NOVATO SANITARY DISTRICT

Solid Waste Committee

Meeting Date: November 1, 2017

The Solid Waste Committee of Novato Sanitary District will hold a meeting at 2:30pm, Wednesday, November 1, 2017 at the District offices, 500 Davidson Street, Novato, CA.

Materials related to items on this agenda that are public records are available for public inspection in the District Office, 500 Davidson Street, Novato, CA, during normal business hours. They are also available on the District's website: www.novatosan.com. Note: All times and/or order of consideration for agenda items are for reference only. The committee may consider item(s) in a different order than set forth herein.

AGENDA

1. APPROVE AGENDA:

2. PUBLIC COMMENT: (PLEASE OBSERVE A THREE MINUTE TIME LIMIT)

This item is to allow anyone present to comment on any subject not on the agenda, or to request consideration to place an item on a future agenda. Individuals will be limited to a three-minute presentation. No action will be taken by the Committee at this time as a result of any public comments made.

3. REVIEW OF MINUTES

a. Approve minutes of September 20, 2017.

4. UPDATES/ROUTINE BUSINESS ITEMS:

a. City of Novato.
b. Redwood Landfill.
c. Marin County JPA and Local Task Force.
d. 2017 HHW and E-Waste programs.
e. 2017 Disposal/Diversion reports.

5. RECOLOGY SONOMA MARIN, PUBLIC EDUCATION AND OUTREACH PLAN

a. Receive "Public Education & Outreach Plan, Presented to the Novato Sanitary District, October 2017", from Recology Sonoma Marin.
b. Receive presentation on Public Education and Outreach Plan from Ms. Celia Furber, Waste Zero Coordinator, Recology Sonoma Marin.

6. REQUEST FOR CONSENT TO ASSIGNMENT OF "AMENDED AND RESTATED AGREEMENT BETWEEN NOVATO SANITARY DISTRICT AND NOVATO DISPOSAL SERVICE, INC. FOR SOLID WASTE COLLECTION, PROCESSING, DIVERSION AND DISPOSAL" TO RECOLOGY SONOMA MARIN:

a. Receive "Recology Sonoma Marin Transition Plan for Novato Sanitary District", from Recology Sonoma Marin.

b. Receive Recology, Inc. and Recology Sonoma Marin letter dated October 26, 2017 titled “Response to Letter from Novato Sanitary District dated September 28, 2017” with their responses to the eight critical issues identified in the District’s letter. (Note: District’s letter of September 28, 2017 provided as Attachment 1 to this Item 6.b. for informational purposes).
c. Receive R3 Consulting Group, Inc. (R3) report titled “Letter Report - Review of the Proposed Assignment of Novato Disposal Services Franchise to Recology”, and its recommendation to approve the assignment of the Novato Disposal Services Franchise Agreement to Recology Sonoma Marin, pending execution of an Assignment and Assumption Agreement that is acceptable to the District.
d. Draft “Assignment and Assumption Agreement - AMENDED AND RESTATED AGREEMENT BETWEEN NOVATO SANITARY DISTRICT AND NOVATO DISPOSAL SERVICE, INC. FOR SOLID WASTE COLLECTION, PROCESSING, DIVERSION AND DISPOSAL”, as prepared by District Counsel.

Consider Action to:

e. Recommend to the District Board that it consent to assign the “AMENDED AND RESTATED AGREEMENT BETWEEN NOVATO SANITARY DISTRICT AND NOVATO DISPOSAL SERVICE, INC. FOR SOLID WASTE COLLECTION, PROCESSING, DIVERSION AND DISPOSAL” to Recology Sonoma Marin.

7. ADJOURN:

In compliance with the American with Disabilities Act, if you need special assistance to participate in this meeting, please contact the District at (415) 892-1694 at least 24 hours prior to the scheduled meeting. Notification prior to the meeting will enable the District to make reasonable accommodation to help ensure accessibility to this meeting.

Item 3

NOVATO SANITARY DISTRICT
SOLID WASTE COMMITTEE MEETING
September 20, 2017

MINUTES

Members Present:
Director Jean Mariani Director Jerry Peters

Others in Attendance: Sandeep Karkal, Dee Johnson - Novato Sanitary District
Casey Williams, Scott Pariani, Jim Salyers – Novato Disposal Service
Delyn Kies, Novato resident
Ed Farewell, Recology Sonoma Marin
Manijeh Larizadeh, City of Novato
William Schoen, R3 Consulting Group (by phone)

1. Approve agenda: The agenda for September 20, 2017 was approved as submitted.

2. Public Comment: There was no comment from the public.

3. Updates/Routine Business Items:
   a. City of Novato. There was no update from the City.
   b. Redwood Landfill. There was no update from Redwood Landfill.
   c. Marin County JPA and Local Task Force (LTF). Dee indicated that the LTF would be meeting in October.
   d. 2017 HHW programs. Dee indicated that the HHW facility remains very busy with the month of August having the greatest participation in over 10 years
   e. E-Waste event October 7-9, 2017. The fall e-waste event will be held over 3 days at the Recycling Center from Oct. 7 – 9, 2017.

4. 2017 Disposal/Diversion Reports and Novato Disposal Service (NDS) 1st and 2nd Quarterly Reports. Casey Williams presented Novato Disposal quarterly reports. Dee Johnson reported that Novato Disposal's 2nd quarter diversion(52.11%) was slightly improved from the 1st quarter (52.02%)

5. Calculated Diversion Rate and CalRecycle Per Capita Diversion Method.
   a. Receive Per capita diversion calculation for 2016. Dee Johnson explained the per capita diversion calculation method adopted by the state in 2009. The method changed from a diversion-based system to a disposal-based indicator – the per capita disposal rate. Novato is doing a good job with exceeding the per capita disposal target rate. Although CalRecycle no longer considers diversion rates as a goal, the District and many cities and counties have relied upon this calculation as a measurement method, so CalRecycle developed an equivalent diversion rate calculation. As of 2016, this equivalent diversion rate for Novato was 76%. Director Mariani requested that a chart be prepared of Novato's comparative diversion rates for the last five years.
   b. Receive CalRecycle publication on diversion rate calculation ("Goal measurement FAQ's").

6. Recycling Center and HHW Facility:
   a. Receive update from Novato Disposal services (NDS) on potential facility relocation. Jim Salyers reported that he had been working with a commercial real estate broker, but had not found any suitable locations. Issues that make a new location difficult include traffic considerations and industrial zoning requirements. Committee members suggested a couple of areas to investigate.

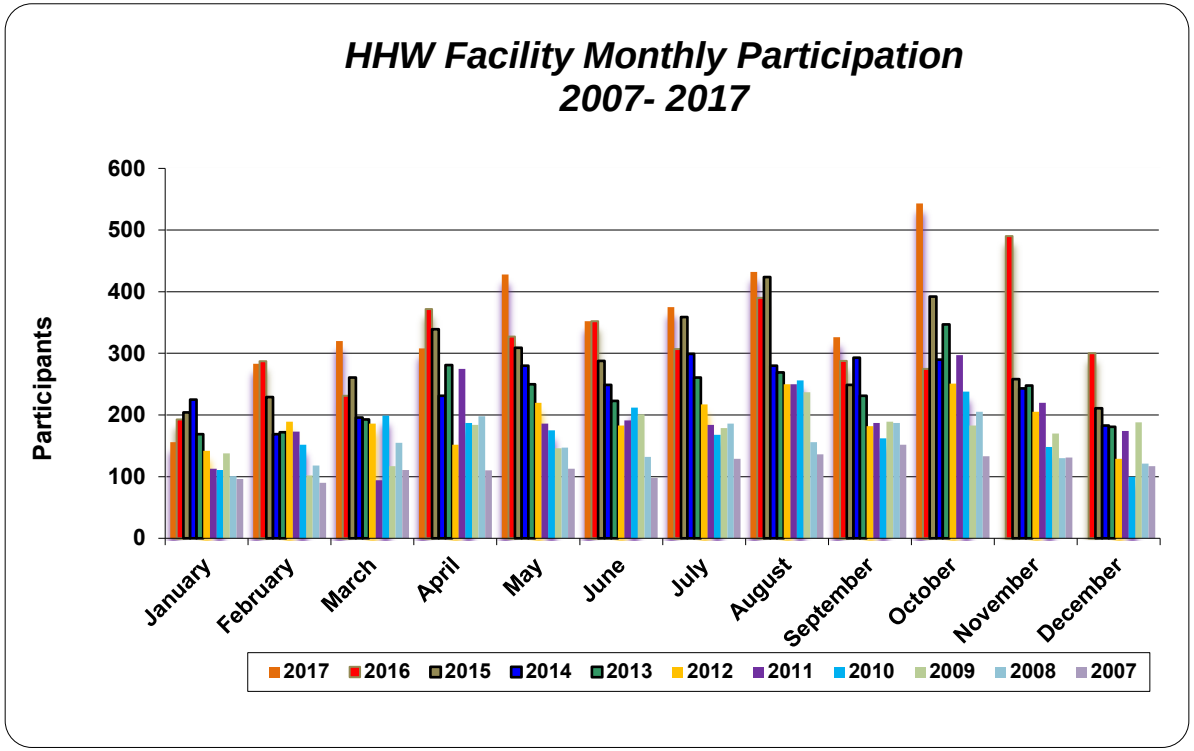
7. Calendar Year (CY) 2018 Solid Waste Rate Adjustment. Sandeep Karkal reviewed the report from R3 on Novato Disposal's requested rate adjustment for 2018. Based on the R3 report, staff recommends that the Solid Waste Committee recommend a solid waste rate adjustment for CY2018 of 5.04% to the District Board for its approval. Committee members discussed the viability of the balancing account for future rate adjustments. Following discussion, Committee members unanimously recommended that the solid waste rate adjustment for CY2018 of 5.04% be brought forward to the Board for its approval.

8. Adjourn. The meeting adjourned at 4:10 pm.

HHW FACILITY SUMMARY 2017	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
Total Participants	**156**	**283**	**320**	**308**	**428**	**352**	**375**	**432**	**326**	**543**			
Been to events before?(Yes)	128	233	261	250	333	284	306	349	267	429			
Permanent facility?	107	206	234	226	296	245	258	313	233	369			
Temporary events?	26	42	41	36	58	61	66	57	53	58			
First time user?	28	40	59	58	95	68	69	83	59	119			
Type of waste brought in?													
Antifreeze	5	20	16	22	26	15	23	46	27	33			
Asbestos	0	5	2	0	2	1	4	3	4	4			
Auto products	20	36	47	44	66	44	58	91	54	72			
Car batteries	1	6	4	11	13	4	10	12	13	16			
Computer monitors	**9**	**22**	**16**	**19**	**17**	**22**	**22**	**16**	**16**	**26**			
Cements,sealers	20	29	45	39	53	41	52	66	31	56			
E-Waste(all types)	55	99	98	73	89	93	98	115	111	137			
Fluorescent tubes& bulbs	26	55	52	44	54	48	54	63	52	85			
Fuels(gas,kerosene,diesel)	6	19	28	41	40	26	37	54	45	46			
Household batteries	33	78	73	69	98	75	83	101	80	138			
Household cleaners, polishes	30	73	70	86	109	84	108	121	85	121			
Latex paint	**61**	**97**	**108**	**110**	**178**	**147**	**151**	**187**	**120**	**217**			
Motor oil/filters	15	31	36	37	56	53	47	49	39	74			
Oil base paint	**29**	**51**	**78**	**68**	**114**	**83**	**107**	**116**	**69**	**127**			
Paint thinners, solvents	**33**	**65**	**75**	**88**	**117**	**79**	**102**	**131**	**95**	**132**			
Pesticides,herbicides,insecticides	20	42	52	55	99	77	72	108	61	89			
Pet care products	4	6	11	8	11	13	11	12	8	16			
Photo chemicals	1	3	1	2	2	2	3	2	4	4			
Pool Chemicals	2	6	4	8	17	8	11	10	8	21			
Propane/helium tanks/fire extinguishers	10	20	20	26	56	38	33	44	34	69			
Sharps	1	4	5	5	4	4	2	7	13	10			
Spray paints	19	44	51	47	81	68	64	84	52	99			
Television	**22**	**42**	**48**	**29**	**26**	**40**	**27**	**43**	**38**	**33**			
Thermometers/Thermostats	3	7	5	4	6	6	3	6	2	4			
Wood preservatives, stains	12	27	45	35	68	44	51	75	44	68			
Other	1	9	7	3	9	3	15	11	10	20			
Hear about program?													
Recycling Center flier	70	113	127	113	165	131	141	173	128	260			
Sanitary District newsletter	31	54	62	66	103	90	74	89	57	129			
Sanitary District website	20	28	35	22	41	44	50	51	35	35			
Novato Disposal newsletter	63	111	141	126	182	149	162	168	124	231			
Word of mouth	25	38	48	33	46	45	48	71	50	51			
Other	7	20	24	15	24	9	19	25	18	17			
Change your own motor oil?													
Yes	30	36	42	36	46	42	39	50	42	69			
Novato Recycling Center	22	27	33	25	30	32	26	32	30	51			
O'Reilly's	9	10	12	12	11	11	11	17	14	18			
Pennzoil	0	1	1	0	1	1	1	1	0	2			
Other	1	0	5	1	4	0	3	3	1	1			
If yes, want curbside pickup?	10	15	13	9	13	11	12	12	8	20			
No	149	247	278	272	382	310	349	420	283	474			
Comments													
Compliments/Good	51	94	117	98	137	118	129	139	110	194			
Complaints	0	0	1	4	5	4	2	5	4	3			

HHW PARTICIPANTS 2006 - 2017

	January	February	March	April	May	June	July	August	September	October	November	December	Totals	
2017	156	283	320	308	428	352	375	432	326	543			3,523	
2016	193	287	231	372	327	352	307	390	288	275	490	300	3,812	
2015	204	229	261	339	309	288	359	424	249	392	258	211	3,523	**open 3 days in April, 6 days in August**
2014	225	169	196	231	280	249	299	280	293	290	262	183	2,957	**open 3 days in April**
2013	169	172	193	281	250	223	261	269	231	347	248	181	2,825	
2012	142	189	186	152	220	183	217	250	182	251	205	129	2,306	
2011	113	173	94	275	186	191	184	250	187	297	220	174	2,344	
2010	111	152	199	187	175	212	168	256	162	238	148	100	2,108	August 6 days
2009	138	102	117	184	146	201	179	237	189	183	170	188	2,034	August 6 days
2008	101	118	155	198	147	132	186	156	187	205	130	121	1,836	
2007	96	90	111	110	113	98	129	136	152	133	131	117	1,416	
2006	57	118	115	112	140	111	145	120	119	95	106	73	1,311	
% Change from 2016	-19.17%	-1.39%	38.53%	-17.20%	30.89%	0.00%	22.15%	10.77%	13.19%	97.45%				


HHW Facility Monthly Participation
2007- 2017
Participants
600
500
400
300
200
100
0
January
February
March
April
May
June
July
August
September
October
November
December
2017
2016
2015
2014
2013
2012
2011
2010
2009
2008
2007

NOVATO *E-WASTE* COLLECTION
Saturday, October 7 – Tuesday, October 10, 2017

Number of Participants: 705 residents

***E- Waste* Collected: 34,336 pounds**

Background

Novato's fall E-Waste collection event was held from Saturday, October 7 – Tuesday, October 10, 2017 at the Recycling Center. This special drop off event offers residents the opportunity to properly dispose of all electronic items.

Since 2003, at these events, we have collected over 1,524,322 pounds of E-waste, from over 24,065 Novato residents.

Participation

A total of **705 residents** dropped off *E-Waste* during the three day event. Although originally scheduled for Saturday through Monday, Monday had to be cancelled due to the fires in Sonoma County and lack of staff. This day was rescheduled to Tuesday, October 10, 2017. Notice was posted on our hotline, website and Facebook pages. Daily participation, based on actual surveys is listed below:

	SAT	SUN	TUES
Daily Participation	338	259	108

A total of **34,336 pounds** of *E-Waste* was collected over the 3-day period. The chart below illustrates the total pounds and pounds per participant.

Number of participants	705
Total *E-Waste* Collected (lbs)	34,336
Pounds per participant	48.7

Costs/reimbursements

Total reimbursement for CRT disposal totaled **$2,111.02**. Costs totaled **$793.28**. for ECS non-CRT material collected.

Publicity and Outreach

Outreach methods included:

- Article in Novato Disposal newsletter and bill inserts mailed to all customers
- Article in Sanitary District newsletter mailed to all residents
- Ad placed in Novato Advance
- Separate notice on Sanitary District website and Facebook page
- Fliers posted at Sanitary District, Recycling Center
- Notices on hotline
- Banner on Community House and along DeLong Avenue

Next Event is scheduled for Spring, 2018

NOVATO DISPOSAL SERVICES DISPOSAL/DIVERSION 2017

DIVERSION	1stQ	2ndQ	3rdQ	4thQ	TOTAL
Novato Disposal Recycled Shipped (Curbside & Buyback)	3,458	3,082	2,953		
Novato Disposal C&D, Wood, Inerts & Bulky waste	420	563	603		
Novato Disposal Green waste & residential food waste for compost	3,823	4,026	3,233		
Novato Disposal Commercial Food Waste for compost	93	94	95		
TOTAL TONS DIVERTED	**7,794**	**7,765**	**6,884**		
DISPOSAL					
MSW& Debris Box/Novato Disposal	**7,189**	**7,135**	**7,066**		
TOTAL TONS DISPOSED	**7,189**	**7,135**	**7,066**		
TOTAL WASTE GENERATED(TONS)	**14,982**	**14,900**	**13,950**		
PERCENT DIVERTED	**52.02%**	**52.11%**	**49.35%**		
PERCENT DIVERTED WITH REDWOOD & MRRC	**49.27%**	**53.22%**			

CITY OF NOVATO & DISTRICT AB939 DISPOSAL AND DIVERSION MONITORING

Haulers: Novato Disposal
Self Haulers

Reporting period: January - December 2017

		1st Qtr.	2nd Qtr	3rd Qtr.	4th Qtr.	TOTAL 2017
A.	**2017 DIVERSION**					
	Novato Disposal Recycled (Curbside & Buyback)	3,458.00	3,082.00			
	MRRC recovery	346.32	1,245.33			
	Self haul Inerts Diverted Redwood Landfill	580.26	1,190.43			
	Redwood Landfill self haul C&D& wood waste recycled	26.12	92.45			
	City of Novato C&D diverted(included in Novato Disposal)	N/A	N/A			
	ADC from MRRC	N/A	N/A			
	Compost from MRRC	114.26	76.83			
	Greenwaste From Redwood Landfill self haul/compost	81.80	114.49			
	Novato Disposal Inerts	420.00	563.00			
	Novato Disposal Green/Food Waste used for compost	3,823.00	4,026.00			
	Novato Disposal commercial food waste used for compost	93.00	94.00			
	North Marin Metal Recycling	0.00	N/A			
	2017 TOTAL TONS DIVERTED	**8,942.76**	**10,484.53**			
B.	**2017 DISPOSAL**					
	MSW& Debris Box/Novato Disposal	7,189.00	7,135.00			
	MRRC Residuals	861.67	477.86			
	MRRC Wood/Yard Waste incinerated/transformation	195.65	109.46			
	Redwood Landfill self haul C&D waste disposed	1,001.13	1,513.46			
	Novato waste disposed out-of-county	N/A	N/A			
	2017 TOTAL TONS DISPOSED	**9,247.45**	**9,235.78**			
C.	**2017 TOTAL WASTE GENERATED(TONS)**	**18,190.21**	**19,720.31**			
D.	**COMPLIANCE WITH AB939 DIVERSION MANDATE**	**49.27%**	**53.22%**			
	Percent Diverted Using Generation Based Calculation Method(includes 10% incineration waste)					

REDWOOD LANDFILL SELF HAUL BREAKDOWN (TONS)

	1st Qtr.	2nd Qtr	3rd Qtr.	4th Qtr.	TOTAL 2017
Inerts/ Diverted	580.26	1,190.43			
Greenwaste Diverted/compost	81.80	114.49			
C&D/ Disposed	1,001.13	1,513.46			
C&D & Wood Waste Recycled	26.12	92.45			
Total	**1,689.31**	**2,910.83**			
Percent Redwood self haul diverted	**40.74%**	**48.01%**			

Item 5.a.
(Pages 10 to 18)

Recology™
Sonoma Marin
WASTE ZERO

Public Education & Outreach Plan

Presented to Novato Sanitary District
October 2017

SUMMARY

Recology has a passion for recycling that dates back to the 1920s, and a long and proud history of educating communities on the benefits of waste reduction. We strive to create compelling and informative outreach and education programs to help excite our customers about participation in diversion programs.

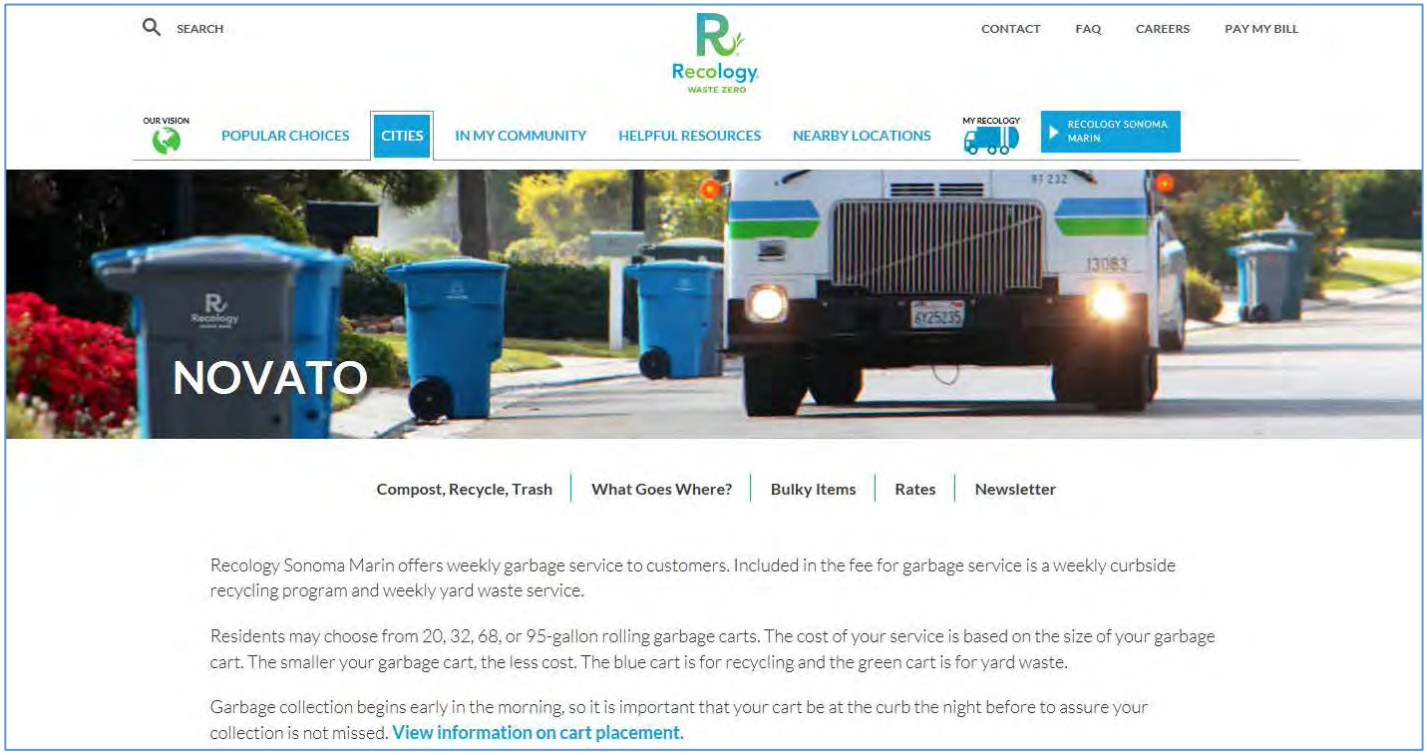
The Recology Sonoma Marin Waste Zero Team will use a variety of strategies to ensure that Novato's public schools, commercial businesses, multi-family residential properties, and single-family homes are well informed of the diversion programs available to them and have the necessary tools for success.

These strategies include:

- Website
- Newsletters
- Mailers
- Waste Audits
- Physical Tools
- Signage
- Brochures
- Driver Tags
- Presentations
- Waste Zero Events

WEBSITE

All Recology locations can be found at www.Recology.com. Our website is well maintained, user friendly, and mobile friendly. We have developed a sub-site for Novato that is ready for review.



NEWSLETTERS

Recology Sonoma Marin will develop and mail out tailored bi-annual spring and fall newsletters to all Novato customers. Newsletters will promote waste reduction, reuse opportunities, recycling, composting, and proper disposal of household hazardous waste.

RecologySF.com

Recology Sunset Scavenger and Recology Golden Gate, your local recycling companies | Recycle | Compost July – September 2014

Recycle & compost bins tell it like it is

Our blue and green bins are always ready to receive the things we toss. If, by some crazy magic, these sentries of the sidewalk could speak, what would they say?

Blue: Feed me more clean paper, such as computer paper, stationery, and envelopes. San Francisco does a good job of recycling, but people still toss paper in trash bins. When you put paper in me, we save trees, and energy, and water. And another great reason to recycle more — Recycling creates 10 times more jobs than landfilling or incineration.

Us: I hear you about paper Blue, but sometimes it can be hard to know which items can be recycled and which can't.

Blue: Feed me all cans and all glass and plastic bottles, and things made of hard or stiff plastic like yogurt containers and plastic cups. But no plastic bags. They wrap around recycling equipment in the big building where materials are sorted and baled.

Us: OK. I'm with you on those things Blue. And Green? Can you talk too?

Green: I absolutely love coffee grounds and food scraps. Please feed me all you've got. The scraps become compost that goes to local farms, orchards, and vineyards. But I also see far too many things tossed in the trash that definitely should be tossed in me.

Us: Hmm. Yes. I've heard good things about the compost program.

Green: I'll eat what you don't. When you clean out the fridge, feed me all food scraps, plant cuttings, and food-soiled paper like used napkins and paper towels.

Us: Even spoiled lunch meat?

Green: Yes, and steak bones and pizza crusts, and crab shells, all that stuff and more.

Us: You have quite an appetite.

Green: I'm insatiable. Remember, when we make compost we give local farms a great alternative to synthetic (chemical) fertilizers. Compost feeds the soil. Farms grow your food.

Us: Those are very good points. More scraps for you. Since we are talking, I'm curious — can we really get to zero waste?

Blue: We can and we must. Recycling and compost programs are highly effective ways to help protect the environment. Think of the trash bin as a last resort. Trash bins are portals to landfills and incinerators. Things tossed in the trash do not get recycled.

Green: San Francisco's goal is for the trash bin to get smaller and smaller and eventually go away. Starve your trash bin. Think — more blue, more green.

Us: Wow. We must talk again.

Blue: Let's do it, and let's recycle more.

Green: Feed me more too, and I'll tell you more great things about composting.

Zero Waste is an international movement

San Francisco is a leader in the pursuit of Zero Waste, and other cities and countries are studying our recycling policies and programs in an effort to better manage waste and its effects on the environment.

Le Monde

Après dix ans d'efforts, San Francisco s'approche de son objectif « zéro déchet »

Administrations, services, habitants, hôtels, BTP : la ville californienne a dépassé 80 % de recyclage

San Francisco aims to achieve Zero Waste, to send next to nothing to landfill, by 2020. Seattle and Portland are making similar pushes, and in May the City of Minneapolis passed a Zero Waste goal.

Nearly every month a delegation from another large city in the United States or from another country comes to San Francisco to see our recycling programs firsthand. The concept of Zero Waste is also being discussed in New York City, London, Vancouver, and Israel.

Romauno, a leading TV station based in Italy, sent a crew to San Francisco earlier this year to document our city's efforts to achieve Zero. Reporter Fabio Esposito's 39-minute profile aired on May 23 and can be seen on YouTube. Complément d'enquête, a French news program modeled after 60 Minutes, sent a crew to San Francisco last year and dedicated an entire show to "poubelles un monde sans déchet" (a world without waste bins).

Zero Waste Europe, an independent initiative bringing together organizations and municipalities committed to eliminating waste, hosted a conference in Paris in February to advance the platform. More than 400 people from 15 countries attended. Two delegations from France visited San Francisco this spring. One made the journey to Jepson Prairie Organics, a Recology compost facility outside Vacaville, which turns food scraps and plant cuttings collected from city residences and businesses into nutrient-rich compost.

And on May 28, *Le Monde*, the largest newspaper in France, published a feature story on San Francisco's Zero Waste initiative and posted the report, a sidebar story, and a slide show on LeMonde.fr.

San Franciscans have embraced recycling and composting and have taken additional steps to make further progress toward our goal of Zero. Every effort, no matter how small, has multiple benefits — it keeps materials out of landfills, saves resources including water, and supports green jobs.

People around the world increasingly understand that everyone must help protect the environment by reducing the amount of waste we produce and recycling as much as possible. Thank you for helping make it happen.

Recology Sunset Scavenger Golden Gate WASTE ZERO

Learn more about recycling from your local recycling companies at www.RecologySF.com

MAILERS

Recology Sonoma Marin will design four tailored campaigns per year for the City of Novato, and will promote them through bill inserts or postcard mailers. All new customers will also be sent an introductory postcard and overview of services. You can find an example of this below.

WASTE AUDITS

Waste audits are an excellent tool to help schools, commercial, and multi-family customers increase diversion. The Recology Sonoma Marin Waste Zero Team will promote waste audits to all customers with 4 cubic yards of garbage service or more per week. As well, they will directly contact customers that need to be in compliance with AB341 and/or AB1826 to schedule a waste audit. After a waste audit has been conducted, service recommendations will be made to maximize diversion.

PHYSICAL TOOLS

Recology Sonoma Marin will provide a variety of indoor containers and other physical tools to help Novato customers with their diversion efforts at the cost of the item plus delivery.

SIGNAGE

Recology Sonoma Marin will maintain an extensive inventory of signage to help elevate diversion programs and ensure success, including: indoor and outdoor horizontal or vertical image based labels, large posters in English and Spanish languages, school specific posters, and “We proudly Compost & Recycle here!” window clings.

BROCHURES

Recology Sonoma Marin will develop informational brochures specific to each customer type and their needs, including: commercial customer service guides, multi-family residential property manager service guides, and multi-family residential tenant move-out guides. Brochures will be offered in English and Spanish languages.

DRIVER TAGS

Recology Sonoma Marin drivers will always have corrective action notices as well as good job cards on hand. Corrective action notices inform the customer of any items that need to be removed before a bin or cart can be serviced. Good job cards will be used to provide positive feedback for those customers who regularly do an exceptional job, or for those who may have recently improved significantly. Examples of these items can be found below.

SORRY,
there was a problem with your RECYCLING pick-up today.

DATE: _____

Please remove the following:

- ❑ Black bags
- ❑ Construction debris
- ❑ Food waste
- ❑ Furniture
- ❑ Hazardous waste/E-waste
- ❑ Plastic shrink wrap
- ❑ Soiled paper products
- ❑ Styrofoam
- ❑ Other _____

Call Customer Service once the items noted above have been removed.
(650) 967-3034

Recology Mountain View WASTE ZERO

ACCEPTED RECYCLABLE ITEMS:

Cardboard Recycling
flattened cardboard ONLY
Mixed Recycling
Plastic bottles & tubs, aluminum cans/trays/foil, tin cans, glass bottles & jars, paper, and flattened cardboard

RECYCLING TAG

DATE: _____
ADDRESS: _____

- ❑ Black bags
- ❑ Construction debris
- ❑ Food waste
- ❑ Furniture
- ❑ Hazardous waste/E-waste
- ❑ Plastic shrink wrap
- ❑ Soiled paper products
- ❑ Styrofoam
- ❑ Other _____

Recology Mountain View
WASTE ZERO

Thank you for doing a great job!

PRESENTATIONS

The Recology Sonoma Marin Waste Zero Team will be well-equipped to provide hands-on educational presentations for kids at schools, as well as for businesses or HOAs. Our school programs are designed to engage students on waste reduction, recycling and resource conservation. Programs are tailored to align with the classroom curriculum and interests of teachers and students alike.

WASTE ZERO EVENTS

In addition to hosting Waste Zero educational tables at a minimum of ten Novato community events per year, Recology Sonoma Marin will provide recycling, compost, and trash reusable event receptacles to ensure event waste is diverted as much as possible.

Item 5.b.
(Pages 19 to 30)

Recology™
Sonoma Marin
WASTE ZERO

Public Education & Outreach

Mailers

Lettuce Compost Your Organics
IT'S THE LAW
Recology
Mountain View
WASTE ZERO
EFFECTIVE JANUARY 1, 2017, California Law AB1826 will require commercial customers that generate FOUR (4) or more cubic yards of organic material per week to enroll in compost service.
Organic material includes food scraps, soiled paper, and plant trimmings.
Please call Recology Mountain View at 650.967.3034 to enroll.

Brochures

Recycle More, Save More! It's a GREEN idea!
COMPOST
RECYCLE
RECYCLE
Internal Recycle and Compost containers are available at no additional charge.*
Technical Assistance
Have you gone through your garbage lately? Few businesses do. Call us to schedule an appointment with one of our Friendly and Knowledgeable Recycling Coordinators who can provide on-site technical assistance to help divert more materials from your waste. We'll also answer any questions you have about hard to recycle items such as ink jet cartridges and packing materials, as well as reuse opportunities for a variety of items such as office supplies, furniture and equipment.
If you're interested in knowing what you're throwing away, call us at (650) 595-3900 to schedule a waste audit. Because smaller garbage containers and fewer pick ups may result in cost savings.
*Subject to availability.
Recology San Mateo County
We deliver the highest quality customer service, are committed to environmental protection efforts and emphasize professionalism in all undertakings. Everything Recology does is founded on a single principle: provide superior service while controlling costs.
We hope you take advantage of the services we have to offer you and your business. Together, with our continued recycling efforts, we can all make a difference to conserve natural resources and reduce the waste that goes to the local landfill.
Recology San Mateo County offers a free Language Line, with over 170 different languages, through our Customer Service Department. Please call (650) 595-3900 for more information.
Recology San Mateo County ofrece una línea telefónica gratis de idiomas, con más de 170 idiomas diferentes, por nuestro departamento de servicio al cliente. Por favor llame a (650) 595-3900 para más información.
Recology San Mateo County
RecologySanMateoCounty.com
Printed on recycled paper with soy based inks.
Are You Throwing Your Money Away?
Recycling is SMART Business!
BizSMART
Start Saving Now!
Compost Program
Think there isn't anything you can compost? Think again!
Don't send your food scraps and landscape material to the landfill; compost them instead. We encourage you to start composting at your business or facility. A successful program can help reduce garbage fees, save landfill space and close the loop by returning food scraps back to the earth. Your bottom line and the environment will benefit.
Compost collection services are offered at a REDUCED rate.
You CAN Compost:
• Food and kitchen prep scraps, spoiled and leftover food
• Food and beverage soiled paper products
• Coffee grounds and filters
• Waxed paper and cardboard
• Wooden produce crates and pallets
• Yard trimmings, leaves, flowers and branches
NO...
• Aluminum foil, trays and metal
• Animal waste
• Concrete, asphalt, stones, sod, dirt and bricks
• Condiment packets
• Cooking oil
• Diapers
• Garbage
• Hazardous waste
• Juice or soy milk boxes with foil liner
• Liquids and ice
• Recyclables (glass, aluminum, cardboard, paper, plastics numbered 1-7)
• Palm fronds
• Plastic bags
• Plastic forks
• Plywood
• Styrofoam packaging, food containers and packing peanuts
• Treated and painted wood
Questions?
Call us at (650) 595-3900 or email us at greenyourbiz@recology.com
Single-Stream Recycling
You can now place all of your recyclables into one container.
Commercial customers that subscribe to garbage collection service are entitled to Single-Stream recycling service at no additional charge.
By increasing recycling and reducing your garbage, it's possible to lower your garbage service level, which may result in cost savings. You can also show your customers, employees or tenants that you care about your impact on the environment and increase your visibility as a community leader. That is an opportunity you can't afford to pass up, which is why recycling is truly SMART business!
You CAN Recycle:
• Cardboard
• Glass bottles and jars
• Plastic containers numbered 1-7
• Milk and juice cartons
• Refill cans
• Office paper, newspapers, junk mail, magazines, phone books, soft cover books
• Small scrap metal
• Shredded paper (in clear, sealed plastic bags and placed in the Recycle Cart or Bin)
NO...
• Batteries and cell phones
• Black plastics and plastic cutlery
• Ceramics and mirrors
• Condiment packets
• Food
• Food wrappers
• Garbage
• Garden hoses
• Juice or soy milk boxes with foil liner
• Milk creamer containers
• Nursery plant containers
• Plastic bags
• Plastic forks
• Plastic film, shrink wrap, pallet wrap and bubble wrap
• Rubber bands
• Plastic or wire hangers
• Straws
• Styrofoam packaging, food containers and packing peanuts
• Tires
• Window and drinking glasses
• Wires, foaming, chains and cables
• Wood, concrete, asphalt, stones and bricks
Commercial Containers
Commercial containers come in a variety of sizes to suit your Recycle, Compost and Garbage service needs.
BizSMART Carts
SIZE | LENGTH | WIDTH | HEIGHT
20-gallons | 24" | 19.75" | 37.5"
32-gallons | 24.25" | 19.25" | 38.5"
64-gallons | 31.75" | 24.25" | 41.75"
96-gallons | 35.25" | 29.75" | 43.25"
Black Garbage
Blue Recycle
Green Compost
BizSMART Bins
Commercial Bins are available in a variety of sizes. The most common sized bins are listed below.* However, larger bins including 9, 15, 20, 30 and 40 cubic yards are also available. Call us at (650) 595-3900 or visit us online at RecologySanMateoCounty.com for more information.
SIZE | LENGTH | WIDTH | HEIGHT
1-cubic yard | 72" | 24" | 28"
2-cubic yards | 72" | 34.5" | 34.5"
3-cubic yards | 72" | 42.5" | 41.5"
4-cubic yards | 72" | 50.5" | 46"
6-cubic yards | 72" | 66" | 50"
8-cubic yards | 72" | 72" | 56"
Gray Garbage
Blue Recycle
Green Compost
*Container dimensions may vary.

Signage

RECYCLE
COMPOST
LANDFILL

RECYCLE
RECICLAJE
Recology
Mountain View
WASTE ZERO

COMPOST
ABONO
Recology
Mountain View
WASTE ZERO

GARBAGE
BASURA
CANDY BAR
Recology
Mountain View
WASTE ZERO

Signage

GREEN BIN
food and dirty paper only
No Plastic!
Phoebe the Phoenix says:
Thanks for protecting nature!

BLUE BIN
bottles & cans, clean paper, foil,
cardboard & clean, hard plastic
Phoebe the Phoenix says:
Thanks for protecting nature!

TRASH
dirty plastic, wrappers,
juice boxes & soft plastic
Phoebe the Phoenix says:
Thanks for protecting nature!

Signage

PAPER TOWELS ONLY
These towels will be composted.
Recology
WASTE ZERO

Signage

Recology
WASTE ZERO

Presentations

Waste Zero Events

Newsletters

RecologySF.com

Recology Sunset Scavenger and Recology Golden Gate, your local recycling companies | Recycle | Compost July – September 2014

Recycle & compost bins tell it like it is

Our blue and green bins are always ready to receive the things we toss. If, by some crazy magic, these sentries of the sidewalk could speak, what would they say?

Blue: Feed me more clean paper, such as computer paper, stationery, and envelopes. San Francisco does a good job of recycling, but people still toss paper in trash bins. When you put paper in me, we save trees, and energy, and water. And another great reason to recycle more — Recycling creates 10 times more jobs than landfilling or incineration.

Us: I hear you about paper Blue, but sometimes it can be hard to know which items can be recycled and which can't.

Blue: Feed me all cans and all glass and plastic bottles, and things made of hard or stiff plastic like yogurt containers and plastic cups. But no plastic bags. They wrap around recycling equipment in the big building where materials are sorted and baled.

Us: OK. I'm with you on those things Blue. And Green? Can you talk too?

Green: I absolutely love coffee grounds and food scraps. Please feed me all you've got. The scraps become compost that goes to local farms, orchards, and vineyards. But I also see far too many things tossed in the trash that definitely should be tossed in me.

Us: Hmm. Yes. I've heard good things about the compost program.

Green: I'll eat what you don't. When you clean out the fridge, feed me all food scraps, plant cuttings, and food-soiled paper like used napkins and paper towels.

Us: Even spoiled lunch meat?

Green: Yes, and steak bones and pizza crusts, and crab shells, all that stuff and more.

Us: You have quite an appetite.

Green: I'm insatiable. Remember, when we make compost we give local farms a great alternative to synthetic (chemical) fertilizers. Compost feeds the soil. Farms grow your food.

Us: Those are very good points. More scraps for you. Since we are talking, I'm curious — can we really get to zero waste?

Blue: We can and we must. Recycling and compost programs are highly effective ways to help protect the environment. Think of the trash bin as a last resort. Trash bins are portals to landfills and incinerators. Things tossed in the trash do not get recycled.

Green: San Francisco's goal is for the trash bin to get smaller and smaller and eventually go away. Starve your trash bin. Think — more blue, more green.

Us: Wow. We must talk again.

Blue: Let's do it, and let's recycle more.

Green: Feed me more too, and I'll tell you more great things about composting.

Website

SEARCH

Recology WASTE ZERO

CONTACT FAQ CAREERS PAY MY BILL

OUR VISION | POPULAR CHOICES | CITIES | IN MY COMMUNITY | HELPFUL RESOURCES | NEARBY LOCATIONS | MY RECOLOGY | RECOLOGY SONOMA MARIN

Compost, Recycle, Trash | What Goes Where? | Bulky Items | Rates | Newsletter

Recology Sonoma Marin offers weekly garbage service to customers. Included in the fee for garbage service is a weekly curbside recycling program and weekly yard waste service.

Residents may choose from 20, 32, 68, or 95-gallon rolling garbage carts. The cost of your service is based on the size of your garbage cart. The smaller your garbage cart, the less cost. The blue cart is for recycling and the green cart is for yard waste.

Garbage collection begins early in the morning, so it is important that your cart be at the curb the night before to assure your collection is not missed. **View information on cart placement.**

Reuse
Recycle
Recologize!
Reduce

Recology™
Sonoma Marin
WASTE ZERO

RECOLOGY SONOMA MARIN TRANSITION PLAN FOR NOVATO SANITARY DISTRICT

Transition Plan

Included in this plan is Recology Sonoma Marin's responses to the items raised in Novato Sanitary District's letter dated September 28, 2017, as well as Recology's detailed transition plan for Novato Sanitary District's service area and the related agreement. For ease of reading, Recology has provided an overview the company's transition experience, followed by sections of information pertaining the items raised in the letter and subsequent meetings held at the District on October, 3rd, 2017.

With any new service implementation, Recology's goal is to ensure a smooth transition that minimizes disruption to customers. Recology's implementation team for the District understands the unique needs of the Agreement, and has tailored the following transition plan for the District and its customers.

Recology Transition Experience

Recology Inc. (the parent company of Recology Sonoma Marin) is a regional company locally-based in San Francisco. With approximately 3,300 employee-owners in California, Oregon, and Washington, Recology Inc. can supply a strong team of experienced managers and supervisors to assist with the contract transition. These managers and supervisors will assist with employee training, program implementation, procurement, and other duties to meet the needs of the transition.

Recology operating companies have been involved in several major transitions in recent years, and are ready to offer their expertise to guide the Novato Sanitary District transition:

- In 2011, Recology San Mateo County initiated services for the 12 jurisdictions of the South Bayside Waste Management Authority (SBWMA) in central and southern San Mateo County. The transition was recognized by industry experts as one of the largest of its kind in the United States, encompassing over 93,000 residential and 10,000 commercial and multi-family (MFD) customers.
- In 2009, Recology CleanScapes transitioned services for approximately half of the City of Seattle, marking the largest single-day transition in the region. Collection was transitioned for all three material streams – garbage, recycling, and organics.
- In 2001, Recology's San Francisco collection companies transitioned over 150,000 single- and multi-family households to a cart-based, single-stream recycling program. The program, called the "Fantastic Three" after the color-coded carts, has since been replicated by many California communities, and is widely recognized as a model for the nation.

Employee On-Boarding and Training

Following the completion of all contract assignments and the close of the acquisition with The Ratto Group (TRG), Recology will re-hire current and eligible TRG employees as full time Recology team members. By purchasing TRG's company assets and hiring the existing employees, Recology aims to ensure continuity in service during the transition. This transition also presents an opportunity to revisit

critical and fundamental training to increase operational efficiencies and safety, and set high customer service standards.

Safety and service are the keys to Recology's success since 1920, and our training programs will ensure a smooth, safe and effective transition for our team members and the communities we serve. Recology has developed customized training programs for its collection service employees, customer service staff, and Waste Zero staff. Below is an overview of these training programs:

Driver Training: All Recology drivers receive training in the operation of Recology equipment and the unique aspects of the collection program. Training is provided in the classroom and in the vehicle. Topics include:

- Recology CORE On-boarding, to welcome and integrate new employees into Recology's culture. During this segment, drivers are taught about their job roles and expectations, as well as Recology's culture and values.
- Customer service training: This training explores the differences between basic customer service versus excellent customer service, and how every interaction with a customer is an experience and it should be positive and memorable. Drivers will learn methods to maintain professionalism when faced with difficult customers, and tips on how to resolve issues on their routes.
- Franchise training: During this session, drivers are taught general collection protocols to meet the requirements of the collection service agreement.
- Contamination training: This training, delivered by a Recology Waste Zero Team member, teaches drivers how to identify and document contaminated containers. Drivers will be trained on the procedures for tagging contaminated containers and using the on-board computer system to track contaminated loads.
- Maintenance training: This training teaches drivers their responsibilities for daily vehicle maintenance inspections.
- Dispatch Operations training: This training guides drivers through their Route Manual, which answers questions that a driver may have regarding their position and route responsibilities. Drivers can use the Route Manual as a frame of reference for specific job responsibilities, route practices and route expectations.
- Safety and Equipment Overview: This program guides drivers through the requirements of Recology's safety training program, to ensure compliance with regulations and industry best practices.
- Truck Training and Obstacle Course: The majority of Recology's driver on-boarding program is spent in the trucks, actively educating drivers on their use of the vehicles to ensure safety, efficiency, and customer service are top-of-mind as they perform their day-to-day job duties.

Customer Service Specialist Training: Recology invests in the development of Customer Service Specialists (CSSs) through a comprehensive training program, covering:

- Recology CORE On-boarding, to welcome and integrate new employees into Recology's culture. During this segment, CSSs are taught about their job roles and expectations, as well as Recology's culture and values.
- Creating Memorable Customer Service: The goal of this training is to educate the CSS on Recology's customer base, the services Recology provides, and the CSS's role in delivering excellent service.
- Franchise Training: Franchise Training teaches the CSSs general protocols related to the agreement
- Technical Training Elements: The Technical Training portion covers the majority of the CSS training program. During these weeks, the CSSs learn the practical, technical skills they need to work with the Recology Customer Relationship Management System (RCRM) database.
- Contamination Training Delivered by an experienced Recology Waste Zero Specialist, the Contamination Training will teach CSSs on the proper procedures for identifying and documenting accounts with contamination.
- In-Field Ride-Along with a Driver: Communication between customer service, operations, and the route driver is vital to ensure customer needs are met. Therefore, Recology CSSs will go on a ride-along with a driver to observe field conditions and better understand how their role relates to customers and collection operations.

Waste Zero Specialist Training: Recology invests in the development of Waste Zero Specialists (WZS) through a comprehensive training program, covering:

- Recology CORE On-boarding, to welcome and integrate new employees into Recology's culture. During this segment, WZSs are taught about their job roles and expectations, as well as Recology's culture and values.
- Customer Service Training: The WZSs will then complete a training titled "Creating Memorable Customer Service," delivered by the Customer Service Manager. The goal of this training is to educate the WZSs on Recology's customer base, the services Recology provides, and their role in delivering excellent service.
- Outreach and Education Material Overview: The WZSs will receive focused training on the types of outreach materials available to teach customers about their programs and services. Please see the document titled "Novato - Public Education and Outreach Plan" for more details about the specific plans for outreach and education to the Novato Sanitary District service area.
- Franchise Training: During this session, WZSs are taught the protocols related to the agreement.

- Contamination Training: Delivered by an experienced Recology WZS, the Contamination Training teaches employees how to identify and document contaminated containers.
- Facilities Tours: The WZSs will receive tours of the processing facilities, to better understand this fundamental aspect of the diversion process.
- Developing Presentation Skills: This training will provide the WZSs the tools they need to deliver hands-on presentations to an array of organizations, including homeowners' associations, business groups, environmental organizations, and schools.
- Conducting Waste Audits: During this training, WZS will be taught how to analyze a particular customer's material stream, with a focus on the diversion opportunities available to customers by business type.
- Providing On-Site Technical Assistance: This training will teach WZS the various types of Technical Assistance and training they will provide customers related to Recology's programs and the District's diversion goals.
- Reporting and Technical Requirements: This segment of the On-Boarding Program will teach the WZSs about the reporting requirements and their role in meeting those reporting needs
- Recology in the Community: During this on-boarding component, the WZSs will meet with a Recology Ownership Communication Committee (ROCC) Representative and a Recology Volunteer Liaison to learn more about Recology's dedication to the community
- Supervisor and Driver Ride-Alongs: During this component of training, the WZSs will ride with a Supervisor and/or Driver, to get an overview of the service area, the routes, and their responsibilities to support diversion goals.

Diversion Plans

Recology has excellent success in meeting diversion goals and requirements made in partnership with the communities served. Recology's mission represents a fundamental shift from traditional waste management - recovering more recyclables to be repurposed into new products and transforming organics to nutrient-rich soil amendments.

To support diversion goals, Recology offers dedicated Waste Zero Specialists. These individuals will be Recology's diversion liaisons in the community, responsible for tasks Recology can offer such as:

- Offering comprehensive, multi-faceted outreach to all customers, tailored to resident and business type
- Coordinating and producing education events, including educational efforts in schools.
- Supporting local community service organizations
- Offering technical assistance to help all customers implement services and optimize diversion, including on-site training for businesses
- Outreach to homeowners' associations, business groups, multi-family tenants, and environmental organizations
- Conducting site visits to educate customers on diversion goals, contamination concerns, and new programs

- On-site waste audits to help customers divert more material from the MSW stream and minimize contamination in the recycling and organics stream

The following sections provide an overview of the diversion programs, targeting each customer stream and material type. More information related to Recology's education and outreach philosophies and materials can be found in the "Novato – Public Education and Outreach Plan." All outreach materials for Novato Sanitary District are tailored to the District's needs and franchise agreement so that each customer is receiving information specific to their service area.

Single-Family Recycling Program

Recology offers many programs that contribute to higher diversion. Some of those programs could include working with the District and its residents to launch a Green Block Leader Program, which has been a successful tool to promote diversion programs among single-family residents in other Recology service areas. The program educates residents and encourages the, to become local advocates of their diversion programs. Recology staff attends the neighborhood gatherings hosted by the Green Block Leaders to educate residents on their programs and services. This personal and local approach is an effective way to encourage single-family customers to increase their diversion efforts.

Single-Family Organics Program

To help customers participate in the organics collection program, Recology's educational outreach focuses on parsing the topic of "food scraps recycling" into manageable customer "behaviors" that would make the change easier for residents. Recology would set a measurable goal, determine barriers and benefits, and then develop a strategy and messaging.

To implement an outreach campaign, Recology would utilize a variety of communications channels, such as program brochures, public events, media, and community groups (such as the Green Block Leader Program described in the "Single-Family Recycling Program" above). By using a focused, integrated approach, the District and Recology would hope to see an increase in participation in the food scrap program over time.

Multi-Family Recycling Program

This program, led by the Waste Zero Specialists, is designed to help increase recycling participation among multi-family customers.

Recology has offered recycling services in urban environments for decades, and has found that multi-family complexes often have varying levels of participation. Small multi-family complexes (typically four to six units) are often more consistent with recycling participation. Larger complexes, however, face a different set of challenges to achieving diversion, including:

- Tenant turnover, which requires frequent and consistent messaging, outreach, and education to stay on diversion targets.
- Off-site and/or disengaged property managers who are reluctant to support diversion programs.

- Garbage chutes, which can discourage tenants from successful source-separation.
- Space constraints, which can impact the ability to offer containers for three material streams.

Recology's Multi-Family Recycling Outreach Program can address these obstacles through a variety of outreach and education efforts. To encourage recycling participation, Recology can:

- Partner with homeowners' associations, resident organizations, and property managers to educate tenants on available programs.
- Offer specialized outreach and education material. Recology aims to increase tenant participation in recycling programs by providing easy-to-use tools and informative education pieces.
- Conduct comprehensive, on-site waste audits to maximize recycling participation and minimize contamination.
- Recommend service level changes and container placement to optimize participation.
- Suggest additional equipment, if necessary. This could include compactors for buildings with space constraints, or helping to find creative solutions to accommodate container placement for three material streams, such as the Tote bags noted in section 4.4.2 of the Agreement.

Multi-Family Organics Program

Recology is available to work with the District to offer programs that aim to help multi-family customers adopt organics collection. Under these types of programs, the Waste Zero Specialists can offer multi-family properties comprehensive waste audits and tailored outreach and education specific to implementing organics programs at their properties. These programs could include:

- Comprehensive, on-site waste audits to maximize organics participation and minimize contamination.
- Partnerships with homeowners' associations, resident organizations, and property managers to educate tenants on organics.
- Organics 101 Workshops, led by a Recology Waste Zero Specialist. The Workshop:
  - Discusses the materials accepted in the complex's organics program
  - Educates residents on the environmental benefits of composting, including the reduction in greenhouse gas emissions at the landfill, and nutrient-rich compost that is created from their food scraps
  - Provides details on steps to participate in the program
  - Provides an array of educational material

Commercial Recycling Program

Recology can also offer programs that aim to help commercial customers see their blue recycling carts/bins as a primary container for diversion. The program focuses on bringing high-volume generators into compliance early on, while ramping up diversion efforts thereafter.

- Step 1: Recology's Waste Zero Specialists reach out to commercial accounts that generate eight yards of MSW or more per week to maximize their recycling levels. Accounts producing large

amounts of MSW typically have greater recycling opportunities that have not yet been realized, and will be encouraged to adjust their service levels to capture more recycling.

- Step 2: The program's threshold will be expanded to capture a greater array of accounts. Customers who produce four to seven yards of MSW per week can then receive outreach from the Waste Zero Team to encourage greater recycling adoption.
- Step 3: Adjust program to encompass all commercial customers with low diversion levels. These customers will be identified through service level analysis conducted by the Waste Zero Team.

Recology's Waste Zero Specialists can also conduct waste audits and tailored outreach during the various phases of the Recycling Outreach Program. The waste audits analyze a particular customer's material stream, with a focus on the diversion options available to customers by business type. The assessments include:

- Verification of Services: The Waste Zero Specialist will document container sizes, quantity, and bin descriptions (such as bin numbers and specifications).
- Assessment: Taking into account the total volume of material, the Waste Zero Specialist will evaluate the percentage in each category: organic, recycling, and solid waste.
- Follow up with customer: The customer will be notified of the assessment results and any service level recommendations.

After the customer agrees to implement the assessment recommended changes, the Waste Zero Specialist may:

- Work with Recology's Operations and Customer Service departments to implement service level changes.
- Recommend additional equipment, if necessary. This could include compactors for buildings with space constraints, or helping to find creative solutions to accommodate container placement for three material streams.
- Provide Public Educational Tools: Posters, flyers, brochures, and internal containers.
- Provide further educational material, presentations, and on-site training for employees.

Commercial Organics Program

Recology can offer programs that help commercial customers implement organics collection programs, helping customers to comply with AB 1826 and increase their overall diversion rates to help achieve the District's goals. The messaging of the Commercial Organics Program can be communicated to customers alongside the messaging of the Commercial Recycling Program, helping customers embrace the concept of a three-material stream sorting system.

Similar to the Commercial Recycling Outreach Program, the Organics Program can also include waste audits (conducted in tandem with the Commercial Recycling Program waste audits) and educational outreach to optimize organics participation. The

Program features several different components designed to achieve higher diversion levels throughout the Agreement:

- Step 1: The Waste Zero Team can reach out to commercial customers that are estimated to generate four yards or more of organics per week to ensure they are participating in organics service and complying with the requirements of AB 1826. The Team will help customers identify organics diversion opportunities and optimize participation.
- Step 2: The program will be expanded to customers who produce four yards or more of MSW per week, complying with AB 1826.
- Step 3: The program will focus on customers with a overall low diversion levels.

Outreach and Education

Recology will distribute and publish a variety of communications to the District's residents and businesses throughout the transition and service calendar. Effective outreach programs and campaigns not only educate customers on the services available, but also foster positive customer relations and interest in recycling and diversion programs. The intent of these communications will be to concurrently provide necessary program information and foster a sense of excitement around available diversion priorities and options.

Announcement of New Services and Subscription Mailer

Recology will prepare and distribute an initial mailing to customers explaining the change from the existing collection company to the services provided by Recology. Different announcements will be tailored to single-family, multi-family, and commercial customers. Contents could include:

- Information on billing and payment options
- Website URL
- Description of the collection programs
- Links to posters, flyers, and other downloadable documents online
- Guidance on setting up account access online
- Tips on improving recycling and composting

Collection Days

Recology does not anticipate any change in collection days, but in the event that a change in collection day occurs, Recology will notify impacted customers. Announcements will be tailored to single-family, multi-family, and commercial customers, as applicable, and may include automated robocalls, post cards, or other print material.

Multi-Family and Commercial Posters

Recology will design and distribute posters to multi-family and commercial property managers for on-site use, illustrating the recyclable materials collection program and the commercial food scrap collection program, as applicable to program participants.

These posters are designed to educate program participants on proper sorting. Below are examples of Recology's successful commercial posters provided to businesses in San Mateo County. Similar designs will be made for Recology Sonoma Marin customers.

Press Release

Recology will prepare and distribute public service announcements (PSAs) for local radio and cable television broadcasts, as well as advertisements and press releases for local newspapers, the website, and other community groups.

Contacting Recology

Recology will maintain the current customer service telephone number, and the current website will be redirected to the new Recology website which is specific for the Novato Sanitary District service area. This will help minimize customer confusion during the service transition.

Recology will regularly update the District on the status of the transition, and looks forward to collaborating with the District on outreach activities (described above) and educational efforts.

Management of Vehicles and Equipment

Fleet, Carts and Containers

Recology understands that a smooth transition for all utilized fleet vehicles and equipment is essential. Working directly with Recology's Vice President, Equipment Procurement & Maintenance and Facilities Development, Recology will ensure all the vehicles needed to perform under the agreement with the Novato Sanitary District are ready and available and that all vehicles are both safe and compliant.

Route audits will be conducted in the service area to verify that all vehicles and equipment in the area are documented correctly and meet the standards and expectations of both Recology's service standards as well as all contractual obligations defined in the agreement with the District.

Recology will refurbish and replace vehicles and equipment to ensure all state and federal rules, laws and standards are met in a timely manner. Details relating to vehicle age and replacement schedules were furnished to R3 and should be detailed in their report. If more details about the fleet specifics are needed, Recology can respond to those specific requests after the close of the transaction once the business is under Recology operation and management.

Database Management

TRG currently maintains a complete customer database for Novato Disposal Services, which will be integrated into the Recology Customer Relationship Management (RCRM). The customer database for the District already includes all pertinent information for routing, billing, and service levels, such as:

- Customer name
- Billing address
- Service address
- Contact information
- Service level including size and number of containers
- Collection day(s)
- Current routes
- Special servicing requirements
- Entry key electronic opening device or entry code requirements
- Account history

Efficient Routing

After the close of the transaction with TRG, Recology intends to go through an exercise to evaluate the routes currently servicing the Novato Sanitary District area. Recology does this through utilizing the experience of its supervisor and management team as well as using tools such as RouteSmart software. Using RouteSmart software, Recology operating companies experience a measurable reduction in vehicle miles traveled, fuel use, tire wear, greenhouse gas emissions, and street wear-and-tear.

RouteSmart integrates seamlessly with ESRI's ArcGis family of mapping products and provides the ability to balance routes based on time, number of lifts, or potential volumes and densities to be collected.

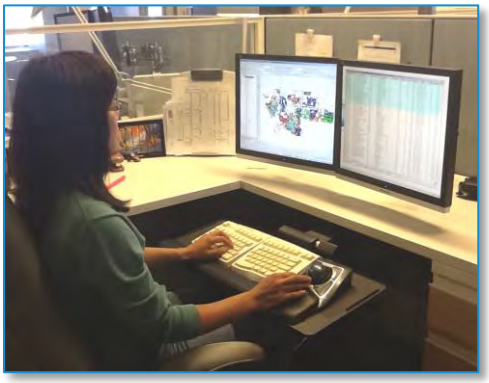
The system takes into account vehicle type, address restrictions, and service time-of-day constraints, among other parameters.

For regularly scheduled collection, customer information is downloaded from the RCRM database into RouteSmart for routing. The routed data is interfaced back to the RCRM database, providing accurate customer information to anyone with access to either online inquiry or reports from the RCRM system.

Throughout the term of the agreement routes will be continually subject to modifications to accommodate demographic and customer changes.

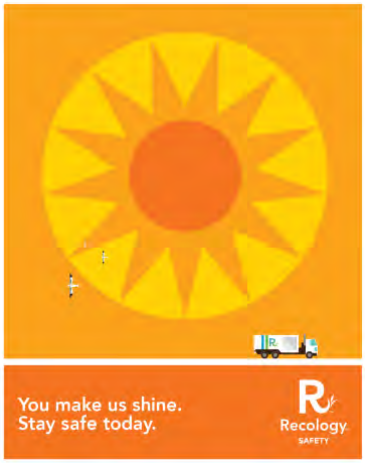
Safety Systems and Procedures

Safety of our employees and the communities we serve is critical to our success and continuity. As mentioned before, training is a critical part of our on boarding process but the safety training continues every day after an employee-owner's first days. Team safety trainings occur on no less than a monthly basis for all operators and extensive supplemental programs are made available throughout the year such as Smith System driving training.



Recology utilizes a variety of technology to support safety. One example is an on-board safety system called DriveCam that allows for video recording of triggered safety events happening in front of the operating vehicles. This footage is reviewed daily by supervisors and management and used in coaching and accountability discussions with the operators. This video footage serves a mentoring tool for all of the employees and is incorporated into a safety resource library.

Safety teams analyze events and claims on a regular basis identifying recurring behaviors and factors. This data is then used to modify, focus and evolve safety training and outreach throughout the company. It's a simple program that has yielded positive results companywide for Recology and has allowed sites to learn from the collective lessons learned versus waiting for personal experience to serve as a mentor.



Customer Service Plans

One of the keys to a successful transition and ongoing service is a suitable and well-equipped customer service system to supplement the customer-centric mentality Recology champions. Excellence in service is a detailed below in some of the processes built into our customer service department.

Customer Service Workflow

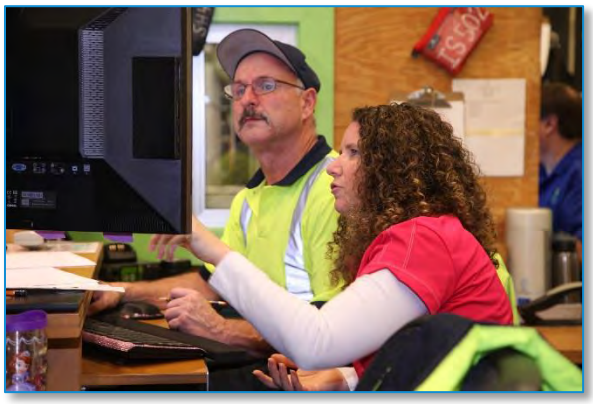
Recology will be keeping the current phone numbers in use so as to minimize the impact on the District's residents and businesses. The Recology Sonoma Marin call center will be equipped with a ShoreTel Voice Over IP (VOIP) phone system with unified communications and contact center capabilities. ShoreTel's solutions are built to scale, grow, and evolve as needed. The ShoreTel system is centrally managed through an intuitive server interface that makes complex tasks easier to accomplish. Recology IT staff can manage the system from anywhere on the network or from anywhere there is internet connectivity.

The ShoreTel system allows Recology to create customized queues for Automatic Call Distribution (ACD). Any call is routed through the ShoreTel system, placed into the appropriate queue, and automatically distributed to the next available CSSs. Supervisors can monitor progress in the queue.

All customer data and interactions are recorded in the Recology Customer Relationship Management (RCRM) system. The RCRM system is an IBM iSeries-based system that was developed over the past 28 years to provide functionality specific to the collection and recycling business. This software is updated to accommodate changes in the industry and new government regulations. The system records the history of all customer-related service and interactions, including:

- Customer and service level information
- Billing and payment history
- Customer service issues and inquiries
- Routing
- Ticketing
- Dispatching

Recology's customer concern resolution process focuses on accountability and up-to-date information. For each service request, a work order (or "ticket") is created in the RCRM system. The tickets are time-stamped, and remain open until the request is completed. Once completed, a "resolution" is entered in the system, featuring a closing date, time, and detailed nature of the inquiry/resolution.



Recology Customer Service Specialists (CSS) will also address in-office inquiries, such as billing questions, service adjustments, and opening or closing accounts. Route dispatchers ensure that any inquiry that needs to be addressed in the field (such as special pickup requests) is dispatched to the appropriate driver and addressed as soon as possible.

Customer concerns requiring a follow-up call will be entered as "tickets" in the RCRM system and sent to either a Route Supervisor of a CSS for call back within 24 hours of resolution.
When the driver returns to the yard at the end of the shift, the dispatcher debriefs the driver and reviews any tickets that were sent throughout the day. Any tickets for resolution by the Operations Supervisor will be created.

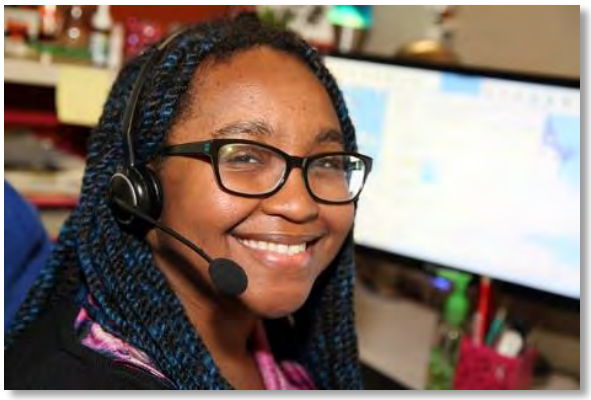
In addition, Recology creates an open ticket report at the end of each day to ensure open tickets are delivered to dispatch for distribution to drivers. Copies of open ticket reports are provided to department managers at the close of each business day so the manager may follow up on outstanding concerns and appropriately distribute workloads.

Billing Inquires

Billing is a module within the RCRM software, and customer service information and billing information are therefore fully integrated. Customers with billing concerns can contact the call center, where all CSS are trained to address billing concerns and make adjustments as necessary in the RCRM system.

All charges and credits eventually appear on the bill that is provided to the customer, and a history of those bills is available to the CSSs for review. This data aids the CSSs with answering customer billing questions. Customers can also access the Recology website 24 hours a day, seven days a week to view and pay their bill or submit billing inquiries.

Phone System



Recology's Call Center will be equipped with a ShoreTel Voice Over IP (VOIP) phone system with unified communications and contact center capabilities. A single PRI (Primary Rate Interface) is capable of handling 23 calls at one time; depending on the magnitude of the contract, Recology can implement multiple PRIs.

ShoreTel's solutions are built to scale, grow, and evolve as needed. The ShoreTel system is centrally managed through an intuitive server interface that makes complex tasks easier to accomplish. Recology IT staff can manage the system from anywhere on the network or from anywhere there is internet connectivity.

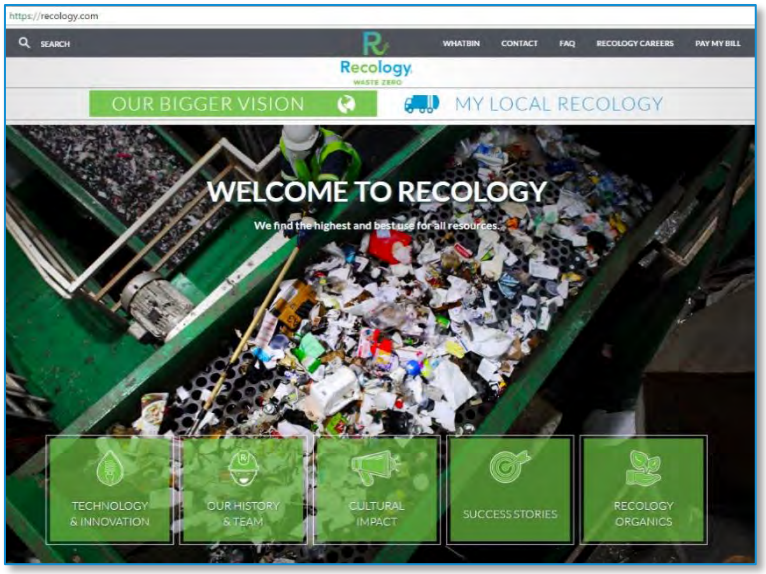
With a small energy footprint, a single ShoreTel module will support 90 phones and voicemail boxes with 56 hours of voicemail storage. Adding more phones and voicemail boxes is as simple as adding another ShoreTel module, making expandability almost unlimited. Additionally, the call center will have immediate access to interpreters in over 175 languages through AT&T's Language Line. Recology will also identify multi-lingual CSSs. A TDD relay service will be used to provide customer service to hearing impaired customers.

Website

Recology maintains a website with pages tailored to each of its service areas, and has created one for Novato Sanitary District. The website will become live once the transaction is closed.

Recology's online Account Management capabilities allow customers to manage their account at their own pace. After a simple enrollment process, (which requires the customer's account number and service address for validation), customers can view their current service levels and scheduled service days. The website enables customers to:

- Request service changes
- Change contact and billing information
- Submit enquiries
- View and pay their bill
- View their next billing cycle
- Request special services
- View current service rates
- Learn about services and programs



Beyond Account Management, Recology offer a variety of other information on its websites designed to educate customers on Recology's services and programs. Content would be tailored to the City, and could include:

- Links to outreach and education material
- Announcements on new programs and services
- Standard service descriptions
- A "Contact Us" function, allowing customers to contact Recology
- Links to upcoming events

Recology also uses social media to help spread its Waste Zero mission and educate customers on services. This serves as an additional method for Recology to share service updates, and community events, tips on sustainable living, and news.

Payment Options

Recology accepts bill payments online, over the telephone, by mobile application, in-person, or as recurring monthly charges. The majority of Recology's customer bills are produced on paper and mailed to customers. However, a growing number of Recology's customers prefer to pay their bills electronically.

Customers have the option to receive their bills and make payments electronically over a secure website through Recology's e-BillPay product. Payments can be made from credit card, checking, or savings accounts, accessed through the website.

In addition, Recology offers customers the option of paying their service bills via recurring Automated Clearing House (ACH) direct debits from a customer-authorized bank account. To pay by ACH debit, customers must provide Recology the applicable bank account information and authorize the deduction from their bank account.

Recology also accepts in-person bill payment. Recology's CSSs can also process payments made over the phone using a checking or savings account, or by credit or debit card. CSSs accept these payments using the e-Bill Pay option, which processes the payment electronically and eliminates the need to take payment checks to the bank.

Additional Contractual Requirements

Recology Sonoma Marin understands and recognizes that it will be bound by the existing contract terms currently defined in the franchise agreement.

Recycling Centers

Recology understands that two buyback/recycling facilities are obligated under the existing contract, with one site currently under operation (to be relocated) and a second facility yet to be relocated. Recology is committed to working with the management of the Novato Sanitary District as well as any other parties mutually deemed appropriate in order to meet these community needs.

Increased Outreach

Please refer to the document titled "Novato – Public Education and Outreach Plan" to review the details of Recology Sonoma Marin's plans to address the increased outreach to the District's community and public schools.

October 26, 2017

Sandeep Karkal
General Manager-Chief Engineer
Novato Sanitary District
500 Davidson Street
Novato, CA 94945

Re: Response to Letter from Novato Sanitary District dated September 28, 2017

Dear Sandeep,

Thank you for the District's letter on September 28, 2017. In addition to providing the Recology Sonoma Marin Transition Plan for the Novato Sanitary District, below are responses to the eight identified issues from the letter.

With any new service implementation, Recology's goal is to ensure a smooth transition that minimizes disruption to customers. Recology's implementation team for the District understands the unique needs of the District, and have carefully responded to the issues that have been raised.

For ease of review, we have placed the specific identified issues in gray italicized text prior to the corresponding responses.

1. *Failure of NDS to meet its Zero Waste Minimum Landfill Diversion Requirement of 60% by December 31, 2015.*

   Recology has a proven track record of meeting diversion goals and requirements made in partnership with the communities we service. Recology's mission represents a fundamental shift from traditional waste management to recovering more recyclable and compostable materials to be repurposed into new products. Our dedicated Waste Zero team excels at providing the outreach, education, follow-up and service changes needed to ensure all customers are fully engaged with the provided diversion programs. As well, the Waste Zero team will take initiative with commercial and multi-family dwelling customers to help them achieve full compliance with state laws AB 341 and AB 1826.

   Additionally, the Material Recovery Facility (MRF), where the source separated recyclables are processed, has recently undergone renovations. The MRF upgrades will not only increase the efficiencies of the processing system, but will also reduce the residue from the process which leads to overall higher recycling numbers at the facility.

   Within 3 months of the assignment and close date of the acquisition, Recology will provide a proposal to the District on how the diversion requirements will be met. This plan will outline the proposed timelines, programs, and stakeholders needed to achieve that diversion. Recology believes that a programmatic approach is the most successful method to achieving higher diversion levels. And the

Recology program includes targeted customer outreach, excellent customer service, and encouraging commercial and multi-family recycling and composting participation. So in the proposal to the District, Recology will also address the plans and timelines for items 2, 3, 6, 7, and 8.

2. *The poor performance of NDS's Commercial and MFD Organic Waste Service, particularly given its failure to meet its 60% Diversion Requirement.*

Recology views organics collection as one of the most important aspects of reaching higher diversion levels. Recology has developed successful programs where a combination of effective outreach, ongoing campaigns, and in-person follow-ups lead to not only more participation in the organics collection programs, but also lower contamination. With mandates such as AB 1826, commercial and multi-family dwelling customers are more incentivized than ever to participate in such programs.

The dedicated Waste Zero team uses a variety of strategies to ensure all customers are both well-informed and actively participating in the recycling and organics programs by providing necessary tools for success. These strategies and tools include a specialized website, newsletters, mailers, signage, brochures, driver tags, physical waste audits, phone calls and in-person meetings. Recology will also perform route audits throughout the District. These route audits inform the Waste Zero team where there are compliance and contamination issues with the organics programs. That information can then be used to follow up directly with the customers. Together all these efforts should lead to overall better performance and higher diversion for the District.

3. *Failure to provide MFD Recycling Tote Bags.*

Recology will provide recycling tote bags to multi-family dwellings as required by the Agreement. Recology has found that providing multi-family units with recycling "buddy bags" helps encourage easy participation in the recycling program. The "buddy bags" are designed to help tenants properly sort, store, and carry their recyclable materials to their complex's container.

4. *Relocation of the Recycling Center and HHW Facility and the addition of a second buy-back center.*

Recology will cooperate with the District as required by the Agreement to relocate the existing Recycling Center/HHW Facility and establish a second beverage container buyback center. We assume it will be necessary to find suitable new locations and obtain third party consents in order to establish these facilities, and we will work with the District in that process as well.

5. *Lack of provision of two (2) convenient locations in the Novato area where payments can be made.*

Recology will work with the District to provide appropriate payment locations within the Novato area as required by the Agreement, one of which could be the Recycling Center/HHW Facility.

6. *Lack of adequacy of NDS's customer service system.*

One of the keys to a successful transition and successful ongoing service is a well-equipped customer service department to supplement the customer-centric mindset Recology champions.

Recology will be replacing NDS's customer service system with the Recology Customer Relationship Management (RCRM) system. Specifics around the RCRM and Recology's excellence in service is detailed in Recology Sonoma Marin's transition plan for the District.

7. *Increased community outreach.*

   We are committed to providing the community outreach programs required by the Agreement. Please see the document titled "Novato Sanitary District – Public Education and Outreach Plan" for additional information regarding Recology's education and outreach programs.

8. *Increased outreach to public schools.*

   We look forward to working with the District's schools to provide the outreach required by the Agreement and enhance school participation in recycling and compost programs. More information about our school services is provided in the document titled "Novato Sanitary District – Public Education and Outreach Plan."

Following the assignment, Recology is also open to a discussion with the District about providing more resources to the Novato community to enable expedited program successes. Please do not hesitate to reach out to Meghan Butler at mbutler@recology.com or 415-572-6116 with any questions, concerns, or additional requests.

Sincerely,

Michael J. Sangiacomo
President and Chief Executive Officer
Recology Inc. and Recology Sonoma Marin

Cc: Rick Powell, President, The Ratto Group of Companies Inc.

NOVATO SANITARY DISTRICT

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September 28, 2017

Mr. Michael J. Sangiacomo
President and Chief Executive Officer
Recology, Inc.
50 California Street, 24th Floor
San Francisco, CA 94111-9796

Subject: Request for Consent to Assignment; A&R Solid Waste Collection, Processing, Diversion and Disposal Agreement between Novato Disposal Service, Inc. ("Contractor") and Novato Sanitary District (the "Agreement").

Dear Mr. Sangiacomo:

The Novato Sanitary District (District) received your August 25, 2017, letter regarding the "Assignment of A&R Solid Waste Collection, Processing, Diversion and Disposal Agreement between Novato Disposal Service, Inc. ("Contractor") and Novato Sanitary District (the "Agreement") to Recology Sonoma Marin ("Recology"). We have engaged R3 Consulting Group, Inc. (R3) to assist the District with its consideration of the requested assignment, and are actively moving forward with our review.

As you are aware, as part of R3's support to the District, and other jurisdictions in Sonoma and Marin County to whom Recology has made similar assignment requests, R3 is conducting due diligence related to Recology's corporate strength, capabilities, and performance. Based on the results of that review, the District may have specific follow-up questions for Recology. At this time, we wish to focus on Recology's request for assignment of the District's franchise, and questions, and requested information specific to the assignment.

The District entered into the Agreement with Novato Disposal Service (NDS) on March 15, 2011. The Agreement expires at midnight on December 31, 2025, except in the event of assignment, in which case the term of the Agreement shall be reduced to a maximum of seven (7) years from the date of the assignment. The District also has the option to extend the term of the Agreement for a maximum additional sixty (60) months.

Under the terms of the Agreement, the Company's[1] rates are to be adjusted annually on January 1st, based on the specified Refuse Rate Index (RRI) calculation, or detailed rate review, if requested by either the District or the Company. The starting basis for a detailed rate review is the Company's audited financial statements for the most recently completed fiscal year (January 1 – December 31). If the Agreement is assigned to Recology prior to January 1, 2018, the soonest that a detailed rate review can be conducted would be in 2019, with Recology's 2018 audited financial statement serving as the starting basis for that review. Any associated rate adjustment would be effective January 1, 2020.

Section 11.6.3 of the Agreement states that: *"Under no circumstances shall the District be obliged to consider any proposed assignment by the District if the Company is in default at any time during the period of consideration."*

Should the District consent to the assignment, much of the basis for that consent is the District's expectation that Recology will:

- Implement and operate a high-diversion system that meets the current 60% Landfill Diversion Requirement, and the 2020 (70%) and 2025 (80%) requirements; and
- Effectively comply with all terms and conditions of the Agreement.

With that understanding, there are a number of critical issues with respect to NDS's performance under the Agreement that require prompt attention, including:

1. Failure of NDS to meet its Zero Waste Minimum Landfill Diversion Requirement of 60% by December 31, 2015;[2,3]
2. The poor performance of NDS's Commercial and MFD Organic Waste Service (Section 4.3.4),[4] particularly given its failure to meet its 60% Landfill Diversion Requirement;
3. Failure to provide MFD Recycling Tote Bags (Section 4.4.2);[5]

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1 The Agreement refers to the "Company" rather than the "Contractor".

2 The Company's 2016 Landfill Diversion Rate was 51.6%.

3 Recognizing that several issues, including markets, have caused problems with diversion percentages, several required programs, including school recycling, and commercial and MFD organics collection have either not been enacted or have not met their implementation dates. The District expects the Company to fulfill the Zero Waste Minimum Landfill Diversion Requirements, and provide the District with a detailed description of the specific programs and efforts it intends to undertake to do so.

4 Although Novato Disposal has provided some commercial organics collection, it is very limited, and appears to be at a standstill. CalRecycle has indicated to the District that this is a very high priority, and AB 1383 will require significant organics diversion in the next few years. The Company needs to provide the services as required under this section of the Agreement.

5 MFD Recycling Tote Bags have never been provided by the Company, as required by the Agreement.

4. Relocation of the Recycling Center (Section 4.11.7)[6], and HHW Facility and the addition of a second buy-back center (4.8.2);[7]
5. Lack of provision of two (2) convenient locations in the Novato area where payments can be made (Section 5.2.1);[8]
6. Lack of adequacy of NDS's customer service system (Section 5.2);[9]
7. Increased community outreach (Section 5.4 and Exhibit 4); [10] and
8. Increased outreach to public schools (Section 4.6.2 and Exhibit 5).[11]

To understand how Recology plans to comply with each of the above existing contractual deficiencies, we request that it provide the District with a "Remediation Plan". That Remediation Plan should provide sufficient detail as to how Recology intends to address each of the eight (8) issues listed above, along with a proposed implementation schedule. Once we receive that information, it will be reviewed, and we will let you know if we have any additional questions.

In addition, to the above items, the District expects the following from Recology as conditions of the assignment:

1. A Review of Billings (Section 5.1.2), within the first year of any assignment;
2. A list of vehicles assigned to the District's franchise, with vehicle ages and anticipated vehicle replacement schedule; and
3. A "Transition Plan" that clearly lists the specific tasks, and associated schedule necessary to facilitate a seamless transition from NDS to Recology, including specific customer outreach to be provided.

Please know that the District is interested in completing its due diligence as quickly as possible. We would welcome the opportunity to meet with Recology to discuss the assignment, and the above issues and requests, and we look forward to working with Recology to develop reasonable Remediation and Transition Plans. Staff and R3 plan to discuss the assignment with the District's

---

6 The current Recycling Center property at 7576 Redwood Boulevard may be sold in the near future and is no longer a viable location for the Recycling Center or the HHW Facility. The District has requested that the Company pursue a new location for the Recycling Center and HHW Facility and considers this a very high priority.

7 The second buy-back center was closed several years ago and no new location has been provided. The District is anxious for the Company to provide a second buy-back location and fulfill this Agreement requirement.

8 There are no such required convenient locations available to customers.

9 This entire section speaks to the customer service requirements, including adequacy of telephone system to handle customer inquiries and responsible and qualified Company representatives to communicate with the public. The District continues to receive complaints about wait times and missed pick-ups. It is expected that the Company will resolve all outstanding customer service complaints.

10 The Company should fully promote services in print and electronic material as required by Agreement. The Company website should reflect Zero Waste Goals.

11 Although the Company has provided some outreach to schools, it has not encouraged worm composting, sponsored field trips, or significantly provided any electronic classroom materials. The Company should review school outreach programs to comply with Agreement requirements.

Board of Directors (Board) at the October 9, 2017 Board Meeting. The earliest that we could expect any Board action on the assignment would be at its November 13, 2017 Board meeting, assuming all the above questions and requests, and any additional questions and/or requests that the Board or the District may have, have been effectively addressed by that date.

Please let me know if you would like to schedule a meeting with the District, and your anticipated timeline for responding to this request.

Sincerely,

Sandeep S. Karkal

Sandeep Karkal
General Manager-Chief Engineer

cc: Rick Powell, President, North Bay Corporation
William Schoen, R3 Consulting Group
Kent Alm, District Counsel, Meyers Nave

R3 CONSULTING GROUP, INC.
RESOURCES · RESPECT · RESPONSIBILITY

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627 S. Highland Avenue, Suite 300, Los Angeles, CA 90036
Tel: 323-559-7470

October 27, 2017

Mr. Sandeep Karkal
Novato Sanitary District
5000 Davidson Street
Novato, CA 94945

Re: Letter Report - Review of the Proposed Assignment of Novato Disposal Services Franchise to Recology

Dear Mr. Karkal:

R3 Consulting Group, Inc. (R3) was engaged by the Novato Sanitary District (District) to Review the Proposed Assignment of Novato Disposal Service's (NDS) Franchise to Recology. NDS is owned by The Ratto Group (TRG). Our review involved two distinct components. The first was a global review of issues related to the assignment that affect all jurisdictions for which TRG is requesting assignment of its contracts. The second component addresses issues specific to the District. This Letter Report presents the results of our review to date.

Background

Global Review

The cities, towns, counties and other agencies (Agencies) holding solid waste collection franchise agreements and other agreements (Agreements) with the various subsidiary companies of TRG have received requests from TRG to assign the Agreements to Recology Sonoma Marin (Recology), a subsidiary of Recology, Inc.

TRG and Recology have entered into an Asset Purchase Agreement (APA) that involves Recology acquiring substantially all of the assets of TRG, including the Agreements as well as all equipment and facilities currently used by TRG to perform services for the Agencies. Unlike a stock purchase, wherein the entire company would be purchased and operations taken over under a new name, this asset purchase would effectively render TRG without assets to provide services, as those assets would become the property of Recology.

R3 Consulting Group, Inc. (R3) was engaged to conduct a review of the fitness of Recology on behalf of the Agencies in order to establish findings regarding the proposed assignment.

This review included an assessment of:

- Assignment provisions and other requirements of available Agreements;
- Financial and operational information provided by TRG and Recology, and establishment of findings of the appropriateness of assignment based on our review; and
- Likely effects of assignment on rates and services for individual agencies.

It should be made clear that R3 was not able to review the APA as TRG and Recology stated that the APA is confidential and would not be provided for review. As a result, R3's global review of the fitness of Recology was limited to a review of the vehicle and facility assets subject to the APA and financial and

operational documents provided by Recology as they relate to Recology's ability to perform services for the Agencies per their respective Agreements.

Review of Issues Specific to the District

Section 11.6 (Assignment) of the franchise agreement between the District and NDS (**Attachment 1**), lays out the process for, and requirements related to, any assignment of the District's Franchise with TRG. Section 11.6.3 provides a listing of specific requirements that the proposed assignee (i.e., Recology) must satisfy, including solid waste management experience. To a large extent, the assessment of Recology's compliance with those requirements have been covered in the global review that was conducted. Separate from those more global requirements, a review of District specific issues related to the proposed assignment was conducted. That review identified issues specific to NDS's performance of its contractual obligations, and Recology's plan for addressing those issues where NDS is not currently in compliance with its contractual obligations.

Global Review Findings

A summary of our findings to date are as follows:

- Recology's operational experiences qualify the company to provide services under the agreements;
- Recology's financial resources appear sufficient to meet the obligations of the agreements, including vehicle and equipment capital replacements planned for 2018;
- The Agencies should anticipate that Recology will request rate increases in the near future; and
- The Agencies generally have some discretion regarding whether or not to consider and accept these rate increases (depending on their timing and justification).

We offer these findings with the caveat that neither Recology nor TRG provided us access to the Asset Purchase Agreement (APA), and our findings are limited by lack of access to this information. Moreover, R3 has found that the vehicle fleet to be purchased by Recology from TRG will likely largely require replacement in the near future. We have found that the average age of the vehicle fleets assigned to some Agencies is much greater than others, meaning that those agencies could face a larger rate increase than other agencies.

Attachment 2 contains a copy of the Executive Summary from the Draft Report on Review of Assignment of TRG.

Review of District Specific Issues

TRG and Recology sent the District a Request for Consent of Assignment on August 18, 2017 (**Attachment 3**). Recology then submitted a letter to the District on August 25, 2017 (**Attachment 4**) providing responses to the assignment requirements described in Section 11.6 of the franchise agreement between the District and NDS (**Attachment 1**).

Critical Issues

The District issued a letter to Recology on September 28, 2017 (**Attachment 5**) that included, among other things, a listed the following eight (8) critical issues related to NDS's performance under the Agreement that require prompt attention:

1. Failure of NDS to meet its Zero Waste Minimum Landfill Diversion Requirement of 60% by December 31, 2015;

2. The poor performance of NDS's Commercial and MFD Organic Waste Service (Section 4.3.4), particularly given its failure to meet its 60% Landfill Diversion Requirement;
3. Failure to provide MFD Recycling Tote Bags (Section 4.4.2);
4. Relocation of the Recycling Center (Section 4.11.7), and HHW Facility and the addition of a second Buy-back (4.8.2);
5. Lack of provision of two (2) convenient locations in the Novato area where payments can be made (Section 5.2.1);
6. Lack of adequacy of NDS's customer service system (Section 5.2);
7. Increased community outreach (Section 5.4 and Exhibit 4); and
8. Increased outreach to public schools (Section 4.6.2 and Exhibit 5).

That letter also requested that Recology provide a "Remediation Plan" to address each of those eight (8) issues, and a "Transition Plan" that lists specific tasks, and associated schedule for the transition. Recology subsequently submitted a "Recology Sonoma Marin Transition Plan for Novato Sanitary District" (**Attachment 6**), that provided various general information related to Recology's employee training, diversion plans, management of vehicles and equipment, customer service plans, and additional contractual requirements. Recology also submitted a Public Education & Outreach Plan (**Attachment 7**) that provided information on Recology's website, newsletters, mailers, waste audits and other public education strategies, and an October 26, 2017 letter re: "Response to Letter from Novato Sanitary District dated September 28, 2017 (**Attachment 8**). That October 26, 2017 letter provided specific responses to each of the eight (8) critical issues listed above, and committed to providing the District with a proposal on how it would meet the contractual diversion requirements within three (3) months of the assignment.

Diversion Requirements

Among the eight (8) identified issues is the NDS's failure to meet its Zero Waste Minimum Landfill Diversion Requirement of 60% by December 31, 2015. Meeting the 60% contractual Landfill Diversion Requirements will require a concerted effort by Recology to maximize diversion through existing programs, including commercial recycling and commercial organics programs. Should Recology fail to meet that requirement, or comply with any other contractual requirements, Section 10.3 (Liquidated Damages) (**Attachment 9**) includes the following provision:

> *"Accordingly, the District may, in its discretion, but after complying with notice and hearing procedures set forth below, assess liquidated damages not to exceed Five Hundred ($500.00) per day, for each calendar day that Collection Service[1] is not provide by the Company in accordance with this agreement."*

Section 4.9 (Zero Waste Minimum Requirements) contemplates the potential need for Wet-Dry Collection (Section 4.9.7) to meet the December 31, 2020 70% Landfill Diversion Requirement, and Conversion Technology (Section 4.9.8) to meet the December 31, 2025 80% Landfill Diversion Requirement (**Attachment 10**).

Recommendation

Based on the representations of Recology, as presented in the various documents referenced in this report and elsewhere, and pending execution of an Assignment and Assumption Agreement that is acceptable

[1] Collection Services is defined in Section 1.12 as: Single-Family Collection Service (SFD), Multi-family Collection Services (MFD), Commercial Collection Service, and Debris Box Collection Service, and Collection Service for Local Governmental Agencies Within the District Boundaries.

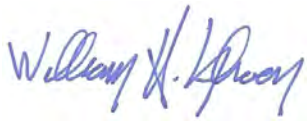
to the District, we recommend that the District approve the assignment of NDS's franchise to Recology. **Attachment 11** provides a preliminary draft Assignment and Assumption Agreement developed by Recology. The District is currently drafting revisions to this document.

* * * * * * *

We appreciate the opportunity to be of assistance to the District. Should you have any questions regarding this submittal or need any additional information, please contact me by cell at (510) 292-0853, or by email at wschoen@r3cgi.com.

Sincerely,

R3 CONSULTING GROUP



William Schoen | Principal

Attachments:

1 Section 11.6 (Assignment) of Franchise Agreement

2 Executive Summary – Draft Report on Review of Assignment of TRG Agreements to Recology, October 16, 2017

3 Recology and TRG August 18, 2017 Letter to District

4 Recology August 25, 2017 Letter to District

5 District September 28, 2017 Letter to Recology

6 Recology Sonoma Marin Transition Plan for Novato Sanitary District

7 Novato – Public Education and Outreach Plan

8 Recology October 26, 2017 Letter to District

9 Section 10.3 (Liquidated Damages) of Franchise Agreement

10 Section 4.3 (Zero Waste Minimum Requirements) of Franchise Agreement

11 Draft Assignment and Assumption Agreement

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ARTICLE 11 OTHER AGREEMENTS OF THE PARTIES

11.1 Relationship of Parties

The parties intend that the Company shall perform the services required by this Agreement as an independent the Company engaged by the District and not as an officer or employee of the District nor as a partner of or joint venture with the District. No employee or agent of the Company shall be or shall be deemed to be an employee or agent of the District. Except as expressly provided herein, the Company shall have the exclusive control over the manner and means of conducting the Collection Services performed under this Agreement, and all persons performing such services. The Company shall be solely responsible for the acts and omissions of its officers, employees, subcontractors, and agents. Neither the Company nor its officers, employees, subcontractors, and agents shall obtain any rights to retirement benefits, workers' compensation benefits, or any other benefits that accrue to District employees.

11.2 Compliance with Law

In providing the services required under this Agreement, the Company shall at all times, at its sole cost, comply with all applicable statutes, ordinances and laws of the United States, the State of California, applicable local public agencies (including the District); and with all applicable regulations promulgated by federal, state, regional, or local administrative and regulatory agencies, now in force and as they may be enacted, issued, or amended during the term.

11.3 Governing Law

This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of California.

11.4 Jurisdiction

Any lawsuits between the parties arising out of this Agreement shall be brought and concluded in the courts of the State of California, County of Marin, or within the U.S. District Court, Northern District of California.

With respect to venue, the parties agree that this Agreement is made in and will be performed in Marin County.

11.5 Mediation

The parties agree to consider mediation prior to filing suit, provided, however, that there is no concern as to a statute of limitations issue. If either party files suit with respect to performance of this Agreement, the parties agree to seek mediation services during the first ninety (90) days of the lawsuit.

11.6 Assignment

Except as may be provided for in Article 9 (District's Right to Perform Service), neither party shall assign its rights nor delegate, subcontract, or otherwise transfer its obligations under this Agreement to any other person without the prior written consent of the other party, except as provided for a joint powers authority described below. Any such

assignment made without the consent of the other party shall be void and the attempted assignment shall constitute a material breach of this Agreement.

For purposes of this Section, when used in reference to the Company, "assignment" shall include, but not be limited to (i) a sale, exchange, or other transfer of substantially all of the Company's assets dedicated to service under this Agreement to a third party; (ii) a sale, exchange, or other transfer of the outstanding common stock of the Company to a third party, provided said sale, exchange, or transfer may result in a change of control of the Company; (iii) any dissolution, reorganization, consolidation, merger, re-capitalization, stock issuance or re-issuance, voting trust, pooling agreement, escrow arrangement, liquidation, or other transaction to the Company, any of its shareholders, subsidiary, or parent company is a party which results in a change of ownership or control of the Company; (iv) any assignment by operation of law, including insolvency or bankruptcy, assignment for the benefit of creditors, writ of attachment for an execution being levied against this Agreement, appointment of a receiver taking possession of the Company's property, or transfer occurring in the event of a probate proceeding; (v) transfer of responsible management control of the Company from the current Chairman of the Board (James Ratto); and (vi) any combination of the foregoing (whether or not in related or contemporaneous transactions) that has the effect of any such transfer or change of ownership, or change in control of the Company. Nothing herein shall be deemed to prevent the current Chairman of the Board of the Company (James Ratto) from buying out other shareholders of the Company.

The Company acknowledges that this Agreement involves rendering a vital service to the District's residents and businesses, and that the District has selected the Company to perform the services specified herein based on (1) the Company's experience, skill, and reputation (and that of James Ratto as the responsible managing officer of the Company) for conducting its solid waste management operations in a safe, effective, and responsible fashion, at all times in keeping with applicable waste management laws, regulations and good waste management practices, and (2) the Company's financial resources to maintain the required equipment and to support its indemnity obligations to the District under this Agreement. The District has relied on each of these factors, among others, in choosing the Company to perform the services to be rendered by the Company under this Agreement.

If the Company requests the District's consideration of, and consent to, an assignment, the District may deny or approve such request in its complete discretion. Approval by the District, however, of such requested assignment, shall not be unreasonably withheld. It shall be the responsibility of the Company, in requesting an assignment, to comply with the following requirements:

11.6.1 The Company shall undertake to pay the District its reasonable expenses for attorney's fees and investigation costs necessary to investigate the suitability of any proposed assignee, and to review and finalize any documentation required as a condition for approving any such assignment;

11.6.2 The Company shall furnish the District with audited financial statements of the proposed assignee's operations for the immediately preceding three (3) operating years;

11.6.3 The Company shall furnish the District with satisfactory proof: (i) that the proposed assignee has at least ten (10) years of solid waste management experience on a scale equal or to exceeding the sale of operations conducted by the Company under this Agreement; (ii) that in the last five (5) years, the proposed assignee has not suffered any significant citations or other censure from any federal, state, or local agency having jurisdiction over its waste management operations due to any significant failure to comply with state, federal, or local waste management laws and that the assignee has provided the District with a complete list of such citations and censures; (iii) that the proposed assignee has at all times conducted its operations in an environmentally safe and conscientious fashion; (iv) that the proposed assignee conducts its solid waste management practices in accordance with sound waste management practices in full compliance with all federal, state, and local laws regulating the collection and disposal of waste, including hazardous waste; (v) that the proposed assignee has a net worth, liquidity, and debt structure at least as favorable as the Company's; (vi) that the proposed managing official of assignee is qualified to supervise assignee's operations in performing the Agreement; (vii) of any other information required by the District to ensure the proposed assignee can fulfill the terms of this Agreement in a timely, safe, and effective manner.

The Company shall have a reasonable period of time in which to seek approval of any assignment occasioned by operation of law.

Under no circumstances shall the District be obliged to consider any proposed assignment by the District if the Company is in default at any time during the period of consideration.

11.6.4 Acquisition costs incurred by assignee in purchasing the Company, or otherwise securing assignment of the Agreement, shall be excluded from allowable costs in the rate base.

Nothing in this Agreement is intended to prevent the District from assigning its rights and obligations under this Agreement to a joint powers authority organized for the purpose of dealing with solid waste management matters on a countywide or regional basis. Such an assignment to a joint powers authority, where the District is a member agency, may occur without prior written consent of the Company.

If the District requests consideration of and consent to an assignment (other than to a joint powers authority which the District is a member), the Company may deny or approve such request in its complete discretion. The Company may request that the proposed assignee of the District provide such documents,

resolutions, and ordinances that may be necessary for the Company to properly evaluate assignment to proposed assignee.

For purposes of this section, the term "proposed assignee" shall refer to the proposed transferee(s) or other successor(s) in interest pursuant to the assignment.

11.7 Other Agreements

The Company shall not enter into any agreements subsequent to the within Agreement that materially interferes with the Company's ability to perform its obligations contained herein.

Any agreements that the Company proposes to enter into with entities other than the District, providing for disposal of Garbage, or for long-term (i.e., over three (3) years) commitment of wastestream, including Recyclable Materials and Organic Waste, shall be submitted by the Company to the District for review prior to said agreements becoming effective. The District may, at its sole discretion, approve or disapprove said agreements, or approve of said agreements subject to conditions or limitations set by the District.

11.8 Related Party Entities

The Company's accounting records shall be maintained on a basis showing the results of the Company's operations under this Agreement separately from operations in other locations, as if the Company were an independent entity providing service only to the District. The costs and revenues associated with providing service to the District shall not be combined, consolidated or in any other way incorporated with those of other operations conducted by the Company in other locations, or with those of related party entities.

If the Company is owned or controlled by another corporation, then the financial reports and auditor's opinions required of the Company shall also be required of such "parent company."

11.9 Subcontracting

The Company shall not engage any subcontractors for Collection or disposal of Garbage without the prior written consent of the District. In the event of an emergency or other urgent circumstances (e.g. labor unrest), the District's consent to subcontracting shall not be unreasonably withheld.

11.10 Binding on Assigns

The provisions of this Agreement shall inure to the benefit of and be binding on all permitted assigns of the parties.

11.11 Transition to Next Company

If transition of services to another company occurs through expiration of term, default, termination, or otherwise, the Company will cooperate with the District and subsequent company(ies) to assist in an orderly transition, which will include Company providing route lists and billing information. The Company will not be obliged to sell collection vehicles and Containers to the next company or the District. Depending on the Company's circumstances at the point of transition, the Company at its option may enter

Section 1: Executive Summary

1.1 Introduction

The cities, towns, counties and other agencies (Agencies) holding solid waste collection franchise agreements and other agreements (Agreements) with the various subsidiary companies of The Ratto Group, Inc. (TRG) have received requests from TRG to assign the Agreements to Recology Sonoma Marin (Recology, a subsidiary of Recology, Inc.).

TRG and Recology have entered into an Asset Purchase Agreement (APA) that involves Recology acquiring substantially all of the assets of TRG, including the Agreements as well as all equipment and facilities currently used by TRG to perform services for the Agencies. Unlike a stock purchase, wherein the entire company would be purchased and operations taken over under a new name, this asset purchase would effectively render TRG without assets to provide services, as those assets would become the property of Recology.

The City of Petaluma has engaged R3 Consulting Group, Inc. (R3)[1] to conduct a review of the fitness of Recology on behalf of the Agencies in order to establish findings regarding the proposed assignment. This review included a thorough assessment of:

- Assignment provisions and other requirements of available Agreements;
- Financial and operational information provided by TRG and Recology, and establishment of findings of the appropriateness of assignment based on our review; and
- Likely effects of assignment on rates and services for individual agencies.

It should be made clear that R3 was not able to review the APA as TRG and Recology stated that the APA is confidential and would not be provided for review. As a result, R3's review of the fitness of Recology was limited to a review of the vehicle and facility assets subject to the APA and financial and operational documents provided by Recology as they relate to Recology's ability to perform services for the Agencies per their respective Agreements.

1.2 What is the Asset Purchase Agreement (APA)?

Recology has stated to R3 that they are purchasing all of the assets used by TRG to perform its contractual obligations under the Agreements, including the Agreements and the assets listed below. Recology has stated that unlike in a traditional business acquisition by way of merger or stock purchase, Recology is not acquiring any of the actual subsidiaries of TRG. Moreover, Recology is not acquiring, nor hiring, all of TRG's existing employees. TRG will not be a subsidiary or affiliate of Recology.

Although R3 was unable to review the APA, Recology listed the following as being included under the APA. R3 has requested specifics regarding the items listed below, most of which have been made available.

- All permits;
- All franchise agreements;

[1] The engagement is under a contractual relationship with the City of Petaluma, to be paid for by TRG per the assignment terms of the collection agreement.

- All other agreements such as transport;
- All equipment used by TRG and its subsidiaries, including:
  - An estimated 600,000 carts;
  - An estimated 15,000 containers; and
  - Software, spare parts, computers, etc.
- All motor vehicles used by TRG and its subsidiaries:
  - 238 Collection, Transfer, and Street Sweeping Vehicles, of which 19 are subject to immediate replacement by Recology; and
  - 50 Support Vehicles, of which 8 are subject to immediate replacement by Recology.
- All materials handling equipment, including the Material Recovery Facility located at 3417 Standish Avenue;
- All real property used in the business, including:
  - Transfer Station & Maintenance Facility at 2543 Petaluma Blvd South, Petaluma, CA;
  - Material Recovery Facility at 3417 Standish Avenue, Santa Rosa, CA;
  - Administration & Maintenance Facility and Material Recovery Facility at 3400 Standish Avenue, Santa Rosa, CA;
  - Truck Yard at 3284 and 3296 Dutton Ave., Santa Rosa, CA;
  - Commercial bin and debris box storage at 3845 and 3855 Santa Rosa Ave., Santa Rosa;
  - Petaluma - Administration & Maintenance Facility at 1309 Dynamic Street, Petaluma, CA; and
  - Novato - Buy Back and HHW (leased) at 7576 Redwood Blvd, Novato, CA.

It should also be noted that TRG and Recology were required to file a premerger notice to the Federal Trade Commission (FTC) pursuant to the Hart-Scott-Rodino (HSR) Act. Per the HSR Act, certain proposed transactions – such as the Recology APA of TRG – require premerger notification and a waiting period. Parties subject to the HSR Act may not close their deal until the waiting period outlined in the HSR Act has passed, or the government has granted early termination of the waiting period. The FTC completed an early termination notice of the deal on September 15, 2017, with permission for the transaction granted.[2]

1.3 What is the Assignment?

Assignment is the transfer of an agreement's obligations and benefits from one party to another party. In this case, TRG is seeking to assign its obligations and benefits under the Agreements between the Agencies and TRG to Recology Sonoma Marin, a wholly owned subsidiary of Recology Inc. All current TRG Agreements made available for review require that TRG obtain consent to assign the Agreements for the assignment to Recology to be valid.

The majority of the Agreements require TRG to furnish the Agencies with satisfactory proof that the proposed assignee (Recology) has refuse management experience on a scale equal to or exceeding the

[2] https://www.ftc.gov/enforcement/premerger-notification-program/early-termination-notices/20171870

sale of operations conducted by TRG, three to five years of audited financial statements, and any other information required by the Agencies to ensure that Recology can fulfill the terms of the Agreements in a timely, safe, and effective manner.

Recology has stated that because they are purchasing all of the assets used by TRG to perform contractual obligations, TRG will no longer be able to perform under the Agreements once the asset purchase has been completed because TRG will no longer possess assets needed to perform services.

1.4 Recology's Qualifications for Assignment

Financial and Operational Qualifications

Section 2 of this Report provides R3's review of Recology's audited financial statements as well as a letter from Bank of America (Attachment 1) which is Recology's primary creditor and which reviewed the APA. This is followed by Section 3, which provides R3's assessment of Recology's fitness to perform the activities covered under the Agreements. Specifically, we have reviewed Recology's qualifications to performs services currently provided by TRG, their performance under current Agreements with other jurisdictions, and plans submitted by Recology demonstrating ability to meet terms and conditions of the agreements. The general qualification areas reviewed by R3 are as follows:

- Financial Ability;
- Collection and Street Sweeping Operations;
- Safety;
- Facilities and Environmental Compliance;
- Customer Service; and
- References.

Findings

Overall, from an operational and financial perspective, R3 finds that Recology is qualified to perform services required by the Agreements. Specifically, we find that Recology:

- Understands and is committed to complying with all terms and conditions in the Agreements;
- Has more than 10 years of solid waste collections experience;
- Generally operates in compliance with all applicable laws and regulations;[3]

[3] On June 8, 2000, Norcal Waste Systems, Inc. (Norcal), which changed its name to Recology Inc. in 2009, along with 21 other entities and individuals, including certain present and former County officials, were named in a lawsuit was one of a number of parties regarding a bribery scheme related to waste management contracts and services for the County of San Bernardino. Kenneth James Walsh, a vice president of Norcal who was terminated by Norcal on August 27, 1999, pleaded guilty to a federal criminal charge of conspiracy to commit bribery and was sentenced in 2000 to 18 months in federal prison. The County of San Bernardino, and other County-related entities, filed a civil complaint against Norcal, Walsh, and others alleging a variety of claims including breach of fiduciary duty, fraud, and unjust enrichment. Norcal denied that it had engaged in any wrongdoing of any kind and, in particular, that it had any liability in connection with the matter. Norcal entered into a settlement agreement before trial, which included a $6,561,000 payment to the County and cancellation of its contract. More information about the matter can be found at http://caselaw.findlaw.com/ca-court-of-appeal/1490527.html

- Has an established employee onboarding, training and safety program that includes tracking, analyzing, and reporting workers' compensation, and automobile/general liability safety metrics;
- Operates its facilities in accordance with State Minimum Standards;[4]
- Has a defined plan to manage the aging fleet and maintain a vehicle replacement schedule to reduce the average age down to 7.5 to 9 years (compared to the current average of 13 years);
- Demonstrates waste zero specialist training and outreach and education materials to provide communities focused resources that address the needs of the Agencies;
- Has stated that reporting will be provided in a timely manner and in a format as agreed on mutually between Recology and each individual Agency;
- Provides enterprise-class tools and adequate processes, staffing, training, and management to deliver effective customer service;
- Was recommended by all but one jurisdiction of the 23 contacted during reference checks;
- Maintenance tools and overall approach are adequate and incorporate current industry practices;
- Has outreach and educations plans indicating that they will be capable of performing all Agreement requirements;
- Is financially capable of performing its duties if assigned the Agreements under consideration. Recology's financial health is within expectations for solid waste companies of its size, which should allow it access to sufficient lines of credit which may be used in performing services under the Agreements;
- Has approximated their capital investment outlay at $60 Million in 2018 for replacing vehicles and collection containers. Per Bank of America, Recology has access to over $580 Million of available liquidity for direct borrowing, subject to certain conditions. Recology is in good standing with Bank of America and is in compliance with all covenants related to its credit;
- Obligations from the acquisition of TRG's assets, Agreement revenues, and operations represents an approximate 13% growth in company size for Recology, which will be a company with over $1 Billion in annual revenue post-assignment; and
- Estimated 2018 Recology overall net profits are within the range of Recology's five-year profit trend based on the combination of revenues and expenses from Recology and TRG, escalated conservatively and in keeping with prior trends, and including moderate assumptions about changes in revenues and expenses in 2018.

1.5 Potential Impacts of Assignment

Based on statements and information provided by Recology, as well as our professional assessment of the asset purchase and assignment of the Agreements, it is clear that Recology will be requesting rate increases in the near future. Reasons that we expect rate increases to be imminent include:

[4] Limited permit violations documented in our analysis are commonplace among facility operators throughout the State.

- Higher cost of operations due to need for new trucks, containers, and other equipment (in addition to the assets being purchased from TRG) to fulfill the terms and conditions of the Agreements, especially in the case of Agreements whose terms are not currently being met;
- Higher cost of labor resulting from a collective bargaining agreement (CBA) between Recology and Teamsters Local 665; and
- Recology has stated that it intends to present rate increase requests to Agencies as soon as six months after the TRG purchase is completed.

Though Agencies should expect to receive a request for rate increases in the near future, it should be noted that ***most Agencies are not obligated to consider or accept rate increase requests*** except under specific conditions (with the specifics and timelines varying by Agency). Additionally, though Agencies should anticipate rate increases in the near future, neither Recology nor R3 is presently able to provide accurate estimates of the magnitude of likely increases.

Seven of the Agreements (Cloverdale, Cotati, Healdsburg, Marin County, Novato Sanitary District, Petaluma, and Rohnert Park) include a detailed rate review provision, meaning that (for those agencies) Recology may submit a detailed rate application demonstrating actual and forecasted costs and revenues from operations and providing detailed justification for a rate increase request.

Under these provisions, Agencies have the ability to conduct a detailed review of the rate application, make adjustments to the rate application to ensure that costs are reasonable and appropriate, and then consider adjustments to rates. In some cases, Agencies may deny the entire request at their full discretion. A more detailed analysis of the applicable Agreement terms for each Agency (as made available to R3) is in Section 4 of this Report.

1.6 Next Steps

Agencies should anticipate next steps for assignment as described below. R3 is available to work with each Agency individually to assist in any of the following areas:

- Reviewing Agency specific assignment details;
- Preparing Agreement amendments;
- Participating in Agency meetings related to the assignment request;
- Overseeing transition activities;
- Conducting operational performance reviews; and
- Reviewing additional requests (i.e., rate increases, route changes, etc.).

Prior to accepting an assignment each individual Agency should confirm that all prerequisites for assignment of their Agreement have been met as stipulated by their Agreement, commonly including but not limited to:

- Any payments required to be made (often inclusive of staff time spent evaluating TRG's request for assignment and other reasonable expenses);
- Those requirements that have been reviewed by R3 and findings reported via this Report; and
- Those requirements that may not have been reviewed by R3, as applicable.

Agencies should prepare:

- Staff report for Council understanding of assignment;
- Council resolution accepting, denying, or deferring TRG's request for assignment; and
- If assignment is to be approved, an amendment to the applicable Agreement accepting assignment, adjusting company name as appropriate, and any other prerequisites to assignment of agreement as determined by Agency (including provisions in the Agreement that refer to insurance provisions, as Recology is self-insured).

Should Agencies choose to accept the assignment of the Agreements to Recology, Recology will commence transition activities, which are described in Section 6 (Transition Activities After Assignment); Section 6 also includes additional considerations for the Agencies relating to assignment.

1.7 Limitations

The following sections of this Report, and our findings, were compiled based on the information and documents listed in each of the following sections. Neither Recology nor TRG provided us access to the APA, and our findings are limited by lack of access to this information. While we were able to review the truck list and replacement schedule, insufficient information exists in order to determine how many containers in service will require replacement due to incorrect color, incorrect or inadequate labeling, or non-functionality; therefore, the financial scale of container replacement was not evaluated.

Additionally, it should be noted that while this Report presents overall findings regarding Recology's fitness for assignment of Agencies' Agreements, it does not comprise of the entirety of the due diligence necessary for review of assignment, elements of which must be conducted by each individual Agency. R3 is available to review those specific items as requested on an individual basis with the Agencies

Attachment 3

August 18, 2017

Novato Sanitary District
500 Davidson Street
Novato, CA 94945
Attn: Sandeep Karkal

Re: Request for Consent to Assignment
A&R Solid Waste Collection, Processing, Diversion and Disposal Agreement between Novato Disposal Service, Inc. ("***Contractor***") and Novato Sanitary District (the "***Agreement***")

Dear Sandeep,

We wish to inform you that North Bay Corporation ("***NBC***"), Contractor's parent corporation, and their affiliated companies have entered into an agreement to sell substantially all of their assets to Recology Inc. and its designated affiliates, who will continue NBC's operations (the ***"Transaction***").

The purpose of this letter is to request that the Novato Sanitary District provide its consent for NBC to assign the Agreement to Recology Sonoma Marin, a subsidiary of Recology Inc. Upon the assignment of the Agreement, Recology Sonoma Marin will be subject to the applicable terms and conditions of the Agreement and will continue to perform the obligations thereunder.

Time is of the essence in obtaining a response to this request, accordingly, please do not hesitate to contact Ed Farewell, Recology Sonoma Marin's Vice President & Group Manager, at 707-695-2726, or Rick Powell, NBC's General Manager, at 707-775-9707 regarding this matter. NBC and Recology look forward to working with the Novato Sanitary District on assigning the Agreement in accordance with the terms of the Agreement.

Your consent will become effective as of the closing of the Transaction and will have no effect unless the closing of the Transaction occurs. We expect the Transaction to close in October 2017.

Attachment 3

We appreciate your prompt consideration of this request.

Sincerely,

Michael J. Sangiacomo
President & Chief Executive Officer
Recology Inc.

Rick Powell
President
North Bay Corporation

8/25/2017

Novato Sanitary District
500 Davidson Street
Novato, CA 94945
Attn: Sandeep Karkal

Re: Assignment of A&R Solid Waste Collection, Processing, Diversion and Disposal Agreement between Novato Disposal Service, Inc. ("*Contractor*") and Novato Sanitary District (the "*Agreement*") to Recology Sonoma Marin

Dear Sandeep:

Thank you for your consideration of The Ratto Group's request to assign the the Novato Sanitary District's Solid Waste Collection, Processing, Diversion and Disposal Agreement to Recology Sonoma Marin (Recology), submitted last Friday August 18th.

As stated in the request letter, Recology is acquiring substantially all of the assets of The Ratto Group (the Transaction). The following sections provide responses to the assignment requirements described in Section 11.6 of the Agreement.

If you need more information regarding this Transaction or Recology, please feel free to contact Meghan Butler, Corporate Development Manager, at (415) 572-6116 or mbutler@recology.com.

Attorney's Fees and Investigation Costs
As the seller of the assets under this Transaction, The Ratto Group will cover the District's attorney's fees and investigation costs, pending further determination between The Ratto Group and the District's representative.

Audited Financial Statements
During its Fiscal Year 2016, Recology Inc. (the parent company of Recology Sonoma Marin) recorded over $960 million in revenue.

Recology Inc.'s financial statements are audited annually by KPMG. Further financial information can be provided upon request. Please be advised that any financial information provided herein and in the future may contain competitively sensitive information and information that constitutes a trade secret under California law. Accordingly, they are exempt from disclosure under the California Public Records Act. Attached to this letter are Recology's audited financial statements for the preceding three (3) operating years.

Recology's Solid Waste Experience
Recology Inc.'s predecessors have been serving Bay Area communities since the 1920s. Over the years, Recology Inc. has grown to become the largest 100% employee-owned company in the solid waste collection and processing industries, with over 3,000 employees.

Recology Inc. is the parent to over 40 subsidiaries – including Recology Sonoma Marin. These subsidiaries provide integrated service to over 700,000 households and 100,000 commercial businesses in California, Oregon, and Washington. The company also owns and operates a number of facilities, including:

- 13 Transfer Stations
- 11 Material Recovery Facilities (MRFs)
- 10 Organic Processing Facilities
- 3 Landfills

A few of the municipalities that currently receive collection and/or processing service from Recology Inc. operating companies include:

- The City and County of San Francisco (since 1932)
- The 12 jurisdictions of the South Bayside Waste Management Authority (SBWMA), which includes Cities of Burlingame, San Mateo, Foster City, San Carlos, Belmont, Redwood City, Menlo Park, and East Palo Alto, the Towns of Hillsborough and Atherton, the West Bay Sanitary District, and the County of San Mateo (since 2011)
- The City of Seattle (since 2009)
- The City of San Bruno (since 1958)
- The City of Mountain View (since the 1930s)
- The City of Pacifica (since 1976)

In 1996, Recology pioneered the nation's first comprehensive, curbside organics collection program in the City of San Francisco. The program comingles food scraps with yard trimmings, and has become a model for organics collection throughout the nation. Recology has since launched organics collection programs in numerous cities, including the cities that comprise the 12 jurisdictions of the SBWMA, Cupertino, Pacifica, and San Bruno. Whenever Recology launches a new organics program, the rollout is tailored to the unique needs of the customer.

In 2001, Recology transitioned over 150,000 single- and multi-family households in San Francisco to a cart-based, single-stream recycling program. The program, called the "Fantastic Three" after the color-coded carts, has since been replicated by many California communities, and is widely recognized as a model for the nation. The cart-based single-stream system maximizes voluntary source-separation and diversion efforts.

Recology partners closely with the municipalities it serves to meet diversion goals. This entails developing tailored outreach and education programs, coupled with the proper technical assistance to help customers participate in diversion programs.

Performance
Recology Sonoma Marin is a newly-created operating company of Recology Inc.; therefore, Recology Sonoma Marin has not received any citation, fine, penalty, censure of other sanction from any local, state, federal, or local government agency.

Attachment 4

Recology Inc. is the parent company to numerous subsidiaries providing resource recovery services in California, Oregon, and Washington. Across all California subsidiaries, Recology Inc. has 41 facilities that are subject to environmental inspections. The company utilizes a comprehensive environmental management system to support compliance with permits, laws, codes, and regulations. From time to time, in the normal course of business, Recology and its subsidiaries are subject to various regulatory inspections and actions which can result in violations or citations. Recology's policy and business practice is to respond to and resolve these matters in a timely manner.

Instances where significant citations have been issued over the last 5 years are provided in the table below. In each case, Recology has worked, or is working, closely with the regulatory agency to address all concerns to the satisfaction of the agency.

Subsidiary	Regulatory Agency or Entity	Violation Type	Date	Description	Corrective Action	Fines or Penalties
Recology Yuba Sutter	Regional Water Quality Control Board	Administrative Civil Liability Complaint	Jan-20-15	Non-discharge violation for overtopping of stormwater tanks.	New aboveground storage system installed.	$440,000
Recology Yuba Sutter	Regional Water Quality Control Board	Cleanup and Abatement Order	Dec-22-14	Required site improvements, including repaving and repair of drainage lines.	Site improvements completed.	None
Recology Blossom Valley Organics - NorthGro	Regional Water Quality Control Board	Notice of Non-Compliance	Nov-25-14	Site not covered under stormwater industrial permit.	Notice of Intent filed for coverage under general industrial permit.	None
Recology Hay Road	Regional Water Quality Control Board	Section 13301 Order	Oct-16-14	Required submittal of technical reports for both the landfill and compost operations.	Submitted required technical reports (ongoing).	None
Recology Yuba Sutter	Regional Water Quality Control Board	Cleanup and Abatement Order	Aug-29-13	Release of contaminants to vadose zone and ground water and impacts to closed landfill from current operations.	Expanded landfill gas collection system, improved grading and storm water conveyance system and installed compost area leachate collection system.	None
Cummings Road Burn Dump	Regional Water Quality Control Board	Cleanup and Abatement Order	Apr-26-13	Required remediation of historical burn ash dump.	Remediation completed.	None

Environmental Compliance

Recology seeks to offer safe collection services to all of its communities in a way that minimizes impact on the environment. All operating companies follow Recology's comprehensive Environmental Compliance Program.

The goal of the Program is to ensure the Recology Sonoma Marin Material Recovery Facility and all collection operations comply with applicable environmental permits, laws, codes, and regulations. Under the Program, the Environmental Compliance Manager monitors operations using a combination of checklists and audits, and works directly with local and state regulators on environmental compliance activities.

The Environmental Compliance Manager directly reports to Recology's Corporate Environmental Manager, and works closely with Recology's well-established and dedicated network of trained environmental health and safety personnel.

Recology tracks regulations, permits, and environmental activities using a custom-made, proprietary software system called the Recology Online Compliance Tracker (ROCT). ROCT enables Recology to systematically monitor and report data on environmental trends at its facilities.

ROCT also records regulatory agency inspections. Any inspection violation or area of concern is documented in the system, with a description of how the issue will be addressed. The Environmental Compliance Manager can assign due dates to staff for each activity, helping Recology make progress towards its "zero violations" goal.

To support the Environmental Compliance Program, Recology provides trainings to help employees comply with the program (as applicable to their job functions).

The Environmental Compliance Manager and key operations positions (including managers, supervisors, and maintenance staff) receive training on the following topics, as applicable to their job functions. Please note this is not a comprehensive list of all environmental trainings provided:

- Asbestos Awareness, including an annual refresher training
- Hazardous Waste Operations and Emergency Response (HAZWOPER), as set by the guidelines of the Occupational Safety and Health Administration
- Load Check Policy, identifying any contamination of hazardous materials in a given load
- Spill Prevention Control & Countermeasures (SPCC) training
- Stormwater Sampling
- Use of the Recology Online Compliance Tracker (ROCT) system
- Underground Storage Tank training, including tank monitoring system training and spill/overflow response

To conduct these trainings, Recology uses corporate-sponsored training courses, as well as attendance at professional environmental conferences and other external training courses.

Compliance with Local Law

Recology's solid waste management operations comply with all applicable federal, state, and local laws and regulations governing the collection, transportation, processing, and disposal of solid waste, recyclable materials, and compostable materials. Recology does not dispose or process any hazardous substances, other than for household hazardous waste (HHW) at our permitted HHW facilities.

Net Worth, Liquidity, and Debt Structure
As can be seen from the provided financial statements, Recology has a net worth, liquidity, and debt structure at least as favorable as Company's. If you have any further questions regarding this matter, please do not hesitate to reach out.

Management Team
Recology Sonoma Marin's day to day operations will be overseen by Fred Stemmler, General Manager.

Fred will work directly with Ed Farewell, the Vice President and Group Manager for Recology's Coast Group, to ensure the operations are performed in accordance to the Agreement.

Fred and Ed's experience is described below.

Ed Farewell
Vice President and Group Manager, Recology's Coast Group

Ed joined Recology in 1983. Since 2012, he has served as Group Manager at Recology's Northern California Group. Ed directs the operation of a variety of recycling, organics, and solid waste management services. He is responsible for ensuring efficiency and quality service in materials recovery, recycling, residential, commercial & industrial waste collection, and compactor service for the residents, businesses and public entities within Recology's Northern California collection companies

Ed possesses over 34 years of experience in the refuse business, including positions as general manager, operations manager, and materials recovery facility manager. At Recology, he has served as Assistant Group Manager at Recology Vacaville Solano from 2011 to 2012, General Manager at Recology Vallejo from 2010 to 2011, and General Manager at Recology Vacaville Solano from 2004 through 2010.

In addition, Ed has served on the board of a number of community organizations, including the Vallejo Chamber of Commerce (2010 to 2011) and the Vacaville Museum (2008 through 2011). Ed holds a Bachelor's of Science from California State University at Sacramento.

Fred Stemmler
General Manager, Recology Sonoma Marin

As the General Manager of Recology Sonoma Marin operations, Fred will plan, direct, and evaluate all aspects of Recology's organics, recyclables, and solid waste collection programs to ensure safe, efficient, and high-quality service is provided to all customers.

Fred is currently the General Manager of Recology Western Oregon, and is experienced in running top-notch collection, processing and diversion based operations, while creating effective and collaborative public education programs and services, including the start-up of an Artist in Residence Program.

Prior to becoming General Manager in 2012, Fred held several key positions with Recology, including Operations Manager at Recology Vacaville Solano and Recology Sunset Scavenger, and Financial Compliance Manager for the Recology Corporate Finance and Accounting Department. Since joining Recology in 2008, Fred graduated from two internal leadership programs and participated in long term strategic planning and development committees that focused on business process improvement and excellence in service.

Prior to Recology, Fred worked as a certified public accountant and finance professional serving a variety of Fortune 500 businesses and began his professional career with Deloitte. Fred sits on the board for multiple non-profit organizations, is an active Chamber of Commerce member, and has served on civic and state advisory boards relating to Oregon's long term diversion planning, community leadership, and municipal budget and audit reviews. Fred graduated from the University of Southern California with a BA in Accounting

We hope the above sections have provided sufficient and satisfactory information to meet the requirements identified in the Request for Assignment section of the Agreement. If you have any further requests, please do not hesitate to reach out, we see our relationship with the Novato Sanitary District as an opportunity to work together to achieve a sustainable future.

We look forward to serving the District, its residents, and its business. Please let us know if you have additional questions.

Sincerely,

Michael J. Sangiacomo
President and Chief Executive Officer
Recology Inc. and Recology Sonoma Marin

Cc: Rick Powell, President, The Ratto Group of Companies Inc.

Attachment 5

NOVATO SANITARY DISTRICT

500 DAVIDSON STREET • NOVATO • CALIFORNIA 94945 • PHONE (415) 892-1694 • FAX (415) 898-2279
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BOARD OF DIRECTORS

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General Manager-Chief Engineer

KENTON L. ALM
Legal Counsel

September 28, 2017

Mr. Michael J. Sangiacomo
President and Chief Executive Officer
Recology, Inc.
50 California Street, 24th Floor
San Francisco, CA 94111-9796

Subject: Request for Consent to Assignment; A&R Solid Waste Collection, Processing, Diversion and Disposal Agreement between Novato Disposal Service, Inc. ("Contractor") and Novato Sanitary District (the "Agreement").

Dear Mr. Sangiacomo:

The Novato Sanitary District (District) received your August 25, 2017, letter regarding the "Assignment of A&R Solid Waste Collection, Processing, Diversion and Disposal Agreement between Novato Disposal Service, Inc. ("Contractor") and Novato Sanitary District (the "Agreement") to Recology Sonoma Marin ("Recology"). We have engaged R3 Consulting Group, Inc. (R3) to assist the District with its consideration of the requested assignment, and are actively moving forward with our review.

As you are aware, as part of R3's support to the District, and other jurisdictions in Sonoma and Marin County to whom Recology has made similar assignment requests, R3 is conducting due diligence related to Recology's corporate strength, capabilities, and performance. Based on the results of that review, the District may have specific follow-up questions for Recology. At this time, we wish to focus on Recology's request for assignment of the District's franchise, and questions, and requested information specific to the assignment.

The District entered into the Agreement with Novato Disposal Service (NDS) on March 15, 2011. The Agreement expires at midnight on December 31, 2025, except in the event of assignment, in which case the term of the Agreement shall be reduced to a maximum of seven (7) years from the date of the assignment. The District also has the option to extend the term of the Agreement for a maximum additional sixty (60) months.

Under the terms of the Agreement, the Company's[1] rates are to be adjusted annually on January 1st, based on the specified Refuse Rate Index (RRI) calculation, or detailed rate review, if requested by either the District or the Company. The starting basis for a detailed rate review is the Company's audited financial statements for the most recently completed fiscal year (January 1 – December 31). If the Agreement is assigned to Recology prior to January 1, 2018, the soonest that a detailed rate review can be conducted would be in 2019, with Recology's 2018 audited financial statement serving as the starting basis for that review. Any associated rate adjustment would be effective January 1, 2020.

Section 11.6.3 of the Agreement states that: *"Under no circumstances shall the District be obliged to consider any proposed assignment by the District if the Company is in default at any time during the period of consideration."*

Should the District consent to the assignment, much of the basis for that consent is the District's expectation that Recology will:

- Implement and operate a high-diversion system that meets the current 60% Landfill Diversion Requirement, and the 2020 (70%) and 2025 (80%) requirements; and
- Effectively comply with all terms and conditions of the Agreement.

With that understanding, there are a number of critical issues with respect to NDS's performance under the Agreement that require prompt attention, including:

1. Failure of NDS to meet its Zero Waste Minimum Landfill Diversion Requirement of 60% by December 31, 2015;[2,3]
2. The poor performance of NDS's Commercial and MFD Organic Waste Service (Section 4.3.4),[4] particularly given its failure to meet its 60% Landfill Diversion Requirement;
3. Failure to provide MFD Recycling Tote Bags (Section 4.4.2);[5]

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1 The Agreement refers to the "Company" rather than the "Contractor".

2 The Company's 2016 Landfill Diversion Rate was 51.6%.

3 Recognizing that several issues, including markets, have caused problems with diversion percentages, several required programs, including school recycling, and commercial and MFD organics collection have either not been enacted or have not met their implementation dates. The District expects the Company to fulfill the Zero Waste Minimum Landfill Diversion Requirements, and provide the District with a detailed description of the specific programs and efforts it intends to undertake to do so.

4 Although Novato Disposal has provided some commercial organics collection, it is very limited, and appears to be at a standstill. CalRecycle has indicated to the District that this is a very high priority, and AB 1383 will require significant organics diversion in the next few years. The Company needs to provide the services as required under this section of the Agreement.

5 MFD Recycling Tote Bags have never been provided by the Company, as required by the Agreement.

4. Relocation of the Recycling Center (Section 4.11.7)[6], and HHW Facility and the addition of a second buy-back center (4.8.2);[7]
5. Lack of provision of two (2) convenient locations in the Novato area where payments can be made (Section 5.2.1);[8]
6. Lack of adequacy of NDS's customer service system (Section 5.2);[9]
7. Increased community outreach (Section 5.4 and Exhibit 4); [10] and
8. Increased outreach to public schools (Section 4.6.2 and Exhibit 5).[11]

To understand how Recology plans to comply with each of the above existing contractual deficiencies, we request that it provide the District with a "Remediation Plan". That Remediation Plan should provide sufficient detail as to how Recology intends to address each of the eight (8) issues listed above, along with a proposed implementation schedule. Once we receive that information, it will be reviewed, and we will let you know if we have any additional questions.

In addition, to the above items, the District expects the following from Recology as conditions of the assignment:

1. A Review of Billings (Section 5.1.2), within the first year of any assignment;
2. A list of vehicles assigned to the District's franchise, with vehicle ages and anticipated vehicle replacement schedule; and
3. A "Transition Plan" that clearly lists the specific tasks, and associated schedule necessary to facilitate a seamless transition from NDS to Recology, including specific customer outreach to be provided.

Please know that the District is interested in completing its due diligence as quickly as possible. We would welcome the opportunity to meet with Recology to discuss the assignment, and the above issues and requests, and we look forward to working with Recology to develop reasonable Remediation and Transition Plans. Staff and R3 plan to discuss the assignment with the District's

---

[6] The current Recycling Center property at 7576 Redwood Boulevard may be sold in the near future and is no longer a viable location for the Recycling Center or the HHW Facility. The District has requested that the Company pursue a new location for the Recycling Center and HHW Facility and considers this a very high priority.

[7] The second buy-back center was closed several years ago and no new location has been provided. The District is anxious for the Company to provide a second buy-back location and fulfill this Agreement requirement.

[8] There are no such required convenient locations available to customers.

[9] This entire section speaks to the customer service requirements, including adequacy of telephone system to handle customer inquiries and responsible and qualified Company representatives to communicate with the public. The District continues to receive complaints about wait times and missed pick-ups. It is expected that the Company will resolve all outstanding customer service complaints.

[10] The Company should fully promote services in print and electronic material as required by Agreement. The Company website should reflect Zero Waste Goals.

[11] Although the Company has provided some outreach to schools, it has not encouraged worm composting, sponsored field trips, or significantly provided any electronic classroom materials. The Company should review school outreach programs to comply with Agreement requirements.

Board of Directors (Board) at the October 9, 2017 Board Meeting. The earliest that we could expect any Board action on the assignment would be at its November 13, 2017 Board meeting, assuming all the above questions and requests, and any additional questions and/or requests that the Board or the District may have, have been effectively addressed by that date.

Please let me know if you would like to schedule a meeting with the District, and your anticipated timeline for responding to this request.

Sincerely,

Sandeep S. Karkal

Sandeep Karkal
General Manager-Chief Engineer

cc: Rick Powell, President, North Bay Corporation
William Schoen, R3 Consulting Group
Kent Alm, District Counsel, Meyers Nave

Attachment 6

RECOLOGY SONOMA MARIN TRANSITION PLAN FOR NOVATO SANITARY DISTRICT

Attachment 6

Transition Plan

Included in this plan is Recology Sonoma Marin's responses to the items raised in Novato Sanitary District's letter dated September 28, 2017, as well as Recology's detailed transition plan for Novato Sanitary District's service area and the related agreement. For ease of reading, Recology has provided an overview the company's transition experience, followed by sections of information pertaining the items raised in the letter and subsequent meetings held at the District on October, 3rd, 2017.

With any new service implementation, Recology's goal is to ensure a smooth transition that minimizes disruption to customers. Recology's implementation team for the District understands the unique needs of the Agreement, and has tailored the following transition plan for the District and its customers.

Recology Transition Experience

Recology Inc. (the parent company of Recology Sonoma Marin) is a regional company locally-based in San Francisco. With approximately 3,300 employee-owners in California, Oregon, and Washington, Recology Inc. can supply a strong team of experienced managers and supervisors to assist with the contract transition. These managers and supervisors will assist with employee training, program implementation, procurement, and other duties to meet the needs of the transition.

Recology operating companies have been involved in several major transitions in recent years, and are ready to offer their expertise to guide the Novato Sanitary District transition:

- In 2011, Recology San Mateo County initiated services for the 12 jurisdictions of the South Bayside Waste Management Authority (SBWMA) in central and southern San Mateo County. The transition was recognized by industry experts as one of the largest of its kind in the United States, encompassing over 93,000 residential and 10,000 commercial and multi-family (MFD) customers.
- In 2009, Recology CleanScapes transitioned services for approximately half of the City of Seattle, marking the largest single-day transition in the region. Collection was transitioned for all three material streams – garbage, recycling, and organics.
- In 2001, Recology's San Francisco collection companies transitioned over 150,000 single- and multi-family households to a cart-based, single-stream recycling program. The program, called the "Fantastic Three" after the color-coded carts, has since been replicated by many California communities, and is widely recognized as a model for the nation.

Employee On-Boarding and Training

Following the completion of all contract assignments and the close of the acquisition with The Ratto Group (TRG), Recology will re-hire current and eligible TRG employees as full time Recology team members. By purchasing TRG's company assets and hiring the existing employees, Recology aims to ensure continuity in service during the transition. This transition also presents an opportunity to revisit

critical and fundamental training to increase operational efficiencies and safety, and set high customer service standards.

Safety and service are the keys to Recology's success since 1920, and our training programs will ensure a smooth, safe and effective transition for our team members and the communities we serve. Recology has developed customized training programs for its collection service employees, customer service staff, and Waste Zero staff. Below is an overview of these training programs:

Driver Training: All Recology drivers receive training in the operation of Recology equipment and the unique aspects of the collection program. Training is provided in the classroom and in the vehicle. Topics include:

- Recology CORE On-boarding, to welcome and integrate new employees into Recology's culture. During this segment, drivers are taught about their job roles and expectations, as well as Recology's culture and values.
- Customer service training: This training explores the differences between basic customer service versus excellent customer service, and how every interaction with a customer is an experience and it should be positive and memorable. Drivers will learn methods to maintain professionalism when faced with difficult customers, and tips on how to resolve issues on their routes.
- Franchise training: During this session, drivers are taught general collection protocols to meet the requirements of the collection service agreement.
- Contamination training: This training, delivered by a Recology Waste Zero Team member, teaches drivers how to identify and document contaminated containers. Drivers will be trained on the procedures for tagging contaminated containers and using the on-board computer system to track contaminated loads.
- Maintenance training: This training teaches drivers their responsibilities for daily vehicle maintenance inspections.
- Dispatch Operations training: This training guides drivers through their Route Manual, which answers questions that a driver may have regarding their position and route responsibilities. Drivers can use the Route Manual as a frame of reference for specific job responsibilities, route practices and route expectations.
- Safety and Equipment Overview: This program guides drivers through the requirements of Recology's safety training program, to ensure compliance with regulations and industry best practices.
- Truck Training and Obstacle Course: The majority of Recology's driver on-boarding program is spent in the trucks, actively educating drivers on their use of the vehicles to ensure safety, efficiency, and customer service are top-of-mind as they perform their day-to-day job duties.

Attachment 6

Customer Service Specialist Training: Recology invests in the development of Customer Service Specialists (CSSs) through a comprehensive training program, covering:

- Recology CORE On-boarding, to welcome and integrate new employees into Recology's culture. During this segment, CSSs are taught about their job roles and expectations, as well as Recology's culture and values.
- Creating Memorable Customer Service: The goal of this training is to educate the CSS on Recology's customer base, the services Recology provides, and the CSS's role in delivering excellent service.
- Franchise Training: Franchise Training teaches the CSSs general protocols related to the agreement
- Technical Training Elements: The Technical Training portion covers the majority of the CSS training program. During these weeks, the CSSs learn the practical, technical skills they need to work with the Recology Customer Relationship Management System (RCRM) database.
- Contamination Training Delivered by an experienced Recology Waste Zero Specialist, the Contamination Training will teach CSSs on the proper procedures for identifying and documenting accounts with contamination.
- In-Field Ride-Along with a Driver: Communication between customer service, operations, and the route driver is vital to ensure customer needs are met. Therefore, Recology CSSs will go on a ride-along with a driver to observe field conditions and better understand how their role relates to customers and collection operations.

Waste Zero Specialist Training: Recology invests in the development of Waste Zero Specialists (WZS) through a comprehensive training program, covering:

- Recology CORE On-boarding, to welcome and integrate new employees into Recology's culture. During this segment, WZSs are taught about their job roles and expectations, as well as Recology's culture and values.
- Customer Service Training: The WZSs will then complete a training titled "Creating Memorable Customer Service," delivered by the Customer Service Manager. The goal of this training is to educate the WZSs on Recology's customer base, the services Recology provides, and their role in delivering excellent service.
- Outreach and Education Material Overview: The WZSs will receive focused training on the types of outreach materials available to teach customers about their programs and services. Please see the document titled "Novato - Public Education and Outreach Plan" for more details about the specific plans for outreach and education to the Novato Sanitary District service area.
- Franchise Training: During this session, WZSs are taught the protocols related to the agreement.

- Contamination Training: Delivered by an experienced Recology WZS, the Contamination Training teaches employees how to identify and document contaminated containers.
- Facilities Tours: The WZSs will receive tours of the processing facilities, to better understand this fundamental aspect of the diversion process.
- Developing Presentation Skills: This training will provide the WZSs the tools they need to deliver hands-on presentations to an array of organizations, including homeowners' associations, business groups, environmental organizations, and schools.
- Conducting Waste Audits: During this training, WZS will be taught how to analyze a particular customer's material stream, with a focus on the diversion opportunities available to customers by business type.
- Providing On-Site Technical Assistance: This training will teach WZS the various types of Technical Assistance and training they will provide customers related to Recology's programs and the District's diversion goals.
- Reporting and Technical Requirements: This segment of the On-Boarding Program will teach the WZSs about the reporting requirements and their role in meeting those reporting needs
- Recology in the Community: During this on-boarding component, the WZSs will meet with a Recology Ownership Communication Committee (ROCC) Representative and a Recology Volunteer Liaison to learn more about Recology's dedication to the community
- Supervisor and Driver Ride-Alongs: During this component of training, the WZSs will ride with a Supervisor and/or Driver, to get an overview of the service area, the routes, and their responsibilities to support diversion goals.

Diversion Plans

Recology has excellent success in meeting diversion goals and requirements made in partnership with the communities served. Recology's mission represents a fundamental shift from traditional waste management - recovering more recyclables to be repurposed into new products and transforming organics to nutrient-rich soil amendments.

To support diversion goals, Recology offers dedicated Waste Zero Specialists. These individuals will be Recology's diversion liaisons in the community, responsible for tasks Recology can offer such as:

- Offering comprehensive, multi-faceted outreach to all customers, tailored to resident and business type
- Coordinating and producing education events, including educational efforts in schools.
- Supporting local community service organizations
- Offering technical assistance to help all customers implement services and optimize diversion, including on-site training for businesses
- Outreach to homeowners' associations, business groups, multi-family tenants, and environmental organizations
- Conducting site visits to educate customers on diversion goals, contamination concerns, and new programs

- On-site waste audits to help customers divert more material from the MSW stream and minimize contamination in the recycling and organics stream

The following sections provide an overview of the diversion programs, targeting each customer stream and material type. More information related to Recology's education and outreach philosophies and materials can be found in the "Novato – Public Education and Outreach Plan." All outreach materials for Novato Sanitary District are tailored to the District's needs and franchise agreement so that each customer is receiving information specific to their service area.

Single-Family Recycling Program

Recology offers many programs that contribute to higher diversion. Some of those programs could include working with the District and its residents to launch a Green Block Leader Program, which has been a successful tool to promote diversion programs among single-family residents in other Recology service areas. The program educates residents and encourages the, to become local advocates of their diversion programs. Recology staff attends the neighborhood gatherings hosted by the Green Block Leaders to educate residents on their programs and services. This personal and local approach is an effective way to encourage single-family customers to increase their diversion efforts.

Single-Family Organics Program

To help customers participate in the organics collection program, Recology's educational outreach focuses on parsing the topic of "food scraps recycling" into manageable customer "behaviors" that would make the change easier for residents. Recology would set a measurable goal, determine barriers and benefits, and then develop a strategy and messaging.

To implement an outreach campaign, Recology would utilize a variety of communications channels, such as program brochures, public events, media, and community groups (such as the Green Block Leader Program described in the "Single-Family Recycling Program" above). By using a focused, integrated approach, the District and Recology would hope to see an increase in participation in the food scrap program over time.

Multi-Family Recycling Program

This program, led by the Waste Zero Specialists, is designed to help increase recycling participation among multi-family customers.

Recology has offered recycling services in urban environments for decades, and has found that multi-family complexes often have varying levels of participation. Small multi-family complexes (typically four to six units) are often more consistent with recycling participation. Larger complexes, however, face a different set of challenges to achieving diversion, including:

- Tenant turnover, which requires frequent and consistent messaging, outreach, and education to stay on diversion targets.
- Off-site and/or disengaged property managers who are reluctant to support diversion programs.

- Garbage chutes, which can discourage tenants from successful source-separation.
- Space constraints, which can impact the ability to offer containers for three material streams.

Recology's Multi-Family Recycling Outreach Program can address these obstacles through a variety of outreach and education efforts. To encourage recycling participation, Recology can:

- Partner with homeowners' associations, resident organizations, and property managers to educate tenants on available programs.
- Offer specialized outreach and education material. Recology aims to increase tenant participation in recycling programs by providing easy-to-use tools and informative education pieces.
- Conduct comprehensive, on-site waste audits to maximize recycling participation and minimize contamination.
- Recommend service level changes and container placement to optimize participation.
- Suggest additional equipment, if necessary. This could include compactors for buildings with space constraints, or helping to find creative solutions to accommodate container placement for three material streams, such as the Tote bags noted in section 4.4.2 of the Agreement.

Multi-Family Organics Program

Recology is available to work with the District to offer programs that aim to help multi-family customers adopt organics collection. Under these types of programs, the Waste Zero Specialists can offer multi-family properties comprehensive waste audits and tailored outreach and education specific to implementing organics programs at their properties. These programs could include:

- Comprehensive, on-site waste audits to maximize organics participation and minimize contamination.
- Partnerships with homeowners' associations, resident organizations, and property managers to educate tenants on organics.
- Organics 101 Workshops, led by a Recology Waste Zero Specialist. The Workshop:
  - Discusses the materials accepted in the complex's organics program
  - Educates residents on the environmental benefits of composting, including the reduction in greenhouse gas emissions at the landfill, and nutrient-rich compost that is created from their food scraps
  - Provides details on steps to participate in the program
  - Provides an array of educational material

Commercial Recycling Program

Recology can also offer programs that aim to help commercial customers see their blue recycling carts/bins as a primary container for diversion. The program focuses on bringing high-volume generators into compliance early on, while ramping up diversion efforts thereafter.

- Step 1: Recology's Waste Zero Specialists reach out to commercial accounts that generate eight yards of MSW or more per week to maximize their recycling levels. Accounts producing large

amounts of MSW typically have greater recycling opportunities that have not yet been realized, and will be encouraged to adjust their service levels to capture more recycling.

- Step 2: The program's threshold will be expanded to capture a greater array of accounts. Customers who produce four to seven yards of MSW per week can then receive outreach from the Waste Zero Team to encourage greater recycling adoption.
- Step 3: Adjust program to encompass all commercial customers with low diversion levels. These customers will be identified through service level analysis conducted by the Waste Zero Team.

Recology's Waste Zero Specialists can also conduct waste audits and tailored outreach during the various phases of the Recycling Outreach Program. The waste audits analyze a particular customer's material stream, with a focus on the diversion options available to customers by business type. The assessments include:

- Verification of Services: The Waste Zero Specialist will document container sizes, quantity, and bin descriptions (such as bin numbers and specifications).
- Assessment: Taking into account the total volume of material, the Waste Zero Specialist will evaluate the percentage in each category: organic, recycling, and solid waste.
- Follow up with customer: The customer will be notified of the assessment results and any service level recommendations.

After the customer agrees to implement the assessment recommended changes, the Waste Zero Specialist may:

- Work with Recology's Operations and Customer Service departments to implement service level changes.
- Recommend additional equipment, if necessary. This could include compactors for buildings with space constraints, or helping to find creative solutions to accommodate container placement for three material streams.
- Provide Public Educational Tools: Posters, flyers, brochures, and internal containers.
- Provide further educational material, presentations, and on-site training for employees.

Commercial Organics Program

Recology can offer programs that help commercial customers implement organics collection programs, helping customers to comply with AB 1826 and increase their overall diversion rates to help achieve the District's goals. The messaging of the Commercial Organics Program can be communicated to customers alongside the messaging of the Commercial Recycling Program, helping customers embrace the concept of a three-material stream sorting system.

Similar to the Commercial Recycling Outreach Program, the Organics Program can also include waste audits (conducted in tandem with the Commercial Recycling Program waste audits) and educational outreach to optimize organics participation. The

Attachment 6

Program features several different components designed to achieve higher diversion levels throughout the Agreement:

- Step 1: The Waste Zero Team can reach out to commercial customers that are estimated to generate four yards or more of organics per week to ensure they are participating in organics service and complying with the requirements of AB 1826. The Team will help customers identify organics diversion opportunities and optimize participation.
- Step 2: The program will be expanded to customers who produce four yards or more of MSW per week, complying with AB 1826.
- Step 3: The program will focus on customers with a overall low diversion levels.

Outreach and Education

Recology will distribute and publish a variety of communications to the District's residents and businesses throughout the transition and service calendar. Effective outreach programs and campaigns not only educate customers on the services available, but also foster positive customer relations and interest in recycling and diversion programs. The intent of these communications will be to concurrently provide necessary program information and foster a sense of excitement around available diversion priorities and options.

Announcement of New Services and Subscription Mailer

Recology will prepare and distribute an initial mailing to customers explaining the change from the existing collection company to the services provided by Recology. Different announcements will be tailored to single-family, multi-family, and commercial customers. Contents could include:

- Information on billing and payment options
- Website URL
- Description of the collection programs
- Links to posters, flyers, and other downloadable documents online
- Guidance on setting up account access online
- Tips on improving recycling and composting

Collection Days

Recology does not anticipate any change in collection days, but in the event that a change in collection day occurs, Recology will notify impacted customers. Announcements will be tailored to single-family, multi-family, and commercial customers, as applicable, and may include automated robocalls, post cards, or other print material.

Multi-Family and Commercial Posters

Recology will design and distribute posters to multi-family and commercial property managers for on-site use, illustrating the recyclable materials collection program and the commercial food scrap collection program, as applicable to program participants.

Attachment 6

These posters are designed to educate program participants on proper sorting. Below are examples of Recology's successful commercial posters provided to businesses in San Mateo County. Similar designs will be made for Recology Sonoma Marin customers.

Press Release

Recology will prepare and distribute public service announcements (PSAs) for local radio and cable television broadcasts, as well as advertisements and press releases for local newspapers, the website, and other community groups.

Contacting Recology

Recology will maintain the current customer service telephone number, and the current website will be redirected to the new Recology website which is specific for the Novato Sanitary District service area. This will help minimize customer confusion during the service transition.

Recology will regularly update the District on the status of the transition, and looks forward to collaborating with the District on outreach activities (described above) and educational efforts.

Management of Vehicles and Equipment

Fleet, Carts and Containers

Recology understands that a smooth transition for all utilized fleet vehicles and equipment is essential. Working directly with Recology's Vice President, Equipment Procurement & Maintenance and Facilities Development, Recology will ensure all the vehicles needed to perform under the agreement with the Novato Sanitary District are ready and available and that all vehicles are both safe and compliant.

Route audits will be conducted in the service area to verify that all vehicles and equipment in the area are documented correctly and meet the standards and expectations of both Recology's service standards as well as all contractual obligations defined in the agreement with the District.

Recology will refurbish and replace vehicles and equipment to ensure all state and federal rules, laws and standards are met in a timely manner. Details relating to vehicle age and replacement schedules were furnished to R3 and should be detailed in their report. If more details about the fleet specifics are needed, Recology can respond to those specific requests after the close of the transaction once the business is under Recology operation and management.

Database Management

TRG currently maintains a complete customer database for Novato Disposal Services, which will be integrated into the Recology Customer Relationship Management (RCRM). The customer database for the District already includes all pertinent information for routing, billing, and service levels, such as:

- Customer name
- Billing address
- Service address
- Contact information
- Service level including size and number of containers
- Collection day(s)
- Current routes
- Special servicing requirements
- Entry key electronic opening device or entry code requirements
- Account history

Efficient Routing

After the close of the transaction with TRG, Recology intends to go through an exercise to evaluate the routes currently servicing the Novato Sanitary District area. Recology does this through utilizing the experience of its supervisor and management team as well as using tools such as RouteSmart software. Using RouteSmart software, Recology operating companies experience a measurable reduction in vehicle miles traveled, fuel use, tire wear, greenhouse gas emissions, and street wear-and-tear.

RouteSmart integrates seamlessly with ESRI's ArcGis family of mapping products and provides the ability to balance routes based on time, number of lifts, or potential volumes and densities to be collected.

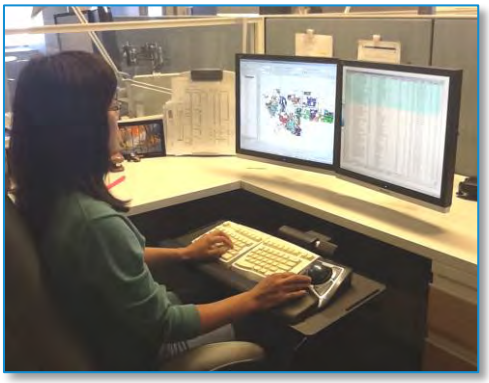
The system takes into account vehicle type, address restrictions, and service time-of-day constraints, among other parameters.

For regularly scheduled collection, customer information is downloaded from the RCRM database into RouteSmart for routing. The routed data is interfaced back to the RCRM database, providing accurate customer information to anyone with access to either online inquiry or reports from the RCRM system.

Throughout the term of the agreement routes will be continually subject to modifications to accommodate demographic and customer changes.

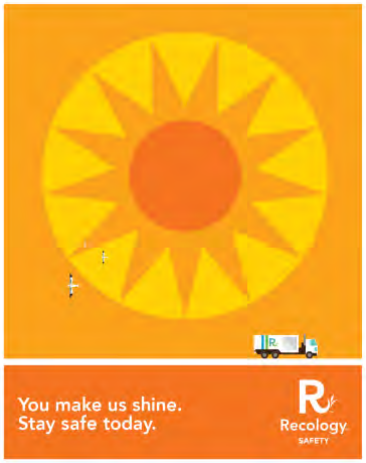
Safety Systems and Procedures

Safety of our employees and the communities we serve is critical to our success and continuity. As mentioned before, training is a critical part of our on boarding process but the safety training continues every day after an employee-owner's first days. Team safety trainings occur on no less than a monthly basis for all operators and extensive supplemental programs are made available throughout the year such as Smith System driving training.



Recology utilizes a variety of technology to support safety. One example is an on-board safety system called DriveCam that allows for video recording of triggered safety events happening in front of the operating vehicles. This footage is reviewed daily by supervisors and management and used in coaching and accountability discussions with the operators. This video footage serves a mentoring tool for all of the employees and is incorporated into a safety resource library.

Safety teams analyze events and claims on a regular basis identifying recurring behaviors and factors. This data is then used to modify, focus and evolve safety training and outreach throughout the company. It's a simple program that has yielded positive results companywide for Recology and has allowed sites to learn from the collective lessons learned versus waiting for personal experience to serve as a mentor.



Customer Service Plans

One of the keys to a successful transition and ongoing service is a suitable and well-equipped customer service system to supplement the customer-centric mentality Recology champions. Excellence in service is a detailed below in some of the processes built into our customer service department.

Attachment 6

Customer Service Workflow

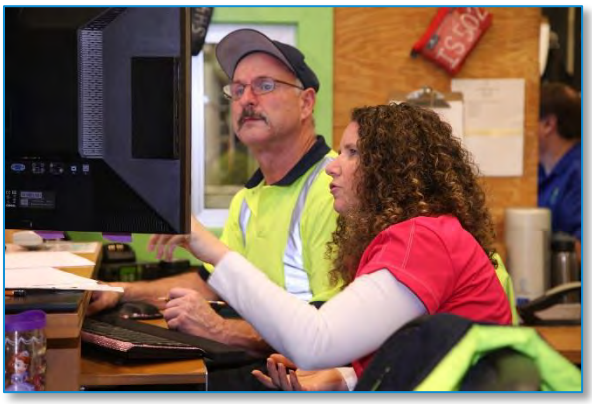
Recology will be keeping the current phone numbers in use so as to minimize the impact on the District's residents and businesses. The Recology Sonoma Marin call center will be equipped with a ShoreTel Voice Over IP (VOIP) phone system with unified communications and contact center capabilities. ShoreTel's solutions are built to scale, grow, and evolve as needed. The ShoreTel system is centrally managed through an intuitive server interface that makes complex tasks easier to accomplish. Recology IT staff can manage the system from anywhere on the network or from anywhere there is internet connectivity.

The ShoreTel system allows Recology to create customized queues for Automatic Call Distribution (ACD). Any call is routed through the ShoreTel system, placed into the appropriate queue, and automatically distributed to the next available CSSs. Supervisors can monitor progress in the queue.

All customer data and interactions are recorded in the Recology Customer Relationship Management (RCRM) system. The RCRM system is an IBM iSeries-based system that was developed over the past 28 years to provide functionality specific to the collection and recycling business. This software is updated to accommodate changes in the industry and new government regulations. The system records the history of all customer-related service and interactions, including:

- Customer and service level information
- Billing and payment history
- Customer service issues and inquiries
- Routing
- Ticketing
- Dispatching

Recology's customer concern resolution process focuses on accountability and up-to-date information. For each service request, a work order (or "ticket") is created in the RCRM system. The tickets are time-stamped, and remain open until the request is completed. Once completed, a "resolution" is entered in the system, featuring a closing date, time, and detailed nature of the inquiry/resolution.



Recology Customer Service Specialists (CSS) will also address in-office inquiries, such as billing questions, service adjustments, and opening or closing accounts. Route dispatchers ensure that any inquiry that needs to be addressed in the field (such as special pickup requests) is dispatched to the appropriate driver and addressed as soon as possible.

Customer concerns requiring a follow-up call will be entered as "tickets" in the RCRM system and sent to either a Route Supervisor of a CSS for call back within 24 hours of resolution.
When the driver returns to the yard at the end of the shift, the dispatcher debriefs the driver and reviews any tickets that were sent throughout the day. Any tickets for resolution by the Operations Supervisor will be created.

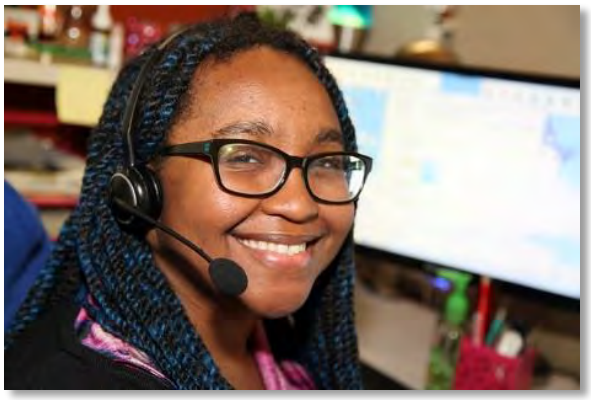
In addition, Recology creates an open ticket report at the end of each day to ensure open tickets are delivered to dispatch for distribution to drivers. Copies of open ticket reports are provided to department managers at the close of each business day so the manager may follow up on outstanding concerns and appropriately distribute workloads.

Billing Inquires

Billing is a module within the RCRM software, and customer service information and billing information are therefore fully integrated. Customers with billing concerns can contact the call center, where all CSS are trained to address billing concerns and make adjustments as necessary in the RCRM system.

All charges and credits eventually appear on the bill that is provided to the customer, and a history of those bills is available to the CSSs for review. This data aids the CSSs with answering customer billing questions. Customers can also access the Recology website 24 hours a day, seven days a week to view and pay their bill or submit billing inquiries.

Phone System



Recology's Call Center will be equipped with a ShoreTel Voice Over IP (VOIP) phone system with unified communications and contact center capabilities. A single PRI (Primary Rate Interface) is capable of handling 23 calls at one time; depending on the magnitude of the contract, Recology can implement multiple PRIs.

ShoreTel's solutions are built to scale, grow, and evolve as needed. The ShoreTel system is centrally managed through an intuitive server interface that makes complex tasks easier to accomplish. Recology IT staff can manage the system from anywhere on the network or from anywhere there is internet connectivity.

With a small energy footprint, a single ShoreTel module will support 90 phones and voicemail boxes with 56 hours of voicemail storage. Adding more phones and voicemail boxes is as simple as adding another ShoreTel module, making expandability almost unlimited. Additionally, the call center will have immediate access to interpreters in over 175 languages through AT&T's Language Line. Recology will also identify multi-lingual CSSs. A TDD relay service will be used to provide customer service to hearing impaired customers.

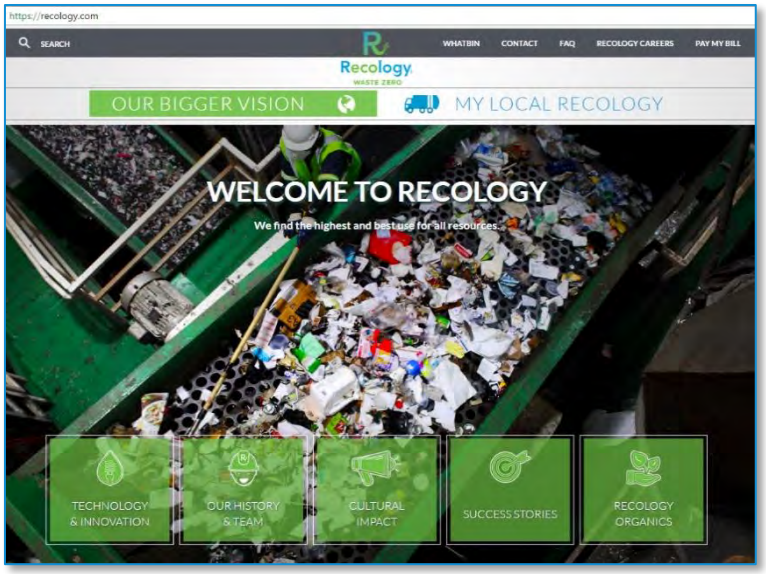
Website

Recology maintains a website with pages tailored to each of its service areas, and has created one for Novato Sanitary District. The website will become live once the transaction is closed.

Attachment 6

Recology's online Account Management capabilities allow customers to manage their account at their own pace. After a simple enrollment process, (which requires the customer's account number and service address for validation), customers can view their current service levels and scheduled service days. The website enables customers to:

- Request service changes
- Change contact and billing information
- Submit enquiries
- View and pay their bill
- View their next billing cycle
- Request special services
- View current service rates
- Learn about services and programs



Beyond Account Management, Recology offer a variety of other information on its websites designed to educate customers on Recology's services and programs. Content would be tailored to the City, and could include:

- Links to outreach and education material
- Announcements on new programs and services
- Standard service descriptions
- A "Contact Us" function, allowing customers to contact Recology
- Links to upcoming events

Recology also uses social media to help spread its Waste Zero mission and educate customers on services. This serves as an additional method for Recology to share service updates, and community events, tips on sustainable living, and news.

Payment Options

Recology accepts bill payments online, over the telephone, by mobile application, in-person, or as recurring monthly charges. The majority of Recology's customer bills are produced on paper and mailed to customers. However, a growing number of Recology's customers prefer to pay their bills electronically.

Customers have the option to receive their bills and make payments electronically over a secure website through Recology's e-BillPay product. Payments can be made from credit card, checking, or savings accounts, accessed through the website.

In addition, Recology offers customers the option of paying their service bills via recurring Automated Clearing House (ACH) direct debits from a customer-authorized bank account. To pay by ACH debit, customers must provide Recology the applicable bank account information and authorize the deduction from their bank account.

Recology also accepts in-person bill payment. Recology's CSSs can also process payments made over the phone using a checking or savings account, or by credit or debit card. CSSs accept these payments using the e-Bill Pay option, which processes the payment electronically and eliminates the need to take payment checks to the bank.

Additional Contractual Requirements

Recology Sonoma Marin understands and recognizes that it will be bound by the existing contract terms currently defined in the franchise agreement.

Recycling Centers

Recology understands that two buyback/recycling facilities are obligated under the existing contract, with one site currently under operation (to be relocated) and a second facility yet to be relocated. Recology is committed to working with the management of the Novato Sanitary District as well as any other parties mutually deemed appropriate in order to meet these community needs.

Increased Outreach

Please refer to the document titled "Novato – Public Education and Outreach Plan" to review the details of Recology Sonoma Marin's plans to address the increased outreach to the District's community and public schools.

Attachment 7

Recology™
Sonoma Marin
WASTE ZERO

Public Education & Outreach Plan

Presented to the Novato Sanitary District
October 2017

Attachment 7

SUMMARY

Recology has a passion for recycling that dates back to the 1920s, and a long and proud history of educating communities on the benefits of waste reduction. We strive to create compelling outreach and education programs to help excite our customers about participation in diversion efforts.

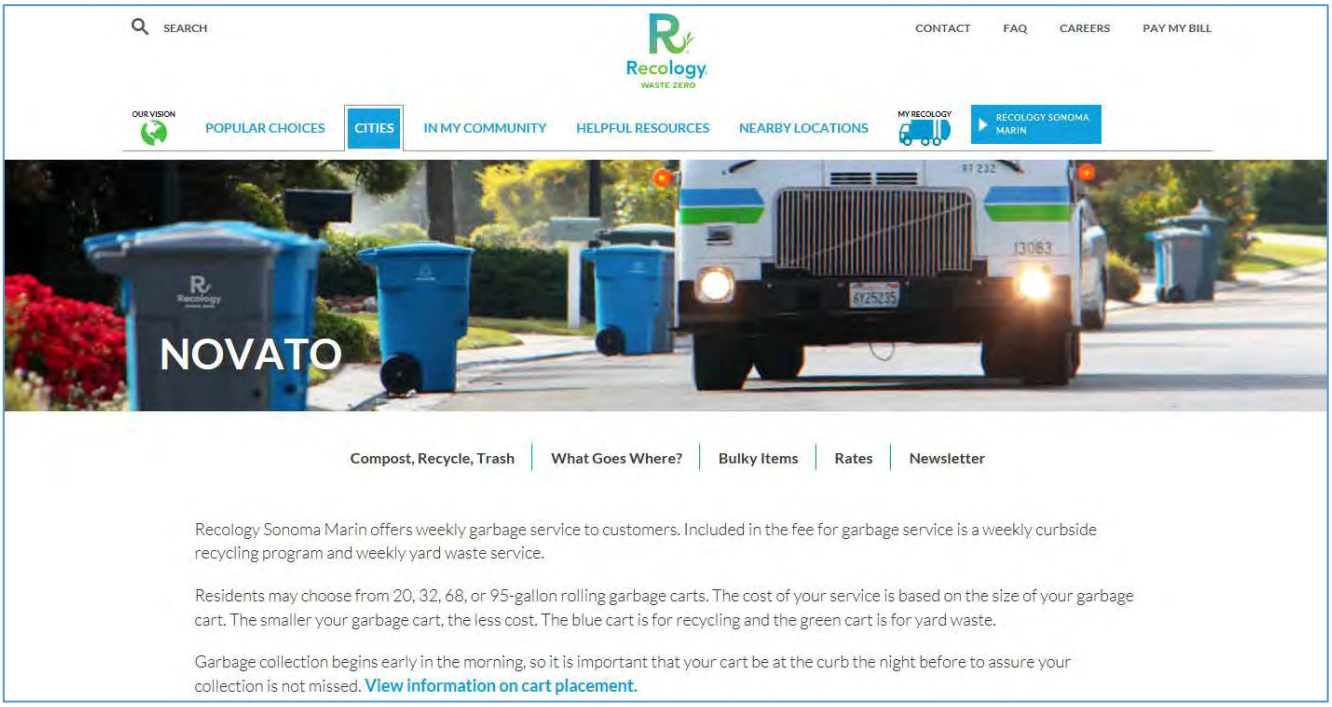
The Recology Sonoma Marin Waste Zero Team will use a variety of strategies to ensure that Novato's public schools, commercial businesses, multi-family residential properties, and single-family homes are well informed of the diversion programs available to them and have the necessary tools for success.

These strategies include:

- Website
- Newsletters
- Mailers
- Waste Audits
- Physical Tools
- Signage
- Brochures
- Driver Tags
- Presentations
- Waste Zero Events

WEBSITE

All Recology locations can be found at www.Recology.com. Our website is well maintained, user friendly, and mobile friendly. We have developed a sub-site for Novato that is ready for review.



NEWSLETTERS

Recology Sonoma Marin will develop and mail out tailored bi-annual Spring and Fall newsletters to all Novato customers. Newsletters will promote waste reduction, reuse opportunities, recycling, composting, and proper disposal of household hazardous waste.

RecologySF.com

Recology Sunset Scavenger and Recology Golden Gate, your local recycling companies | Recycle | Compost July – September 2014

Recycle & compost bins tell it like it is

Our blue and green bins are always ready to receive the things we toss. If, by some crazy magic, these sentries of the sidewalk could speak, what would they say?

Blue: Feed me more clean paper, such as computer paper, stationery, and envelopes. San Francisco does a good job of recycling, but people still toss paper in trash bins. When you put paper in me, we save trees, and energy, and water. And another great reason to recycle more — Recycling creates 10 times more jobs than landfilling or incineration.

Us: I hear you about paper Blue, but sometimes it can be hard to know which items can be recycled and which can't.

Blue: Feed me all cans and all glass and plastic bottles, and things made of hard or stiff plastic like yogurt containers and plastic cups. But no plastic bags. They wrap around recycling equipment in the big building where materials are sorted and baled.

Us: OK. I'm with you on those things Blue. And Green? Can you talk too?

Green: I absolutely love coffee grounds and food scraps. Please feed me all you've got. The scraps become compost that goes to local farms, orchards, and vineyards. But I also see far too many things tossed in the trash that definitely should be tossed in me.

Us: Hmm. Yes. I've heard good things about the compost program.

Green: I'll eat what you don't. When you clean out the fridge, feed me all food scraps, plant cuttings, and food-soiled paper like used napkins and paper towels.

Us: Even spoiled lunch meat?

Green: Yes, and steak bones and pizza crusts, and crab shells, all that stuff and more.

Us: You have quite an appetite.

Green: I'm insatiable. Remember, when we make compost we give local farms a great alternative to synthetic (chemical) fertilizers. Compost feeds the soil. Farms grow your food.

Us: Those are very good points. More scraps for you. Since we are talking, I'm curious — can we really get to zero waste?

Blue: We can and we must. Recycling and compost programs are highly effective ways to help protect the environment. Think of the trash bin as a last resort. Trash bins are portals to landfills and incinerators. Things tossed in the trash do not get recycled.

Green: San Francisco's goal is for the trash bin to get smaller and smaller and eventually go away. Starve your trash bin. Think — more blue, more green.

Us: Wow. We must talk again.

Blue: Let's do it, and let's recycle more.

Green: Feed me more too, and I'll tell you more great things about composting.

Zero Waste is an international movement

San Francisco is a leader in the pursuit of Zero Waste, and other cities and countries are studying our recycling policies and programs in an effort to better manage waste and its effects on the environment.

Le Monde

Après dix ans d'efforts, San Francisco s'approche de son objectif « zéro déchet »

Administrations, services, habitants, hôtels, BTP : la ville californienne a dépassé 80 % de recyclage

San Francisco aims to achieve Zero Waste, to send next to nothing to landfill, by 2020. Seattle and Portland are making similar pushes, and in May the City of Minneapolis passed a Zero Waste goal.

Nearly every month a delegation from another large city in the United States or from another country comes to San Francisco to see our recycling programs firsthand. The concept of Zero Waste is also being discussed in New York City, London, Vancouver, and Israel.

Romauno, a leading TV station based in Italy, sent a crew to San Francisco earlier this year to document our city's efforts to achieve Zero. Reporter Fabio Esposito's 39-minute profile aired on May 23 and can be seen on YouTube. Complément d'enquête, a French news program modeled after 60 Minutes, sent a crew to San Francisco last year and dedicated an entire show to "poubelles un monde sans déchet" (a world without waste bins).

Zero Waste Europe, an independent initiative bringing together organizations and municipalities committed to eliminating waste, hosted a conference in Paris in February to advance the platform. More than 400 people from 15 countries attended. Two delegations from France visited San Francisco this spring. One made the journey to Jepson Prairie Organics, a Recology compost facility outside Vacaville, which turns food scraps and plant cuttings collected from city residences and businesses into nutrient-rich compost.

And on May 28, *Le Monde*, the largest newspaper in France, published a feature story on San Francisco's Zero Waste initiative and posted the report, a sidebar story, and a slide show on LeMonde.fr.

San Franciscans have embraced recycling and composting and have taken additional steps to make further progress toward our goal of Zero. Every effort, no matter how small, has multiple benefits — it keeps materials out of landfills, saves resources including water, and supports green jobs.

People around the world increasingly understand that everyone must help protect the environment by reducing the amount of waste we produce and recycling as much as possible. Thank you for helping make it happen.

Recology Sunset Scavenger Golden Gate WASTE ZERO

Learn more about recycling from your local recycling companies at www.RecologySF.com

Attachment 7

MAILERS

Recology Sonoma Marin will design four tailored campaigns per year for the Novato Sanitary District, and will promote them through bill inserts or postcard mailers. All new customers will also be sent an introductory postcard with an overview of services. You can find an example of this below.

Attachment 7

WASTE AUDITS

Waste audits are an excellent tool to help schools, commercial, and multi-family customers increase diversion. The Recology Sonoma Marin Waste Zero Team will promote waste audits to all customers with 4 cubic yards of garbage service or more per week. As well, they will directly contact customers that need to be in compliance with AB341 and/or AB1826 to schedule a waste audit. After a waste audit has been conducted, service recommendations will be made to maximize diversion.

PHYSICAL TOOLS

Recology Sonoma Marin will provide a variety of indoor containers and other physical tools to help Novato customers with their diversion efforts at the cost of the item plus delivery.

SIGNAGE

Recology Sonoma Marin will maintain an extensive inventory of signage to help elevate diversion programs and ensure success, including: indoor and outdoor horizontal or vertical image based labels, large posters in English and Spanish languages, school specific posters, and “We proudly Compost & Recycle here!” window clings.

Attachment 7

BROCHURES

Recology Sonoma Marin will develop informational brochures specific to each customer type and their needs, including: commercial customer service guides, multi-family residential property manager service guides, and multi-family residential tenant move-out guides. Brochures will be offered in English and Spanish languages.

Recycle More, Save More! It's a GREEN idea!

COMPOST

RECYCLE

RECYCLE

Internal Recycle and Compost containers are available at no additional charge.*

Technical Assistance

Have you gone through your garbage lately? Few businesses do. Call us to schedule an appointment with one of our friendly and knowledgeable Recycling Coordinators who can provide on-site technical assistance to help divert more materials from your waste. We'll also answer any questions you have about hard to recycle items such as ink jet cartridges and packing materials, as well as reuse opportunities for a variety of items such as office supplies, furniture and equipment.

If you're interested in knowing what you're throwing away, call us at (650) 595-3900 to schedule a waste audit. Because smaller garbage containers and fewer pick ups may result in cost savings.

*Subject to availability.

Recology San Mateo County

We deliver the highest quality customer service, are committed to environmental protection efforts and emphasize professionalism in all undertakings. Everything Recology does is founded on a single principle: provide superior service while controlling costs.

We hope you take advantage of the services we have to offer you and your business. Together, with our continued recycling efforts, we can all make a difference to conserve natural resources and reduce the waste that goes to the local landfill.

Recology San Mateo County offers a free Language Line, with over 170 different languages, through our Customer Service Department. Please call (650) 595-3900 for more information.

Recology San Mateo County ofrece una línea telefónica gratis de idiomas, con más de 170 idiomas diferentes, por nuestro departamento de servicio al cliente. Por favor llame a (650) 595-3900 para más información.

Recology San Mateo County只锁免费的语言线，拥有超过170种不同的语言，通过我们的客户服务部，请致电 (650) 595-3900 要更多信息。

Recology San Mateo County

RecologySanMateoCounty.com

Rethink waste

RethinkWaste.org

This brochure is also available online at RecologySanMateoCounty.com

Printed on recycled paper with soy based inks.

Are You Throwing Your Money Away?

Recycling is SMART Business!

BizSMART

Start Saving Now!

Recology San Mateo County

Recycling Information for Commercial Customers

Compost Program

Think there isn't anything you can compost? Think again!

Don't send your food scraps and landscape material to the landfill; compost them instead. We encourage you to start composting at your business or facility. A successful program can help **reduce garbage fees**, save landfill space and close the loop by returning food scraps back to the earth. Your bottom line *and* the environment will benefit.

Compost collection services are offered at a REDUCED rate.

You CAN Compost:

- Food and kitchen prep scraps, cooked and leftover food
- Food and beverage-soiled paper products
- Coffee grounds and filters
- Soiled paper and cardboard
- Wooden produce crates and pallets
- Yard trimmings, leaves, flowers and branches

NO...

- Aluminum foil, trays and metal
- Animal waste
- Concrete, asphalt, stones, sod, dirt and rocks
- Condiment packets
- Cooking oil
- Diapers
- Garbage
- Hazardous waste
- Juice or soy milk boxes with foil liner
- Liquids and ice
- Recyclables (glass, aluminum, clean paper, plastics numbered 1-7)
- Palm fronds
- Plastic bags
- Plastic corks
- Plywood
- Styrofoam packaging, food containers and packing peanuts
- Treated and painted wood

Questions?
Call us at (650) 595-3900
or email us at
greenyourbiz@recology.com

Single-Stream Recycling

You can now place all of your recyclables into one container.

Commercial customers that subscribe to garbage collection service are entitled to Single-Stream recycling service at no additional charge.

By increasing recycling and reducing your garbage, it's possible to lower your garbage service level, which may result in cost savings. You can also show your customers, employees or tenants that you care about your impact on the environment and increase your visibility as a community leader. That is an opportunity you can't afford to pass up, which is why recycling is truly SMART business!

You CAN Recycle:

- Cardboard
- Glass bottles and jars
- Plastic containers numbered 1-7
- Milk and juice cartons
- Metal cans
- Office paper, newspaper, junk mail, magazines, phone books, soft cover books
- Small scrap metal
- Shredded paper (in clear, sealed plastic bags and placed in the Recycle Cart or Bin)

NO...

- Batteries and cell phones
- Black plastics and plastic cutlery
- Ceramics and mirrors
- Condiment packets
- Food
- Food wrappers
- Garbage
- Garden hoses
- Juice or soy milk boxes with foil liner
- Milk cleaner containers
- Nursery plant containers
- Plastic bags
- Plastic corks
- Plastic film, shrink wrap, pallet wrap and bubble wrap
- Rubber bands
- Plastic or wire hangers
- Straws
- Styrofoam packaging, food containers and packing peanuts
- Tires
- Window and drinking glasses
- Wires, branches, chains and cables
- Wood, concrete, asphalt, stones and bricks

Commercial Containers

Commercial containers come in a variety of sizes to suit your Recycle, Compost and Garbage service needs.

BizSMART Carts

SIZE	LENGTH	WIDTH	HEIGHT
20-gallons	24"	19.75"	37.5"
32-gallons	24.25"	19.25"	38.5"
64-gallons	31.75"	24.25"	41.75"
96-gallons	35.25"	29.75"	43.25"

Black Garbage

Blue Recycle

Green Compost

BizSMART Bins

Commercial Bins are available in a variety of sizes. The most common sized bins are listed below.* However, larger bins including 9, 18, 20, 30 and 40 cubic yards are also available. Call us at (650) 595-3900 or visit us online at RecologySanMateoCounty.com for more information.

SIZE	LENGTH	WIDTH	HEIGHT
1-cubic yard	72"	24"	28"
2-cubic yards	72"	34.5"	34.5"
3-cubic yards	72"	41.5"	41.5"
4-cubic yards	72"	50.5"	46"
6-cubic yards	72"	66"	50"
8-cubic yards	72"	72"	56"

Gray Garbage

Blue Recycle

Green Compost

*Container dimensions may vary.

Attachment 7

DRIVER TAGS

Recology Sonoma Marin drivers will always have corrective action notices as well as good job cards on hand. Corrective action notices inform the customer of any items that need to be removed before a bin or cart can be serviced. Good job cards will be used to provide positive feedback for those customers who regularly do an exceptional job, or for those who may have recently improved significantly. Examples of these items can be found below.

SORRY,
there was a problem with your RECYCLING pick-up today.

DATE: _____

Please remove the following:

- ❑ Black bags
- ❑ Construction debris
- ❑ Food waste
- ❑ Furniture
- ❑ Hazardous waste/E-waste
- ❑ Plastic shrink wrap
- ❑ Soiled paper products
- ❑ Styrofoam
- ❑ Other _____

Call Customer Service once the items noted above have been removed.
(650) 967-3034

Recology Mountain View WASTE ZERO

ACCEPTED RECYCLABLE ITEMS:

Cardboard Recycling
flattened cardboard ONLY
Mixed Recycling
Plastic bottles & tubs, aluminum cans/trays/foil, tin cans, glass bottles & jars, paper, and flattened cardboard

RECYCLING TAG

DATE: _____
ADDRESS: _____

- ❑ Black bags
- ❑ Construction debris
- ❑ Food waste
- ❑ Furniture
- ❑ Hazardous waste/E-waste
- ❑ Plastic shrink wrap
- ❑ Soiled paper products
- ❑ Styrofoam
- ❑ Other _____

Recology Mountain View
WASTE ZERO

Thank you for doing a great job!

PRESENTATIONS

The Recology Sonoma Marin Waste Zero Team will be well-equipped to provide hands-on educational presentations for kids at schools, as well as for businesses or HOAs. Our school programs are designed to engage students on waste reduction, recycling and resource conservation. Programs are tailored to align with the classroom curriculum and interests of teachers and students alike.

WASTE ZERO EVENTS

In addition to hosting Waste Zero educational tables at a minimum of ten Novato community events per year, Recology Sonoma Marin will provide recycling, compost, and trash reusable event receptacles to ensure event waste is diverted as much as possible.

Attachment 8

October 26, 2017

Sandeep Karkal
General Manager-Chief Engineer
Novato Sanitary District
500 Davidson Street
Novato, CA 94945

Re: Response to Letter from Novato Sanitary District dated September 28, 2017

Dear Sandeep,

Thank you for the District's letter on September 28, 2017. In addition to providing the Recology Sonoma Marin Transition Plan for the Novato Sanitary District, below are responses to the eight identified issues from the letter.

With any new service implementation, Recology's goal is to ensure a smooth transition that minimizes disruption to customers. Recology's implementation team for the District understands the unique needs of the District, and have carefully responded to the issues that have been raised.

For ease of review, we have placed the specific identified issues in gray italicized text prior to the corresponding responses.

1. *Failure of NDS to meet its Zero Waste Minimum Landfill Diversion Requirement of 60% by December 31, 2015.*

   Recology has a proven track record of meeting diversion goals and requirements made in partnership with the communities we service. Recology's mission represents a fundamental shift from traditional waste management to recovering more recyclable and compostable materials to be repurposed into new products. Our dedicated Waste Zero team excels at providing the outreach, education, follow-up and service changes needed to ensure all customers are fully engaged with the provided diversion programs. As well, the Waste Zero team will take initiative with commercial and multi-family dwelling customers to help them achieve full compliance with state laws AB 341 and AB 1826.

   Additionally, the Material Recovery Facility (MRF), where the source separated recyclables are processed, has recently undergone renovations. The MRF upgrades will not only increase the efficiencies of the processing system, but will also reduce the residue from the process which leads to overall higher recycling numbers at the facility.

   Within 3 months of the assignment and close date of the acquisition, Recology will provide a proposal to the District on how the diversion requirements will be met. This plan will outline the proposed timelines, programs, and stakeholders needed to achieve that diversion. Recology believes that a programmatic approach is the most successful method to achieving higher diversion levels. And the

Recology program includes targeted customer outreach, excellent customer service and encouraging commercial and multi-family recycling and composting participation. So in the proposal to the District, Recology will also address the plans and timelines for items 2, 3, 6, 7, and 8.

2. *The poor performance of NDS's Commercial and MFD Organic Waste Service, particularly given its failure to meet its 60% Diversion Requirement.*

Recology views organics collection as one of the most important aspects of reaching higher diversion levels. Recology has developed successful programs where a combination of effective outreach, ongoing campaigns, and in-person follow-ups lead to not only more participation in the organics collection programs, but also lower contamination. With mandates such as AB 1826, commercial and multi-family dwelling customers are more incentivized than ever to participate in such programs.

The dedicated Waste Zero team uses a variety of strategies to ensure all customers are both well-informed and actively participating in the recycling and organics programs by providing necessary tools for success. These strategies and tools include a specialized website, newsletters, mailers, signage, brochures, driver tags, physical waste audits, phone calls and in-person meetings. Recology will also perform route audits throughout the District. These route audits inform the Waste Zero team where there are compliance and contamination issues with the organics programs. That information can then be used to follow up directly with the customers. Together all these efforts should lead to overall better performance and higher diversion for the District.

3. *Failure to provide MFD Recycling Tote Bags.*

Recology will provide recycling tote bags to multi-family dwellings as required by the Agreement. Recology has found that providing multi-family units with recycling "buddy bags" helps encourage easy participation in the recycling program. The "buddy bags" are designed to help tenants properly sort, store, and carry their recyclable materials to their complex's container.

4. *Relocation of the Recycling Center and HHW Facility and the addition of a second buy-back center.*

Recology will cooperate with the District as required by the Agreement to relocate the existing Recycling Center/HHW Facility and establish a second beverage container buyback center. We assume it will be necessary to find suitable new locations and obtain third party consents in order to establish these facilities, and we will work with the District in that process as well.

5. *Lack of provision of two (2) convenient locations in the Novato area where payments can be made.*

Recology will work with the District to provide appropriate payment locations within the Novato area as required by the Agreement, one of which could be the Recycling Center/HHW Facility.

6. *Lack of adequacy of NDS's customer service system.*

One of the keys to a successful transition and successful ongoing service is a well-equipped customer service department to supplement the customer-centric mindset Recology champions.

Recology will be replacing NDS's customer service system with the Recology Customer Relationship Management (RCRM) system. Specifics around the RCRM and Recology's excellence in service is detailed in Recology Sonoma Marin's transition plan for the District.

7. *Increased community outreach*

We are committed to providing the community outreach programs required by the Agreement. Please see the document titled "Novato Sanitary District – Public Education and Outreach Plan" for additional information regarding Recology's education and outreach programs.

8. *Increased outreach to public schools.*

We look forward to working with the District's schools to provide the outreach required by the Agreement and enhance school participation in recycling and compost programs. More information about our school services is provided in the document titled "Novato Sanitary District – Public Education and Outreach Plan."

Following the assignment, Recology is also open to a discussion with the District about providing more resources to the Novato community to enable expedited program successes. Please do not hesitate to reach out to Meghan Butler at mbutler@recology.com or 415-572-6116 with any questions, concerns, or additional requests.

Sincerely,

Michael J. Sangiacomo
President and Chief Executive Officer
Recology Inc. and Recology Sonoma Marin

Cc: Rick Powell, President, The Ratto Group of Companies Inc.

materially affects the operations of the Company with regard to its obligations under this Agreement.

10.1.9 Suspension or Termination of Service. There is any unexcused termination of service or suspension of the transaction of business by the Company.

10.1.10 Failure to Provide Assurance of Performance. If the Company fails to provide reasonable assurances of performance as required under Section 10.6.

10.2 Right to Terminate Upon Default

Upon a default by the Company, the District shall have the right to terminate this franchise and this Agreement upon ten (10) days' notice, but without the need for any hearing, suit, or legal action. This right of termination is in addition to any other rights of the District upon a failure of the Company to perform its obligations under this Agreement. If the Company is in default as set forth above, the District, in using its discretion as to whether to exercise its right to declare default and terminate the Agreement, shall consider issues such as the Company's ability to perform the Agreement and cure the default, and whether a cure of said default is possible within a reasonable time. The District's right to terminate this Agreement and to take possession of the Company's properties are not exclusive, and the District's termination of this Agreement shall not constitute an election of remedies. Instead, they shall be in addition to any and all other legal and equitable rights and remedies that the District may have.

By virtue of the nature of this Agreement, the urgency of timely continuous and high-quality service, the lead time required to effect alternative service, and the rights granted by the District to the Company, the remedy of damages for a breach hereof by the Company is inadequate and the District shall be entitled to injunctive relief.

10.3 Liquidated Damages

10.3.1 General. The District finds, and the Company agrees, that as of the time of the execution of this Agreement, it is impractical, if not impossible, to reasonably ascertain the extent of damages that shall be incurred by the District as a result of a breach by the Company of its obligations under this Agreement. The factors relating to the impracticability of ascertaining damages include, but are not limited to, the fact that: (i) substantial damage results to members of the public who are denied services or denied quality or reliable service; (ii) such breaches cause inconvenience, anxiety, frustration, and deprivation of the benefits of the Agreement to individual members of the general public for whose benefit this Agreement exists, in subjective ways and in varying degrees of intensity that are incapable of measurement in precise monetary terms; (iii) that services might be available at substantially lower costs than alternative services and the monetary loss resulting from denial of services or denial of quality or reliable services is impossible to calculate in precise monetary terms; and (iv) the termination of this Agreement for such breaches, and other remedies are, at best, a means of future correction and not remedies that make the public whole for past breaches.

10.3.2 Service Performance Standards; Liquidated Damages for Failure to Meet Standards. The parties acknowledge that consistent and reliable Collection Service is of utmost importance to the District and that the District has considered and relied on the Company's representations as to its quality of service commitment in awarding the franchise to it. The parties further recognize that if the Company fails to achieve the performance standards, or fails to submit required documents in a timely manner, the District and its residents will suffer damages and that it is and will be impractical and extremely difficult to ascertain and determine the exact amount of damages that the District will suffer. Therefore, without prejudice to the District's right to treat such non-performance as an event of default under this Article 10, the parties agree that the following liquidated damage amounts represent a reasonable estimate of the amount of such damages considering all of the circumstances existing on the date of this Agreement, including the relationship of the sum to the range of harm to the District that reasonably could be anticipated and the anticipation that proof of actual damages would be costly or inconvenient. In placing their initials at the places provided, each party specifically confirms the accuracy of the statements made above and the fact that each party has had ample opportunity to consult with legal counsel and obtain an explanation of the liquidated damage provisions at the time that the Agreement was made.

Company Initial here: JR District Initial here: DR

Accordingly, the District may, in its discretion, but after complying with notice and hearing procedures set forth below, assess liquidated damages not to exceed Five Hundred Dollars ($500.00) per day, for each calendar day that Collection Service is not provided by the Company in accordance with this Agreement. Failure by the Company to provide Collection Service that may give rise to the imposition of liquidated damages include, but are not limited to, failures to comply fully with the terms of this Agreement with regard to collection reliability, collection quality, customer responsiveness, timeliness of submission of reports, and/or violations of federal, state and local law.

The Company agrees to pay (as liquidated damages and not as a penalty) the amount of Five Hundred Dollars ($500.00) per day as set forth above. The amount of the liquidated damages shall be subject to an annual CPI adjustment based on the "San Francisco /Oakland/San Jose All Urban Consumer Price Index."

The District may determine the occurrence of events giving rise to liquidated damages through the observance of its own employees or representatives or through investigation of customer complaints.

Prior to assessing liquidated damages, the District shall give the Company notice of its intention to do so. The notice will include a brief description of the incident(s)/non-performance. The Company may review (and make copies at its

own expense) all information in the possession of the District relating to incident(s)/non-performance. The Company may, within ten (10) days after receiving the notice, request a meeting with the District. If a meeting is requested, it shall be held by the District Manager-Engineer or his/her designee. The Company may present evidence in writing and through testimony of its employees and others relevant to the incident(s)/non-performance. The District Manager-Engineer or designee will provide the Company with a written explanation of his or her determination assessing liquidated damages. The Company may appeal a determination to assess liquidated damages to the District Board within ten (10) days of receipt of the determination.

10.3.3 Timing of Payment. The Company shall pay any liquidated damages assessed by the District within ten (10) days after they are assessed. If they are not paid within the ten (10) day period, the District may proceed against the performance bond required by the Agreement or order the termination of the franchise granted by this Agreement, or both.

10.4 Excuse from Performance

The parties shall be excused from performing their respective obligations hereunder in the event they are prevented from so performing by reason of floods, earthquakes, other "acts of God," war, civil insurrection, riots, labor unrest, acts of any government (including judicial action), and other similar catastrophic events that are beyond the control of and not the fault of the party claiming excuse from performance hereunder. Labor unrest, including but not limited to strike, work stoppage or slowdown, sick-out, picketing, or other concerted job action conducted by the Company's employees is not an excuse from performance and the Company shall be obligated to continue to provide service notwithstanding the occurrence of any or all of such events.

The party claiming excuse from performance shall, within forty-eight (48) hours (two (2) business days) after such party has notice of such cause, give the other party notice of the facts constituting such cause and asserting its claim to excuse under this Section.

The interruption or discontinuance of the Company's services caused by one or more of the events excused shall not constitute a default by the Company under Section 10.1 of this Agreement. In the event the Company is prevented from providing service, either due to attachment or any other factor set forth above, including judicial action, for a period of thirty (30) days or more, it is understood and agreed that the District will have the right to provide service pursuant to Article 9, either directly or by subcontracting with a third party. Under circumstances where the Company has failed to provide service and the default is excused, as set forth above, the District has the right to perform such services or to subcontract for the same, for up to one (1) year. In the case of excused labor unrest set forth above, however, the District has the right to perform said services or to subcontract for the same, for a period of up to six (6) months. The Company agrees to pay the District's cost of providing the service. If, after the time specified herein, the Company cannot thereafter provide service as agreed, the District can declare default and terminate the Agreement.

other competent authority with jurisdiction, and shall clean up the release or spill using approved techniques.

4.9 Zero Waste Minimum Requirements

The Company must achieve all of the following Zero Waste Minimum Requirements.

4.9.1 Landfill Diversion Requirements. In 2009 the Company reached a fifty percent (50%) Diversion From Landfill Rate. The District requires the Company to achieve a diversion from landfill rate with a minimum diversion rate of sixty percent (60%) by December 31, 2015; seventy percent (70%) by December 31, 2020; and eighty percent (80%) by December 31, 2025, and each successive calendar year or such other amount as may be set by the District. The Diversion From Landfill Rate will be calculated as the tons of materials collected by the Company from providing services as specified in this Agreement that are sold or delivered to a Materials Recovery Facility or Organic Waste Processing Facility, recycler or re-user, net of all residue, divided by the total tons of materials collected under this Agreement by the Company in each twelve (12) month calendar year (January 1st–December 31st).

4.9.2 MFD and Commercial Recycling. The Company shall fully implement the MFD and Commercial Recycling Programs as set forth in Section 4.4.3 by July 31, 2012.

4.9.3 Organic Waste Collection and Processing Requirements. The Company shall fully implement the SFD, MFD, and Commercial Organic Waste programs as set forth in Sections 4.2.9 and 4.3.4 by March 31, 2013.

4.9.4 Drop-Off Recycling Center. The Company shall cooperate with the District and fully fund the implementation of any future-relocation, expansion and operation of a new Drop-Off Recycling Center as set forth in Section 4.11.7.

4.9.5 Public School Recycling. The Company shall fully implement the Public School Recycling program as set forth in Exhibit 5 by March 31, 2012.

4.9.6 Community Outreach Program. The Company shall fully implement the Community Outreach Program as set forth in Section 5.4 by December 31, 2011.

4.9.7 Wet-Dry Collection. The Company shall work with the District to determine if wet-dry collection is necessary to meet the December 31, 2020 Landfill Diversion Requirements. Such determination shall be made by December 31, 2018, and if it is determined that wet-dry collection is necessary, and the District agrees and approves of implementing wet-dry collection, than the Company shall fully implement wet-dry collection by December 31, 2020.

4.9.8 Conversion Technology. The Company shall work with the District to determine if utilizing conversion technology is viable and necessary to meet the December 31, 2025 Landfill Diversion Requirements. Such determination shall be made by

December 31, 2020, and if it is determined that the use of conversion technology is necessary, and the District agrees and approves of implementing the use of conversion technology, than the Company shall delivery collected Garbage to conversion technology facilities by December 31, 2025.

4.9.9 Failure to Meet Minimum Requirements. The Company's failure to meet the Minimum Zero Waste Requirements set forth in Sections 4.9.1 through 4.9.8 above may result in the denial of an extension to this Agreement as specified in Section 2.4. In determining whether or not to hold the Company in default of this Agreement, or denial of a term extension, the District will consider the good faith efforts put forth by the Company in implementing the required programs to meet the minimum Zero Waste Requirements and the methods and level of effort of the Company to fully implement the services required in this Agreement.

4.10 Future Zero Waste Services

Technology and Regulatory Changes. The Company and the District acknowledge that during the term of this Agreement new technologies may be developed to cost effectively divert materials from landfill disposal that are not known at this time, and that new local, state, or federal laws and regulations may be enacted that change the manner in which Garbage, Recyclable Materials, and Organic Waste are managed. Accordingly, the Company and the District will cooperate to develop and implement additional, or replacement, programs resulting from any such future technological or regulatory changes to further the goal of reaching Zero Waste.

4.11 Disposal, Processing, Drop-off, and Reuse Facilities

4.11.1 Compliance with Regulations. All materials collected under this Agreement shall be delivered to facilities that comply with the Department of Resources Recycling and Recovery regulations under Title 14, Chapter 3, Minimum Standards for Solid Waste Handling and Disposal (Article 5.9–Sections 17380-17386). The Company, and not the District, must assure that all Disposal, transfer, and processing facilities are properly permitted to receive material collected under this Agreement. Failure to comply with this provision may result in the Company being in default under this Agreement.

4.11.2 Permits and Approvals. The Company must assure that all facilities selected by the Company shall possess all existing permits and approvals by local enforcement agencies so that it may be in full compliance with all laws and regulatory agency requirements to conduct all operations at the approved location. The Company shall, upon written request from the District, arrange for the facilities selected by the Company to provide copies of facility permits, notices of violations, inspection areas or concerns, or administrative action to correct deficiencies related to the operation. Failure to provide facility information may result in the Company being in default under this Agreement.

ASSIGNMENT AND ASSUMPTION AGREEMENT*

This Assignment and Assumption Agreement is entered into as of October ___, 2017 by and among Novato Sanitary District ("District"), Novato Disposal Service, Inc., a California corporation ("NDS"), and Recology Sonoma Marin, a California corporation ("Recology").

WHEREAS, District and NDS are parties to an Amended and Restated Agreement for Solid Waste Collection, Processing, Diversion and Disposal dated March 2011 (the "Franchise Agreement");

WHEREAS, The Ratto Group of Companies Inc. and its owners and affiliated entities, including NDS (collectively, "Ratto"), entered into an Asset Purchase Agreement dated August 11, 2017 (the "APA") which provides for the purchase by Recology Inc. or its designated subsidiaries of substantially all of Ratto's assets;

WHEREAS, in connection with the closing of the transactions contemplated by the APA (the "Closing"), NDS wishes to assign the Franchise Agreement to Recology, and Recology wishes to accept such assignment;

WHEREAS, Section 11.6 of the Franchise Agreement provides that the Franchise Agreement may not be assigned by NDS without the prior written consent of District, not to be unreasonably withheld;

NOW, THEREFORE, the parties agree as follows:

1. Subject to and effective as of the Closing, NDS will assign to Recology all of its right, title and interest in and to the Franchise Agreement.

2. Subject to and effective as of the Closing, Recology will accept such assignment and will assume all duties and obligations of NDS under the Franchise Agreement from and after the Closing.

3. Recology agrees to notify District of the assignment date (i.e. the Closing date) within five (5) business days thereafter.

4. Recology agrees to conduct a review of billings in accordance with Section 5.1.2 of the Franchise Agreement, within one (1) year of the assignment date.

5. Recology agrees to provide a list of vehicles assigned to District's franchise, with vehicles ages and anticipated replacement schedule, within sixty (60) days of the assignment date.

6. Subject to and effective as of the Closing, the Franchise Agreement shall be amended (automatically and without any further action by any party) to delete the 2nd paragraph of Section 11.7.

7. District acknowledges the satisfaction or waiver of all conditions under Section 11.6 with respect to the foregoing assignment and assumption.

8. District hereby consents to the foregoing assignment and assumption on the terms and conditions set forth herein.

(*draft Recology version)

IN WITNESS WHEREOF, the parties have executed this Assignment and Assumption Agreement as of the date first written above.

Novato Sanitary District

By:_____
Name:_____
Title:_____

Novato Disposal Service, Inc.

By:_____
Name:_____
Title:_____

Recology Sonoma Marin

By:_____
Name:_____
Title:_____

(*draft Recology version)

ASSIGNMENT AND ASSUMPTION AGREEMENT*

This Assignment and Assumption Agreement is entered into as of October ___, 2017, by and among NOVATO SANITARY DISTRICT ("District"), NOVATO DISPOSAL SERVICE, INC., a California corporation ("NDS"), and RECOLOGY SONOMA MARIN, a California corporation ("Recology").

WHEREAS, District and NDS are parties to an Amended and Restated Agreement for Solid Waste Collection, Processing, Diversion and Disposal dated March 2011 ("Franchise Agreement");

WHEREAS, The Ratto Group of Companies Inc. and its owners and affiliated entities, including NDS (collectively, "Ratto"), entered into an Asset Purchase Agreement dated August 11, 2017 ("APA") which provides for the purchase by Recology Inc. or its designated subsidiaries of substantially all of Ratto's assets;

WHEREAS, in connection with the closing of the transactions contemplated by the APA ("Closing"), NDS wishes to assign the Franchise Agreement to Recology, and Recology wishes to accept such assignment;

WHEREAS, Recology seeks to assure the District that, following the purchase pursuant to the APA, Recology will operate in accordance with high professional standards and provide services to the District's constituents in full compliance with the terms of the Franchise Agreement and the District's operational expectations;

WHEREAS, Section 11.6 of the Franchise Agreement provides that the Franchise Agreement may not be assigned by NDS without the prior written consent of District, not to be unreasonably withheld;

NOW, THEREFORE, the parties agree as follows:

1. Subject to and effective as of the Closing, NDS will assign to Recology all of its right, title and interest in and to the Franchise Agreement.

2. Subject to and effective as of the Closing, Recology will accept such assignment and will assume all duties and obligations of NDS under the Franchise Agreement from and after the Closing.

3. Recology agrees to notify District of the assignment date (i.e. the Closing date) within five (5) business days thereafter.

4. Recology agrees to conduct a review of billings in accordance with Section 5.1.2 of the Franchise Agreement, within one (1) year of the assignment date.

5. Recology agrees to provide a list of vehicles assigned to District's franchise, with vehicles ages and anticipated replacement schedule, within sixty (60) days of the assignment date.[BG1]

~~6. Subject to and effective as of the Closing, the Franchise Agreement shall be amended (automatically and without any further action by any party) to delete Section 2.5 and the second paragraph of Section 11.7.~~[BG2]

(*District Counsel redline version)

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6. Recology accepts, and District acknowledges the satisfaction ~~or waiver~~ of, all conditions under Section 11.6 with respect to the foregoing assignment and assumption.

7. Recology acknowledges that Exhibit 8 of the Franchise Agreement provides a methodology for the Detailed Rate Review, which review will evaluate forecasted labor-related costs, vehicle-related costs, and other costs including pass-through expenses. It is agreed that the pass-through expenses are not included in any calculation of Company profit and based on past practice and agreement by Ratto, that pass-through expenses include: disposal fees for debris and refuse; processing and disposal fees for organics; Franchise Fees; Integrated Waste Management Fees; and the Rate Application Review Fee.

8. District hereby consents to the foregoing assignment and assumption on the terms and conditions set forth herein, subject to receipt by the District of an acceptable parent company guarantee from Recology Inc.~~.~~

IN WITNESS WHEREOF, the parties have executed this Assignment and Assumption Agreement as of the date first written above.

NOVATO SANITARY DISTRICT

By:_____

Name:_____

Title:_____

NOVATO DISPOSAL SERVICE, INC.

By:_____

Name:_____

Title:_____

RECOLOGY SONOMA MARIN

By:_____

Name:_____

Title:_____

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(*District Counsel redline version)

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