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OVERVIEW

The City of Phoenix Public Works Department owns two Materials Recovery Facilities (MRFs) used to process single stream recyclable materials collected from City of Phoenix residents, city buildings, institutions, and other sources. This process will procure an operator for the 27th Ave. MRF and will result with one operating agreement with one contractor.

The 27th Ave. MRF is currently shutdown and in the process of facility and equipment updates and is tentatively scheduled to be operational in or about Quarter two of 2023.

The goals of the City in operating this facility is to:

- Ensure safe, dependable, and professional operation of the facility and marketing of recovered materials.
- Maximize recovery of recyclable material and diversion of material from the waste stream at City of Phoenix solid waste facilities.
- Maximize revenue generated from the sale of recovered materials
- Properly maintain equipment to protect its operational life.

The City will consider proposals to operate the 27th Ave. MRF for a contract term of 5 years, with 4 optional one-year extensions, or alternative proposals that would allow a longer term in consideration for the Contractor investing capital improvements in the facility.

1. PROPOSED PRICE AND PROJECTED REVENUES

1.1 SERVICE AND FIXED PROCESSING FEES

From and after the facility operational date, the City shall pay Contractor the service fee for the handling, processing and marketing of all recyclables delivered to the facility for processing on the recycling process system during a contract year. The service fee includes all amounts payable to Contractor for the performance by Contractor of the operation, ordinary and extraordinary maintenance of the facility, including periodic replacement of processing equipment, mobile equipment and any other equipment that has a service life less than the term of this Agreement, and the performance by Contractor of all of its obligations under this Agreement. The Service Fee (SF) for a contract year is an amount equal to the (i) Fixed Processing Fee (FPF), plus (ii) Commodity Sales Share (CSS), plus or minus (iii) Service Fee Adjustments (SFA), plus or minus (iv) Payments or Adjustments (PA). The service fee is expressed as the following formula:

$$SF = FPF + CSS +/- SFA +/- PA$$

- A. Fixed Processing Fee** means the following amounts for each contract year, including optional years, adjusted by the inflation factor, based on City delivery and Contractor processing of the following tonnages of recyclables during each contract year:
- B. Additional Headcount Adjustments.** In special circumstances, the City may require additional labor to support recycling processing operations. If the City determines additional headcount is necessary then the Contractor will be required to demonstrate and provide a cost justification for each additional headcount added. Additional headcount



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fees will be added to the Fixed Processing Fee as a cost per ton over the base headcount.

(Note: This box is for information purposes only. Actual table is in Section VI – Submittal)


Contract Year	Anticipated Tonnage	Fixed Processing Fee Per Ton	Add Additional Headcount Over the Baseline Per Ton
1-3	60,000	\$ -	\$ -
4-5	62,000	\$ -	\$ -
5+	65,000	\$ -	\$ -

All lines must be filled in for all years. All amounts must be completed for proposal to be considered responsive.

All prices should be provided in 2021 dollars and will be adjusted annually for inflation as indicated in Performance Standards, Sampling and Testing.

C. Monthly Payments

1. Contractor shall provide the City with a statement or invoice, in a form acceptable to the City, for amounts payable hereunder by the last business day of the contract month immediately succeeding the contract month for which such amounts are payable. Beginning on the facility operational date and throughout the term of this Agreement, the amounts payable monthly with respect to the service fee shall be calculated in accordance with this section. Amounts invoiced, except for disputed amounts, are due thirty (30) days after receipt of the invoice by the City. Each invoice shall set forth the amount of the service fee payable to Contractor for the applicable period, together with supporting documentation sufficient to allow the City to verify Contractor's calculations of the service fee for such period, as well as any other data reasonably requested by the City. Each invoice shall be submitted to the City in combination with the monthly report as specified. All Contractor invoices, statements, and supporting documentation shall be delivered by hand, electronically or mailed first class, postage prepaid, to the address and person to be designated by the City.
2. The portion of the service fee payable monthly shall be calculated by Contractor as follows:
 - a. the amount of the fixed processing fee equal to one-twelfth (1/12) (adjusted for any partial contract years) of the annual

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fixed processing fee unless otherwise agreed to in writing by the City; plus

- b. the amount of the service fee adjustment, if any, equal to the amounts calculated based on actual tonnage delivered during the contract month; minus
- c. the amount of the service fee adjustment equal to the low tonnage credit accrued since the facility operational date, if any, less any low tonnage credit amount previously credited, but not to exceed the total payments otherwise paid or payable to Contractor. From the facility operational date, less any low tonnage credit amount previously credited; plus, or minus the amount of payments or adjustments incurred during the preceding month.

3. The City may refuse to make any payment (in whole or part) identified in this section if Contractor fails to make acceptable submittals in accordance with this Agreement.

D. Inflation Factor


1. During the term of this Agreement and any extensions, the fixed processing fee and the service fee adjustments shall be adjusted on an annual basis for inflation.

Adjustment for inflation shall be limited to (i) the percentage of change in the Consumer Price Index ("CPI") for the twelve-month period ending the previous June 30, or (ii) the percentage increase of any wage increase from an Arizona or Federal change in law impacting wages at the respective Facility multiplied by the percentage of labor costs to total operating costs, whichever is greatest. In no event shall the adjusted fees be less than the base fees.

The inflation factor will be calculated in June 2024 and will be effective as of July 1, 2024. BLS information will be calculated based on the change in the CPI for the twelve-month period ending May 31, 2024. The inflation factor shall be applied to billings for July 2024 through June 2025. The inflation factor shall be calculated each subsequent July of the Agreement and will be in effect for billings from July through the following June.

2. Method of Calculation

The City shall obtain the inflation factor based on information published by the U.S. Department of Labor, Bureau of Labor Statistics ("BLS") and available at <http://www.bls.gov/ro9/pachist.htm>.

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CPI for All Urban Consumers (CPI-U)	
Series Id:	CUURS400SA0
Series Title:	All items in West - Size Class A, all urban consumers, not seasonally adjusted
Area:	West - Size Class A
Source:	https://data.bls.gov/cgi-bin/srgate

In the event that the BLS ceases publication of the specified CPI for Urban Consumers, the City and the Contractor shall determine an agreeable inflation index that most closely approximates the Western Region CPI for the remainder of the Contract.


E. Trommel Operation.

1. The City is planning to install a Trommel within the City’s transfer station refuse side tip floor. The use of this Trommel will pre-process 40,000 tons of the most contaminated single stream and remove any valuable recyclable material. The “unders” that are recovered from the Trommel will be weighed and delivered to the MRF tip floor for processing by the MRF. This helps maintain the life of the equipment until further advancement to reduce inbound contamination occurs.
2. **Staff Requirements.** The City will require the Contractor to operate the trommel with a minimum of four (4) employees. Two (2) on the pre-sort incline to remove Tarps, Big Films & Stringy Items. One (1) on the 14’ overs to pull large cardboard and one (1) loader operator to load materials.
3. **Tons Processing.** The trommel is expected to process 150-200 tons per day at a minimum speed of 30 tons per hour.
4. **Trommel Operating Cost.** All proposals should include a price proposal for a minimum of four staff at an hourly cost.

1.2 PAYMENT AND COMMODITY SALES SHARE


Contractor shall, on a monthly basis, pay City's commodity sales share based on all recovered materials invoiced the previous month. Payment for Contractor's commodity sales share shall be retained by the Contractor.

If any recovered materials are not sold within one hundred twenty (120) days of processing, Contractor shall remit to the City the City's commodity sales share calculated by multiplying the quantity of such recovered materials by the market price for such materials. Remittance shall be calculated as a credit and included as part of Contractor's monthly invoicing. If such materials are sold at a later date, the City shall be given payment or credit by Contractor for the City's

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commodity sales share of the revenues received from the sale of recovered materials if such share is higher than the City's commodity sales share based on the market price previously paid or credited to the City for these materials.

- A. **Commodity Sales Share** for Contractor means a dollar amount equal to ten percent (10%) of the actual revenue received from the sale of recovered materials, and for the City means a dollar amount equal to ninety percent (90%) of the actual revenue received from the sale of recovered materials or for Contractor means a dollar amount equal to twenty percent (20%) of the actual revenue received from the sale of recovered materials, and for the City means a dollar amount equal to eighty percent (80%) of the actual revenue received from the sale of recovered materials.
- B. **Average Commodity Revenue (ACR)** means the current month Net Revenue for each residential single stream recyclable commodity used (subject to adjustment as mutually agreed upon for actual deliveries of materials other than residential single stream materials, including pre-sorted recyclables such as OCC from the transfer station waste tip floor program, or source separated recycling streams; additional adjustments may be made with mutual agreement for things that would materially distort the ACR, such as the lack of shipment of any products) divided by the total inbound tonnage.
- C. **Net Revenue** means gross revenue earned (positive or negative) minus any direct costs of Contractor related to transportation of recyclables.
- D. **End of contract year settlement.** Within thirty days after the end of each contract year, Contractor shall reconcile costs and revenues during such contract year. In no event shall the sum of (i) commodity sales shares, plus or minus (ii) service fee adjustments, plus or minus (iii) payments or adjustments, paid to Contractor for any contract year exceed the fixed processing fee or be less than zero (0). Contractor shall provide the City with a statement or invoice for amounts payable or credited hereunder. The invoice shall set forth supporting documentation sufficient to allow the City to verify Contractor's calculations. Amounts invoiced, if any, except for disputed amounts, are due thirty days after receipt of the invoice by the City. Amounts payable to the City are due and payable at the time the statement is submitted to the City.
- E. **Contractor Collection and Payment of Recovered Materials Revenues**
 - 1. The Contractor shall be responsible for all billing and records keeping, including preparation of complete bills of lading for all shipments, invoicing for commodities shipped, reconciliation of payments to invoices, and resolution of disputes with commodity brokers regarding product quality, shipment weights, price, or any other dispute. Contractor shall ensure timely payment of amounts billed and shall aggressively pursue such payments from commodity brokers.
 - 2. All revenue received from the sale of recovered materials, which are collected by Contractor, are the property of the City. Contractor shall collect the revenues on behalf of the City, and deposit them


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with in its own account in accordance with this Agreement.
Contractor shall make payment to the City of commodity sales share by the 25th business day of each month for all recovered material shipped the previous month. Contractor shall pay interest to the City on any revenues not paid by this date at the rate of ten percent (10%) per annum.

- 3. Upon request by the City, the Contractor shall provide the City with copies of all bills of lading and invoices issued by the Contractor to commodity brokers.
- F. Title to Recyclable Materials and Risk of Loss. Title to recyclable materials delivered to the facility shall remain with the City until the recyclable materials are processed and sold. The risk of loss to the recyclable materials shall pass to Contractor at the time they are delivered to the facility by the City. After the risk of loss passes to Contractor, if any recyclable materials are lost, damaged, or scavenged, Contractor shall be liable to the City for that sum of money that would have been the City's share of the revenue received from the sale of recovered materials.

2. FACILITY OPERATIONS AND MAINTENANCE CAPABILITY

- 2.1 The City shall provide the processing area, processing equipment, and the following areas at the site for the use by Contractor:
 - A. **Lockers.** Contractor shall be provided the use of lockers in the men's and women's locker rooms. The locker rooms and showers shall be used only by Contractor's personnel.
 - B. **Break room and Restrooms.** Contractor shall be provided use of a break room and shall have use of the men's and women's restroom facilities located in the locker rooms.
 - C. **Parking Spaces.** Contractor shall be provided the use of parking spaces in the parking areas. Specific spaces for Contractor's use shall be designated by the City. This parking lot will also be used by City personnel. Contractor shall not be permitted to park in any area other than the designated parking area.
 - D. **Spare Parts Storage.** Contractor shall be provided use of a room located in the processing area to be used for spare parts storage. Contractor shall provide and allow the City access at all times to the parts storage room as needed to conduct city business.
 - E. **Office Space.** Contractor shall be provided use of one office located immediately adjacent to the shipping docks. This area will be provided solely for the use of Contractor and is separate from the City's administrative offices.
 - F. **Fueling Station.** At no cost to Contractor, Contractor shall be provided use of the City's on-site fueling station for any and all diesel fueled mobile equipment used by Contractor, which is dedicated solely for use at the facility. The fueling station has diesel fuel only. Contractor shall implement a plan, approved by the City, prior to the facility operational date, for monitoring, recording and documenting Contractor's use of the fueling station and for preventing any theft or other unauthorized use resulting from Contractor's access to the fueling facility. The City may require Contractor to use the City's personal identification number (PIN) system (a system used to assign codes for authorized users)

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for tracking fuel use. If requested by the City, Contractor shall use the PIN system and abide by all associated rules and regulations.

Contractor shall implement methods and procedures to ensure against fuel spills, to provide for cleanup, and notice to the City. In the event of fuel spills, Contractor shall be responsible and liable for cleaning the spills immediately upon occurrence. Contractor shall immediately notify the City of any fuel spill in excess of one (1) gallon.

- G. Propane Use and Storage.** If requested by Contractor, the City shall provide Contractor with an on-Site area designated by the City for installation of a propane storage tank rack. Contractor shall be solely responsible for providing for the installation and maintenance of any such unit, which must be installed and maintained in accordance with applicable laws and the City's requirements. Contractor shall notify the City and obtain written approval from the City prior to installation.
- H. Loading Dock.** Contractor shall be provided use of the entire loading dock area.
- I. Designated Areas.** Contractor's personnel shall always remain in designated Contractor use areas and only those personnel engaged in work activities shall be in work areas. Further, Contractor's personnel shall not interfere with Transfer Station operations or other functions being performed or activities being carried out at the Site that are not under the direct purview of Contractor as herein provided. Vehicles and equipment operated by Contractor, its employees, and its shippers shall adhere to traffic patterns and speed restrictions as posted or as designated by the City.
- J. Orderly Conduct.** Contractor shall ensure that its personnel always demonstrate orderly conduct, especially when using areas shared with City staff.

2.2 CITY-FURNISHED UTILITY SERVICES AND SPARE PARTS

- A.** At no cost to Contractor, the City shall arrange for and furnish electricity, water and sewer services, excluding telephone and internet services, reasonably required by Contractor to conduct facility operations during the term of this Agreement.
- B.** At no cost to Contractor, the City shall, on the facility operational date, furnish an initial inventory of spare parts for the processing equipment for use by Contractor. A list of spare parts to be provided to Contractor will be provided prior to the Facility Operational Date. The initial spare parts inventory may or may not be inclusive of all parts required for operation and maintenance of the processing equipment, therefore, it shall be the responsibility of Contractor to supplement the spare parts inventory, as needed, at Contractor's sole cost, in order to repair the processing equipment, if necessary, in a timely manner and so as not to disrupt facility operations. All spare parts purchased and used by Contractor shall be documented in accordance with the General Maintenance section. As spare parts are removed from inventory and used by Contractor, they shall immediately be restocked into inventory with identical or City approved spare parts, at the sole cost of Contractor. Upon termination or expiration of this Agreement, the entire inventory of spare parts, including any replacement or spare parts as supplemented by Contractor, shall become the property of the City without cost to the City.



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Contractor shall be responsible for the initial set up and organization of all spare parts in the parts storage room, including inventorying, cataloging, and shelving, and continued organization of all spare parts. Contractor shall also provide initial development of and continuous updating of inventory records. The initial organization of the parts storage room and development of an inventory format is subject to review and approval of the City.

- C. Contractor shall be responsible for providing a spare parts inventory as needed at Contractor's sole cost, in order to repair the mobile equipment, if necessary, in a timely manner so as not to disrupt facility operations. The mobile equipment spare parts inventory shall be the property of Contractor.

2.3 SECURITY

- A. The City shall provide security lighting and security fencing and gates for the Site and may, at the City's discretion, provide an after-hours security guard.
- B. Contractor shall provide security and be responsible for all processing equipment and mobile equipment, spare parts, tools, other miscellaneous equipment, and office furniture and equipment, including the implementation of procedures to prevent theft and other types of loss.


2.4 DAMAGE BY FIRE

In the event the facility, Transfer Station or other infrastructure located on the site necessary for Contractor's performance under this Agreement is damaged or destroyed by fire or other casualty to the extent it would materially adversely affect Contractor's performance hereunder, then the City shall have the option to rebuild or repair the damage, delay operations during repair, or terminate this Agreement without liability to Contractor even though such fire or other casualty may or may not constitute a Force Majeure event.

2.5 MEETINGS AND COMMUNICATIONS

In order to minimize problems and to provide a forum for discussing and resolving any operational questions or issues that may arise, the Parties shall meet on a regular basis and shall adopt certain communications procedures as follows:

- A. **Telephone. And E-mail.** During the term of the Agreement, Contractor shall have its telephone lines staffed during normal business hours and at all other times the telephone line shall be equipped with a voice message machine. In addition, Contractor should be capable of sending and receiving e-mails.
- B. **Electronic Transmission of Reports.** Electronic transmission of data in an electronic format acceptable to the City shall be utilized by Contractor. Contractor shall provide a computer(s) suitably equipped for the downloading of data files.
- C. **Meetings Prior to the Facility Operational Date.** Upon reasonable notice, Contractor shall meet with the City prior to the facility operational date for the purpose of reviewing and discussing Contractor's obligations under this Agreement.
- D. **Meetings After the Facility Operational Date.** After the facility operational date, meetings shall be held between representatives of the Parties designated in the manner set forth in this section on a weekly basis, unless otherwise mutually agreed. The primary purpose of such meetings shall be to evaluate progress or problems, to air and seek

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resolution of complaints, to discuss any actual or perceived problems with service, review and discuss day-to-day operations, public relations, marketing and other issues as the Parties deem appropriate.

- E. **Designation of Representatives.** Each Party shall send at least one representative to each weekly meeting. Each Party shall designate one, and only one, representative as its lead representative. A lead representative shall have the authority, on behalf of the Party represented, to discuss and resolve service- related matters such as operational and marketing problems, customer complaints, and public relations.
- F. **Meeting Location and Format.** Meetings shall be held at the site unless otherwise agreed. Each Party shall be available for at least ninety (90) minutes per meeting unless otherwise agreed in advance. Meetings shall be held during normal business hours.

2.6 OPERATIONS AND MAINTENANCE PLAN AND OPERATIONS AND MAINTENANCE MANUAL

- A. Contractor shall prepare and submit to the City an Operations and Maintenance Plan prepared in accordance with Group 2 – Attachment B and C within thirty (30) days of the effective date of this Agreement. Following a review period, the City shall provide comments to Contractor on the Operations and Maintenance Plan. Upon receipt of the City's comments, Contractor shall have fourteen (14) days to submit to the City a final Operations and Maintenance Plan. Contractor shall work with the City to ensure that the final Operations and Maintenance Plan is approved by the City prior to the facility operational date.
- B. Contractor shall prepare and submit to the City a preliminary Operations and Maintenance Manual prepared in accordance with Group 2 – Attachment B within thirty (30) days of the facility operational date. The City shall provide Contractor on the facility operational date, or as soon thereafter as available, with one (1) copy of all record drawings. This information shall be compiled and supplemented by Contractor in preparation of the Operations and Maintenance Manual. Following a review period, the City shall provide comments to Contractor on the Operations and Maintenance Manual. Contractor shall have thirty (30) days to submit to the City a final Operations and Maintenance Manual. The final Operations and Maintenance Manual shall be subject to the City's approval.
- C. The Operations and Maintenance Plan and the Operations and Maintenance Manual shall be reviewed by Contractor at intervals not exceeding six months and revised as necessary by Contractor with approval by the City.
- D. Two bound copies of the initial and updated Operations and Maintenance Plan and the Operations and Maintenance Manual shall be provided to the City and two bound copies of each shall always be maintained on-site at the facility.

2.7 PROCESSING REQUIREMENTS

- A. Operation of Scales and Scale Hours
 - 1. The City has existing scales that are located at the Site and operated by the City for the primary purpose of weighing incoming loads of recyclables and non-recyclable waste. Separate scales are



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located near the loading docks and will be operated by the Contractor for the purpose of weighing outgoing loads of recovered materials and non- recyclable waste. The City shall use its best efforts to ensure that the scales are accurate, in accordance with State requirements, during the hours of operation.

2. The City's scales located on the site are currently in operation from 5:30 a.m. through 5:00 p.m., Monday through Friday, and 6:00 a.m. through 3:00 p.m. Saturdays. ("scale hours"). The scales are currently closed Sundays and all City Holidays, including New Year's Day, Martin Luther King Day, President's Day, Cesar Chavez's Birthday, Memorial Day, Independence Day, Labor Day, Veteran's Day, Thanksgiving Day, and Christmas Day. The scale hours and designated City holidays are subject to change based on a seven (7) day written notice to Contractor from the City.
3. Prior to loading recovered materials for transport to material markets, tare weights for the transport vehicles shall be determined using the City's scales. Subsequent to loading, transport vehicles containing loads of recovered materials for transport to material markets shall be weighed on the City's scales. Initiation and completion of bills of lading or other paperwork associated with shipping activities are the responsibility of the Contractor. City staff will provide weigh services only.
4. In the event the City's scales become temporarily inoperable due to testing or malfunction, the City may use other scales on site, or shall estimate the weight of recyclables delivered to the facility on the basis of truck volume and historical data obtained through operation of the facility. The weight reports for estimated weights shall delineate estimated weights from actual weights. These estimates shall serve as official records for the duration of the scale outage. If loads of outgoing recovered materials are weighed at the location of the material market, it shall be Contractor's responsibility to obtain the weight data from the material market at the lime of weighing and provide such data to the City by the next business day for use as official weigh records for the duration of the scale outage.

B. Operating Hours and Processing Hours

1. The City reserves the right to deliver recyclables at any time, without prior notice to Contractor, but shall use its best efforts to coordinate and inform Contractor of anticipated delivery schedules.
2. Contractor shall inform the City on a weekly basis of its planned schedule of operations for the next week and shall inform the City of any changes to its planned schedule of operations. Contractor shall operate the facility continuously during scheduled periods of



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operation subject to the availability of Recyclable Materials, excluding normal scheduled breaks.

3. Contractor shall be allowed to operate the facility at any time except Sundays, Thanksgiving Day, Christmas Day and New Year's Day and any additional holiday observed by Transfer Station operations; however, with prior written approval from the City, Contractor may be allowed to operate on these days. Contractor shall have access, necessary to perform maintenance and all other obligations in accordance with this Agreement, at all times to all areas of the facility, Transfer Station and site designated for Contractor use.

C. Tip Floor Management and Storage of Recovered Materials

1. The Contractor may provide spotter(s) on the tip floor to provide direction to incoming truck drivers in depositing their loads in the proper areas on the tip floor. The Contractor shall move, if necessary, all delivered recyclable materials loads within the separate designated recyclables storage areas (tip floor areas).
2. Contractor shall keep recyclable materials within the designated tip floor area and manage these materials so as to maximize the available use of space and, at all times, to make space available for deliveries. Contractor also shall always use its best efforts to minimize the tip floor area used for deliveries, storage, and other uses. If due to unacceptable tip floor management by Contractor, sufficient space on the Contractor's designated section of the tip floor area is not available for safe delivery of recyclable materials, Contractor agrees to pay the City liquidated damages in the amount of \$25,000 for each day this condition exists.
3. Contractor shall be responsible for moving materials from the tip floor storage areas onto the recycling systems' infeed conveyor. The Contractor's equipment operator shall minimize operation of the loader in the drive-through lanes and shall do so only when safe and as directed by the spotter. Contractor shall provide at least one laborer on the tip floor whenever the Recycling Process System is operating for the purpose of removing rejects, especially bulky rejects. Rejects shall be pushed aside by Contractor or placed in a bin for removal and disposal by the City, at the City's sole cost. Contractor shall use its best efforts to minimize residue included with such rejects. To the maximum extent possible, bagged materials shall be debagged by Contractor and processed.
4. Rejects removed after recyclable materials are fed into the recycling systems shall be transported by conveyor to the Transfer Station tip floor for removal and disposal by the City, at the City's sole cost.



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5. Contractor agrees to use its best efforts to process all of the recyclables delivered to the facility within forty-eight hours, unless materials are delivered on Saturdays, in which case materials shall be processed within seventy-two hours. Contractor shall ensure that its tip floor management procedures, which are to be included in its Operations and Maintenance Plan, cause all stored materials to be rotated, including materials located in hard to access corners, on a first in, first processed basis, and processed within the time periods specified herein.
6. Contractor shall ship recovered materials to materials market promptly after processing. Recovered materials shall not be stored or located outside the facility's structure, except for recovered materials loaded in covered or enclosed shipping trailers or containers for shipping to material markets, which shall not remain outside the facility or on the site for longer than seven operating days. Recovered materials shall not be stored or located inside the facility's structure for longer than one month, except as approved in writing by the City. Contractor shall maintain and keep current on a daily basis a recovered materials storage inventory which is kept in a location accessible to the City at all times and shall provide month-end inventory data in the monthly report.

D. Changes in Materials to be Processed

1. The City may, upon written notice, (i) direct Contractor to cease processing one or more of the recyclable material types, or (ii) direct Contractor to perform additional related processing services that are within the capability of the facility.
2. If the City directs Contractor to cease processing any of the recyclable materials, Contractor shall promptly and cooperatively comply with such directions, and Contractor shall lower the fee charged to the City in accordance with any reasonable cost decreases for processing.
3. If the City directs Contractor to perform additional related processing services that are within the capability of the facility, and if additional sorting stations, equipment, labor or other resources are required to provide such additional processing, Contractor shall identify such resources in writing to the City within two (2) weeks after receipt of the written request and shall negotiate any increases in Contractor's compensation to be paid by the City.

E. Baler Records and Bale Tagging

Contractor shall track and document the bales of recovered materials using the baler control panel or other means approved by the City for the purpose of recording and reporting to the City (i) the number of bales produced per day, and (ii) the type and grade

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of materials baled. All bales shall be tagged in a sufficient manner to identify the date baled.

2.8 EQUIPMENT AND MAINTENANCE

A. Equipment Furnished by Contractor

1. Mobile Equipment

- a.** Contractor shall provide, whether by purchasing, leasing, contracting with material markets, or other means and maintain or cause to be maintained all mobile equipment required to (i) move the delivered materials within the tip floor storage areas and/or from the tip floor storage areas onto the recycling systems' infeed conveyors, and perform other tip floor activities, as required, (ii) move recovered materials to and from storage, (iii) move shipping trailers on-Site, as needed, and (iv) transport recovered materials to material markets, including roll-off trucks, trailers, and roll off containers. At a minimum, Contractor shall provide the following mobile equipment: two (2) front-end loaders and two (2) forklifts. All mobile equipment purchased or leased by Contractor shall be subject to prior approval by the City.
- b.** Front-end loaders and forklifts purchased or leased by Contractor shall be new and unused with manufacturers' warranties in place, and entirely suitable in every respect for the service required. Other mobile equipment may be used equipment. Contractor shall be responsible for all equipment downtime and shall provide for adequate redundancy in cases of downtime or scheduled maintenance.

2. Office Equipment

- a.** Contractor shall provide all office furniture, office equipment and supplies necessary for Contractor to perform its obligations under this Agreement. Contractor shall also purchase necessary phone and facsimile equipment and shall be responsible for installing phone line(s) and phone service for Contractor's use in the facility.

B. General Maintenance

- 1.** Contractor acknowledges that the City intends the facility to be a showcase to the public and other entities of the City's recycling efforts. To help ensure that the facility portrays this image, Contractor, at its own cost and expense, shall ensure a safe, clean and exemplary work environment to maintain the aesthetic quality of the facility. Further, Contractor shall maintain the facility in good condition at all times and in accordance with the Operations and



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- Maintenance Plan and the Operations and Maintenance Manual to protect the facility against deterioration beyond normal wear and tear, and make all repairs and replacements required for Contractor to cause the facility to satisfy the performance standards, to perform its obligations under this Agreement and to maintain manufacturer's warranties, any proprietary licensing agreements, or required insurance in effect. All materials and equipment shall be applied, used, cleaned and conditioned in accordance with instructions of the applicable supplier or manufacturer.
2. Contractor's maintenance records shall be stored and maintained in a location easily accessible to the City.
 3. Contractor shall ensure that all Contractor's use areas are kept clean and litter free including, but not limited to: the loading dock area, glass load out area, processing area, the scrap metal area, and the landscaped areas adjacent to the loading docks, glass load out and processing area. All glass spillage shall be removed or cleaned up immediately upon occurrence to prevent injuries or damage. Litter originating in Contractor's use areas shall be cleaned up immediately to prevent such litter from blowing elsewhere on the Site. All other litter and spillages shall be removed or cleaned up by Contractor on a daily basis or more often as required. Contractor agrees to be fully responsible and liable for cleaning up any leaks, spills or other discharges of motor oil, hydraulic fluids, diesel, gasoline and other materials resulting from Contractor's use of Contractor's use areas and any other areas.
 4. Contractor shall specifically provide professional janitorial services for the offices provided for Contractor use, including locker rooms, restrooms, break room, any other area provided for Contractor's use. Professional janitorial services shall be provided by Contractor on a daily basis, Monday through Friday and any additional Contractor or City work days, and provide for thorough cleaning of all fixtures (sinks, showers, toilets), floors, walls, countertops, tabletops, etc., removal of all trash, and restock of all sanitary supplies such as hand soap, paper goods, etc. Access to the facilities by janitorial services personnel shall be coordinated with the City. In addition to professional janitorial services and in recognition of the shared use of facilities, both City and Contractor shall be responsible for ensuring that their respective staffs leave break rooms and restrooms in a sanitary condition, free from litter, and otherwise suitable for use. In addition to Contractor's provision of professional janitorial services, Contractor's staff will leave break



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room and restroom facilities in a condition that is sanitary, free from litter, and otherwise suitable for use.

5. Processing equipment shall be maintained in a clean, workable condition throughout the contract term. Processing equipment and the facility walls, floors, etc. shall be cleaned weekly using the compressed air blowdown system provided and pressure washed monthly, at a minimum. Contractor shall be responsible to provide pressure washing equipment, as required.
6. Contractor shall maintain on-site a current written inventory of all tools, equipment, spare parts and supplies having a value in excess of \$100.00 that are used in connection with the operation and maintenance of the facility, processing equipment and mobile equipment and shall make a reproducible copy of such inventory available to the City on request.
7. On the expiration or termination of this Agreement, Contractor shall deliver the facility to the City or its designee, in proper working condition and in like-new appearance, less normal wear and tear as determined acceptable by the City.
8. The City shall provide for the maintenance of the Transfer Station and site such as the building structures, utilities, administrative areas, roadways, parking areas, landscaping, and signage. Contractor shall be responsible for reimbursing the City for maintenance required due to the negligent acts of Contractor.

C. Processing Equipment Maintenance


1. Contractor shall, at Contractor's sole cost and expense during and after any warranty period, (i) maintain all processing equipment and shipping scale at the facility in accordance with the manufacturer's service schedule and in accordance with the Operations and Maintenance Plan and the Operations and Maintenance Manual; and (ii) make all repairs and replacements required for Contractor to perform its obligations under this Agreement and to maintain manufacturer's warranties, proprietary licensing agreements, or required insurance in effect. Further, Contractor shall not remove any unit of processing equipment from the facility for warranty purposes or otherwise without prior written approval of the City. All materials and equipment shall be applied, used, cleaned and conditioned in accordance with instructions of the applicable supplier or manufacturer.
2. Any defect with any processing equipment unit or item discovered by Contractor shall immediately be brought to the City's attention in writing. Contractor shall be responsible for ensuring that any warranty items are corrected by the supplier or manufacturer under

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- warranty. Contractor shall coordinate with the City when dealing with the supplier or manufacturer on warranty items.
3. Contractor shall employ manual and computer-generated tracking of all maintenance and repair activities including warranty repairs with forms designed specifically for each piece of processing equipment. Such forms shall detail all pertinent information regarding type of maintenance or repair, date, equipment condition, next scheduled service, and preventive maintenance measures taken. Records shall be kept current with no more than one-week delay in recording such data and shall be made available for City review at all times.
 4. Scheduled maintenance in support of warranty requirements shall be performed to manufacturers' specifications by Contractor. After the expiration of warranties, the manufacturers' specifications for maintenance shall continue to be followed by Contractor.
 5. Contractor shall provide the City with an initial schedule of planned outages by the facility operational date and thereafter as part of the monthly report. Contractor shall notify the City of any changes to the schedule forty-eight (48) hours prior to the next planned outage. Any planned outages shall be scheduled for, if at all possible, the hours when recyclable materials will not be delivered and when Contractor will not normally be processing; however, in any event, any planned outage shall not affect the delivery of recyclable materials to the facility or constitute a waiver of any payments attributable to the Contractor as a result thereof.
 6. Should the Contractor fail to maintain the processing equipment to the extent that a that a failure prevents the operation of the facility for one or more full shift in any three consecutive business days, Contractor agrees to pay the City liquidated damages in the amount of \$10,000 per day. Damages shall be assessed on day 3, and for each additional day until one full shift of processing occurs.

D. Mobile Equipment Maintenance

1. Contractor shall, at Contractor's sole cost and expense, (i) maintain all mobile equipment used at the facility in accordance with the manufacturer's service schedule and in accordance with the Operations and Maintenance Plan and the Operations and Maintenance Manual; and (ii) make all repairs and replacements required for Contractor to perform its obligations under this Agreement and to maintain manufacturer's warranties, proprietary licensing agreements, or required insurance in effect. Further, Contractor shall not remove or replace any unit of mobile equipment from the facility without prior written approval of the City. All materials and equipment shall be applied, used, cleaned and

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conditioned in accordance with instructions of the applicable supplier or manufacturer.

2. Contractor shall maintain a file library of all manufacturer materials related to the maintenance of the mobile equipment and develop a system of equipment maintenance based on manufacturers' recommendations.
3. Contractor shall employ manual and computer-generated tracking of all maintenance activities with forms designed specifically for each piece of mobile equipment. Such forms shall detail all pertinent information regarding type of maintenance, date, equipment condition, next scheduled service, and preventive maintenance measures taken and shall be made available for City review at all times.
4. Scheduled maintenance in support of warranty requirements shall be performed to manufacturers' specifications. After the expiration of warranties, the manufacturers' specifications for maintenance shall continue to be followed by Contractor.
5. Contractor shall supply all lubricants, fluids, and associated equipment necessary to maintain mobile equipment. The Contractor must maintain material safety data sheets for all chemicals used on site and shall forward a copy to the City. Contractor shall store, use, and dispose of chemicals, fluids, and lubricants in a safe manner and as required by applicable laws and regulations, including those enforced by the Arizona Department of Environmental Quality. Used oil shall not be stored on site. Only repair or replacement of tires, changing or topping of fluids, and emergency repairs shall be allowed on site without the express written approval of the City.

3. MARKETING RECOVERED MATERIALS

3.1 Delivery and Acceptance of Recyclable Materials

A. Delivery Obligation

1. **Recyclables.** After the facility operational date and until this Agreement is terminated or expires, the City shall deliver to Contractor at the facility no less than the minimum tonnage rate of 50,000 tons per year of recyclables and no more than the maximum tonnage as described in this section. In the event the City does not deliver the minimum tonnage of recyclables to the facility, the City's sole obligation to Contractor shall be to pay the fixed processing fee specified in Section VI, Bid Submittal. If the minimum tonnage is not delivered to the facility and processed as a result of default, the City shall be obligated to pay only a pro rata portion of such fixed



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processing fee for that period of the year in which such minimum tonnage is received and processed.

2. **Quality.** The City does not guarantee the quality or composition of recyclables delivered to the facility, except for the reject percentage limits as specified in this section.

B. Tonnage Acceptance and Processing Obligations


1. From and after the facility operational date and until this Agreement expires or is terminated, Contractor shall, in accordance with this Agreement and applicable law, accept and process recyclables delivered to the facility up to the maximum tonnage limit of 124,800 tons per year based on a processing schedule of 30 TPH, 16 hours per day, five days per week.
2. In the event Contractor fails to accept and process any load of recyclables, except as permitted in accordance with this Agreement, Contractor shall, in addition to any other remedy the City may have, (i) pay the City's alternative processing costs or disposal costs for all tonnages not accepted or processed by Contractor and (ii) pay or credit the City for the City's Commodity Sales Share, as determined by dividing the total revenue received from the sale of recovered materials in the most recent month for which such data is available by such month's total recovered Materials sold, for all tonnages of recyclables not accepted or processed by Contractor.

C. Refusal of Recyclables Materials Loads

1. The City shall have a percentage of allowable rejects that can be delivered to the facility in anyone-month period as described in this section regardless of the percentage of rejects that have been delivered at any point in time. Contractor shall not have the right to refuse an entire recyclable load that contain rejects to the extent that it is not practical to process, as mutually agreed by designated representatives for the City and Contractor. Contractor shall separate the rejects from the remaining portion of the load and thus refuse only the reject portion of such load.
2. Contractor shall work closely with the City to minimize the number of recyclables loads delivered of which partial amounts are refused.
3. Contractor shall submit to the City as a part of its monthly reports a record of any materials refused. The record shall include vehicle identification of the vehicle transporting the partially refused load, the date and time the materials were refused, and a description of the refused material.

D. Hot Loads and Contingency Plan.

1. In the event that a vehicle arrives with a Hot Load, the City shall have a designated safe area for dumping the load. In the event that

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(i) materials from a Hot Load are loaded into the processing equipment or (ii) a vehicle dumps a load on the tip floor that was not known to be a Hot Load, the City and Contractor shall have a contingency plan to handle such events. The City, upon notification by Contractor, shall be responsible for the handling and disposal of all Hot Loads during normal Transfer Station operating hours. During all other hours, Contractor shall immediately take reasonable actions to mitigate potential hazards due to Hot Loads, and then shall immediately notify the City.

E. Other Agreements

Contractor shall not enter into agreements with any persons other than the City for processing at the facility without the express written approval of the City, subject to terms and conditions acceptable to the City.

3.2 PERFORMANCE STANDARDS, SAMPLING AND TESTING

A. Performance Standards

Contractor acknowledges that consistent, reliable processing of recyclables is important to the City and that the City is relying on Contractor's assurances as to its quality of service to be provided under this Agreement. Contractor further recognizes that quantified standards of performance are necessary and appropriate to ensure consistent and reliable service. Contractor has received a copy of the performance test report containing test results. Therefore, Contractor agrees and guarantees that the recycling process system shall process to at least the following performance standards:

1. **Throughput Capacity Guarantee:** The Recycling Process System shall process at least 30 TPH.
2. **Recyclables Residue Guarantee:** The maximum amount of residue resulting from the processing of recyclables at the facility shall be no greater than the percentages shown below by weight of the recyclables processed:
 - a. From one hundred eighty-one days after the facility operational date and throughout the remaining term of the Agreement and any extended term: five percent (5%).
3. **Operating personnel labor:**
 - a. For the annual sampling: Consistent with current staffing practices at the time of the sampling.

B. Annual Sampling of Recycling Process System


1. Contractor shall conduct annual sampling (the "Annual Sampling") of the Recycling Process System unless an alternate arrangement or schedule is mutually agreed to in writing by both Parties. The City's primary purpose in requiring the annual sampling is to document the actual percentage of residue occurring during typical operations and to quantify a basis for imposing a payment on the Contractor, if any. The performance standard for the recovered



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- materials quality guarantee shall be measured and shall be achieved simultaneously throughout the sampling period. The express purpose for measuring and achieving the recovered materials quality guarantee is to ensure that market quality is not sacrificed in order for Contractor to meet the recyclables residue guarantee.
2. The annual sampling shall commence six contract months after the facility operational date and every twelve months thereafter throughout the term of the Agreement. Each annual sampling shall sample specifically for the recyclable residue guarantee applicable to the prior twelve-month period. The sampling period shall be one week in duration with actual hours per day and number of days established prior to the annual sampling based on the typical operating schedule at the time of sampling. For example, the sampling period shall be four days, ten hours per day if this is the operating schedule at the time of sampling.
 3. Contractor shall prepare and submit to the City an annual sampling protocol within sixty days of the facility operational date. Following a review period, the City shall provide comments to Contractor on the annual sampling protocol. Within forty-five days of receipt of the City's comments, Contractor shall have prepared an annual sampling protocol acceptable to and approved by the City. It is the City's desire that the protocol shall be simple and sampling shall not interfere with normal operations.
 4. If, due to the fault of Contractor, including failure to meet the recovered materials quality guarantee, an annual sampling must be stopped and, due to Contractor's inability to restart the annual sampling, the test cannot be restarted for a period of twelve hours or more from the time the test was stopped, Contractor shall be assessed liquidated damages of \$25,000 per occurrence. Contractor shall be required to make three attempts at restarting and completing the annual sampling. Contractor's inability to complete, including failure to meet the recovered materials quality guarantee, any annual sampling after three attempts shall constitute a default.
 5. Once the annual sampling is completed, regardless of the results achieved, Contractor shall not be allowed to repeat the annual sampling until the next scheduled sampling.
 6. Within thirty days of the completion of the annual sampling, Contractor shall submit to the City five copies of a written report documenting the results of the test. The protocol for the annual


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sampling shall specify the contents of such report, and shall include, but not be limited to:

- a. A detailed description of the various sampling conducted and associated activities;
 - b. The results of the sampling;
 - c. All data measured and recorded during the sampling; and
 - d. Any other data reasonably requested by the City to be included in such reports.
7. Throughout the sampling period, Contractor shall operate the recycling process system in accordance with normal operating procedures and normal staffing which means the normal number and classification of staff and the normal use of permanent personnel who are employed on-site the time of sampling and all normal operations shall be conducted, including routine equipment operation and maintenance services.
8. During performance of the annual sampling, Contractor shall be solely responsible for all costs including, but not limited to, Contractor's personnel and miscellaneous materials and instrumentation costs associated with such sampling.
9. During the performance of the annual sampling, the City shall be responsible for any City personnel, delivery of materials, and costs normally the responsibility of the City in accordance with this Agreement.
10. The City reserves the right to perform additional sampling and testing beyond that described in this section if deemed necessary by the City. Contractor shall be compensated for any reasonable costs incurred by Contractor as a result of such sampling or testing, if such costs were agreed to in writing prior to the sampling or testing.
- C. Failure of Contractor to Meet Performance Guarantees Should Contractor fail to complete either an annual sampling or meet the performance standards as demonstrated during the annual sampling, it shall constitute a default.

3.3 RECOVERED MATERIALS TRANSPORTATION AND MARKETING

- A. **Arrangements**
- 1. Contractor shall, at its sole cost, be responsible for establishing and coordinating transportation and marketing arrangements for the recovered materials in accordance with this Agreement, applicable law, the marketing plan and the market specifications. In marketing recovered materials, Contractor shall conduct a thorough analysis of all available local material markets and shall give due consideration, in light of the guarantees and obligations of this Agreement, to employing the "local loop" strategy to ensure that the local recycling material markets are given the opportunity to prosper.

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2. Contractor shall load vehicles to be used for transporting recovered materials to material markets in such a manner as to prevent spillage. Any spillage that may occur shall be cleaned up by Contractor in an expeditious and thorough manner. All recovered materials transported by Contractor shall be contained, tied or enclosed to prevent leakage, spillage or loss.
3. All vehicles used for transporting recovered materials or for any other purpose shall be registered, licensed, and permitted as required by law, be kept clean and sanitary, and be in good appearance and repair.
4. All loads of recovered materials leaving the site for transport to material markets shall be weighed on the City's scales.

B. Guaranteed Minimum Level of Marketing Effectiveness

1. Contractor acknowledges that effective and aggressive marketing of recovered materials is important to the City and that the City has relied on Contractor's assurances as to its ability to effectively market the recovered materials in entering into this Agreement with Contractor.
2. Contractor shall prepare and submit to the City a preliminary marketing plan in accordance with Group 2 – Attachment D, within thirty days of the effective date of this Agreement. Following a review period, the City shall provide comments to Contractor on the marketing plan. Upon receipt of the City's comments, Contractor shall have fourteen days to submit to the City a final marketing plan. Contractor shall work with the City to ensure that the final marketing plan is approved by the City prior to the facility operational date.
3. Contractor shall update and revise the marketing plan quarterly to identify the upcoming marketing efforts and to estimate marketing revenues and costs for the subsequent quarter. The first updated marketing plan shall be furnished to the City no later than three contract months after the facility operational date no later than the 15th day of the month following the end of the three-month period. Subsequent updates shall be furnished to the City no later than every three contract months thereafter no later than the 15th day of the month following the end of the three-month period.

C. Market Specifications/Recyclable Materials

Contractor agrees to provide the following quality of processing and marketing, which shall constitute Contractor's performance standard for recovered materials quality guarantee:


1. Contractor shall process recyclable materials to the extent necessary to achieve market specifications.



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2. Each type of recyclable materials shall be processed into a separate material grade and marketed separately, except as herein provided and unless otherwise approved by the City in writing, in order to maximize potential revenue received from the sale of recovered materials over the term of this Agreement.
3. Contractor shall process all recyclable materials to meet the market specifications identified in the Institute of Scrap Recycling Industries, Inc. (ISRI), "Scrap Specifications Circular 2020, Guidelines for Nonferrous Scrap, Ferrous Scrap, Glass Gullet, Paper Stock, Plastic Stock, Electronics Scrap, Tire Scrap" (or the most current version of this document) or, if more stringent, the actual market specifications required by potential material markets or, with written approval of the City, the specifications can be less stringent if acceptable to potential material markets. In the event that publication of the ISRI is discontinued, the City and Contractor shall agree on a mutually satisfactory substitute index which most nearly duplicates the ISRI. Contractor acknowledges that many material markets (end-users, paper mills, etc.) have mill or user-specific specifications that may be more stringent than the ISRI specifications, and Contractor further acknowledges that it shall be responsible for meeting any such market specifications in order to maximize, during the term of this Agreement, revenue received from the sale of recovered materials.
4. The following types of recyclables shall be sorted and separated by Contractor in the manner prescribed below, unless otherwise approved in writing by the City:
 - a. Glass shall be sorted and marketed as a three (3) mix.
 - b. UBC shall be sorted and marketed separately from other aluminum.
 - c. Aluminum other than UBC may be sorted and marketed as mixed scrap metal.
 - d. Tin cans shall be sorted and marketed separately from other ferrous metals.
 - e. Ferrous metals other than tin cans may be sorted and marketed as mixed scrap metal.
 - f. HDPE-Natural, HDPE-Colored, Polypropylene and PET shall be sorted and marketed separately. Other plastics shall be sorted and marketed into at least one (1) separate sort from a choice to be approved by the City of the following: (i) PET-low grade to include bottles and jars, (ii) HDPE-low grade, (iii) Polystyrene, and (iv) mixed rigid plastics.

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g. Chipboard may be combined with OCC as allowed by markets.

h. Special News Mix paper comprised of grade #56


D. Failure of Contractor to Meet Market Specifications

If Commodity Brokers (i) reject recovered materials or (ii) pay a lesser price for recovered materials because they do not meet the market specifications, Contractor shall make payment to the City, subject to the limitations of an amount equal to the sum of the following two items during each contract month:

1. The direct costs incurred by the City for the storage, disposal costs, or other disposition of rejected recovered materials; and
2. the City's commodity sales share that would have been received by the City had the recovered materials been sold at the average price for that commodity during the same contract month that the commodity was not rejected or downgraded. A list of any tons of recovered material rejected or downgraded shall be included in the monthly reports to the City.

E. Marketing Agreements

1. Contractor shall submit all marketing agreements and all amendments thereto to the City for its review and approval, which shall not be unreasonably withheld or delayed prior to execution by Contractor.
2. The City has a strong preference for long-term marketing agreements that maximize, throughout the term of the Agreement, the revenue received from the sale of recovered materials. Therefore, Contractor shall use its best efforts to obtain long-term marketing agreements for such purpose. When possible, all recovered materials should be sold F.O.B. Phoenix and be payable no more than 30 days after shipment.
3. Contractor shall require in the marketing agreements that the commodity brokers specify to Contractor at the time of payment any reasoning behind the downgrading of recovered materials from the market price generally expected to be received by the City and Contractor, or the rejecting of any recovered materials. Such reasons for downgrading or rejecting recovered materials specified by the commodity brokers shall be communicated to the City in writing and be contained in the monthly reports to the City.
4. All such agreements shall require Contractor to promptly give the City written notice of any default thereunder by Contractor. In the event Contractor does not cure or contest any of its defaults under such marketing agreements, the City shall be given the opportunity, without any obligation to do so, to cure and in such event,

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Contractor shall be liable to the City for all costs directly incurred by the City in connection therewith.

5. All such marketing agreements shall further provide that in the event of Contractor’s failure to perform or the default of any such agreements, the City, at its option, shall have the right to continue such agreements.

F. Sales to Affiliate Companies

It is the responsibility of Contractor under this Agreement to market all recovered materials. In marketing recovered materials, Contractor may sell recovered materials to affiliated companies provided it gives the City prior written notice and provided further that any such sale shall be made at a price not less than the price which could be obtained through any other source for the same duration of the agreement.


3.4 REJECTS AND RESIDUE

A. Rejects

Rejects resulting from the processing of recyclables shall not exceed thirty-five percent (35%) by weight of the total weight of recyclables delivered to the facility in any one contract month. The City shall use its best efforts to minimize the percentage of rejects delivered to the facility by performing public education programs, periodic load inspections, and the like. In the event rejects exceed thirty-five percent (35%) by weight of the total weight of recyclables delivered to the facility as demonstrated in two consecutive annual samplings, then Contractor shall be compensated retroactively for processing rejects in excess of thirty-five percent (35%) if Contractor is able to demonstrate, subject to cost substantiation, to the City that additional costs have been incurred for processing rejects greater than thirty-five percent (35%). Such compensation shall be for the twelve (12) month period between the two consecutive annual tests. The additional compensation shall be Contractor's sole remedy as a result of the City delivering rejects in excess of thirty-five percent (35%).

B. Residue

1. Contractor shall process recyclables delivered to the facility in such a manner that, at a minimum, the recyclables residue guarantee is achieved.
2. Contractor acknowledges that, due to the design, configuration and intended use of the facility and Transfer Station, it is not possible to routinely track residue quantities. Therefore, residue will be determined through an annual sampling.
3. The "Residue Penalty Period" shall mean the period of time between the completion of the most recent annual sampling (or, if applicable, the date this Agreement is terminated) and the completion of the previous annual sampling (or, if applicable, the facility operational date).
4. The Contractor shall pay or credit the City within sixty (60) days of completion of the most recent annual sampling, an amount, if any,

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for the purpose of reimbursing the City for the City's cost for disposal of residue at the Transfer Station, and for the loss to the City of its commodity sales share that would have been received if the residue percentage during the residue penalty period would have equaled the recyclables residue guarantee. The payment shall equal the product of the following three items:

- a. The sum of (i) disposal costs during the residue penalty period; and (ii) the City's share of the average revenue received from the sale of recovered materials on a per ton basis, as determined by dividing the City's share of the total revenue received from the sale of recovered materials during the residue penalty period by the total tonnage of recovered materials sold during the same residue penalty period; and
- b. The tonnage of recyclables processed during the residue penalty period; and
- c. The difference between the applicable recyclable's residue guarantee and the actual percentage of residue as demonstrated during the most recent annual sampling, divided by one hundred (100).

C. Disposal Prohibition

Contractor shall be prohibited from disposing of any recyclable materials delivered to or processed at the facility or marketing recovered materials that Contractor knows will be disposed of except as provided for in this Agreement.

3.5 REPORTING REQUIREMENTS, AUDIT AND INSPECTION

A. Weight Receipts

- 1. The City will endeavor to provide to Contractor each business day the previous operating day's electronic weight data for all recyclables delivered to the facility. Weight data shall be provided by the City in electronic format only, and shall contain gross, net and tare weights, truck identification number (only for City vehicles), and the date and time of the weight receipts. If because of technical issues the data is not available on a daily basis, data will be provided when available.
- 2. In the event of a scale outage, estimated weight data will be provided to the Contractor as soon as possible. Any weight that has been determined by estimate shall be so noted by the City on all records of such weight.

B. Material Sales Reports

The Contractor shall provide to the City each month the previous months material sales reports, including bills of lading and invoices. The Contractor shall endeavor to provide such information in an electronic format acceptable to the City as soon as possible, but no




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later than three months following the commencement date. Such information shall be provided on a storage device and/or hard copy until the approved electronic format has been established.


C. Monthly Reports

1. Within thirty (30) days of the effective date of this Agreement, Contractor shall prepare and submit to the City a draft format to be used by Contractor in preparing monthly reports. Following a review period, the City shall provide revisions to the Contractor. Upon receipt of the City's revisions, Contractor shall have fourteen (14) days to submit to the City a final report format. Contractor shall work with the City to ensure that the final format is approved by the City prior to the facility operational date.
2. Contractor shall submit monthly reports via regular mail and via electronic mail through the City's electronic mail network, commencing the first Contract month after the facility operational date. The City may request hard copies of the monthly reports at their option. These reports shall be due within twenty (20) days from the last day of each contract month.
3. At a minimum, each report shall include the following information for each reporting month:
 - a. A tabular and graphical month-to-month and fiscal year-to-date summary of the tonnages of all recyclables delivered to the facility;
 - b. A month-to-month and fiscal year-to-date summary of the number of hours and days the facility was in operation, and the number of staff hours expended by type of staff;
 - c. A tabular and graphical month-to-month and fiscal year-to-date summary of sales of recovered materials, by type of material, indicating quantities in tons (indicating actual weights versus estimated weights), commodity brokers, gross sales price, date of shipment, net sales price, transportation costs, average market prices based on actual sales of each material sold, average gross and net blended rate for all recovered materials sold, a record of payments received from commodity brokers and deposits made, material markets accounts receivables, and a list of any tons of recovered materials rejected or downgraded, including specific reasons given by commodity brokers for such downgrading or rejecting;
 - d. A tabular inventory of recovered materials indicating the number of bales in inventory by type of material and the

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- number of bales loaded into transport trailers but not yet shipped;
- e. A tabular and graphical month-to-month and fiscal year-to-date summary of baler records indicating the number of bales produced during each day, the type and grade of materials baled;
- f. A record of any materials refused, (i.e., rejects or hazardous waste), (i) shall indicate the vehicle identification number from which the refused materials originated, (ii) the date and time the materials were refused, and (iii) a description of the refused material;
- g. A summary of the maintenance performed on the processing equipment and mobile equipment;
- h. A month-to-month and fiscal year-to-date record of Contractor's accounts receivables from the City;
- i. A month-to-month and fiscal year-to-date record of Contractor's accounts payable to the City;
- j. A month-to-month and fiscal year-to-date record of Contractor's use of the fueling station indicating, at a minimum, the number of gallons of diesel fuel pumped from the fueling station for Contractor's use;
- k. A month-to-month and fiscal year-to-date record of Contractor's use of propane indicating, at a minimum, the number of gallons of propane pumped from the propane unit for Contractor's use;
- l. A record of any non-routine incidents that occurred including, but not limited to, damages to equipment and/or other facility or site areas, accidents, emergencies, damages or losses of recyclable materials, etc.;
- m. A schedule of planned outages for the next contract month following the month in which the monthly report is delivered to the City;
- n. An overall assessment of Contractor's performance for the month;
- o. An analysis of processing equipment handling capabilities;
- p. A discussion of employee training provided during the month; and
- q. A discussion of highlights and other noteworthy experience, measures taken to resolve problems and increase efficiency.

D. Semiannual Reports

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The City may request Contractor to prepare a semiannual report on the overall status of the facility.

E. Annual Reports

1. Contractor shall provide fiscal year-end annual reports during each contract year the facility is in operation via regular mail and via electronic mail through the City's electronic mail network. The City may request hard copies of the annual report at their option. These reports shall be due within thirty (30) days after the end of each fiscal year.
2. At a minimum, each annual report shall include:
 - a. A collated summary of the information contained in the monthly reports;
 - b. A discussion of highlights and other noteworthy experiences and measures taken to resolve problems and increase efficiency;
 - c. A forecast of the upcoming year's activities; and
 - d. An accounting of all revenues collected by Contractor, all revenue payments by Contractor to the City, all monthly service fee payments made by the City for the contract year, all amounts payable by the City as service fees for such contract year, and any other such credit or payment transactions between the City and Contractor.

F. Recordkeeping, Accounting and Auditing

1. Contractor shall keep and maintain current, complete and detailed records including, but not limited to, (i) records that provide the basis for the reports required under this section, including all matters affecting amounts payable by or to the City or Contractor under this Agreement, (ii) policies for required insurance, policy amendments, and all other related insurance documents; and (iii) accounting records and vouchers evidencing all costs, receipts, payments and any other matter of accounting associated with Contractor's performance under this Agreement in accordance with generally accepted accounting principles.
2. Contractor's books, records and accounts shall accurately, fairly, and in reasonable detail reflect all Contractor's dealings and transactions under this Agreement and shall contain sufficient data to enable those dealings and transactions to be audited in accordance with generally accepted auditing standards.
3. The City, or its audit representative, shall have the right at any reasonable time to inspect, copy, and audit the records, accounting records, vouchers, and their source documents which serve as the basis for costs, receipts, and payments. The said records shall be

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available for the City's inspection and audit for a period of three (3) years following the termination of this Agreement and for such further periods as may be necessary to resolve any matters which may be pending at that time or any longer period required by applicable law. Contractor shall make available any such records to the City upon request.


4. Contractor shall immediately notify the City should it become apparent that Contractor is unable to pay its debts as they become due and payable or if there is an adverse change in Contractor's financial condition.
5. Contractor shall, upon the City's request, provide to the City Contractor's most recent audited financial statements or unaudited if the audited are not then available.

G. Reliability of Reports

Contractor represents that all information Contractor has provided or will provide to the City is true and correct and can be relied upon by the City in awarding, modifying, making payments, or taking any other action with respect to this Agreement. Any materially false or misleading information or omission is just cause for the City to terminate this Agreement and to pursue any other appropriate remedy.

H. Inspection

1. The City, its representatives and invitees, or the City's Consulting Engineer shall have the right of access to observe and inspect the facility, processing equipment, including the platforms, and operations at all times, provided that all such visits shall be conducted in such a manner so as to minimize interference with Contractor's performance and operations. In connection with such visits, Contractor may require such persons to comply with its reasonable safety rules and regulations. Nothing contained in this Section shall be deemed to authorize the City to direct the operations of Contractor or be responsible for any Contractor's obligations under this Agreement.
2. The City, at its own expense, may at any time inspect all records related to the facility and inspect the facility to verify that the facility is being operated and maintained in accordance with this Agreement. The inspection may review if the facility is in compliance with provisions of this Agreement, and has been maintained in accordance with good maintenance, renewal and replacement practices. The inspection may consist of an audit of all facility operating records for the previous contract year. The inspection may consist of an inspection of the physical facility with emphasis on safety and hazard mitigation, and a test of all instrumentation used for determining facility performance, a review of facility and

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processing equipment, mobile equipment and other equipment maintenance and replacement records.

3. The City's inspections shall not relieve Contractor of any of its obligations herein or impose any liability upon the City.

4. QUALIFICATIONS AND EXPERIENCE


4.1 Personnel, Training, Safety and Damage Protection

A. Personnel

1. Contractor shall staff the facility with a sufficient number of hourly and salaried employees as is consistent with good management practices and in sufficient numbers to enable Contractor to perform all of Contractor's obligations and duties under this Agreement in a timely and efficient manner. In no case shall staffing be less than in Contractor's proposal.
2. Administrative personnel shall be experienced, full-time, permanent employees of Contractor, and shall not be temporary, part-time or contract employees. Administrative personnel shall at all times meet at a minimum, the level of experience as those identified in the proposal. Contractor shall notify the City in writing of any changes in administrative personnel except with respect to the plant manager who shall be interviewed and approved by the City.
3. Contractor shall designate emergency contact personnel who shall be accessible by the City at all times.
4. Contractor shall employ trained maintenance mechanics on a full-time basis to perform the required processing equipment maintenance.

B. Local Manager

1. No later than four weeks prior to the facility operational date and thereafter through the term of this Agreement, Contractor shall have a local plant manager charged with the responsibility for supervision of the operations of the facility and shall at all such times maintain an office in the facility. The local plant manager shall perform the obligations as specified in this Agreement as his sole responsibility and shall have no other responsibilities to any other facility or location. During the term of this Agreement, if the local plant manager is unavailable for any reason, Contractor shall designate individual(s) acceptable to the City who shall be responsible for facility operations, thus ensuring that a responsible party is designated at all times.
2. The plant manager shall preferably have a minimum of two years of experience managing a large-scale recyclable materials processing facility. If Contractor demonstrates to the satisfaction of the City that no such person is available despite the best efforts of Contractor,

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the plant manager shall have demonstrated experience, which is available for review by the City, showing the ability to fulfill the requirements of this plant managerial position. The City shall have the right to interview and approve the selection of the plant manager.

C. Training, Safety and Damage Protection


1. Contractor shall train and supervise its personnel to properly receive, process and market recyclable materials and to maintain the facility and mobile equipment.
2. Contractor shall institute a formalized training program to ensure that the facility will be operated and maintained in accordance with applicable law, normal industry custom, the City's rules and regulations, the Operations and Maintenance Plan and Manual, and the Training and Safety Plan.
3. Contractor shall prepare and submit to the City a written Training and Safety Plan within thirty days of the effective date of this Agreement. Following a review period, the City shall provide comments to Contractor on the Training and Safety Plan. Upon receipt of the City's comments, Contractor shall have fourteen days to submit to the City a final Training and Safety Plan. Contractor shall work with the City to ensure that the final Training and Safety Plan is accepted by the City prior to the facility operational date. Training of personnel shall not commence until notice of acceptance is provided to Contractor. Notwithstanding acceptance by the City, Contractor shall be liable and responsible for ensuring that the Training and Safety Plan meets the requirements of all laws and regulations. The Training and Safety Plan shall consist of both classroom-type and hands-on operator training and shall demonstrate processing equipment and mobile equipment and instruction in a classroom environment located at the facility. The instruction shall include instruction by qualified manufacturer's representatives who are knowledgeable about the facility. The Training and Safety Plan shall identify the contents, duration, goals, and specific agendas of the training to be provided for operations, mechanical maintenance, electrical and instrumentation maintenance personnel. Experienced Contractor mechanics shall thoroughly train all maintenance personnel to be employed at the facility with written supplementary materials provided. In addition, through Contractor's network of peripheral processing equipment suppliers, maintenance personnel shall receive specialized training on major pieces of processing equipment.



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4. The Training and Safety Plan shall be reviewed by Contractor at intervals not exceeding six months and shall be revised as necessary by Contractor with acceptance by the City.
5. Two bound copies of the initial and updated Training and Safety Plan shall be provided to the City and one bound copy shall always be maintained by the Contractor on-site at the facility.
6. Contractor shall maintain records documenting the training received by each employee.
7. Contractor shall (i) take all reasonable precautions to prevent damage, injury or loss, by reason of or related to the operation and maintenance of the facility, to any property on the site or facility or adjacent thereto, including but not necessarily limited to trees, shrubs, lawns, walks, pavements, roadways, equipment, structures and utilities; (ii) establish, maintain and enforce safety procedures and safeguards for the protection of Contractor personnel and all other persons at the facility consistent with applicable laws, customary industry standards; OSHA requirements, and the City's Site rules as may be in effect; (iii) comply with the City's Site rules as may be in effect from time to time and with all applicable laws, ordinances, rules, regulations and lawful orders of any public authority relating to the safety of persons or property at the facility or their protection at the facility from damage, injury, or loss; and (iv) designate a qualified and responsible member of its organization stationed at the facility who shall be responsible for facility safety and the prevention of fires and accidents at the facility and who shall work with federal, state, local and City officials involved with matters of safety.
8. Contractor shall notify the City immediately of any damage, injury, or loss, or of any situation posing a threat or harm to the facility or Transfer Station employees, equipment or structures.
9. At the City's request, Contractor shall meet with the City's representatives to discuss operating and safety rules and regulations in effect at the facility and site.
10. Sorting personnel shall be properly clothed in protective gear while in the performance of their duties. Such protective gear shall include, at a minimum, gloves, eye protection, ear protection, and suitable pants and shoes.
11. Contractor's personnel working on the tip floor and tip floor equipment operators shall wear appropriate protective gear and a safety vest to provide visibility to incoming drivers while performing such duties.

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12. If Contractor's personnel are negligent or inattentive, and such negligence or inattentiveness results in damage to City equipment or the facility or Transfer Station or results in injury to personnel, Contractor shall be liable for any such damage or injury.

D. Conduct and Uniforms

1. Contractor shall not permit any person to perform work who is incompetent or disorderly, and who may create hazardous or unsafe conditions or who may otherwise adversely affect the quality or the performance of the work. Contractor employees shall conduct themselves at all times in a professional manner and in accordance and consistent with the City's rules and regulations while performing their duties.
2. Contractor shall require and provide uniforms for its employees in a different color than the City's uniforms that readily identify such employees as employees of Contractor and that meet OSHA standards. Contractor's office and management personnel shall either wear a uniform in a different color than the City's uniforms or a badge that identifies them as Contractor employees.
3. Contractor shall ensure that no employee consuming alcohol or drugs, or under the influence of alcohol or drugs, is allowed to participate in the performance of the work required under this Agreement, nor shall any employee be allowed to bring alcohol, drugs or firearms onto the site.

E. Security inquiries and searches

1. Contractor acknowledges that all of the employees it provides under this agreement shall, at Contractor's expense, be subject to background and security checks and screening at the request of the City. Contractor shall perform all such security inquiries and shall make the results available to the City for all employees considered for performing work (including supervision and oversight) under this agreement. City may make further security inquiries. Whether or not further security inquiries are made by the City, City may, at its sole, absolute and unfettered discretion, accept or reject any or all of the employees proposed by the Contractor for performing work under this agreement. Employees rejected by the City for performing work under this agreement may still be engaged by the Contractor for other work not involving the City of Phoenix. An employee rejected for work under this agreement shall not be proposed to perform work under other City contracts or engagements without the City's prior approval.
2. Contractor recognizes the obligation of Contractor's employees to comply with the City's rules and regulations applicable to the facility

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and the responsibility of the City to protect public and private property and its employees. Therefore, Contractor agrees that the City may, on occasion, without notice or consent of Contractor or its employees, open and search offices, desks and file cabinets, lockers, containers, handbags, parcels and vehicles on City property.

3. Contractor shall require each of its employees as a condition of employment at the facility to sign a form acknowledging and consenting to the City's right to conduct such searches.

4.2 EDUCATION

A. Tours of Facility

1. The City shall have access to working areas and processing equipment, including processing equipment platforms, in the facility that allow full viewing of the processing system by tour groups accompanied by City personnel. Contractor shall, during regularly scheduled time periods not to exceed seven hours per week, as requested by the City, make its personnel available to conduct tours.
2. In order for the City to lead tour groups, Contractor shall train City personnel in a sufficient manner that they are knowledgeable regarding Contractor's operation of the facility.
3. Contractor shall not provide tours to any parties without the explicit prior approval of the City.

4.3 FACILITY TITLE AND MODIFICATIONS

A. Title


Title to and ownership of the facility, including any modifications or additions thereto by the City or Contractor, shall be in the name of the City and held by the City.

B. City's Facility Modifications

The City shall have the right to make changes to the facility. If any such modification will adversely affect Contractor's costs, guarantees, representations, warranties, or any other obligation set forth in this Agreement, or adversely affect Contractor's costs of operation and maintenance of the facility, or Contractor's ability to meet market specifications, Contractor shall identify such costs or affects. The parties shall then negotiate any increased costs or decreased costs or changed circumstances as agreed to by both parties.

C. Contractor's Facility Modifications

Contractor shall not remove any part of the facility or make any modifications to the facility whatsoever without the express written consent of the City or allow its personnel to remove or alter any processing equipment or mobile equipment safety device. Contractor may make changes to the facility, at its sole cost and expense, with the express written consent of the City, which the City may withhold, in its sole discretion, provided (i) Contractor gives written notice to the City which contains detailed information concerning the proposed modification and the expected effects on Contractor's obligations; (ii) the

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modifications do not adversely affect the facility design capacity; (iii) the modifications do not void the warranty on the equipment; and (iv) the modifications do not impair the quality and integrity of the facility.

D. Modification of Operations and Maintenance Plan/Manual

To maintain consistency with facility modifications, Contractor shall modify the Operations and Maintenance Plan and Operations and Maintenance Manual and other manuals to include processing equipment removed or installed as part of any facility modifications.

4.4 CIRCULAR ECONOMY AND EQUIPMENT MODIFICATIONS

The City and Contractor may revise this agreement to reflect mutually agreed upon terms that (i) support and develop circular economy sales and markets promoting local, regional and domestic markets in lieu of commodity sales to the highest bidder overseas markets; and (ii) implement a cost sharing program for replacement or upgrading processing equipment that has reached the end of its useful life or has become obsolete as a result of technology and/or process changes, (iii) implement pilot projects in order to capture and recover recyclables from the waste stream that would have been landfilled. All payment invoices for any cost sharing program or pilot program must be a separate billing from the monthly service and fixed processing fee billing.

5. EVALUATION CRITERIA

Category- GROUP 2 (Optional)		Points
1	Price	500
2	Operations and Maintenance Plan	150
3	Marketing Plan	150
4	Qualifications and Experience	100
5	Training and Startup Plan	50
6	References	50
TOTAL		1000