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200 NORTH SPRING STREET
ROOM 361, CITY HALL
LOS ANGELES, CA 90012

GENERAL INFORMATION
TEL: (213) 978-0261 FAX: (213) 978-0278
TDD: (213) 978-2310
<http://bpw.lacity.org>

February 24, 2017

BPW-2017-0186
#1 BOS/BCA

Mayor Eric Garcetti
Room No. 305
City Hall
Attn: Mandy Morales

Subject: AUTHORITY TO AWARD AND EXECUTE PERSONAL SERVICES CONTRACTS FOR PROCESSING AND MARKETING OF RESIDENTIAL RECYCLABLE MATERIALS WITH CITY FIBERS, INC. FOR THE WEST VALLEY AND NORTH CENTRAL WASTESHEDS

As recommended in the accompanying report of the Directors of the Bureaus of Sanitation and Contract Administration, which this Board has adopted, the Board of Public Works requests approval and forwarding to the City Council for authorization to execute personal services contracts with City Fibers, Inc. for Processing and Marketing of Residential Recyclable Materials for the West Valley and North Central Wastesheds.

FISCAL IMPACT

There is no impact to the City's General Fund. The total funding for this project is not to exceed \$17,732,330. Funding for Fiscal Year 2016-2017 in the amount of \$3,546,466 is available in the Integrated Solid Waste Management, Fund No. 556, Appropriation Unit No. 50NX82. However, Funds and Appropriations for future fiscal years are not yet identified and existing appropriations may change based on available cash balances. Therefore, Funds and Appropriations, once determined by the Director of the Bureau of Sanitation or designee, will be reviewed and certified by the Director of the Office of Accounting or designee, as to the status and availability of funding.

Respectfully submitted,

Fernando Campos, Executive Officer
Board of Public Works

FC:mp

DEPARTMENT OF PUBLIC WORKS

BUREAU OF SANITATION

BUREAU OF CONTRACT ADMINISTRATION

JOINT BOARD REPORT NO. 1

February 24, 2017

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AUTHORITY TO AWARD AND EXECUTE PERSONAL SERVICES CONTRACTS FOR PROCESSING AND MARKETING OF RESIDENTIAL RECYCLABLE MATERIALS WITH CITY FIBERS, INC., FOR THE WEST VALLEY AND NORTH CENTRAL WASTESHEDS

RECOMMENDATIONS

1. Approve and forward this report with Transmittals No. 1 through No. 6 to the Mayor and City Council with the request that the Board of Public Works (Board) be authorized to award and execute the following contracts with:
 - (1) City Fibers, Inc., for Processing and Marketing of Residential Recyclable Materials from the West Valley Wasteshed, and
 - (2) City Fibers, Inc., for Processing and Marketing of Residential Recyclable Materials from the North Central Wasteshed.
2. Upon the Mayor's authorization and City Council's approval, the president or two members of the Board will award and execute the two (2) contracts.
3. Return the executed contracts to the Bureau of Sanitation (LASAN) for further processing. Contact Ms. Christine Courtois at (213) 485-3592.

TRANSMITTALS

1. Copy of the adopted Bureau of Sanitation and Bureau of Contract Administration Joint Board Report No. 1, dated July 24, 2013, authorizing LASAN to distribute a Request for Proposals and to negotiate contracts for Processing, Marketing, and Distribution of Residential Recyclable Materials from the East Valley, West Valley, North Central, and Harbor Wastesheds (RFP).
2. Copy of the adopted Bureau of Sanitation and Bureau of Contract Administration Joint Board Report No. 1, dated May 4, 2016, authorizing LASAN to execute contracts with CR&R, Inc. for Processing and Marketing of Residential Recyclable Materials from the East Valley and Harbor Wastesheds.
3. Copy of the e-mail, dated December 2, 2015, from Potential Industries, formally withdrawing their proposal submitted for the West Valley Wasteshed.

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4. Copy of the e-mail, dated May 28, 2015, from Bestway Recycling Company, formally withdrawing their proposal submitted for the North Central Wasteshed.
5. Copy of the proposed contract with City Fibers, Inc. for Processing and Marketing of Residential Recyclable Materials from the West Valley Wasteshed.
6. Copy of the proposed contract with City Fibers, Inc. for Processing and Marketing of Residential Recyclable Materials from the North Central Wasteshed.

Original contracts will be delivered to the Board Office by Mr. Michael W. Lee (213-485-3094) when the contracts are ready for execution.

DISCUSSION

Background

LASAN provides curbside solid resources collection services to over 740,000 residential units. The residential curbside recycling program is a major contributor to the City's landfill diversion compliance effort mandated by Assembly Bill 939. In fiscal year (FY) 2014-2015, the recycling program collected and delivered approximately 208,000 gross tons of recyclable materials from all six (6) collection Wastesheds to contracted material recovery facilities (MRFs) citywide. In FY2015-16, the City received approximately \$2.7 million dollars in net revenue from the MRFs for the sale of the curbside recyclables. LASAN, Solid Resources Support Services Division (SRSSD), manages the curbside blue-bin recycling program.

On July 24, 2013, the Board authorized LASAN to release an RFP for Processing, Marketing, and Distribution of Residential Recyclable Materials from the East Valley, Harbor, North Central, and West Valley Wastesheds (Transmittal No. 1). In response to the RFP, on May 4, 2016, the Board authorized LASAN to award and execute contracts for Processing and Marketing of Residential Recyclable Materials with CR&R, Inc. for the East Valley and Harbor Wastesheds (Transmittal No. 2).

In this report, LASAN requests authorization to award and execute contracts for the West Valley and North Central Wastesheds with City Fibers, Inc. Currently, recyclable materials collected from West Valley and North Central Wastesheds are delivered to the MRFs listed in Table 1 below:

Table 1: Addresses of Current MRFs

Wasteshed	MRF	Processing MRF Address
North Central	City Fibers	2545 East 24 th Street, Los Angeles, CA 90058
West Valley	City Fibers	16714 Schoenborn St., North Hills, CA 91343

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RFP Proposal Evaluations

In response to the RFP, LASAN received six (6) proposals on December 4, 2013, for the West Valley and North Central Wastesheds, as shown in Table 2 below.

Table 2: Proposing Vendors in response to the RFP

Wasteshed	Proposing Vendors	#of Proposals
West Valley	City Fibers, Potential Industries, WestRock (formerly RockTenn)	3
North Central	Bestway Recycling Company, City Fibers, Rainbow Disposal Company	3

On December 2, 2015, Potential Industries notified the City that they were withdrawing their proposal submitted for the West Valley Wasteshed, indicating that the opportunity to expand their transloading facility was not viable at this time (Transmittal No. 3). Additionally, on May 28, 2015, Bestway Recycling notified the City that they were withdrawing their proposal submitted for the North Central Wasteshed, indicating that they were changing their business model (Transmittal No. 4).

As a result, the remaining four (4) proposals were evaluated by a committee comprised of LASAN staff based on the criteria outlined in the RFP and evaluation criteria listed in Table 3 below.

Table 3: Proposal Evaluation Criteria

Evaluation Criteria	Maximum Points
Technical Requirement	15
Financial Requirement	20
Processing Fee Requirement	20
Revenue Sharing Requirement	10
Stewardship of Recycled Material	10
Financial Performance & Past Experience	10
Facility Proximity	5
Workers Safety Requirement	10
Total	100

Based on the evaluation criteria of the proposals submitted for the West Valley Wasteshed, City Fibers ranked number one and WestRock ranked number two. See Table 4 below.

Table 4: Evaluation Results for the Proposers in the West Valley Wasteshed

Proposer	Total Points	Rank
City Fibers, Inc.	69	1
WestRock, Inc.	63	2

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Based on the evaluation criteria of the proposals submitted for the North Central Wasteshed, City Fibers ranked number one and Rainbow Disposal Company ranked number two. See Table 5 below.

Table 5: Evaluation Results for the Proposers in the North Central Wasteshed

Proposer	Total Points	Rank
City Fibers, Inc.	71	1
Rainbow Disposal Company	67	2

LASAN Recommendations

As a result of the evaluations, LASAN recommends City Fibers for West Valley and North Central Wastesheds as shown in Table 6 below (Transmittal Nos. 5 and 6):

Table 6: LASAN's Recommended Contractor

Wasteshed	Recommended Contractor
West Valley	City Fibers, Inc.
North Central	City Fibers, Inc.

Ambassador Program

City Fibers, Inc. did not agree to contribute for the Ambassador program during the contract term.

Estimated Annual Cost for Processing the Materials

The following table summarizes the estimated annual cost for processing recyclable materials from the West Valley and North Central Wastesheds:

Table 7: Estimated Annual Cost for Each Wasteshed

Recommended Contractor	Wasteshed	Proposed Cost	Estimated Annual Cost
City Fibers	West Valley	\$29/gross ton	\$1,595,000
City Fibers	North Central	\$21.50/gross ton	\$763,250
Total			\$2,358,250

Additionally, LASAN has agreed to pay for disposal cost of the contamination delivered within the West Valley and North Central Wastesheds. The estimated annual disposal cost of contamination from West Valley and North Central are \$467,500 and \$398,310, respectively. Therefore, the total cost for processing West Valley Wasteshed would be approximately \$2,062,500 and approximately \$1,161,560 for North Central Wasteshed annually.

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Justification to the Annual Cost

LASAN has determined that due to the unprecedented low commodities market and the global slowdown of the economy, proposers have either revised their proposals drastically or withdrawn their proposals. Prices for most of the commodities recovered from the recyclables delivered by the blue-bin recycling program have dropped more than 25% compared to markets in 2013 and to markets in the second quarter of 2016 when the negotiation with the vendor was finalized (see Graph 1 on page 5). Since the commodities markets hit rock bottom in the first quarter of 2015, the markets have steadily been low until the end of May 2016.

The current low markets are mainly caused by low demand from China. In the past decade, China imported more than 70% of the recovered recyclables from the United States, and since the second downturn of global economy in 2015, China has drastically reduced the demand of imports from U.S. because of self-sustained and pre-consumed volume of post-consumer products. Due to the current downturn in the commodities markets, China has been restructuring its manufacturing industries and rebuilding the low wage work forces. LASAN believes that the global market condition will rebalance itself and recover from the bear market. Therefore until such time, LASAN will have to pay for processing of recyclables collected from the West Valley and North Central Wastesheds.

LASAN's recycling program is robust and more advanced than most of the other municipalities in the nation. Many U.S. cities have unequivocally stated that they are experiencing either significantly reduced revenue, paying for processing or breaking even with their recyclable materials because of the low demand for post-consumer products globally. LASAN has contacted the City of Chicago, City of Portland, City of Hartford, and neighboring cities such as Fullerton, Santa Monica, Beverly Hills, Culver City and Oakland, and verified their financial situations were very similar locally and nationally within the U.S. Some of the cities are currently paying MRFs to process the residential recyclables and some are breaking even. Those cities that are either receiving revenue or breaking even executed their contracts prior to 2014 and therefore have not been negatively impacted by the low market condition.

In order to make these contracts more responsive to the fluctuations of the market conditions, LASAN analyzed the historical data of the markets and stream value of the recyclables. From this analysis, LASAN calculated several minimum floor values which will closely match actual stream value of the recyclable commodities, mainly based on fiber commodities, newspaper, mixed-paper and cardboard which comprise more than 50% of the blue-bin materials. These minimum floor values were included in each of the contracts, therefore, LASAN can expect to receive revenues from the recommended contractor when the commodities markets recover.

Graph 1: Market Trend of Fibers (from January 2013 to September 2016)

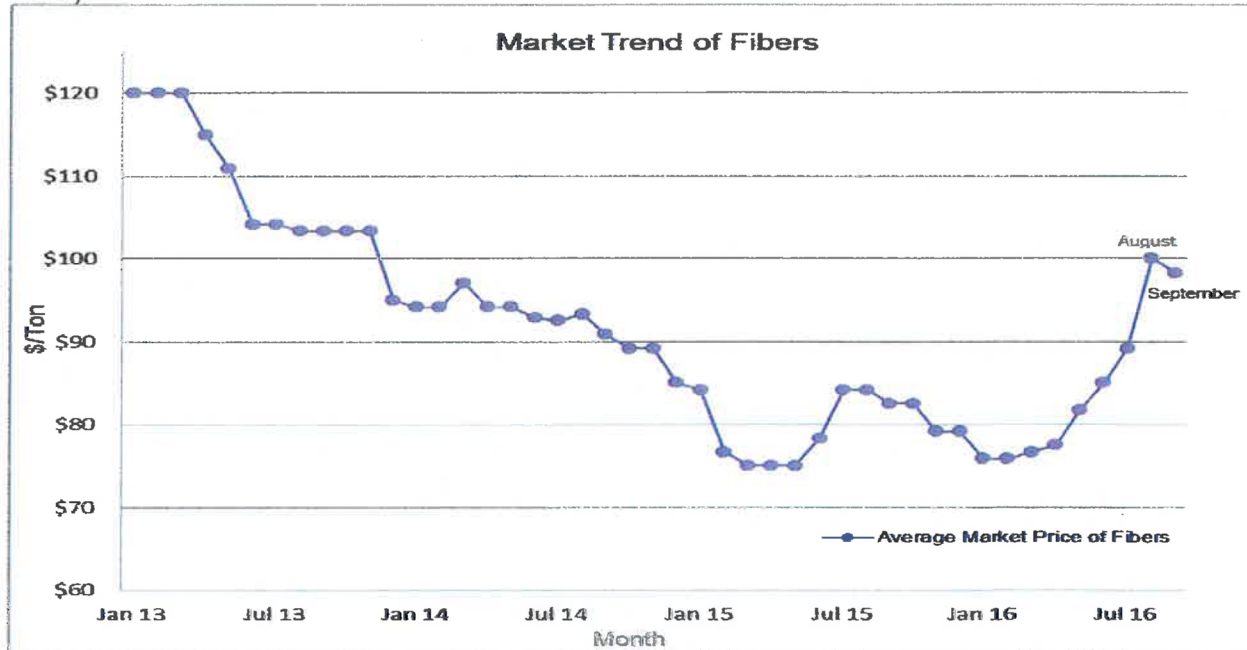


Table 8 and Table 9 show minimum floor values that were agreed with the recommended contractor for the West Valley and North Central Wastesheds, respectively. Above the cost neutral lines of the Average Market Price of Fibers, the City will receive revenue for the recyclables and receive back 10% of the incurred contamination costs.

Table 8: Minimum Floor Value Table for West Valley Wasteshed

Average Market Price of Fibers (\$/ton)	Minimum Floor Value (\$/ton)
<49.99	(\$49)
50-69.99	(\$39)
70-89.99	(\$29)
90-109.99	(\$19)
110-119.99	(\$9)
120-129.99	\$0
130-149.99	\$16
>150	\$26

Table 9: Minimum Floor Value Table for North Central Wasteshed

Average Market Price of Fibers (\$/ton)	Minimum Floor Value (\$/ton)
<49.99	(\$39)
50-69.99	(\$29)
70-89.99	(\$21.50)
90-109.99	(\$14)
110-119.99	\$0
120-129.99	\$11
130-149.99	\$21
>150	\$31

Note: Negative values indicate that the City pays.

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Proposed Term of Contract

The terms of the contracts are for five (5) years for both the West Valley and North Central Wastesheds.

Business Inclusion Program (BIP)

Six (6) proposals for the West Valley and North Central Wastesheds were received in response to the RFP. As a result, LASAN's Centralized Contracts Unit (CCU) reviewed the BIP documentation submitted with each proposal. In order to be deemed responsive, proposers were required to submit BIP documentation as described in Attachment D-6 of the RFP, and to successfully complete the seven (7) indicators of the BIP outreach requirements. After a detailed BIP review and evaluation of the six (6) proposals submitted by the proposers, CCU found all six (6) proposals to be responsive.

LASAN recommends that City Fibers, Inc., WestRock, Inc. (formerly RockTenn), Potential Industries, Inc., Bestway Recycling Co., and Rainbow Disposal Co., Inc. proposing for the West Valley and North Central Wastesheds, be deemed responsive on their BIP evaluation.

The anticipated participation levels for these contracts are 4% for MBE, 2% for WBE, 1% for SBE, 0% for EBE, and 0% for DVBE.

City Fibers, Inc. has pledged the following participation levels for their proposal for the West Valley Wasteshed: 0% MBE, 0% WBE, 0% SBE, 0% EBE, 0% DVBE, and 3.98% OBE.

Gender/Ethnicity Codes:

AA = African American
SAA = Subcontinent Asian American
C = Caucasian
M = Male

HA = Hispanic American
APA = Asian Pacific American
NA = Native American
F = Female

The MBE/WBE/SBE/EBE/DVBE/OBE subcontractor pledged participation levels during the entire contract term of five (5) years for the West Valley Wasteshed are as follows:

Subcontractors	MBE/ WBE/ OBE	Gender/ Ethnicity	% of Contract Amount	Subcontract Amount
Barillas Trucking	OBE		3.98%	\$1,350,000
Total MBE Pledged Participation			0%	\$0
Total WBE Pledged Participation			0%	\$0
Total SBE Pledged Participation			0%	\$0
Total EBE Pledged Participation			0%	\$0
Total DVBE Pledged Participation			0%	\$0
Total OBE Pledged Participation			3.98%	\$1,350,000
Total Contract Amount				\$33,900,000

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City Fibers, Inc. has pledged the following participation levels for their proposal for the North Central Wasteshed: 0% MBE, 0% WBE, 0% SBE, 0% EBE, 0% DVBE, and 4.63% OBE.

Gender/Ethnicity Codes:

AA = African American	HA = Hispanic American
SAA = Subcontinent Asian American	APA = Asian Pacific American
C = Caucasian	NA = Native American
M = Male	F = Female

The MBE/WBE/SBE/EBE/DVBE/OBE subcontractor pledged participation levels during the entire contract term of five (5) years for the North Central Wasteshed are as follows:

Subcontractors	MBE/ WBE/ OBE	Gender/ Ethnicity	% of Contract Amount	Subcontract Amount
Barillas Trucking	OBE		4.63%	\$875,000
Total MBE Pledged Participation			0%	\$0
Total WBE Pledged Participation			0%	\$0
Total SBE Pledged Participation			0%	\$0
Total EBE Pledged Participation			0%	\$0
Total DVBE Pledged Participation			0%	\$0
Total OBE Pledged Participation			4.63%	\$875,000
Total Contract Amount				\$18,900,000

Other City Requirements

City Fibers, Inc. shall comply with all City requirements including:

- Non-Discrimination/Equal Employment Practices/Affirmative Action
- Equal Benefits Ordinance
- Business Tax Registration Certificate
- Child Support Obligations Ordinance
- Insurance and Performance Bond Requirements
- Living Wage Ordinance and Service Contractor Worker Retention Ordinances
- Slavery Disclosure Ordinance
- Los Angeles Residence Information
- City of Los Angeles Contract History
- Municipal Lobbying Ordinance
- Bidder Certification CEC Form 50/Form 55
- Americans With Disabilities Ordinance
- Non-Collusion Affidavit
- First Source Hiring Ordinance
- Contract Bidder Campaign Contribution and Fundraising Restriction
- Iran Contracting Act of 2010

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Notification of Intent to Contract

The required NOI was filed with the CAO Clearinghouse on August 7, 2015 with a term of 5 years with no renewal options.

Charter Section 1022

LASAN requested a Charter Section 1022 determination from the Personnel Department for these specific services on June 23, 2016. On July 25, 2016, the Personnel Department determined that City employees do not have the expertise to perform the work nor does the City have the specialized equipment or facilities to process the materials.

Local Business Preference Program

All Proposers are eligible to participate in the LBP Program by qualifying as a Local Business Enterprise (LBE). The City shall grant eight percent (8%) of the total possible evaluation points added to their evaluation score to those Proposers who are certified as an LBE firm. Those Proposers who do not qualify as and LBE, but identify qualified LBE-certified subcontractors to perform work under this RFP, will receive a one percent (1%) preference, up to a maximum of five percent (5%), of the total possible evaluation points added to their evaluation score for every ten percent (10%) of the cost of the proposed work to be performed by certified LBE subcontractors.

Pursuant to the Local Business Preference Program, established by Ordinance No. 181910, City Fibers, Rainbow Disposal Co., and WestRock, Inc. are not certified as LBE firms and therefore were not awarded any additional points.

Peak Hour Construction and Right-of-Way Construction Regulations

All contractors must comply with the requirements specified in the Los Angeles Municipal Code (L.A.M.C.) Section 62.61 related to peak hour traffic restrictions, unless an exemption from the Peak Traffic Hours Prohibition is approved.

Contractor Responsibility Ordinance

All contractors participating in this program are subject to compliance with the requirements specified in the City of Los Angeles' Contractor Responsibility Ordinance No. 173677, (Article 14, Chapter 1, Division 10, L.A.A.C.). Failure to comply with all requirements specified in the Ordinance will render the contracts subject to termination pursuant to the conditions expressed therein.

Contractor Performance Evaluation

In accordance with Article 13, Chapter 1, Division 10 of the City of Los Angeles Administrative Code, the appropriate City personnel responsible for the quality control of these personal services contracts shall submit Contractor Performance Evaluation Reports to the Bureau of Contract Administration upon completion of these contracts.

Headquarters and Workforce Information

The headquarters of City Fibers, Inc. is located at 2500 Santa Fe Ave., Los Angeles, CA 90058. The selected proposer has a staff of 182 employees and 131 of these employees reside within the City of Los Angeles.

Contract Administration

The responsibility for the administration of these contracts will be with the Solid Resources Support Services Division, LASAN.

City Attorney Review

The City Attorney's Office reviewed the attached contracts and approved them as to form.

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STATUS AS TO FUNDS

There is no impact to the General Fund. The total funding for this project is not to exceed \$17,732,330. Funding for Fiscal Year 2016-17 in the amount of \$3,546,466 is available in the Integrated Solid Waste Management, Fund No. 556, Appropriation Unit No. 50NX82. However, Funds and Appropriations for future fiscal years are not yet identified and existing appropriations may change based on available cash balances. Therefore, Funds and Appropriations, once determined by the Director of Sanitation or designee, will be reviewed and certified by the Director of the Office of Accounting or designee, as to the status and availability of funding.

The contract includes a "Financial Liability Clause" which states that the City's liability under this contract shall only be to the extent of the present appropriation to fund the Contract. However, if the City shall appropriate funds for any succeeding years, the City's liability shall be extended to the extent of such appropriation, subject to the terms and conditions of the contract.

Respectfully submitted,

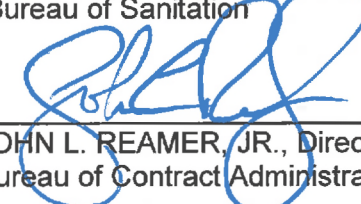
COMPLIANCE REVIEW PERFORMED
AND APPROVED BY



HANNAH CHOI, Program Manager
Office of Contract Compliance
Bureau of Contract Administration

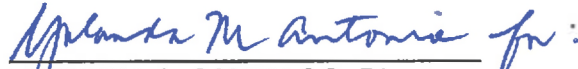


ENRIQUE C. ZALDIVAR, Director
Bureau of Sanitation



JOHN L. REAMER, JR., Director
Bureau of Contract Administration

Approved as to Funds:



VICTORIA A. SANTIAGO, Director
Office of Accounting
Date: 2-17-17

Prepared by: Michael W. Lee, SRSSD
(213) 485-3094

*Enclosed
2-17-17*

DEPARTMENT OF PUBLIC WORKS

BUREAU OF SANITATION

BUREAU OF CONTRACT ADMINISTRATION

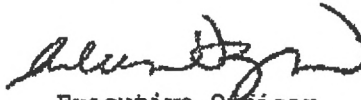
JOINT BOARD REPORT NO.1

July 24, 2013

CD: ALL

ADOPTED BY THE BOARD
PUBLIC WORKS OF THE CITY
of Los Angeles California

JUL 24 2013


Executive Officer

AUTHORITY TO DISTRIBUTE A REQUEST FOR PROPOSALS (RFP) AND TO
NEGOTIATE CONTRACT(S) FOR THE PROCESSING, MARKETING, AND
DISTRIBUTION OF RESIDENTIAL RECYCLABLE MATERIALS FROM THE EAST
VALLEY, WEST VALLEY, NORTH CENTRAL, AND HARBOR WASTESHEDS

RECOMMENDATIONS

Authorize the Director of the Bureau of Sanitation (Bureau) to:

1. Distribute and advertise the transmitted RFP for the Processing, Marketing, and Distribution of Residential Recyclable Materials from the East Valley, West Valley, North Central, and Harbor Wastesheds.
2. Evaluate the proposals and select the most qualified proposer(s) based on established rating criteria for each of the four wasteshed separately.
3. Negotiate contract(s) with the most qualified proposer(s) in each wasteshed.
4. Return to the Board of Public Works (Board) for authority to award and execute the contract(s) for each wasteshed.

TRANSMITTAL

Copy of the RFP for the Processing, Marketing, and Distribution of Residential Recyclable Materials from the East Valley, West Valley, North Central, and Harbor Wastesheds.

PURPOSE OF THIS RFP

- To comply with the State Assembly Bill (AB) 939, which require the City to divert 50 percent of the generated solid wastes destined for landfill disposal, and AB 341, which require the City to recycle no less than 75 percent of the solid waste generated by 2020.
- To comply with a mayoral directive, City Council's Recovering Energy, Natural Resources, Economic Benefit from Waste for Los Angeles (RENEW LA) Plan, and the City's Solid Waste Integrated Resources Plan (SWIRP) in achieving the City's zero waste goal by 2025.
- To generate revenue from processing, marketing, and distribution of the recyclable materials collected through City's curbside residential blue-bin recycling program.

DISCUSSION

Background

The City provides the residents with a blue-bin for recyclable materials collected from curbside. In fiscal year (FY) 2011-2012, the City collected approximately 198,000 tons of recyclable materials citywide from an estimated 750,000 households. As a result, the City received approximately \$6 million in net revenue from the Material Recovery Facilities (MRFs) in FY 2011-2012. The City continues to make a concerted effort to increase recycling activities, to increase diversion from landfills. The City's curbside blue-bin recycling program is divided into six (6) collection wastesheds and four (4) collection wastesheds are considered in this RFP. The recyclable materials collected from the East Valley, West Valley, North Central, and Harbor wastesheds are delivered directly to a MRF within each wasteshed where the recyclables are processed, sorted, and shipped to foreign and domestic end users.

The revenue the City receives from the contractor for the sale of these materials is allocated to the Landfill Maintenance Special Fund (LMSF) for the purposes of monitoring and maintaining the City's inactive landfills, per Los Angeles Administrative Code, Chapter 21, Section 5.332.2.

The City's existing MRF contracts serving the East Valley, West Valley, and North Central Wastesheds will expire on November 30, 2013 and the Harbor MRF contract will expire on December 23, 2013. These MRF contracts are important to the City's effort to recycle blue-bin materials generated from wastesheds. Therefore, the City seeks the distribution of a new RFP to obtain new MRF contracts to fulfill the City's recycling needs. (See Transmittal)

Request for Proposals (RFP)

The Bureau is requesting authorization to release a RFP soliciting proposals from qualified contractors to provide Processing, Marketing, and Distribution of Residential Recyclable Materials from the East Valley, West Valley, North Central, and Harbor Wastesheds.

Selection Process and Evaluation Criteria

Review of the proposals will be conducted in accordance with the evaluation criteria listed below. The Bureau will form a selection committee of City employees to evaluate and rate the proposals. The Bureau will then negotiate contract(s) with the most qualified proposer(s). The Bureau will return with a recommendation to the Board for authorization to enter into contract(s) with the selected proposer(s) and forward the contract(s) to the Mayor and City Council for approval.

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No	EVALUATION CRITERIA	Point Range
1.	Technical Requirements to Process Recyclables Proposer shall demonstrate and explain processing technologies, including advanced separation technologies, and efficiency in maximizing recovery of recyclable materials including but not limited to, all plastic, glass container/bottle, newspaper, mixed paper, cardboard, cartons, film plastic, polystyrene, etc.	0 - 15
2.	Minimum Floor Price Requirement Proposer shall meet or exceed the City's minimum floor price requirements.	0 - 20
3.	Processing Unit Cost Requirement Proposer shall offer a PUC that includes all costs for processing, marketing, administration, utilities, insurance, transportation, payroll, etc. and show the breakdown of cost for each item.	0 - 20
4.	Revenue Sharing Percentage Requirement Proposer shall agree to adjust payment to the City based on a revenue sharing percentage and City shall not receive less than 50%.	0 - 10
5.	Stewardship of Recycled Materials Proposer shall provide destination information of each of the commodities sold and additional points shall be awarded for marketing and distributing of recycled materials in the U.S. domestic or local markets.	0 - 10
6.	Record of Financial Performance and Past Experience Proposer shall provide the past two (2) years of audited financial statements and a documentation showing a minimum of four (4) years of processing experience in recycling.	0 - 10
7.	Facility Proximity Proposer's facility or trans-loading facility is located within a ten (10) mile radius of each Wasteshed Collection yard.	0 - 5
8.	Workers Safety Requirement Proposer shall submit their workplace safety history and workplace safety compliance program, including OSHA log and citations in the past 5 years.	0 - 10
Total Score		0 - 100

Proposed Term of Contract

The proposed contract term will be five (5) years with two (2) additional five (5) year renewal options for a possible total term of fifteen (15) years at the City's discretion.

Rationale for using an RFP

The RFP process is being used instead of the bid process in order to solicit the best available specialized and certified services at the most competitive price. The review committee will entertain all proposals in order to determine which proposal(s) will bring the greatest benefit to the City.

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Business Inclusion Program

The Business Inclusion Program will be in compliance with the Mayor's Executive Directive No. 14. The Bureau has established anticipated participation levels of 4 percent MBE, 2 percent WBE, 1 percent SBE, 0 percent EBE, and 0 percent DVBE for each of the contracted services.

Local Business Preference Program

The award of each contract will be subject to the Local Business Preference Program requirements.

World Wide Web

The RFP will be posted on the City's World Wide Web site in compliance with City Council Motion 95-1060-S2 (www.labavn.org).

Newspaper Announcement

Upon authorization from the Board, this RFP will be advertised in at least one local newspaper.

Compliance with Board RFP Policy

Per Board policy, the RFP was delivered to the Secretary of the Board prior to Board consideration thereof.

Other City Requirements

All proposers will be required to comply with the following City policies and requirements:

- Nondiscrimination/Equal Employment Practices/Affirmative Action Program
- Insurance and Performance Bond requirements
- Child Support Obligations Policy
- Living Wage Ordinance and Service Contractor Worker Retention Ordinance
- Equal Benefits Ordinance
- Slavery Disclosure Ordinance
- Municipal Lobbying Ordinance
- Los Angeles Residence Information
- Americans with Disabilities Act
- Contract History
- Non-Collusion Affidavit
- City Business Tax Registration Certificate
- First Source Hiring Ordinance
- Contract Bidder Campaign Contribution and Fundraising Restrictions

Attachments and forms pertaining to these requirements are included in the RFP.

BUREAU OF SANITATION
BUREAU OF CONTRACT ADMINISTRATION
JOINT BOARD REPORT NO. 1
July 24, 2013

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Notification of Intent to Contract

The required Notification of Intent to Contract was filed with the Office of the City Administrative Officer (CAO) Clearinghouse on May 14, 2013.

Charter Section 1022

The Bureau requested a Charter Section 1022 determination from the Personnel Department for these specific services on December 16, 2011. On December 28, 2011, the Personnel Department indicated that a 1022 determination is not required because these are revenue generating contracts.

Contractor Responsibility Ordinance

The selected proposer(s) will be subject to compliance with the requirements specified in the City of Los Angeles' Contractor Responsibility Ordinance #173677, (Article 14, Chapter 1, Division 10, L.A.A.C.). Failure to comply with all requirements specified in the Ordinance will render the proposer's contract subject to termination pursuant to the conditions expressed therein.

Contractor Performance Evaluation

In accordance with Article 13, Chapter 1, Division 10 of the City of Los Angeles Administrative Code, the appropriate City personnel responsible for the quality control of these Personal Services Contracts shall submit Contractor Performance Evaluation Reports to the Bureau of Contract Administration upon completion of the contracts.

Contract Administration

Responsibility for the administration and management of these contracts will rest with the Solid Resources Support Services Division (SRSSD) of the Bureau of Sanitation.

City Attorney Review

The City Attorney has reviewed this RFP and has approved it as to form.

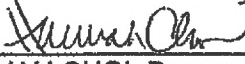
FUTURE ACTIONS

Upon Board authorization, the RFP will be advertised on the Los Angeles Business Assistance Virtual Network (LABAVN) and at least one local newspaper. A selection panel comprising Bureau staff will evaluate proposals. After evaluation, the most responsive proposer(s) will be interviewed and ranked. The Bureau will negotiate personal services contract(s) with the most qualified proposer(s) to provide the required services stated in the RFP. Subsequent to the negotiation of the contract(s), the Bureau will return to the Board for authority to award and execute contract(s) negotiated with the highest rated proposer(s).

BUREAU OF SANITATION
BUREAU OF CONTRACT ADMINISTRATION
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COMPLIANCE REVIEW PERFORMED
AND APPROVED BY


HANNAH CHOI, Program Manager
Office of Contract Compliance
Bureau of Contract Administration

Prepared by:
Michael Lee, SRSSD
213-485-3094

Respectfully submitted,


ENRIQUE C. ZALDIVAR, Director
Bureau of Sanitation


JOHN L. REAMER, JR., Director
Bureau of Contract Administration

DEPARTMENT OF PUBLIC WORKS

BUREAU OF SANITATION

BUREAU OF CONTRACT ADMINISTRATION

JOINT BOARD REPORT NO. 1

May 4, 2016

CD: ALL

AS AMENDED**
 ADOPTED BY THE BOARD
 PUBLIC WORKS OF THE CITY
 of Los Angeles California
 AND REFERRED TO THE MAYOR
 MAY - 4 2016


 Executive Officer
 Board of Public Works

AUTHORITY TO AWARD AND EXECUTE PERSONAL SERVICES CONTRACTS FOR
 PROCESSING AND MARKETING OF RESIDENTIAL RECYCLABLE MATERIALS
 WITH CR&R, INC., FOR THE EAST VALLEY AND HARBOR WASTESHEDS

RECOMMENDATIONS

1. Find WestRock (formerly RockTenn) non-responsive for failing to pass the Business Inclusion Program (BIP) requirements for the Harbor Wasteshed.
2. Approve and forward this report with Transmittals No. 1 through No. 7 to the Mayor and City Council with the request that the Board of Public Works (Board) be authorized to award and execute the following contracts with:
 - (1) CR&R, Inc., for Processing and Marketing of Residential Recyclable Materials from the East Valley Wasteshed, and
 - (2) CR&R, Inc., for Processing and Marketing of Residential Recyclable Materials from the Harbor Wasteshed.
3. Upon the Mayor's authorization and City Council's approval, the president or two members of the Board will award and execute the two (2) contracts.
4. Return the executed contracts to the Bureau of Sanitation (LASAN) for further processing. Contact Ms. Christine Courtois at (213) 485-3592.

TRANSMITTALS

1. Copy of the adopted Bureau of Sanitation and Bureau of Contract Administration Joint Board Report No. 1, dated July 24, 2013, authorizing LASAN to distribute a Request for Proposals and to negotiate contracts for Processing, Marketing, and Distribution of Residential Recyclable Materials from the East Valley, West Valley, North Central, and Harbor Wastesheds (RFP).
2. Copy of the letter from LASAN, Centralized Contracts Unit (CCU), dated May 21, 2014, deeming WestRock's (formerly RockTenn) BIP subcontractor outreach "non-responsive" for the Harbor Wasteshed.
3. Copy of the e-mail, dated May 28, 2015, from Bestway Recycling Company, formally withdrawing their proposal submitted for the North Central Wasteshed.

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4. Copy of the e-mail, dated December 2, 2015, from Potential Industries, formally withdrawing their proposal submitted for the West Valley Wasteshed.
5. Copy of the proposed contract with CR&R, Inc. for Processing and Marketing of Residential Recyclable Materials from the East Valley Wasteshed.
6. Copy of the proposed contract with CR&R, Inc. for Processing and Marketing of Residential Recyclable Materials from the Harbor Wasteshed.
7. Copy of the letter from WestRock to CCU, dated May 29, 2014, in response to CCU's BIP determination.

Original contracts will be delivered to the Board Office by Mr. Michael W. Lee (213-485-3094) when the contracts are ready for execution.

DISCUSSION

Background

The City of Los Angeles Sanitation (LASAN) provides curbside solid resources collection services to over 740,000 residential units. The residential curbside recycling program is a major contributor to the City's landfill diversion compliance effort mandated by Assembly Bill 939 (AB939). In fiscal year (FY) 2014-2015, the recycling program collected and delivered approximately 205,000 gross tons of recyclable materials from all six (6) collection Wastesheds to contracted material recovery facilities (MRFs) citywide. In FY14-15, the City received approximately four million dollars in net revenue from the MRFs for the sale of the curbside recyclables.

LASAN, Solid Resources Support Services Division (SRSSD), manages the curbside blue-bin recycling program. Currently, recyclable materials collected from East Valley, Harbor, North Central, and West Valley Wastesheds are delivered to the contracted MRFs listed in Table 1 below:

Table 1: Addresses of Current MRFs

Wasteshed	Contractor	Processing MRF Address
East Valley	CR&R	922 East "E" St., Wilmington, CA 90744
Harbor	CR&R	922 East "E" St., Wilmington, CA 90744
North Central	CR&R	20502 South Denker Ave., Torrance, CA 90501
West Valley	City Fibers	16714 Schoenborn St., North Hills, CA 91343

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On July 24, 2013, the Board authorized LASAN to release an RFP for Processing, Marketing, and Distribution of Residential Recyclable Materials from the East Valley, Harbor, North Central, and West Valley Wastesheds (Transmittal No. 1).

Market Condition of Recyclable Materials

The primary source of revenue from the recyclables collected is paper fibers (cardboard, newspaper, and mixed-paper), which is over 50% of the blue-bin recyclable materials by weight. Another source of revenue in the blue bin is from materials such as Polyethylene Terephthalate (PET) bottles, High-Density Polyethylene (HDPE) containers, aluminum cans and clear/green/brown glass bottles, from their California Redemption Value (CRV) reimbursements from CalRecycle. These containers are sold to end-users as scrap materials. The CRV bottles and containers comprise approximately 10% of the blue bin materials collected from the program. Currently, more than 50% of the recyclables are marketed and shipped to China for recycling. All of these commodities, including the paper fibers, have dropped more than 25% compared to markets in 2013, when the original proposals were submitted. Weak commodity markets and unstable demand are caused by global slowdown of the economy in the United States, China, Europe and Asia. Since the beginning of the Great Recession in the U.S. in late 2008, purchasing of goods and products throughout the world has significantly dropped, in addition to the demand of raw materials and all other intermediary products. Currently, the global demand of goods has decreased, where China is the main manufacturer of such goods. China has subsequently reduced its output of goods, which has greatly impacted its demand of imports of post-consumer materials. Also, China is becoming self-sufficient by building a middle class that purchases goods and generates local recyclable materials that in turn reduce the need for the import of recyclables. Additionally, the amount of CRV containers collected by the City has shrunk in large quantity over the years due to scavenging of blue bins and residents saving and redeeming their own CRV containers. Therefore, unstable commodity markets and devalued streams of recyclable materials have caused some proposers to withdraw their proposals, unexpectedly.

RFP Proposal Evaluations

In response to the RFP, LASAN received eleven (11) proposals on December 4, 2013, as shown in Table 2 below.

Table 2: Proposing Vendors in response to the RFP

Wasteshed	Proposing Vendors	#of Proposals
East Valley	Sun Valley Paper Stock, CR&R	2
Harbor	WestRock, Rainbow Disposal Company, CR&R	3
North Central	Bestway Recycling Company, City Fibers, Rainbow Disposal Company	3
West Valley	City Fibers, Potential Industries, WestRock	3

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WestRock (formerly RockTenn) was deemed non-responsive for failing to pass the Business Inclusion Program (BIP) requirements for Harbor Wasteshed, as per Mayor's Executive Directive No. 14 (Transmittal No. 2).

On May 28, 2015, Bestway Recycling notified the City that they were withdrawing their proposal submitted for the North Central Wasteshed (Transmittal No. 3), indicating that they were changing their business model. Additionally, on December 2, 2015, Potential Industries notified the City that they were withdrawing their proposal submitted for the West Valley Wasteshed, (Transmittal No. 4), indicating that the opportunity to expand their transloading facility was not viable at this time.

As a result, the remaining eight (8) proposals were evaluated by a committee comprised of LASAN staff based on the criteria outlined in the RFP and evaluation criteria listed in Table 3 below.

Table 3: Criteria for Evaluation of Proposals

Evaluation Criteria	Maximum Points
Technical Requirement	15
Financial Requirement	20
Processing Fee Requirement	20
Revenue Sharing Requirement	10
Stewardship of Recycled Material	10
Financial Performance & Past Experience	10
Facility Proximity	5
Workers Safety Requirement	10
Total	100

Based on the evaluation criteria of the proposals submitted for the East Valley Wasteshed, CR&R ranked number one and Sun Valley Paper Stock ranked number two. See Table 4 below.

Table 4: Evaluation Results for the Proposers in the East Valley Wasteshed

Proposer	Total Points	Rank
CR&R, Inc.	88	1
Sun Valley Paper Stock, Inc.	61	2

Based on the evaluation criteria of the proposals submitted for the Harbor Wasteshed, CR&R ranked number one and Rainbow Disposal Company ranked number two. WestRock failed the BIP requirements and thus their proposal was not evaluated (Transmittal No. 2). See Table 5 below.

Table 5: Evaluation Results for the Proposers in the Harbor Wasteshed

Proposer	Total Points	Rank
CR&R, Inc.	91	1
Rainbow Disposal Company	87	2
WestRock (formerly RockTenn)	Failed BIP	

West Valley and North Central Wasteshed Status

The City received proposals that included City Fibers, Potential Industries and WestRock for the West Valley Wasteshed, and City Fibers, Bestway Recycling Co., and Rainbow Disposal Co. for the North Central Wasteshed. At this time, LASAN continues to negotiate with the proposers and will return to the Board with a separate report to request authority to award and execute these contracts with selected proposers for the West Valley and North Central Wastesheds.

LASAN has determined that due to the unstable commodities market and the global slowdown of the economy, proposers have either revised their proposed offers or withdrawn their offers. Since the commodities market is expected to bottom-out and gradually increase, LASAN believes that market conditions will recover in a couple of years, which will then lead to a more favorable negotiation. In order to avoid further delays with the East Valley and Harbor contract executions, LASAN will return to the Board with recommended contractors for West Valley and North Central Wastesheds at a later date.

LASAN Recommendations

As a result of the evaluations, LASAN recommends CR&R for East Valley and Harbor Wastesheds as shown in Table 6 below (Transmittal Nos. 5 and 6):

Table 6: LASAN's Recommended Contractors

Wasteshed	Recommended Contractor
East Valley	CR&R, Inc.
Harbor	CR&R, Inc.

Ambassador Program

CR&R, Inc., a recommended contractor for both East Valley and Harbor Wastesheds, has agreed to contribute annual funding for the Ambassador Program. The selected proposer will work closely with the City to support activities of the Ambassador Program. The program includes public education and community outreach, with a goal of reducing contamination levels in the recycling stream. The proposed contribution amounts are summarized in Table 7 below:

Table 7: Ambassador Contribution Amount

Recommended Contractor	Wasteshed	Annual Ambassador Contribution Amount
CR&R, Inc.	East Valley	\$50,000
CR&R, Inc.	Harbor	\$9,000
Total		\$59,000

Estimated Annual Revenue from the Recommended Contractor

The following table summarizes the estimated annual revenue from the sale of recyclable materials from the East Valley and Harbor Wastesheds from the selected proposer:

Table 8: Estimated Annual Revenue from the Selected Proposer

Recommended Contractor	Wasteshed	Proposed Price	Estimated Annual Revenue
CR&R, Inc.	East Valley	\$8.81/gross ton	\$369,235
CR&R, Inc.	Harbor	\$35/gross ton	\$317,275
Total			\$686,510

LASAN received approximately \$456,000 for the two (2) Wastesheds from the existing contractors in FY14-15. Executions of these new contracts represent an approximate \$232,000 increase, which is an approximately 50% increase in the annual net revenue from the East Valley and Harbor Wastesheds.

Proposed Term of Contract

The terms of the contracts are for five (5) years for Harbor Wasteshed and two (2) years with one three (3) year renewal option for East Valley Wasteshed.

CR&R has proposed to utilize both SA Recycling and Athens Services to transload East Valley materials. Both of these transloading facilities are located in the East Valley Wasteshed. In 2017, LASAN will be implementing the City's exclusive franchise for commercial waste and recycling material that will require all transfer station facilities to be enclosed. In order to standardize its transloading facility requirements for both the residential and franchise programs, LASAN will allow CR&R to continue to utilize SA facility until the franchise program is implemented. Therefore, LASAN recommends CR&R as a contractor for the East Valley Wasteshed for two (2) years. LASAN has included an option to renew, for an additional three (3) years in the East Valley contract, with the condition that CR&R complies with the enclosed facility requirements before the two (2) year expiration.

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Business Inclusion Program (BIP)

Eleven (11) proposals were received in response to the RFP. As a result, LASAN's Centralized Contracts Unit (CCU) reviewed the BIP documentation submitted with each proposal. In order to be deemed responsive, proposers were required to submit BIP documentation as described in Attachment D-6 of the RFP, and to successfully complete the seven (7) indicators of the BIP outreach requirements. After a detailed BIP review and evaluation of the eleven (11) proposals submitted by the proposers, CCU found ten (10) of the eleven (11) proposals to be responsive. Centralized Contract Unit (CCU) did not find WestRock's BIP outreach for its Harbor MRF proposal to be responsive (Transmittal No. 2).

In response to their BIP evaluation results, WestRock filed a protest against CCU's BIP evaluation (Transmittal No. 7). CCU reviewed the protest, but was unable to overturn its recommendation. WestRock failed to negotiate in good faith with two (2) subcontractors selected on their BAVN Summary Sheet and did not list both of these subcontractors on their Schedule A. Therefore, LASAN recommends that Bestway Recycling Co, Inc., CR&R, Inc., ~~and Rainbow Disposal Co., Inc.~~ proposing for the East Valley, Harbor, and North Central Wastesheds, respectively, each be deemed responsive on their BIP evaluation.

The anticipated participation levels for these contracts are 4% for MBE, 2% for WBE, 1% for SBE, 0% for EBE, and 0% for DVBE.

CR&R, Inc. did not list any subcontractors in their proposals for the East Valley and Harbor Wastesheds; however they will be encouraged to utilize MBE/WBE/SBE/EBE/DVBE/OBE subcontractors should any subcontracting opportunities arise.

Other City Requirements

CR&R, Inc., ~~and Rainbow Disposal Company, Inc.~~ shall comply with all City requirements including:

- Non-Discrimination/Equal Employment Practices/Affirmative Action
- Equal Benefits Ordinance
- Business Tax Registration Certificate
- Child Support Obligations Ordinance
- Insurance and Performance Bond Requirements
- Living Wage Ordinance and Service Contractor Worker Retention Ordinances
- Slavery Disclosure Ordinance
- Los Angeles Residence Information
- City of Los Angeles Contract History
- Municipal Lobbying Ordinance
- Bidder Certification CEC Form 50/Form 55
- Americans With Disabilities Ordinance
- Non-Collusion Affidavit
- First Source Hiring Ordinance
- Contract Bidder Campaign Contribution and Fundraising Restriction
- Iran Contracting Act of 2010

Notification of Intent to Contract

The required NOI was filed with the CAO Clearinghouse on August 7, 2015 with a term of 5 years with no renewal options.

Charter Section 1022

LASAN requested a Charter Section 1022 determination from the Personnel Department for these specific services on December 16, 2011. On December 28, 2011, the Personnel Department determined that a 1022 determination is not required because these are revenue generating contracts.

Local Business Preference Program

Pursuant to the Local Business Preference Program, established by Ordinance No. 181910, CR&R, Inc. was not awarded any additional points because their headquarters office was not within the Los Angeles County.

Contractor Responsibility Ordinance

All contractors participating in this program are subject to compliance with the requirements specified in the City of Los Angeles' Contractor Responsibility Ordinance No. 173677, (Article 14, Chapter 1, Division 10, L.A.A.C.). Failure to comply with all requirements specified in the Ordinance will render the contracts subject to termination pursuant to the conditions expressed therein.

Contractor Performance Evaluation

In accordance with Article 13, Chapter 1, Division 10 of the City of Los Angeles Administrative Code, the appropriate City personnel responsible for the quality control of these personal services contracts shall submit Contractor Performance Evaluation Reports to the Bureau of Contract Administration upon completion of these contracts.

Headquarters and Workforce Information

The headquarters of CR&R, Inc. is located at 11292 Western Ave, Stanton, CA 90680. The selected proposer has a staff of 1,250 employees and 120 of these employees reside within the City of Los Angeles.

Contract Administration

The responsibility for the administration of these contracts will be with the Solid Resources Support Services Division, LASAN.

City Attorney Review

The City Attorney's Office reviewed the attached contracts and approved them as to form.

BUREAU OF SANITATION
BUREAU OF CONTRACT ADMINISTRATION
JOINT BOARD REPORT NO. 1

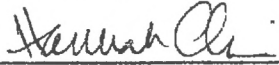
May 4, 2016

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STATUS AS TO FUNDS

There will be no financial impact to the General Fund. The City will generate revenue from the sale of the recyclable materials collected. The revenue received by the City from the sale of recyclable materials will be deposited into the Landfill Maintenance Special Trust Fund (Fund 558), Department 50, Dept. Revenue Source Code 442201 (Recyclable Materials Sales). The ambassador's annual contribution will be deposited into the Solid Waste Resources Revenue Fund (Fund 508), Department 50, Dept. Revenue Source Code 510100 (Contribution from Non-Government Sources - General) to supplement contamination reduction activities in the corresponding Wastesheds.

COMPLIANCE REVIEW PERFORMED
AND APPROVED BY


HANNAH CHOI, Program Manager
Office of Contract Compliance
Bureau of Contract Administration

Prepared by:
Michael W. Lee, SRSSD
(213) 485-3094

Respectfully submitted,


ENRIQUE C. ZALDIVAR, Director
Bureau of Sanitation


JOHN L. REAMER, JR., Director
Bureau of Contract Administration



Michael Lee <michael.w.lee@lacity.org>

Potential Industries Proposal

Daniel Domonoske <daniel.domonoske@potentialindustries.com>

Wed, Dec 2, 2015 at 5:25 PM

To: Michael Lee <michael.w.lee@lacity.org>

Cc: Miguel Zermeno <Miguel.Zermeno@lacity.org>, Reina Pereira <reina.pereira@lacity.org>, Kim Tran <Kim.J.Tran@lacity.org>

Michael –

The purpose of this email is to provide formal notification-of-withdrawal for Potential's West Valley wasteshed proposal.

Over the past few years we have done our best to deal with the evolving situation regarding the feasibility of expanding Potential's transloading capacity. Unfortunately in Sept/Oct 2015 (email below) we missed the window of opportunity and the site adjacent to our West Valley Fibres facility is no longer available.

If the situation regarding our capacity changes then we will notify you accordingly.

Regards,

Dan

From: Daniel Domonoske

Sent: Wednesday, September 23, 2015 5:28 PM

To: Michael Lee; Miguel Zermeno; Reina Pereira

Subject: PI's West Valley Fibres (WVF) in Van Nuys - request for meeting to update you regarding positive developments

Hello –

As you know WVF has a 100 ton per day transfer permit. Over the last several months I have been working on a two stage development process so that the WVF transloading capacity can be expanded as follows:



Michael Lee <michael.w.lee@lacity.org>

MRF RFP Addendum No. 4

David Cho <dcho@bestwayrecycling.com>

Thu, May 28, 2015 at 2:51 PM

To: Michael Lee <michael.w.lee@lacity.org>

Cc: Miguel Zermeno <Miguel.Zermeno@lacity.org>, Reina Pereira <reina.pereira@lacity.org>, Kim Tran <Kim.J.Tran@lacity.org>, Alex Helou <alex.helou@lacity.org>, Enrique Zaldivar <Enrique.Zaldivar@lacity.org>, David Kim <david@bestwayrecycling.com>, Sung Kim <sung@bestwayrecycling.com>

Dear Michael,

Please accept this email as the formal withdrawal of Bestway Recycling's bid to renew the North Central contract.

Best regards,

David

From: Michael Lee [mailto:michael.w.lee@lacity.org]

Sent: Friday, May 22, 2015 3:54 PM

To: Michael Lee

Cc: Miguel Zermeno; Reina Pereira; Kim Tran; Alex Helou; Enrique Zaldivar

Subject: MRF RFP Addendum No. 4

Attached, please find Addendum No. 4 Request for an Updated Proposal of RFP for the Processing, Marketing, and Distribution of Residential Recyclable Materials from the East Valley, West Valley, North Central, and Harbor Wastesheds.

The due date for the updated proposal is Friday, May 29th, 2015, at 2:00 PM.

Thank you.

—

Sincerely,

Michael W. Lee

*City of Los Angeles/ Los Angeles Sanitation
Solid Resources Support Services Division*

CONTRACT NO. C – [_____]

**AGREEMENT BETWEEN
THE CITY OF LOS ANGELES
AND
CITY FIBERS, INC.**

**FOR PROCESSING AND MARKETING OF RESIDENTIAL
RECYCLABLE MATERIALS FROM THE
WEST VALLEY WASTESHED**

City of Los Angeles
Department of Public Works
Los Angeles Sanitation

Enrique C. Zaldivar, Director
Alexander E. Helou, Assistant Director
Solid Resources Support Services Division
Robert Potter, Division Manager



AGREEMENT BETWEEN
THE CITY OF LOS ANGELES
AND
CITY FIBERS, INC.
FOR PROCESSING AND MARKETING OF RESIDENTIAL
RECYCLABLE MATERIALS FROM THE WEST VALLEY WASTESHED

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AGREEMENT BETWEEN
THE CITY OF LOS ANGELES
AND
CITY FIBERS, INC.
FOR PROCESSING AND MARKETING OF RESIDENTIAL RECYCLABLE MATERIALS
FROM THE WEST VALLEY WASTESHED

This AGREEMENT, made and entered into by and between the City of Los Angeles, a municipal corporation acting by order of and through its Board of Public Works, hereinafter called the "CITY", and City Fibers, Inc., hereinafter referred to as the "CONTRACTOR", is set forth as follows:

WITNESSETH

WHEREAS, Pursuant to the provisions of the California Integrated Solid Waste Management Act, the CITY was mandated and has diverted fifty percent (50%) of all solid waste from landfills by the year 2000; and

WHEREAS, The Mayor's sustainable CITY pLAN's goal is for the CITY to divert ninety percent (90%) of all solid waste from the landfills by the year 2025; and

WHEREAS, On July 24, 2013, the Board of Public Works authorized the Los Angeles Sanitation to distribute a Request for Proposals (RFP) for the Processing, Marketing, and Distribution of Residential Recyclable Materials from the East Valley, West Valley, North Central, and Harbor Wastesheds and to negotiate contracts with qualified proposers; and

WHEREAS, On November 5, 2013, the Los Angeles Sanitation received eleven (11) proposals in response to the RFP; and

WHEREAS, On May 4, 2016, the Board of Public Works authorized to award and execute the contracts for the Residential Recyclable Materials from the East Valley and Harbor Wastesheds; and

WHEREAS, City Fibers, Inc. (CONTRACTOR) was selected as the most qualified proposer for the West Valley Wasteshed with the best experience and expertise to perform said services as determined by CITY staff based on the evaluation criteria set forth in the RFP; and

WHEREAS, The CITY plans to enter into a contract with the CONTRACTOR for a term of five (5) years; and

WHEREAS, The services to be provided by the CONTRACTOR are of an expert and technical nature; and

WHEREAS, The CONTRACTOR meets the Federal, State, and Local requirements to perform the scope of services required; and

WHEREAS, The CITY desires to retain the CONTRACTOR to provide the required services in connection with the CONTRACT as outlined herein;

NOW THEREFORE, In consideration of the foregoing and of the benefits which will accrue to the parties hereto in carrying out the terms and conditions of this AGREEMENT, it is understood and agreed by and between the parties hereto as follows:

ARTICLE 1: SECTION HEADINGS AND CONSTRUCTION OF PROVISIONS AND TITLES HEREIN

All titles, subtitles, and/or section headings appearing herein have been inserted for convenience and shall not be deemed to govern, limit, modify or in any manner affect the scope, meaning, intent or construction of any of the terms or provisions hereof. The language of this CONTRACT shall be construed according to its fair meaning and not strictly for or against the CITY or the CONTRACTOR. The singular shall include the plural; use of the feminine, masculine, or neuter genders shall be deemed to include the genders not used. The terms "include" and "including" do not exclude items not enumerated that are in the same general class.

ARTICLE 2: DEFINITIONS

It is understood that the following words and phrases are used herein; each shall have the meaning set forth opposite the same:

ACCEPTED

ACCEPT or other variation thereof; with respect to MATERIAL collected by the CITY, a load is ACCEPTED when it is deposited on the FACILITY'S tipping floor. At that point, ownership of the CITY-collected MATERIAL passes from the CITY to the CONTRACTOR.

AGREEMENT/CONTRACT

This contractual agreement between the CITY and City Fibers, Inc. for PROCESSING and MARKETING of residential RECYCLABLE

MATERIALS from the West Valley
WASTESHED.

APPLICABLE LAW

All statutes, rules, regulations, permits, orders, or requirements of the United States, State of California, CITY, County of Los Angeles, and all regional, county, and local government authorities and agencies having applicable jurisdiction, that apply to or govern the FACILITY, the site, or the performance of the CONTRACTOR'S and CITY'S respective obligations under this CONTRACT.

BOARD

Board of Public Works of the City of Los Angeles.

CALENDAR DAY

Each day beginning at 12:01 a.m. and ending twenty-four (24) hours thereafter at 12:00 midnight.

CALIFORNIA REFUND VALUE

Also referred to as CRV, payments made by CALRECYCLE.

CALRECYCLE

California Department of Resources Recycling and Recovery.

CERTIFIED WEIGH STATION

Weighing Station certified by the State of California Department of Food and Agriculture Division of Measurement Standards, the Los Angeles County Department of Weights and Measures as applicable, and/or any other applicable entity having jurisdiction.

CERTIFIED WEIGHT TICKETS

Weight tickets issued by a certified WEIGHMASTER from a CERTIFIED WEIGH STATION indicating the GROSS WEIGHT and TARE WEIGHT of the vehicle, or container, as well as the NET WEIGHT of the delivered MATERIAL.

CITY

The City of Los Angeles, Board of Public Works or its subordinate Bureaus. Depending on the context in which it is used, the term CITY may also refer to the geographic area known as the City of Los Angeles, the City Council, City of Los Angeles Recycling Wasteshed, other Departments of the City of Los Angeles, or any person employed by the City of Los Angeles who is authorized to represent

the City of Los Angeles in matters concerning this CONTRACT.

CITY DIVISION MANAGER

Manager of the LASAN's Solid Resources Support Services Division (SRSSD), or his designee, who is an alternate representative for all issues related to this CONTRACT in the case of unavailability of the CITY PROGRAM MANAGER.

CITY PROGRAM MANAGER

Assistant Manager of the LASAN'S SRSSD, or his designee, who is an alternate representative for all issues related to this CONTRACT in the case of unavailability of the CITY PROJECT MANAGER.

CITY PROJECT MANAGER

The CITY'S designated representative for all issues related to this CONTRACT.

COMMODITY

Each recyclable material sorted and recovered from the FACILITY that has a market for resale.

COMMODITY REPORT

Breakdown percentage of COMMODITIES namely: papers, plastics #1-7, metals, glass, etc. (Attachment M-2 - Table 1).

CONTAMINATION	Any MATERIAL not listed on Attachment M-3 to this CONTRACT.
CONTRACT	Synonymous with AGREEMENT.
CONTRACT DATE	The CONTRACT DATE is June 1, 2016.
CONTRACT PROJECT MANAGER	The CONTRACTOR'S designated representative for all issues related to this CONTRACT.
CONTRACT YEAR	The year beginning with the CONTRACT DATE or the anniversary of the CONTRACT DATE and ending on the CALENDAR DAY previous to the anniversary of the CONTRACT DATE.
CONTRACTOR	City Fibers, Inc.
CURBSIDE COLLECTION HOLIDAYS	New Year's Day, Independence Day, Labor Day, Thanksgiving, and Christmas Day.
EMERGENCY	Any natural or man-made disasters and other sudden unforeseen crisis that prevents the operation

and processing of the materials from the West Valley WASTESHED.

EMERGENCY TASK

In the event of an EMERGENCY, the CONTRACTOR will accept and process recycling materials from the East Valley, North Central, South Los Angeles, Western Los Angeles, and/or Harbor WASTESHED(S).

FACILITY

CONTRACTOR'S PROCESSING FACILITY is City Fibers, Inc., located at 16714 Schoenborn Street, North Hills, CA 91343.

GROSS TON

Total weight in tons of MATERIAL, including both RECYCLABLES and CONTAMINATION, collected through the LASAN'S curbside blue-bin recycling program.

GROSS WEIGHT

The weight of the collection vehicle, or other container, including any loaded MATERIAL.

LASAN

The City of Los Angeles Sanitation.

MARKETING

MARKETING includes market research and advertising of COMMODITIES that are PROCESSED by the CONTRACTOR, and selling, shipping, invoicing and receiving payments of COMMODITIES from end-users.

MATERIAL

MATERIALS collected through the LASAN'S curbside blue-bin recycling program, including RECYCLABLES and CONTAMINATION, from the West Valley WASTESHED.

MATERIAL RECOVERY FACILITY

CONTRACTOR'S MRF, also referred to as processing FACILITY, permitted by the State of California and/or Local Enforcement Agency (LEA).

MBE/WBE/SBE/EBE/DVB/OBE

Minority/Women/Small/Emerging/Disabled Veteran/Other Business Enterprises.

MINIMUM FLOOR VALUE

Also referred to as MFV. The minimal value per GROSS TON payable to CITY or paid by CITY based on the average market price for fibers.

NET WEIGHT

The difference between GROSS WEIGHT and TARE WEIGHT, resulting in the GROSS TONS of MATERIAL delivered.

OPERATING DAY

Any CALENDAR DAY for which the CONTRACTOR is obligated, pursuant to this CONTRACT, to open the FACILITY to receive MATERIAL collected by the CITY.

PERMITS

All federal, State of California, local or any other pertinent governmental unit, permits, orders, licenses, and approvals required by APPLICABLE LAW, including, but not limited to, the California Environmental Quality Act (CEQA), for the legal modification, operation, and maintenance of the FACILITY and equipment.

PROCESS

A process that includes receiving of the MATERIALS for the purpose of sorting, baling and storing by COMMODITY.

PROCESSING UNIT COST

Also referred to as PUC, includes all costs for PROCESSING and MARKETING at the FACILITY.

RECYCLABLES

Items including, but not limited to, CRV beverage containers, bimetal cans, glass containers, newspaper, mixed paper, cardboard, and any other types of materials which the CITY and CONTRACTOR mutually agreed to define as RECYCLABLES (Attachment M-3 Table 1).

SECONDARY FIBER PRICING

Also referred to as SFP. The pricing shall be determined from publishing market prices, namely: newspaper, mixed paper, and cardboard in Recycling Markets (Attachment M-1).

SUBCONTRACTOR

Any individual, vendor, or company having a contract with the CONTRACTOR to provide services, equipment, and/or material for this CONTRACT.

TARE WEIGHT

The weight of an empty collection vehicle, or other containers.

TON

2,000 pounds.

WASTE CHARACTERIZATION

A study conducted by the CONTRACTOR, which is observed and evaluated by CITY, to determine breakdown percentage of each COMMODITY in the recycling stream of the delivered MATERIAL

WASTESHED

Geographically designated eligible areas within the CITY limits, as defined by the CITY, generating post-consumer RECYCLABLE materials collected in residential curbside blue-bins issued by the CITY.

WEIGHMASTER

Any person licensed by the California Department of Food and Agriculture Division of Measurement Standards who weighs or measures GROSS WEIGHT, TARE WEIGHT and NET WEIGHT of the MATERIALS and issues an accurate weight statement as the basis for purchase of the MATERIALS.

WEIGHT TICKETS

WEIGHT TICKETS are issued by a licensed WEIGHMASTER indicating the GROSS WEIGHT, TARE WEIGHT, and NET WEIGHT of the delivered MATERIALS.

ARTICLE 3: SITE AND FACILITY DESCRIPTIONS

The CONTRACTOR represents and warrants that the descriptions of the FACILITY provided in Subarticles 3.1 and 3.2, hereof, are true and accurate.

3.1 SITE DESCRIPTION

The CONTRACTOR has proposed to utilize their Material Recovery Facility located at 16714 Schoenborn Street, North Hills, CA 91343 for PROCESSING and MARKETING the West Valley MATERIALS.

3.2 DESCRIPTION OF THE FACILITY

The FACILITY will provide a safe, congestion-free site for the tipping and PROCESSING of MATERIAL. Measures to achieve safe, efficient operation will include an electronic computerized CERTIFIED WEIGH STATION, paved tipping areas for unloading CITY MATERIALS, and a traffic flow pattern that provides minimal queuing time for CITY collection vehicles, as well as for minimal congestion. MATERIAL delivered to the FACILITY shall be PROCESSED through a mechanized segregation system capable of separating the RECYCLABLES into the distinct COMMODITY streams. The individual COMMODITY streams are consolidated by a baler or compactor to facilitate MARKETING. MATERIAL tonnage will be managed by means of a computerized WEIGHT TICKET reporting system.

ARTICLE 4: RESPONSIBILITIES OF AND SERVICES TO BE PERFORMED BY THE CONTRACTOR

4.1 ACCEPTANCE OF MATERIALS COLLECTED BY THE CITY

4.1.1 Hours of Operation

The CONTRACTOR shall ACCEPT deliveries of MATERIAL collected by the CITY at the FACILITY between the hours of 6:00 A.M. and 4:00 P.M., Monday through Friday. The CONTRACTOR shall not be responsible for ACCEPTING such deliveries on CURBSIDE COLLECTION HOLIDAYS, however, during the week in which a scheduled holiday occurs, the FACILITIES shall be operational to receive CITY trucks on the Saturday following the holiday between the hours of 6:00 A.M. and 2:30 P.M. However, CITY staff shall have the authority to modify the closing hours on the Saturday following the holiday, per written agreement between the CITY and CONTRACTOR.

4.1.2 Truck Turnaround Time and Queuing in the FACILITY

The FACILITY shall be of adequate size, layout, and design to safely and efficiently control the flow of vehicles and RECYCLABLE MATERIALS. The FACILITY shall be designed so that traffic flows smoothly and that offloading procedures take no longer than fifteen (15) minutes per vehicle. Total time between arrival and departure of collection vehicles shall take no longer than twenty (20) minutes per vehicle. To expedite turnaround time, the CONTRACTOR shall give preference to CITY vehicles over the vehicles of the CONTRACTOR'S other clients. Measures such as dedicated queuing lines or tipping floor space for CITY vehicles may be considered as provisions to

guarantee this preference. The CONTRACTOR shall use reasonable business efforts to ensure that the turnaround time for the CITY's vehicles delivering MATERIALS to the FACILITY is no longer than twenty (20) minutes.

4.2 STAFFING

The CONTRACTOR shall employ sufficient staff to operate, maintain, and manage the FACILITY and equipment in accordance with generally accepted practices of the waste management and recycling industries, and to perform its obligations under this CONTRACT, which shall include without limitation, weighing of trucks, monitoring loads, sorting RECYCLABLES from the ACCEPTED MATERIALS, operating and maintaining all equipment, machinery, buildings, and the FACILITY, and providing reasonable security.

4.3 WORKER'S SAFETY

The CITY and CONTRACTOR acknowledge the unpredictable nature of the collected and delivered MATERIALS. The CITY strongly recommends that the CONTRACTOR provide all of the necessary safety equipment, education and training, and any other necessary precautions to address any problems arising from any foreseeable accidents, or incidents due to the presence of dangerous and hazardous materials, which may be present in the delivered MATERIALS. The CONTRACTOR shall be responsible for following health and safety regulations as required by the Occupational Safety and Health Administration (OSHA), as well as any other APPLICABLE LAWS.

4.4 PERMITS

The CONTRACTOR shall comply at all times with all federal, state, and local laws, statutes, ordinances, rules, and regulations throughout the term of the CONTRACT. It

shall be the CONTRACTOR'S responsibility to determine which permits, clearances, certifications, licenses, and approvals are required. The CONTRACTOR shall bear the total cost of obtaining and/or renewing all required PERMITS and approvals.

The CONTRACTOR hereby represents that, as of the CONTRACT DATE, all PERMITS required to perform its obligations in accordance with this CONTRACT have been secured and are in full force and effect. The CONTRACTOR shall immediately notify the CITY in writing of any proposed or actual changes in or modifications of any PERMIT required under the terms of this CONTRACT and any and all renewals, updates, and modifications to any such PERMIT.

4.5 WEIGHING RECORDS

4.5.1 Measurement Device and Procedures

CONTRACTOR shall provide CERTIFIED WEIGHT TICKETS of the ACCEPTED MATERIAL delivered from each CITY collection vehicle to the FACILITY. The CERTIFIED WEIGHT TICKETS shall show the FACILITY's name, CITY's name and collection district, driver's name, collection vehicle number, recycling route number, GROSS WEIGHT, TARE WEIGHT, NET WEIGHT, date, time, and vehicle license plate number from each CITY collection vehicle. All CERTIFIED WEIGHT TICKETS shall be signed by the certified WEIGHMASTER, as well as the driver of the LASAN's collection vehicle. Omission of any of the required information shall result in the presumption that the vehicle in question contains six (6) GROSS TONS of ACCEPTED MATERIAL.

The CONTRACTOR shall provide and maintain documentation that the CERTIFIED WEIGH STATION is in full compliance with all PERMITS required under all applicable federal, state, and local laws. The CITY shall have the authority to verify the station's accuracy and its certification without prior notice.

4.5.2 Incapacitation of Weigh Station

To the extent practical, if the scales of the CERTIFIED WEIGH STATION are incapacitated, being tested, or cannot be used, the CONTRACTOR shall provide portable scales to be used in their place, until the permanent scales are operable. Pending installation of portable scales, any vehicle in question shall be deemed to contain six (6) GROSS TONS of ACCEPTED MATERIAL.

In addition, the CITY reserves the right to exercise, at its sole discretion, the option to deliver the collected MATERIAL, in part or in whole, to an alternate site. The CONTRACTOR shall be responsible for any performance damages associated with the delivery of CITY-collected MATERIAL to an alternate site, as described in Subarticle 4.9. It is the responsibility of the CONTRACTOR to minimize the time that the scales are out of service.

4.5.3 Weight Reports

Weight Reports contain the weights of all CITY MATERIAL delivered to the FACILITY for that month. Should the CONTRACTOR fail to submit timely and accurate Weight Reports to the CITY, the CONTRACTOR will be in default of this AGREEMENT.

4.5.4 Commodity Reports

The CONTRACTOR shall submit a COMMODITY REPORT on a monthly

basis, utilizing a CITY-developed Excel Spreadsheet (See Attachment M-2, Table 1). This report shall include a breakdown of the tonnage of each of the agreed RECYCLABLE MATERIALS from the ACCEPTED MATERIAL delivered by the CITY during the previous month. The breakdown shall be based upon the actual weight of RECYCLABLES and CONTAMINATION in TONS processed through the FACILITY.

4.5.5 CITY Representative to Monitor Compliance

The CITY reserves the right to oversee all recycling operations, and to inspect the CONTRACTOR'S equipment, FACILITIES, and financial and operational records as deemed necessary by the CITY PROJECT MANAGER. The CITY inspection staff shall have the right at any time (so long as it does not unduly disrupt the CONTRACTOR'S performance under this CONTRACT) to observe and inspect the operations of any, or all, FACILITIES used to perform the activities described by this CONTRACT in order to ensure that the CONTRACTOR is in compliance with all appropriate CONTRACT terms and conditions, as well as, any APPLICABLE LAWS. This Right of Inspection shall extend to all handling, transfer, disposal, or recycling/reuse FACILITIES contracted, or subcontracted, at any tier, pursuant to this AGREEMENT, at no cost to the CITY.

The CITY shall also have the right, at no cost to the CITY, and with at least forty-eight (48) hours prior written notice to the CONTRACTOR, to have its staff enter the FACILITY to observe operations and conduct tests, audits, WASTE CHARACTERIZATION studies, sorts, or other activities to verify the amount or

type of CONTAMINATION and/or RECYCLABLES being delivered to the FACILITY and sorted, transferred, or marketed by the CONTRACTOR.

4.6 RESPONSIBILITY TO MARKET MATERIAL

The CONTRACTOR shall make a good faith effort in expanding the stream of RECYCLABLES to include other commodities such as carpet, textile, old furniture, etc. as their markets become available. The CONTRACTOR agrees to sort, separate, and market all RECYCLABLES recovered at the FACILITY. No MATERIAL ACCEPTED from the CITY, except for CONTAMINATION, shall be sent to a landfill or otherwise disposed of without prior written authorization of the CITY.

4.7 AMBASSADOR PROGRAM

The Ambassador Program is an educational program with an objective to help educate the public to reduce contamination in the CITY's blue bin. The CONTRACTOR shall assist the CITY in supporting educational program activities relative to the curbside recycling program, a program with mutual benefit for both the CITY and the CONTRACTOR.

4.8 PERFORMANCE GUARANTEES

Upon execution of this CONTRACT, the CONTRACTOR must be ready to ACCEPT MATERIALS from the West Valley WASTESHED. The CONTRACTOR shall make the following performance guarantees to the CITY and assume liability for all associated performance damages as set forth, including, but not limited to: costs including overtime, tipping fees, and lost revenue.

1. In the event that the FACILITY is unable to ACCEPT deliveries of the RECYCLABLE MATERIALS, the CONTRACTOR shall identify an alternate

delivery site and be liable to the CITY for any additional costs, including but not limited to: salaries, overhead, transportation, fuel, and tip fees, in addition to any damages incurred by the CITY in arranging for alternative processing.

2. CONTRACTOR shall guarantee ACCEPTANCE of all deliveries of CITY MATERIAL. In the event of wrongful rejection of CITY MATERIAL, the CONTRACTOR shall be liable to reimburse the CITY for any additional costs incurred by the CITY in making alternative arrangements for sale and/or processing of the MATERIALS, including both RECYCLABLES and CONTAMINATION.

4.9 PERFORMANCE DAMAGES

The CITY will be responsible for preparing and submitting to the CONTRACTOR, together with appropriate supporting documentation, claims for performance damages that arise from the inability of the CONTRACTOR to meet the requirements for acceptance of CITY-delivered MATERIALS. The CONTRACTOR shall be required to review such claims as they are received, and in the two (2) months following the receipt of the claims, apply the Performance Damage Credit, if agreed by both parties, to the aggregate amount of such claims, subject to the procedures for payment or crediting of disputed amounts (See Article 10). If the CONTRACTOR and the CITY do not mutually agree upon the submitted claims for performance damages, the CONTRACTOR must pay the full amount of the claim to the CITY and may avail itself to any remedy under the law.

Performance damages shall be the sum of the cost to the CITY for transportation of MATERIAL to an alternate MRF site as recommended by the CONTRACTOR.

Damages for the transportation and/or sale of CITY MATERIAL to an alternate MRF shall be the sum of: 1) the deficiency in revenue that would have been due to the CITY when the CONTRACTOR accepted and processed the MATERIAL at their original FACILITY; 2) all incremental labor, material, and overhead costs incurred by the CITY for transportation to the alternate MRF; and 3) all costs associated with disposal of CONTAMINATION as applicable. Hauling costs include, but are not limited to, transportation, fuel, labor, and overhead costs associated with the additional hauling distance. Disposal costs include, but are not limited to, disposal tip fees, special handling fees, and any additional transportation fees.

4.10 EMERGENCY TASK

In the event of an EMERGENCY, the CONTRACTOR shall receive, process, and market RECYCLABLE MATERIALS from the East Valley, Western Los Angeles, North Central, South Los Angeles, and/or Harbor WASTESHEDS.

4.11 MAINTENANCE OF RECORDS

CONTRACTOR shall maintain all records, in their original form, pertaining to the performance of this CONTRACT, including records of financial transactions. These records shall be retained for a period of no less than four (4) years following final payment made by the CONTRACTOR hereunder or the expiration date of this CONTRACT, whichever occurs last. Said records shall be subject to examination and audit by authorized CITY personnel or by the CITY'S representative at any time during the term of this CONTRACT and within the four (4) years following final payment made by the CONTRACTOR hereunder or the expiration date of this CONTRACT, whichever occurs last. CONTRACTOR shall provide any reports requested by the CITY regarding

performance of this CONTRACT within thirty (30) business days of the request by the CITY. Any subcontract entered into by CONTRACTOR, as authorized under the terms of this CONTRACT, shall include a like provision for work to be performed under this CONTRACT.

ARTICLE 5: KEY CONTRACTOR PERSONNEL

- 5.1 CONTRACTOR designates the following person to represent CONTRACTOR in all matters pertaining to this AGREEMENT:

Todd Jones, General Manager

2500 Santa Fe Ave., Los Angeles, CA 90058

Tel: (323) 583-1013(Ext.271)/ E-mail: todd@cityfibers.com

The CONTRACTOR may designate another project manager and shall notify the CITY in writing, subject to CITY PROJECT MANAGER's approval.

- 5.2 CONTRACTOR agrees that personnel assigned to positions at the commencement of services under this AGREEMENT shall serve in these positions as long as required by the CONTRACT, and that CONTRACTOR shall not change personnel assigned to these positions without the prior written consent and approval of CITY'S PROJECT MANAGER, whose consent shall not be withheld unreasonably.
- 5.3 Unless otherwise provided or approved by the CITY, CONTRACTOR shall use its own employees to perform the services described in this CONTRACT. The CITY shall have the right to review and approve any personnel who are assigned to work under this CONTRACT. CONTRACTOR agrees to remove personnel from performing work under

this CONTRACT if requested to do so by the CITY within thirty (30) business days of the written request by the CITY.

- 5.4 CONTRACTOR shall not use subcontractors to assist in performance of this CONTRACT without the prior written approval of the CITY. If the CITY permits the use of subcontractors, CONTRACTOR shall remain responsible for performing all aspects of this CONTRACT. The CITY has the right to approve CONTRACTOR'S subcontractors, and the CITY reserves the right to request replacement of SUBCONTRACTORS. The CITY does not have any obligation to pay CONTRACTOR'S SUBCONTRACTORS, and nothing herein creates any privity of contract between the CITY and the SUBCONTRACTORS. The use of SUBCONTRACTORS shall be subject to written approval of the CITY, pursuant to the provisions of Article 9.

ARTICLE 6: RESPONSIBILITIES OF AND TASKS TO BE PERFORMED BY CITY

CITY designates Michael W. Lee, Acting Environmental Engineer, as its CITY PROJECT MANAGER to represent the CITY in all matters within the scope of the AGREEMENT relating to the conduct and approval of the work to be performed. The CITY designates Rowena Romano, Sr. Environmental Engineer, as the CITY PROGRAM MANAGER. The CITY also designates Robert Potter, Division Manager, as the CITY DIVISION MANAGER. Whenever the term "approval of CITY," "consult with CITY," "confer with CITY," or similar terms are used, they shall refer to the CITY PROJECT MANAGER. The CITY PROJECT MANAGER may designate either the CITY PROGRAM MANAGER or the CITY DIVISION MANAGER as an assistant to act in his stead. The CONTRACTOR will be notified in writing in such event. The

CITY PROJECT MANAGER'S authority shall extend to authorizing program modifications to this PROJECT, which are mutually agreed upon in writing, by the CITY and CONTRACTOR.

6.1 DELIVERY COMMITMENT OF TONNAGES BY THE CITY

The CITY shall collect MATERIALS from the CITY'S curbside recycling program within the boundaries of the West Valley WASTESHED and deliver the MATERIALS to the FACILITY. However, the CITY makes no guarantee as to minimum tonnage of MATERIALS to be delivered to the CONTRACTOR. Further, the CITY makes no assurances regarding the consistency of the tonnage levels delivered, the composition of the RECYCLABLES, or the geographic boundaries of the WASTESHED.

6.2 NOTICE OF CHANGE IN COLLECTION

The CITY shall provide the CONTRACTOR with at least two (2) weeks advance written notice of any long-term changes that the CITY plans to implement in:

- (a) Collection routes within the collection areas being served by the FACILITY;
- (b) The collection areas to be served by the FACILITY;
- (c) Collection schedules; or
- (d) Modifications to the collection vehicle fleet.

If the timing of such planned changes precludes the CITY from providing such advanced notice to the CONTRACTOR, the CITY shall use reasonable efforts to provide such notice within two (2) OPERATING DAYS of the CITY'S decision to make such changes.

This paragraph shall not be construed to limit, in any way, the CITY'S right, in its sole discretion, to implement such changes, provided, such changes do not alter the CITY'S aforesaid obligation to deliver MATERIALS in accordance with Subarticle 6.1 herein. Furthermore, the CITY shall have no obligation to notify the CONTRACTOR of day-to-day operating decisions or CITY responses to unforeseen events that may affect (a) through (d) above in this subarticle.

6.3 CITY COLLECTION VEHICLES

The CITY shall deliver MATERIALS collected by the CITY in clearly identified CITY collection vehicles. Each vehicle shall have its identification number clearly marked and visible to the CERTIFIED WEIGH STATION operator. The CONTRACTOR, or the CITY, in their respective reasonable discretion, may require the periodic revalidation of the TARE WEIGHT of any CITY vehicle. The CITY reserves the right to modify its collection vehicle fleet as it deems necessary.

6.4 TITLE TO MATERIALS COLLECTED BY THE CITY

Title to all RECYCLABLES, as well as any RESIDUE, collected by the CITY shall transfer to the CONTRACTOR upon ACCEPTANCE of the MATERIAL by the CONTRACTOR at the FACILITY.

6.5 AMBASSADOR PROGRAM

The MATERIAL collected by the CITY is expected to contain RECYCLABLES and CONTAMINATION. LASAN will launch an Ambassador Program to educate the public on various types of different materials that should be placed in each appropriate bin. The goal of the program is to reduce CONTAMINATION and increase recycling. The Ambassador Program will include public education and community outreach.

6.6 WASTE CHARACTERIZATION STUDIES

The CITY shall have the authority to evaluate the delivered MATERIAL through the CONTRACTOR'S performance of WASTE CHARACTERIZATION studies. All WASTE CHARACTERIZATION studies, both primary and, if necessary secondary studies, shall be conducted by the CONTRACTOR at the CONTRACTOR'S sole expense. The CITY will observe and validate the WASTE CHARACTERIZATION study process. These studies shall be conducted quarterly and shall be scheduled periodically, at three (3) month intervals, date and methodology agreed upon by the CITY PROJECT MANAGER and the CONTRACTOR. The information will be used to track the characteristics of the MATERIAL being delivered for:

- (a) Determining the composition of the MATERIALS, and
- (b) Evaluating the overall efficiency of the recycling program.

A. If WASTE CHARACTERIZATION studies result with any of the COMMODITIES or CONTAMINATION having a difference of five percent (5%) or more compared to the previous quarter and/or the same quarter of the previous year, the CONTRACTOR shall agree to a second WASTE CHARACTERIZATION study.

B. If the second WASTE CHARACTERIZATION study is consistent with the first WASTE CHARACTERIZATION results that any of the COMMODITIES or CONTAMINATION having a difference of five percent (5%) or less, the CONTRACTOR shall agree to use the results from the first WASTE CHARACTERIZATION.

- C. If the second WASTE CHARACTERIZATION study is consistent with the previous quarter and/or the same quarter of the previous year, the CONTRACTOR shall agree to use the results from the second WASTE CHARACTERIZATION.
- D. If the second WASTE CHARACTERIZATION results differ by five percent (5%) compared to the previous quarter and/or the same quarter of the previous year, then the CONTRACTOR shall agree to use the results from the same quarter of the previous year of WASTE CHARACTERIZATION.

WASTE CHARACTERIZATION study can be rescheduled or canceled if the CONTRACTOR has critical FACILITY issues such that the CONTRACTOR cannot conduct the study on a scheduled week. Such request must be submitted in writing to CITY PROJECT MANAGER at least two (2) weeks prior to the scheduled WASTE CHARACTERIZATION week. However, the cancellation of the WASTE CHARACTERIZATION cannot be canceled more than once during one (1) calendar year and cancellation request will not be granted during the first CONTRACT year of the AGREEMENT. When a WASTE CHARACTERIZATION is granted a cancellation, WASTE CHARACTERIZATION data acquired from the prior year's quarter will be used to determine the composition of the MATERIALS..

ARTICLE 7: TERM OF CONTRACT AND TIME OF EFFECTIVENESS

The term of this CONTRACT shall be for five (5) years, and shall begin on June 1, 2016, unless terminated under the terms of Article 8 Termination hereof.

The CITY may elect to extend the AGREEMENT on a month-to-month basis for a maximum of six (6) months, during which period the CITY and the CONTRACTOR shall continue performance under the terms of this AGREEMENT. The CITY may extend the AGREEMENT on a month-to-month basis prior to the end of the initial five (5) year term by providing the CONTRACTOR written notice at least ninety (90) CALENDAR DAYS prior to expiration of the AGREEMENT. During such period of month-to-month operation, if the CITY decides to terminate the relationship, the CONTRACTOR shall be obligated to continue performance for at least sixty (60) CALENDAR DAYS after written notice from the CITY.

The date of full execution is deemed to be the date when all the following events have occurred:

- This AGREEMENT has been signed on behalf of CONTRACTOR by the person or persons authorized to bind CONTRACTOR hereto;
- This AGREEMENT has been approved by the City Council or by the Board, officer or employee authorized to give such approval;
- The Office of the City Attorney has indicated in writing its approval of this AGREEMENT as to form; and
- This AGREEMENT has been signed on behalf of the CITY by the person designated by the City Council, or by the Board, officer or employee authorized to enter into this AGREEMENT.

ARTICLE 8: TERMINATION

- 8.1 This AGREEMENT may be terminated in whole or in part in writing by either party in the event of substantial failure by the other party to fulfill its obligations under this AGREEMENT through no fault of the terminating party, provided that no termination may be effected unless the other party is given (1) not less than ten (10) CALENDAR

DAYS' written notice (delivered by certified mail, return receipt requested) of intent to terminate, and (2) an opportunity for consultation with the terminating party prior to termination.

- 8.2 This AGREEMENT may be terminated in whole or in part in writing by the CITY for its convenience, provided that the CONTRACTOR is given not less than thirty (30) CALENDAR DAYS' written notice (delivered by certified mail, return receipt requested) of intent to terminate. Upon receipt of said written notice, CONTRACTOR shall immediately take action not to incur any additional obligations, cost or expense, except as may be reasonably necessary to terminate its activities.
- 8.3 This AGREEMENT may be immediately terminated in writing by the CITY if (1) a federal or state proceeding for relief of debtors is undertaken by or against CONTRACTOR, or if CONTRACTOR makes an assignment for the benefit of creditors or (2) CONTRACTOR engages in any dishonest conduct related to the performance or administration of this AGREEMENT or violates the CITY's lobbying policies.
- 8.4 If termination for default is effected by the CITY, an equitable adjustment in the price provided for in this AGREEMENT shall be made, but (1) no amount shall be allowed for anticipated profit on unperformed services or other work, and (2) any payment due the CONTRACTOR at the time of termination may be adjusted to cover any additional costs to the CITY because of the CONTRACTOR'S default.

If termination for default is effected by the CONTRACTOR or if termination for convenience is effected by the CITY, the equitable adjustment shall include a reasonable profit for services or other work performed. The equitable adjustment for any termination shall provide for payment to the CONTRACTOR for services rendered and

expenses incurred prior to the termination, excluding attorney's fees, in addition to termination settlement costs reasonably incurred by the CONTRACTOR relating to written contracts that were executed prior to the termination. Thereafter, CONTRACTOR shall have no further claims against the CITY under this AGREEMENT.

- 8.5 Upon receipt of a termination action under Articles 8.1, 8.2 or 8.3 above, the CONTRACTOR shall (1) promptly discontinue all affected work (unless the notice directs otherwise), and (2) deliver or otherwise make available to the CITY within thirty (30) business days of said termination action all finished or unfinished documents and materials produced or procured under this CONTRACT, including all intellectual property rights thereto, which shall become CITY property upon date of such termination. CONTRACTOR agrees to execute any documents necessary for the CITY to perfect, memorialize, or record the CITY'S ownership of rights provided herein within thirty (30) business days of said termination.
- 8.6 Upon termination under Articles 8.1, 8.2 or 8.3 above, the CITY may take over the work and may award another party an AGREEMENT to complete the work under this AGREEMENT.
- 8.7 If, after the termination for failure of the CONTRACTOR to fulfill contractual obligations, it is determined that the CONTRACTOR had not failed to fulfill contractual obligations, the termination shall be deemed to have been for the convenience of the CITY. In such event, adjustment of the AGREEMENT price shall be made as provided in Article 8.4 of this article.

8.8 The rights and remedies of the CITY provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law or under this AGREEMENT.

ARTICLE 9: SUBCONTRACT APPROVAL

All subcontracts in excess of \$10,000 shall require the prior approval of the CITY. A copy of all subcontracts shall be submitted to the CITY PROJECT MANAGER showing the SUBCONTRACTOR'S name and dollar amount of each subcontract. Wholly-owned subsidiaries of the CONTRACTOR shall not be considered subcontractors. CONTRACTOR shall not substitute SUBCONTRACTORS listed in this AGREEMENT without the prior written approval of the CITY. CONTRACTOR shall not add subcontractors to assist in the performance of this AGREEMENT without the prior written approval of the CITY. If the CITY permits the use of subcontractors, CONTRACTOR shall remain responsible for performing all aspects of this CONTRACT. The CITY has the right to approve CONTRACTOR'S SUBCONTRACTORS, and the CITY reserves the right to request replacement of SUBCONTRACTORS. The CITY does not have any obligation to pay CONTRACTOR'S SUBCONTRACTORS, and nothing herein creates any privity of contract between the CITY and the SUBCONTRACTORS.

ARTICLE 10: COMPENSATION, INVOICING, AND PAYMENT

10.1 MINIMUM FLOOR VALUE CALCULATION

The CONTRACTOR shall agree to the following conditions and items described below as part of the compensation process.

The MINIMUM FLOOR VALUE (MFV) shall be based on the Average Market Price of Fibers (newspaper, mixed-paper, and cardboard). Monthly due amount shall be calculated using the Table 1 and the equation 10.1 below.

$$\text{Monthly Due Amount} = \text{MFV} \times \text{GROSS TONS} \quad (\text{Equation 10.1})$$

Table 1: Minimum Floor Value Table

Average Market Price of Fibers (\$/ton)	MFV (\$/Gton)
< 49.99	(\$49)
50-69.99	(\$39)
70-89.99	(\$29)
90-109.99	(\$19)
110-119.99	(\$9)
120-129.99	\$0
130-149.99	\$16
150 <	\$26

The Average Market Price of Fibers is calculated by (1) calculating the quarterly average regional market price for each of the fibers namely: newspaper, mixed-paper, and cardboard, (2) summing the quarterly average regional market price of each fiber, and (3) dividing the sum by three (3). Then, use Table 1 above to identify the corresponding MFV (\$/Gton) and use the Equation 10.1 to calculate the Monthly Due Amount. The determined MFV shall be effective for the subsequent quarter. The market price of each fiber paper COMMODITY shall be based on the published regional prices from *Recycling Markets* (<http://www.recyclingmarkets.net>), Secondary Fibers Pricing (SFP), Southwest Region.

10.2 COMPENSATION, DISCOUNTS, AND SUBMISSION

The CITY shall compensate the CONTRACTOR for the services performed as described

in Article 4 herein. The CITY shall compensate the CONTRACTOR on a cost-per-gross ton basis, which shall be the sole compensation paid to the CONTRACTOR (refer to the Table 1 in Article 10.1).

The CONTRACTOR agrees that the cost-per-gross ton is all inclusive, and includes but is not limited to, all of the PROCESSING, administration, labor, transportation, equipment, utility, capital costs, insurance, MARKETING, permit fees, profits and any and all other costs of the CONTRACT. CONTAMINATION removal tonnages shall be based on actual tonnages delivered and shall be verified by the WASTE CHARACTERIZATION studies performed pursuant to Article 6.6.

The CITY shall apply a discount of two percent (2%) from the gross invoiced amount for all payments made within 30 CALENDAR DAYS of the complete invoice submittal date. A submitted invoice shall be deemed complete when the following documentation has been received and verified:

- 1) Invoice (Article 10.5, and Attachment M-2 – Example 2).
- 2) Schedule B (Article 10.6).
- 3) CITY-developed Excel spreadsheet for Monthly COMMODITY REPORT (Sub article 4.5.4 and Attachment M-2, Table 1).
- 4) CERTIFIED WEIGHT TICKET summary showing one total weight in each day for the corresponding month (Sub article 4.5.3).
- 5) CERTIFIED WEIGHT TICKETS summary showing FACILITY'S name, CITY'S name, collection route number, driver's name, collection vehicle number, GROSS WEIGHT, TARE WEIGHT, NET WEIGHT, date, and time from each CITY collection vehicle (Sub article 4.5.1).

6) Copy of DR-6 form submitted to CALRECYCLE (Article 10.11).

10.3 MONTHLY DUE AMOUNT CALCULATION

The CONTRACTOR agrees that the monthly due amount for all services provided in this AGREEMENT shall be calculated based on the monthly MATERIAL tonnage received by the CONTRACTOR at the CONTRACTOR'S PROCESSING FACILITY as follows:

$$\text{Monthly due amount} = \text{MFV} \times \text{GROSS TONS} \quad (\text{Equation 10.1})$$

MFV = Minimum Floor Value calculated per the Article 10.1.

GROSS TONS = The total GROSS TONS of MATERIALS received by the CONTRACTOR'S PROCESSING FACILITY.

10.4 CONTAMINATION

It is the CITY'S objective that the overall level of CONTAMINATION remaining after PROCESSING the ACCEPTED MATERIAL be minimized. While the CITY attempts to avoid collection of CONTAMINATION in the collection vehicle, it is inevitable that some non-acceptable MATERIALS will be delivered to the MRF. However, the design and operation of the processing system at the MRF should be efficient to the degree that it segregates and removes the CONTAMINATION from the MATERIALS.

CONTAMINATION that requires management as a solid waste must be transported by the CONTRACTOR to a landfill or other acceptable solid waste facility at no cost to the CITY, as defined in Section 40194 of the California Public Resources Code, for disposal. The CITY shall pay disposal cost for the CONTAMINATION delivered within the ACCEPTED MATERIALS.

The CONTRACTOR shall pay 10% of the tip fee for CONTAMINATION when the Average Market Price of Fibers is greater than \$120 per ton. The CONTRACTOR shall provide transportation of CONTAMINATION to a permitted solid waste disposal site at no cost to the CITY. If the CONTAMINATION in the MATERIALS exceeds forty percent (40%) based on the quarterly WASTE CHARACTERIZATION (see Article 6.6), the CONTRACTOR may submit a request per Article 10.14.

10.5 MONTHLY INVOICE

The CONTRACTOR shall submit to CITY an original and one copy of each invoice, for services rendered with the first calendar month following the CONTRACT DATE, and on a monthly basis thereafter, within the thirty (30) CALENDAR DAYS in the subsequent month. Invoices shall be supported by WEIGHT TICKETS data and all other documents as required in the Article 10.2.

10.6 SUBCONTRACTOR UTILIZATION REPORT (SCHEDULE B)

A Subcontractor Utilization Report (Schedule B) listing subcontractors, monthly amounts invoiced by each subcontractor, and invoiced amounts paid to date to each firm by the CONTRACTOR, shall be submitted as part of the monthly invoice.

CONTRACTOR must provide an explanation for any item that falls short of the planned utilization with specific plans and recommendations for recovering any shortfalls in utilization. No such invoices shall be paid without the Subcontractor Utilization Report (Schedule B). All invoices shall be subject to audit for a period of four (4) years from the termination of this AGREEMENT.

10.7 DAYS TO REVIEW INVOICE

The CITY shall review the CONTRACTOR'S invoice(s) and notify the CONTRACTOR

in writing of exceptions or any disputed tonnage within 60 CALENDAR DAYS of receipt. The CONTRACTOR is given 60 CALENDAR DAYS to resubmit a corrected invoice. The total invoice amount less any exceptions or disputed tonnage shall be considered approved for payment by the CITY. The CITY shall pay the CONTRACTOR all amounts approved for payment in a timely manner after the CITY PROJECT MANAGER receives the CONTRACTOR'S invoice.

10.8 INVOICE AND COMMUNICATION EXPENSE

The CITY will not pay for CONTRACTOR'S nor subcontractor's personnel for invoice preparation. The CITY will not pay for CONTRACTOR'S nor subcontractor's communication expenses and computer time charges.

10.9 ADDRESS TO SUBMIT INVOICES

Invoices shall be submitted to:

City of Los Angeles, LA Sanitation
Solid Resources Support Services Division
1149 South Broadway, Suite 500
Los Angeles, CA 90015
Attn: MRF PROJECT MANAGER

10.10 DUE DATE

The CITY shall not be responsible for the payment of invoices or supplemental invoices submitted to the CITY more than 60 CALENDAR DAYS after the date of service.

10.11 CALRECYCLE

The weights of CRV eligible CITY-delivered MATERIALS are submitted to CALRECYCLE using DR-6 Forms and CRV payments are made by CALRECYCLE to

the CONTRACTOR. CITY-delivered CRV eligible MATERIALS including, but are not limited to, beverage containers made of Polyethylene Terephthalate (PET), High Density Polyethylene (HDPE), aluminum, and color sorted glass and mixed glass. The CONTRACTOR, as a state certified recycling center or processor, shall be entitled to retain all Processing Fees, Administrative Fees, and any other processor's payments to which it is legally entitled under state law and regulation.

10.12 WASTE CHARACTERIZATION

The CONTRACTOR shall perform a quarterly WASTE CHARACTERIZATION study as described in Article 6.6 at no cost to the CITY. This WASTE CHARACTERIZATION will be used to verify the CONTRACTOR'S Monthly COMMODITY REPORT.

10.13 RATIFICATION

Costs incurred by the CONTRACTOR prior to the actual date of full execution of this AGREEMENT shall only be payable to CONTRACTOR if said costs were incurred in completing any task specifically authorized by this AGREEMENT and said costs are reviewed and approved by the CITY and said approval for payment occurs after this AGREEMENT is fully executed.

10.14 SUBSTANTIAL COST

Should the CONTRACTOR experience substantial increased costs associated with the services it is providing pursuant to this AGREEMENT, which are outside its control, the CONTRACTOR may request an increase in the cost-per-gross ton paid by the CITY based on cost substantiation. The CONTRACTOR agrees to provide the CITY with substantiated written documentation supporting its request for any increase in the cost-per-gross ton to the CITY. The CITY shall have the right to review the documentation

and, in the CITY'S sole discretion, either agree to pay the requested increase, a different negotiated amount, or deny the CONTRACTOR'S request. Examples of increased costs outside of the CONTRACTOR'S control include, but are not limited to, changes in regulatory requirement (i.e., increased PROCESSING cost to remove universal wastes like batteries that is banned from the waste-stream). Any increase granted by the CITY shall be retroactive to the effective date of the increased cost upon a verifiable submission provided by the CONTRACTOR.

10.15 CITY'S OBLIGATION

The CITY'S obligation to provide compensation to the CONTRACTOR under this AGREEMENT shall only be to the extent of the CITY appropriation to fund this AGREEMENT. No action, statement or omission of any officer, agent or employee of the CITY shall impose any obligation upon the CITY, such officer, agent or employee of the CITY, except to the extent the CITY has appropriated funds and otherwise in accordance with the terms of this AGREEMENT. No work shall create an immediate indebtedness nor shall indebtedness arise against the CITY for said work until and unless there is an appropriation of funds to pay for said work. However, if CITY shall appropriate funds for any successive fiscal years, CITY's obligations shall be extended to the extent of such appropriation subject to the terms and conditions of this AGREEMENT.

10.16 COST CEILING

The cost ceiling for this CONTRACT is in the amount of \$7,975,000 for the entire five (5) year term of the CONTRACT.

10.17 PAYMENT BY THE CONTRACTOR

The CONTRACTOR shall pay the CITY according to the Table 1 (Article 10.1) when the MFV is above \$0 (See Attachment M-2 – Example 1). See Attachment M-4 for payment schedule and payment due dates, applicable fees, and related interest rates. The CITY shall have twenty (20) OPERATING DAYS from receipt and verification of the completeness of the statement to review and agree upon the CONTRACTOR'S payment. In the event of an amount dispute for ACCEPTED MATERIAL, the CITY and the CONTRACTOR shall analyze the payment information and resolve within the twenty (20) OPERATING DAYS of the verification process. The disputed amount shall be resolved within ten (10) OPERATING DAYS after the verification process, which may include accrued interest and/or penalties.

10.18 MONTHLY PACKAGE (PAYMENT BY THE CONTRACTOR)

The following shall be enclosed with each monthly package:

- 1) Total Monthly Due Amount (Article 10.3 and Attachment M-2 - Example 1).
- 2) CONTRACTOR issued payment check reflecting the Monthly Due Amount from Article 10.3.
- 3) Schedule B (Article 10.6)
- 4) CITY-developed Excel spreadsheet for Monthly COMMODITY REPORT (Subarticle 4.5.4, and Attachment M-2, Table 1)
- 5) CERTIFIED WEIGHT TICKET summary showing one total weight in each day for the corresponding month (Subarticle 4.5.3).
- 6) CERTIFIED WEIGHT TICKETS summary showing FACILITY'S name, CITY'S name, collection route number, driver's name, collection vehicle number, GROSS

WEIGHT, TARE WEIGHT, NET WEIGHT, date, and time from each CITY collection vehicle (Subarticle 4.5.1).

7) Copy of DR-6 form submitted to CALRECYCLE (Article 10.11).

The CONTRACTOR shall prepare and submit, on a monthly basis, an itemized statement indicating the amount payable to the CITY for the ACCEPTED MATERIALS of the corresponding month. All statements shall be submitted to:

City of Los Angeles-LASAN/SRSSD

1149 South Broadway, 5th Floor

Los Angeles, CA 90015

Attention: MRF CITY PROJECT MANAGER

10.19 RIGHT OF THE CITY TO AUDIT

Upon request, the CONTRACTOR shall provide documentation on commodities sales, shipping reports, payments, CERTIFIED WEIGHT TICKETS, and any other documents that can assist the CITY PROJECT MANAGER during an audit. The requested documentation shall be provided within fourteen (14) CALENDAR DAYS of a request by the CITY. Also, in addition to the above noted documentation, any other information requested shall be made available for audit by the CITY or designated representatives on behalf of the CITY. The CITY reserves the right to audit the above stated records for four (4) years after the end of the term of this CONTRACT. The CONTRACTOR is required to retain all records stated for the same four-year period after CONTRACT expires.

10.20 EMERGENCY TASK COMPENSATION

Compensation to the CITY for the MATERIAL received by the CONTRACTOR as result of an EMERGENCY shall be determined under the mutual agreement.

In the event the EMERGENCY period extends beyond three (3) months, a follow-up composition survey shall be conducted. If necessary, additional quarterly composition studies of the diverted MATERIAL shall be conducted until the EMERGENCY period no longer exists or the CITY so chooses to divert the MATERIAL being delivered from another WASTESHED to another MRF.

In the event the MATERIAL from the EMERGENCY WASTESHED requires additional processing such as, but not limited to, transloading and hauling, such terms shall be mutually agreed upon by CONTRACTOR and CITY.

10.21 FALSE CLAIMS ACT

CONTRACTOR acknowledges that it is aware of liabilities resulting from submitting a false claim for payment by the CITY under the False Claims Act (Cal. Gov. Code §§ 12650 *et seq.*), including treble damages, costs of legal actions to recover payments, and civil penalties of up to \$10,000 per false claim.

ARTICLE 11: AMENDMENTS, CHANGES, OR MODIFICATIONS

Amendments, changes, or modifications in the terms of this CONTRACT may be made at any time by mutual written AGREEMENT between the parties hereto and shall be signed by the persons authorized to bind the parties thereto.

ARTICLE 12: INDEMNIFICATION, INSURANCE, AND PERFORMANCE/PAYMENT BOND

12.1 INDEMNIFICATION

Except for the active negligence or willful misconduct of the CITY, or any of its Boards, Officers, Agents, Employees, Assigns and Successors in Interest, CONTRACTOR undertakes and agrees to defend, indemnify and hold harmless the CITY and any of its Boards, Officers, Agents, Employees, Assigns, and Successors in Interest from and against all suits and causes of action, claims, losses, demands and expenses, including, but not limited to, attorney's fees (both in house and outside counsel) and cost of litigation (including all actual litigation costs incurred by the CITY, including but not limited to, costs of experts and consultants), damages or liability of any nature whatsoever, for death or injury to any person, including CONTRACTOR'S employees and agents, or damage or destruction of any property of either party hereto or of third parties, arising in any manner by reason of the negligent acts, errors, omissions or willful misconduct incident to the performance of this CONTRACT by CONTRACTOR or its SUBCONTRACTORS of any tier. Rights and remedies available to the CITY under this provision are cumulative of those provided for elsewhere in this CONTRACT and those allowed under the laws of the United States, the State of California, and the CITY. The provisions of this article shall survive expiration or termination of this CONTRACT.

12.2 INSURANCE

During the term of this CONTRACT and without limiting the CONTRACTOR'S indemnification of the CITY, the CONTRACTOR shall provide and maintain at its own expense during the term of this AGREEMENT a program of insurance having the coverage and limits customarily carried and actually arranged by CONTRACTOR but

not less than the amounts and types listed on the Insurance Requirements Sheet (Form Gen 146/IR), in Attachment C hereto, covering its operations hereunder. Such insurance shall conform to CITY requirements as established by charter, ordinance, or policy and shall comply with the instructions set forth, in Attachment C, and which can also be found at the Board of Public Work's website: <http://bpw.lacity.org/InsuranceForms.html>, in the form Instructions and Information on Complying with CITY Insurance Requirements, rev 05/12, and shall otherwise be in a form acceptable to the City Administrative Officer, Risk Management. The CONTRACTOR shall comply with all insurance Contractual Requirements shown on Attachment C hereto. Attachment C is hereby incorporated by reference and made a part of this AGREEMENT.

12.3 PERFORMANCE AND PAYMENT BOND

All Performance and Payment Bonds which may be required hereunder shall conform to CITY requirements established by Charter, ordinance or policy, and shall be filed with the Office of the City Administrative Officer, Risk Management for its review and acceptance in accordance with Sections 11.47 through 11.56 of the Los Angeles Administrative Code. As security, for performance under the terms of this AGREEMENT, the CONTRACTOR shall furnish, as of the execution date, a performance and payment bonds in a form acceptable to the CITY, which will extend for the life of the CONTRACT. The bond amount shall be \$250,000, commencing on the execution of this CONTRACT.

All bonds must be executed by a responsible corporate surety authorized to issue bonds in the State of California, secured through an authorized Agent and in a form acceptable to the CITY.

ARTICLE 13: INDEPENDENT CONTRACTOR

CONTRACTOR is acting hereunder as independent contractor and not as an agent or employee of the CITY. CONTRACTOR shall not represent or otherwise hold out itself or any of its Directors, officers, partners, employees, or agents, to be an agent or employee of the CITY. CITY shall not represent or otherwise hold itself out or any of its Directors, officers, partners, employees or agents to be an agent or employee of CONTRACTOR.

ARTICLE 14: WARRANTY AND RESPONSIBILITIES

- 14.1 CONTRACTOR warrants that the work performed hereunder shall be completed in a manner consistent with professional standards practiced among those firms within CONTRACTOR'S profession, doing the same or similar work under the same or similar circumstances.
- 14.2 CONTRACTOR shall be responsible for the professional quality, technical accuracy, timely completion, and the coordination of all designs, drawings, specifications, reports, and other services furnished by CONTRACTOR under this AGREEMENT. CONTRACTOR shall, at no additional cost to CITY, correct or revise any errors, omissions, or other deficiencies in its designs, drawings, specifications, reports, calculations, and other services.
- 14.3 The CONTRACTOR shall exhibit proper professional judgment in the use of information furnished by CITY. In the event that said information is not delivered timely or that it is discovered to be incorrect or misleading, CONTRACTOR will notify the CITY in a reasonable manner within three (3) business days after the discovery of such tardiness or incorrect or misleading information and promptly make a determination of its costs and

schedule impact on this AGREEMENT, as well as recommendations for the correction of such incorrect or misleading information.

14.4 CONTRACTOR shall perform such professional services as may be necessary to accomplish the work required to be performed under this AGREEMENT in accordance with this AGREEMENT.

14.5 Except as specified in Article 12.1 Indemnification and as otherwise provided in this AGREEMENT, the CONTRACTOR shall be and shall remain liable, in accordance with APPLICABLE LAW, for all damages to CITY caused by CONTRACTOR'S negligent performance of any of the services furnished under this AGREEMENT, except for errors, omissions, or other deficiencies to the extent attributable to CITY, CITY-furnished data, or any third party (excepting any CONTRACTOR or SUBCONTRACTOR of any tier).

14.6 By the CONTRACTOR

The CONTRACTOR hereby makes the following representations and warranties to and for the benefit of the CITY:

- (i) The CONTRACTOR is duly qualified and licensed to do business in the State of California.
- (ii) The CONTRACTOR has full legal right, power, and authority to execute, deliver, and perform its obligations under this CONTRACT. This CONTRACT has been duly executed and delivered by the CONTRACTOR and constitutes a legal, valid, and binding obligation of the CONTRACTOR enforceable against the CONTRACTOR in accordance with its terms.
- (iii) Neither the execution or delivery by the CONTRACTOR of the CONTRACT, the performance by the CONTRACTOR of its obligations hereunder, nor the

fulfillment by the CONTRACTOR of the terms and conditions hereof: (1) conflicts with, violates, or results in a breach of any applicable condition of any judgment, order or decree of any court, administrative agency, or other governmental authority, or any agreement or instrument to which the CONTRACTOR is a party or by which the CONTRACTOR or any of its properties or assets are bound, or constitutes a default hereunder; or (2) will result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the properties of assents of the CONTRACTOR.

- (iv) No approval, authorization, license, permit, order or consent of, or declaration, registration or filing with any governmental or administrative authority, commission, board, agency or instrumentality is required for the valid execution and delivery of this CONTRACT duly obtained or made. To the best of the CONTRACTOR'S knowledge, there is no action, suit, proceeding, or investigation, at law or in equity, before or by any court or governmental authority, commission, board, agency or instrumentality pending or, to the best of the CONTRACTOR'S knowledge, threatened, against the CONTRACTOR, wherein an unfavorable decision, ruling or finding, in any single case or in the aggregate, would materially adversely affect the performance by the CONTRACTOR of its obligations hereunder or in connection with the transactions, contemplated hereby, or which, in any way, would adversely affect the validity or enforceability of this CONTRACT or any other agreement or instrument entered into by the CONTRACTOR in connection with the transactions contemplated hereby.

- (v) The CONTRACTOR warrants that the work hereunder shall be completed in a manner consistent with professional standards practiced among those firms within the CONTRACTOR'S and its SUBCONTRACTORS' professions, doing the same or similar work under the same or similar circumstances.

The CONTRACTOR shall be responsible for the professional quality, specifications, reports and other services furnished by the CONTRACTOR and its SUBCONTRACTORS under this CONTRACT. The CONTRACTOR shall perform such services as may be necessary to accomplish the work required to be performed under this CONTRACT, in accordance with this CONTRACT. Except as otherwise provided in this CONTRACT, the CONTRACTOR shall be and shall remain liable, in accordance with APPLICABLE LAW, for all damages to the CITY caused by the CONTRACTOR'S negligent performance of any of the services furnished under this CONTRACT, except for errors, omissions or other deficiencies to the extent attributable to the CITY.

14.7 By the CITY

The CITY hereby makes the following representations and warranties to and for the benefit of the CONTRACTOR:

- (i) The CITY is a municipal corporation of the State of California, duly organized and validly existing under the constitution and laws of the State of California.
- (ii) The CITY has full legal right, power, and authority to execute, deliver, and perform its obligations under this CONTRACT. This CONTRACT has been duly executed and delivered by the CITY and constitutes a legal, valid and binding obligation of the CITY enforceable against the CITY in accordance with its terms.

- (iii) Neither the execution or delivery by the CITY of this CONTRACT, the performance by the CITY of its obligations hereunder, nor the fulfillment by the CITY of the terms and conditions, hereof; (1) conflicts with, violates or results in a breach of any APPLICABLE LAW; or (2) conflicts with, violates, administrative agency, or other governmental authority, or any agreement or instrument to which the CITY is a party or by which the CITY or any of its properties or assets are bound, or constitutes a default there under.
- (iv) No approval, authorization, license, permit, order or consent of, or declaration, registration or filing with any governmental or administrative authority, commission, board, agency or instrumentality is required for the valid execution and delivery of this CONTRACT by the CITY, except such as have been duly obtained or made.
- (v) To the best of CITY'S knowledge, there is no action, suit, proceeding or investigation, at law or in equity, before or by any court or governmental authority, commission, board, agency or instrumentality pending or, to the best of the CITY'S knowledge, threatened, against the CITY wherein an unfavorable decision, ruling or finding, in any single case or in the aggregate, would materially adversely affect the performance by the CITY of its obligations hereunder or in connection with the transactions contemplated hereby, or which, in any way, would adversely affect the validity or enforceability of this CONTRACT or any other agreement or instrument entered into by the CONTRACTOR in connection with the transactions contemplated hereby.

ARTICLE 15: INTELLECTUAL PROPERTY INDEMNIFICATION

The CONTRACTOR, at its own expense, undertakes and agrees to defend, indemnify, and hold harmless the CITY, and any of its Boards, Officers, Agents, Employees, Assigns, and Successors in Interest from and against all suits and causes of action, claims, losses, demands and expenses, including, but not limited to, attorney's fees (both in house and outside counsel) and cost of litigation (including all actual litigation costs incurred by the CITY, including but not limited to, costs of experts and consultants), damages or liability of any nature whatsoever arising out of the infringement, actual or alleged, direct or contributory, of any intellectual property rights, including, without limitation, patent, copyright, trademark, trade secret, right of publicity and proprietary information right (1) on or in any design, medium, matter, article, process, method, application, equipment, device, instrumentation, software, hardware, or firmware used by CONTRACTOR, or its SUBCONTRACTORS of any tier, in performing the work under this CONTRACT; or (2) as a result of the CITY'S actual or intended use of any Work Product furnished by CONTRACTOR, or its SUBCONTRACTORS of any tier, under the AGREEMENT. Rights and remedies available to the CITY under this provision are cumulative of those provided for elsewhere in this CONTRACT and those allowed under the laws of the United States, the State of California, and the CITY. The provisions of this article shall survive expiration or termination of this CONTRACT.

ARTICLE 16: INTELLECTUAL PROPERTY WARRANTY

The CONTRACTOR represents and warrants that its performance of all obligations under this CONTRACT do not infringe in any way, directly or contributorily, upon any third party's intellectual property rights, including, without limitation, patents, copyrights, trademarks, trade secrets, right of publicity and proprietary information.

ARTICLE 17: OWNERSHIP AND LICENSE

Unless otherwise provided for herein, all Work Products originated and prepared by CONTRACTOR or its SUBCONTRACTORS of any tier under this CONTRACT shall be and remain the exclusive property of the CITY for its use in any manner it deems appropriate. Work Products are all works, tangible or not, created under this CONTRACT including, without limitation, documents, material, data, reports, manuals, specifications, artwork, drawings, sketches, computer programs and databases, schematics, photographs, video and audiovisual recordings, sound recordings, marks, logos, graphic designs, notes, websites, domain names, inventions, processes, formulas matters and combinations thereof, and all forms of intellectual property. CONTRACTOR hereby assigns, and agrees to assign, all goodwill, copyright, trademark, patent, trade secret and all other intellectual property rights worldwide in any Work Products originated and prepared by CONTRACTOR under this CONTRACT. CONTRACTOR further agrees to execute any documents necessary for the CITY to perfect, memorialize, or record the CITY'S ownership of rights provided herein.

For all Work Products delivered to the CITY that are not originated or prepared by CONTRACTOR or its SUBCONTRACTORS of any tier under this CONTRACT, CONTRACTOR hereby grants a non-exclusive perpetual license to use such Work Products for any CITY purposes.

CONTRACTOR shall not provide or disclose any Work Product to any third party without prior written consent of the CITY.

Any subcontract entered into by CONTRACTOR relating to this CONTRACT, to the extent allowed hereunder, shall include a like provision for work to be performed under this CONTRACT to contractually bind or otherwise oblige its SUBCONTRACTORS performing

work under this CONTRACT such that the CITY'S ownership and license rights of all Work Products are preserved and protected as intended herein. Failure of CONTRACTOR to comply with this requirement or to obtain the compliance of its SUBCONTRACTORS with such obligations shall subject CONTRACTOR to the imposition of any and all sanctions allowed by law, including but not limited to termination of CONTRACTOR'S CONTRACT with the CITY.

ARTICLE 18: SUCCESSORS AND ASSIGNS

All of the terms, conditions, and provisions hereof shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns provided, however, that no assignment of the CONTRACT shall be made without written consent of the parties to this CONTRACT as required under the Article 27 PROHIBITION AGAINST ASSIGNMENT OR DELEGATION.

ARTICLE 19: CONTACT PERSON AND ADDRESSES NOTIFICATION

All notices shall be in writing and made by personal delivery, regular mail, or electronic transmission. Notices sent by regular mail should be registered or certified and sent to the designated contact person for each party addressed as follows:

To the CITY:

Contact Person:	Michael W. Lee, CITY PROJECT MANAGER
Address:	City of Los Angeles Sanitation (SRSSD) 1149 S. Broadway, Suite #500 Los Angeles, CA 90015 Tel. # (213) 485-3094 Email: michael.w.lee@lacity.org

To CONTRACTOR:

Contact Person: Todd Jones, CONTRACTOR PROJECT MANAGER
Address: City Fibers, Inc.
2500 Santa Fe Ave.
Los Angeles, CA 90058
Tel. # (323) 583-1013
Email: todd@cityfibers.com

ARTICLE 20: FORCE MAJEURE

In the event that performance on the part of any party hereto is delayed or suspended as a result of circumstances beyond the reasonable control and without the fault and negligence of said party, none of the parties shall incur any liability to the other parties as a result of such delay or suspension. Circumstances deemed to be beyond the control of the parties hereunder include, but are not limited to, acts of God or of the public enemy; insurrection; acts of the Federal Government or any unit of State or Local Government in either sovereign or contractual capacity; fires; floods; earthquakes; epidemics; quarantine restrictions; strikes; freight embargoes or delays in transportation, to the extent that they are not caused by the party's willful or negligent acts or omissions, and to the extent that they are beyond the party's reasonable control.

ARTICLE 21: SEVERABILITY

Should any portion of this CONTRACT be determined to be void or unenforceable, such shall be severed from the whole and the CONTRACT will continue as modified.

ARTICLE 22: DISPUTES

Should a dispute or controversy arise concerning provisions of this CONTRACT or the performance of work hereunder, the parties may elect to submit such to a court of competent jurisdiction.

ARTICLE 23: ENTIRE CONTRACT

This CONTRACT contains all of the agreements, representations, and understandings of the parties hereto and supersedes and/or incorporates any previous understandings, proposals, commitments, or agreements, whether oral or written, and may be modified or amended only as herein provided.

ARTICLE 24: APPLICABLE LAW, INTERPRETATION, AND ENFORCEMENT

Each party's performance hereunder shall comply with all APPLICABLE LAWS of the United States of America, the State of California, and the CITY, including but not limited to laws regarding health and safety, labor and employment, wage and hours and licensing laws which affect employees. This CONTRACT and its performance shall be enforced and interpreted under the laws of the State of California. All causes of action arising directly or indirectly from the business relationship evidenced by this CONTRACT must be filed in the appropriate state or federal court located in Los Angeles County, California, and each party agrees to be subject to the jurisdiction of the State of California regardless of their residence. CONTRACTOR shall comply with new, amended, or revised laws, regulations, and/or procedures that apply to the performance of this CONTRACT.

If any part, term or provision of this CONTRACT is held void, illegal, unenforceable, or in conflict with any law of a federal, state or local government having jurisdiction over this CONTRACT, the validity of the remaining parts, terms or provisions of the CONTRACT shall not be affected thereby.

ARTICLE 25: CURRENT LOS ANGELES CITY BUSINESS TAX REGISTRATION CERTIFICATE REQUIRED

If applicable, CONTRACTOR represents that it has obtained and presently holds the Business Tax Registration Certificate(s) required by the CITY'S Business Tax Ordinance, Section 21.00 *et seq.* of the Los Angeles Municipal Code. For the term covered by this CONTRACT, CONTRACTOR shall maintain, or obtain as necessary, all such Certificates required of it under the Business Tax Ordinance, and shall not allow any such Certificate to be revoked or suspended. Should any such certificate(s) become suspended or revoked, it is the CONTRACTOR'S responsibility to report the matter immediately to the CITY PROJECT MANAGER.

ARTICLE 26: WAIVER

A waiver of a default of any part, term, or provision of this CONTRACT shall not be construed as a waiver of any succeeding default or as a waiver of the part, term, or provision itself. A party's performance after the other party's default shall not be construed as a waiver of that default.

ARTICLE 27: PROHIBITION AGAINST ASSIGNMENT OR DELEGATION

CONTRACTOR may not, unless it has first obtained the written permission of the CITY:

- a) Assign or otherwise alienate any of its rights under this CONTRACT, including the right to payment; or
- b) Delegate, subcontract, or otherwise transfer any of its duties hereunder.

ARTICLE 28: PERMITS

The CONTRACTOR and its directors, officers, partners, agents, employees, and SUBCONTRACTORS, to the extent allowed hereunder, shall obtain and maintain all permits, licenses, certifications, and other documents necessary for the CONTRACTOR'S performance of the services hereunder and shall pay any fees required therefore. CONTRACTOR certifies to immediately notify the CITY of any suspension, termination, lapses, non-renewals, or restrictions of licenses, permits, certificates, or other documents.

ARTICLE 29: DISCOUNT

CONTRACTOR agrees to offer the CITY any discount terms that are offered to its best customers for the goods and services to be provided hereunder and apply such discounts to payments made under this CONTRACT which meet the discount terms.

ARTICLE 30: CLAIMS FOR LABOR AND MATERIALS

CONTRACTOR shall promptly pay when due all amounts payable for labor and materials furnished in the performance of this CONTRACT so as to prevent any lien or other claim under any provision of law from arising against any CITY property (including reports, documents, and other tangible or intangible matter produced by CONTRACTOR hereunder), against CONTRACTOR'S rights to payments hereunder, or against the CITY, and shall pay all amounts due under the Unemployment Insurance Act with respect to such labor.

ARTICLE 31: BREACH

Except for Force Majeure, if any party fails to perform, in whole or in part, any promise, covenant, or agreement set forth herein, or should any representation made by it be untrue, any

aggrieved party may avail itself of all rights and remedies, at law or equity, in the courts of law. Said rights and remedies are cumulative of those provided for herein except that in no event shall any party recover more than once, suffer a penalty or forfeiture, or be unjustly compensated.

ARTICLE 32: NON-DISCRIMINATION

Unless otherwise exempt, this CONTRACT is subject to the non-discrimination provisions in Sections 10.8 through 10.8.2 of the Los Angeles Administrative Code, as amended from time to time. The CONTRACTOR shall comply with the applicable non-discrimination and affirmative action provisions of the laws of the United States of America, the State of California, and the CITY. In performing this CONTRACT, CONTRACTOR shall not discriminate in its employment practices against any employee or applicant for employment because of such person's race, color, religion, national origin, ancestry, sex, sexual orientation, age, disability, domestic partner status, marital status or medical condition. Any subcontract entered into by CONTRACTOR, to the extent allowed hereunder, shall include a like provision for work to be performed under this CONTRACT.

Failure of CONTRACTOR to comply with this requirement or to obtain the compliance of its SUBCONTRACTORS with such obligations shall subject CONTRACTOR to the imposition of any and all sanctions allowed by law, including but not limited to, termination of CONTRACTOR'S CONTRACT with the CITY. Nothing contained in this CONTRACT shall be construed in any manner so as to require or permit any act which is prohibited by law.

ARTICLE 33: EQUAL EMPLOYMENT PRACTICES

Unless otherwise exempt, this CONTRACT is subject to the equal employment practices provisions in Section 10.8.3 of the Los Angeles Administrative Code, as amended from time to time.

- A. During the performance of this CONTRACT, CONTRACTOR agrees and represents that it will provide Equal Employment Practices and CONTRACTOR and each SUBCONTRACTOR hereunder will ensure that in his or her Employment Practices persons are employed and employees are treated equally and without regard to, or because of, race, color, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.
 - 1. This provision applies to work or service performed or materials manufactured or assembled in the United States.
 - 2. Nothing in this section shall require or prohibit the establishment of new classifications of employees in any given craft, work or service category.
 - 3. CONTRACTOR agrees to post a copy of Paragraph A hereof in conspicuous places at its place of business available to employees and applicants for employment.
- B. CONTRACTOR will, in all solicitations or advertisements for employees placed by or on behalf of CONTRACTOR, state that all qualified applicants will receive consideration for employment without regard to their race, color, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.
- C. At the request of the Awarding Authority or the Designated Administrative Agency (DAA - The Department of Public Works Office of Contract Compliance is the DAA.),

CONTRACTOR shall certify in the specified format that he or she has not discriminated in the performance of CITY contracts against any employee or applicant for employment on the basis or because of race, color, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status or medical condition.

- D. CONTRACTOR shall permit access to and may be required to provide certified copies of, all of his or her records pertaining to employment and to employment practices by the awarding authority or the DAA for the purpose of investigation to ascertain compliance with the Equal Employment Practices provisions of CITY contracts. Upon request, CONTRACTOR shall provide evidence that he or she has or will comply therewith.
- E. The failure of any Contractor to comply with the Equal Employment Practices provisions of this CONTRACT may be deemed to be a material breach of CITY contracts. The failure shall only be established upon a finding to that effect by the Awarding Authority, on the basis of its own investigation or that of the DAA. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard have been given to CONTRACTOR.
- F. Upon a finding duly made that CONTRACTOR has failed to comply with the Equal Employment Practices provisions of a CITY contract, the CONTRACT may be forthwith canceled, terminated or suspended, in whole or in part, by the Awarding Authority, and all monies due or to become due hereunder may be forwarded to, and retained by, the CITY. In addition thereto, the failure to comply may be the basis for a determination by the Awarding Authority or the DAA that said CONTRACTOR is a non-responsible bidder or proposer pursuant to the provisions of Section 10.40 of the City of Los Angeles Administrative Code, et seq. In the event of such a determination, CONTRACTOR shall

be disqualified from being awarded a contract with the CITY for a period of two (2) years, or until CONTRACTOR shall establish and carry out a program in conformance with the provisions hereof.

- G. Notwithstanding any other provision of this CONTRACT, the CITY shall have any and all other remedies at law or in equity for any breach hereof.
- H. The Board of Public Works shall promulgate rules and regulations through the DAA, and provide necessary forms and require language to the Awarding Authorities to be included in City Request for Bids or Requests for Proposal packages or in supplier registration requirements for the implementation of the Equal Employment Practices provisions of this CONTRACT, and such rules and regulations and forms shall, so far as practicable, be similar to those adopted in applicable Federal Executive Orders. No other rules, regulations or forms may be used by an Awarding Authority of the CITY to accomplish the contract compliance program.
- I. Nothing contained in this CONTRACT shall be construed in any manner so as to require or permit any act which is prohibited by law.
- J. By affixing its signature on a Contract that is subject to this article, the CONTRACTOR shall agree to adhere to the Equal Employment Practices specified herein during the performance or conduct of CITY Contracts.
- K. Equal Employment Practices shall, without limitation as to the subject or nature of employment activity, be concerned with such employment practices, including, but not limited to:
 - 1. Hiring practices;

2. Apprenticeships where such approved programs are functioning and other on-the-job training for non-apprenticeable occupations;
 3. Training and promotional opportunities; and
 4. Reasonable accommodations for persons with disabilities.
- L. All Contractors subject to the provisions of this section shall include a similar provision in all subcontracts awarded for work to be performed under the CONTRACT with the CITY, and shall impose the same obligations, including, but not limited to, filing and reporting obligations, on the SUBCONTRACTORS as are applicable to the CONTRACTOR. Subcontracts shall follow the same thresholds specified in Section 10.8.1.1. Failure of the CONTRACTOR to comply with this requirement or to obtain the compliance of its SUBCONTRACTORS with all such obligations shall subject the CONTRACTOR to the imposition of any and all sanctions allowed by law, including, but not limited to, termination of the CONTRACTOR'S CONTRACT with the CITY.

ARTICLE 34: AFFIRMATIVE ACTION PROGRAM

Unless otherwise exempt, this CONTRACT is subject to the affirmative action program provisions in Section 10.8.4 of the Los Angeles Administrative Code, as amended from time to time.

- A. During the performance of a CITY contract, CONTRACTOR certifies and represents that CONTRACTOR and each SUBCONTRACTOR hereunder will adhere to an Affirmative Action Program to ensure that in its employment practices, persons are employed and employees are treated equally and without regard to or because of race, color, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status, domestic partner status or medical condition.

1. This section applies to work or services performed or materials manufactured or assembled in the United States.
 2. Nothing in this section shall require or prohibit the establishment of new classifications of employees in any given craft, work or service category.
 3. CONTRACTOR shall post a copy of Paragraph A hereof in conspicuous places at its place of business available to employees and applicants for employment.
- B. CONTRACTOR will, in all solicitations or advertisements for employees placed, by or on behalf of, CONTRACTOR, state that all qualified applicants will receive consideration for employment without regard to their race, color, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status, domestic partner status or medical condition.
- C. At the request of the Awarding Authority or the DAA, CONTRACTOR shall certify on an electronic or hard copy form to be supplied, that CONTRACTOR has not discriminated in the performance of CITY contracts against any employee or applicant for employment on the basis or because of race, color, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status, domestic partner status or medical condition.
- D. CONTRACTOR shall permit access to and may be required to provide certified copies of all of its records pertaining to employment and to its employment practices by the Awarding Authority or the DAA, for the purpose of investigation to ascertain compliance with the Affirmative Action Program provisions of CITY contracts, and upon request, to provide evidence that it has or will comply therewith.

- E. The failure of any CONTRACTOR to comply with the Affirmative Action Program provisions of CITY contracts may be deemed to be a material breach of a CITY contract. The failure shall only be established upon a finding to that effect by the Awarding Authority, on the basis of its own investigation or that of the DAA. No such finding shall be made except upon a full and fair hearing after notice and an opportunity to be heard has been given to CONTRACTOR.
- F. Upon a finding duly made that CONTRACTOR has breached the Affirmative Action Program provisions of a CITY contract, the CONTRACT may be forthwith cancelled, terminated or suspended, in whole or in part, by the Awarding Authority, and all monies due or to become due hereunder may be forwarded to and retained by the CITY. In addition thereto, the breach may be the basis for a determination by the Awarding Authority or the Board of Public Works that the CONTRACTOR is a non-responsible bidder or proposer pursuant to the provisions of Section 10.40 of the City of Los Angeles Administrative Code, et seq. In the event of such determination, the CONTRACTOR shall be disqualified from being awarded a contract with the CITY for a period of two (2) years, or until he or she shall establish and carry out a program in conformance with the provisions hereof.
- G. In the event of a finding by the Fair Employment and Housing Commission of the State of California, or the Board of Public Works of the City of Los Angeles, or any court of competent jurisdiction, that CONTRACTOR has been guilty of willful violation of the California Fair Employment and Housing Act, or the Affirmative Action Program provisions of a CITY contract, there may be deducted from the amount payable to CONTRACTOR by the CITY under the contract, a penalty of ten dollars (\$10.00) for

each person for each calendar day on which the person was discriminated against in violation of the provisions of a CITY contract.

- H. Notwithstanding any other provisions of a CITY contract, the CITY shall have any and all other remedies at law or in equity for any breach hereof.
- I. The Public Works Board of Commissioners shall promulgate rules and regulations through the DAA and provide to the Awarding Authority electronic and hard copy forms for the implementation of the Affirmative Action Program provisions of CITY contracts, and rules and regulations and forms shall, so far as practicable, be similar to those adopted in applicable Federal Executive Orders. No other rules, regulations or forms may be used by an Awarding Authority of the CITY to accomplish this contract compliance program.
- J. Nothing contained in CITY contracts shall be construed in any manner so as to require or permit any act which is prohibited by law.
- K. By affixing its signature to a Contract that is subject to this article, the CONTRACTOR shall agree to adhere to the provisions in this article for the duration of the CONTRACT. The Awarding Authority may also require contractors and suppliers to take part in a pre-registration, pre-bid, pre-proposal, or pre-award conference in order to develop, improve or implement a qualifying Affirmative Action Plan.
 - 1. The CONTRACTOR certifies and agrees to immediately implement good faith effort measures to recruit and employ minority, women and other potential employees in a non-discriminatory manner including, but not limited to, the following actions as appropriate and available to the CONTRACTOR's field of work. The CONTRACTOR shall:

- (a) Recruit and make efforts to obtain employees through:
 - (i) Advertising employment opportunities in minority and other community news media or other publications.
 - (ii) Notifying minority, women and other community organizations of employment opportunities.
 - (iii) Maintaining contact with schools with diverse populations of students to notify them of employment opportunities.
 - (iv) Encouraging existing employees, including minorities and women, to refer their friends and relatives.
 - (v) Promoting after school and vacation employment opportunities for minority, women and other youth.
 - (vi) Validating all job specifications, selection requirements, tests, etc.
 - (vii) Maintaining a file of the names and addresses of each worker referred to the CONTRACTOR and what action was taken concerning the worker.
 - (viii) Notifying the appropriate Awarding Authority and the DAA in writing when a union, with whom the CONTRACTOR has a collective bargaining agreement, has failed to refer a minority, woman or other worker.
- (b) Continually evaluate personnel practices to assure that hiring, upgrading, promotions, transfers, demotions and layoffs are made in a non-discriminatory manner so as to achieve and maintain a diverse work force.

- (c) Utilize training programs and assist minority, women and other employees in locating, qualifying for and engaging in the training programs to enhance their skills and advancement.
- (d) Secure cooperation or compliance from the labor referral agency to the CONTRACTOR's contractual Affirmative Action Program obligations.
- (e) Establish a person at the management level of the CONTRACTOR to be the Equal Employment Practices officer. Such individual shall have the authority to disseminate and enforce the CONTRACTOR's Equal Employment and Affirmative Action Program policies.
- (f) Maintain records as are necessary to determine compliance with Equal Employment Practices and Affirmative Action Program obligations and make the records available to City, State and Federal authorities upon request.
- (g) Establish written company policies, rules and procedures which shall be encompassed in a company-wide Affirmative Action Program for all its operations and Contracts. The policies shall be provided to all employees, Subcontractors, vendors, unions and all others with whom the CONTRACTOR may become involved in fulfilling any of its Contracts.
- (h) Document its good faith efforts to correct any deficiencies when problems are experienced by the CONTRACTOR in complying with its obligations pursuant to this article. The CONTRACTOR shall state:
 - (i) What steps were taken, how and on what date.
 - (ii) To whom those efforts were directed.

- (iii) The responses received, from whom and when.
 - (iv) What other steps were taken or will be taken to comply and when.
 - (v) Why the CONTRACTOR has been or will be unable to comply.
- 2. Every contract of \$25,000 or more which may provide construction, demolition, renovation, conservation or major maintenance of any kind shall also comply with the requirements of Section [10.13](#) of the Los Angeles Administrative Code.
- L. The Affirmative Action Program required to be submitted hereunder and the pre-registration, pre-bid, pre-proposal or pre-award conference which may be required by the Awarding Authority shall, without limitation as to the subject or nature of employment activity, be concerned with such employment practices as:
 - 1. Apprenticeship where approved programs are functioning, and other on-the-job training for non-apprenticeable occupations;
 - 2. Classroom preparation for the job when not apprenticeable;
 - 3. Pre-apprenticeship education and preparation;
 - 4. Upgrading training and opportunities;
 - 5. Encouraging the use of Contractors, Subcontractors and suppliers of all racial and ethnic groups; provided, however, that any contract subject to this ordinance shall require the CONTRACTOR, SUBCONTRACTOR or supplier to provide not less than the prevailing wage, working conditions and practices generally observed in private industries in the CONTRACTOR's, SUBCONTRACTOR's or supplier's geographical area for such work;
 - 6. The entry of qualified women, minority and all other journeymen into the industry; and

7. The provision of needed supplies or job conditions to permit persons with disabilities to be employed, and minimize the impact of any disability.
- M. Any adjustments which may be made in the CONTRACTOR's work force to achieve the requirements of the CITY's Affirmative Action Program in purchasing and construction shall be accomplished by either an increase in the size of the work force or replacement of those employees who leave the work force by reason of resignation, retirement or death and not by termination, layoff, demotion or change in grade.
- N. This ordinance shall not confer upon the City of Los Angeles or any Agency, Board or Commission thereof any power not otherwise provided by law to determine the legality of any existing collective bargaining agreement and shall have application only to discriminatory employment practices by Contractors engaged in the performance of CITY Contracts.
- O. All Contractors subject to the provisions of this article shall include a similar provision in all subcontracts awarded for work to be performed under the CONTRACT with the CITY and shall impose the same obligations, including, but not limited to, filing and reporting obligations, on the SUBCONTRACTORS as are applicable to the CONTRACTOR. Failure of the CONTRACTOR to comply with this requirement or to obtain the compliance of its SUBCONTRACTORS with all such obligations shall subject the CONTRACTOR to the imposition of any and all sanctions allowed by law, including, but not limited to, termination of the CONTRACTOR's CONTRACT with the CITY.

ARTICLE 35: CHILD SUPPORT ASSIGNMENT ORDERS

This CONTRACT is subject to the Child Support Assignment Orders Ordinance, Section 10.10 of the Los Angeles Administrative Code, as amended from time to time. Pursuant to the Child

Support Assignment Orders Ordinance, CONTRACTOR will fully comply with all applicable State and Federal employment reporting requirements for CONTRACTOR'S employees. CONTRACTOR shall also certify (1) that the Principal Owner(s) of CONTRACTOR are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (2) that CONTRACTOR will fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with Section 5230, *et seq.* of the California Family Code; and (3) that CONTRACTOR will maintain such compliance throughout the term of this CONTRACT.

Pursuant to Section 10.10(b) of the Los Angeles Administrative Code, the failure of CONTRACTOR to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment Orders or Notices of Assignment, or the failure of any Principal Owner(s) of CONTRACTOR to comply with any Wage and Earnings Assignment Orders or Notices of Assignment applicable to them personally, shall constitute a default by the CONTRACTOR under this CONTRACT, subjecting this CONTRACT to termination if such default shall continue for more than ninety (90) days after notice of such default to CONTRACTOR by the CITY.

Any subcontract entered into by CONTRACTOR, to the extent allowed hereunder, shall include a like provision for work to be performed under this CONTRACT. Failure of CONTRACTOR to obtain compliance of its SUBCONTRACTORS shall constitute a default by CONTRACTOR under this CONTRACT, subjecting this CONTRACT to termination where such default shall continue for more than ninety (90) days after notice of such default to CONTRACTOR by the CITY.

CONTRACTOR certifies that, to the best of its knowledge, it is fully complying with the Earnings Assignment Orders of all employees, and is providing the names of all new employees to the New Hire Registry maintained by the Employment Development Department as set forth in Section 7110(b) of the California Public Contract Code.

ARTICLE 36: AMERICANS WITH DISABILITIES ACT

CONTRACTOR hereby certifies that it will comply with the Americans with Disabilities Act, 42 U.S.C. §§ 12101 *et seq.*, and its implementing regulations. CONTRACTOR will provide reasonable accommodations to allow qualified individuals with disabilities to have access to and to participate in its programs, services, and activities in accordance with the provisions of the Americans with Disabilities Act. CONTRACTOR will not discriminate against persons with disabilities nor against persons due to their relationship to or association with a person with a disability. Any subcontract entered into by CONTRACTOR, relating to this CONTRACT, to the extent allowed hereunder, shall be subject to the provisions of this paragraph.

ARTICLE 37: CONTRACTOR RESPONSIBILITY ORDINANCE

Unless otherwise exempt, this CONTRACT is subject to the provisions of the Contractor Responsibility Ordinance, Section 10.40 *et seq.*, of the Los Angeles Administrative Code, as amended from time to time, which requires CONTRACTOR to update its responses to the responsibility questionnaire within thirty (30) CALENDAR DAYS after any change to the responses previously provided if such change would affect CONTRACTOR'S fitness and ability to continue performing this CONTRACT.

In accordance with the provisions of the Contractor Responsibility Ordinance, by signing this CONTRACT, CONTRACTOR pledges, under penalty of perjury, to comply with all applicable

federal, state, and local laws in the performance of this CONTRACT, including but not limited to laws regarding health and safety, labor and employment, wages and hours, and licensing laws which affect employees. CONTRACTOR further agrees to: (1) notify the CITY within thirty (30) CALENDAR DAYS after receiving notification that any government agency has initiated an investigation which may result in a finding that CONTRACTOR is not in compliance with all applicable federal, state and local laws in performance of this CONTRACT; (2) notify the CITY within thirty (30) CALENDAR DAYS of all findings by a government agency or court of competent jurisdiction that CONTRACTOR has violated the provisions of Section 10.40.3(a) of the Contractor Responsibility Ordinance; (3) unless exempt, ensure that its SUBCONTRACTOR(S), as defined in the Contractor Responsibility Ordinance, submit a Pledge of Compliance to the CITY; and (4) unless exempt, ensure that its SUBCONTRACTOR(S), as defined in the Contractor Responsibility Ordinance, comply with the requirements of the Pledge of Compliance and the requirement to notify the CITY within thirty (30) CALENDAR DAYS after any government agency or court of competent jurisdiction has initiated an investigation or has found that the subcontractor has violated Section 10.40.3(a) of the Contractor Responsibility Ordinance in performance of the subcontract.

ARTICLE 38: LOS ANGELES BUSINESS INCLUSION PROGRAM

CONTRACTOR agrees and obligates itself to utilize the services of Minority, Women, Small, Emerging, Disabled Veteran and Other Business Enterprise (MBE/WBE/SBE/EBE/DVBE/OBE) firms on a level so designated in its proposal, if any. CONTRACTOR certifies that it has complied with Mayoral Executive Director 14 regarding the Outreach Program for Personal Services Contracts. CONTRACTOR shall not change any of these designated

SUBCONTRACTORS, nor shall CONTRACTOR reduce their level of effort, without prior written approval of the CITY, provided that such approval shall not be unreasonably withheld.

CONTRACTOR agrees and obligates itself to submit a signed MBE/WBE/SBE/EBE/DVBE/OBE Utilization Profile, provided herein as (Attachment B), for each invoice as described in Article 10, listing current MBE/WBE/SBE/EBE/DVBE/OBE amounts invoiced as part of the invoicing procedures.

ARTICLE 39: EQUAL BENEFITS ORDINANCE

Unless otherwise exempt, this CONTRACT is subject to the provisions of the Equal Benefits Ordinance (EBO), Section 10.8.2.1 of the Los Angeles Administrative Code, as amended from time to time.

- A. During the performance of the CONTRACT, CONTRACTOR certifies and represents that CONTRACTOR will comply with the EBO.
- B. The failure of CONTRACTOR to comply with the EBO will be deemed to be a material breach of this CONTRACT by the CITY.
- C. If CONTRACTOR fails to comply with the EBO the CITY may cancel, terminate, or suspend this CONTRACT, in whole or in part, and all monies due or to become due under this CONTRACT may be retained by the CITY. The CITY may also pursue any and all other remedies at law or in equity for any breach.
- D. Failure to comply with the EBO may be used as evidence against CONTRACTOR in actions taken pursuant to the provisions of Los Angeles Administrative Code Section 10.40 *et seq.*, Contractor Responsibility Ordinance.
- E. If the CITY'S Designated Administrative Agency determines that a CONTRACTOR has set up or used its contracting entity for the purpose of evading the intent of the EBO, the

CITY may terminate the CONTRACT. Violation of this provision may be used as evidence against CONTRACTOR in actions taken pursuant to the provisions of Los Angeles Administrative Code Section 10.40 *et seq.*, Contractor Responsibility Ordinance. The CONTRACTOR shall post the following statement in conspicuous places at its place of business available to employees and applicants for employment:

“During the performance of a Contract with the City of Los Angeles, the Contractor will provide equal benefits to its employees with spouses and its employees with domestic partners. Additional information about the City of Los Angeles’ Equal Benefits Ordinance may be obtained from the Department of Public Works, Office of Contract Compliance at (213) 847-2625.”

ARTICLE 40: SLAVERY DISCLOSURE ORDINANCE

Unless otherwise exempt in accordance with the provision of this Ordinance, this CONTRACT is subject to the Slavery Disclosure Ordinance, Section 10.41 of the Los Angeles Administrative Code, as may be amended from time to time, which is attached hereto as Attachment D and incorporated herein by this reference. CONTRACTOR certifies that it has complied with the applicable provisions of this Ordinance. Failure to fully and accurately complete the affidavit may result in termination of this CONTRACT.

ARTICLE 41: CONTRACTOR PERFORMANCE EVALUATION ORDINANCE

At the end of this CONTRACT, the CITY will conduct an evaluation of the CONTRACTOR’S performance. The CITY may also conduct evaluations of the CONTRACTOR’S performance during the term of the CONTRACT. As required by Section 10.39.2 of the Los Angeles Administrative Code, evaluations will be based on a number of criteria, including the quality of

work product or service performed, the timeliness of performance, financial issues, and the expertise of personnel that the CONTRACTOR assigns to the CONTRACT. A contractor who receives a “Marginal” or “Unsatisfactory” rating will be provided with a copy of the final CITY evaluation and allowed fourteen (14) CALENDAR DAYS to respond. The CITY will use the final CITY evaluation and any response from the CONTRACTOR to evaluate proposals and to conduct reference checks when awarding other services contracts.

ARTICLE 42: MUNICIPAL LOBBYING ORDINANCE

Any contractor for the CITY shall submit a certification, on a form prescribed by the City Ethics Commission, that the contractor acknowledges and agrees to comply with the disclosure requirements and prohibitions established in the Los Angeles Municipal Lobbying Ordinance, if the contractor qualifies as a lobbying entity under the Ordinance. The exemptions contained in Los Angeles Administrative Code Section 10.40.4 shall not apply to this subsection.

ARTICLE 43: FIRST SOURCE HIRING ORDINANCE

Unless otherwise exempt in accordance with the provisions of this Ordinance, this CONTRACT is subject to the applicable provisions of the First Source Hiring Ordinance (FSHO), Section 10.44 et seq. of the Los Angeles Administrative Code, as amended from time to time.

CONTRACTOR shall, prior to the execution of the CONTRACT, provide to the Designated Administrative Agency (DAA) a list of anticipated employment opportunities that CONTRACTOR estimate they will need to fill in order to perform the services under the CONTRACT. The Department of Public Works Office of Contract Compliance is the DAA.

CONTRACTOR further pledges that it will, during the term of the CONTRACT, shall a) At least seven (7) business days prior to making an announcement of a specific employment

opportunity, provide notifications of that employment opportunity to the Community Development Department (CDD), which will refer individuals for interview; b) Interview qualified individuals referred by CDD; and c) Prior to filling any employment opportunity, the CONTRACTOR shall inform the DAA of the names of the Referral Resources used, the names of the individuals they referred, the names of the referred individuals who the CONTRACTOR interviewed and the reasons why referred individuals were not hired.

Any Subcontract entered into by the CONTRACTOR relating to this AGREEMENT, to the extent allowed hereunder, shall be subject to the provisions of FSHO, and shall incorporate the FSHO.

CONTRACTOR shall comply with all rules, regulations and policies promulgated by the designated administrative agency, which may be amended from time to time. Where under the provisions of Section 10.44.13 of the Los Angeles Administrative Code the Designated Administrative Agency has determined that the CONTRACTOR intentionally violated or used hiring practices for the purpose of avoiding the article, the determination must be documented in the Awarding Authority's Contractor Evaluation, required under Los Angeles Administrative Code Section 10.39 et seq., and must be documented in each of the CONTRACTOR'S subsequent Contractor Responsibility Questionnaires submitted under Los Angeles Administrative Code Section 10.40 et seq. This measure does not limit the CITY'S authority to act under this article.

Under the provisions of Section 10.44.8 of the Los Angeles Administrative Code, the Awarding Authority shall, under appropriate circumstances, terminate this CONTRACT and otherwise pursue legal remedies that may be available if the Designated Administrative Agency determines that the subject CONTRACTOR has violated provisions of the FSHO.

**ARTICLE 44: COMPLIANCE WITH LOS ANGELES CITY CHARTER
SECTION 470(c)(12) FOR MEASURE
H/CONTRACTORCONTRIBUTIONS/FUNDRAISING**

The CONTRACTOR, Subcontractors, and their Principals are obligated to fully comply with City of Los Angeles Charter Section 470(c)(12) and related ordinances, regarding limitations on campaign contributions and fundraising for certain elected CITY officials or candidates for elected CITY office if the contract is valued at \$100,000 or more and requires approval of a CITY elected official. Additionally, CONTRACTOR is required to provide and update certain information to the CITY as specified by law. Any CONTRACTOR subject to Charter Section 470(c)(12), shall include the following notice in any contract with a subcontractor expected to receive at least \$100,000 for performance under this CONTRACT:

Notice Regarding Los Angeles Campaign Contribution and Fundraising Restrictions

As provided in Charter Section 470(c)(12) and related ordinances, you are subcontractor on City of Los Angeles contract #_____. Pursuant to City Charter Section 470(c)(12), subcontractor and its principals are prohibited from making campaign contributions and fundraising for certain elected City officials or candidates for elected City office for 12 months after the City contract is signed. Subcontractor is required to provide to contractor names and addresses of the subcontractor's principals and contact information and shall update that information if it changes during the 12 month time period. Subcontractor's information included must be provided to contractor within 5 business days. Failure to comply may result in termination of contract or any other available legal remedies includes fines. Information about the restrictions may be found at the City Ethics Commission's website at <http://ethics.lacity.org/> or by calling 213/978-1960.

CONTRACTOR, Subcontractors, and their Principals shall comply with these requirements and limitations. Violation of this provision shall entitle the CITY to terminate this CONTRACT and pursue any and all legal remedies that may be available.

ARTICLE 45: COMPLIANCE WITH THE IRAN CONTRATING ACT OF 2010

In accordance with California Public Contract Code Sections 2200-2208, all bidders submitting proposals for, entering into, or renewing contracts with the City of Los Angeles for goods and services estimated at \$1,000,000 or more are required to complete, sign, and submit the Iran Contracting Act of 2010 Compliance Affidavit.

IN WITNESS WHEREOF, The parties hereto subscribe the same in quintuplicate, and this CONTRACT is executed by the CITY, acting by and through it BOARD, and by City Fibers, Inc.

FOR THE CITY OF LOS ANGELES

APPROVED AND AGREED TO:

By: _____

Title: Commissioner, Board of Public Works

Date: _____

By: _____

Title: Commissioner, Board of Public Works

Date: _____

APPROVED AS TO FORM:

MICHAEL N. FEUER, City Attorney

BY: _____

Adena Hopenstand

Title: Deputy City Attorney

Date: _____

FOR CITY FIBERS, INC.

APPROVED AND AGREED TO:

By: _____

David Jones

Title: President

Date: _____

ATTEST:

HOLLY WOLCOTT, City Clerk

BY: _____

Deputy Clerk

Title: Deputy City Clerk

Date: _____

CONTRACT NO. C – [_____]

**AGREEMENT BETWEEN
THE CITY OF LOS ANGELES
AND
CITY FIBERS, INC.**

**FOR PROCESSING AND MARKETING OF RESIDENTIAL
RECYCLABLE MATERIALS FROM THE
NORTH CENTRAL WASTESHED**

City of Los Angeles
Department of Public Works
Los Angeles Sanitation

Enrique C. Zaldivar, Director
Alexander E. Helou, Assistant Director
Solid Resources Support Services Division
Robert Potter, Division Manager



AGREEMENT BETWEEN
THE CITY OF LOS ANGELES
AND
CITY FIBERS, INC.
FOR PROCESSING AND MARKETING OF RESIDENTIAL
RECYCLABLE MATERIALS FROM THE NORTH CENTRAL WASTESHED

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AGREEMENT BETWEEN
THE CITY OF LOS ANGELES
AND
CITY FIBERS, INC.
FOR PROCESSING AND MARKETING OF RESIDENTIAL RECYCLABLE MATERIALS
FROM THE NORTH CENTRAL WASTESHED

This AGREEMENT, made and entered into by and between the City of Los Angeles, a municipal corporation acting by order of and through its Board of Public Works, hereinafter called the "CITY", and City Fibers, Inc., hereinafter referred to as the "CONTRACTOR", is set forth as follows:

WITNESSETH

WHEREAS, Pursuant to the provisions of the California Integrated Solid Waste Management Act, the CITY was mandated and has diverted fifty percent (50%) of all solid waste from landfills by the year 2000; and

WHEREAS, The Mayor's sustainable CITY pLAN's goal is for the CITY to divert ninety percent (90%) of all solid waste from the landfills by the year 2025; and

WHEREAS, On July 24, 2013, the Board of Public Works authorized the Los Angeles Sanitation to distribute a Request for Proposals (RFP) for the Processing, Marketing, and Distribution of Residential Recyclable Materials from the East Valley, West Valley, North Central, and Harbor Wastesheds and to negotiate contracts with qualified proposers; and

WHEREAS, On November 5, 2013, the Los Angeles Sanitation received eleven (11) proposals in response to the RFP; and

WHEREAS, On May 4, 2016, the Board of Public Works authorized to award and execute the contracts for the Residential Recyclable Materials from the East Valley and Harbor Wastesheds; and

WHEREAS, City Fibers, Inc. (CONTRACTOR) was selected as the most qualified proposer for the North Central Wasteshed with the best experience and expertise to perform said services as determined by CITY staff based on the evaluation criteria set forth in the RFP; and

WHEREAS, The CITY plans to enter into a contract with the CONTRACTOR for a term of five (5) years; and

WHEREAS, The services to be provided by the CONTRACTOR are of an expert and technical nature; and

WHEREAS, The CONTRACTOR meets the Federal, State, and Local requirements to perform the scope of services required; and

WHEREAS, The CITY desires to retain the CONTRACTOR to provide the required services in connection with the CONTRACT as outlined herein;

NOW THEREFORE, In consideration of the foregoing and of the benefits which will accrue to the parties hereto in carrying out the terms and conditions of this AGREEMENT, it is understood and agreed by and between the parties hereto as follows:

ARTICLE 1: SECTION HEADINGS AND CONSTRUCTION OF PROVISIONS AND TITLES HEREIN

All titles, subtitles, and/or section headings appearing herein have been inserted for convenience and shall not be deemed to govern, limit, modify or in any manner affect the scope, meaning, intent or construction of any of the terms or provisions hereof. The language of this CONTRACT shall be construed according to its fair meaning and not strictly for or against the CITY or the CONTRACTOR. The singular shall include the plural; use of the feminine, masculine, or neuter genders shall be deemed to include the genders not used. The terms "include" and "including" do not exclude items not enumerated that are in the same general class.

ARTICLE 2: DEFINITIONS

It is understood that the following words and phrases are used herein; each shall have the meaning set forth opposite the same:

ACCEPTED

ACCEPT or other variation thereof; with respect to MATERIAL collected by the CITY, a load is ACCEPTED when it is deposited on the FACILITY'S tipping floor. At that point, ownership of the CITY-collected MATERIAL passes from the CITY to the CONTRACTOR.

AGREEMENT/CONTRACT

This contractual agreement between the CITY and City Fibers, Inc. for PROCESSING and MARKETING of residential RECYCLABLE

MATERIALS from the North Central WASTESHED.

APPLICABLE LAW

All statutes, rules, regulations, permits, orders, or requirements of the United States, State of California, CITY, County of Los Angeles, and all regional, county, and local government authorities and agencies having applicable jurisdiction, that apply to or govern the FACILITY, the site, or the performance of the CONTRACTOR'S and CITY'S respective obligations under this CONTRACT.

BOARD

Board of Public Works of the City of Los Angeles.

CALENDAR DAY

Each day beginning at 12:01 a.m. and ending twenty-four (24) hours thereafter at 12:00 midnight.

CALIFORNIA REFUND VALUE

Also referred to as CRV, payments made by CALRECYCLE.

CALRECYCLE

California Department of Resources Recycling and Recovery.

CERTIFIED WEIGH STATION

Weighing Station certified by the State of California Department of Food and Agriculture Division of Measurement Standards, the Los Angeles County Department of Weights and Measures as applicable, and/or any other applicable entity having jurisdiction.

CERTIFIED WEIGHT TICKETS

Weight tickets issued by a certified WEIGHMASTER from a CERTIFIED WEIGH STATION indicating the GROSS WEIGHT and TARE WEIGHT of the vehicle, or container, as well as the NET WEIGHT of the delivered MATERIAL.

CITY

The City of Los Angeles, Board of Public Works or its subordinate Bureaus. Depending on the context in which it is used, the term CITY may also refer to the geographic area known as the City of Los Angeles, the City Council, City of Los Angeles Recycling Wasteshed, other Departments of the City of Los Angeles, or any person employed by the City of Los Angeles who is authorized to represent

the City of Los Angeles in matters concerning this CONTRACT.

CITY DIVISION MANAGER

Manager of the LASAN's Solid Resources Support Services Division (SRSSD), or his designee, who is an alternate representative for all issues related to this CONTRACT in the case of unavailability of the CITY PROGRAM MANAGER.

CITY PROGRAM MANAGER

Assistant Manager of the LASAN'S SRSSD, or his designee, who is an alternate representative for all issues related to this CONTRACT in the case of unavailability of the CITY PROJECT MANAGER.

CITY PROJECT MANAGER

The CITY'S designated representative for all issues related to this CONTRACT.

COMMODITY

Each recyclable material sorted and recovered from the FACILITY that has a market for resale.

COMMODITY REPORT

Breakdown percentage of COMMODITIES namely: papers, plastics #1-7, metals, glass, etc. (Attachment M-2 Table 1).

CONTAMINATION	Any MATERIAL not listed on Attachment M-3 Table 1 to this CONTRACT.
CONTRACT	Synonymous with AGREEMENT.
CONTRACT DATE	The CONTRACT DATE is June 1, 2016.
CONTRACT PROJECT MANAGER	The CONTRACTOR'S designated representative for all issues related to this CONTRACT.
CONTRACT YEAR	The year beginning with the CONTRACT DATE or the anniversary of the CONTRACT DATE and ending on the CALENDAR DAY previous to the anniversary of the CONTRACT DATE.
CONTRACTOR	City Fibers, Inc.
CURBSIDE COLLECTION HOLIDAYS	New Year's Day, Independence Day, Labor Day, Thanksgiving, and Christmas Day.
EMERGENCY	Any natural or man-made disasters and other sudden unforeseen crisis that prevents the operation

and processing of the materials from the North Central WASTESHED.

EMERGENCY TASK

In the event of an EMERGENCY, the CONTRACTOR will accept and process recycling materials from the East Valley, West Valley, South Los Angeles, Western Los Angeles, and/or Harbor WASTESHED(S).

FACILITY

CONTRACTOR'S PROCESSING FACILITY is City Fibers, Inc., located at 2545 E. 24th Street, Los Angeles, CA 90058.

GROSS TON

Total weight in tons of MATERIAL, including both RECYCLABLES and CONTAMINATION, collected through the LASAN'S curbside blue-bin recycling program.

GROSS WEIGHT

The weight of the collection vehicle, or other container, including any loaded MATERIAL.

LASAN

The City of Los Angeles Sanitation.

MARKETING

MARKETING includes market research and advertising of COMMODITIES that are PROCESSED by the CONTRACTOR, and selling, shipping, invoicing and receiving payments of COMMODITIES from end-users.

MATERIAL

MATERIALS collected through the LASAN'S curbside blue-bin recycling program, including RECYCLABLES and CONTAMINATION, from the North Central WASTESHED.

MATERIAL RECOVERY FACILITY

CONTRACTOR'S MRF, also referred to as processing FACILITY, permitted by the State of California and/or Local Enforcement Agency (LEA).

MBE/WBE/SBE/EBE/DVB/OBE

Minority/Women/Small/Emerging/Disabled Veteran/Other Business Enterprises.

MINIMUM FLOOR VALUE

Also referred to as MFV. The minimal value per GROSS TON payable to CITY or paid by CITY based on the average market price for fibers.

NET WEIGHT

The difference between GROSS WEIGHT and TARE WEIGHT, resulting in the GROSS TONS of MATERIAL delivered.

OPERATING DAY

Any CALENDAR DAY for which the CONTRACTOR is obligated, pursuant to this CONTRACT, to open the FACILITY to receive MATERIAL collected by the CITY.

PERMITS

All federal, State of California, local or any other pertinent governmental unit, permits, orders, licenses, and approvals required by APPLICABLE LAW, including, but not limited to, the California Environmental Quality Act (CEQA), for the legal modification, operation, and maintenance of the FACILITY and equipment.

PROCESS

A process that includes receiving of the MATERIALS for the purpose of sorting, baling and storing by COMMODITY.

PROCESSING UNIT COST

Also referred to as PUC, includes all costs for PROCESSING and MARKETING at the FACILITY.

RECYCLABLES

Items including, but not limited to, CRV beverage containers, bimetal cans, glass containers, newspaper, mixed paper, cardboard, and any other types of materials which the CITY and CONTRACTOR mutually agreed to define as RECYCLABLES (Attachment M-3 Table 1).

SECONDARY FIBER PRICING

Also referred to as SFP. The pricing shall be determined from publishing market prices, namely: newspaper, mixed paper, and cardboard in Recycling Markets (Attachment M).

SUBCONTRACTOR

Any individual, vendor, or company having a contract with the CONTRACTOR to provide services, equipment, and/or material for this CONTRACT.

TARE WEIGHT

The weight of an empty collection vehicle, or other containers.

TON

2,000 pounds.

WASTE CHARACTERIZATION

A study conducted by the CONTRACTOR, which is observed and evaluated by CITY, to determine breakdown percentage of each COMMODITY in the recycling stream of the delivered MATERIAL

WASTESHED

Geographically designated eligible areas within the CITY limits, as defined by the CITY, generating post-consumer RECYCLABLE materials collected in residential curbside blue-bins issued by the CITY.

WEIGHMASTER

Any person licensed by the California Department of Food and Agriculture Division of Measurement Standards who weighs or measures GROSS WEIGHT, TARE WEIGHT and NET WEIGHT of the MATERIALS and issues an accurate weight statement as the basis for purchase of the MATERIALS.

WEIGHT TICKETS

WEIGHT TICKETS are issued by a licensed WEIGHMASTER indicating the GROSS WEIGHT, TARE WEIGHT, and NET WEIGHT of the delivered MATERIALS.

ARTICLE 3: SITE AND FACILITY DESCRIPTIONS

The CONTRACTOR represents and warrants that the descriptions of the FACILITY provided in Subarticles 3.1 and 3.2, hereof, are true and accurate.

3.1 SITE DESCRIPTION

The CONTRACTOR has proposed to utilize their Material Recovery Facility located at 2545 E. 24th Street, Los Angeles, CA 90058 for PROCESSING and MARKETING of North Central MATERIALS.

3.2 DESCRIPTION OF THE FACILITY

The FACILITY will provide a safe, congestion-free site for the tipping and PROCESSING of MATERIAL. Measures to achieve safe, efficient operation will include an electronic computerized CERTIFIED WEIGH STATION, paved tipping areas for unloading CITY MATERIALS, and a traffic flow pattern that provides minimal queuing time for CITY collection vehicles, as well as for minimal congestion. MATERIAL delivered to the FACILITY shall be PROCESSED through a mechanized segregation system capable of separating the RECYCLABLES into the distinct COMMODITY streams. The individual COMMODITY streams are consolidated by a baler or compactor to facilitate MARKETING. MATERIAL tonnage will be managed by means of a computerized WEIGHT TICKET reporting system.

ARTICLE 4: RESPONSIBILITIES OF AND SERVICES TO BE PERFORMED BY THE CONTRACTOR

4.1 ACCEPTANCE OF MATERIALS COLLECTED BY THE CITY

4.1.1 Hours of Operation

The CONTRACTOR shall ACCEPT deliveries of MATERIAL collected by the CITY at the FACILITY between the hours of 6:00 A.M. and 4:00 P.M., Monday through Friday. The CONTRACTOR shall not be responsible for ACCEPTING such deliveries on CURBSIDE COLLECTION HOLIDAYS, however, during the week in which a scheduled holiday occurs, the FACILITIES shall be operational to receive CITY trucks on the Saturday following the holiday between the hours of 6:00 A.M. and 2:30 P.M. However, CITY staff shall have the authority to modify the closing hours on the Saturday following the holiday, per written agreement between the CITY and CONTRACTOR.

4.1.2 Truck Turnaround Time and Queuing in the FACILITY

The FACILITY shall be of adequate size, layout, and design to safely and efficiently control the flow of vehicles and RECYCLABLE MATERIALS. The FACILITY shall be designed so that traffic flows smoothly and that offloading procedures take no longer than fifteen (15) minutes per vehicle. Total time between arrival and departure of collection vehicles shall take no longer than twenty (20) minutes per vehicle. To expedite turnaround time, the CONTRACTOR shall give preference to CITY vehicles over the vehicles of the CONTRACTOR'S other clients. Measures such as dedicated queuing lines or tipping floor space for CITY vehicles may be considered as provisions to

guarantee this preference. The CONTRACTOR shall use reasonable business efforts to ensure that the turnaround time for the CITY's vehicles delivering MATERIALS to the FACILITY is no longer than twenty (20) minutes.

4.2 STAFFING

The CONTRACTOR shall employ sufficient staff to operate, maintain, and manage the FACILITY and equipment in accordance with generally accepted practices of the waste management and recycling industries, and to perform its obligations under this CONTRACT, which shall include without limitation, weighing of trucks, monitoring loads, sorting RECYCLABLES from the ACCEPTED MATERIALS, operating and maintaining all equipment, machinery, buildings, and the FACILITY, and providing reasonable security.

4.3 WORKER'S SAFETY

The CITY and CONTRACTOR acknowledge the unpredictable nature of the collected and delivered MATERIALS. The CITY strongly recommends that the CONTRACTOR provide all of the necessary safety equipment, education and training, and any other necessary precautions to address any problems arising from any foreseeable accidents, or incidents due to the presence of dangerous and hazardous materials, which may be present in the delivered MATERIALS. The CONTRACTOR shall be responsible for following health and safety regulations as required by the Occupational Safety and Health Administration (OSHA), as well as any other APPLICABLE LAWS.

4.4 PERMITS

The CONTRACTOR shall comply at all times with all federal, state, and local laws, statutes, ordinances, rules, and regulations throughout the term of the CONTRACT. It

shall be the CONTRACTOR'S responsibility to determine which permits, clearances, certifications, licenses, and approvals are required. The CONTRACTOR shall bear the total cost of obtaining and/or renewing all required PERMITS and approvals.

The CONTRACTOR hereby represents that, as of the CONTRACT DATE, all PERMITS required to perform its obligations in accordance with this CONTRACT have been secured and are in full force and effect. The CONTRACTOR shall immediately notify the CITY in writing of any proposed or actual changes in or modifications of any PERMIT required under the terms of this CONTRACT and any and all renewals, updates, and modifications to any such PERMIT.

4.5 WEIGHING RECORDS

4.5.1 Measurement Device and Procedures

CONTRACTOR shall provide CERTIFIED WEIGHT TICKETS of the ACCEPTED MATERIAL delivered from each CITY collection vehicle to the FACILITY. The CERTIFIED WEIGHT TICKETS shall show the FACILITY's name, CITY's name and collection district, driver's name, collection vehicle number, recycling route number, GROSS WEIGHT, TARE WEIGHT, NET WEIGHT, date, time, and vehicle license plate number from each CITY collection vehicle. All CERTIFIED WEIGHT TICKETS shall be signed by the certified WEIGHMASTER, as well as the driver of the LASAN's collection vehicle. Omission of any of the required information shall result in the presumption that the vehicle in question contains six (6) GROSS TONS of ACCEPTED MATERIAL.

The CONTRACTOR shall provide and maintain documentation that the CERTIFIED WEIGH STATION is in full compliance with all PERMITS required under all applicable federal, state, and local laws. The CITY shall have the authority to verify the station's accuracy and its certification without prior notice.

4.5.2 Incapacitation of Weigh Station

To the extent practical, if the scales of the CERTIFIED WEIGH STATION are incapacitated, being tested, or cannot be used, the CONTRACTOR shall provide portable scales to be used in their place, until the permanent scales are operable. Pending installation of portable scales, any vehicle in question shall be deemed to contain six (6) GROSS TONS of ACCEPTED MATERIAL.

In addition, the CITY reserves the right to exercise, at its sole discretion, the option to deliver the collected MATERIAL, in part or in whole, to an alternate site. The CONTRACTOR shall be responsible for any performance damages associated with the delivery of CITY-collected MATERIAL to an alternate site, as described in Subarticle 4.9. It is the responsibility of the CONTRACTOR to minimize the time that the scales are out of service.

4.5.3 Weight Reports

Weight Reports contain the weights of all CITY MATERIAL delivered to the FACILITY for that month. Should the CONTRACTOR fail to submit timely and accurate Weight Reports to the CITY, the CONTRACTOR will be in default of this AGREEMENT.

4.5.4 Commodity Reports

The CONTRACTOR shall submit a COMMODITY REPORT on a monthly

basis, utilizing a CITY-developed Excel Spreadsheet (See Attachment M, Table 1). This report shall include a breakdown of the tonnage of each of the agreed RECYCLABLE MATERIALS from the ACCEPTED MATERIAL delivered by the CITY during the previous month. The breakdown shall be based upon the actual weight of RECYCLABLES and CONTAMINATION in TONS processed through the FACILITY.

4.5.5 CITY Representative to Monitor Compliance

The CITY reserves the right to oversee all recycling operations, and to inspect the CONTRACTOR'S equipment, FACILITIES, and financial and operational records as deemed necessary by the CITY PROJECT MANAGER. The CITY inspection staff shall have the right at any time (so long as it does not unduly disrupt the CONTRACTOR'S performance under this CONTRACT) to observe and inspect the operations of any, or all, FACILITIES used to perform the activities described by this CONTRACT in order to ensure that the CONTRACTOR is in compliance with all appropriate CONTRACT terms and conditions, as well as, any APPLICABLE LAWS. This Right of Inspection shall extend to all handling, transfer, disposal, or recycling/reuse FACILITIES contracted, or subcontracted, at any tier, pursuant to this AGREEMENT, at no cost to the CITY.

The CITY shall also have the right, at no cost to the CITY, and with at least forty-eight (48) hours prior written notice to the CONTRACTOR, to have its staff enter the FACILITY to observe operations and conduct tests, audits, WASTE CHARACTERIZATION studies, sorts, or other activities to verify the amount or

type of CONTAMINATION and/or RECYCLABLES being delivered to the FACILITY and sorted, transferred, or marketed by the CONTRACTOR.

4.6 RESPONSIBILITY TO MARKET MATERIAL

The CONTRACTOR shall make a good faith effort in expanding the stream of RECYCLABLES to include other commodities such as carpet, textile, old furniture, etc. as their markets become available. The CONTRACTOR agrees to sort, separate, and market all RECYCLABLES recovered at the FACILITY. No MATERIAL ACCEPTED from the CITY, except for CONTAMINATION, shall be sent to a landfill or otherwise disposed of without prior written authorization of the CITY.

4.7 AMBASSADOR PROGRAM

The Ambassador Program is an educational program with an objective to help educate the public to reduce contamination in the CITY's blue bin. The CONTRACTOR shall assist the CITY in supporting educational program activities relative to the curbside recycling program, a program with mutual benefit for both the CITY and the CONTRACTOR.

4.8 PERFORMANCE GUARANTEES

Upon execution of this CONTRACT, the CONTRACTOR must be ready to ACCEPT MATERIALS from the North Central WASTESHED. The CONTRACTOR shall make the following performance guarantees to the CITY and assume liability for all associated performance damages as set forth, including, but not limited to: costs including overtime, tipping fees, and lost revenue.

1. In the event that the FACILITY is unable to ACCEPT deliveries of the RECYCLABLE MATERIALS, the CONTRACTOR shall identify an alternate

delivery site and be liable to the CITY for any additional costs, including but not limited to: salaries, overhead, transportation, fuel, and tip fees, in addition to any damages incurred by the CITY in arranging for alternative processing.

2. CONTRACTOR shall guarantee ACCEPTANCE of all deliveries of CITY MATERIAL. In the event of wrongful rejection of CITY MATERIAL, the CONTRACTOR shall be liable to reimburse the CITY for any additional costs incurred by the CITY in making alternative arrangements for sale and/or processing of the MATERIALS, including both RECYCLABLES and CONTAMINATION.

4.9 PERFORMANCE DAMAGES

The CITY will be responsible for preparing and submitting to the CONTRACTOR, together with appropriate supporting documentation, claims for performance damages that arise from the inability of the CONTRACTOR to meet the requirements for acceptance of CITY-delivered MATERIALS. The CONTRACTOR shall be required to review such claims as they are received, and in the two (2) months following the receipt of the claims, apply the Performance Damage Credit, if agreed by both parties, to the aggregate amount of such claims, subject to the procedures for payment or crediting of disputed amounts (See Article 10). If the CONTRACTOR and the CITY do not mutually agree upon the submitted claims for performance damages, the CONTRACTOR must pay the full amount of the claim to the CITY and may avail itself to any remedy under the law.

Performance damages shall be the sum of the cost to the CITY for transportation of MATERIAL to an alternate MRF site as recommended by the CONTRACTOR.

Damages for the transportation and/or sale of CITY MATERIAL to an alternate MRF shall be the sum of: 1) the deficiency in revenue that would have been due to the CITY when the CONTRACTOR accepted and processed the MATERIAL at their original FACILITY; 2) all incremental labor, material, and overhead costs incurred by the CITY for transportation to the alternate MRF; and 3) all costs associated with disposal of CONTAMINATION as applicable. Hauling costs include, but are not limited to, transportation, fuel, labor, and overhead costs associated with the additional hauling distance. Disposal costs include, but are not limited to, disposal tip fees, special handling fees, and any additional transportation fees.

4.10 EMERGENCY TASK

In the event of an EMERGENCY, the CONTRACTOR shall receive, process, and market RECYCLABLE MATERIALS from the East Valley, West Valley, Western Los Angeles, South Los Angeles, and/or Harbor WASTESHEDS.

4.11 MAINTENANCE OF RECORDS

CONTRACTOR shall maintain all records, in their original form, pertaining to the performance of this CONTRACT, including records of financial transactions. These records shall be retained for a period of no less than four (4) years following final payment made by the CONTRACTOR hereunder or the expiration date of this CONTRACT, whichever occurs last. Said records shall be subject to examination and audit by authorized CITY personnel or by the CITY'S representative at any time during the term of this CONTRACT and within the four (4) years following final payment made by the CONTRACTOR hereunder or the expiration date of this CONTRACT, whichever occurs last. CONTRACTOR shall provide any reports requested by the CITY regarding

performance of this CONTRACT within thirty (30) business days of the request by the CITY. Any subcontract entered into by CONTRACTOR, as authorized under the terms of this CONTRACT, shall include a like provision for work to be performed under this CONTRACT.

ARTICLE 5: KEY CONTRACTOR PERSONNEL

- 5.1 CONTRACTOR designates the following person to represent CONTRACTOR in all matters pertaining to this AGREEMENT:

Todd Jones, General Manager

2500 Santa Fe Ave., Los Angeles, CA 90058

Tel: (323) 583-1013(Ext.271)/ E-mail: todd@cityfibers.com

The CONTRACTOR may designate another project manager and shall notify the CITY in writing, subject to CITY PROJECT MANAGER's approval.

- 5.2 CONTRACTOR agrees that personnel assigned to positions at the commencement of services under this AGREEMENT shall serve in these positions as long as required by the CONTRACT, and that CONTRACTOR shall not change personnel assigned to these positions without the prior written consent and approval of CITY'S PROJECT MANAGER, whose consent shall not be withheld unreasonably.
- 5.3 Unless otherwise provided or approved by the CITY, CONTRACTOR shall use its own employees to perform the services described in this CONTRACT. The CITY shall have the right to review and approve any personnel who are assigned to work under this CONTRACT. CONTRACTOR agrees to remove personnel from performing work under

this CONTRACT if requested to do so by the CITY within thirty (30) business days of the written request by the CITY.

- 5.4 CONTRACTOR shall not use subcontractors to assist in performance of this CONTRACT without the prior written approval of the CITY. If the CITY permits the use of subcontractors, CONTRACTOR shall remain responsible for performing all aspects of this CONTRACT. The CITY has the right to approve CONTRACTOR'S subcontractors, and the CITY reserves the right to request replacement of SUBCONTRACTORS. The CITY does not have any obligation to pay CONTRACTOR'S SUBCONTRACTORS, and nothing herein creates any privity of contract between the CITY and the SUBCONTRACTORS. The use of SUBCONTRACTORS shall be subject to written approval of the CITY, pursuant to the provisions of Article 9.

ARTICLE 6: RESPONSIBILITIES OF AND TASKS TO BE PERFORMED BY CITY

CITY designates Michael W. Lee, Acting Environmental Engineer, as its CITY PROJECT MANAGER to represent the CITY in all matters within the scope of the AGREEMENT relating to the conduct and approval of the work to be performed. The CITY designates Rowena Romano, Sr. Environmental Engineer, as the CITY PROGRAM MANAGER. The CITY also designates Robert Potter, Division Manager, as the CITY DIVISION MANAGER. Whenever the term "approval of CITY," "consult with CITY," "confer with CITY," or similar terms are used, they shall refer to the CITY PROJECT MANAGER. The CITY PROJECT MANAGER may designate either the CITY PROGRAM MANAGER or the CITY DIVISION MANAGER as an assistant to act in his stead. The CONTRACTOR will be notified in writing in such event. The

CITY PROJECT MANAGER'S authority shall extend to authorizing program modifications to this PROJECT, which are mutually agreed upon in writing, by the CITY and CONTRACTOR.

6.1 DELIVERY COMMITMENT OF TONNAGES BY THE CITY

The CITY shall collect MATERIALS from the CITY'S curbside recycling program within the boundaries of the North Central WASTESHED and deliver the MATERIALS to the FACILITY. However, the CITY makes no guarantee as to minimum tonnage of MATERIALS to be delivered to the CONTRACTOR. Further, the CITY makes no assurances regarding the consistency of the tonnage levels delivered, the composition of the RECYCLABLES, or the geographic boundaries of the WASTESHED.

6.2 NOTICE OF CHANGE IN COLLECTION

The CITY shall provide the CONTRACTOR with at least two (2) weeks advance written notice of any long-term changes that the CITY plans to implement in:

- (a) Collection routes within the collection areas being served by the FACILITY;
- (b) The collection areas to be served by the FACILITY;
- (c) Collection schedules; or
- (d) Modifications to the collection vehicle fleet.

If the timing of such planned changes precludes the CITY from providing such advanced notice to the CONTRACTOR, the CITY shall use reasonable efforts to provide such notice within two (2) OPERATING DAYS of the CITY'S decision to make such changes.

This paragraph shall not be construed to limit, in any way, the CITY'S right, in its sole discretion, to implement such changes, provided, such changes do not alter the CITY'S aforesaid obligation to deliver MATERIALS in accordance with Subarticle 6.1 herein. Furthermore, the CITY shall have no obligation to notify the CONTRACTOR of day-to-day operating decisions or CITY responses to unforeseen events that may affect (a) through (d) above in this subarticle.

6.3 CITY COLLECTION VEHICLES

The CITY shall deliver MATERIALS collected by the CITY in clearly identified CITY collection vehicles. Each vehicle shall have its identification number clearly marked and visible to the CERTIFIED WEIGH STATION operator. The CONTRACTOR, or the CITY, in their respective reasonable discretion, may require the periodic revalidation of the TARE WEIGHT of any CITY vehicle. The CITY reserves the right to modify its collection vehicle fleet as it deems necessary.

6.4 TITLE TO MATERIALS COLLECTED BY THE CITY

Title to all RECYCLABLES, as well as any RESIDUE, collected by the CITY shall transfer to the CONTRACTOR upon ACCEPTANCE of the MATERIAL by the CONTRACTOR at the FACILITY.

6.5 AMBASSADOR PROGRAM

The MATERIAL collected by the CITY is expected to contain RECYCLABLES and CONTAMINATION. LASAN will launch an Ambassador Program to educate the public on various types of different materials that should be placed in each appropriate bin. The goal of the program is to reduce CONTAMINATION and increase recycling. The Ambassador Program will include public education and community outreach.

6.6 WASTE CHARACTERIZATION STUDIES

The CITY shall have the authority to evaluate the delivered MATERIAL through the CONTRACTOR'S performance of WASTE CHARACTERIZATION studies. All WASTE CHARACTERIZATION studies, both primary and, if necessary secondary studies, shall be conducted by the CONTRACTOR at the CONTRACTOR'S sole expense. The CITY will observe and validate the WASTE CHARACTERIZATION study process. These studies shall be conducted quarterly and shall be scheduled periodically, at three (3) month intervals, date and methodology agreed upon by the CITY PROJECT MANAGER and the CONTRACTOR. The information will be used to track the characteristics of the MATERIAL being delivered for:

- (a) Determining the composition of the MATERIALS, and
- (b) Evaluating the overall efficiency of the recycling program.

A. If WASTE CHARACTERIZATION studies result with any of the COMMODITIES or CONTAMINATION having a difference of five percent (5%) or more compared to the previous quarter and/or the same quarter of the previous year, the CONTRACTOR shall agree to a second WASTE CHARACTERIZATION study.

B. If the second WASTE CHARACTERIZATION study is consistent with the first WASTE CHARACTERIZATION results that any of the COMMODITIES or CONTAMINATION having a difference of five percent (5%) or less, the CONTRACTOR shall agree to use the results from the first WASTE CHARACTERIZATION.

- C. If the second WASTE CHARACTERIZATION study is consistent with the previous quarter and/or the same quarter of the previous year, the CONTRACTOR shall agree to use the results from the second WASTE CHARACTERIZATION.
- D. If the second WASTE CHARACTERIZATION results differ by five percent (5%) compared to the previous quarter and/or the same quarter of the previous year, then the CONTRACTOR shall agree to use the results from the same quarter of the previous year of WASTE CHARACTERIZATION.

WASTE CHARACTERIZATION study can be rescheduled or canceled if the CONTRACTOR has critical FACILITY issues such that the CONTRACTOR cannot conduct the study on a scheduled week. Such request must be submitted in writing to CITY PROJECT MANAGER at least two (2) weeks prior to the scheduled WASTE CHARACTERIZATION week. However, the cancellation of the WASTE CHARACTERIZATION cannot be canceled more than once during one (1) calendar year and cancellation request will not be granted during the first CONTRACT year of the AGREEMENT. When a WASTE CHARACTERIZATION is granted a cancellation, WASTE CHARACTERIZATION data acquired from the prior year's quarter will be used to determine the composition of the MATERIALS.

ARTICLE 7: TERM OF CONTRACT AND TIME OF EFFECTIVENESS

The term of this CONTRACT shall be for five (5) years, and shall begin on June 1, 2016, unless terminated as provided under Article 8 Termination hereof.

The CITY may elect to extend the AGREEMENT on a month-to-month basis for a maximum of six (6) months, during which period the CITY and the CONTRACTOR shall continue performance under the terms of this AGREEMENT. The CITY may extend the AGREEMENT on a month-to-month basis prior to the end of the initial five (5) year term by providing the CONTRACTOR written notice at least ninety (90) CALENDAR DAYS prior to expiration of the AGREEMENT. During such period of month-to-month operation, if the CITY decides to terminate the relationship, the CONTRACTOR shall be obligated to continue performance for at least sixty (60) CALENDAR DAYS after written notice from the CITY.

The date of full execution is deemed to be the date when all the following events have occurred:

- This AGREEMENT has been signed on behalf of CONTRACTOR by the person or persons authorized to bind CONTRACTOR hereto;
- This AGREEMENT has been approved by the City Council or by the Board, officer or employee authorized to give such approval;
- The Office of the City Attorney has indicated in writing its approval of this AGREEMENT as to form; and
- This AGREEMENT has been signed on behalf of the CITY by the person designated by the City Council, or by the Board, officer or employee authorized to enter into this AGREEMENT.

ARTICLE 8: TERMINATION

- 8.1 This AGREEMENT may be terminated in whole or in part in writing by either party in the event of substantial failure by the other party to fulfill its obligations under this AGREEMENT through no fault of the terminating party, provided that no termination may be effected unless the other party is given (1) not less than ten (10) CALENDAR

DAYS' written notice (delivered by certified mail, return receipt requested) of intent to terminate, and (2) an opportunity for consultation with the terminating party prior to termination.

- 8.2 This AGREEMENT may be terminated in whole or in part in writing by the CITY for its convenience, provided that the CONTRACTOR is given not less than thirty (30) CALENDAR DAYS' written notice (delivered by certified mail, return receipt requested) of intent to terminate. Upon receipt of said written notice, CONTRACTOR shall immediately take action not to incur any additional obligations, cost or expense, except as may be reasonably necessary to terminate its activities.
- 8.3 This AGREEMENT may be immediately terminated in writing by the CITY if (1) a federal or state proceeding for relief of debtors is undertaken by or against CONTRACTOR, or if CONTRACTOR makes an assignment for the benefit of creditors or (2) CONTRACTOR engages in any dishonest conduct related to the performance or administration of this AGREEMENT or violates the CITY's lobbying policies.
- 8.4 If termination for default is effected by the CITY, an equitable adjustment in the price provided for in this AGREEMENT shall be made, but (1) no amount shall be allowed for anticipated profit on unperformed services or other work, and (2) any payment due the CONTRACTOR at the time of termination may be adjusted to cover any additional costs to the CITY because of the CONTRACTOR'S default.

If termination for default is effected by the CONTRACTOR or if termination for convenience is effected by the CITY, the equitable adjustment shall include a reasonable profit for services or other work performed. The equitable adjustment for any termination shall provide for payment to the CONTRACTOR for services rendered and

expenses incurred prior to the termination, excluding attorney's fees, in addition to termination settlement costs reasonably incurred by the CONTRACTOR relating to written contracts that were executed prior to the termination. Thereafter, CONTRACTOR shall have no further claims against the CITY under this AGREEMENT.

- 8.5 Upon receipt of a termination action under Articles 8.1, 8.2 or 8.3 above, the CONTRACTOR shall (1) promptly discontinue all affected work (unless the notice directs otherwise), and (2) deliver or otherwise make available to the CITY within thirty (30) business days of said termination action all finished or unfinished documents and materials produced or procured under this CONTRACT, including all intellectual property rights thereto, which shall become CITY property upon date of such termination. CONTRACTOR agrees to execute any documents necessary for the CITY to perfect, memorialize, or record the CITY'S ownership of rights provided herein within thirty (30) business days of said termination.
- 8.6 Upon termination under Articles 8.1, 8.2 or 8.3 above, the CITY may take over the work and may award another party an AGREEMENT to complete the work under this AGREEMENT.
- 8.7 If, after the termination for failure of the CONTRACTOR to fulfill contractual obligations, it is determined that the CONTRACTOR had not failed to fulfill contractual obligations, the termination shall be deemed to have been for the convenience of the CITY. In such event, adjustment of the AGREEMENT price shall be made as provided in Article 8.4 of this article.

8.8 The rights and remedies of the CITY provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law or under this AGREEMENT.

ARTICLE 9: SUBCONTRACT APPROVAL

All subcontracts in excess of \$10,000 shall require the prior approval of the CITY. A copy of all subcontracts shall be submitted to the CITY PROJECT MANAGER showing the SUBCONTRACTOR'S name and dollar amount of each subcontract. Wholly-owned subsidiaries of the CONTRACTOR shall not be considered subcontractors. CONTRACTOR shall not substitute SUBCONTRACTORS listed in this AGREEMENT without the prior written approval of the CITY. CONTRACTOR shall not add subcontractors to assist in the performance of this AGREEMENT without the prior written approval of the CITY. If the CITY permits the use of subcontractors, CONTRACTOR shall remain responsible for performing all aspects of this CONTRACT. The CITY has the right to approve CONTRACTOR'S SUBCONTRACTORS, and the CITY reserves the right to request replacement of SUBCONTRACTORS. The CITY does not have any obligation to pay CONTRACTOR'S SUBCONTRACTORS, and nothing herein creates any privity of contract between the CITY and the SUBCONTRACTORS.

ARTICLE 10: COMPENSATION, INVOICING, AND PAYMENT

10.1 MONTHLY DUE AMOUNT CALCULATION

The CONTRACTOR shall agree to the following conditions and items described below as part of the compensation process.

The MINIMUM FLOOR VALUE (MFV) shall be based on the Average Market Prices of Fibers (newspaper, mixed-paper, and cardboard). Monthly due amount shall be calculated using the Table 1 and the equation 10.1 below.

$$\text{Monthly due amount} = \text{MFV} \times \text{GROSS TONS} \quad (\text{Equation 10.1})$$

Table 1: Minimum Floor Value Table

Average Market Price of Fibers (\$/ton)	MFV (\$/Gton)
< 49.99	(\$39)
50-69.99	(\$29)
70-89.99	(\$21.50)
90-109.99	(\$9)
110-119.99	\$0
120-129.99	\$11
130-149.99	\$21
> 150	\$31

The Average Market Price of Fibers is calculated by (1) calculating the quarterly average regional market price for each of the fibers namely: newspaper, mixed-paper, and cardboard, (2) summing the quarterly average regional market price of each fiber, and (3) dividing the sum by three (3). Then, use Table 1 above to identify the corresponding MFV (\$/Gton) and use the Equation 10.1 to calculate the Monthly Due Amount. The determined MFV shall be effective for the subsequent quarter. The market price of each fiber paper COMMODITY shall be based on the published regional prices from *Recycling Markets* (<http://www.recyclingmarkets.net>), Secondary Fibers Pricing (SFP), Southwest Region.

10.2 COMPENSATION, DISCOUNTS, AND SUBMISSION

The CITY shall compensate the CONTRACTOR for the services performed as described

in Article 4 herein. The CITY shall compensate the CONTRACTOR on a cost-per-gross ton basis, which shall be the sole compensation paid to the CONTRACTOR (refer to the Table 1 in Article 10.1).

The CONTRACTOR agrees that the cost-per-gross ton is all inclusive, and includes but is not limited to, all of the PROCESSING, administration, labor, transportation, equipment, utility, capital costs, insurance, MARKETING, permit fees, profits and any and all other costs of the CONTRACT. CONTAMINATION removal tonnages shall be based on actual tonnages delivered and shall be verified by the WASTE CHARACTERIZATION studies performed pursuant to Article 6.6.

The CITY shall apply a discount of two percent (2%) from the gross invoiced amount for all payments made within 30 CALENDAR DAYS of the complete invoice submittal date. A submitted invoice shall be deemed complete when the following documentation has been received and verified:

- 1) Invoice (Article 10.5, and Attachment M-2 – Example 2).
- 2) Schedule B (Article 10.6).
- 3) CITY-developed Excel spreadsheet for Monthly COMMODITY REPORT (Subarticle 4.5.4 and Attachment M-2, Table 1).
- 4) CERTIFIED WEIGHT TICKET summary showing one total weight in each day for the corresponding month (Subarticle 4.5.3).
- 5) CERTIFIED WEIGHT TICKETS summary showing FACILITY'S name, CITY'S name, collection route number, driver's name, collection vehicle number, GROSS WEIGHT, TARE WEIGHT, NET WEIGHT, date, and time from each CITY collection vehicle (Subarticle 4.5.1).

6) Copy of DR-6 form submitted to CALRECYCLE (Article 10.11).

10.3 MONTHLY DUE AMOUNT CALCULATION

The CONTRACTOR agrees that the monthly due amount for all services provided in this AGREEMENT shall be calculated based on the monthly MATERIAL tonnage received by the CONTRACTOR at the CONTRACTOR'S PROCESSING FACILITY as follows:

$$\text{Monthly due amount} = \text{MFV} \times \text{GROSS TONS} \quad (\text{Equation 10.1})$$

MFV = Minimum Floor Value calculated per the Article 10.1.

GROSS TONS = The total GROSS TONS of MATERIALS received by the CONTRACTOR'S PROCESSING FACILITY.

10.4 CONTAMINATION

It is the CITY'S objective that the overall level of CONTAMINATION remaining after PROCESSING the ACCEPTED MATERIAL be minimized. While the CITY attempts to avoid collection of CONTAMINATION in the collection vehicle, it is inevitable that some non-acceptable MATERIALS will be delivered to the MRF. However, the design and operation of the processing system at the MRF should be efficient to the degree that it segregates and removes the CONTAMINATION from the MATERIALS.

CONTAMINATION that requires management as a solid waste must be transported by the CONTRACTOR to a landfill or other acceptable solid waste facility at no cost to the CITY, as defined in Section 40194 of the California Public Resources Code, for disposal. The CITY shall pay disposal cost for the CONTAMINATION delivered within the ACCEPTED MATERIALS.

The CONTRACTOR shall pay 10% of the tip fee for CONTAMINATION when the Average Market Price of Fibers is greater than \$110 per ton. The CONTRACTOR shall provide transportation of CONTAMINATION to a permitted solid waste disposal site at no cost to the CITY. If the CONTAMINATION in the MATERIALS exceeds forty percent (40%) based on the quarterly WASTE CHARACTERIZATION (see Article 6.6), the CONTRACTOR may submit a request per Article 10.14.

10.5 MONTHLY INVOICE

The CONTRACTOR shall submit to CITY an original and one copy of each invoice, for services rendered with the first calendar month following the CONTRACT DATE, and on a monthly basis thereafter, within the thirty (30) CALENDAR DAYS in the subsequent month. Invoices shall be supported by WEIGHT TICKETS data and all other documents as required in the Article 10.2.

10.6 SUBCONTRACTOR UTILIZATION REPORT (SCHEDULE B)

A Subcontractor Utilization Report (Schedule B) listing subcontractors, monthly amounts invoiced by each subcontractor, and invoiced amounts paid to date to each firm by the CONTRACTOR, shall be submitted as part of the monthly invoice.

CONTRACTOR must provide an explanation for any item that falls short of the planned utilization with specific plans and recommendations for recovering any shortfalls in utilization. No such invoices shall be paid without the Subcontractor Utilization Report (Schedule B). All invoices shall be subject to audit for a period of four (4) years from the termination of this AGREEMENT.

10.7 DAYS TO REVIEW INVOICE

The CITY shall review the CONTRACTOR'S invoice(s) and notify the CONTRACTOR

in writing of exceptions or any disputed tonnage within 60 CALENDAR DAYS of receipt. The CONTRACTOR is given 60 CALENDAR DAYS to resubmit a corrected invoice. The total invoice amount less any exceptions or disputed tonnage shall be considered approved for payment by the CITY. The CITY shall pay the CONTRACTOR all amounts approved for payment in a timely manner after the CITY PROJECT MANAGER receives the CONTRACTOR'S invoice.

10.8 INVOICE AND COMMUNICATION EXPENSE

The CITY will not pay for CONTRACTOR'S nor subcontractor's personnel for invoice preparation. The CITY will not pay for CONTRACTOR'S nor subcontractor's communication expenses and computer time charges.

10.9 ADDRESS TO SUBMIT INVOICES

Invoices shall be submitted to:

City of Los Angeles, LA Sanitation
Solid Resources Support Services Division
1149 South Broadway, Suite 500
Los Angeles, CA 90015
Attn: MRF PROJECT MANAGER

10.10 DUE DATE

The CITY shall not be responsible for the payment of invoices or supplemental invoices submitted to the CITY more than 60 CALENDAR DAYS after the date of service.

10.11 CALRECYCLE

The weights of CRV eligible CITY-delivered MATERIALS are submitted to CALRECYCLE using DR-6 Forms and CRV payments are made by CALRECYCLE to

the CONTRACTOR. CITY-delivered CRV eligible MATERIALS including, but are not limited to, beverage containers made of Polyethylene Terephthalate (PET), High Density Polyethylene (HDPE), aluminum, and color sorted glass and mixed glass. The CONTRACTOR, as a state certified recycling center or processor, shall be entitled to retain all Processing Fees, Administrative Fees, and any other processor's payments to which it is legally entitled under state law and regulation.

10.12 WASTE CHARACTERIZATION

The CONTRACTOR shall perform a quarterly WASTE CHARACTERIZATION study as described in Article 6.6 at no cost to the CITY. This WASTE CHARACTERIZATION will be used to verify the CONTRACTOR'S Monthly COMMODITY REPORT.

10.13 RATIFICATION

Costs incurred by the CONTRACTOR prior to the actual date of full execution of this AGREEMENT shall only be payable to CONTRACTOR if said costs were incurred in completing any task specifically authorized by this AGREEMENT and said costs are reviewed and approved by the CITY and said approval for payment occurs after this AGREEMENT is fully executed.

10.14 SUBSTANTIAL COST

Should the CONTRACTOR experience substantial increased costs associated with the services it is providing pursuant to this AGREEMENT, which are outside its control, the CONTRACTOR may request an increase in the cost-per-gross ton paid by the CITY based on cost substantiation. The CONTRACTOR agrees to provide the CITY with substantiated written documentation supporting its request for any increase in the cost-per-gross ton to the CITY. The CITY shall have the right to review the documentation

and, in the CITY'S sole discretion, either agree to pay the requested increase, a different negotiated amount, or deny the CONTRACTOR'S request. Examples of increased costs outside of the CONTRACTOR'S control include, but are not limited to, changes in regulatory requirement (i.e., increased PROCESSING cost to remove universal wastes like batteries that is banned from the waste-stream). Any increase granted by the CITY shall be retroactive to the effective date of the increased cost upon a verifiable submission provided by the CONTRACTOR.

10.15 CITY'S OBLIGATION

The CITY'S obligation to provide compensation to the CONTRACTOR under this AGREEMENT shall only be to the extent of the CITY appropriation to fund this AGREEMENT. No action, statement or omission of any officer, agent or employee of the CITY shall impose any obligation upon the CITY, such officer, agent or employee of the CITY, except to the extent the CITY has appropriated funds and otherwise in accordance with the terms of this AGREEMENT. No work shall create an immediate indebtedness nor shall indebtedness arise against the CITY for said work until and unless there is an appropriation of funds to pay for said work. However, if CITY shall appropriate funds for any successive fiscal years, CITY's obligations shall be extended to the extent of such appropriation subject to the terms and conditions of this AGREEMENT.

10.16 COST CEILING

The cost ceiling for this CONTRACT is in the amount of \$3,816,250 for the entire five (5) year term of the CONTRACT.

10.17 PAYMENT BY THE CONTRACTOR

The CONTRACTOR shall pay the CITY according to the Table 1 (Article 10.1) when

the MFV is above \$0 (See Attachment M-2 – Example 1). See Attachment M-4 for payment schedule and payment due dates, applicable fees, and related interest rates. The CITY shall have twenty (20) OPERATING DAYS from receipt and verification of the completeness of the statement to review and agree upon the CONTRACTOR’S payment. In the event of an amount dispute for ACCEPTED MATERIAL, the CITY and the CONTRACTOR shall analyze the payment information and resolve within the twenty (20) OPERATING DAYS of the verification process. The disputed amount shall be resolved within ten (10) OPERATING DAYS after the verification process, which may include accrued interest and/or penalties.

10.18 MONTHLY PACKAGE (PAYMENT BY THE CONTRACTOR)

The following shall be enclosed with each monthly package:

- 1) Total Monthly Due Amount (Article 10.3 and Attachment M-2 - Example 1).
- 2) CONTRACTOR issued payment check reflecting the Monthly Due Amount from Article 10.3.
- 3) Schedule B (Article 10.6)
- 4) CITY-developed Excel spreadsheet for Monthly COMMODITY REPORT (Subarticle 4.5.4, and Attachment M-2, Table 1)
- 5) CERTIFIED WEIGHT TICKET summary showing one total weight in each day for the corresponding month (Subarticle 4.5.3).
- 6) CERTIFIED WEIGHT TICKETS summary showing FACILITY’S name, CITY’S name, collection route number, driver’s name, collection vehicle number, GROSS WEIGHT, TARE WEIGHT, NET WEIGHT, date, and time from each CITY collection vehicle (Subarticle 4.5.1).

7) Copy of DR-6 form submitted to CALRECYCLE (Article 10.11).

The CONTRACTOR shall prepare and submit, on a monthly basis, an itemized statement indicating the amount payable to the CITY for the ACCEPTED MATERIALS of the corresponding month. All statements shall be submitted to:

City of Los Angeles-LASAN/SRSS

1149 South Broadway, 5th Floor

Los Angeles, CA 90015

Attention: MRF CITY PROJECT MANAGER

10.19 RIGHT OF THE CITY TO AUDIT

Upon request, the CONTRACTOR shall provide documentation on commodities sales, shipping reports, payments, CERTIFIED WEIGHT TICKETS, and any other documents that can assist the CITY PROJECT MANAGER during an audit. The requested documentation shall be provided within fourteen (14) CALENDAR DAYS of a request by the CITY. Also, in addition to the above noted documentation, any other information requested shall be made available for audit by the CITY or designated representatives on behalf of the CITY. The CITY reserves the right to audit the above stated records for four (4) years after the end of the term of this CONTRACT. The CONTRACTOR is required to retain all records stated for the same four-year period after CONTRACT expires.

10.20 EMERGENCY TASK COMPENSATION

Compensation to the CITY for the MATERIAL received by the CONTRACTOR as result of an EMERGENCY shall be determined under the mutual agreement.

In the event the EMERGENCY period extends beyond three (3) months, a follow-up composition survey shall be conducted. If necessary, additional quarterly composition studies of the diverted MATERIAL shall be conducted until the EMERGENCY period no longer exists or the CITY so chooses to divert the MATERIAL being delivered from another WASTESHED to another MRF.

In the event the MATERIAL from the EMERGENCY WASTESHED requires additional processing such as, but not limited to, transloading and hauling, such terms shall be mutually agreed upon by CONTRACTOR and CITY.

10.21 FALSE CLAIMS ACT

CONTRACTOR acknowledges that it is aware of liabilities resulting from submitting a false claim for payment by the CITY under the False Claims Act (Cal. Gov. Code §§ 12650 *et seq.*), including treble damages, costs of legal actions to recover payments, and civil penalties of up to \$10,000 per false claim.

ARTICLE 11: AMENDMENTS, CHANGES, OR MODIFICATIONS

Amendments, changes, or modifications in the terms of this CONTRACT may be made at any time by mutual written AGREEMENT between the parties hereto and shall be signed by the persons authorized to bind the parties thereto.

ARTICLE 12: INDEMNIFICATION, INSURANCE, AND PERFORMANCE/PAYMENT BOND

12.1 INDEMNIFICATION

Except for the active negligence or willful misconduct of the CITY, or any of its Boards, Officers, Agents, Employees, Assigns and Successors in Interest, CONTRACTOR

undertakes and agrees to defend, indemnify and hold harmless the CITY and any of its Boards, Officers, Agents, Employees, Assigns, and Successors in Interest from and against all suits and causes of action, claims, losses, demands and expenses, including, but not limited to, attorney's fees (both in house and outside counsel) and cost of litigation (including all actual litigation costs incurred by the CITY, including but not limited to, costs of experts and consultants), damages or liability of any nature whatsoever, for death or injury to any person, including CONTRACTOR'S employees and agents, or damage or destruction of any property of either party hereto or of third parties, arising in any manner by reason of the negligent acts, errors, omissions or willful misconduct incident to the performance of this CONTRACT by CONTRACTOR or its SUBCONTRACTORS of any tier. Rights and remedies available to the CITY under this provision are cumulative of those provided for elsewhere in this CONTRACT and those allowed under the laws of the United States, the State of California, and the CITY. The provisions of this article shall survive expiration or termination of this CONTRACT.

12.2 INSURANCE

During the term of this CONTRACT and without limiting the CONTRACTOR'S indemnification of the CITY, the CONTRACTOR shall provide and maintain at its own expense during the term of this AGREEMENT a program of insurance having the coverage and limits customarily carried and actually arranged by CONTRACTOR but not less than the amounts and types listed on the Insurance Requirements Sheet (Form Gen 146/IR), in Attachment C hereto, covering its operations hereunder. Such insurance shall conform to CITY requirements as established by charter, ordinance, or policy and shall comply with the instructions set forth, in Attachment C, and which can also be

found at the Board of Public Work's website: <http://bpw.lacity.org/InsuranceForms.html>, in the form Instructions and Information on Complying with CITY Insurance Requirements, rev 05/12, and shall otherwise be in a form acceptable to the City Administrative Officer, Risk Management. The CONTRACTOR shall comply with all insurance Contractual Requirements shown on Attachment C hereto. Attachment C is hereby incorporated by reference and made a part of this AGREEMENT.

12.3 PERFORMANCE AND PAYMENT BOND

All Performance and Payment Bonds which may be required hereunder shall conform to CITY requirements established by Charter, ordinance or policy, and shall be filed with the Office of the City Administrative Officer, Risk Management for its review and acceptance in accordance with Sections 11.47 through 11.56 of the Los Angeles Administrative Code. As security, for performance under the terms of this AGREEMENT, the CONTRACTOR shall furnish, as of the execution date, a performance and payment bonds in a form acceptable to the CITY, which will extend for the life of the CONTRACT. The bond amount shall be \$250,000, commencing on the execution of this CONTRACT.

All bonds must be executed by a responsible corporate surety authorized to issue bonds in the State of California, secured through an authorized Agent and in a form acceptable to the CITY.

ARTICLE 13: INDEPENDENT CONTRACTOR

CONTRACTOR is acting hereunder as independent contractor and not as an agent or employee of the CITY. CONTRACTOR shall not represent or otherwise hold out itself or any of its Directors, officers, partners, employees, or agents, to be an agent or employee of the CITY.

CITY shall not represent or otherwise hold itself out or any of its Directors, officers, partners, employees or agents to be an agent or employee of CONTRACTOR.

ARTICLE 14: WARRANTY AND RESPONSIBILITIES

- 14.1 CONTRACTOR warrants that the work performed hereunder shall be completed in a manner consistent with professional standards practiced among those firms within CONTRACTOR'S profession, doing the same or similar work under the same or similar circumstances.
- 14.2 CONTRACTOR shall be responsible for the professional quality, technical accuracy, timely completion, and the coordination of all designs, drawings, specifications, reports, and other services furnished by CONTRACTOR under this AGREEMENT. CONTRACTOR shall, at no additional cost to CITY, correct or revise any errors, omissions, or other deficiencies in its designs, drawings, specifications, reports, calculations, and other services.
- 14.3 The CONTRACTOR shall exhibit proper professional judgment in the use of information furnished by CITY. In the event that said information is not delivered timely or that it is discovered to be incorrect or misleading, CONTRACTOR will notify the CITY in a reasonable manner within three (3) business days after the discovery of such tardiness or incorrect or misleading information and promptly make a determination of its costs and schedule impact on this AGREEMENT, as well as recommendations for the correction of such incorrect or misleading information.
- 14.4 CONTRACTOR shall perform such professional services as may be necessary to accomplish the work required to be performed under this AGREEMENT in accordance with this AGREEMENT.

14.5 Except as specified in Article 12.1 Indemnification and as otherwise provided in this AGREEMENT, the CONTRACTOR shall be and shall remain liable, in accordance with APPLICABLE LAW, for all damages to CITY caused by CONTRACTOR'S negligent performance of any of the services furnished under this AGREEMENT, except for errors, omissions, or other deficiencies to the extent attributable to CITY, CITY-furnished data, or any third party (excepting any CONTRACTOR or SUBCONTRACTOR of any tier).

14.6 By the CONTRACTOR

The CONTRACTOR hereby makes the following representations and warranties to and for the benefit of the CITY:

- (i) The CONTRACTOR is duly qualified and licensed to do business in the State of California.
- (ii) The CONTRACTOR has full legal right, power, and authority to execute, deliver, and perform its obligations under this CONTRACT. This CONTRACT has been duly executed and delivered by the CONTRACTOR and constitutes a legal, valid, and binding obligation of the CONTRACTOR enforceable against the CONTRACTOR in accordance with its terms.
- (iii) Neither the execution or delivery by the CONTRACTOR of the CONTRACT, the performance by the CONTRACTOR of its obligations hereunder, nor the fulfillment by the CONTRACTOR of the terms and conditions hereof: (1) conflicts with, violates, or results in a breach of any applicable condition of any judgment, order or decree of any court, administrative agency, or other governmental authority, or any agreement or instrument to which the CONTRACTOR is a party or by which the CONTRACTOR or any of its

properties or assets are bound, or constitutes a default hereunder; or (2) will result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the properties of assents of the CONTRACTOR.

- (iv) No approval, authorization, license, permit, order or consent of, or declaration, registration or filing with any governmental or administrative authority, commission, board, agency or instrumentality is required for the valid execution and delivery of this CONTRACT duly obtained or made. To the best of the CONTRACTOR'S knowledge, there is no action, suit, proceeding, or investigation, at law or in equity, before or by any court or governmental authority, commission, board, agency or instrumentality pending or, to the best of the CONTRACTOR'S knowledge, threatened, against the CONTRACTOR, wherein an unfavorable decision, ruling or finding, in any single case or in the aggregate, would materially adversely affect the performance by the CONTRACTOR of its obligations hereunder or in connection with the transactions, contemplated hereby, or which, in any way, would adversely affect the validity or enforceability of this CONTRACT or any other agreement or instrument entered into by the CONTRACTOR in connection with the transactions contemplated hereby.
- (v) The CONTRACTOR warrants that the work hereunder shall be completed in a manner consistent with professional standards practiced among those firms within the CONTRACTOR'S and its SUBCONTRACTORS' professions, doing the same or similar work under the same or similar circumstances.

The CONTRACTOR shall be responsible for the professional quality, specifications, reports and other services furnished by the CONTRACTOR and its SUBCONTRACTORS under this CONTRACT. The CONTRACTOR shall perform such services as may be necessary to accomplish the work required to be performed under this CONTRACT, in accordance with this CONTRACT. Except as otherwise provided in this CONTRACT, the CONTRACTOR shall be and shall remain liable, in accordance with APPLICABLE LAW, for all damages to the CITY caused by the CONTRACTOR'S negligent performance of any of the services furnished under this CONTRACT, except for errors, omissions or other deficiencies to the extent attributable to the CITY.

14.7 By the CITY

The CITY hereby makes the following representations and warranties to and for the benefit of the CONTRACTOR:

- (i) The CITY is a municipal corporation of the State of California, duly organized and validly existing under the constitution and laws of the State of California.
- (ii) The CITY has full legal right, power, and authority to execute, deliver, and perform its obligations under this CONTRACT. This CONTRACT has been duly executed and delivered by the CITY and constitutes a legal, valid and binding obligation of the CITY enforceable against the CITY in accordance with its terms.
- (iii) Neither the execution or delivery by the CITY of this CONTRACT, the performance by the CITY of its obligations hereunder, nor the fulfillment by the CITY of the terms and conditions, hereof; (1) conflicts with, violates or results in a breach of any APPLICABLE LAW; or (2) conflicts with, violates,

administrative agency, or other governmental authority, or any agreement or instrument to which the CITY is a party or by which the CITY or any of its properties or assets are bound, or constitutes a default there under.

- (iv) No approval, authorization, license, permit, order or consent of, or declaration, registration or filing with any governmental or administrative authority, commission, board, agency or instrumentality is required for the valid execution and delivery of this CONTRACT by the CITY, except such as have been duly obtained or made.
- (v) To the best of CITY'S knowledge, there is no action, suit, proceeding or investigation, at law or in equity, before or by any court or governmental authority, commission, board, agency or instrumentality pending or, to the best of the CITY'S knowledge, threatened, against the CITY wherein an unfavorable decision, ruling or finding, in any single case or in the aggregate, would materially adversely affect the performance by the CITY of its obligations hereunder or in connection with the transactions contemplated hereby, or which, in any way, would adversely affect the validity or enforceability of this CONTRACT or any other agreement or instrument entered into by the CONTRACTOR in connection with the transactions contemplated hereby.

ARTICLE 15: INTELLECTUAL PROPERTY INDEMNIFICATION

The CONTRACTOR, at its own expense, undertakes and agrees to defend, indemnify, and hold harmless the CITY, and any of its Boards, Officers, Agents, Employees, Assigns, and Successors in Interest from and against all suits and causes of action, claims, losses, demands and expenses, including, but not limited to, attorney's fees (both in house and outside counsel) and cost of

litigation (including all actual litigation costs incurred by the CITY, including but not limited to, costs of experts and consultants), damages or liability of any nature whatsoever arising out of the infringement, actual or alleged, direct or contributory, of any intellectual property rights, including, without limitation, patent, copyright, trademark, trade secret, right of publicity and proprietary information right (1) on or in any design, medium, matter, article, process, method, application, equipment, device, instrumentation, software, hardware, or firmware used by CONTRACTOR, or its SUBCONTRACTORS of any tier, in performing the work under this CONTRACT; or (2) as a result of the CITY'S actual or intended use of any Work Product furnished by CONTRACTOR, or its SUBCONTRACTORS of any tier, under the AGREEMENT. Rights and remedies available to the CITY under this provision are cumulative of those provided for elsewhere in this CONTRACT and those allowed under the laws of the United States, the State of California, and the CITY. The provisions of this article shall survive expiration or termination of this CONTRACT.

ARTICLE 16: INTELLECTUAL PROPERTY WARRANTY

The CONTRACTOR represents and warrants that its performance of all obligations under this CONTRACT do not infringe in any way, directly or contributorily, upon any third party's intellectual property rights, including, without limitation, patents, copyrights, trademarks, trade secrets, right of publicity and proprietary information.

ARTICLE 17: OWNERSHIP AND LICENSE

Unless otherwise provided for herein, all Work Products originated and prepared by CONTRACTOR or its SUBCONTRACTORS of any tier under this CONTRACT shall be and remain the exclusive property of the CITY for its use in any manner it deems appropriate. Work

Products are all works, tangible or not, created under this CONTRACT including, without limitation, documents, material, data, reports, manuals, specifications, artwork, drawings, sketches, computer programs and databases, schematics, photographs, video and audiovisual recordings, sound recordings, marks, logos, graphic designs, notes, websites, domain names, inventions, processes, formulas matters and combinations thereof, and all forms of intellectual property. CONTRACTOR hereby assigns, and agrees to assign, all goodwill, copyright, trademark, patent, trade secret and all other intellectual property rights worldwide in any Work Products originated and prepared by CONTRACTOR under this CONTRACT. CONTRACTOR further agrees to execute any documents necessary for the CITY to perfect, memorialize, or record the CITY'S ownership of rights provided herein.

For all Work Products delivered to the CITY that are not originated or prepared by CONTRACTOR or its SUBCONTRACTORS of any tier under this CONTRACT, CONTRACTOR hereby grants a non-exclusive perpetual license to use such Work Products for any CITY purposes.

CONTRACTOR shall not provide or disclose any Work Product to any third party without prior written consent of the CITY.

Any subcontract entered into by CONTRACTOR relating to this CONTRACT, to the extent allowed hereunder, shall include a like provision for work to be performed under this CONTRACT to contractually bind or otherwise oblige its SUBCONTRACTORS performing work under this CONTRACT such that the CITY'S ownership and license rights of all Work Products are preserved and protected as intended herein. Failure of CONTRACTOR to comply with this requirement or to obtain the compliance of its SUBCONTRACTORS with such

obligations shall subject CONTRACTOR to the imposition of any and all sanctions allowed by law, including but not limited to termination of CONTRACTOR'S CONTRACT with the CITY.

ARTICLE 18: SUCCESSORS AND ASSIGNS

All of the terms, conditions, and provisions hereof shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns provided, however, that no assignment of the CONTRACT shall be made without written consent of the parties to this CONTRACT as required under the Article 27 PROHIBITION AGAINST ASSIGNMENT OR DELEGATION.

ARTICLE 19: CONTACT PERSON AND ADDRESSES NOTIFICATION

All notices shall be in writing and made by personal delivery, regular mail, or electronic transmission. Notices sent by regular mail should be registered or certified and sent to the designated contact person for each party addressed as follows:

To the CITY:

Contact Person: Michael W. Lee, CITY PROJECT MANAGER
Address: City of Los Angeles Sanitation (SRSSD)
1149 S. Broadway, Suite #500
Los Angeles, CA 90015
Tel. # (213) 485-3094
Email: michael.w.lee@lacity.org

To CONTRACTOR:

Contact Person: Todd Jones, CONTRACTOR PROJECT MANAGER
Address: City Fibers, Inc.
2500 Santa Fe Ave.
Los Angeles, CA 90058
Tel. # (323) 583-1013
Email: todd@cityfibers.com

ARTICLE 20: FORCE MAJEURE

In the event that performance on the part of any party hereto is delayed or suspended as a result of circumstances beyond the reasonable control and without the fault and negligence of said party, none of the parties shall incur any liability to the other parties as a result of such delay or suspension. Circumstances deemed to be beyond the control of the parties hereunder include, but are not limited to, acts of God or of the public enemy; insurrection; acts of the Federal Government or any unit of State or Local Government in either sovereign or contractual capacity; fires; floods; earthquakes; epidemics; quarantine restrictions; strikes; freight embargoes or delays in transportation, to the extent that they are not caused by the party's willful or negligent acts or omissions, and to the extent that they are beyond the party's reasonable control.

ARTICLE 21: SEVERABILITY

Should any portion of this CONTRACT be determined to be void or unenforceable, such shall be severed from the whole and the CONTRACT will continue as modified.

ARTICLE 22: DISPUTES

Should a dispute or controversy arise concerning provisions of this CONTRACT or the performance of work hereunder, the parties may elect to submit such to a court of competent jurisdiction.

ARTICLE 23: ENTIRE CONTRACT

This CONTRACT contains all of the agreements, representations, and understandings of the parties hereto and supersedes and/or incorporates any previous understandings, proposals,

commitments, or agreements, whether oral or written, and may be modified or amended only as herein provided.

ARTICLE 24: APPLICABLE LAW, INTERPRETATION, AND ENFORCEMENT

Each party's performance hereunder shall comply with all APPLICABLE LAWS of the United States of America, the State of California, and the CITY, including but not limited to laws regarding health and safety, labor and employment, wage and hours and licensing laws which affect employees. This CONTRACT and its performance shall be enforced and interpreted under the laws of the State of California. All causes of action arising directly or indirectly from the business relationship evidenced by this CONTRACT must be filed in the appropriate state or federal court located in Los Angeles County, California, and each party agrees to be subject to the jurisdiction of the State of California regardless of their residence. CONTRACTOR shall comply with new, amended, or revised laws, regulations, and/or procedures that apply to the performance of this CONTRACT.

If any part, term or provision of this CONTRACT is held void, illegal, unenforceable, or in conflict with any law of a federal, state or local government having jurisdiction over this CONTRACT, the validity of the remaining parts, terms or provisions of the CONTRACT shall not be affected thereby.

ARTICLE 25: CURRENT LOS ANGELES CITY BUSINESS TAX REGISTRATION CERTIFICATE REQUIRED

If applicable, CONTRACTOR represents that it has obtained and presently holds the Business Tax Registration Certificate(s) required by the CITY'S Business Tax Ordinance, Section 21.00 *et seq.* of the Los Angeles Municipal Code. For the term covered by this CONTRACT,

CONTRACTOR shall maintain, or obtain as necessary, all such Certificates required of it under the Business Tax Ordinance, and shall not allow any such Certificate to be revoked or suspended. Should any such certificate(s) become suspended or revoked, it is the CONTRACTOR'S responsibility to report the matter immediately to the CITY PROJECT MANAGER. (See Attachment E)

ARTICLE 26: WAIVER

A waiver of a default of any part, term, or provision of this CONTRACT shall not be construed as a waiver of any succeeding default or as a waiver of the part, term, or provision itself. A party's performance after the other party's default shall not be construed as a waiver of that default.

ARTICLE 27: PROHIBITION AGAINST ASSIGNMENT OR DELEGATION

CONTRACTOR may not, unless it has first obtained the written permission of the CITY:

- a) Assign or otherwise alienate any of its rights under this CONTRACT, including the right to payment; or
- b) Delegate, subcontract, or otherwise transfer any of its duties hereunder.

ARTICLE 28: PERMITS

The CONTRACTOR and its directors, officers, partners, agents, employees, and SUBCONTRACTORS, to the extent allowed hereunder, shall obtain and maintain all permits, licenses, certifications, and other documents necessary for the CONTRACTOR'S performance of the services hereunder and shall pay any fees required therefore. CONTRACTOR certifies to

immediately notify the CITY of any suspension, termination, lapses, non-renewals, or restrictions of licenses, permits, certificates, or other documents.

ARTICLE 29: DISCOUNT

CONTRACTOR agrees to offer the CITY any discount terms that are offered to its best customers for the goods and services to be provided hereunder and apply such discounts to payments made under this CONTRACT which meet the discount terms.

ARTICLE 30: CLAIMS FOR LABOR AND MATERIALS

CONTRACTOR shall promptly pay when due all amounts payable for labor and materials furnished in the performance of this CONTRACT so as to prevent any lien or other claim under any provision of law from arising against any CITY property (including reports, documents, and other tangible or intangible matter produced by CONTRACTOR hereunder), against CONTRACTOR'S rights to payments hereunder, or against the CITY, and shall pay all amounts due under the Unemployment Insurance Act with respect to such labor.

ARTICLE 31: BREACH

Except for Force Majeure, if any party fails to perform, in whole or in part, any promise, covenant, or agreement set forth herein, or should any representation made by it be untrue, any aggrieved party may avail itself of all rights and remedies, at law or equity, in the courts of law. Said rights and remedies are cumulative of those provided for herein except that in no event shall any party recover more than once, suffer a penalty or forfeiture, or be unjustly compensated.

ARTICLE 32: NON-DISCRIMINATION

Unless otherwise exempt, this CONTRACT is subject to the non-discrimination provisions in Sections 10.8 through 10.8.2 of the Los Angeles Administrative Code, as amended from time to time. The CONTRACTOR shall comply with the applicable non-discrimination and affirmative action provisions of the laws of the United States of America, the State of California, and the CITY. In performing this CONTRACT, CONTRACTOR shall not discriminate in its employment practices against any employee or applicant for employment because of such person's race, color, religion, national origin, ancestry, sex, sexual orientation, age, disability, domestic partner status, marital status or medical condition. Any subcontract entered into by CONTRACTOR, to the extent allowed hereunder, shall include a like provision for work to be performed under this CONTRACT.

Failure of CONTRACTOR to comply with this requirement or to obtain the compliance of its SUBCONTRACTORS with such obligations shall subject CONTRACTOR to the imposition of any and all sanctions allowed by law, including but not limited to, termination of CONTRACTOR'S CONTRACT with the CITY. Nothing contained in this CONTRACT shall be construed in any manner so as to require or permit any act which is prohibited by law.

ARTICLE 33: EQUAL EMPLOYMENT PRACTICES

Unless otherwise exempt, this CONTRACT is subject to the equal employment practices provisions in Section 10.8.3 of the Los Angeles Administrative Code, as amended from time to time.

- A. During the performance of this CONTRACT, CONTRACTOR agrees and represents that it will provide Equal Employment Practices and CONTRACTOR and each

SUBCONTRACTOR hereunder will ensure that in his or her Employment Practices persons are employed and employees are treated equally and without regard to, or because of, race, color, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.

1. This provision applies to work or service performed or materials manufactured or assembled in the United States.
 2. Nothing in this section shall require or prohibit the establishment of new classifications of employees in any given craft, work or service category.
 3. CONTRACTOR agrees to post a copy of Paragraph A hereof in conspicuous places at its place of business available to employees and applicants for employment.
- B. CONTRACTOR will, in all solicitations or advertisements for employees placed by or on behalf of CONTRACTOR, state that all qualified applicants will receive consideration for employment without regard to their race, color, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.
- C. At the request of the Awarding Authority or the Designated Administrative Agency (DAA - The Department of Public Works Office of Contract Compliance is the DAA.), CONTRACTOR shall certify in the specified format that he or she has not discriminated in the performance of CITY contracts against any employee or applicant for employment on the basis or because of race, color, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status or medical condition.
- D. CONTRACTOR shall permit access to and may be required to provide certified copies of, all of his or her records pertaining to employment and to employment practices by the

awarding authority or the DAA for the purpose of investigation to ascertain compliance with the Equal Employment Practices provisions of CITY contracts. Upon request, CONTRACTOR shall provide evidence that he or she has or will comply therewith.

- E. The failure of any Contractor to comply with the Equal Employment Practices provisions of this CONTRACT may be deemed to be a material breach of CITY contracts. The failure shall only be established upon a finding to that effect by the Awarding Authority, on the basis of its own investigation or that of the DAA. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard have been given to CONTRACTOR.
- F. Upon a finding duly made that CONTRACTOR has failed to comply with the Equal Employment Practices provisions of a CITY contract, the CONTRACT may be forthwith canceled, terminated or suspended, in whole or in part, by the Awarding Authority, and all monies due or to become due hereunder may be forwarded to, and retained by, the CITY. In addition thereto, the failure to comply may be the basis for a determination by the Awarding Authority or the DAA that said CONTRACTOR is a non-responsible bidder or proposer pursuant to the provisions of Section 10.40 of the City of Los Angeles Administrative Code, et seq. In the event of such a determination, CONTRACTOR shall be disqualified from being awarded a contract with the CITY for a period of two (2) years, or until CONTRACTOR shall establish and carry out a program in conformance with the provisions hereof.
- G. Notwithstanding any other provision of this CONTRACT, the CITY shall have any and all other remedies at law or in equity for any breach hereof.

- H. The Board of Public Works shall promulgate rules and regulations through the DAA, and provide necessary forms and require language to the Awarding Authorities to be included in City Request for Bids or Requests for Proposal packages or in supplier registration requirements for the implementation of the Equal Employment Practices provisions of this CONTRACT, and such rules and regulations and forms shall, so far as practicable, be similar to those adopted in applicable Federal Executive Orders. No other rules, regulations or forms may be used by an Awarding Authority of the CITY to accomplish the contract compliance program.
- I. Nothing contained in this CONTRACT shall be construed in any manner so as to require or permit any act which is prohibited by law.
- J. By affixing its signature on a Contract that is subject to this article, the CONTRACTOR shall agree to adhere to the Equal Employment Practices specified herein during the performance or conduct of CITY Contracts.
- K. Equal Employment Practices shall, without limitation as to the subject or nature of employment activity, be concerned with such employment practices, including, but not limited to:
1. Hiring practices;
 2. Apprenticeships where such approved programs are functioning and other on-the-job training for non-apprenticeable occupations;
 3. Training and promotional opportunities; and
 4. Reasonable accommodations for persons with disabilities.
- L. All Contractors subject to the provisions of this section shall include a similar provision in all subcontracts awarded for work to be performed under the CONTRACT with the

CITY, and shall impose the same obligations, including, but not limited to, filing and reporting obligations, on the SUBCONTRACTORS as are applicable to the CONTRACTOR. Subcontracts shall follow the same thresholds specified in Section 10.8.1.1. Failure of the CONTRACTOR to comply with this requirement or to obtain the compliance of its SUBCONTRACTORS with all such obligations shall subject the CONTRACTOR to the imposition of any and all sanctions allowed by law, including, but not limited to, termination of the CONTRACTOR'S CONTRACT with the CITY.

ARTICLE 34: AFFIRMATIVE ACTION PROGRAM

Unless otherwise exempt, this CONTRACT is subject to the affirmative action program provisions in Section 10.8.4 of the Los Angeles Administrative Code, as amended from time to time.

- A. During the performance of a CITY contract, CONTRACTOR certifies and represents that CONTRACTOR and each SUBCONTRACTOR hereunder will adhere to an Affirmative Action Program to ensure that in its employment practices, persons are employed and employees are treated equally and without regard to or because of race, color, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status, domestic partner status or medical condition.
 - 1. This section applies to work or services performed or materials manufactured or assembled in the United States.
 - 2. Nothing in this section shall require or prohibit the establishment of new classifications of employees in any given craft, work or service category.
 - 3. CONTRACTOR shall post a copy of Paragraph A hereof in conspicuous places at its place of business available to employees and applicants for employment.

- B. CONTRACTOR will, in all solicitations or advertisements for employees placed, by or on behalf of, CONTRACTOR, state that all qualified applicants will receive consideration for employment without regard to their race, color, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status, domestic partner status or medical condition.
- C. At the request of the Awarding Authority or the DAA, CONTRACTOR shall certify on an electronic or hard copy form to be supplied, that CONTRACTOR has not discriminated in the performance of CITY contracts against any employee or applicant for employment on the basis or because of race, color, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status, domestic partner status or medical condition.
- D. CONTRACTOR shall permit access to and may be required to provide certified copies of all of its records pertaining to employment and to its employment practices by the Awarding Authority or the DAA, for the purpose of investigation to ascertain compliance with the Affirmative Action Program provisions of CITY contracts, and upon request, to provide evidence that it has or will comply therewith.
- E. The failure of any CONTRACTOR to comply with the Affirmative Action Program provisions of CITY contracts may be deemed to be a material breach of a CITY contract. The failure shall only be established upon a finding to that effect by the Awarding Authority, on the basis of its own investigation or that of the DAA. No such finding shall be made except upon a full and fair hearing after notice and an opportunity to be heard has been given to CONTRACTOR.

- F. Upon a finding duly made that CONTRACTOR has breached the Affirmative Action Program provisions of a CITY contract, the CONTRACT may be forthwith cancelled, terminated or suspended, in whole or in part, by the Awarding Authority, and all monies due or to become due hereunder may be forwarded to and retained by the CITY. In addition thereto, the breach may be the basis for a determination by the Awarding Authority or the Board of Public Works that the CONTRACTOR is a non-responsible bidder or proposer pursuant to the provisions of Section 10.40 of the City of Los Angeles Administrative Code, et seq. In the event of such determination, the CONTRACTOR shall be disqualified from being awarded a contract with the CITY for a period of two (2) years, or until he or she shall establish and carry out a program in conformance with the provisions hereof.
- G. In the event of a finding by the Fair Employment and Housing Commission of the State of California, or the Board of Public Works of the City of Los Angeles, or any court of competent jurisdiction, that CONTRACTOR has been guilty of willful violation of the California Fair Employment and Housing Act, or the Affirmative Action Program provisions of a CITY contract, there may be deducted from the amount payable to CONTRACTOR by the CITY under the contract, a penalty of ten dollars (\$10.00) for each person for each calendar day on which the person was discriminated against in violation of the provisions of a CITY contract.
- H. Notwithstanding any other provisions of a CITY contract, the CITY shall have any and all other remedies at law or in equity for any breach hereof.
- I. The Public Works Board of Commissioners shall promulgate rules and regulations through the DAA and provide to the Awarding Authority electronic and hard copy forms

for the implementation of the Affirmative Action Program provisions of CITY contracts, and rules and regulations and forms shall, so far as practicable, be similar to those adopted in applicable Federal Executive Orders. No other rules, regulations or forms may be used by an Awarding Authority of the CITY to accomplish this contract compliance program.

- J. Nothing contained in CITY contracts shall be construed in any manner so as to require or permit any act which is prohibited by law.
- K. By affixing its signature to a Contract that is subject to this article, the CONTRACTOR shall agree to adhere to the provisions in this article for the duration of the CONTRACT. The Awarding Authority may also require contractors and suppliers to take part in a pre-registration, pre-bid, pre-proposal, or pre-award conference in order to develop, improve or implement a qualifying Affirmative Action Plan.
 - 1. The CONTRACTOR certifies and agrees to immediately implement good faith effort measures to recruit and employ minority, women and other potential employees in a non-discriminatory manner including, but not limited to, the following actions as appropriate and available to the CONTRACTOR's field of work. The CONTRACTOR shall:
 - (a) Recruit and make efforts to obtain employees through:
 - (i) Advertising employment opportunities in minority and other community news media or other publications.
 - (ii) Notifying minority, women and other community organizations of employment opportunities.

- (iii) Maintaining contact with schools with diverse populations of students to notify them of employment opportunities.
 - (iv) Encouraging existing employees, including minorities and women, to refer their friends and relatives.
 - (v) Promoting after school and vacation employment opportunities for minority, women and other youth.
 - (vi) Validating all job specifications, selection requirements, tests, etc.
 - (vii) Maintaining a file of the names and addresses of each worker referred to the CONTRACTOR and what action was taken concerning the worker.
 - (viii) Notifying the appropriate Awarding Authority and the DAA in writing when a union, with whom the CONTRACTOR has a collective bargaining agreement, has failed to refer a minority, woman or other worker.
- (b) Continually evaluate personnel practices to assure that hiring, upgrading, promotions, transfers, demotions and layoffs are made in a non-discriminatory manner so as to achieve and maintain a diverse work force.
 - (c) Utilize training programs and assist minority, women and other employees in locating, qualifying for and engaging in the training programs to enhance their skills and advancement.
 - (d) Secure cooperation or compliance from the labor referral agency to the CONTRACTOR's contractual Affirmative Action Program obligations.

- (e) Establish a person at the management level of the CONTRACTOR to be the Equal Employment Practices officer. Such individual shall have the authority to disseminate and enforce the CONTRACTOR's Equal Employment and Affirmative Action Program policies.
- (f) Maintain records as are necessary to determine compliance with Equal Employment Practices and Affirmative Action Program obligations and make the records available to City, State and Federal authorities upon request.
- (g) Establish written company policies, rules and procedures which shall be encompassed in a company-wide Affirmative Action Program for all its operations and Contracts. The policies shall be provided to all employees, Subcontractors, vendors, unions and all others with whom the CONTRACTOR may become involved in fulfilling any of its Contracts.
- (h) Document its good faith efforts to correct any deficiencies when problems are experienced by the CONTRACTOR in complying with its obligations pursuant to this article. The CONTRACTOR shall state:
 - (i) What steps were taken, how and on what date.
 - (ii) To whom those efforts were directed.
 - (iii) The responses received, from whom and when.
 - (iv) What other steps were taken or will be taken to comply and when.
 - (v) Why the CONTRACTOR has been or will be unable to comply.

2. Every contract of \$25,000 or more which may provide construction, demolition, renovation, conservation or major maintenance of any kind shall also comply with the requirements of Section [10.13](#) of the Los Angeles Administrative Code.
- L. The Affirmative Action Program required to be submitted hereunder and the pre-registration, pre-bid, pre-proposal or pre-award conference which may be required by the Awarding Authority shall, without limitation as to the subject or nature of employment activity, be concerned with such employment practices as:
1. Apprenticeship where approved programs are functioning, and other on-the-job training for non-apprenticeable occupations;
 2. Classroom preparation for the job when not apprenticeable;
 3. Pre-apprenticeship education and preparation;
 4. Upgrading training and opportunities;
 5. Encouraging the use of Contractors, Subcontractors and suppliers of all racial and ethnic groups; provided, however, that any contract subject to this ordinance shall require the CONTRACTOR, SUBCONTRACTOR or supplier to provide not less than the prevailing wage, working conditions and practices generally observed in private industries in the CONTRACTOR's, SUBCONTRACTOR's or supplier's geographical area for such work;
 6. The entry of qualified women, minority and all other journeymen into the industry; and
 7. The provision of needed supplies or job conditions to permit persons with disabilities to be employed, and minimize the impact of any disability.

- M. Any adjustments which may be made in the CONTRACTOR's work force to achieve the requirements of the CITY's Affirmative Action Program in purchasing and construction shall be accomplished by either an increase in the size of the work force or replacement of those employees who leave the work force by reason of resignation, retirement or death and not by termination, layoff, demotion or change in grade.
- N. This ordinance shall not confer upon the City of Los Angeles or any Agency, Board or Commission thereof any power not otherwise provided by law to determine the legality of any existing collective bargaining agreement and shall have application only to discriminatory employment practices by Contractors engaged in the performance of CITY Contracts.
- O. All Contractors subject to the provisions of this article shall include a similar provision in all subcontracts awarded for work to be performed under the CONTRACT with the CITY and shall impose the same obligations, including, but not limited to, filing and reporting obligations, on the SUBCONTRACTORS as are applicable to the CONTRACTOR. Failure of the CONTRACTOR to comply with this requirement or to obtain the compliance of its SUBCONTRACTORS with all such obligations shall subject the CONTRACTOR to the imposition of any and all sanctions allowed by law, including, but not limited to, termination of the CONTRACTOR's CONTRACT with the CITY.

ARTICLE 35: CHILD SUPPORT ASSIGNMENT ORDERS

This CONTRACT is subject to the Child Support Assignment Orders Ordinance, Section 10.10 of the Los Angeles Administrative Code, as amended from time to time. Pursuant to the Child Support Assignment Orders Ordinance, CONTRACTOR will fully comply with all applicable State and Federal employment reporting requirements for CONTRACTOR'S employees.

CONTRACTOR shall also certify (1) that the Principal Owner(s) of CONTRACTOR are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (2) that CONTRACTOR will fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with Section 5230, *et seq.* of the California Family Code; and (3) that CONTRACTOR will maintain such compliance throughout the term of this CONTRACT.

Pursuant to Section 10.10(b) of the Los Angeles Administrative Code, the failure of CONTRACTOR to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment Orders or Notices of Assignment, or the failure of any Principal Owner(s) of CONTRACTOR to comply with any Wage and Earnings Assignment Orders or Notices of Assignment applicable to them personally, shall constitute a default by the CONTRACTOR under this CONTRACT, subjecting this CONTRACT to termination if such default shall continue for more than ninety (90) days after notice of such default to CONTRACTOR by the CITY.

Any subcontract entered into by CONTRACTOR, to the extent allowed hereunder, shall include a like provision for work to be performed under this CONTRACT. Failure of CONTRACTOR to obtain compliance of its SUBCONTRACTORS shall constitute a default by CONTRACTOR under this CONTRACT, subjecting this CONTRACT to termination where such default shall continue for more than ninety (90) days after notice of such default to CONTRACTOR by the CITY.

CONTRACTOR certifies that, to the best of its knowledge, it is fully complying with the Earnings Assignment Orders of all employees, and is providing the names of all new employees

to the New Hire Registry maintained by the Employment Development Department as set forth in Section 7110(b) of the California Public Contract Code.

ARTICLE 36: AMERICANS WITH DISABILITIES ACT

CONTRACTOR hereby certifies that it will comply with the Americans with Disabilities Act, 42 U.S.C. §§ 12101 *et seq.*, and its implementing regulations. CONTRACTOR will provide reasonable accommodations to allow qualified individuals with disabilities to have access to and to participate in its programs, services, and activities in accordance with the provisions of the Americans with Disabilities Act. CONTRACTOR will not discriminate against persons with disabilities nor against persons due to their relationship to or association with a person with a disability. Any subcontract entered into by CONTRACTOR, relating to this CONTRACT, to the extent allowed hereunder, shall be subject to the provisions of this paragraph.

ARTICLE 37: CONTRACTOR RESPONSIBILITY ORDINANCE

Unless otherwise exempt, this CONTRACT is subject to the provisions of the Contractor Responsibility Ordinance, Section 10.40 *et seq.*, of the Los Angeles Administrative Code, as amended from time to time, which requires CONTRACTOR to update its responses to the responsibility questionnaire within thirty (30) CALENDAR DAYS after any change to the responses previously provided if such change would affect CONTRACTOR'S fitness and ability to continue performing this CONTRACT.

In accordance with the provisions of the Contractor Responsibility Ordinance, by signing this CONTRACT, CONTRACTOR pledges, under penalty of perjury, to comply with all applicable federal, state, and local laws in the performance of this CONTRACT, including but not limited to laws regarding health and safety, labor and employment, wages and hours, and licensing laws

which affect employees. CONTRACTOR further agrees to: (1) notify the CITY within thirty (30) CALENDAR DAYS after receiving notification that any government agency has initiated an investigation which may result in a finding that CONTRACTOR is not in compliance with all applicable federal, state and local laws in performance of this CONTRACT; (2) notify the CITY within thirty (30) CALENDAR DAYS of all findings by a government agency or court of competent jurisdiction that CONTRACTOR has violated the provisions of Section 10.40.3(a) of the Contractor Responsibility Ordinance; (3) unless exempt, ensure that its SUBCONTRACTOR(S), as defined in the Contractor Responsibility Ordinance, submit a Pledge of Compliance to the CITY; and (4) unless exempt, ensure that its SUBCONTRACTOR(S), as defined in the Contractor Responsibility Ordinance, comply with the requirements of the Pledge of Compliance and the requirement to notify the CITY within thirty (30) CALENDAR DAYS after any government agency or court of competent jurisdiction has initiated an investigation or has found that the subcontractor has violated Section 10.40.3(a) of the Contractor Responsibility Ordinance in performance of the subcontract.

ARTICLE 38: LOS ANGELES BUSINESS INCLUSION PROGRAM

CONTRACTOR agrees and obligates itself to utilize the services of Minority, Women, Small, Emerging, Disabled Veteran and Other Business Enterprise (MBE/WBE/SBE/EBE/DVBE/OBE) firms on a level so designated in its proposal, if any. CONTRACTOR certifies that it has complied with Mayoral Executive Director 14 regarding the Outreach Program for Personal Services Contracts. CONTRACTOR shall not change any of these designated SUBCONTRACTORS, nor shall CONTRACTOR reduce their level of effort, without prior written approval of the CITY, provided that such approval shall not be unreasonably withheld.

CONTRACTOR agrees and obligates itself to submit a signed MBE/WBE/SBE/EBE/DVBE/OBE Utilization Profile, provided herein as (Attachment B), for each invoice as described in Article 10, listing current MBE/WBE/SBE/EBE/DVBE/OBE amounts invoiced as part of the invoicing procedures.

ARTICLE 39: EQUAL BENEFITS ORDINANCE

Unless otherwise exempt, this CONTRACT is subject to the provisions of the Equal Benefits Ordinance (EBO), Section 10.8.2.1 of the Los Angeles Administrative Code, as amended from time to time.

- A. During the performance of the CONTRACT, CONTRACTOR certifies and represents that CONTRACTOR will comply with the EBO.
- B. The failure of CONTRACTOR to comply with the EBO will be deemed to be a material breach of this CONTRACT by the CITY.
- C. If CONTRACTOR fails to comply with the EBO the CITY may cancel, terminate, or suspend this CONTRACT, in whole or in part, and all monies due or to become due under this CONTRACT may be retained by the CITY. The CITY may also pursue any and all other remedies at law or in equity for any breach.
- D. Failure to comply with the EBO may be used as evidence against CONTRACTOR in actions taken pursuant to the provisions of Los Angeles Administrative Code Section 10.40 *et seq.*, Contractor Responsibility Ordinance.
- E. If the CITY'S Designated Administrative Agency determines that a CONTRACTOR has set up or used its contracting entity for the purpose of evading the intent of the EBO, the CITY may terminate the CONTRACT. Violation of this provision may be used as

evidence against CONTRACTOR in actions taken pursuant to the provisions of Los Angeles Administrative Code Section 10.40 *et seq.*, Contractor Responsibility Ordinance. The CONTRACTOR shall post the following statement in conspicuous places at its place of business available to employees and applicants for employment:

“During the performance of a Contract with the City of Los Angeles, the Contractor will provide equal benefits to its employees with spouses and its employees with domestic partners. Additional information about the City of Los Angeles’ Equal Benefits Ordinance may be obtained from the Department of Public Works, Office of Contract Compliance at (213) 847-2625.”

ARTICLE 40: SLAVERY DISCLOSURE ORDINANCE

Unless otherwise exempt in accordance with the provision of this Ordinance, this CONTRACT is subject to the Slavery Disclosure Ordinance, Section 10.41 of the Los Angeles Administrative Code, as may be amended from time to time, which is attached hereto as part of Attachment D and incorporated herein by this reference. CONTRACTOR certifies that it has complied with the applicable provisions of this Ordinance. Failure to fully and accurately complete the affidavit may result in termination of this CONTRACT.

ARTICLE 41: CONTRACTOR PERFORMANCE EVALUATION ORDINANCE

At the end of this CONTRACT, the CITY will conduct an evaluation of the CONTRACTOR’S performance. The CITY may also conduct evaluations of the CONTRACTOR’S performance during the term of the CONTRACT. As required by Section 10.39.2 of the Los Angeles Administrative Code, evaluations will be based on a number of criteria, including the quality of work product or service performed, the timeliness of performance, financial issues, and the

expertise of personnel that the CONTRACTOR assigns to the CONTRACT. A contractor who receives a “Marginal” or “Unsatisfactory” rating will be provided with a copy of the final CITY evaluation and allowed fourteen (14) CALENDAR DAYS to respond. The CITY will use the final CITY evaluation and any response from the CONTRACTOR to evaluate proposals and to conduct reference checks when awarding other services contracts.

ARTICLE 42: MUNICIPAL LOBBYING ORDINANCE

Any contractor for the CITY shall submit a certification, on a form prescribed by the City Ethics Commission, that the contractor acknowledges and agrees to comply with the disclosure requirements and prohibitions established in the Los Angeles Municipal Lobbying Ordinance, if the contractor qualifies as a lobbying entity under the Ordinance. The exemptions contained in Los Angeles Administrative Code Section 10.40.4 shall not apply to this subsection.

ARTICLE 43: FIRST SOURCE HIRING ORDINANCE

Unless otherwise exempt in accordance with the provisions of this Ordinance, this CONTRACT is subject to the applicable provisions of the First Source Hiring Ordinance (FSHO), Section 10.44 et seq. of the Los Angeles Administrative Code, as amended from time to time.

CONTRACTOR shall, prior to the execution of the CONTRACT, provide to the Designated Administrative Agency (DAA) a list of anticipated employment opportunities that CONTRACTOR estimate they will need to fill in order to perform the services under the CONTRACT. The Department of Public Works Office of Contract Compliance is the DAA.

CONTRACTOR further pledges that it will, during the term of the CONTRACT, shall a) At least seven (7) business days prior to making an announcement of a specific employment opportunity, provide notifications of that employment opportunity to the Community

Development Department (CDD), which will refer individuals for interview; b) Interview qualified individuals referred by CDD; and c) Prior to filling any employment opportunity, the CONTRACTOR shall inform the DAA of the names of the Referral Resources used, the names of the individuals they referred, the names of the referred individuals who the CONTRACTOR interviewed and the reasons why referred individuals were not hired.

Any Subcontract entered into by the CONTRACTOR relating to this AGREEMENT, to the extent allowed hereunder, shall be subject to the provisions of FSHO, and shall incorporate the FSHO.

CONTRACTOR shall comply with all rules, regulations and policies promulgated by the designated administrative agency, which may be amended from time to time. Where under the provisions of Section 10.44.13 of the Los Angeles Administrative Code the Designated Administrative Agency has determined that the CONTRACTOR intentionally violated or used hiring practices for the purpose of avoiding the article, the determination must be documented in the Awarding Authority's Contractor Evaluation, required under Los Angeles Administrative Code Section 10.39 et seq., and must be documented in each of the CONTRACTOR'S subsequent Contractor Responsibility Questionnaires submitted under Los Angeles Administrative Code Section 10.40 et seq. This measure does not limit the CITY'S authority to act under this article.

Under the provisions of Section 10.44.8 of the Los Angeles Administrative Code, the Awarding Authority shall, under appropriate circumstances, terminate this CONTRACT and otherwise pursue legal remedies that may be available if the Designated Administrative Agency determines that the subject CONTRACTOR has violated provisions of the FSHO.

**ARTICLE 44: COMPLIANCE WITH LOS ANGELES CITY CHARTER
SECTION 470(c)(12) FOR MEASURE
H/CONTRACTORCONTRIBUTIONS/FUNDRAISING**

The CONTRACTOR, Subcontractors, and their Principals are obligated to fully comply with City of Los Angeles Charter Section 470(c)(12) and related ordinances, regarding limitations on campaign contributions and fundraising for certain elected CITY officials or candidates for elected CITY office if the contract is valued at \$100,000 or more and requires approval of a CITY elected official. Additionally, CONTRACTOR is required to provide and update certain information to the CITY as specified by law. Any CONTRACTOR subject to Charter Section 470(c)(12), shall include the following notice in any contract with a subcontractor expected to receive at least \$100,000 for performance under this CONTRACT:

Notice Regarding Los Angeles Campaign Contribution and Fundraising Restrictions

As provided in Charter Section 470(c)(12) and related ordinances, you are subcontractor on City of Los Angeles contract #_____. Pursuant to City Charter Section 470(c)(12), subcontractor and its principals are prohibited from making campaign contributions and fundraising for certain elected City officials or candidates for elected City office for 12 months after the City contract is signed. Subcontractor is required to provide to contractor names and addresses of the subcontractor's principals and contact information and shall update that information if it changes during the 12 month time period. Subcontractor's information included must be provided to contractor within 5 business days. Failure to comply may result in termination of contract or any other available legal remedies includes fines. Information about the restrictions may be found at the City Ethics Commission's website at <http://ethics.lacity.org/> or by calling 213/978-1960.

CONTRACTOR, Subcontractors, and their Principals shall comply with these requirements and limitations. Violation of this provision shall entitle the CITY to terminate this CONTRACT and pursue any and all legal remedies that may be available.

ARTICLE 45: COMPLIANCE WITH THE IRAN CONTRATING ACT OF 2010

In accordance with California Public Contract Code Sections 2200-2208, all bidders submitting proposals for, entering into, or renewing contracts with the City of Los Angeles for goods and services estimated at \$1,000,000 or more are required to complete, sign, and submit the Iran Contracting Act of 2010 Compliance Affidavit.

IN WITNESS WHEREOF, The parties hereto subscribe the same in quintuplicate, and this CONTRACT is executed by the CITY, acting by and through it BOARD, and by City Fibers, Inc.

FOR THE CITY OF LOS ANGELES

APPROVED AND AGREED TO:

By: _____

Title: Commissioner, Board of Public Works

Date: _____

By: _____

Title: Commissioner, Board of Public Works

Date: _____

APPROVED AS TO FORM:

MICHAEL N. FEUER, City Attorney

BY: _____

Adena Hopenstand

Title: Deputy City Attorney

Date: _____

FOR CITY FIBERS, INC.

APPROVED AND AGREED TO:

By: _____

David Jones

Title: President

Date: _____

ATTEST:

HOLLY WOLCOTT, City Clerk

BY: _____

Deputy Clerk

Title: Deputy City Clerk

Date: _____