justification for limiting the disclosure to public contracts. Proposers may submit pertinent supplemental information such as the Proposer's size, scope of operations, and the nature, relevance and outcome of contract actions and disputes.

9. Section 4Q, Term of Proposals - What procedures will be in place to address significant changes in the cost of providing services during the very long (270 day) evaluation period?

Response: There are no such procedures. Proposers are expected to hold prices at the proposed levels for the entire period.

SAMPLE AGREEMENT QUESTIONS

10. Section 1A2a, Recyclables. In what sense is this franchise non-exclusive with respect to recyclables? Does it just mean that customers can sell or donate recyclables, or will other companies be allowed to collect recyclables for a fee? If the latter, this creates a competitive disadvantage for Franchisee, who must operate under specific terms and conditions while the competitors do not.

Response: Customers can sell or donate recyclables, but no one except the Franchisee will be allowed to collect recyclables for a fee.

11. Section 1A2b, Collection in Carts at Commercial and Multifamily Cart Premises - The current provision creates a competitive disadvantage for Franchisee, who must operate under specific terms and conditions (and rates) while the competitors do not. This service should either be exclusive, or not in the Agreement at all.

Response: Franchisee is obligated to provide commercial and multifamily customers "Franchise Services" meeting the service specifications under the Agreement upon the customer's request. Franchisee can also compete directly with other haulers to provide "MSW Management" services that do not meet Franchise specifications to commercial and multifamily cart customers.

12. Section 1D, Franchise Fee - Will the service rate be adjusted automatically if the percentage franchise fee is increased?

Response: If the County changes the franchise fee, the rate is not adjusted automatically. A change in the franchise fee would be a "Change in Law" and the rate would be adjusted in accordance with the procedures described in Section A1 of Exhibit 10 of the Agreement.

13. Section 2C, Undepreciated Assets. Does the prohibition on recovery against the County apply even where the termination arises due to a breach by the County?

Response: Section 2C of the Agreement has been amended to read as follows:

"Undepreciated Assets. If any of FRANCHISEE'S assets remain undepreciated upon the expiration or earlier termination **by COUNTY** of this Franchise, FRANCHISEE has no right to recover amounts equal to the undepreciated asset value from COUNTY or Customers, and neither COUNTY nor Customers are obligated to compensate FRANCHISEE for any undepreciated asset value."

14. Section 3B, County Notice. This provision requires the Franchisee to provide service to "any Premises." Does that mean Premises that are outside the scope of the franchise?

Response: Yes. "Premises" is defined in Exhibit 21 of the Agreement to include only properties located in the Service Area, but it is not limited to properties of the Franchisee's customers.

15. Section 7D1b, Resolution of Complaints - Does "next day" mean the next business day or the next calendar day?

Response: "Next day" means next calendar day since "day" (with a lowercase "d") is defined in Exhibit 21 of the Agreement to mean calendar day.

16. Section 8, Ownership of Solid Waste - What provisions of Applicable Law does the County rely on with respect to the transfer of ownership of Refuse? Public Resources Code Section 41950 et seq. only relates to transfer of ownership of Recyclables.

Response: The purpose of Section 8 of the Agreement is to acknowledge that the Agreement does not change or otherwise affect the ownership of refuse or other solid waste. Section 8 of the Agreement has been amended to read as follows:

"This AGREEMENT does not purport to grant FRANCHISEE ownership over Solid Waste. The right to possession or ownership of Solid Waste placed at the Set-Out Site for Collection, including Green Waste and Recyclables, will be determined in accordance with ~~Applicable Law~~ **existing law** and ~~is not as a~~

~~result of~~ **affected by** this AGREEMENT. COUNTY acknowledges that it has no ownership rights in Solid Waste and that FRANCHISEE may provide for transfer of ownership in the Subscription Order."

17. Section 13A3b, Annual Report - Can a franchisee submit audited financials for a parent (of both itself and its affiliates) providing a guaranty, in lieu of submitting audited financials for itself and its affiliates?

Response: See question No. 5 in Enclosure A.1.

18. Section 14A1a, Operations - Define the term "sole active negligence"?

Response: The phrase "sole active negligence" does not have a definition that is specific to this agreement. Its meaning is derived from State law.

19. Section 14A5, Disposal. Does the prohibition on seeking compensation from the County related to Unpermitted Waste apply when the County is at fault?

Response: Yes. The Franchisee makes subscription arrangements directly with its customers, and the County is not involved in the provision of service to the customers.

20. Sections 16A3d, County Use, and Section 16A7, Stipulations - . How does the County reconcile the inconsistent requirements that County "shall assume complete responsibility for the Service Assets" and that Franchisee is "not exempt . . . from any Indemnities"?

Response: Sections 16A3d and 16A7 of the Agreement are not inconsistent because Section 16A7 provides that Franchisee is not required to indemnify County against claims and liabilities arising from the negligence or misconduct of County officers and employees.

21. Section 16A8, Rental and Other Compensation - Where the event arises from Uncontrollable Circumstances and rental fees are due from the County, is the Franchisee still responsible for County's Reimbursement Costs? This seems unreasonable where the event is outside of Franchisee's control.

Response: No, the Franchisee is not responsible for County's Reimbursement Costs where the event arises from Uncontrollable Circumstances. Franchisee is only obligated to pay County's Reimbursement Costs under Section 16A8b of the Agreement for events that are not due to uncontrollable circumstances.

22. Section 17B4, Material or Repeated Violation of Applicable Law - Would the County limit the scope of this provision to performance under this agreement or at least only in the County? What procedures would be in place for the County to

decide whether it was satisfied that a violation in another jurisdiction (or even in another state) was addressed? In any event, wouldn't this interfere with the authority of those other jurisdictions?

Response: No, the County will not limit the scope of this provision as requested, but Section 17B4 of the Agreement is already limited to violations by Franchisee and not by its affiliates or guarantor. The County's procedures to determine whether or not the violation was cured may vary depending on the type of violation, but would likely depend on the determination of the regulatory agency that assessed or determined the violation in the first place. The County would not be interfering with any other entity's authority because it would not be taking action with respect to the violation itself, but only determining whether the violation constitutes a Franchisee default.

23. Section 17B9, Uncured or Repeated Breach - What standards will be applied to determine if a Franchisee is a repeated or habitual violator? It appears to be open-ended as it seems? Define the term "repeatedly and habitually Breaches."

Response: Section 17B9 of the Agreement provides that the determination will be made by the Director in his or her sole discretion. "Repeatedly" and "habitually" have their ordinary meaning, which can be found in the dictionary.

24. Section 17C1, Effective Immediately - Is Franchisee entitled to notice and opportunity to cure per Section 17A with respect to the defaults listed in this subsection?

Response: No, Section 17A of the Agreement applies to Franchisee breaches, not to defaults. Sections 17C2 and 17C3 provide notice requirements for certain types of defaults, but Section 17C1 authorizes immediate termination of the Agreement without notice or an opportunity to cure for the defaults specified in that section. The opportunity to cure is provided before an item becomes a default. A default will not occur if a breach is cured under Section 17A.

25. Section 17D2b, Failure to Agree on Rate Adjustments - What procedures are in place to assure that the County will negotiate in good faith the rate adjustment arising from changes in service? As currently worded, the County could assert any position, and then just terminate the entire franchise if the Franchisee did not agree.

Response: Section 17D2b of the Agreement specifies that the County may only terminate the franchise after "good faith negotiations."

26. Section 18E, County's Reimbursement Costs. Define and/or provide examples of a "nonroutine investigation"?

Response: An example of a nonroutine investigation would be a customer that alleges that it has an evergreen subscription or has been denied its right to terminate upon specified notice. Examples of routine investigations, by contrast, include reviewing reports, auditing franchise fees, and checking on renewals of permits and insurance.

27. Section 19A, Director Consent; Section 19B, Franchisee Demonstration; and Section 19C, Payment of County's Transfer Costs. Would these provisions apply to a transfer to an affiliate of Franchisee, where the affiliate is also covered by the same parent guaranty? Define and quantify "the value of good will and intangibles" that would be lost under the circumstance of an intra-company transfer?

Response: Yes, the transfer provisions apply to affiliates that are covered by the same parent guaranty. Affiliates may have a different record of civil or labor disputes, environmental violations, or other evaluative criteria originally assessed with respect to the Proposer/Franchisee. The value of good will and intangibles is not at issue in the case of a transfer to an affiliate. Section A7 of Exhibit 3A of the Agreement has been amended to read as follows:

"19A Director's Consent to Transfer. The Director may condition consent to any Transfer, other than ~~an Assignment~~ **a Transfer** to an Affiliate, on FRANCHISEE'S payment to COUNTY of \$5.00 per Customer."

28. Section 20L, County's Quality Assurance Plan - Would the Franchisee be afforded the procedural rights per Section 17A prior to any termination based on the County's Quality Assurance Plan?

Response: Section 20L of the Agreement has been amended to read as follows:

"COUNTY'S Quality Assurance Plan. COUNTY or its agent will evaluate FRANCHISEE'S performance under this AGREEMENT on not less than an annual basis. The evaluation will include assessing FRANCHISEE'S compliance with all terms and performance standards of this AGREEMENT. FRANCHISEE deficiencies that COUNTY determines are severe or continuing and that may place performance of this AGREEMENT in jeopardy, if not corrected **within 30 days after FRANCHISEE's receipt of the evaluation**, will be reported to the Board of Supervisors. The report will include improvement/corrective action measures taken by COUNTY and FRANCHISEE. If improvement does not occur consistent with the corrective action measures **within 30 days after FRANCHISEE's receipt of the report**, COUNTY may terminate this AGREEMENT or impose other penalties as specified in this AGREEMENT."

29. Section 22A4, Contractual Obligations - Is the County intending to prosecute alleged violations of Applicable Law occurring in other jurisdictions through this franchise agreement?

Response: No, County does not have jurisdiction to prosecute violations of law in other jurisdictions.

30. Section 23A, Labor Code - Does the 8-hour day, 40-hour week requirement apply where different arrangements are made in a collective bargaining agreement?

Response: It is the franchisee's responsibility to determine what labor laws apply to franchisee's collective bargaining agreement. Section 23A of the Agreement has been amended to read as follows:

"Labor Code. FRANCHISEE and its agents and employees are bound by and shall comply with all applicable provisions of the California Labor Code as well as all other Applicable Laws related to labor. ~~FRANCHISEE acknowledges that 8 hours labor constitutes a legal day's work under Applicable Law. FRANCHISEE shall require work in excess of 8 hours a day or 40 hours during anyone week only as authorized by California Labor Code § 1815.~~ By and through its execution of this AGREEMENT, FRANCHISEE represents and warrants that it is aware of and understands the provisions of California Labor Code § 3700, which requires every employer to be insured against liability of Workers' Compensation or to undertake self-insurance in accordance with those provisions before commencing the performance of work under this AGREEMENT and agrees to fully comply with those provisions."

31. Exhibit 3A, Section B2a.ii, Customer Recyclables Diversion Education Program - Did the County intend to include public education of food retailers in this franchise? This is outside the scope of services.

Response: The Public Education Program would only be directed to food retailers if the Franchisee has any food retailers as customers under the franchise.

32. Exhibit 3A, Section B3c, Repair and Replacement. Would the County allow Franchisee to charge the customer a fee for repair or replacement of containers where the damage or destruction of the container was due to the fault of the customer?

Response: No, this is a no-fault obligation to minimize Customer/Franchisee disputes over damage causation. However, customers must report lost or stolen containers to the police.

33. Exhibit 3A, Section C2, FRANCHISEE-Designated Solid Waste Facility - Define what would constitute “Reasonable Business Efforts” to use conversion technologies, where those technologies currently do not exist or may not be cost effective? Would the County agree to adjust the service rate to encourage use of conversion technologies?

Response: “Reasonable Business Efforts” is defined in Exhibit 21 of the Agreement. The definition allows the exercise of Franchisee’s business judgment, which would include consideration of cost-effectiveness. If a proposed use of conversion technology is a change in Franchise services that is agreed to between the Franchisee and the County, then the rate would be adjusted under Section A1c of Exhibit 10 of the Agreement.

34. Exhibit 3A, Section D5, Prohibition on Mixing Recyclables and Green Waste with Refuse or Disposing of Recyclables or Green Waste - Define what would constitute “Reasonable Business Efforts” to divert residual Solid Waste, since that material would already have gone through processing at a MRF?

Response: “Reasonable Business Efforts” is defined in Exhibit 21 of the Agreement. The definition allows the exercise of Franchisee’s business judgment, which would include consideration of cost-effectiveness. If a proposed diversion of residual solid waste is a change in Franchise services that is agreed to between the Franchisee and the County, then the rate would be adjusted under Section A1c of Exhibit 10 of the Agreement.

35. Exhibit 3A, Section F3, Special Events Cleanup Services - Are there any limits to the number of special events cleanup services, or is it open-ended?

Response: Yes, as stated in Section F3 of Exhibit 3A of the Agreement, the number of special events cleanup services is “up to four community cleanup projects or public events located throughout the Service Area during any 12-month period.”

36. Exhibit 10, Table 3. The percent change in DOE diesel is used on the bottom half of the table instead of the change in DOE CNG.

Response: Exhibit 10, Table 3, of the Agreement is amended to change to “**DOE CNG.**”

37. Exhibit 18D2, Section 15 - Does this apply to a complete billing cycle or each service recipient? If there was one mistake on the billing, however minor, and even if rectified, the liquidated damages could be millions of dollars if assessed for each customer.

Response: This liquidated damage provision applies to each customer, but the imposition of liquidated damages is discretionary. Section 18D2 of the Agreement has been amended to add a new first sentence as follows:

“2. Liquidated. **COUNTY may seek liquidated damages listed in Exhibit 18D2.** The Parties acknowledge that COUNTY incurred considerable time and expense procuring this AGREEMENT in order to secure an improved level of Collection quality and increased Customer satisfaction. . . .”

38. Exhibit 18D2, Section 18. How does the County reconcile the requirements of this section and AGMT Section 20C, which provides that these are to be resolved between the Franchisee and the customer as a civil matter?

Response: This is an incorrect interpretation of Section 20C of the Agreement. Section 20C provides that Franchisee shall not cause damage to property or personal injury, and a breach of that obligation is subject to liquidated damages under Exhibit 18D2 of the Agreement. Section 20C further states that in addition to the County’s rights for breach of contract, disputes between Franchisee and other persons may be the basis of a civil suit.

39. Exhibit 21, definition of Recyclables. Would the County provide for a rate adjustment to collect and process additional recyclables if increased costs could be demonstrated?

Response: The definition of “Recyclables” in Exhibit 21 of the Agreement provides for a rate adjustment for additional recyclables only if the additional recyclables require franchise services at the set-out site separate and distinct from previously collected recyclables (e.g., adding food waste processing with new carts).

40. Exhibit 21, definition of Violation of Applicable Law. What is the scope of this provision? Does “any Regulatory Agency” mean any agency in the state or the nation?

Response: “Regulatory Agency” is defined in Exhibit 21 of the Agreement as “any Federal, State, or local governmental agency that regulates Collection and transportation of Solid Waste...”

PROPOSER NO. 2'S QUESTIONS

1. Will the County provide detail maps of street sweeper schedule for Monday and portions of Tuesday, Wednesday and Thursday that were not provided in Hacienda Heights RFP?

Response: See Addendum 1.

2. What is the limit of green waste 96 gallon per home?

Response: The basic service includes two 96-gallon green waste containers per home at no additional cost to customer. Additional containers may be requested for an additional charge.

3. Multifamily locations are granted 4 pickups per year. Is this per household or complex?

Response: The limit for bulky item collection is four pickups per year without surcharge per complex, and it is also limited to two items per pickup. Additional pickups may be requested for an additional charge.

Part I, Section 1B4 of the RFP has been amended to read as follows:

"For multifamily customers **premises:** four on-call pickups of bulky items, e-waste, and CEDs per year with a limit of two items per pickup without surcharge; additional on-call pickups with surcharge (F2d)."

Section F2(c) of Exhibit 3A of the Agreement has been amended to read as follows:

"Four On-Call Pickups Per Year without Surcharge for Multifamily Customers
Premises. For each Multifamily Premises, FRANCHISEE shall Collect four times each Calendar Year a maximum of two items per pickup of Multifamily Customers' Bulky Items, E-waste, and/or CEDs discarded at the Set-Out Site of a Multifamily Customer on that Customer's next regularly scheduled Collection day after 24 hours advance notice by the Customer or other date agreed to between that Customer and FRANCHISEE, without surcharge."

4. The County discusses AB939 and the 50% diversion goal is there a mandated diversion percentage?

Response: There is no mandated diversion percentage in the Agreement.

5. Is there residential tonnage history available for each of the RFP areas, broken down by type of waste stream? If not, what is their assumed waste stream split?

Response: The County does not have data on the historical residential tonnage or breakdown by type of waste stream for each area and does not provide assumptions on waste stream splits.

6. On page 1.2 of the RFP for rate changes, if the annual rate adjustment starts in the "second full calendar year" and the contract does not commence until 02/2009, does that mean the 1st rate increase is not until 07/2011?

Response: The first annual rate adjustment for changes in the CPI and DOE CNG or DOE Diesel is made on July 1 of the second calendar year of the contract term, while the first rate adjustment for changes in disposal facility fees is allowed on July 1 of the second full calendar year of the term. The term of the contract begins on the date the contract is signed by both the franchisee and the County, so the start date for providing services is not considered in determining when rate adjustments may be made.

This means that, for a contract that is signed by both parties in February 2009, the first rate adjustment for changes in the CPI and DOE Diesel and DOE CNG would be made on July 1, 2010 but the first date a rate adjustment for changes in disposal facility fees could be made is July 1, 2011.

Part I, 2nd paragraph of Section A3, of the RFP, has been amended to read as follows:

Sixty-five percent of net rates will be adjusted annually by 75 percent of the change in the CPI for All Urban Consumers (Los Angeles-Riverside-Orange County), not to exceed a 5 percent increase. Five percent of the net rates will be adjusted annually by 100 percent of the change in the Department of Energy's index for diesel (on-highway price) **or CNG, as applicable. The adjustment due to changes in the CPI and DOE Diesel and DOE CNG will be made beginning on July 1 of the second calendar year of the term.** The remaining 30 percent of net rates will be adjusted annually for documented changes in Franchisee's tipping fee costs, beginning on July 1 of the second full calendar year of the Term (Exhibit 10, Rates).

7. What % of each RFP (area) is hard to handle areas (or approx. # of parcels by RFP).

Response: The County does not have data on the percentage of hard-to-handle areas in each RFP area.

8. I attended the proposer's conference on Monday and did not receive the cd which is mentioned in PW-3, PW-3.1 and PW-3.2. I have attempted to logon to the web link provided but the link is not functioning. Is there a way I can pick up the CD or logon to an alternate link?

Response: Forms PW-3.1 and 3.2 are available at the link below. The form is an Excel spreadsheet with ten tabs at the bottom of the sheet. Use the tabs to access all of the pages.

<ftp://dpwftp.co.la.ca.us/solicitationdocuments/franchise/04.11 PW3.xls>

9. The RFP states that the franchise must provide automated manure collection service to refuse customers;
- a. Do manure constitute a separate waste stream or can it be collected with trash?

Response: **The following response is limited to Hacienda Heights and Ocean View/La Rambla/West Carson RFP's only.** The Proposer must describe how manure will be collected. At the Proposer's option, it may be collected either separately and composted or comingled with trash and disposed at a landfill. Proposer must provide a rate for manure service on Attachment 2 to Exhibit 10 of the Agreement whether collected separately or comingled.

Part I, Section 1B of the RFP has been amended to add No. 11 as follows:

11. For all customers: One cart for manure collection without surcharge upon customer request and additional carts with surcharge (F5).

- b. Due to the weight of manure, can we limit the number of carts to a single customer?

Response: No, the Franchisee may not limit the number of carts to a single customer.

PROPOSER NO. 3'S QUESTION

1. Bid Guaranty

The bid guaranty states "...in an amount equal to ten percent of the Proposer's proposed annual rate..." implying that an absolute number be indicated.

Previous RFP submittals for franchise areas allowed a statement in the bid guaranty such as "in the sum of ten percent of the total annual rate" rather than an absolute dollar amount due to time constraints in processing/receiving a bid bond. Will a statement in the bid guaranty be acceptable once again?

Response: Yes; the County will accept a Proposer's bid guaranty if it states "...in an amount equal to 10 percent of the Proposer's proposed annual rate..." utilizing the monthly rate per customer from Form PW-2, Schedule of Prices, multiplied by the number of residential parcels as listed in Exhibit C as amended in Addendum 1.

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PROPOSER NO. 4'S QUESTIONS

1. Section 1A3, Net Rates - For the portion of the rate adjustment that is based on the change in disposal costs what is the meaning of, "...documented changes in franchisee's tipping costs"?

Response: Please see Section A3 of Exhibit 10 of the Agreement, which states in part:

"...FRANCHISEE must substantiate to the satisfaction of the Director that FRANCHISEE is experiencing that change in Disposal tipping fee. (For example, FRANCHISEE may have independently contracted for Disposal at a cost lower than posted tipping fees at the Solid Waste Facility designated by FRANCHISEE in Franchisee Documentation, or FRANCHISEE may own the Solid Waste Facility it designated for Disposal and consequently internalize Disposal costs lower than posted tipping fees at the Solid Waste Facility designated by FRANCHISEE in Franchisee Documentation. If FRANCHISEE does not substantiate to the satisfaction of the Director that FRANCHISEE is experiencing that change in Disposal tipping fees, FRANCHISEE'S Net Rates will not be adjusted.)"

2. Please illustrate when the disposal component of the rate increase becomes effective.

Response: See Section A.3 of Exhibit 10 of the Agreement. The disposal component of the rate increase becomes effective beginning July 1 in the second full calendar year of the term and thereafter on each July 1. For example, if the Franchisee signs its Agreement on April 1, 2009, then any disposal fee adjustment would first be made on July 1, 2011.

3. Section 1B5, Special Services - For the four on-call pick-ups of bagged green waste, is there a limit on quantity. Also, how will we dispose of green waste in bags?

Response: There is no limit on the quantity of bagged green waste for the four on-call pickups. Franchisee may not dispose of green waste. Franchisee must transport all green waste, whether in carts or bags, to the facility or facilities that Franchisee designated as provided in Section E2 of Exhibit 3A of the Agreement.

4. Section 1B7 and 1B8, Special Services: What is the definition of a "special clean-up"?

Response: Please refer to the Agreement, Exhibit 3A, Section F3, Special Events Cleanup Services. The Franchisee will be required to provide cleanup

services at certain community cleanup projects or special events when requested by the Director. Section F3 of Exhibit 3A has been revised to read as follows:

“Special Events Cleanup Services. At the Director’s request, FRANCHISEE shall provide Bins or portable containers in type, number, and capacity (such as up to 80 cubic yards) specified by the Director for discards of Solid Waste (including Bulky Items), E-waste and CEDs at each of up to four community cleanup projects or public events located throughout the Service Area during any 12-month period. FRANCHISEE shall Collect filled Bins or portable containers immediately and partially full Bins or portable containers no later than the day after the termination of the project or event. FRANCHISEE shall provide all the necessary labor, vehicles, Bins or portable containers and other equipment, and materials or supplies (such as plastic bags in portable containers).”

5. If we use Puente as our disposal site and if Puente closes (as planned) and then we go to a different site, how will we handle the change in the disposal costs for rate-setting purposes.

Response: Section A3 of Exhibit 10 of the Agreement provides for rate adjustments due to changes in disposal facility fees. Therefore, if during the term of the franchise agreement, the Franchisee designates a different solid waste facility for disposal, the Franchisee would submit documentation to the County establishing any change that the Franchisee experiences in disposal facility fees as a result of using a different facility.

6. Must we offer a “pre-pay” discount if a resident pays a year in advance?

Response: No, this is not a requirement, but any proposer may offer a pre-pay discount at the Proposer’s option. Attachment 2 of Exhibit 10 of the Agreement has been amended to delete “Discount for Advance Payment” as follows:

DISCOUNT FOR ADVANCE PAYMENT:

~~If a Customer pays in advance the Customer Service Charges for 11 months of Franchise Services, then at the end of those 11 months, Franchisee shall provide one additional month of the same Franchise Services without further charge.~~

7. Section 4K, No Commingling of Interjurisdictional Materials - Confirm that we must collect and dispose of each jurisdiction separately.

Response: Yes, each jurisdiction’s solid waste must be collected and disposed of separately.

8. The Rosewood/Rancho/West Rancho Dominguez area has - 2 large trailer parks.... are they considered part of / included in the RFP?

Response: A trailer park is considered to be multifamily premises and it is included in the RFP under Section A2a of the Agreement as a nonexclusive franchise right. The Franchisee must only serve those trailer parks that request franchise services in carts. Section 1B4 of the Agreement specifies that this is not an exclusive right.

9. The El Camino area has many cars on the streets and will be difficult for automated collection – what are the requirements for cart placement....do we put it back where we got it, or can we leave it in the street?

Response: Franchisee must place empty carts where they will not impede pedestrian or vehicular traffic. Section B6 (Routing and Container Placement) of Exhibit 3A of the Agreement states the following:

“...FRANCHISEE shall return empty Containers to their Set-Out Sites or site nearest Set-Out Site that does not impede pedestrian or vehicular traffic. The Set-Out Site must be located at the curb or as otherwise provided in County Code § 20.72.100.”

10. Hacienda Heights -- the area on the hill (Eldridge). -- is this whole area on scooter service?

Response: There is no scooter service in Hacienda Heights.

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PROPOSER NO. 5'S QUESTIONS

1. Oceanview/La Rambla/West Carson (2008-FA014)
The West Carson area (in yellow) indicates sweeping days of "Mon/Tue." Does this mean that (i) this area has alternate side sweeping on all streets in the area (i.e., Monday on one side of the street and Tuesday on the opposite side of the street), or (ii) that one independent geographic cluster of this area is swept on a Monday and the other on a Tuesday? If the correct answer is (ii), please provide a further breakdown as to which portions of this area are swept on Monday and which portions are swept on Tuesday.

Response: The West Carson area in yellow has alternate side street sweeping on all streets in the area. One side of the street is swept on Monday and the opposite side of the street is swept on Tuesday.

2. Rancho Dominguez/West Rancho Dominguez/Rosewood (2008-FA015)
There are 3 color-coded areas in this service area—green, yellow and blue. However, each color-coded area has two days noted for street sweeping (i.e., the blue area has "Wed/Mon" noted). Does this mean that (i) each of these areas have alternate side sweeping on all streets in the area (i.e., Wednesday on one side of the street and Monday on the opposite side of the street), or (ii) using the blue area as an example, that one independent geographic cluster of this area is swept on a Wednesday and the other on a Monday? If the correct answer is (ii), please provide a further breakdown as to which portions of each of these areas are swept on which days.

Response: Each of these areas has alternate side street sweeping on the streets in the area.

3. Pioneer/Carson Park (2008-FA016)
It appears as though all of the areas within this Service Area are swept on Thursday. As such, we assume that the Contractor, in this case, would be bound to a collection schedule that contemplates collection of these areas over no more than the two day period of Tuesday and Wednesday (based on the language contained in Exhibit 3A, Section B.6 of the Draft Agreement), however, please confirm or clarify.

Response: Yes, collection must occur Tuesday and Wednesday unless otherwise approved by the Director.

4. El Camino Village/Del Aire/Wisburn/Alondra Park (2008-FA017)
There are 3 color-coded areas in this service area—green, pink and blue. However, each color-coded area has two days noted for street sweeping (i.e., the blue area has "Wed/Fri" noted). Does this mean that (i) each of these areas

have alternate side sweeping on all streets in the area (i.e., Wednesday on one side of the street and Friday on the opposite side of the street), or (ii) using the blue area as an example, that one independent geographic cluster of this area is swept on a Wednesday and the other on a Friday? If the correct answer is (ii), please provide a further breakdown as to which portions of each of these areas are swept on which days.

Response: Each of these areas has alternate side street sweeping on all streets in the area. For example, one side of the street is swept on Wednesday, and the other side is swept on Friday.

5. Hacienda Heights (2008-FA021)

- a. Excluded from the package was Exhibit G.2 (instead, there are two copies of G.1). Please provide a color-coded version of G.2 (which we assume is the area east of Hacienda Blvd.), so that we can better understand the contents and legends in G.1.

Response: A copy of color-coded Exhibit G.2 was provided in Addendum 1.

- b. The legend next to "Tue" on Exhibit G.1 looks white, however, we assume it is supposed to be yellow, based on the Tuesday legend in Exhibit G.3. Please confirm or clarify.

Response: Yes, the legend next to Tuesday on Exhibit G.1 is yellow.

- c. There is a rose colored legend on G.1 (and G.4) that indicates sweeping days of "Tue/Wed." Does this mean that (i) this area has alternate side sweeping on all streets in the area (i.e., Tuesday on one side of the street and Wednesday on the opposite side of the street), or (ii) one independent geographic cluster of this area is swept on a Tuesday and the other on a Wednesday? If the correct answer is (ii), please provide a further breakdown as to which portions of this area are swept on Tuesday and which portions are swept on Wednesday.

Response: The T/W area is designated as such for future alternate side street sweeping, and is provided as information to avoid scheduling trash pickup on those days. Street sweeping in that area currently occurs on Wednesday. We recommend that this area be treated as alternate side street sweeping.

6. Section IA1, Service Areas, Term, and Rates - (as well as Exhibits C and D) provides information as to the number of Residential Premises (parcels and dwelling units) in each service area for which the Contractor has the exclusive

right to service under Section 1.A of the Draft Agreement. In addition to the aforementioned parcel and dwelling unit data included in Exhibit D, does the County have additional data as to how many other multi-family customers (i.e., Triplex and Fourplex, etc.) are currently receiving residential curbside services, and that could reasonably be expected to request service from the new contractor? Please provide the data both in total complexes and units if available.

Response: The County does not have data on the number of multifamily customers currently receiving residential curbside services.

7. Enforcement of Exclusive Rights - After the contract award and prior to service commencement, will the County will be issuing a letter to residents informing them of the change in service providers, including a reference to the fact that residential service recipients will be required to utilize the services of the exclusive contractor? We trust that the County agrees that this as an important step in enforcing the contractor's exclusive rights to service Residential Premises, and ensuring that residents are aware of these requirements.

Response: Yes, the County in coordination with Franchisee will notify residents by letter of the change in service providers and the exclusivity of the services provided by Franchisee subject to the exclusions in Section 1B of the Agreement.

8. Rights Under PRC Section 49520 - We are concerned about the language included in Draft Agreement Section 1.B.5 as we do not understand whether or not it is applicable. Are there any existing haulers that have continuation rights in any of the Service Areas, as it relates to exclusive rights being granted to the contractor(s) hereunder (i.e., residential service to single-family residences and duplexes)? If so, please provide this information, as it is paramount to the development of our bid assumptions in view of the fact that we are assuming we will have the exclusive right to service all Residential Premises in the respective Service Areas. Has the County previously issued 5-year notices to all permitted haulers operating in each Service Area and, if so, when was this done?

Response: We are not aware of any waste haulers that would have continuation rights in any of the Service Areas under the Public Resources Code Section 49520. A five-year notice was sent on June 23, 1998 to all permitted haulers operating in the County unincorporated areas at that time.

9. Tonnage - Exhibit C includes tonnage estimates, however, it appears that the County is using an estimate of around 73.5 Lb/wk per residential dwelling unit for all Service Areas (for all material types combined). How were these estimates arrived at and does any of the information come from actual reported tonnages by the current service providers? Can the County provide historical tonnage data, including a breakdown by material type (refuse, recyclables, green waste, bulky items, etc.) for each Service Area?

Response: No, the County does not have historical tonnage data. The figures in Exhibit C of the RFP are only estimates based on an assumption of 3 pounds of Solid Waste per person per day and three persons per parcel.

10. Draft Agreement Section 7.D.1.a and b - Hacienda Heights Service Area - Given the wide expanse and geography of the Hacienda Heights service area, it may be difficult to accommodate the requirement that the Contractor return to the route area on the same day if the cut-off for the "missed collection" call is as late as 3:00 pm. While we don't expect this to be an issue per se, we would respectfully request modifying the cut-off time from 3:00 pm to 12:00 pm for purposes of a "same day" return, with any calls coming in after 12:00 pm being accommodated on the next Service Day. This is a reasonable request in view of the particular service area in question.

Response: The cut-off time for the "missed collection" of 3 p.m. will not be changed. Franchisees servicing areas of similar expanse and geography as Hacienda Heights have no difficulty meeting this requirement.

11. Routing and Street Sweeping Schedule

- a. Exhibit 3A, Section B.6, Routing and Container Placement, of the Draft Agreement indicates that the Franchisee shall schedule collection one to two Service Days before streets are swept. This may not be practical in the event the County's routing methodology for street sweeping differs materially from the way our solid waste collection vehicles would be routed and, if mandated, may result in higher costs to the residents for solid waste collection. Would it be acceptable for a proposer to indicate that the their routing schedule will be formulated so as to maximize collection efficiencies and minimize costs, and will, to the extent possible, accommodate the County's goal of providing collection on days other than the days in which streets are swept? While we understand the County's desire to coordinate these activities, it is important that the County maintain some flexibility, as it may be very difficult to assess and accommodate this blanket requirement without potential unforeseen costs.

Response: The Franchisee will adhere to the one to two Service Days before streets are swept as provided in County's schedule for street sweeping in the Service Area unless otherwise approved by the Director. The County at its discretion may maintain some flexibility with the collection schedule for each area.

- b. In relation to Item (a), above, it should be noted that "Service Days" are defined in the Draft Agreement to include Saturdays. The requirement to collect "one to two Service Days before streets are swept" should exclude

Saturdays and, therefore, the definition of Service Days should exclude Saturdays for purposes of the application of Exhibit 3A, Section B.6. Without this modification, proposers would, in effect, be limited to a Friday collection schedule only for areas that are swept on Monday and a Monday collection schedule only for areas that are swept on Tuesday, in view of the fact that most companies do not run residential routes on a Saturday. Please note that most residential collection is performed Monday through Friday, except in the case of a Holiday, which may dictate collection being performed on a Saturday (depending on the circumstances).

Response: It is not appropriate to exclude Saturday from the definition of Service Days as requested because that would allow the Franchisee to collect too many days before the street sweeping day when the streets are swept on Monday or Tuesday.

- c. The franchise area and street sweeping maps attached to the RFP (i.e., Exhibits F and G) are not easily readable as to a number of the RFPs. As has been the case with prior County procurements, can the County provide color coded maps at the pre-proposal conference that clarify which streets are swept on which days and to note whether the sweeping days are in geographic clusters or if there are areas where each side of a street is swept on a different day, etc,?

Response: Color maps of Exhibits G were provided at the Proposers' Conference and through Addendum 1. These colored maps outline the street sweeping days with geographic clusters in different colors. Exhibit F is in black and white.

- 12. Service Addresses - Does the County have access to the current customer list information of the current service providers? If not, does the County have a list of service addresses for the residential customers in each of the Service Areas, and will this list be provided to the successful contractor(s) well in advance of the start date of the contract?

Response: No, the County does not have access to the current customer list information of the current service providers. The County has a list of property addresses for the residential customers in each Service Area and this will be provided to the successful Proposer well in advance of the start date of the contract.

- 13. Current Service Providers - Similar to previous procurements issued by the County, can the County provide a listing of the current service providers providing residential service in each of the Service Areas as well as a description of the type of curbside service provided (i.e., automated, manual,

semi-automated, and material types collected) and the current average rates per household per month?

Response: Please see Enclosure A.6 for details.

14. Litigation History

- a. Part I, Section 3.A.6 contains comprehensive disclosure requirements relating to the Proposer's litigation and environmental history. We are not clear as to how this section relates to the requirement to fill out Form PW-16. Also, the completion of Form PW-16 would seem to be overly cumbersome insofar as it allows for only two disclosures per page. In the past, the County was amenable to Proposers incorporating their Responses to the Section 3.A.6 requirements in the body of our proposals and attaching an exhibit if necessary for those subsections requiring a lengthier listing of the required information. Would the County be amenable to eliminating the need to complete Form PW-16, as long as we are responsive to the requirements of Section 3.A.6 in our proposal? If not, please clarify the need for this form and how it relates to Section 3.A.6 disclosures.

Response: **Form PW-16, Proposer's Pending Litigation and Judgments, has been deleted in its entirety.**

- b. We are confused by the reference to "affiliates" in the 1st paragraph of Section 3.A.6.a as it relates to the subsections that follow. Please note that the majority of privately-held companies that would normally respond to this procurement operate only in Southern California, and in some cases in LA County only, whereas the larger public companies that would normally respond to this procurement, such as our company, have a multitude of affiliates that operate across the United States, that are completely independent of the proposing entity from the standpoint of operations and management oversight. We assume that the disclosure requirements of Section 3.A.6.a relate to the Proposer and its California affiliates, where applicable, however, please confirm.

Response: No, the disclosure requirements of Section 3A6a are not limited to California affiliates. See Enclosure A.1, Question No. 4.

15. Rate Adjustment Formula - Exhibit 10, Section A.2 references that the first CPI and DOE Diesel (Fuel) adjustments will be effective on the July 1 of the 2nd calendar year and the first Disposal Component adjustment will be effective on July 1 of the 2nd full calendar year. Since the estimated contract start date is 2/1/09, we want to make sure there is no misunderstanding as to the first allowable adjustment date since, technically, the first full calendar year is 2010.

We assume the County's intent is for the first allowable CPI, Fuel, and Disposal adjustments to be on the same date and that the date is 7/1/10, however, please confirm. We would recommend a minor modification to the Draft Agreement clarifying that the first allowable adjustment date for all three rate components is 7/1/10, as we trust that this is the County's intent.

Response: No, this is not the County's intent. See Enclosure A.2, Question No. 6.

16. Proposer's Financial Statements - Part 1, Section 3.A.7.b of the RFP requests that the Proposer shall provide "Copies of the Proposing entity's audited financial statements prepared and audited by an independent CPA for the most current three full fiscal years...." It is not clear to us as to whether the financial statements need to be those of the entity actually executing the franchise agreement, or if the financial statements of a parent company would be acceptable (as is generally the case with public companies). 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. As a public company, we do not publish separate financial statements for our operating subsidiaries, however, we are amenable to providing a parent company guarantee to the County. As such, we trust that it would be acceptable to the County to provide only the audited financial statements of our parent company, as long as we indicate that we will provide a parent company guarantee if we are the successful proposer. 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 RFP releases similar to this one (i.e., see Addendum No.1 dated August 2, 2007 to the South Whittier, et al, RFPs). The availability of this option is also reinforced by the language in Section 13.A.3.b of the Draft Agreement, which alludes to the provision of parent company financial reports by a parent company guarantor. Please confirm that this is acceptable.

Response: Yes, this is acceptable. See Enclosure A.1, Question No. 5.

17. Bid Guaranty - In the case of some of the RFPs, Part 1, Section 3.A.12 of the RFPs require the bid guaranty amount to be "10% of the Proposer's proposed annual rate utilizing the monthly rate per customer from Form PW-2...multiplied by the number of residential parcels as listed in Exhibit C", in Please confirm that it is acceptable to include language in the Bid Guaranty that identifies a the bid bond as "10% of the annual bid amount", as opposed to having to calculate a specific dollar figure for inclusion in the bid guaranty form. The reason for this is that most sureties will need some lead time to provide the bid bond and the exact bid amount may not be known until it is too late in the process to obtain the bond. The above language has been acceptable in prior RFPs and is a common practice in many procurements that contain a "% of bid" as opposed to a fixed

bond amount. The County has always been amenable to this approach and this was reinforced in Addendum No. 2 (dated August 13, 2007) of the South Whittier, et al, RFPs.

Response: See Enclosure A.3.

18. Draft Agreement Exhibit 3A, Section J - Minor point, but we assume the reference to "Item 17" in Draft Agreement Exhibit 3A, Section J is intended to be "Item 12."

Response: Yes, that is correct. Section J of Exhibit 3A of the Agreement is amended as follows:

FRANCHISEE Commitments Made in Its Proposal to COUNTY for Procurement of This AGREEMENT. FRANCHISEE shall fully and timely satisfy any additional Performance Obligations set forth in item ~~47~~ 12 of Section B of Exhibit 3D.

19. Estimated Board Approval Date - Can the County provide an estimated date in which County Board approval will be sought for the above contracts? Please note that the estimated turnaround time for new refuse vehicles is at least 6 months, and upward of 8 months from the date of order placement. As such a 2/1/09 start date may not be feasible for some of the Service Areas, depending upon the approval timelines.

Response: The estimated County Board approval for the contracts is in the months of September and October 2008. The start date will be approximately six months after the Board-approval date. We will work with the winning Proposer to coordinate the start date.

**Current Service Providers
Unincorporated Areas within SD2 and SD4**

ENCLOSURE A.6

Unincorporated Area(s)	Rate (per month)	Current Haulers	Type of Containers	Electronic Waste Collection	Bulky Item Collection
Hacienda Heights	\$26.20	WM	96 gal Refuse 64 gal Green waste 64 gal Recycling	\$25 per item	\$25 first 3 items, \$10 each additional item and \$25 per white good item
Hacienda Heights	\$25.90	Valley Vista Services	96 gal Refuse, 96 gal Green waste, 70 gal Recycling resident can put out 2 containers of their own per week for no extra charge	\$25 per item	\$14.30 per bulky item, \$19.80 per white good item
Ocean View	\$17.29	WM	Resident provides 32 gal. Refuse and Green waste containers. WM provides 18 gal. Recycling basket.	Part of bulky collection	3 free pick ups for the year up to 3 cubic yards per pick up
Ocean View	\$27.00	Calmet	Resident provides 32 gal. Refuse container. Calmet provides 32 gal. Recycling and Green Waste containers.	Not Provided	\$15 per item
La Rambla	\$23.00	Calmet	Resident provides 32 gal. Refuse container. Calmet provides 32 gal. Recycling and Green Waste containers.	Not Provided	\$15 per item
West Carson	\$21.33	Allied Waste	96 gal Refuse 96 gal Green waste 96 gal Recycling	Not Provided	\$27 for first 2 items, \$11 for each additional item
West Carson	\$19.50	WM	96 gal Refuse 96 gal Green waste 96 gal Recycling	Part of bulky collection	3 free pick ups for the year up to 3 cubic yards per pick up
West Carson	\$23.00	Calmet	Resident provides 32 gal. Refuse container. Calmet provides 32 gal. Recycling and Green Waste containers.	Not Provided	\$15 per item
Rancho Dominguez/ Rosewood/ West Rancho Dominguez	\$20.67	Allied Waste	96 gal Refuse 96 gal Green waste 96 gal Recycling	Not Provided	\$27 for first 2 items, \$11 for each additional item
El Camino Village/ Del Aire/Alondra Park	\$16.95	H&C	96 gal Refuse 65 gal Green waste 65 gal Recycling	Not Provided	2 free items per year
El Camino Village/ Del Aire/Alondra Park	\$15.90	WM	Resident provides 32 gal. Refuse and Green waste containers. WM provides 18 gal. Recycling basket.	Not Provided	3 free pick ups for the year up to 3 cubic yards per pick up
Pioneer & Carson Park	\$20.95	Signal Hill Disposal (Edco)	Resident provides 32 gal. Refuse container. Edco provides 32 gal. Green waste container and 18 gal. Recycling basket.	Not Provided	\$25-\$50 for each item