

ARTICLE 6

COMPANY COMPENSATION AND RATES

6.1 General

- A. The compensation provided for in this Article 6 shall be the full compensation due to the Company under this Agreement for all labor, equipment, materials, supplies, taxes, insurance, bonds, overhead, disposal, transfer, profit and all other things necessary to perform any and all services required by this Agreement.

The Company shall perform the duties described in this Agreement in consideration of the right to receive compensation for such services rendered at maximum rates fixed from time-to-time by the City.

6.2 Compensation to the Company

The compensation paid to the Company for services from and after August 1, 2003 is set forth in Exhibit 1, unless otherwise provided for in a written amendment to this Agreement. Unless and until the rates set forth on Exhibit 1 are adjusted, the Company shall provide the services required by this Agreement, charging no more than the rates authorized by Exhibit 1, except as provided herein and in Section 6.4. Between the Effective Date and July 31, 2003, Company shall charge the rates set forth in the July 1991 agreement for commercial and industrial collection services, as amended.

6.3 Future Adjustments

Effective July 1, 2004, and on each July 1 thereafter, the compensation paid to the Company shall be adjusted annually to rates that are based upon changes in the Consumer Price Index ("CPI"), All Urban Consumers, for the Los Angeles-Anaheim-Riverside Area, as published by the United States Department of Labor, Bureau of Labor Statistics. The Company shall submit to the City, each April, beginning in April 2004, information in support of an annual adjustment. This information will include changes in the CPI that have occurred during the preceding calendar year. The City Manager or his designee shall review the information submitted by Company and

approve the rate adjustment if the information submitted is determined to be accurate. As an alternative, the City Manager may refer the proposed adjustment to the City Council for approval, in its reasonable judgment.

6.4 Extraordinary Adjustments

The Company or the City may request an adjustment to the compensation paid to the Company at times other than those specified in Section 6.3, based upon unusual changes in the cost of providing service under this Agreement. The Company may request only one such adjustment during any rate year. "Unusual changes" may include changes in components of the disposal rate, changes in the disposal site requested by the City, changes in state or local government solid waste fees and charges, and changes in the law. These changes do not include inaccurate estimates by the Company of its proposed cost of operations. For each request, the Company must prepare a schedule documenting the extraordinary costs. The request shall be prepared in a form acceptable to the City with support for all assumptions made by the Company in preparing the estimate. The City shall review the Company's request and, in the City's reasonable judgment, make the final determination on the appropriate amount of the adjustment, if any. A requested adjustment may not be denied in the case of changed or additional services requested by the City, additional reporting required by the City, the City's designation of a transfer station, MRF, transformation facility, or disposal site (except for its initial designation under Section 4.6.C.), any change in the Municipal Code affecting the Company's operations, or changes in state or local government solid waste fees and charges.

6.5 Supporting Information

If the Company requests a rate adjustment on the basis of unusual changes or extraordinary increases in the cost of doing business, the Company must provide the City with all documentation supporting its request.

6.6 Disposal Price Adjustment

Beginning July 1, 2004, the compensation paid to Company shall be adjusted by Company each July 1 during the term of the Agreement to reflect the percentage increase or decrease since the Effective Date, or the date of any prior adjustment, as the