

**EXCLUSIVE AREA SOLID WASTE,  
RECYCLING, AND ORGANIC COLLECTION  
FRANCHISE AGREEMENT**

**BETWEEN**

**COUNTY OF KINGS, CALIFORNIA**

**AND**

**MID VALLEY DISPOSAL LLC**

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**BETWEEN**

**COUNTY OF KINGS, CALIFORNIA**

**AND**

**MID VALLEY DISPOSAL LLC**

This Franchise Agreement (“Agreement”) is entered into this \_\_\_\_ day of \_\_\_\_\_ 2026, by and between the County of Kings (“County”) and Mid Valley Disposal LLC, a California Limited Liability Company (“Grantee” or “Contractor”), for the collection, transportation and disposal of Solid Waste and for other services as further specified herein in Exhibit “A.”

**RECITALS**

**WHEREAS**, the Legislature of the State of California, by enactment of the California Integrated Waste Management Act of 1989 (“AB 939”), has declared that it is within the public interest to authorize and require local agencies to make adequate provisions for Solid Waste handling within their jurisdiction; and

**WHEREAS**, pursuant to California Public Resources Code section 40059 (a), the County Board of Supervisors has determined that the public health, safety, and well-being require that an exclusive franchise be awarded to a qualified Solid Waste enterprise for the collection and recovery of Solid Waste from all residential, industrial and commercial premises in the County; and

**WHEREAS**, the County Board of Supervisors has further determined that progress for the significant mandates of SB 1383, the Short-Lived Climate Pollutant Reduction Act of 2016, related to local diversion of organic waste in support of a statewide goal to reduce the level of methane emissions from landfills, cannot be met without the adoption of an exclusive Solid Waste franchise system; and

**WHEREAS**, in order to comply with the mandates of the State of California - to reduce, reuse, and recycle Solid Waste generated in the County to the maximum extent feasible - and subsequent legislation and regulation, the County must have the ability to direct the flow of Solid Waste within the incorporated County for the purposes of reporting, processing, recovery and disposal; and

**WHEREAS**, Grantee has lawfully conducted Solid Waste handling operations in the County for several years in accordance with a Solid Waste collection license issued pursuant to Article 3, Chapter 13 of the Kings County Code, and has delivered a level of service to its customers commensurate with the highest industry standards, and is well-qualified to continue providing such service; and

**WHEREAS**, the parties intend that this Agreement supersede all prior agreements, in whatever form, between the County and Grantee related to Grantee's provision of Solid Waste handling services within the County and all associated matters; and

**WHEREAS**, in consideration of the length of the term of this Agreement, Grantee has agreed to waive and release County from all prior claims related to any previous agreement; and

**WHEREAS**, the County Board of Supervisors declares its intention of ensuring the delivery of adequate Solid Waste Handling services and of maintaining reasonable Fees for the provision of such handling services within the County and effectuates such intent by this Agreement; and

**WHEREAS**, the execution and delivery of this Agreement by the Franchisee has been duly authorized by all necessary legal actions.

**NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:**

**SECTION 1 - COVENANTS, REPRESENTATIONS AND WARRANTIES**

A. Covenants, Representations and Warranties of Grantee

Grantee hereby makes the following covenants, representations and warranties for the benefit of the County as of the date of this Agreement.

- (1) Grantee is duly organized and validly existing as a limited liability company in good standing under the laws of the State of California.
- (2) Grantee has full legal right, power, and authority to execute, deliver, and perform this Agreement, and has duly authorized the execution and delivery of this Agreement.
- (3) Each Person signing this Agreement on behalf of Grantee has been authorized by Grantee to do so, and this Agreement has been duly executed and delivered by Grantee, and constitutes a legal, valid and binding obligation of Grantee enforceable against Grantee in accordance with its terms.
- (4) To the best of Grantee's knowledge, there is no action, suit, or proceeding before any court or governmental entity against Grantee or affecting Grantee, wherein an unfavorable decision, ruling or finding would adversely affect the validity or enforceability of this Agreement, or which would have a material adverse effect on the financial condition of Grantee.
- (5) Neither the execution nor the delivery by the Grantee of this Agreement nor the performance by the Grantee of its obligations hereunder (1) conflicts with, violates or results in a breach of any law or governmental regulations applicable to the Grantee, (2) conflicts with, violates or results in a breach of any term or condition of any judgment, decree, franchise, agreement (including, without limitation, the certificate of incorporation of the Grantee) or instrument to which the Grantee is a party or by which the Grantee or any of its properties or assets are bound, or constitutes a default under any such judgment, decree, agreement or instrument, or (3) will result in the creation or imposition of any encumbrance of any nature whatsoever upon any of the properties or assets of the Grantee.

- (6) Grantee has sufficient financial resources to perform all aspects of its obligations hereunder. There has been no material adverse change in Grantee's or, if applicable, in Grantee's parent company's, financial circumstances since the date of the most recent financial statements or information, submitted to the County or reviewed by the County at the offices of Grantee.
- (7) Grantee has the expert, professional, and technical capability to perform all of its obligations under this Agreement and will maintain the capability at all times during this Agreement's term.
- (8) Prior to providing any service authorized by this Agreement, Grantee will have provided to the Public Works Director the security instrument and certificates of insurance required by the Agreement.
- (9) Prior to providing any service authorized by this Agreement, Grantee will have provided to the Public Works Director reasonably acceptable proof that the Grantee has obtained all necessary permits, authorizations and licenses which are required for furnishing such service.

**B. Covenants, Representations and Warranties of the County**

The County hereby makes the following covenants, representations and warranties to and for the benefit of Grantee as of the date of this Agreement:

- (1) The parties executing this Agreement on behalf of the County are duly authorized to do so. This Agreement constitutes the legal, valid and binding Agreement of the County and is enforceable against the County in accordance with its terms.
- (2) To the best of the County's knowledge, without having conducted any research, there is no action, suit, or proceeding against the County before any court or governmental entity wherein an unfavorable decision, ruling or finding would adversely affect the validity or enforceability of this Agreement.
- (3) County acknowledges that certain records, reports, or information contained therein, which Grantee may be required to maintain under this Agreement or Applicable Law, are protected by or exempt from disclosure under Applicable Law (including, without limitation, law governing data security and privacy rights) or are of a proprietary or confidential nature including, without limitation, any confidential information, copyrighted material, proprietary information, trade secrets or trademark/service mark, as well as any and all such documents or reports containing such information (together, "Grantee's Intellectual Property"). The County shall, reasonably consistent with its governmental duties, cooperate with Grantee in preserving the confidentiality of Grantee's intellectual property, including trade secret information, and preventing its disclosure. It will be the obligation of Grantee to designate what information it deems to be a trade secret, confidential, proprietary or otherwise in need of protection at the time such information is provided to County. No copies of such information shall be retained by County as public records under California law. Such information may include financial information that concerns activities or aspects of the Grantee's business that are unrelated to any work performed for the County, and any other information from which the identity of any account, customer, vendor, buyer, supplier, end user, or other source or transferee of recyclable material may be reasonably ascertained, such as name, address, or other identifying information.

Grantee shall defend and indemnify County, elected officials, officers, employees, contractors, consultants, attorneys, agents and volunteers, including for County attorney fees, staff costs, awards and judgments, for any claims brought against County for failure to produce, upon request, any such proprietary documentation or information related to Grantee and its business in possession of County in accordance with a Public Record's Act.

- (4) The County shall use best reasonable efforts to update and amend applicable provisions of its County Code to the extent the County determines such changes are necessary to conform to this Agreement and to meet its obligations hereunder.

## **SECTION 2 - DEFINITIONS**

Whenever any term used in this Franchise Agreement has been defined by AB 939 or in the County Code, the definitions therein, as presently defined and as they may be amended in the future, shall apply unless the term is otherwise defined in this Agreement. In the event of conflict between the definition found in AB 939, in the County Code and this Agreement, the definition in this Agreement shall govern all other definitions, while the definition in the County Code shall take precedence over the definition contained in AB 939. The definitions are set forth on the attached and incorporated Exhibit "C".

## **SECTION 3 - GRANT AND ACCEPTANCE OF EXCLUSIVE FRANCHISE**

### **A. Grant of Franchise**

Pursuant to the provisions of the County Code and pursuant to AB 939, and subject to the terms and conditions of this Agreement (including all extensions or renewals), County hereby grants to Grantee the sole and exclusive right, privilege, and franchise to provide the Solid Waste Handling services described in Exhibit "A" (Provided Services) to this Agreement, to all single family units, multifamily units, and commercial, industrial, and institutional premises within the Franchise Area. The Franchise granted herein includes the exclusive rights to enter upon, over, and use the County's roads for the purpose of providing Solid Waste collection services for a fee in the franchise area, including, but not limited to, the exclusive authorization to drive heavy vehicles on, over and across the County's roads and place waste containers and bins in the County's right-of-way. The County and Grantee acknowledge and declare that the aforementioned rights are being conferred upon Grantee as consideration for the payment to the County of the Franchise Fee, as set forth in Section 13.A., and are not available or provided to non-franchisees, except as may be expressly required by law. County shall actively enforce the exclusive rights of Grantee to provide services within the Franchise Area. By this Agreement and subject to its terms, the County grants the broadest form of exclusive Solid Waste handling franchise permissible under applicable law, including a non-exclusive grant of its general police powers and the specific authority given to local agencies by California Public Resources Code section 40059 to determine aspects of Solid Waste handling that are of local concern. Such delegation of police powers and authority under California Public Resources Code section 40059 shall not be exclusive as the County shall retain the right to also enforce Solid Waste handling within the County in combination with the Grantee, provided, however, that Grantee shall not be relieved of any of its obligations under this Agreement, including those specifically related to SB 1383 compliance. The foregoing references to Section 40059 includes the relevant appellate case law interpreting that statute.

B. Acceptance of Franchise

Grantee agrees to be bound by and comply with all the requirements of this Franchise Agreement. Grantee waives, terminates and hereby releases any right or claim to serve any part of the County under any prior grant of franchise, contract, license or permit issued or granted by any governmental entity.

C. Exceptions to Exclusivity

The foregoing Grant of Franchise shall exclude all persons identified as exempt from the Franchise pursuant Section 13-34 of the County Code, including, but not limited to, those persons who elect to self-haul their Solid Waste to the Kings Waste and Recycling Authority (“KWRA”).

D. Haulage by Third Parties.

This Franchise Agreement shall not prohibit haulers of Solid Waste collected outside of the Franchise Area from hauling such waste over County streets in accordance with applicable law.

**SECTION 4 – TERM AND TERMINATION**

The initial term of this Agreement shall commence at 12:00 a.m. on \_\_\_\_\_, 2026 and expire at 12:00 a.m. on June 30<sup>th</sup>, 2036. Thereafter, beginning on July 1<sup>st</sup>, 2036, and on each July 1 anniversary date thereafter, the term of this Agreement will be extended automatically for one (1) additional year, so as to have a rolling term of ten (10) additional years. Should either party desire that said automatic renewal and extension provision be terminated, such party shall give the other written notice of nonrenewal between January 1 and June 30 in any year, but not before the year 2026. Any such notice, properly given, shall serve to terminate the automatic one-year renewal and extension provision only, and this Agreement shall remain in effect for the balance of the term then outstanding. In the event that either party exercises its right to terminate the automatic renewal and extension provision under this paragraph, the parties may subsequently reinstate the automatic renewal and extension provision by mutual written agreement. Termination of this Agreement may also occur pursuant to the section “Failure to Perform and Remedies,” hereafter stated in this Agreement.

**SECTION 5 - FRANCHISE AREA**

The Franchise Area granted by this Agreement is the area identified in Exhibit “E.” Grantee shall perform Solid Waste Handling services pursuant to this Agreement only in such Franchise Area. Additional land may be included in the Franchise Area by mutual agreement of the Parties and amendment of Exhibit “E.”

**SECTION 6 - SERVICES PROVIDED BY GRANTEE**

Grantee shall provide Solid Waste Handling services to Generators in the Franchise Area, as defined under Section 5, in accordance with the terms and conditions of this Agreement and all exhibits attached hereto. The following minimum operating requirements shall apply to Grantee in the performance of the Solid Waste Handling services, except to the extent any operating requirement is specifically eliminated or modified in Exhibit A:

A. Employees

- (1) Each employee or other Person driving Grantee's vehicle shall at all times have a valid California vehicle operator's license appropriate for the vehicle being driven.
- (2) All Grantee employees shall wear clean clothing of a uniform type when engaged in collection operations under this Agreement.
- (3) Each employee dealing with Customers, including, without limit, those engaged in collection or billing, shall at all times behave in a courteous manner.
- (4) Noncompliance with the employee items above are subject to the terms of Section 10, Failure to Perform and Remedies.

B. Hours of Collection

Grantee shall not collect Solid Waste within a residential area or within a commercial area which is contiguous to a residential area between the hours of 10:00 P.M. and 5:00 A.M. the next day.

C. Office for Inquiries and Complaints

Grantee shall have the primary responsibility for communicating with the public about its Solid Waste collection activities and related services and receiving customer inquiries and complaints about those services. However, to the extent that the County is contacted by members of the public requesting services or submitting complaints about Grantee's services, it shall receive and log such customer inquiries and complaints and transmit any service requests or complaints to Grantee electronically or via other mutually agreed-upon method. Grantee shall maintain an office at some fixed place and keep regular business hours and shall maintain a locally listed telephone number. Such listing shall be in the Grantee's name or in the fictitious business name under which Grantee provides Solid Waste Handling services to the Franchise Area. This Section shall not require the Grantee to maintain an office which is different than or separate from the office for inquiries and complaints maintained by Grantee.

D. Records and Reports

Grantee shall prepare, maintain and provide to the County such records and reports as required in this Agreement, including any records related to Grantee's services under this Agreement required by applicable law.

E. Commencement of Service

Grantee shall provide Solid Waste Handling services to all Customers within its approved Franchise Area, except when denial or discontinuance of service is specifically authorized by this Agreement. Such service shall commence within seven (7) working (waste collection) days of the County providing notice to Grantee of a Customer requiring service or a Customer requesting service from Grantee.

F. Collection Frequency

For health and safety purposes, minimum collection frequency for all Solid Waste Handling Customers shall be once per week, in accordance with Section 17331 of Title 14, California Code

of Regulations. Grantee shall correct any missed collection of a Customer's Solid Waste within two (2) working (waste collection) days of notice thereof, unless the next regular collection of such waste is scheduled to occur within three (3) working (waste collection) days of such notice. Grantee shall not charge customers for missed collection resulting from Grantee's error. Customers may be charged for missed collection due to customer error.

#### G. Containers

In addition to any requirement Grantee is subject to under its Health and Safety Permit, each container shall be replaced in its proper place in a neat and orderly manner; any litter spilled from a container by Grantee's employees while emptying a container shall be cleaned up by Grantee's employees.

#### H. Noise

In addition to any requirement Grantee is subject to under applicable law, Grantee shall not create any noise in excess of what is reasonable and necessary in providing Solid Waste Handling services to its Customers. Further, Grantee shall actively evaluate and strive to implement noise reduction measures on an ongoing basis, consistent with common industry practice and standards applicable in similar circumstances.

#### I. Collection Equipment

Grantee shall provide an adequate number of vehicles and equipment to provide the Solid Waste Handling services required under this Franchise Agreement. Any and all such vehicles and equipment shall be made available to the Department of Public Health, Division of Environmental Health Services, or other County Department or designee, for inspection upon reasonable request.

All motor vehicles used by Grantee under its Franchise Agreement shall be registered with the Department of Motor Vehicles of the State of California, shall be kept clean and in good repair, and shall be uniformly painted. In addition, vehicles must be in compliance with the California Air Resources Board requirements and any other applicable state or federal laws and/or regulations pertaining to the operation of Solid Waste handling equipment. Notwithstanding the foregoing, County and Grantee agree that Grantee's obligations and/or scope of services under this Agreement exclude any requirements regarding the future conversion of fleets, or any part thereof, to Zero-emissions (ZEV) or Near-zero-emissions (NZEV) vehicle(s) or the future acquisition, hiring or use of ZEVs or NZEVs under Applicable Law, including without limitation Sections 2015 et seq. of Title 13 of the California Code of Regulations. Should such existing Applicable Law apply to any Grantee's vehicles used in the provision of services under this Agreement during the Term, then the County and Grantee agree to meet and confer in good faith to amend this Agreement to incorporate provisions and obligations reasonably necessary to comply with such Applicable Law, and Grantee may, subject to the County's approval, be entitled to a Rate adjustment in accordance with Section 13.C.5. to compensate it for such change in Grantee's obligations and/or scope of services under this Agreement.

#### J. Privacy

Grantee shall strictly observe and protect the rights of privacy of its Customers. Information identifying individual Customers or the composition or contents of a Customer's waste stream shall not be revealed to any Person, governmental unit, private agency, or company, unless as

part of a legitimate inquiry by a governmental unit, or as authorized by a court of law or by statute, or upon written authorization of the Customer. This provision shall not be construed to preclude Grantee from performing its obligations under this Agreement, including, without limitation, those set forth in Exhibit B, or preparing, participating in, or assisting in the preparation of waste characterization studies or waste stream analyses which may be required by the State of California, or the County, provided that no such analysis shall identify any person or connect any person to any particular waste. In addition, Grantee shall not market, sell, convey, or donate to any Person any list with the name or address of Customers except that Grantee may provide such lists to authorized employees and authorized representatives of the County as necessary to comply with this Franchise Agreement. Grantee shall, at all times and consistent with prevailing industry standards, utilize encryption or other security measures reasonably calculated to protect Customer information from unauthorized disclosure.

#### K. Customer Complaints

Grantee shall respond to customer complaints whether received directly from customers, or by customer through County. Grantee shall designate a government liaison Person responsible for working with the County to resolve Customer complaints. The name of the liaison Person and a twenty-four (24) hour availability telephone number shall be provided to the Public Works Director. Customer complaints shall be resolved in accordance with Section 10(B) herein, "Resolution of Customer Complaints."

#### L. Property Damage

- (1) Any physical damage caused by the negligent acts or omissions or willful misconduct of employees, officers, or agents of the Grantee to private or public property resulting from operations under this Agreement shall be promptly repaired or replaced by Grantee at Grantee's sole expense.
- (2) With respect to driving surfaces, Grantee shall be responsible for damage (excluding normal wear and tear), whether or not paved, resulting from the weight of vehicles providing Solid Waste Handling services on public or private property when it can be demonstrated that such damage is the result of vehicles exceeding speed limits or maximum weight limits set by the State of California or by other negligent operation of vehicles by Grantee's employees.

#### M. Gratuities

Grantee shall not, nor shall it permit any officer, agent, or employee employed by it, to request, solicit or demand, either directly or indirectly, any gratuity for services authorized or required under its Agreement.

#### N. Laws and Licenses

Grantee shall comply with all applicable federal, state, and County or local laws, ordinances, rules, and regulations, and any applicable amendments thereto, in the performance of the Solid Waste Handling services provided under this Franchise Agreement and shall obtain and maintain in full force and effect all licenses and permits necessary to perform such services throughout the term of this Franchise Agreement.

O. Services During Strikes, Lockouts or Other Labor Disturbances

In the event of labor strikes, lockouts, or other labor disturbances, Grantee and County agree to cooperate fully in developing and implementing contingency plans for the continued collection and handling of Solid Waste in order to safeguard public health and avert imminent and substantial threats to public health and safety. Without limitation, these cooperation efforts may include prioritizing the collection of Solid Waste from certain businesses in order to control the accumulation of Solid Waste that may lead to more immediate threats to public health such as putrescible waste, sewage sludge, and manure or other animal waste.

**SECTION 7 - OWNERSHIP OF SOLID WASTE,  
INCLUDING RECYCLABLE MATERIALS**

Except as otherwise provided in state law, ownership of Solid Waste shall transfer to Grantee at such time as the Solid Waste is discarded by the Solid Waste Handling service Customer. County makes no claim of ownership to the discarded Solid Waste. Without limiting the generality of the foregoing, nothing in this Agreement shall require or obligate Grantee to take possession of or title to Excluded Waste, which at all times shall remain with the generator of such Excluded Waste.

**SECTION 8 - WASTE DELIVERY DESIGNATION**

County reserves the right to designate the disposal facility or facilities to which Grantee shall deliver Solid Waste generated within County and collected by Grantee pursuant to this Agreement. This designation, when made, shall be subject to the following:

- (1) Designation of Facilities. Grantee shall Transport and Deliver all Solid Waste collected to KWRA. Upon Grantee's Delivery of collected materials to KWRA, and KWRA's acceptance of said materials, ownership of such materials transfers from Grantee to KWRA. Grantee is not responsible for providing transfer, processing, or disposal under this agreement. This agreement does not, however, prevent or preclude the Grantee from making a separate agreement with KWRA for the processing of said materials.
- (2) Use of Alternative Facilities. The Public Works Director may designate an alternative facility for Grantee's use for a short or extended period of time, in the event of an emergency, such as a force majeure event described in Section 14.
- (3) Payment of Facility Tipping Fees. Grantee shall pay all tipping fees, surcharges, contamination processing fees, and other costs charged by KWRA, or other designated facility(ies) for acceptance and transfer, processing, and/or disposal of Source Separated Recyclable Materials, SSGCOW, SSBCOW, and Gray/Black Container Waste collected in accordance with this Agreement.
- (4) Communications. If requested by the Public Works Director, the Grantee shall meet with the County and KWRA to discuss issues related to the interaction of operations between Grantee and KWRA.
- (5) Compliance with Facility Rules. Grantee shall cooperate with KWRA and comply with KWRA's requirements including: (i) how and where to unload collection vehicles; (ii) respecting operations and construction of new facilities; and, (iii) the Facility operator's Excluded Waste screening and exclusion program.

- (6) Vehicle Tare Weights for Approved Facility(ies). Within thirty (30) days of the Effective Date, Grantee shall coordinate with KWRA to ensure that all Collection vehicles used by Grantee to transport Solid Waste are weighed to determine unloaded (“tare”) weights. Grantee shall work with KWRA to electronically record the tare weight, identify vehicle as Grantee’s, and provide a distinct vehicle identification number for each vehicle. Grantee shall provide County with a report listing the vehicle tare weight information upon request. Grantee shall promptly coordinate with KWRA to weigh additional or replacement Collection vehicles prior to Grantee placing them into service. Grantee shall check tare weights at least annually, or within fourteen (14) days of a County request, and shall re-tare vehicles at KWRA immediately after any major maintenance service that could impact the weight of the vehicle by more than fifty (50) pounds.
- (7) Records and Investigations. Grantee shall maintain accurate records of the quantities of Discard Materials Transported to and accepted by KWRA and shall cooperate with County and any regulatory authority in any audits or investigations of such quantities.
- (8) If the Public Works Director or their designee directs Grantee to deliver Residual Solid Waste collected pursuant to this Agreement to a Solid Waste Facility that is different from the facility Grantee is then using for the disposal of such waste, or in amounts that are different than the amount that Grantee is currently delivering to that facility, and this direction results in increased operating costs to the Grantee, Grantee shall be entitled to a corresponding Fee adjustment to fully compensate Grantee for the increased costs.

## **SECTION 9 - INDEMNIFICATION AND INSURANCE, AND PERFORMANCE BOND**

### **A. Indemnification of County**

The Grantee agrees to indemnify, defend (with counsel chosen by County) and hold harmless the County and its authorized elected officials, officers, employees, contractors, consultants, attorneys, agents and volunteers from any and all claims, actions, losses, damages, and/or liability arising out of Grantee’s performance of services under this Agreement, except to the extent, if at all, that such liability arises as a result of County’s negligence or willful misconduct.

### **B. Hazardous Waste Indemnification**

Without limiting the generality of the foregoing, if Grantee is alleged to have, or determined to have, or not disputed allegations that it has negligently or willfully acted or failed to act with respect to the collection, handling or transportation of Hazardous Waste, Grantee shall indemnify, defend with counsel chosen by County, protect and hold harmless the County and its respective elected officials, officers, employees, contractors, consultants, attorneys, agents, volunteers, assigns, and any successor or successors harmless from and against all claims, actual damages (including, but not limited to, special and consequential damages), natural resources damage, punitive damages, injuries, costs, response remediation and removal costs, losses, demands, debts, liens, liabilities, causes of action, suits, legal or administrative proceedings, interest, fines, charges, penalties, and expenses (including, but not limited to, attorneys' and expert witness fees and costs incurred in connection with defending against any of the foregoing or in enforcing this indemnity) of any kind whatsoever paid, incurred or suffered by, or asserted against, County or its respective officers, employees, agents, or Grantees arising from or attributable to any repair, cleanup or detoxification, or preparation and implementation of any removal, remedial response, closure or other plan (regardless of whether undertaken due to governmental action) concerning any Hazardous Waste as to which Grantee has negligently or willfully acted or failed to act with

respect to its collection, handling or transportation at any place where Grantee stores, handles, transports or to the extent applicable, disposes of, Solid Waste pursuant to this Franchise Agreement, except to the extent, if at all, that such liability arises as a result of County's negligence or willful misconduct. The foregoing indemnity does not extend to liability arising from de minimis amounts of household hazardous waste that Customers may place in Solid Waste receptacles, and excludes liability arising from County's decision to exercise its waste delivery designation rights under Section 8 of this Agreement. The foregoing indemnity is intended to operate and shall operate as an agreement pursuant to Section 107(e) of the Comprehensive Environmental Response, Compensation and Liability Act, "CERCLA," 42 U.S.C. Section 9607(e) and California Health and Safety Code section 25364, to insure, protect, indemnify, and hold the County harmless from liability. This Section 9B shall survive the termination, lapse or any change in the relationship of the Parties hereto.

### C. Insurance Requirements

#### Insurance Requirements

##### (1) Commercial General Liability

- i. Contractor shall maintain commercial general liability insurance with coverage at least as broad as Insurance Services Office form CG 00 01, in an amount not less than Five Million Dollars (\$5,000,000) per occurrence for bodily injury, personal injury, and property damage, including without limitation, blanket contractual liability. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit. Contractor's general liability policies shall be primary and shall not seek contribution from the County's coverage, and be endorsed using Insurance Services Office form CG 20 10 (or equivalent) to provide that County and its officers, officials, employees, and agents shall be additional insureds under such policies.
- ii. Any failure to comply with reporting provisions of the policies by Contractor shall not affect coverage provided the County.
- iii. Coverage shall state that Contractor insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
- iv. Coverage shall contain a waiver of subrogation in favor of the County.

##### (2) Comprehensive Automobile Liability

- i. Contractor shall provide comprehensive auto liability coverage for owned, non-owned, and hired autos using ISO Business Auto Coverage form CA 00 2001 (or equivalent) with a limit of no less than Five Hundred Thousand Dollars (\$500,000) per person, One Million Dollars (\$1,000,000) per accident, and One Hundred Thousand Dollars (\$100,000) for property damage, with a combined single limit of One Million Dollars (\$1,000,000).

(3) Workers' Compensation and Employers' Liability

- i. Contractor shall maintain Workers' Compensation Insurance and Employer's Liability Insurance with limits of at least One Million Dollars (\$1,000,000). Contractor shall submit to County, along with the certificate of insurance, a waiver of subrogation endorsement in favor of County, its officers, agents, employees, and volunteers.

(4) Umbrella or Excess Policy

- i. The Contractor may use Umbrella or Excess Policies to provide the liability limits as required in this Agreement. This form of insurance will be acceptable provided that all of the Primary and Umbrella or Excess Policies shall provide all of the insurance coverages herein required, including, but not limited to, primary and non-contributory, additional insured, Self-Insured Retentions (SIRs), indemnity, and defense requirements. The Umbrella or Excess policies shall be provided on a true "following form" or broader coverage basis, with coverage at least as broad as provided on the underlying Commercial General Liability insurance. No insurance policies maintained by the Additional Insureds, whether primary or excess, and which also apply to a loss covered hereunder, shall be called upon to contribute to a loss until the Contractor's primary and excess liability policies are exhausted.

(5) All Coverages

- i. Each insurance policy required by the agreement shall be endorsed to state that coverage shall not be suspended, voided, cancelled, or reduced in limits except after thirty (30) days' prior written notice has been given to the County, except that ten (10) days' prior written notice shall apply in the event of cancellation for nonpayment of premium.
- ii. All self-insurance, self-insured retentions, and deductibles must be declared and approved by the County.
- iii. Evidence of Insurance - Prior to commencement of work, the Contractor shall furnish the County with certificates, additional insured endorsements, and waivers of subrogation evidencing compliance with the insurance requirements above.
- iv. Acceptability of Insurers - Insurance shall be placed with insurers admitted in the State of California and with an A.M. Best rating of A- VII or higher.
- v. Subcontractors and Consultants - A category of risk and the applicable insurance requirements will be determined on a "per subcontractor" or "per consultant" basis, considering the particular work to be done by the subcontractor or consultant and the interrelationship of that work to other work being conducted by the Contractor.

D. Performance Bonds or Other Security

Grantee shall furnish to the County without additional charge a corporate surety bond, a letter of credit or other security device acceptable to the County in County's sole discretion, as security for performance under this Franchise Agreement (collectively "Security"). The amount of the Security shall be the fair market cost, at the time of execution of this Agreement, of renting substitute equipment to perform the Solid Waste Handling services for a period of six (6) months, as agreed

upon by the Parties. Adequate proof of the existence of the Security shall be provided (e.g., a certificate from the surety showing that the bond premiums have been paid in full shall accompany the bond and each renewal thereof). The Performance Bond shall secure performance of the Grantee's obligations hereunder and shall remain in effect for ninety (90) days following the expiration of this Agreement. The surety on the bond, the bank on which the letter of credit is drawn and the surety for any other Security device shall be a company acceptable to the County and shall be authorized to do business in the State of California. The Surety company will at the minimum have an A- rating from AM Best and will be listed on the U.S. Department of Treasury's Circular 570.

E. Modification

The requirements of this Section 9 may be modified or waived in writing by the County upon the request of Grantee, provided the County reasonably determines such modification or waiver is in the best interest of County and of the public welfare, considering all relevant factors, including acceptable financial guarantees provided by Grantee or by a parent company of Grantee.

**SECTION 10 - FAILURE TO PERFORM AND REMEDIES**

The rights of the Grantee and County upon the failure of either to perform as required under this Agreement shall be as provided below:

A. Administration, Enforcement and Remedies

- (1) If the Public Works Director determines at any time that the Grantee's performance of the Solid Waste Handling services authorized/required in this Franchise Agreement, are not in conformity with the provisions of the Franchise Agreement, or applicable federal, state, or local law or regulation, including, but not limited to, the laws governing collection, transfer, storage and/or disposal of Solid Waste, the Public Works Director will notify Grantee in writing of such deficiencies ("Notice of Deficiency").

The Notice of Deficiency may provide a reasonable time within which correction of all noted deficiencies is to be made. Unless a shorter or longer period of time is specified in the notice of deficiency sent by the Public Works Director, a reasonable time for correction shall be thirty (30) consecutive calendar days from the receipt by the Grantee of such written notice. If the Grantee cannot reasonably correct or remedy a noted deficiency within the time specified in the Notice of Deficiency or a thirty (30) day period, as applicable, but the Grantee immediately commences to correct or remedy such deficiency within the time set forth in the Notice of Deficiency and notifies the County of such efforts to correct or remedy the deficiency, and diligently pursues such correction or remedy thereafter, Grantee shall not be deemed to have failed to correct or remedy the deficiency but instead shall be subject to liquidated damages as set forth herein. Notwithstanding the foregoing, any uncured defaults of material provisions of the Agreement which present an imminent and substantial threat to public health and safety shall result in termination of this Agreement. For purposes of this section, assessment of liquid damages in total of more than Ten Thousand Dollars (\$10,000.00) in any twelve (12) month period shall be deemed a material breach subject to immediate termination.

- (2) The Public Works Director shall review the Grantee's response to the Notice of Deficiency. If the Public Works Director determines that the Grantee has not cured the deficiency or has not begun to cure in accordance with this Section 10, as applicable, the Public Works

Director shall meet and confer with Grantee to discuss resolution of the deficiency. In the event that Grantee is unable to cure the deficiency for any reason in its reasonable control, the Public Works Director shall either:

- i. Refer the matter directly to the County Board of Supervisors for decision pursuant to subsection (4) of this Section 10–A; or
  - ii. Decide the matter and notify the Grantee of that decision, in writing.
    - The decision of the Public Works Director may be to terminate the Franchise Agreement or may be to impose some lesser sanction;
    - The decision of the Public Works Director shall be final and binding on Grantee unless the Grantee files a “Notice of Appeal” with the Public Works Director within thirty (30) days of receipt of the Public Works Director’s decision. The Notice of Appeal shall be in writing and shall contain a detailed and precise statement of the basis for the appeal.
    - Within fourteen (14) working days of receipt of a Notice of Appeal, the Public Works Director shall refer the appeal to the County Board of Supervisors for proceedings in accordance with subsection (3) of this Section 10–A.
- (3) Should the Public Works Director refer the Notice of Deficiency to the County Board of Supervisors in the first instance, or if the matter reaches the County Board of Supervisors pursuant to a Notice of Appeal, the County shall set the matter for hearing.
- i. If the County Board of Supervisors sets the matter for public hearing:
    - The County shall give Grantee, and any interested person requesting the same, ten (10) days’ written notice of the time and place of the hearing. At the hearing, the County shall consider the report of the Manager indicating the deficiencies, and shall give the Grantee, or its representatives and any other interested person, a reasonable opportunity to be heard.
    - Based on the evidence presented at the public hearing, the County Board of Supervisors shall decide the appropriate action to be taken. If, based upon the record, the County determines that as noted in the Notice of Deficiency the Grantee’s performance of the Solid Waste Handling services authorized/required in this Franchise Agreement, are not in conformity with the provisions of the Franchise Agreement, or constitute a material violation of applicable federal, state, or local law or regulation, including, but not limited to, the laws governing collection, transfer, storage and/or disposal of Solid Waste, then the County may terminate this Franchise Agreement forthwith if it determines that an imminent and substantial threat to public health and safety has been created as a result of Grantee’s deficiency, or in the case of any other uncorrected breach, it may impose such lesser sanction or sanctions not involving termination as it deems reasonably appropriate. The decision of the County Board of Supervisors shall be final and conclusive.
- (4) Grantee’s performance under this Franchise Agreement is not excused during the period of time prior to the Public Works Director or the County Board of Supervisors final determination, as the case may be, regarding the validity of, and appropriate response to, the deficiencies noted in the Notice of Deficiency.

- (5) The County rights set forth in this Section 10–A are in addition to, and not in limitation of, any other powers or rights available to the County upon failure of Grantee to perform its obligations under this Franchise Agreement. Further, by entering into this Franchise Agreement, Grantee acknowledges, admits and agrees, for use as evidence in any proceeding of any nature, and from time to time, that its material violation of any terms of this Franchise Agreement may cause the County to suffer irreparable injury and damages sufficient to support injunctive relief to enforce the provisions of the Franchise Agreement, and to enjoin the breach thereof to the extent permitted by law.
- (6) Nothing in this section shall limit Grantee from pursuing any rights or remedies to which it may be entitled to under law or by equity in a court of competent jurisdiction under the laws of the State of California.

**B. Resolution of Customer Complaints**

Procedures for resolution of complaints and other disputes shall be as follows:

- (1) Grantee agrees to use its best efforts to resolve all complaints received by close of business of the second working (waste collection) day following the date on which such complaint is received. (See Office of Inquiries and Complaints section herein). Service complaints may be investigated by Public Works Director, as necessary to resolve. Grantee shall provide reasonable cooperation in the event of such investigation. Grantee shall maintain records listing the date of Customer complaint, the name, address and telephone number of Customer, the nature of the complaint or request, and the date when, and nature of the action taken by the Grantee to resolve the complaint. All such records shall be maintained for at least three (3) years after Grantee's receipt of the complaint or inquiry and shall be available for inspection by County during all business hours. Service complaints shall be the responsibility of Grantee whether received by County and forwarded to Grantee or received directly by Grantee.
- (2) If the Grantee fails to cure a complaint, the Public Works Director shall review the complaint and determine if further action is warranted. The Manager may request written statements from the Grantee and Customer, or oral presentations, or both written and oral presentations.
- (3) The Public Works Director shall determine if the Customer's complaint is justified, and if so, what remedy, if any, shall be applied. The remedy provided to the Customer under this Section shall be limited to a refund of Customer charges related to the period of violation of any of the applicable terms of Chapter 13 of the County Code or of the breach of any term of this Franchise Agreement. In addition to any other remedy of County contained in this Agreement, County may impose upon Grantee liquidated damages of up to one hundred dollars (\$100.00) payable to the County for any single event or series of related events, or actual damages as demonstrated during the resolution procedure.
- (4) The Public Works Director may delegate the duties under this Section to a designee. The decision of the Public Works Director or a designee shall be final on any matter of Five Hundred Dollars (\$500.00) or less. In the event of a decision on a matter awarding more than Five Hundred Dollars (\$500.00), Grantee may seek review pursuant to the Notice of Appeal procedure contained in Section 10–A of this Agreement.

## **SECTION 11 - FRANCHISE TRANSFER**

The rights of the Grantee in regard to the transferability of its Franchise shall be as set forth below:

- (1) Neither this Franchise Agreement nor any right or privilege granted in this Agreement shall voluntarily or involuntarily be transferred, sold, hypothecated, sublet, assigned or leased, in whole or in part, nor shall title thereto, either legal or equitable, or any right, interest, or property therein (all collectively referred to herein as "transfer" ), pass to or vest in any Person, except the Grantee, either by act of the Grantee or by operation of law, without the prior written consent of the County. Any attempt by Grantee, or by operation of law, to transfer this Franchise Agreement without the prior written consent of the County shall be void and deemed a material breach of this Agreement.
- (2) This Franchise Agreement shall terminate on any Change in Ownership of Grantee, unless such Change in Ownership has been consented to, in writing, by the County prior to the effective date of such Change in Ownership.
- (3) The County shall review a request by Grantee that the County approve a transfer of all or part of Grantee's interest in this Franchise Agreement, or that the County consent to a Change in Ownership of Grantee, using such criteria as it deems necessary including, but not limited to, those listed below. The County shall not unreasonably withhold its consent to the transfer of this Franchise Agreement or to any Change in Ownership of Grantee.

If the Grantee requests that the County consider and consent to a transfer of this Franchise Agreement or a Change in Ownership of Grantee, the Grantee or the proposed transferee, as applicable, shall at a minimum meet each of the following requirements prior to completing the transfer of the Franchise Agreement or Change in Ownership:

- i. The Grantee shall pay all County attorney's fees and related administrative and investigation costs necessary to determine the suitability of any proposed transferee or proposed new owners, and to review and finalize any documentation required by County, in its sole and absolute discretion to determine what form of documentation will be used in terms of effecting a proper transfer, as a condition for approving any such transfer of the Franchise Agreement or Change in Ownership.
- ii. The Grantee shall furnish the County with independently audited financial statements of the proposed transferee's operations for the immediately preceding three (3) operating years.
- iii. The Grantee shall furnish the County with proof satisfactory to County, in its sole and absolute discretion:
  - that the proposed transferee or the proposed management of the Grantee under the proposed new owner has at least three (3) years of Solid Waste management experience of a scale equal to or exceeding the scale of operations conducted by Grantee under this Agreement;
  - that in the last five (5) years, the proposed transferee or any company managed by the proposed new owner (or by the proposed management of the Grantee under the proposed new owner) has not received any citations, Notice of Violations or other censure from any federal, state or

local agency having jurisdiction over its waste management operations due to any failure to comply with state, federal or local waste management laws, where such failure either: (i) evidences a pattern of disregard for such state, federal or local waste management laws; or (ii) involves actions which endangered the lives or property of any Person. Grantee shall supply the County with a complete list of such citations, Notices of Violations and censures, if any;

- that the proposed transferee or any company managed by the proposed new owner (or by the proposed management of the Grantee under the proposed new owner) has at all times conducted its operations in an environmentally safe and conscientious fashion;
- that the proposed transferee or any company managed by the proposed new owner (or by the proposed management of the Grantee under the proposed new owner) conducts its Solid Waste management operations in accordance with sound waste management standards and practices and in full compliance with all federal, state and local laws regulating the collection and disposal of waste;
- of the adequate financial strength of proposed transferee or of the Grantee under the proposed new ownership; and
- of the ability of the proposed transferee or of the Grantee under the proposed new ownership to obtain and maintain required insurance and bonds.

## **SECTION 12 - REPORTS**

Grantee shall provide the Public Works Director with such reports and information and make its records available for review as provided below:

### **A. General**

- (1) Grantee shall keep, and, maintain, and furnish copies of such operating records and reports as may be requested by County to ascertain compliance with this Agreement, and support requests for a Fee adjustment. County and Grantee agree that Grantee's financial data and operational records shall remain confidential with respect to third parties, and shall be protected from disclosure to the extent they contain proprietary information, including trade secrets, whether or not designated as such by Grantee.
- (2) All information required to be kept, maintained or furnished to the County shall be maintained a minimum of five (5) years after the entry of the most recent item therein.

### **B. Reporting Requirements**

During the term of this Franchise Agreement, Grantee shall submit to the County quarterly, and more often if required by law, information or data that Grantee is required to prepare or maintain under this agreement that is reasonably required by County to meet reporting obligations imposed by the State of California, and the regulations implementing each, as detailed in Exhibit "B," in a manner acceptable to County. Grantee agrees to submit such reports and information as reasonably requested by the County. Grantee agrees to render all reasonable cooperation and assistance to the County in meeting the requirements of the County's source reduction and recycling element and non-disposal facility element.

C. Annual and Quarterly Reports

- (1) Grantee shall assist County in preparation of all Annual and Quarterly reporting required by federal, state or other local agencies, and CalRecycle, or successor agency, to satisfy any diversion and disposal reporting requirements in accordance with this Agreement.
- (2) Quarterly reports shall be submitted forty-five (45) days following the end of each calendar quarter. The quarterly reports shall include:
  - i. Amount (in tons) and type of material collected.
  - ii. Amount and types of material deposited in the Solid Waste Facility.
  - iii. Amount and types of material recycled, processed or diverted.
  - iv. Summary assessment of services, and identification of impediments to meeting service requirements.

**SECTION 13 - COMPENSATION**

A. Franchise Fee

- (1) Commencing with the first calendar month following the Commencement Date and for each month thereafter during the Term of this Franchise, the Franchisee shall pay to the County a quarterly Franchise Fee equal to two (2) percent of the gross receipts received by Grantee from Customers from all services performed under this Agreement. The Franchisee fee shall be paid to the County forty-five (45) days after the end of each quarter. County and Contractor acknowledge and declare that this Franchise Fee bears a reasonable relationship to the value of the exclusive rights granted Contractor by this Franchise, including, but not limited to, the exclusive rights to enter upon, over, and use the County's roads for the purpose of driving heavy vehicles on, over and across the County's roads and placing waste containers and bins in the County's right-of-way for the purpose of providing Solid Waste collection services for a fee in the Franchise Area; and the value of the Franchise and the Franchise Fee Contractor pays County for the Franchise has been determined and agreed upon based on bona fide negotiations between the County and Contractor concerning the value of the Franchise, and County and Contractor acknowledge and declare that the Franchise Fee set forth herein bears a reasonable relationship to the value of the exclusive rights granted Contractor by this Franchise. Notwithstanding the bona fide negotiations surrounding the Franchise and the Franchise Fee Contractor pays County for the Franchise, to the extent the Franchise Fee is deemed imposed by County, County and Contractor acknowledge and agree the Franchise Fee is imposed for the specific and special benefit conferred or special privilege granted directly to Contractor - the exclusive rights to enter upon, over, and use the County's roads for the purpose of providing Solid Waste collection services for a fee in the Franchise Area - that is not provided to those not charged the Franchise Fee, and the Franchise Fee does not exceed the reasonable costs to County of conferring the benefit or granting the privilege, and bears a fair or reasonable relationship to the benefit Contractor receives from the Franchise.
- (2) Following the initial twelve (12) month period of this Agreement (calculated from the date that all parties have signed the Agreement), and annually thereafter, the County may

adjust the Franchise Fee as necessary to cover any increase in the County's reasonable costs in administering the Franchise granted herein, including, but not limited to, costs associated with any related enforcement, investigation, or inspection activities by the County.

**B. Grantee Compensation and Billing**

Each party shall provide/maintain accurate and complete accounting and billing. Either party may request and be entitled to review the other party's accounting and billing related to this Agreement.

- (1) Billing. Grantee shall directly bill all of its Customers located in their Franchise Areas for subscription services. Grantee shall accept payment from Customers by check, cash, or credit card. If a Customer fails to pay for services for forty-five (45) days or longer, Grantee may suspend service to such Customer until such time as the balance due has been paid in full. If the delinquent account is not paid in full within sixty (60) days, the County may record a lien on the property occupied by a Customer in accordance with Government Code section 25828, and County Code section 13-40, and proceed to collect any unpaid amounts. The County shall remit the payments received under this Section to the Grantee, less any offsets due to the County by Grantee.
- (2) Neither the County nor any of its officers or employees shall be liable, or in any way responsible, for the payment of any service Rates or charges due to Grantee for performing services for any Person, other than County.

**(3) Service Rates**

The Exhibit "D" Rates are inclusive of all Solid Waste handling services to be provided, including collection, transportation, cart and bin costs, and costs associated with moving bins from standard enclosures such distance as is reasonably necessary to empty them (but not including costs associated with moving bins beyond such distance in unusual circumstances or due to special requests by customers). If a Rate has not been established for a service requested by a Customer, then Grantee shall determine with Customer the appropriate charge, subject to County's approval. Grantee shall promptly notify County of any new Rates to be billed by Grantee. No other charges shall be imposed by Grantee for such services unless approved by County.

**C. Adjustment to Rates**

**(1) Annual Cost of Living Adjustment (COLA)**

Beginning July 1, 2026, and each July 1 thereafter, the "Service Component" shall be annually adjusted upwards by adding a cost-of-living adjustment (COLA) to the then current Rates. The COLA shall be based on the annual change in Consumer Price Index (CPI), utilizing the methodology specifically set forth in Exhibit G.

(2) KWRA Facility Fee Adjustment

The “transfer, processing, and disposal component” shall be adjusted by one hundred percent (100%) of any inflationary increase in the tipping fees charged to Grantee, and shall be effective as of the date of the change of the Facility Fee. As an example:

2021 fee	\$23.64 per Ton
<u>2020 fee</u>	<u>-23.06</u>
Increase	\$0.58 per Ton

Increase, expressed as a percentage:

$$\$0.58 / \$23.06 \times 100\% = 2.51\%$$

(3) Extraordinary Adjustment

The parties acknowledge that there may be infrequent extraordinary events which, although they do not prevent either party from performing, and thus do not implicate the Force Majeure provisions hereof, nevertheless materially increase (more than 2%) the cost of providing service such that Grantee’s compensation and the Rate adjustment mechanism provided in this Agreement result in Grantee’s suffering material losses (2% or more) which are outside the commercially reasonable expectations of the parties. The obligation of the parties in such event is to act reasonably toward each other in arriving at an appropriate adjustment in Rates. Accordingly, at its option, Grantee may apply to the County at any time, but not more frequently than once annually, for an extraordinary Rate adjustment should an event or circumstance arise that is not the result of a Change in Law or Change in Scope Level which negatively impacts the economic operation of Grantee and which is in excess of the Rate adjustment resulting from the application of the annual adjustment formula set forth above. An extraordinary adjustment in Rates will be deemed justified if it is necessary for the Grantee to make a material change in its operations, or substantial capital expenditure or investment in order to perform its obligations under this Agreement due to the occurrence of an event or circumstance other than a Change in Law or Change in Scope Level which is beyond the reasonable control of Grantee. In the event of such an application for an extraordinary Rate increase, it is understood that the Grantee shall have the burden of demonstrating to the reasonable satisfaction of Public Works Director the basis for the materially increased cost.

(4) Franchise Fee Adjustment

In the event that the County adjusts the Franchise Fee, Grantee may implement a Franchise Fee adjustment to the Rates. The Franchise Fee adjustment shall be the pass through of one hundred percent (100%) of any increase or decrease in the Franchise Fee, and shall be effective as of the date the Franchise Fee increase or decrease is payable by the Grantee.

(5) Change in Scope Level Adjustment

- i. Subject to the approval of the Public Works Director, the Rates may be increased (or decreased) by one hundred percent (100%) of the increase (or decrease) or incremental increase (or incremental decrease), as the case may be, in the demonstrable costs (i.e., on any direct or indirect cost, whether fixed or variable)

associated with the change in the level of the Solid Waste Handling services or a change in the amount and/or nature of Grantee's obligations under this Agreement which may be required of, or agreed to by, Grantee (which may include, without limitation changes to the manner of providing services, equipment required to provide services, and changes to reporting obligations under this Agreement). County shall provide Grantee ninety (90) days' notice of any requested changes in scope of this agreement. A Change in Scope Adjustment shall be effective on and after the actual date of the requirement to or agreement to change operations which results from the change in scope, but, absent the consent of the Manager, not sooner than the effective date of the change in service and approval of the Public Works Director.

- ii. In the event that the Public Works Director and the Grantee claiming to be affected by the change in scope cannot agree on either the existence, or the effect on demonstrable costs, of a change in service level, the dispute resolution provisions of Section 13-D shall apply.

#### (6) Change in Law Adjustments

- i. Subject to the approval of the Public Works Director, the Rates may be increased (or decreased) by one hundred percent (100%) of the increase (or decrease) or incremental increase (or incremental decrease), as the case may be, in the demonstrable costs (i.e., on any direct or indirect cost, whether fixed or variable) associated with the change in the manner or nature of conducting Solid Waste Handling services or a change in the amount and/or nature of Grantee's obligations under this Agreement necessitated by a Change in Law. A Change in Law Adjustment shall be effective on and after the actual date of the change in operations which resulted from the Change in Law, but, absent the consent of the Manager, not sooner than the effective date of the Change in Law and approval of the Public Works Director.
- ii. In the event that the Public Works Director and the Grantee claiming to be affected by the Change in Law cannot agree on either the existence, or the effect on demonstrable costs, of a Change in Law, the dispute resolution provisions of Section 13-D shall apply.

#### D. Dispute Resolution Regarding Adjustment to Rates

- (1) Any dispute regarding any Change in Service Level Adjustment or Change in Law Adjustment provided for in 13 above, which cannot be resolved between the Grantee and County within thirty (30) days of the receipt by County of such documents as County may reasonably request, shall be submitted to a mutually agreed upon expert in the subject matter area of the dispute to resolve the dispute as to either or both: (i) the existence of a Change in Service Level or a Change in Law; and/or (ii) the effect on the Grantee's demonstrable costs of a Change in Service Level or a Change in Law. The decision of the expert shall be binding on the Grantee and the County. The cost of the expert shall be borne equally by the Grantee and the County, and the Parties shall pay the expert(s) each party's respective share on demand by the expert(s). If the Grantee and County cannot mutually agree upon an expert, either may petition the Superior Court of the County of Kings to have an expert chosen by the court. The County and Grantee shall each have the right to suggest one expert to the court; the court shall choose one of the suggested

experts. Any expert engaged as part of the dispute resolution process detailed in this Section 13.D shall enter into a reasonable non-disclosure agreement to protect any trade secret, confidential, or proprietary information of Grantee.

- (2) Any dispute regarding the current Rate schedule or Rate adjustments (except those disputes related to a Change in Service Level Adjustment or Change in Law Adjustment) shall be decided by the Public Works Director within ten (10) working days after receipt of a written statement from the Grantee of the nature and basis of the dispute with a request that it be resolved by the Public Works Director. Grantee shall have the right to appeal the Manager's decision in writing to the County Board of Supervisors within thirty (30) days after the Public Works Director has given the Grantee written notice of the decision. Such appeal shall conform to the appeal provisions set forth in Section 10-A of this Agreement in respect to the form of the Notice of Appeal, the time limits for processing the appeal, and the amount of fees, if any, connected therewith. The County may consider the appeal or refer said appeal to a hearing officer as provided in Section 10-A of this Agreement.
- (3) The most recent Rates approved by the County in effect at the time a dispute is submitted to either the expert or Public Works Director, as the case may be, shall remain in effect pending resolution of such dispute. The effective date of any dispute resolution, whether retroactive or prospective, shall be determined by the expert, the Public Works Director, the County or a hearing officer, as appropriate.

#### E. Discontinuance of Service

Grantee may discontinue service for non-payment of Customer's billing (when directed by County for accounts billed by County, or in the event of non-payment by a Customer billed by Grantee), or Customer's failure to substantially comply with the requirements of the applicable provisions of state or local law which govern use, storage and collection of Solid Waste in accordance with this Agreement, in accordance with Section 13.B.1 of this Agreement.

### **SECTION 14 - FORCE MAJEURE**

Grantee shall not be in default under this Agreement in the event that the services provided by the Grantee are temporarily interrupted or discontinued for any of the following reasons: riots, wars, sabotage, acts of terrorism, civil disturbances, insurrection, explosion, pandemics, epidemics, quarantines, acts of God, acts of government or governmental restraint, and natural disasters such as floods, earthquakes, landslides, and fires, severe weather or other catastrophic events which are beyond the reasonable control of Grantee and which Grantee could not reasonably be expected to have prevented or controlled. Catastrophic events do not include the financial inability of the Grantee to perform or failure of the Grantee to obtain any necessary permits or licenses from other governmental agencies or the right to use the facilities of any public utility where such failure is due solely to the acts or omissions of the Grantee. Labor strikes or work stoppages related to labor disputes involving Grantee's workers shall not be considered a Force Majeure event provided that Grantee continues operation under a contingency plan for the continued collection and handling of Solid Waste, in accordance with Section 6.O.

## SECTION 15 - OTHER PROVISIONS

### A. Independent Contractor

Grantee is an independent contractor and not an officer, agent, servant, or employee of County. Grantee is solely responsible for the acts and omissions of its officers, agents, and employees, if any. Nothing in this Franchise Agreement shall be construed as creating a partnership or joint venture between County and Grantee. Neither Grantee nor its officers, agents, or employees shall obtain any rights to retirement or other benefits which accrue to County employees.

### B. Right to Pass

Grantee shall have the right to enter or drive on any private street, court, place, easement, or other private property for the purpose of providing Solid Waste Handling services pursuant to its Franchise Agreement, so long as it is not in receipt of a written notice revoking permission to pass. Grantee shall have no rights greater than those held by County.

### C. Compliance with County Code

Grantee shall comply with provisions of the County Code that are applicable to operations hereunder, and with any and all amendments, from time to time, to such provisions of the County Code during the Term of this Agreement.

### D. Notices

Any notice, information, request or reply ("Notice") required or permitted to be given under the provisions of this Agreement shall be in writing and shall be given or served personally, by mail, or by email. If given or served by mail, such Notice shall be deemed sufficiently given if: (1) (i) deposited in the United States mail, certified mail, return receipt requested, postage prepaid, or (ii) sent by overnight service provided proof of service is available; and (2) addressed to (i) the Grantee at its most recent address of record with County or (ii) to the Manager at the then-current address of County, as the case may be. If given by email, such Notice shall be deemed sufficiently given if the receiving party confirms receipt. The addresses of the parties at the time of signing this Agreement are:

To County:                      Attn: Chuck Kinney  
                                                 Director of Public Works  
                                                 County of Kings  
                                                 1400 West Lacey Boulevard, Building #6  
                                                 Hanford, CA 93230  
                                                 chuck.kinney@co.kings.ca.us

To Grantee:                      Attn: Joseph Kalpakoff, President  
                                                 Mid Valley Disposal LLC  
                                                 1500 W. Jensen Avenue  
                                                 Kerman, CA 93630  
                                                 jkalpakoff@midvalleydisposal.com

Either party may from time to time designate a different party to receive notices by Notice to the other given in accordance with this Section. Notice shall be deemed effective on the date personally served or, if mailed, three (3) business days from the date such notice is deposited in

the United States mail, or if by facsimile transmission, upon receipt of confirmation of delivery which confirmation may be transmitted by the same means. Service by facsimile transmission shall not be effective unless the original of the document being served is deposited in the United States mail, postage prepaid, within twenty-four (24) hours after the facsimile transmission has been confirmed. Emails shall be deemed effective upon confirmation of receipt.

E. Exhibits Incorporated

Exhibits "A" through "F" are attached to and incorporated in this Agreement by this reference as if fully set forth.

F. Laws and Licenses

County and Grantee shall, at their own separate costs, comply with all federal, State, and County laws, ordinances, rules, and regulations applicable to the performance of the services hereunder and Grantee shall obtain and maintain in full force and effect throughout the term of this Agreement all licenses and permits necessary to perform the services hereunder.

G. Governing Law

This Agreement shall be governed by the laws of the State of California without regard to its conflicts of law principles, with venue in the Superior Court of the County of Kings or the Federal District Court with jurisdiction over County.

H. Waiver

No waiver by either party of any one or more defaults or breaches by the other party in the performance of this Agreement shall operate or be construed as a waiver of any already established or future defaults or breaches, whether of a like or different character or degree.

I. Counterpart Signatures

This Agreement may be executed in counterpart pages (counterparts), each of which shall be deemed an original and all of which shall constitute one and the same instrument, and shall become fully executed when counterparts have been signed by each of the Parties and delivered to the other Parties; it being understood that all Parties need not sign the same signature pages of this Agreement. The exchange of copies of this Agreement and of signature pages by electronic mail in "portable document format" (".pdf") form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, or by combination of such means, shall constitute effective execution and delivery of this Agreement as to the Parties and may be used in lieu of the original Agreement for all purposes. Signatures of the Parties transmitted electronically shall be deemed to be their original signatures for all purposes.

J. Further Assurance: Parties to Act in a Reasonable Manner

Each Party agrees to execute and deliver any instruments and to perform any acts as may be necessary or reasonably requested by the other in order to give full effect to this Agreement. Whenever the approval or consent of a Party is required under this Agreement such consent shall not be unreasonably withheld or delayed.

**SECTION 16 - SEVERABILITY**

If any non-material provision of this Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect the validity and enforceability of any of the remaining provisions of this Agreement.

**SECTION 17 - ENTIRE AGREEMENT; AMENDMENT**

This Agreement and its incorporated Exhibits constitute the entire agreement between the parties concerning the subject matter hereof and supersede any and all other communications, representations, proposals, understandings or agreements, either written or oral, between the parties hereto with respect to such subject matter. The Parties expressly intend that this Agreement supersede all prior agreements, in whatever form, between the County and Grantee related to Grantee's provision of Solid Waste collection services within the County and all associated matters. This Agreement may not be modified or amended, in whole or in part, except by written agreement signed by both parties hereto. Notwithstanding the foregoing, the parties acknowledge the provisions of Chapter 13 of the County Code as currently enacted are included herein and, further, that if and when such County Code provisions are amended, that the amended provisions shall apply to this Agreement, without any action being required of either party. The Public Works Director shall provide Notice to Grantee upon changes to the County Code that require a change in this Agreement.

**SECTION 18 - CONSTRUCTION OF FRANCHISE**

The parties hereto have negotiated this franchise at arm's length and with advice of their respective attorneys, and no provision contained herein shall be construed against either party solely because it prepared the actual physical Agreement executed by the parties.

WITNESS the execution of this Agreement on the day and year written above.

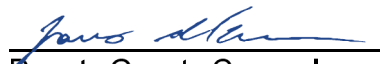
COUNTY OF KINGS

Mid Valley Disposal LLC

\_\_\_\_\_  
Chairman of the  
Board of Supervisors

  
\_\_\_\_\_  
Joseph Kalpakoff, President

\_\_\_\_\_  
County Clerk  
Attest

  
\_\_\_\_\_  
Deputy County Counsel  
Approved as to Form

  
\_\_\_\_\_  
County Risk Management

## **EXHIBIT "A" - PROVIDED SERVICES**

This Exhibit sets forth the level of services to be provided by Grantee pursuant to its Franchise, and the manner of providing such services which are in addition to the manner of providing services specified in this Agreement.

Grantee shall provide the Solid Waste Handling services in conformity with all provisions of this Agreement, subject to census tract waivers (Exhibit H), including:

### **A. Three Container Collection Program**

- A. **General.** Within one hundred eighty (180) days of the Effective Date; Grantee shall offer a three-container collection program for the separate collection of Source Separated Recyclable Materials (Blue Container), Source Separated Organic Waste (Green Container), and Gray/Black Container Waste to Generators in the Franchise Area where a Low Population Waiver has not been granted ("SB 1383 Area"). Such program shall enable Generators to select either a three-cart collection service or a three-bin collection service, or a combination thereof, depending on the Generator's needs.
  
- B. **Source Separated Recyclable Materials Collection (Blue Container).** Within one hundred eighty (180) days of the Effective Date, Grantee shall offer Blue Containers to Customers located in the SB 1383 Area for collection of Source Separated Recyclable Materials and offer Source Separated Recyclable Materials collection service. Grantee shall transport the Source Separated Recyclable Materials to KWRA.

The following are Acceptable Recyclable Materials, if rinsed and emptied of contents, that may be placed in the Blue Container:

- 1. Plastic, e.g., water bottles, milk jugs, juice bottles, shampoo or conditioner bottles, plastic mayo, mustard or catsup bottles, detergent bottles, and empty cleaning liquid.
  
- 2. Glass, e.g., jars for pickles, peanut butter, jelly, fruit, etc., and beer, wine liquor and soda bottles.
  
- 3. Tin, e.g., cans used for fruit, vegetables, soup, beans, etc.
  
- 4. Aluminum, e.g., soda cans, beer cans, other beverage cans, etc.
  
- 5. Paper and cardboard, e.g., Paper Products, Writing Papers, newspapers, magazines, phone books, mail, schoolwork, cereal boxes, mac and cheese boxes, cake mix boxes, brownie boxes, etc.

The following are not to be accepted for collection in Blue Containers:

Plastic bags, diapers, clothing and textiles, carpets, water hoses, Food Soiled Paper, wood, hangers, furniture, Bulky Items, scrap metal, Food

Waste, Food Scraps, polystyrene (commonly known as Styrofoam™), and Prohibited Container Contaminants.

- C. Source Separated Organic Waste Collection (Green Container). Within one hundred eighty (180) days of the Effective Date, Grantee shall offer Green Containers to Customers located in the SB 1383 Area, for Source Separated Organic Waste collection, and shall offer Source Separated Organic Waste collection service. Grantee shall transport and deliver Source Separated Organic Waste to KWRA.

The following are acceptable Organic Materials that may be placed in the Green Container:

Source Separated Organic Waste, food Waste, Food Soiled Paper, soiled paper towels, and Yard Trimmings.

The following Incompatible Materials are not accepted for collection in Green Containers: carpets, textiles, rocks, concrete, Prohibited Container Contaminants, any uncooked or raw meat, poultry, fish, seafood and shellfish, and fats, oils, or grease of any kind.

- D. Gray/Black Container Waste Collection. Within ninety (90) days of the Effective Date, Grantee shall offer Gray/Black Containers to Customers located in Kings County SB 1383 Areas for Collection of Gray/Black Container Waste and shall provide Gray/Black Container Waste Collection service. Grantee shall Transport and Deliver the Gray/Black Container Waste to KWRA.

The following is acceptable for placement in the Gray/Black Container:

Dirty diapers, food Incompatible for placement in Green Containers, animal waste (bagged), non-compostable used takeout food containers, textiles, and carpets.

The following are not accepted for collection in Gray/Black Containers: Prohibited Container Contaminants, Organic Waste, Recyclable Materials, and Excluded Waste.

- E. The Director may add or remove certain items that are acceptable for Blue Containers, Green Containers, or Gray/Black Containers (as defined above) from time to time through a signed amendment to this Agreement. Grantee shall not be required to collect any Solid Waste that the applicable facility is not able to accept and/or process; any such Solid Waste may be treated by Grantee as Prohibited Container Contaminants. Grantee shall provide Customers with advance notice and educational materials identifying the possible effects of such change with each Customer's monthly billing statement.
- F. Grantee is not required to replace functional Containers, including Containers purchased prior to January 1, 2022, that do not comply with the

color requirements of the three-Container Collection System before the end of a Container's useful life, or January 1, 2036, whichever comes first.

- G. Weekly 3 Cart Service - Unless otherwise required under applicable law or regulation, once per week Grantee shall collect the Solid Waste (except bulky items and Excluded Waste), which has been separated, placed, kept, or accumulated in containers at residential units within the Franchise Area and placed at curbside prior to Grantee's normal weekly collection time. All Solid Waste must be placed within containers at curbside without obstructions so as to permit collection, unless otherwise agreed upon by County and Grantee.
- (1) By operation of this Agreement, ownership, and the right to possession of all Solid Waste transfers to Hauler from the person discarding the materials (Customer and/or Generator) once such materials are placed in Containers and properly placed for Collection. If Prohibited Container Contaminants are found in Containers set out for collection, the materials are not properly placed for collection, and Grantee shall have the right to reject collection of the contaminated Containers, and the ownership of such improperly placed materials shall remain with the person discarding the materials (Customer and/or Generator). Except as required in the County's sole discretion for law enforcement purposes, County shall not, at any time, obtain any right of ownership or possession of Solid Waste placed for Collection and nothing in this Agreement will be construed as giving rise to any inference that County has such rights. Refer to Section 8.1 for transfer of ownership of Solid Waste from Grantee to KWRA.
- (2) Low Population Waivers. Grantee shall not be required to implement the three-Container collection system for Customers located in an area outside of the SB 1383 Area which is exempt from Article 3 of the SB 1383 Regulations (14 CCR §§ 18984 – 18984.13) based on a Low Population Waiver granted by CalRecycle, a depiction of which is attached as Exhibit F. The County shall notify Grantee at least one hundred eighty (180) days prior to the expiration of any of the Low Population Waivers. Within one hundred eighty days (180) days of the expiration date, Grantee shall implement a three-Container Collection System for all of its Customers located in the areas described in County's notice of the expiration of Low Population Waivers. The relevant provisions of SB 1383's regulations that are not required in Low Population Waiver areas are summarized as follows:
- A. Combined Organic Waste Collection Services (14 CCR 18984.);
  - B. Three-Container Collection System (14 CCR 18984.1.);
  - C. Recordkeeping Requirements for Compliance with Waste Collection Services (14 CCR 18984.4.);
  - D. Container Contamination Minimization (14 CCR 18984.5.);
  - E. Recordkeeping Requirements for Container Contamination Minimization (14 CCR 18984.6.);
  - F. Container Color Requirements (14 CCR 18984.7.);

- G. Container Labeling Requirements (14 CCR 18984.8.);
- H. Organic Waste Generator Requirements (14 CCR 18984.9.);
- I. Commercial Business Owner Responsibilities (14 CCR 18984.10.);
- J. Waivers Granted by County (14 CCR 18984.11.); and
- K. Emergency Circumstances, Abatement, Quarantined Materials and Federally Regulated Waste (14 CCR 18984.13.).

(3) AB 341 and AB 1826 Requirements in Non-SB 1383 Areas. Notwithstanding any Low Population Waiver, the Grantee shall provide Source Separated Recyclable Material Collection services pursuant to AB 341, and Source Separated Organic Waste Collection services pursuant to AB 1826, in areas outside of the SB 1383 Area.

**B. SB 1383 Compliance Programs**

Grantee shall provide SB 1383 compliance programs as outlined and defined in Exhibit B of this Agreement.

**C. Construction and Demolition Waste Temporary Drop Box Services**

Grantee shall provide construction and demolition debris removal, including temporary Drop Box services using Rates reflected in Exhibit "D" unless debris is generated by a declared emergency disaster such as floods, fires, earthquake or other such occurrence as deemed meeting the criteria of disaster debris. The County may provide for Rates and services solely for the timely and efficient removal of "disaster debris" with the Grantee or other qualified public or private entity.

**D. Special Collection Programs**

The following minimum special collection programs shall apply to this Franchise Agreement:

- (1) Roadside Clean-up and Illegal Dumping: At County's direction, Contractor agrees to provide targeted clean-up of illegal dumping or provide bins to County for clean-ups, up to ten (10) tons annually.
- (2) Christmas Trees: Grantee shall collect and dispose of Christmas trees left at curbside by Customers during the three (3) regular pickups following each Christmas day.
- (3) Disabled Persons Service Option: When a Customer produces evidence that he or she is physically unable to place his/her Solid Waste bins at the curb for collection, together with his/her affidavit certifying that no able-bodied person on the premises is available for such purposes, Grantee will provide walk-in service to such premises at the Rate set forth in Exhibit "D." Evidence must include State and Federal certifications of disability status. Alternative service locations for

verified disabled residential customers will be provided at no charge to any Customer that provides a medical exemption authorized by a licensed healthcare provider or facility.

E. Emergency Disaster Debris Removal Services

- (1) In the event of a declared emergency disaster such as a fire, flood, earthquake, or other such occurrence as deemed meeting the criteria of a disaster in which debris is created, the Grantee will be given the first right of refusal in its franchise area to offer temporary bin/roll off services using Rates reflected in Exhibit "D," to transport debris to a staging area or disposal facility designated by the Public Works Director.
- (2) During any period of time that Grantee is unable to service its franchise area during such declared emergency, either for loss of transportation, lack of assistance or an overabundance of debris material or other similar circumstances, the County reserves the right to contract with third-party entities for temporary bin/roll off services, including transportation of debris to a Solid Waste Facility. Grantee shall notify County when it regains its ability to recommence service in its franchise area and County will suspend operation by the third-party entity(ies) immediately and thereafter, within a reasonable time period, and terminate any contract with third-party entities for the same services.
- (3) The County reserves the right to direct roll-off bin service to areas that have been designated as critical due to the emergency conditions.

## **EXHIBIT “B” - SB 1383 COMPLIANCE PROGRAMS**

To support the County in complying with regulations under SB 1383, Contractor shall implement the programs identified in this Exhibit B. These programs are designed to meet the implementation and education requirements of SB 1383 and help the County achieve annual organic waste diversion requirements set by CalRecycle. The County’s actual annual diversion rate depends on participation of businesses and residents, their respective adherence to program requirements and local code, the County’s enforcement of applicable codes, and the County’s implementation of other programs outside the scope of this Agreement. Accordingly, County shall, as necessary, amend or update the County Code to incorporate requirements for the implementation of these programs.

### **1. Collection Requirements and Container Labeling**

Contractor shall provide a three (3) container collection program for Solid Waste, Recyclables, and Organic Material. Collection containers shall be Gray/Black (MSW), Blue (Source Separated Recyclable Materials), and Green (Source Separated Organic Waste). Hardware such as hinges and wheels may be different colors.

New containers or lids placed by Contractor shall include language or graphic images, or both, that indicate the primary materials accepted and the primary materials prohibited in that container. Labels shall clearly indicate items that are prohibited container contaminants for each container.

### **2. Education and Outreach**

To promote public education about recycling and other SB 1383 requirements, Contractor shall create public education materials and conduct education programs and activities described in this Section. Contractor shall provide all education and associated outreach materials to the County for review and approval prior to providing such materials to the public.

Annual Notice: Contractor shall prepare and distribute to each Generator in the Franchise Area a mailer that includes information specified in 14 CCR Section 18985.1(a). Such mailer shall be distributed by Contractor to all Residential and Commercial mailing addresses, including individual Multi-Family Dwelling Units. Contractor shall also make this mailer available in an electronic format through the Contractor’s website.

Instructional Service Guide: Contractor shall prepare a service guide that describes available services by customer type, including how to place Containers for Collection, which materials should be placed in each Container and prohibited materials, and provides Collection holidays. Additional information will be made available through the Contractor’s website.

Property Owners and Businesses: Contractor shall annually provide Property Owners and Commercial Business owners with public education materials in electronic format for their distribution to all employees, contractors, tenants, and Customers of the properties and businesses. The Contractor’s public education materials shall include, at a minimum, information about Organic Material recovery requirements and proper sorting of Solid Waste. A Commercial Business or Multi-Family Property Owner may request these

materials more frequently than the standard annual provision if needed to comply with the requirement of 14 CCR Section 18984.10 for Commercial Businesses and Multi-Family Property Owners to provide educational information to new tenants and employees before or within fourteen (14) days of occupation of the Premises. In such case, the Commercial Business or Multi-Family Property Owner may request delivery of materials by contacting the Contractor's customer service department not later than two (2) weeks in advance of the date that the materials are needed.

Technical Assistance Program: Contractor shall provide ongoing technical assistance for Commercial and Multi-family generators that are required to participate in source separated recycling under applicable laws including AB 341, AB 1826, and SB 1383 and corresponding regulations. Technical assistance may include on-site training, instructional guides, printed or electronic materials and other resources that satisfy regulation requirements.

### **3. Container Contamination Minimization**

Contractor shall monitor containers for Prohibited Container Contaminants using one of the following methods:

#### **A. Route Reviews**

Contamination Monitoring: Contractor shall perform contamination inspections in accordance with 14 CCR Section 18984.5(b) by utilizing on-board monitoring systems or physical container inspections. Route reviews shall be conducted with sufficient frequency that at least twenty-five (25) containers in each of the Contractor's routes are reviewed annually. For physical container inspections, Contractor's personnel shall lift the Container lid and observe the contents. For collection vehicles equipped with a video camera and monitoring system, Contractor's personnel shall observe, via the hopper video camera and monitoring system, the contents of the Containers as the materials are emptied into the vehicle.

Contamination Notifications: Upon finding Prohibited Container Contaminants in a Container, Contractor shall place written notice of the container contamination on the Generator's container or the gate or door of the Premises, or mail, email, or otherwise electronically message the notice to the Generator. Such notice shall, at a minimum, include information regarding the Generator's requirement to properly separate materials into the appropriate containers and may include photographic evidence of the violation. Grantee may assess a contamination fee in the amount set forth in Exhibit "D."

Contractor will coordinate with County to address repeat violations by the same Generator.

#### **B. Waste Evaluations**

Sampling Method: Grantee shall, at its sole expense, conduct waste evaluations that meet the requirements of 14 CCR Section 18984.5(c) for jurisdictions with a three-container collection program, including, but not limited to, performance of evaluations at least twice per year and studies in two (2) distinct seasons of the year. Grantee shall provide adequate notice to County of when waste evaluations will occur, and County reserves the right to observe waste evaluations.

Contamination Notifications: If the sampled weight of Prohibited Container Contaminants exceeds twenty-five percent (25%) of the measured sample for any material stream, the Contractor shall notify County within fifteen (15) working days. Contractor may perform targeted waste audits to determine the source of contaminants and provide technical assistance to those generators or notify all Generators of their obligation to properly source separate materials. The Contractor may provide this information by placing a written notice on the Generator's containers or the gate or door of the Premises; and/or by mail, e-mail, or electronic message to the applicable Generators.

Contractor will coordinate with County to address repeat violations by the same Generator.

#### **4. Monitoring Participation in SB 1383 Program**

Grantee shall, in the course of collecting Solid Waste within the SB 1383 Area, monitor the state of each Generator's premises for any observable accumulation of Solid Waste or other observable indicators that the Generator is not participating in the three-container collection program, or alternatively, self-hauling, to dispose of the Generator's Solid Waste. As used in this section 4, "observable accumulation" or "observable indicators" is accumulation or indicators which would be in plain view of Grantee while in the process of collecting Solid Waste under this Agreement. Grantee shall provide written notice to the County of any Generator within the SB 1383 Area who fails to consistently remove Solid Waste from the Generator's premises and who is not subscribed to service. The County will then reach out to the Generator notifying them of the obligation under the County's SB 1383 compliance program to participate in the three-container collection program or to self-haul Solid Waste from the premises to the Kings Waste and Recycling Authority ("KWRA").

#### **5. Waivers**

The County may, in its sole discretion, implement waivers for commercial or multi-family generators that meet the de minimis requirements subject to the requirements under SB 1383, pursuant to 14 CCR Section 1898411, or other requirements that may be specified by County. This includes physical space waivers where services may be impacted.

In the event that such waivers are implemented, Contractor shall provide County with required generator information on services and activity that is needed as part of the waiver application. Contractor may also assist generators with waiver applications or submit on their behalf.

#### **6. Edible Food Recovery**

Contractor shall provide County with necessary data and reporting it is required to maintain or prepare under this Agreement to determine which customers are considered tier 1 and tier 2 commercial edible food generators.

#### **7. Reporting**

Within ninety (90) days after the end of each calendar year, Grantee shall provide an annual report to the County covering the most recently completed calendar year. Such report shall contain the following information:

- Contamination Monitoring Report. Grantee's report shall include the following information regarding route reviews conducted by Grantee under this Agreement:
  - Documentation of route reviews conducted pursuant to 14 CCR Section 18984.5(b) and 14 CCR Section 18995.1, including a description of the process for determining the level of contamination and the number of route reviews conducted;
  - Documentation of the number of Containers where the contents were disposed due to observation of Prohibited Container Contaminants;
  - Copies of all notices issued to Generators with Prohibited Container Contaminants; and,
  - The number of times notices, violations, or targeted education materials were issued to Generators for Prohibited Container Contaminants.
- Compliance Report. Grantee's report under this section shall include:
  - The total number of Customers receiving each type of Organic Waste collection services;
  - The number of Customers that received information and the type of education and outreach used;
  - The number of complaints related to SB 1383 violations that were received and reviewed by Grantee; and,
  - Copies of information provided to Customers related to the SB 1383 regulations, including the date that the information was distributed to Customers and the number of accounts receiving the information, if applicable, in accordance with 14 CCR Section 18985.3.
- Implementation Record. Grantee shall provide information and documentation needed for the County's implementation record related to its performance of this Agreement with respect to waivers and exemptions as required under 14 CCR Section 18984.14.

Notwithstanding the above, Grantee shall provide to the County, upon request, with any and all additional information related to the Solid Waste Handling Services under this Agreement necessary to comply with reporting obligations under state law or lawful information requests from applicable regulatory agencies related to the County's Solid Waste Handling Services.

## **EXHIBIT "C" - definitions**

For the purposes of this Franchise Agreement, the following terms, when used with initial capitalization, shall have the meanings set forth in this Section:

- A. AB 341. "AB 341," commonly referred to as the "Mandatory Commercial Recycling Law," means Assembly Bill 341 (Chapter 476, Statutes of 2011), approved by the Governor on October 5, 2011, which established the requirements of the statewide mandatory commercial recycling program, as amended, supplemented, superseded, and replaced from time to time.
- B. AB 939. "AB 939" means the California Integrated Waste Management Act of 1989, being Division 30 of the California Public Resources Code, commencing with Section 40000 thereof, as it may be amended from time to time.
- C. AB 1826. "AB 1826" means the Organic Waste Recycling Act of 2014 (Chapter 727, Statutes of 2014 modifying Division 30 of the California Public Resources Code), also commonly referred to as "AB 1826," as amended, supplemented, superseded, and replaced from time to time.
- D. BLUE CONTAINER. "Blue Container" has the same meaning as in 14 CCR Section 18982.2(a)(5) and shall be used for the purpose of storage and collection of Source Separated Recyclable Materials.
- E. BULKY WASTE. "Bulky Waste" means discarded furniture (including, but not limited to, chairs, sofas, mattresses, and rugs); appliances (including, but not limited to, refrigerators, ranges, washers, dryers, water heaters, dishwashers, plumbing, small household appliances, and other similar items, commonly known as "white goods"); discarded stereos, televisions, computers, VCR's, and other similar items (commonly known as "Electronic-Waste"); wood waste, tree trunks and large branches if more than six (6) inches in diameter or four (4) feet in length, scrap wood, rocks, sod and earth. Bulky Waste does not include construction and demolition waste, or large items such as car bodies, Jacuzzi tubs or spas, items that exceed 150 pounds, or other items that cannot be safely handled by two (2) persons. In addition, Bulky Waste does not include waste tires.
- F. CHANGE IN LAW. "Change in Law" means the imposition (or removal), after the establishment of a Rate relative to a Franchise Agreement, of any duty or burden imposed upon the Grantee in the performance of the Solid Waste Handling services required of it under the Franchise Agreement which is or becomes additional to (or is subtracted from) or different from those duties required or contemplated in its Franchise Agreement, or which must be performed in a different manner from that in which it is initially contemplated to be performed, and which results from any of the following:
  - (1) the enactment, issuance, adoption, repeal, amendment or modification of any federal, state or local law, statute, ordinance or regulation.
  - (2) a regulatory agency or other administrative agency interpreting a regulation, a judicial decision of a federal court interpreting federal law or statute, or a judicial decision of a court having jurisdiction within California interpreting a federal, state

or local law, statute, ordinance or regulation, in a manner different from the interpretation which had previously been generally relied upon in California within the Solid Waste collection and hauling industry.

- G. CHANGE IN LAW ADJUSTMENT. "Change in Law Adjustment" means the adjustment to Rate as determined under the provisions of Section 13-B (6) of this Agreement.
- H. CHANGE IN OWNERSHIP. "Change in Ownership" occurs when either a transaction or event, results in fifty percent (50%) or more of the beneficial ownership of the Grantee being different than such ownership as of the date of the approval by the County of KINGS, the Franchise Agreement or, if applicable, as of the date of the most recent consent of the County to a Change of Ownership. The owners of the beneficial ownership of Grantee on the date of the approval of the Franchise Agreement or, if applicable, on the date of the most recent consent of the County to a Change of Ownership, shall be referred to in this subsection as an "Initial Owner." A Change in Ownership will be determined by application of the following:
- (1) Any beneficial interest owned by an individual related by blood or marriage to an Initial Owner shall be considered as owned by an Initial Owner in determining if a Change in Ownership has occurred.
  - (2) Any public offering of stock where the stock is offered for sale to the general public and does not constitute a private placement shall be disregarded in determining if a Change in Ownership has occurred.
  - (3) Sales, transfers, issuances or pledges of non-voting shares of stock will not be considered in determining if a Change in Ownership has occurred, until and unless and only to the extent that such stock is converted into voting shares of stock.
  - (4) The pledge of, or any other action taken relative to, voting shares of stock which results in any voting rights of such stock being exercised by other than an Initial Owner shall be considered to be a transfer of such stock for the purposes of determining if a Change in Ownership has occurred.
- I. CHANGE IN SCOPE ADJUSTMENT. "Change in Scope Adjustment" means the adjustment to Rate as determined under the provisions of Section 13-C of this Agreement.
- J. COMMERCIAL BUSINESS. "Commercial Business" means a firm, partnership, proprietorship, joint-stock company, corporation, or association, whether for-profit or nonprofit, strip mall, industrial facility, or a multifamily residential dwelling of five (5) or more dwelling units.
- K. COMMERCIAL EDIBLE FOOD GENERATORS. "Commercial Edible Food Generator" means Businesses identified as Tier One and Tier Two edible food generators as defined in 14 CCR Section 18982.
- L. CONSUMER PRICE INDEX. "Consumer Price Index" or "CPI" means the Consumer Price Index identified in Exhibit G, seasonally adjusted, or the most similar successor index if this index is no longer published.

- M. COUNTY. "County" means the County of KINGS, State of California.
- N. COUNTY SOLID WASTE DISPOSAL SYSTEM. "County Solid Waste Disposal System" means at any particular time, the then-existing Solid Waste Facilities which the County owns, leases or has a contractual right to use.
- O. CUSTOMER. "Customer" means any Person receiving Solid Waste Handling services pursuant to this Agreement.
- P. DESIGNATED SOURCE SEPARATED ORGANIC WASTE FACILITY: "Designated Source Separated Organic Waste Facility" means a facility identified by Contractor that meets the definition of 14 CCR Section 18982(a)(33).
- Q. DROP BOX. "Drop Box" means a steel, open-top container holding at least eight (8) cubic yards that rolls off and on a transport truck.
- R. EFFECTIVE DATE. "Effective Date" means the day in which the last party executes the Agreement.
- S. ELECTRONIC WASTE. "Electronic Waste" for purposes of this Agreement means electronic waste materials generated by residential or commercial Customers that render the items hazardous depending upon their condition and density, such as, but not limited to, televisions, computer monitors containing Cathode Ray Tubes (CRTs), cell phones, scanners, fax machines and other items as determined by applicable laws and regulations.
- T. EXCLUDED WASTE. "Excluded Waste" means Hazardous Substance, Hazardous Waste, Infectious Waste, Designated Waste, volatile, corrosive, Medical Waste, infectious, regulated radioactive waste, and toxic substances or material that Approved/Designated Facility operator(s) reasonably believe(s) would, as a result of or upon acceptance, transfer, processing, or disposal, be a violation of local, State, or Federal law, regulation, or ordinance, including: land use restrictions or conditions, waste that cannot be Disposed of in Class III Landfills or accepted at the Facility by permit conditions, waste that in Contractor's reasonable opinion would present a significant risk to human health or the environment, cause a nuisance or otherwise create or expose Contractor or County to potential liability; but not including de minimis volumes or concentrations of waste of a type and amount normally found in Single-Family or Multi-Family Solid Waste after implementation of programs for the safe Collection, Processing, Recycling, treatment, and Disposal of batteries and paint in compliance with Sections 41500 and 41802 of the California Public Resources Code.
- U. FOOD SCRAPS. "Food Scraps" means all discarded food such as fruits, vegetables, beans, pasta, and other materials accepted at the designated organics processing facility.
- V. FOOD-SOILED PAPER. "Food-Soiled Paper" means compostable paper material that has come in contact with food or liquid, such as, but not limited to, compostable paper plates, paper coffee cups, napkins, pizza boxes, and milk cartons.

- W. FOOD WASTE. "Food Waste" means food scraps, and Food-Soiled Paper.
- X. FRANCHISE AGREEMENT. "Franchise Agreement" means the Agreement entered into between the County and the Grantee which authorizes/requires the Grantee to provide Solid Waste Handling services in a specified Franchise Area.
- Y. FRANCHISE AREA: Franchise Area means the specific geographic area identified in Exhibit E to this Agreement.
- Z. FRANCHISE FEE. "Franchise Fee" means a defined portion of revenue from rates retained by County as compensation to County for the exclusive right assigned to Grantee to provide Solid Waste Handling services within the Franchise area.
- AA. GENERATOR: "Generator" means a person or entity who is responsible for the initial creation of the Solid Waste. A Generator may be Residential, Commercial, or Multi-Family.
- BB. GRAY/BLACK CONTAINER. "Gray/Black Container" has the same meaning as in 14 CCR Section 18982.2(a)(28) and shall be used for the purpose of storage and collection of Gray/Black Container Waste.
- CC. GRAY/BLACK CONTAINER WASTE. "Gray/Black Container Waste" means Solid Waste that is collected in a Gray Container and does not include Organic Waste, Recyclables Materials, or Excluded Waste.
- DD. GREEN WASTE. "Green Waste" means discarded waste consisting of grass clippings, leaves, branches, tree trunks and other vegetative matter not more than six (6) inches in diameter or four (4) feet in length.
- EE. GREEN CONTAINER. "Green Container" has the same meaning as in 14 CCR Section 18982.2(a)(29) and shall be used for the purpose of storage and collection of Source Separated Organic Waste.
- FF. GROSS RECEIPTS.
- (1) "Gross Receipts" means all monies received by Grantee for providing the Solid Waste Handling services specified in its Franchise Agreement Exhibit "D."
- (2) "Gross Receipts Less Disposal Charges" means Gross Receipts less that part of the monies received by the Grantee that are collected from Customers for payment of the fee imposed for disposing of the Solid Waste at a Solid Waste Facility.
- GG. HAZARDOUS WASTE. "Hazardous Waste" means waste defined as hazardous by Health and Safety Code Section 25117, including: (1) a waste or combination of wastes which, because of its quantity, concentration, or physical, chemical or infectious characteristics, may either (a) cause or significantly contribute to an increase in mortality or an increase in serious irreversible or incapacitating reversible illness, or (b) pose a substantial present or potential hazard to human health or environment when improperly treated, stored, transported or disposed of, or otherwise managed; (2) a waste which meets any of the criteria for the identification of a hazardous waste adopted by the California Environmental Protection Agency's

Division of Toxic Substances Control pursuant to Health and Safety Code Section 25141; (3) any chemical, pollutant, contaminant, hazardous or toxic substance, constituent or material that under Applicable Law is considered to be hazardous or toxic or is or may be required to be remediated, including, without limitation, (a) any petroleum or petroleum products and their derivatives, radioactive materials, asbestos in any form that is or could become friable, transformers or other equipment that contain dielectric fluid containing polychlorinated biphenyls and processes and certain cooling systems that use chlorofluorocarbons, or (b) any chemicals, materials or substances which are now or hereafter become defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,” “extremely hazardous wastes,” “restricted hazardous wastes,” “toxic substances,” “toxic pollutants,” or any words of similar import pursuant to Applicable Law.

- HH. LOW POPULATION WAIVER. “Low Population Waiver” means a waiver, granted by CalRecycle, in accordance with the criteria and process specified in 14 CCR Section 18984.12(a).
- II. PUBLIC WORKS DIRECTOR. “Public Works Director” means the Public Works Director of the County of KINGS, or their designee.
- JJ. MATERIALS RECOVERY FACILITY. “Materials recovery facility” or “MRF” is a facility designed to remove recyclables and other valuable materials from the waste stream collected through a residential, commercial or industrial Solid Waste Handling program that is approved to operate by the appropriate state and local agencies.
- KK. MULTI-FAMILY DWELLING. “Multi-Family Dwelling” means a building or portion of a building containing two (2) or more dwelling units.
- LL. ORGANIC WASTE. “Organic Waste” means Green Waste and Food Waste which are specifically accepted at an organics processing facility.
- MM. PERSON. “Person” includes, without limitation, individuals, associations, clubs, societies, firms, partnerships, joint ventures, sole proprietorships, corporations, limited liability companies, schools, colleges and all governmental agencies and entities.
- NN. PROCESSING. “Processing” means the reduction, separation, recovery, conversion or recycling of Solid Waste.
- OO. PROHIBITED CONTAINER CONTAMINANTS. “Prohibited Container Contaminants” means (i) items placed in the Blue Container that are not identified as acceptable Recyclable Materials; (ii) items placed in the Green Container that are not identified as acceptable organic waste; (iii) items placed in the Gray/Black Container that are acceptable to be placed in County’s Green Container and/or Blue Container; and (iv) Excluded Waste placed in any Container.
- PP. RATES. “Rate” or “Rates” means rates charged by Grantee, as applicable, to Customers for Solid Waste Handling Services provided. The approved rates are included as “Exhibit D” to this agreement and shall be adjusted according to Section 13 of this agreement.

- QQ. RECYCLABLE MATERIALS. "Recyclable Materials" means discarded Solid Waste which may be sorted, cleansed, treated, processed, and/or reconstituted, and which is segregated for the purpose of reuse or recycling, including, but not limited to, separated paper, glass, cardboard, plastic, ferrous materials or aluminum.
- RR. RESIDUAL SOLID WASTE. "Residual Solid Waste" means the Solid Waste destined for disposal, transformation, further transfer/processing as defined in section 17402(a)(30) or (31) of the California Code of Regulations Title 14, Article 6, which remains after processing has taken place.
- SS. SB 1383. "SB 1383" means Senate Bill 1383 of 2016 approved by the Governor on September 19, 2016, which added Sections 39730.5, 39730.6, 39730.7, and 39730.8 to the Health and Safety Code, and added Chapter 13.1 (commencing with Section 42652) to Part 3 of Division 30 of the Public Resources Code, establishing methane emissions reduction targets in a statewide effort to reduce emissions of short-lived climate pollutants as amended, supplemented, superseded, and replaced from time to time.
- TT. SERVICE COMPONENT. Means seventy-five percent (75%) of the customer rate.
- UU. SECURITY. "Security" means a corporate surety bond, a letter of credit or other security device acceptable to County, as provided in Section 9–D.
- VV. SOLID WASTE. Except as provided in sub-subsections (1), (2), (3) and (4), "Solid Waste" means all putrescible and nonputrescible solid, semisolid, and liquid wastes, including garbage, trash, refuse, paper, rubbish, ashes, industrial wastes, demolition and construction wastes, abandoned vehicles and parts thereof, discarded home and industrial appliances (subject to salvage and other special handling requirements under applicable law and regulation), dewatered, treated, or chemically fixed sewage sludge which is not Excluded Waste, manure, vegetable or animal solid and semisolid wastes, and other discarded solid and semisolid wastes, including Recyclable Materials, Green Waste, and Organic Material.
- (1) "Solid Waste" does not include Hazardous Waste and does not include low-level radioactive waste regulated under Chapter 7.6 (commencing with Section 25800) of Division 20 of the California Health and Safety Code.
  - (2) "Solid Waste" does not include medical waste (except treated medical waste) which is regulated pursuant to the Medical Waste Management Act (Chapter 6.1 (commencing with Section 25015) of Division 20 of the California Health and Safety Code).
  - (3) Solid Waste does not include petroleum or a petroleum product or fraction thereof at reasonably detectable levels, asbestos and, with respect to a particular Solid Waste Facility, any waste or material which a regulatory agency, the Facility's Solid Waste facility permit or County policy, does not allow to be accepted for transfer, Processing, composting, transformation, or disposal at that Facility.
  - (4) Solid Waste does not include items which would be Recyclable Materials but for the fact that they are personally separated from other Solid Waste by the

generator thereof and are donated or sold to third parties. For purposes of this section, no donation or sale shall be deemed to have occurred in any instance where a generator directly or indirectly pays the third party any sum (including without limit as a consulting fee, container rental or other fees or tangible consideration) either: (i) in lieu of being directly charged for collecting, transporting, processing or recycling such item; or (ii) to offset the payment to the generator for the purported sale of such item to the third party. Nor shall the receipt of a discount of, or reduction in, the disposal service rate on un-segregated Solid Waste containing such an item be deemed to be the donation or sale of such an item to a third party.

(5) Solid Waste does not include Excluded Waste.

WW. SOLID WASTE FACILITY. "Solid Waste Facility" means any facility that is designed to manage any type of Solid Waste and includes transfer, Processing, composting, transformation, and disposal facilities.

XX. SOLID WASTE FACILITY FEE. "Solid Waste Facility Fee" means the fee charged for use of a Solid Waste Facility.

YY. SOLID WASTE HANDLING. "Solid Waste Handling" means one or more of the following: the collection of Solid Waste from a commercial, residential, construction or industrial source; the transportation of such Solid Waste to a Solid Waste Facility; and the transfer, Processing, composting, transformation or disposal of such Solid Waste at the Solid Waste Facility.

ZZ. SOURCE SEPARATED. "Source Separated" means materials, including commingled Recyclable Materials, that have been separated or kept separate from the Solid Waste stream, at the point of generation, for the purpose of additional sorting or Processing those materials for recycling or reuse in order to return them to the economic mainstream in the form of raw material for new, reused, or reconstituted products which meet the quality standards necessary to be used in the marketplace, as defined in 14 CCR Section 17402.5(b)(4).

AAA. SOURCE SEPARATED ORGANIC WASTE. "Source Separate Organic Waste" means Organic Waste that has been Source Separated for placement in the Green Container.

BBB. SOURCE SEPARATED RECYCLABLE MATERIALS. "Source Separated Recyclable Materials" means Recyclable Materials that has been Source Separated for placement in the Blue Container.

CCC. TRANSFORMATION. "Transformation" as used in this Agreement shall have the same meaning as set forth in Public Resources Code Section 40201, as it may be amended from time to time.

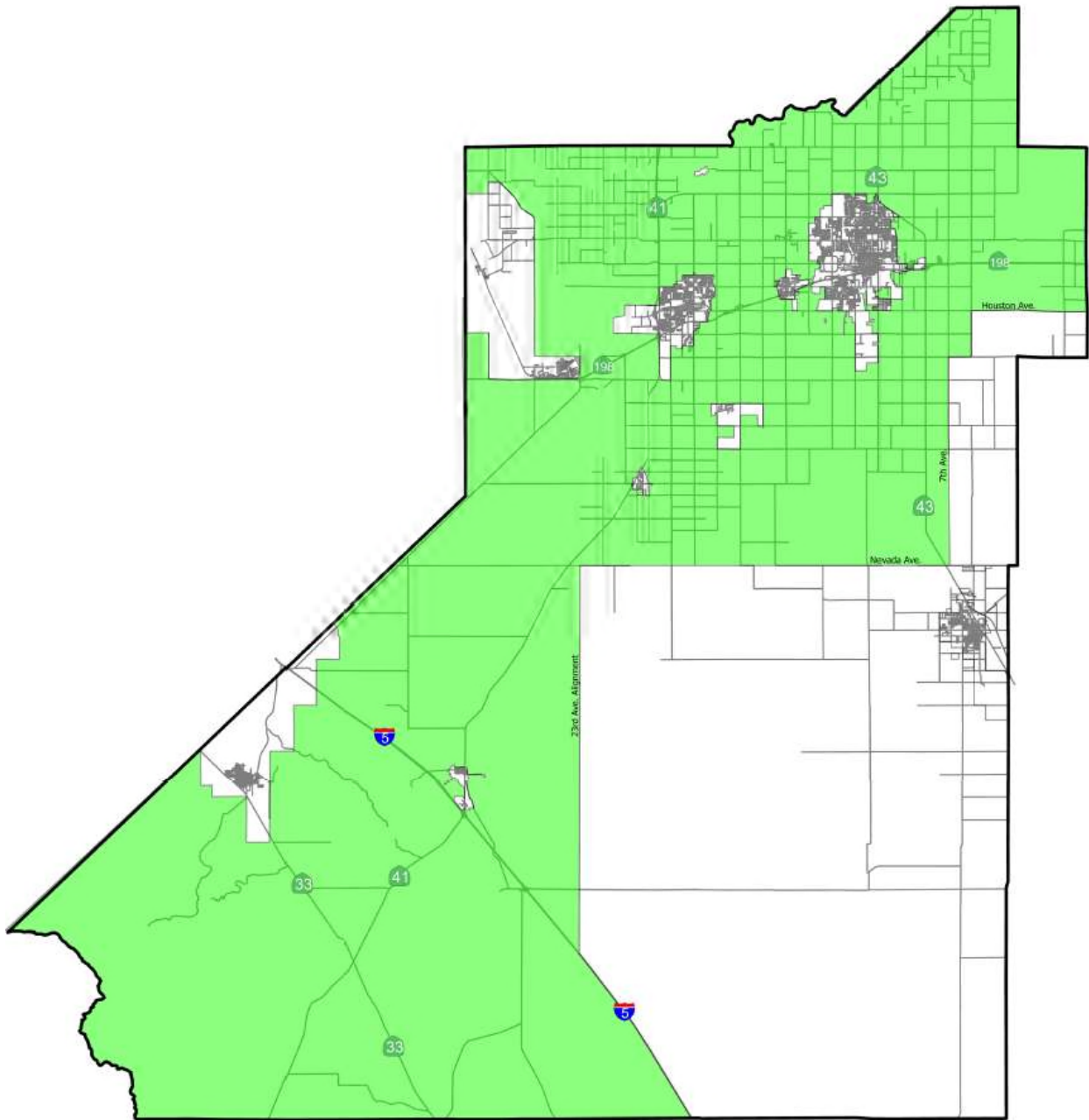
**EXHIBIT “D” – FEES**

		SERVICE AREA	
		SB1383**	EXEMPT
<b>RESIDENTIAL</b>			
	(3) 90-95 gallon carts (grey, blue, green)	\$52.00	
	Additional 96 gallon cart (any color)	\$15.00	
<b>RESIDENTIAL EXEMPT</b>			
	90-95 gallon trash		\$37.00
	90-95 gallon recycle		\$12.00
	90-95 gallon greenwaste		\$20.00
<b>LIST ANY OTHER RESIDENTIAL FEES</b>			
1	Contamination Cart	\$22.00	\$23.00
2	Overloaded Cart	\$18.00	\$19.00
3	Damaged/Lost Cart	\$85.00	\$90.00
4	Bulky Item	\$75.00	\$80.00
5			
<b>COMMERCIAL TRASH**</b>			
	90-95 Gallon 1x week	n/a	n/a
	90-95 Gallon 2x week	n/a	n/a
	1 yard 1x week	\$125.00	\$95.00
	1.5 yard 1x week	\$135.00	\$110.00
	2 yard 1x week	\$150.00	\$126.00
	2 yard 2x week	\$249.00	\$219.00
	2 yard 3x week	\$342.00	\$312.00
	3 yard 1x week	\$178.00	\$150.00
	3 yard 2x week	\$271.00	\$245.00
	3 yard 3x week	\$354.00	\$330.00
	4 yard 1x week	\$205.00	\$173.00
	4 yard 2x week	\$309.00	\$270.00
	4 yard 3x week	\$420.00	\$385.00
	6 yard 1x week	\$265.00	\$232.00
	6 yard 2x week	\$390.00	\$362.00
	6 yard 3x week	\$495.00	\$450.00
<b>COMMERCIAL RECYCLING</b>			
	90-95 Gallon 1x week	\$12.00	\$12.00
	90-95 Gallon 2x week	\$24.00	\$24.00
	3 yard 1x week	\$75.00	\$75.00
	4 yard 1x week	\$105.00	\$130.00
	5 yard 1x week	\$150.00	\$140.00
	6 yard 1x week	\$140.00	\$160.00

<b>COMMERCIAL ORGANICS</b>			
	90-95 Gallon 1x week	\$20.00	\$20.00
	90-95 Gallon 2x week	\$40.00	\$40.00
	2 yard 1x week	\$120.00	\$120.00
	2 yard 2x week	\$200.00	\$200.00
<b>OTHER CHARGES (monthly)</b>			
	Drive In Fee	\$20.00	\$20.00
	Locking Lid Fee	\$25.00	\$25.00
	Gate/Enclosure Access	\$15.00	\$15.00
<b>ROLL OFF</b>			
	Delivery Fee	\$150.00	\$170.00
	Removal/Exchange	\$385.00	\$425.00
	Per Ton Charge	\$75.00	\$75.00
	Container rent (after 14 days)	\$25.00	\$30.00
<b>LIST ANY OTHER COMMERCIAL FEES</b>			
	1 Contaminated Bin (per yard)	\$40.00	\$45.00
	2 Damaged Bin (per yard)	\$25.00	\$275.00
	3 Hard to Handle (per yard)	\$40.00	\$45.00
	4 Bulky Item Pick Up	\$75.00	\$80.00
	5		

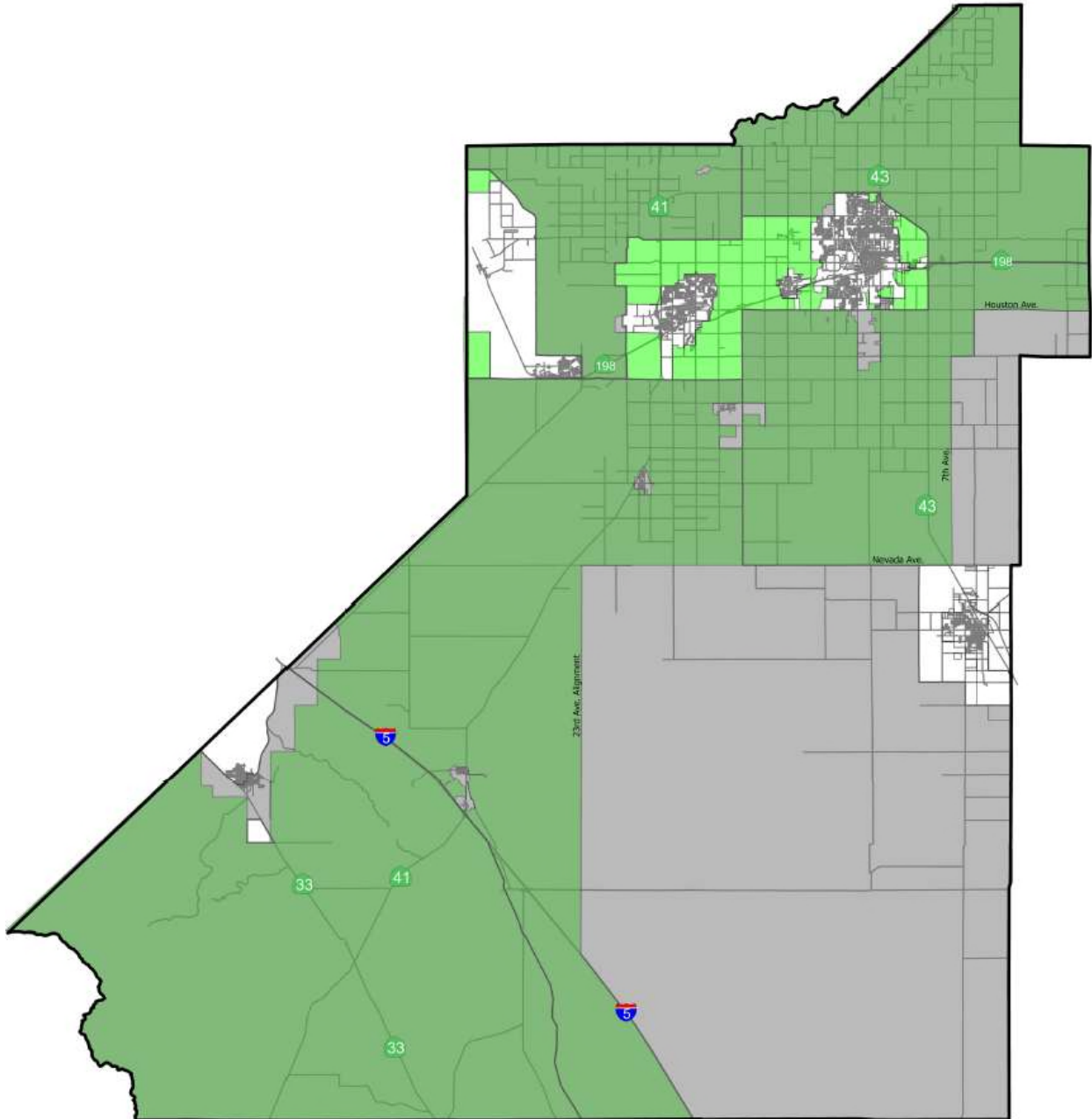
**\*\*Commercial trash service in SB1383 service area includes (1) 96 gallon Blue and (1) 96 Gallon Green cart 1 x week**

## EXHIBIT “E” – FRANCHISE AREA



A live street-by-street level geographic information system (GIS) map is available at the following location:  
[https://experience.arcgis.com/experience/687d3d98713449f88e3e15d0a00d849a#data\\_s=id%3Aa2dea8b9d614463bae8b357d29e8b769-1920be73920-layer-8-9%3A640158](https://experience.arcgis.com/experience/687d3d98713449f88e3e15d0a00d849a#data_s=id%3Aa2dea8b9d614463bae8b357d29e8b769-1920be73920-layer-8-9%3A640158)

**EXHIBIT “F” – AREA OF LOW POPULATION WAIVER(S)**



A live street-by-street level geographic information system (GIS) map is available at the following location:  
[https://experience.arcgis.com/experience/687d3d98713449f88e3e15d0a00d849a#data\\_s=id%3Aa2dea8b9d614463bae8b357d29e8b769-1920be73920-layer-8-9%3A640158](https://experience.arcgis.com/experience/687d3d98713449f88e3e15d0a00d849a#data_s=id%3Aa2dea8b9d614463bae8b357d29e8b769-1920be73920-layer-8-9%3A640158)

**EXHIBIT “G” – RATE ADJUSTMENT METHODOLOGY**

**1. General**

In accordance with Section 13(C) of the Agreement, the “Service Component” shall be annually adjusted upwards by adding a cost-of-living adjustment (COLA) to the then current Rates. The COLA shall be based on the annual change in Consumer Price Index (CPI). Each Rate, excluding special charges, will be subject to a "Rate Adjustment Factor" that is based on a “Consumer Price Index for Trash and Garbage Component” which is annually adjusted. The RAF will be based on the data from the previous calendar year as noted in the example below.

**2. Calculation**

The adjustment to the Rates will be made using the following methodology:

**Step 1:** Determine the "Rate Adjustment Factor" or "RAF." The RAF shall be the annual percentage change of the CPI for Garbage and Trash Collection, rounded to the nearest tenth percent. The Rate Period will be a 12-month period based on calendar years, commencing January 1 and concluding December 31.

Reference: Bureau of Labor Statistics, CPI for All Urban Consumers, Garbage and Trash Collection, Series ID: CUUR0000SEHG02 (<https://data.bls.gov/timeseries/CUUR0000SEHG02>)

For example:

To determine the RAF to be used in calculating Rates for Fiscal Year 2023-2024 (July 1, 2023 – June 30, 2024):

- a) Since Fiscal Year 2023-2024 will not be completed at the time when the new Rates are to be calculated, data from Calendar Year 2022 will be used.
  - Sum of all monthly CPIs beginning with January 2022 and ending with December 2022 / 12 = Annual CPI = 549.334 (see table)
  
- b) Compare to the prior Calendar Year to determine the percentage change in the CPI.
  - Sum of all monthly CPIs beginning with January 2021 and ending with December 2021 / 12 = Annual CPI = 522.329 (see table)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average	Annual Percentage Change
2021	512.722	517.270	518.505	518.579	516.440	517.202	521.185	524.408	529.934	530.114	529.053	532.538	522.329	
2022	533.078	538.313	540.719	542.564	544.546	547.554	548.187	548.706	558.254	561.090	563.816	565.185	549.334	5.2%

- c) Calculate the percentage change to determine the RAF to be used to calculate the Rates for Fiscal Year 2023-2024.
  - $RAF = ((549.334 - 522.329) / 522.329) * 100 = 5.2\%$

**Step 2:** Calculate the adjusted Rate, rounded to the nearest cent, for each Rate as follows, not to exceed 5%.::

Adjusted Rate = Then-current Rate x (1 + RAF)

For example, assuming:

1. Then-current Rate = \$50.00
2. Rate Adjustment Factor = 5%
3. Adjusted Rate =  $\$50.00 \times (1 + 0.05) = \$52.50$

**Step 3:** In the event the RAF is greater than 5%, the percent of increase not applied to the then rate will be carried over to the following year's rate adjustment.