

THIRD AMENDMENT TO CONTRACT FOR SOLID WASTE SERVICES

This THIRD AMENDMENT TO THE CONTRACT FOR SOLID WASTE SERVICES (this "Amendment") is entered into as of June XX, 2023, by and between the City of Algona, a municipal corporation of the State of Washington ("City") and Waste Management of Washington, Inc. ("Contractor"). City and Contractor shall each be referred to herein individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, the Parties entered into that certain Contract for Solid Waste Services as of July 12, 2023, as amended by those certain Letters of Understanding dated November 1, 2016 and July 12, 2017 (the "Contract");

WHEREAS, Section 8.1.2 of the Contract provides for periodic adjustments to the disposal fee component of Contractor's rates to reflect increases in King County disposal fees for solid waste;

WHEREAS, as of January 1, 2024, King County ("County") will be restructuring its disposal rates to determine a fixed annual charge ("FAC") for commercial hauler disposal of all Garbage at the King County disposal facilities, which will be allocated on a proportionate basis to each jurisdiction within the King County Disposal System based on the total aggregate tons of Garbage sent by the respective jurisdictions;

WHEREAS, Garbage from the City is sent to the King County Disposal System and will therefore receive an allocation of the FAC annually;

WHEREAS, the Contractor shall be responsible for billing the FAC as a disposal charge to Customers and remitting the FAC to the County;

WHEREAS, the Parties desire to amend the Contract to describe the Composite Commercial Rate ("CCR") methodology the Contractor will use to annually allocate and invoice the FAC and the County commercial hauler tipping fee ("County Tipping Fee") to Customers;

NOW, THEREFORE, in consideration of the mutual covenants, agreements and promises contained herein, the Parties hereby agree as follows:

AGREEMENT

1. Capitalized Terms. Capitalized terms used herein but not defined shall have the meanings set forth in the Contract.
2. Section 8.1.2, Pass Through Adjustment to Disposal Component. Section 8.1.2 shall be deleted and replaced in its entirety with the following:

8.1.2 Pass Through Adjustment to Disposal Component. As of January 1, 2024, the Contractor shall annually adjust the disposal fee component of rates to reflect increases or decreases in the County Tipping Fee and King County Fixed Annual Charge ("FAC"). The Contractor shall utilize the Annual Composite Commercial Rate ("Annual CCR") methodology to annually adjust the disposal fee component of Customer rates to incorporate the FAC as follows:

- a. On or before September 1st of each year, the County shall notify the City and Contractor of the County Tipping Fee, FAC, and estimated commercial Garbage tonnage for the next calendar year. The FAC shall be divided by the County's estimated commercial Garbage tonnage which shall be expressed as a per-ton charge (the "Per-Ton FAC").
- b. The Per-Ton FAC shall be added to the County Tipping Fee that will be applicable during the next year, the sum of which shall be the Annual CCR for each ton of City Garbage during the next year.
- c. Adjustments to the disposal fee component of rates charged to Customers shall be based on percentage increase or decrease in the Annual CCR from the previous year, and further adjusted by the excise tax on the change in the disposal fee component.

Specific examples of rate modifications due to Consumer Price Index and Annual CCR are provided in Exhibit E.

Adjustments to the disposal fee component shall be made in units of one cent (\$0.01). Fractions less than one cent (\$0.01) shall not be considered when making adjustments.

On or before October 1st of each year, the Contractor shall submit to the City for review and approval a Rate Adjustment Statement, calculating the new rates and the Annual CCR for the next year. Notwithstanding the foregoing, in the event that the County notifies the City and the Contractor of the County Tipping Fee, FAC, and estimated commercial Garbage tonnage for the next calendar year after September 1st, the Contractor shall submit to the City for review and approval a Rate Adjustment Statement no later than thirty (30) days after receipt of such notice from the County. The City shall have thirty (30) days to approve or disapprove the calculations. If the City disapproves the Contractor's calculations, the Parties shall meet immediately thereafter to resolve any disagreement as to the correct calculation of the rate adjustment under subsection (b) above or the Annual CCR. Upon approval of the calculations, the Contractor shall provide 45 days' notice of the new rates to its Customers, and the new rates shall be effective (i) on January 1st, or (ii) on the first day of the calendar month following the end of the 45-day notice period, whichever is later. Any delays in City approval or disapproval shall not be cause for a delay in implementation of the new rates and the Annual CCR.

The business and occupation tax shall be applied to King County disposal fees.

The disposal fee component of Contractor's rates set forth in Exhibit B (as adjusted hereunder) shall be automatically adjusted to reflect increases in tip fees for compostables."

3. Exhibit B, Service Rate Schedule. The line item "Roll-Off Disposal (15% markup on King County disposal fee)" on Exhibit B shall be deleted and replaced in its entirety with the following:

"The Contractor shall invoice drop-box container Garbage Customers the Annual CCR (as described in Section 8.1.2) based on the applicable Container weight increased by fifteen percent (15.0%)."

4. Exhibit E: Rate Modification Examples. Attachment A to this Amendment shall be added to the Contract as Exhibit E.
5. Entire Agreement; Full Force and Effect. This Amendment constitutes the entire agreement between the City and the Contractor, and there are no promises, conditions, terms, obligations, statements or guarantees other than those contained herein. No modifications or amendments shall be valid unless in writing and fully executed by both Parties. Except as otherwise provided herein, all other terms and provision of the Contract shall remain in full force and effect.
6. Counterparts. Signatures may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Signatures transmitted electronically shall be deemed valid execution of this Contract and binding on the Parties.

WITNESS THE EXECUTION HEREOF on the day and year first herein above written.

**WASTE MANAGEMENT OF
WASHINGTON, INC.**

CITY OF ALGONA

By: _____
Name: Jason S. Rose
Its: President

By: _____
Name:
Its:

Attested By: _____
Name:
Its:

Approved as to Form
By: _____
Name:
Its:

ATTACHMENT A

EXHIBIT E: RATE MODIFICATION EXAMPLES

Collection Component Adjustment

The collection component listed in Exhibit D will be increased or decreased by the amount of the CPI change: $NCC = PCC \times [1 + \frac{(nCPI - oCPI)}{oCPI}]$

Where

NCC	=	The new collection charge component of the Customer rate for a particular service level
PCC	=	The previous collection charge component of the Customer rate for a particular service level
nCPI	=	The most recent CPI value
oCPI	=	The previous period's CPI value

Using a collection

component rate of \$15.00 as an example, if the previous CPI is 143.2, the new CPI is 149.3 the collection component of the rate will increase from \$ 15.00 to \$ 15.64 on January 1, 2024.

$$\text{New Collection Component} = \$15.00 \times [1 + \frac{(149.3 - 143.2)}{143.2}] = \mathbf{\$15.64}$$

Annual CCR Component Adjustment

The Annual CCR component of the Customer charges listed in Exhibit B reflects the combination of the Per-Ton FAC and the County Tipping Fee. Any increase or decrease in the Annual CCR will not become effective until the new Annual CCR charges become effective and are actually charged to the Contractor. The Annual CCR component of each service level will be adjusted as follows:

Step 1: $nFAC = FAC / TONS$

Step 2: $nCCR = nFAC + NTF$

Step 3: $A = ODC \times (nCCR / oCCR)$

Step 4: $NDC = A + [(A-ODC) \times CETR]$

nFAC	=	The new Per-Ton FAC
FAC	=	The new overall King County FAC
TONS	=	The King County estimated commercial garbage tonnage for the upcoming year
nCCR	=	The new Annual CCR for the upcoming year, dollars per ton
NTF	=	The new County Tipping Fee, dollars per ton

Where

A	=	The new pre-excise tax adjusted Annual CCR component
ODC	=	The old Annual CCR component of the Customer rate for a particular service level;
oCCR	=	The old Annual CCR, dollars per ton
NDC	=	The new Annual CCR component of the Customer rate for a particular service level
CETR	=	Current excise tax rate (the current State excise tax rate; 0.0175 used for this example).

For example, using an arbitrary one 35-gallon cart rate of \$20.00 per month with a collection component of \$15.00 and a disposal component of \$5.00:

If the 2024 King County FAC is \$22,614,181 and the estimated 2024 tonnage is 656,580, then the new Per-Ton FAC would be \$34.44. If the new County Tipping Fee is \$150.83 per ton, then the new Annual CCR would be \$185.27 per ton starting January 1, 2024.

If the old disposal component is \$5.00, the old Annual CCR is \$168.68 per ton, and the State Excise Tax rate is 1.75%, the new Annual CCR component of the Customer rate will be \$5.50.

$$\text{New Per-Ton FAC} = \$22,614,181 / 656,580 = \$34.44 \text{ per ton}$$

$$\text{New Annual CCR} = \$34.44 + \$150.83 = \$185.27 \text{ per ton}$$

$$\text{New Pre-Excise Tax Adjusted Annual CCR Component} = \$5.00 \times (\$185.27 / \$168.68) = \$5.49$$

$$\text{New Annual CCR Component} = \$5.49 + [(\$5.49 - \$5.00) \times 1.75\%] = \mathbf{\$5.50}$$

Thus, the new Customer charge for one 35-gallon cart per week Residential Curbside would be \$15.64 plus \$5.50, equaling \$21.14 per month.

ATTACHMENT B

EXHIBIT B - SERVICE RATE SCHEDULE

City of Algona	2022 Disposal	\$ 154.02		2023 Disposal	\$ 168.68	
	2023 Disposal	\$ 168.68	9.518%	2024 Disposal	\$ 185.27	9.835%
	B&O	1.75%		B&O	1.75%	
	CPI	0.00%		CPI	0.00%	
	Sample Rates - King County FAC - Subject to change, Rates for illustrative purposes only. Service component CPI increase to be revised at a later date per contract terms.					
<i>Single Family Garbage Service*</i> (includes 1-64 gallon Recycle Cart, EOW service)	Disposal	Service	Rates Effective 01/01/2023	Disposal	Service	Rates Effective 01/01/2024
35 gal. Cart 1x per month service	\$ 1.98	\$ 18.91	\$20.89	\$ 2.17	\$ 18.91	\$21.08
20 gal. Mini-cart weekly service	\$ 4.32	\$ 17.34	\$21.66	\$ 4.75	\$ 17.34	\$22.09
35 gal. Cart weekly service	\$ 6.91	\$ 25.88	\$32.79	\$ 7.60	\$ 25.88	\$33.48
64 gal. Cart weekly service	\$ 13.87	\$ 34.67	\$48.54	\$ 15.25	\$ 34.67	\$49.92
96 gal. Cart weekly service	\$ 20.82	\$ 38.76	\$59.58	\$ 22.90	\$ 38.76	\$61.66
Garbage Extras (32gal. Equivalent)	\$ 1.56	\$ 8.64	\$10.20	\$ 1.71	\$ 8.64	\$10.35
Extra Recycling Cart (64 gallon, contractor provided)			\$2.44			\$2.44
Cart Delivery Service (new, replacement or redelivered carts)			\$22.73			\$22.73
Carry-out/roll-out service			\$2.96			\$2.96
<i>Compostables Service (EOW Service)*</i>						
35, 64, or 96 gal. Cart (96 gal. default size)			\$11.77			\$11.77
Compostables Extras (32gal. Equivalent)			\$6.43			\$6.43
* Senior discount of 10% on the above rates						

<u>Multi-Family & Commercial Permanent Garbage Service</u> (includes 2-96 gallon Recycle Carts, EOW service)	Disposal	Service	Rates Effective 01/01/2023	Disposal	Service	Rates Effective 01/01/2024
35 gal. Cart weekly service */**	\$ 8.08	\$ 26.05	\$34.13	\$ 8.88	\$ 26.05	\$34.93
64 gal. Cart weekly service */**	\$ 14.80	\$ 27.55	\$42.35	\$ 16.28	\$ 27.55	\$43.83
96 gal. Cart weekly service */**	\$ 22.22	\$ 30.31	\$52.53	\$ 24.44	\$ 30.31	\$54.75
1 yard weekly service */**	\$ 46.79	\$ 98.27	\$145.06	\$ 51.47	\$ 98.27	\$149.74
1.5 yard weekly service */**	\$ 70.19	\$ 137.32	\$207.51	\$ 77.21	\$ 137.32	\$214.53
2 yard weekly service */**	\$ 93.61	\$ 184.10	\$277.71	\$ 102.97	\$ 184.10	\$287.07
3 yard weekly service */**	\$ 140.42	\$ 235.39	\$375.81	\$ 154.47	\$ 235.39	\$389.86
4 yard weekly service */**	\$ 187.23	\$ 306.93	\$494.16	\$ 205.96	\$ 306.93	\$512.89
6 yard weekly service */**	\$ 280.86	\$ 423.66	\$704.52	\$ 308.96	\$ 423.66	\$732.62
8 yard weekly service */**	\$ 374.48	\$ 533.58	\$908.06	\$ 411.95	\$ 533.58	\$945.53
* Extra Lift: Additional service on scheduled pickup day while driver is on site. Rate is calculated by dividing monthly service rate by number of pickups in a month (4.333).						
pickup day requiring a specially dispatched driver. Rate is calculated by dividing monthly service rate by number of pickups in a month (4.333) plus return trip fee (Current UTC						
Garbage Extras per yard	\$ 10.79	\$ 14.02	\$24.81	\$ 11.86	\$ 14.02	\$25.88
Garbage Extras (32gal. Equivalent)	\$ 1.84	\$ 5.58	\$7.42	\$ 2.02	\$ 5.58	\$7.60
Extra Recycle Cart (96 gallon, contractor provided; limit 2 extras)			\$3.03			\$3.03

<u>Commercial Temporary Garbage Service</u> (includes service & disposal)	Disposal	Service	Rates Effective 01/01/2023	Disposal	Service	Rates Effective 01/01/2024
1 yard (per pick-up)	\$ 10.79	\$ 19.63	\$30.42	\$ 11.86	\$ 19.63	\$31.49
1.5 yard (per pick-up)	\$ 16.18	\$ 27.66	\$43.84	\$ 17.79	\$ 27.66	\$45.45
2 yard (per pick-up)	\$ 21.57	\$ 37.25	\$58.82	\$ 23.72	\$ 37.25	\$60.97
3 yard (per pick-up)	\$ 32.38	\$ 48.08	\$80.46	\$ 35.62	\$ 48.08	\$83.70
4 yard (per pick-up)	\$ 43.19	\$ 62.71	\$105.90	\$ 47.51	\$ 62.71	\$110.22
6 yard (per pick-up)	\$ 64.80	\$ 85.20	\$150.00	\$ 71.28	\$ 85.20	\$156.48
8 yard (per pick-up)	\$ 86.38	\$ 105.94	\$192.32	\$ 95.02	\$ 105.94	\$200.96
Delivery, 1 -8 yard			\$29.35			\$29.35
Temp. Rent, 1-4 yard per day			\$2.71			\$2.71
Temp. Rent, 6 yard per day			\$4.12			\$4.12
Temp. Rent, 8 yard per day			\$4.87			\$4.87
<u>Haul Rates</u>						
10 - 50 yard, non-compacted (per haul)			\$134.67			\$134.67
10 - 50 yard, temporary (per haul)			\$167.41			\$167.41
10 - 50 yard, compacted (per haul)			\$198.95			\$198.95
Delivery, 10 - 50 yard			\$71.42			\$71.42
Hourly rate (tandem axle)			\$192.24			\$192.24
Hourly rate - extra man			\$83.56			\$83.56

<u>Commercial Temporary Garbage Service</u> (includes service & disposal)	Disposal	Service	Rates Effective 01/01/2023	Disposal	Service	Rates Effective 01/01/2024
<u>Permanent Monthly Rent</u>						
10 yard			\$127.70			\$127.70
15 yard			\$137.60			\$137.60
20 yard			\$143.17			\$143.17
25 yard			\$133.65			\$133.65
30 yard			\$158.69			\$158.69
40 yard			\$174.16			\$174.16
<u>Temporary Rent</u>						
10 - 40 yard (per day)			\$15.15			\$15.15
Roll-Off Disposal (15% markup on King County disposal fee)			\$193.98			\$213.06