

ATTACHMENT B

Amendment No. Two to Residential Solid Waste Collection & Recycling Contract
with CR&R

**AMENDMENT NO. TWO TO
AGREEMENT FOR THE COLLECTION, TRANSPORTATION, PROCESSING AND
DIVERSION OF RESIDENTIAL RECYCLABLE MATERIALS, FOOD SCRAPS,
GREEN WASTE AND OTHER MATERIALS AND COLLECTION,
TRANSPORTATION AND DISPOSAL OF MUNICIPAL SOLID WASTE BETWEEN
THE CITY OF NEWPORT BEACH AND CR&R, INCORPORATED**

THIS AMENDMENT NO. TWO TO AGREEMENT FOR THE COLLECTION, TRANSPORTATION, PROCESSING AND DIVERSION OF RESIDENTIAL RECYCLABLE MATERIALS, FOOD SCRAPS, GREEN WASTE AND OTHER MATERIALS AND FOR THE COLLECTION, TRANSPORTATION AND DISPOSAL OF RESIDENTIAL MUNICIPAL SOLID WASTE ("Amendment No. Two") is made and entered into as of this 14th day of July, 2026 ("Effective Date"), by and between the CITY OF NEWPORT BEACH, a California municipal corporation and charter city ("City"), and CR&R, INCORPORATED, a California corporation ("Contractor"), whose address is 11292 Western Avenue, Stanton, California 90680, and is made with reference to the following:

RECITALS

- A. On January 11, 2022, City and Contractor entered into an Agreement (Contract No. C-8823-1) ("Agreement") for the Collection, Transportation, Processing and Diversion of Residential Recyclable Materials, Food Scraps, Green Waste and Other Materials and for the Collection, Transportation and Disposal of Residential Municipal Solid Waste ("Project").
- B. On January 28, 2025, City and Consultant entered into Amendment No. One to the Agreement ("Amendment No. One") to amend Attachment J to add de-escalation language related to Contractor compensation and update the Notices section.
- C. The parties desire to enter into this Amendment No. Two ("Amendment No. Two") to amend Attachment D-1, Compensation Schedule and Attachment J to modify the cost allocations related to Contractor compensation and update sections related to the City's Project Administrator and Contact for Notices.

NOW, THEREFORE, it is mutually agreed by and between the undersigned parties as follows:

1. COMPENSATION SCHEDULE

Attachment D-1 to the Agreement shall be deleted in its entirety and replaced with Attachment D-1, attached hereto and incorporated herein by reference. Any reference to Attachment D-1 in the Agreement shall hereafter refer to Attachment D-1 attached hereto.

2. ANNUAL CONTRACTOR COMPENSATION ADJUSTMENTS

Attachment J to the Agreement shall be deleted in its entirety and replaced with Attachment J, attached hereto and incorporated herein by reference. Any reference to Attachment J in the Agreement shall hereafter refer to Attachment J attached hereto.

3. DEFINITIONS

The definition of "Project Administrator" within Attachment A to the Agreement shall be replaced with the following:

"Project Administrator: "Project Administrator" shall mean the Deputy Director of Municipal Operations who is the City-designated administrator for the Agreement."

4. INSURANCE

Section 11.02.C of the Agreement is amended in its entirety and replaced with the following:

"Required Endorsements. Without limiting the generality of Sections 11.02.A and B, the policies shall contain endorsements making the City and its elected or appointed officers, officials, employees, agents and volunteers an additional insured, and shall further contain additional endorsements in substantially the following form:

2. Workers' Compensation and Employers' Liability Policy.

Thirty (30) days prior written notice shall be given to the City of Newport Beach in the event of cancellation or non-renewal of this policy. Such notice shall be sent to:

CITY OF NEWPORT BEACH
Municipal Operations Director
P.O. Box 1768
100 Civic Center Drive
Newport Beach, California 92660

"Insurer waives all right of subrogation against City and its elected or appointed officers, officials, employees, agents and volunteers for injuries or illnesses arising from work performed for City."

3. Comprehensive General Liability Policy; Pollution Liability Policy.

Thirty (30) days' prior written notice shall be given to the City of Newport Beach in the event of cancellation, reduction of coverage, or non-renewal of this policy. Such notice shall be sent to:

CITY OF NEWPORT BEACH
Municipal Operations Director
P.O. Box 1768
100 Civic Center Drive
Newport Beach, California 92660

"This policy shall be considered primary insurance as respects any other valid and collectible insurance maintained by the City of Newport Beach, including any self-insured retention or program of self-insurance, and any other such insurance shall not be called upon to contribute in any way."

“Inclusion of the City of Newport Beach as an insured shall not affect the City's rights as respects any claim, demand, suit or judgment brought or recovered against the Contractor. This policy shall protect Contractor and the City in the same manner as though a separate policy had been issued to each, but this shall not operate to increase the company's liability as set forth in the policy beyond the amount shown or to which the company would have been liable if only one party had been named as an insured.”

In addition, all property policies shall contain language, to the extent obtainable on commercially reasonable terms, to the effect that any loss shall be payable notwithstanding any act of negligence of City or Contractor that might otherwise result in the forfeiture of the insurance.

4. Physical Damage Policy.

Notice of cancellation, reduction in coverage or non-renewal, as provided in Section 11.02.C

Cross liability endorsement, as provided in Section 11.02.C

Waiver of subrogation against City.”

5. NOTICE

Section 14.06 of the Agreement is amended in its entirety and replaced with the following:

“All notices, demands, requests, proposals, approvals, consents and other communications which this Agreement requires, authorizes or contemplates shall, except as provided in Section 13.02, be in writing and shall either be personally delivered to a representative of the parties at the address below or be deposited in the United States mail, first class postage prepaid (certified mail, return receipt requested), addressed as follows:

If to City: Municipal Operations Director
 City of Newport Beach
 100 Civic Center Drive
 Newport Beach, California 92660

with a copy to the Newport Beach City Attorney at the same address”

6. REPRESENTATIVES OF PARTIES

Section 14.07.A of the Agreement is amended in its entirety and replaced with the following:

“Representatives of City. This Agreement will be administered by the Municipal Operations Department of City. The Director of Municipal Operations, or his/her designee, shall be the Project Administrator and shall the authority to act for City under this

Agreement. The Project Administrator or his/her authorized representative shall represent the City in all matters pertaining to the services to be rendered pursuant to this Agreement.”

7. INTEGRATED CONTRACT

Except as expressly modified herein, all other provisions, terms, and covenants set forth in the Agreement shall remain unchanged and shall be in full force and effect.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the parties have caused this Amendment No. Two to be executed on the dates written below.

**APPROVED AS TO FORM:
CITY ATTORNEY'S OFFICE**

Date: Jun 29, 2026

CITY OF NEWPORT BEACH,
a California municipal corporation

Date: _____

By: *Yolanda Summerhill*
Yolanda Summerhill (Jun 29, 2026 11:53:50 PDT)
Aaron C. Harp
City Attorney

By: _____
Lauren Kleiman
Mayor

ATTEST:

Date: _____

CONTRACTOR: CR&R, Incorporated, a
California corporation

Date: _____

By: _____
Lena Shumway
City Clerk

By: _____
Clifford Ronnenberg
Chief Executive Officer

Date: _____

By: _____
David Ronnenberg
Secretary

[END OF SIGNATURES]

Attachments: Attachment D-1 – Compensation Schedule
 Attachment J – Annual Compensation Adjustments

**Attachment D1
City of Newport Beach
Compensation Schedule**

Applicable from July 1, 2026 through June 30, 2027

Basic Service	Monthly Amount
Customer collection - City	\$ 431,742.93
Customer collection - Newport Coast	\$ 80,043.99
Enhanced SB1383-mandated programs	\$ 302,369.44
Bulky Item Collection/month	\$ 692.96
Sharps Collection/month	\$ 2,499.43
HHW Door-to-Door/month	\$ 12,503.69
Container pull-out for disabled customers	No Charge
Two (2) annual shred days	No Charge
One (1) annual compost/mulch giveaway	No Charge
Total City Billing	\$ 829,852.44

ATTACHMENT J

Annual Contractor Compensation Adjustments

The annual adjustments to Contractor's compensation shall be completed as described in this Attachment J. The costs in Attachment D-1 shall be effective from July 1, 2026 through June 30, 2027. The first annual adjustment shall be performed to calculate Contractor's costs for the period July 1, 2026 through June 30, 2027. The costs in Attachment D-1 shall be adjusted annually each July 1 throughout the Term of the Agreement.

1. General Calculation Procedures

A. Rounding Protocol

The following rounding protocol shall be used in the calculations described herein: For the calculation of the percentage change in all indexes described in this Attachment J, the calculations shall be rounded to one decimal place. (Example: 2.3% or 0.2%). For calculation of all costs and cost components described in this Attachment J, the calculations shall be rounded to two decimal places. (Example: \$2.39).

The numbers 1,2,3, and 4 in all calculations shall be rounded down. (Example: If the result of the calculation were 7.344, the final figure would be 7.3.) The numbers 5, 6, 7, 8 and 9 in all calculations shall be rounded up. (Example: If the result of the calculation were \$3.468, the final figure would be \$3.47).

B. Changes to Indices Used

In the event that the standard reference base period for any index used herein is revised, the calculations shall be performed using the officially released data published by the Bureau of Labor Statistics.

If an index used herein is discontinued, the successor index with which it is replaced, shall be used for subsequent calculations. If no successor index is identified by the Bureau of Labor Statistics, the government index which is most comparable shall be used.

C. Use of Final CPI Index and "Preliminary" PPI Index Issued by Bureau of Labor Statistics

The annual adjustments will be made in late spring of each year of the Term. The Consumer Price Index ("CPI") listed in Subpart 2 below is made available by the Bureau of Labor Statistics within fifteen (15) days after the close of each month. Therefore, the CPI for the twelve (12) month period described herein, will be available in time to complete the annual adjustment calculation prior to the July 1 start date for the adjusted compensation amounts. (Note: for the CPI there is no

ATTACHMENT J

Annual Contractor Compensation Adjustments

“Preliminary” version, only the “final” version issued by the Bureau of Labor Statistics.)

The Producer Price Index (“PPI”) referred to herein, is made available by the Bureau of Labor Statistics on a more lagging basis. The “Final” version of the PPI Index for the period through December of any year, will not be available in time for the annual adjustment calculation to be completed prior to the July 1 start date for the adjusted compensation amounts. Therefore, the parties agree the “Preliminary” version of the PPI Index listed below shall be used in the calculation each year.

2. Annual Adjustment Method Including Disposal Cost Adjustment Method for Contractor Compensation in Attachment D-1

A. Cost Components for Compensation Adjustment Indices

Each of the Contractor’s line-item costs listed in Attachment D-1 consist of the following cost component categories and are weighted as shown in the table below. Each cost component shall be adjusted by the change in the corresponding index below.

Cost Category	Percent of Cost (Weighting)	Notes
Disposal	37.9%	Actual tip fee at the Orange County Landfill System as of the effective date of the adjustment.
Fuel	7%	Producer Price Index WPU 0531, Not Seasonally Adjusted, Fuels and related products and power, natural gas*.
All Other Costs	55.1%	Consumer Price Index for All items less food and energy in Los Angeles-Long Beach-Anaheim, CA, all urban consumers, not seasonally adjusted (CUURS49ASA0L1E), or 2.5%, whichever is lower**
Total	100%	Total adjustment not to exceed 5% increase in any year

*If an index is discontinued, an alternate index (as described above) must be approved by City.

Annual Contractor Compensation Adjustments

**This index may be accessed here:

<https://data.bls.gov/timeseries/CUURS49ASA0>

B. Calculation Methodology

Contractor's compensation in Attachment D-1 will be adjusted using the component weightings identified in "A" above. The adjustment shall be calculated as follows:

Step One. Calculate the percentage increase or decrease in each index listed above. The increase or decrease in the published index for fuel (PPI), and all other (CPI) will be the change in the average annual published index between the calendar year ended the December prior to the July 1 compensation adjustment date and the prior twelve (12) month period (see calculation example below), unless the change in the CPI exceeds a two and one-half percent (2.5%) increase. In such event, the costs labeled "All Other Costs" in the table above shall be adjusted by two and one-half percent (2.5%). The increase or decrease in the Disposal component shall be the change in the actual Disposal tip fee charged by the County of Orange as of July 1 of the year of the adjustment (pursuant to the City's landfill contract with the County in Attachment "I").

Step Two. Cost components as a percentage of total costs for the first compensation adjustment are provided in the table above. The percentage of each Cost Component for each subsequent annual adjustment (beginning with the adjustment to become effective July 1, 2023) shall be as calculated in Step Four described herein. For Step Two of each subsequent annual adjustment, use the percentage for each Cost Component recalculated in Step Four during the prior year's compensation adjustment.

Multiply the percentage changes for each compensation adjustment component by that component's weighting and add these resulting percentages together to obtain the total weighted change to the compensation.

Step Three. Multiply the total weighted percent change from Step Two by the existing compensation to calculate the increase or decrease to the maximum compensation. Add the compensation increase or decrease to the existing compensation to arrive at the newly adjusted compensation.

Step Four. Recalculate the weightings for the following year based upon these changes so that the sum of the three values equals 100%. To do so, divide the adjusted cost component weightings by the total sum of the three cost component weighting values so that the cost components are reweighed to equal 100%.

ATTACHMENT J

Annual Contractor Compensation Adjustments

Sample Calculations

Note: The costs and numbers in the sample calculations in this Attachment J are for example only and do not reflect the actual costs or adjustments that will be made.

Step 1: Calculate Percentage Change in Indices

Row	Adjustment Factor	Index	A	B	C
			Old Index Value	New Index Value	Percent Change in Index (Column B/Column A = "X"). X/Column A = % change (round to 1 decimal)
1	Disposal	(1)	\$36.09	\$37.00	2.5%
2	Fuel	(2)	67.00	70.00	4.5%
3	All Other	(3)	282.388	286.680	1.5%

Step 2: Determine Components

Row	Adjustment Factor	Index	D	E	F
			Cost Factor Category Weighted as a % of Component Total (4)	Percent Change in Index from Column (C)	Total Weighted Change (Columns D x E)
4	Disposal	(1)	28%	2.5%	0.7%
5	Fuel	(2)	6%	4.5%	0.3%
6	All Other	(3)	66%	1.5%	1.0%
7	Total (See Footnote 5)		100%		2.0%

Step Three: Apply Percentage Change to Costs

Row	Cost Categories	G	H	I	J
		Current Cost (5)	Total Weighted Percentage Change (from Column F)	Cost Increase or Decrease (Column G x Column H)	Adjusted Cost (Column G + Column I)
8	Customer collection – City	\$333,846	2.0%	\$6,677	\$340,523
9	Bulky Item Collection/month	\$549	2.0%	\$11	\$560
10	Sharps Collection/month	\$2,285	2.0%	\$46	\$2,331
11	HHW Door-to-Door/month	\$11,431	2.0%	\$229	\$11,660
12	Emergency Collection Cost/hour	\$138	2.0%	\$3	\$141
13	Customer collection – Newport Coast	\$63,416	2.0%	\$1,268	\$64,684
14	Enhanced SB 1383-mandated programs	\$239,557	2.0%	\$4,791	\$244,348

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Annual Contractor Compensation Adjustments

15	40-yd Load of Bulk Compost provided by contractor	\$175.00	2.0%	\$3.50	\$178.50
16	1 pallet (48 bags) of compost provided by Contractor	\$98.05	2.0%	\$1.96	\$100.01
17	24 pallet load of bagged compost provided by Contractor (48 bags/pallet)	\$2353.26	2.0%	\$47.07	\$2,400.33
18	Hourly Cost Per Additional Temporary Customer Service Representative	\$35.00	2.0%	\$0.70	\$35.70
19	Collection of Non-containerized Materials During Grace Period per incident	\$2.47	2.0%	\$0.05	\$2.52
20	Extra MSW Cart Charge paid by City during Extra Service Charge Delay Period	\$6.09	2.0%	\$0.12	\$6.21
21	Extra Recycling Cart Charge paid by City during Extra Service Charge Delay Period	\$3.41	2.0%	\$0.07	\$3.48
22	Extra Food Scrap/Green Waste Cart Charge paid by City during Extra Service Charge Delay Period	\$4.11	2.0%	\$0.08	\$4.19
23	Standard Valet Cart Service Charge paid by City during Extra Service Charge Delay Period	\$8.30	2.0%	\$0.17	\$8.47
24	Premium Valet Cart Service Charge paid by City during Extra Service Charge Delay Period	\$27.68	2.0%	\$0.55	\$28.23

Step Four: Re-weight Cost Components

			K	L	M	N	O
Row	Adjustment Factor	Index	Cost Component (Column D)	Percentage Change in Index (Column E)	Change In Cost Components (Column K x Column L)	Adjusted Cost Component Weightings (Column K + Column M)	Cost Components Reweighed to Equal 100% (Column N Row divided by Column N Total)
25	Disposal	(1)	28.0%	2.5%	0.7%	28.7%	28.1%
26	Fuel	(2)	6.0%	4.5%	0.3%	6.3%	6.2%
27	All Other	(3)	66.0%	1.5%	1.0%	67.0%	65.7%
28	Total		100.0%			102.0%	100.0%

(1) Disposal charge at the Orange County Landfill system per agreement in Attachment I

(2) Producer Price Index WPU0531, not seasonally adjusted, Fuels and related products and power, natural gas-average annual change

(3) Consumer Price Index for All items less food and energy in Los Angeles-Long Beach-Anaheim, CA, all urban consumers, not seasonally adjusted (CUURS49ASA0L1E) average annual change limited to 2.5% per year.

(4) First year based on Attachment D-1. After the first adjustment, this column comes from Column J of the previous year's cost adjustment

(5) Example shown. Adjustment applies to all applicable compensation categories.

Annual Contractor Compensation Adjustments

3. Example Cost Adjustment Formula – Calculation for Average Annual Change in Published Price Indices

Cost adjustment indices for fuel (PPI), and "all other" are calculated using the average annual change in the published index (with "all other" subject to a 2.5% per year increase cap) as demonstrated in the example below, measured for the twelve (12) months ended the December before each compensation adjustment, as compared to the twelve months ended the prior December. The Bureau of Labor Statistics publishes these monthly indices.

The following example is for the Consumer Price Index for All items less food and energy in Los Angeles-Long Beach-Anaheim, CA, all urban consumers, not seasonally adjusted (CUURS49ASA0L1E) that is used to adjust the "all other" cost components. If a cost adjustment based on this CPI index were to be implemented as of July 1, 2021, the twelve (12) month average annual index for the period ended December 2020 of 282.388 would have been the "New Index Value" to be used in Column B of the example cost adjustment formulas in this Attachment J, and the twelve (12) month average annual index for the period ended December 2019 of 277.102 would have been the "Old Index Value" in Column A. This would have resulted in a 1.9% increase to the "all other" cost components in Column C.

All items less food and energy in Los Angeles-Long Beach-Anaheim, CA, all urban consumers, not seasonally adjusted (CUURS49ASA0L1E)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2019	273.579	273.716	274.954	276.185	276.421	277.384	277.590	278.131	278.935	279.732	279.781	278.812	277.102
2020	281.022	282.124	280.815	280.885	281.340	282.329	283.839	283.752	282.712	283.055	283.873	282.907	282.388

4. Annual Adjustment Method For Prices Contractor Direct-Bills to Customers for Extra Services in Attachment D-2

A. Timing of Adjustment of Prices in Attachment D-2

The prices in Attachment D-2 shall be in effect from January 15, 2022 through June 30, 2022. Each of the prices listed in Attachment D-2 shall be adjusted to become effective July 1, 2022 and shall also be adjusted each July 1 thereafter, for the duration of the Term of the Agreement as follows.

B. Calculation Methodology

Multiply each price in Attachment D-2 by the total weighted average change calculated in Step Two of Section 1 above. (See Table titled "Step Two – Determine Components" Row 7 of Column "F".

Annual Contractor Compensation Adjustments

Sample Calculation:

Premium Valet Service – Initial Price as of January 15, 2022:
\$27.68 per month

$\$27.68 \times 2.0\% = \$0.55 + \$27.68 = \28.23 per month (new Price)

5. Adjustment Method For Monthly Cost Per Residence (Only Used For Calculation in Attachment Z and Only if Directed by City)

The parties have determined and agreed that the monthly cost per residence to receive the basic level of Residential service from Contractor is \$24.08 as of the Effective Date. For purposes of the calculations described in Attachment Z, the annual adjustment is applied to the Monthly Cost per Residence as follows:

A. Timing of Adjustment of Per Residence Collection Cost

The “Monthly Cost Per Residence” of \$24.08 (shown in Attachment Z) shall be in effect from January 15, 2022 through June 30, 2022. This cost shall be adjusted to become effective July 1, 2022 and shall also be adjusted each July 1 thereafter, for the duration of the Term of the Agreement as follows. This adjusted cost is only used for City-directed addition of specific groups of Residences and/or a cumulative increase of 40 or more Certificates of Occupancy issued by the City for a newly developed parcel pursuant to Section 12.07 and Attachment Z of the Agreement, and for no other purpose.

B. Calculation Methodology

Multiply the “Monthly Cost Per Residence” in Attachment Z by the total weighted average change calculated in Step Two of Section 1 above.

Sample Calculation:

“Monthly Cost Per Residence” – Initial amount as of the Effective Date of the Agreement: \$24.08/month

$\$24.08 \times 2.0\% = \$0.48 + \$24.08 = \24.56 per month (new Monthly Cost Per Residence)